

GROWTH OF FOREIGN DIRECT INVESTMENT AND ITS IMPACT ON THE ECONOMIC DEVELOPMENT OF UZBEKISTAN

Nozimov Eldor Anvarovich

Assistant of Samarkand Institute of Economics and Service

Bakhronov Daler

Student of Samarkand Institute of Economics and Service

ARTICLE INFO.

Keywords: Foreign direct investment, Uzbekistan, economic development, investment policy, investment dynamics, sectoral development.

Abstract

The article provides an overview of the dynamics of foreign direct investment in Uzbekistan and its impact on economic development. The key indicators of investment inflow to the country for the period 2015-2022, as well as their distribution by industry and sources of financing, are considered. Particular attention is paid to the role of foreign direct investment in the formation of the country's economic environment and the impact on stimulating sectoral development.

<http://www.gospodarkainnowacje.pl/> © 2023 LWAB.

Introduction

Investment is the engine of economic progress, and its importance for the sustainable development of a country is undeniable. Within the framework of the economy of Uzbekistan, investments play a key role, contributing not only to an increase in production and the creation of new jobs, but also to the formation of a stable economic base for future generations. The special importance of foreign direct investment is expressed in its contribution to the development of the country's economy, because it stimulates economic growth and strengthens Uzbekistan's position on the world stage.

Investments are the foundation of Uzbekistan's economic progress, forming the basis for innovation, infrastructure development and the creation of new jobs. The growth of investments has a direct impact on the increase in production and enrichment of the national economy.

Foreign direct investment plays a key role in the modernization and expansion of the main sectors of Uzbekistan's economy. They bring not only capital, but also advanced technologies, international experience and management practices, contributing to the improvement of the country's competitiveness in the world market.

Overview of the investment climate in Uzbekistan

The investment environment in Uzbekistan is a dynamic landscape in which there is constant development and modernization. The most important factor for attracting investment to the country is its political stability, which makes Uzbekistan one of the most reliable countries for investment in Central Asia.

Uzbekistan's investment strategy prioritizes the creation of an attractive investment climate. This includes legislative reforms aimed at reducing bureaucracy, improving the business environment, and stimulating various sectors of the economy.

The figures and data indicated in my material confirm the positive trends in the investment activity of Uzbekistan. In recent years, there has been a significant increase in investment, especially in areas such as the electrical, chemical and oil and gas industries. These sectors have become attractive to foreign investors due to their active development and high potential returns.

It should be noted that the steady growth of investments in Uzbekistan indicates the attractiveness of the country for foreign investors. Partnerships with countries such as Russia, China and Germany, as well as attracting investment from more than 50 countries, testify to the diversity of sources of financing, which contributes to the diversification of the economy and its expansion into the world market.

Analysis of the dynamics of foreign direct investment

Following the trends of investment development, Uzbekistan has demonstrated significant changes in the inflow of foreign direct investment over the past few years. This is critical for the country, as investment plays a key role in building a strong economy and stimulating its growth.

Since 2015, there has been a steady increase in the development of investments in fixed assets in Uzbekistan. It is important to note that in 2019 and further in 2020-2022, there was a significant leap, where investments reached over 200 billion soums. This indicates a growing interest in investing in the country and the attractiveness of its investment climate.

The ratio of foreign direct investment to total investment in the country's fixed assets has increased significantly since 2015, reaching 42.8% by 2022. This indicates the growing interest of foreign investors in directing their investments directly to key sectors of the Uzbek economy.

In recent years, foreign direct investment has had a significant impact on the economic development of Uzbekistan. In 2021, the volume of foreign investment exceeded \$11 billion, which exceeds the annual forecast. Fixed investment also grew significantly, reaching \$9.8 billion.

Industry companies are actively developing investments, focusing on the sectors of energy, metallurgy, chemical industry, electrical engineering, IT and others. More than 50 countries invest in the economy of Uzbekistan, and the leading investor countries are China, Russia, Turkey, Germany and South Korea.

This growth and diversity of investments reflects the interest and confidence of the international community in the potential of the Uzbek economy. Successful investment development creates favorable conditions for further sustainable economic growth and modernization of the country.

Impact of investments on the economic development of Uzbekistan

The increase in foreign direct investment (FDI) has a significant impact on Uzbekistan's economic development. This influence manifests itself through several key aspects.

1. Production Growth and Economic Activity

Increased investment, especially in strategically important sectors such as electrical, chemical, and oil and gas, is driving production growth. The emergence of new enterprises and the modernization of existing ones contribute to the creation of new jobs and increase production activity, which in turn contributes to the strengthening of the country's economic base.

2. Technological Innovation and Development

The inflow of investment, especially foreign direct investment, is often accompanied by the transfer of advanced technology and knowledge. This contributes to the development of technical infrastructure and the improvement of production quality. Such development of sectors, such as electrical engineering

and the chemical industry, ensures Uzbekistan's competitiveness in the world market.

3. Strengthening the international position and attracting new investors

The positive dynamics in the investment climate of Uzbekistan attracts the attention of the international business community. This contributes to strengthening the country's position on the world stage and attracting new investors from different countries and sectors of the economy.

4. Promoting social development and improving the quality of life

The increase in investment in various sectors of the economy has a direct impact on the social development of the country. The creation of new jobs, the modernization of infrastructure and the development of education contribute to improving the standard of living of the population and the formation of sustainable socio-economic conditions.

The overall conclusion is that the growth of foreign direct investment is a significant factor in stimulating the economic growth and development of Uzbekistan, contributing to the formation of a sustainable and prosperous national economy.

Conclusion

Sustainable investment development of Uzbekistan plays a key role in the formation of a strong and dynamic economy capable of competing on the world stage. In recent years, the country has demonstrated significant success in attracting foreign direct investment, which has become an important stimulus for economic growth and development.

It is important to note that Uzbekistan's investment attraction strategy is focused not only on economic development, but also on social change. The growth of investments contributes to the creation of new jobs, an increase in the standard of living of the population and the development of infrastructure, which generally contributes to strengthening the socio-economic stability of the country.

The investment policy, which focuses on the development of key industries, the introduction of advanced technologies and the strengthening of international relations, is an important factor for the diversification of the economy of Uzbekistan and the formation of its resilience to the challenges of the global market.

However, for further success and sustainability, it is necessary to continuously improve the investment climate, reduce bureaucracy, strengthen legal protection for investors and develop strategic plans for the development of industries that require special attention.

Thus, sustainable investment development of Uzbekistan remains a key factor for ensuring economic growth, improving the quality of life of citizens and strengthening the country's position on the world stage.

References:

1. Муйдинов М. Я. У. Пути совершенствования и регулирования инвестиционного процесса в Узбекистане //Scientific progress. – 2022. – Т. 3. – №. 1. – С. 911-916.
2. Каримова А. Совершенствование банковского кредитования инновационного развития предприятий сферы туризма //Экономика и образование. – 2021. – №. 4. – С. 59-65.
3. Шодиев Ж. Х., Алиева С. С. Источники финансирования инвестиционной деятельности со стороны государства //Ta'lim va rivojlanish tahlili onlayn ilmiy jurnali. – 2023. – Т. 3. – №. 2. – С. 294-297.
4. Мухаммадхон Яхёхон Угли Муйдинов ПУТИ СОВЕРШЕНСТВОВАНИЯ И РЕГУЛИРОВАНИЯ ИНВЕСТИЦИОННОГО ПРОЦЕССА В УЗБЕКИСТАНЕ // Scientific progress. 2022. №1.

5. Рузметов Ю. Б., Убайдуллаев Б. С., Каримова А. М. ИНВЕСТИЦИОННАЯ ПРИВЛЕКАТЕЛЬНОСТЬ ПРЕДПРИЯТИЯ, А ТАКЖЕ ФАКТОРЫ, ВЛИЯЮЩИЕ НА ЕГО РАЗВИТИЕ В ЭКОНОМИКЕ УЗБЕКИСТАНА //Gospodarka i Innowacje. – 2022. – С. 67-74.
6. Маруфов З. А., Убайдуллаев Б. С. РАЗВИТИЕ ИНВЕСТИЦИОННОЙ ДЕЯТЕЛЬНОСТИ ПРЕДПРИНИМАТЕЛЬСТВА В РЕСПУБЛИКЕ УЗБЕКИСТАН //Экономика и социум. – 2022. – №. 5-2 (92). – С. 519-524.
7. Nozimov, E. A. (2020). Theoretical fundamentals of financial health of the enterprise. Indonesian Journal of Innovation Studies, 10.
8. Nozimov, E. A., & Kholmirezayev, E. B. (2022). MAIN PROBLEMS OF THE BANKING SYSTEM OF THE REPUBLIC OF UZBEKISTAN. Miasto Przyszłości, 24, 143-145.
9. Nozimov, E. A. The Role of Information Technologies in Innovative Development of Banks. Journal of Marketing and Emerging Economics.
10. Anvarovich, N. E. (2023). Economic Growth and Increasing Investment Attractiveness of the Region. Central Asian Journal of Innovations on Tourism Management and Finance, 4(11), 1-7.