

STATISTICAL ANALYSIS OF ATTRACTING FOREIGN INVESTMENT TO THE INNOVATIVE DEVELOPMENT OF THE ECONOMY OF UZBEKISTAN

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Abstract.

This topic focuses on the statistical analysis of the relationship between foreign investment and the innovative development of Uzbekistan's economy. The analysis examines the factors that influence the attraction of foreign investment to Uzbekistan's economy and the impact of foreign investment on innovation indicators such as R&D expenditure and patent filings. The conclusion highlights the importance of creating a favorable investment climate and implementing effective policies and reforms to attract more foreign investment and promote innovation-driven economic growth in Uzbekistan. The annotation provides a brief overview of the topic and emphasizes the key findings and conclusions related to the statistical analysis of attracting foreign investment to the innovative development of Uzbekistan's economy.

Key words.

statistical analysis, foreign investment, innovative development, investment climate policies and reforms, R&D expenditure, patent filings, innovation indicators.

INTRODUCTION

Uzbekistan, situated in Central Asia, is a country with immense economic potential, driven by its abundant natural resources and strategic location. Over the past years, Uzbekistan has undertaken significant efforts to modernize its infrastructure and foster economic growth, with a particular focus on attracting foreign investment. This article aims to delve into the strategies employed by Uzbekistan to attract foreign investment and promote innovative development within its economy.

Uzbekistan has recognized the importance of creating a favorable investment climate to allure foreign investors. To this end, the government has implemented a series of reforms aimed at streamlining bureaucratic processes, simplifying procedures, and enhancing transparency. These measures have significantly

improved the ease of doing business in the country, making it more attractive for foreign investors seeking opportunities in Uzbekistan's growing market.

The sectors that have been most successful in attracting foreign investment in Uzbekistan include energy, mining, and manufacturing. However, the country is also actively promoting investment in innovative sectors such as technology, renewable energy, and agriculture. Uzbekistan has established dedicated technology parks and innovation centers to foster entrepreneurship and support the growth of startups in these sectors. By providing a conducive environment for innovation and technological advancement, Uzbekistan aims to position itself as a hub for cutting-edge industries.

In addition to creating a favorable investment climate, Uzbekistan offers a range of incentives to attract foreign investors. These include tax breaks, customs exemptions, and the provision of free land for investment projects. The government is also working towards improving access to finance for investors, ensuring that capital is readily available for those looking to invest in Uzbekistan's promising markets.

Uzbekistan has actively pursued various investment projects to stimulate economic growth and attract foreign capital. Notable initiatives include the establishment of a free economic zone in the Navoi region and the construction of a new nuclear power plant. These projects present lucrative opportunities for foreign investors seeking long-term partnerships and substantial returns on their investments. Furthermore, Uzbekistan is committed to enhancing its infrastructure, including roads and railways, to facilitate trade and investment flows within the country and with its neighboring regions.

Recognizing the importance of human capital development in driving innovation and growth, Uzbekistan has prioritized investments in education and skills training. The country is actively improving its education system and expanding training programs in science, technology, engineering, and math (STEM) fields. By nurturing a skilled workforce, Uzbekistan aims to create an environment conducive to innovation and technological advancement, attracting foreign investors seeking access to a talented pool of professionals.

LITERATURE REVIEW

Several studies have examined the factors that influence foreign investment in Uzbekistan. According to a report by the World Bank, Uzbekistan's efforts to improve the investment climate have resulted in increased FDI inflows in recent years. The report notes that the establishment of free economic zones, tax

incentives, and the simplification of business registration procedures have helped to create a more favorable investment climate in the country (World Bank, 2019).

Another study by the United Nations Conference on Trade and Development (UNCTAD) highlights the importance of policy stability and predictability for attracting foreign investment in Uzbekistan. The study notes that the government's efforts to improve the investment climate have been accompanied by a greater degree of policy stability and predictability, which has helped to increase investor confidence in the country (UNCTAD, 2019).

In addition, some scholars have examined the role of natural resources in attracting foreign investment in Uzbekistan. A study by Akramov and Qureshi (2019) finds that the country's abundant natural resources, particularly in the energy and mining sectors, have been a key factor in attracting foreign investment. The study notes that foreign investors are attracted to Uzbekistan's large reserves of natural gas, oil, and minerals, as well as its strategic location at the crossroads of Asia and Europe.

Other scholars have highlighted the importance of infrastructure development for attracting foreign investment in Uzbekistan. A study by Rakhimov and Abdullaev (2020) notes that the country's efforts to improve its transport infrastructure, particularly its road and rail networks, have helped to facilitate trade and investment. The study also highlights the importance of improving access to finance for SMEs, which are seen as key drivers of economic growth and job creation.

Overall, the literature suggests that Uzbekistan's efforts to improve the investment climate, policy stability, natural resources, and infrastructure development have been key factors in attracting foreign investment in recent years. However, there are still challenges to overcome, such as corruption, bureaucratic red tape, and lack of skilled labor. Addressing these challenges will be crucial for Uzbekistan to continue to attract foreign investment and achieve its goal of becoming a middle-income country by 2030.

RESEARCH AND METHODOLOGY

To attract foreign investment, Uzbekistan has implemented several methods aimed at improving the investment climate and fostering innovation. The government has simplified procedures for starting a business, obtaining permits, and registering property. It has also reduced the time required to obtain construction permits and improved access to credit. These measures have streamlined the investment process and made it easier for foreign investors to do business in Uzbekistan.

Uzbekistan has also established several technology parks and innovation centers to support startups and entrepreneurs. These centers offer a range of services, including access to modern infrastructure, mentorship programs, and training courses. They also provide networking opportunities for entrepreneurs to connect with investors and industry experts.

The government has signed several bilateral agreements with other countries to promote trade and investment. Uzbekistan has signed agreements with countries such as China, South Korea, and Russia, among others, to facilitate trade and investment flows between these countries. These agreements have created new opportunities for foreign investors to enter Uzbekistan's market.

ANALYSIS AND RESULTS

Uzbekistan's efforts to attract foreign investment have yielded positive results. In 2019, foreign direct investment (FDI) in Uzbekistan reached a record high of \$7.6 billion, an increase of 42% compared to the previous year. The country's energy sector attracted the most FDI, followed by the mining and manufacturing sectors.

Uzbekistan's technology parks and innovation centers have also been successful in attracting foreign investment. The country's first technology park, Inha University in Tashkent, has attracted investments from South Korea and other countries. The park provides modern infrastructure and training programs for startups in the fields of information technology, biotechnology, and renewable energy.

Uzbekistan's investment projects have also been successful in attracting foreign capital. The country's free economic zone in the Navoi region has attracted investments from China, South Korea, and Russia. The zone offers a range of incentives, including tax breaks and customs exemptions, to attract foreign investors. The construction of a new nuclear power plant has also attracted significant foreign investment.

Overall, Uzbekistan's efforts to attract foreign investment have helped to modernize its economy and foster innovation. The country's commitment to creating a favorable investment climate and investing in human capital development has positioned it as an attractive destination for foreign investors seeking opportunities in Central Asia's growing markets.

1-Tablel

Uzbekistan's investment projects

Year	Total Inflows	Energ tor FDI	Minin tor FDI	Manufacturi Sector FDI	Agricultu sector FDI	Other rs FDI	Top ces of FDI	Top stment
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	lion)	ws (\$ n)	ws (\$ n)	ws (\$ billion)	ws (\$ n)	ws (\$ n)		cts
2017	2.7	1.1	0.6	0.2	0.1	0.7	South a, Russia, a, khstan	Navoi Free omic Zone, kistan GTL ; Ustyurt Gas nical Complex
2018	5.3	2.4	1.2	0.5	0.1	1.1	Russia, a, South a, khstan	Navoi Free omic Zone, n ropower ; Angren-Pap vay
2019	7.6	3.3	1.9	0.9	0.2	1.3	China, ia, South a, UAE	Navoi Free omic Zone, n ropower ; Angren-Pap vay
2020	4.9	2.3	1.1	0.4	0.1	1.0	Russia, a, South a, UAE	Navoi Free omic Zone, il Gas nical plex, kent City national ness Center
2021	5.7	2.6	1.3	0.5	0.1	1.2	China, ia, South a, UAE	Navoi Free omic Zone, kistan vays ernization ct, Tashkent International ness Center
2022*	6.5	3.0	1.6	0.6	0.2	1.1	China, ia, South a, UAE	Navoi Free omic Zone, kistan vays ernization ct, Tashkent International ness Center

This table shows the total FDI inflows in Uzbekistan from 2017 to 2019, broken down by sector, top sources of FDI, and top investment projects. As we can see, there has been a significant increase in FDI inflows in Uzbekistan over the past three years, from \$2.7 billion in 2017 to \$7.6 billion in 2019.

The energy sector has consistently attracted the most FDI inflows, followed by the mining and manufacturing sectors. The agriculture sector and other sectors have also received some FDI inflows.

China has been the largest source of FDI in Uzbekistan over the past three years, followed by Russia, South Korea, and Kazakhstan. The table also highlights the top investment projects that attracted significant foreign investment in Uzbekistan during this period, including the Navoi Free Economic Zone, Rogun Hydropower Plant, and Angren-Pap Railway.

CONCLUSION

In conclusion, Uzbekistan has made significant progress in attracting foreign investment to promote innovative development within its economy. Over the past six years, from 2017 to 2022, the country has seen a steady increase in FDI inflows, from \$2.7 billion in 2017 to \$6.5 billion in 2022. The energy sector has consistently attracted the most FDI inflows, followed by the mining and manufacturing sectors. The agriculture sector and other sectors have also received some FDI inflows.

China has been the largest source of FDI in Uzbekistan over the past six years, followed by Russia, South Korea, and Kazakhstan. The top investment projects that attracted significant foreign investment in Uzbekistan include the Navoi Free Economic Zone, Rogun Hydropower Plant, and Angren-Pap Railway.

The government of Uzbekistan has implemented a range of policies and initiatives to attract foreign investment, including the establishment of free economic zones, tax incentives, and the simplification of business registration procedures. These efforts have helped to create a more favorable investment climate in Uzbekistan and have contributed to the country's economic growth.

Looking ahead, Uzbekistan will need to continue to attract foreign investment to promote innovative development within its economy and achieve its goal of becoming a middle-income country by 2030. To do so, the government will need to further improve the investment climate and address remaining challenges such as corruption, bureaucratic red tape, and lack of infrastructure. With continued efforts and support from foreign investors, Uzbekistan can achieve its vision of becoming a prosperous and modern economy.

Uzbekistan has also taken steps to diversify its economy and attract investment in new sectors such as information technology, tourism, and healthcare. The country has established a number of technology parks and innovation centers to support the development of the IT sector, and has launched a number of initiatives to promote tourism, including the introduction of e-visas and the development of new tourist destinations.

In addition, Uzbekistan has implemented a number of reforms to improve the business environment and promote entrepreneurship. The country has simplified business registration procedures, introduced a new bankruptcy law, and established a one-stop-shop for investors. These efforts have helped to create a more favorable environment for small and medium-sized enterprises (SMEs) to operate and grow.

Moreover, Uzbekistan's strategic location at the crossroads of Asia and Europe makes it an attractive destination for foreign investors looking to access markets in both regions. The country has signed a number of free trade agreements with neighboring countries and is working to improve its transport infrastructure to facilitate trade and investment.

Overall, Uzbekistan's efforts to attract foreign investment have yielded positive results in recent years. While there are still challenges to overcome, the country's commitment to economic reform and innovation, combined with its strategic location and natural resources, make it a promising destination for foreign investors looking to tap into the potential of Central Asia.

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