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INVESTMENT AS THE MAIN DRIVER OF ECONOMIC GROWTH IN THE REPUBLIC OF UZBEKISTAN: ANALYSIS, TRENDS AND PROSPECTS

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Abstract: This article examines the role of investment as a key factor in sustainable economic growth in the Republic of Uzbekistan. It analyzes the dynamics of investment flows into the national economy, their structure, and funding sources. Particular attention is paid to the impact of investment activity on the development of industry, infrastructure, and the social sphere. Current trends in attracting foreign direct investment, public-private partnerships, and the implementation of innovative technologies are examined. The paper also identifies promising areas for improving investment policy aimed at increasing the competitiveness of the national economy and ensuring long-term economic growth.

Keywords: investment, economic growth, investment policy, foreign direct investment, sustainable development, investment climate, Uzbekistan, innovation, public-private partnerships.

Introduction

In today's context of globalization and accelerating digitalization, the global economy is undergoing a period of structural transformation, where investment is the primary tool for ensuring sustainable economic growth and modernizing national economic systems. For the Republic of Uzbekistan, which is undergoing active socioeconomic reforms, developing an effective investment policy is a strategic priority.

In recent years, the country has implemented large-scale reforms aimed at improving the investment climate, liberalizing the foreign exchange market, developing infrastructure, and supporting the private sector. The introduction of favorable conditions for investors, the creation of free economic zones, improved tax and financial mechanisms, and a transparent legal environment have contributed to the growth of domestic and foreign investment inflows.

Investments not only ensure growth in production and employment but also contribute to the structural diversification of the economy, the introduction of innovative technologies, the development of human capital, and increased competitiveness of national enterprises. In an increasingly competitive global market, investment activity is becoming a key factor in Uzbekistan's sustainable development and its integration into global economic processes. In this regard, the study of investments as the main driver of economic growth in the Republic of Uzbekistan, the identification of trends, problems and prospects for their development are of particular scientific and practical significance.

Literature review

The study of the theoretical and practical aspects of investment activity occupies a significant place in economic science. Classical economists such as J. M. Keynes, A. Smith, and D. Ricardo viewed investment as the foundation of economic growth, linking it to capital accumulation, employment, and effective demand. Keynes's work defines investment as a key factor influencing aggregate demand and national income, which formed the basis of the Keynesian theory of macroeconomic regulation.

Modern economists, including R. Solow, P. Samuelson, and M. Porter, view investment through the lens of innovation, competitiveness, and sustainable development. The Solow model emphasizes the importance of fixed capital investment as a factor in long-term economic growth,

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while M. Porter links investment activity to the development of a country's competitive advantages.

In Russian economic literature, attention is paid to the formation of an investment climate and mechanisms for stimulating capital inflows. Research by A. Vakhobov, Sh. Abdullaev, and K. Aripova and other Uzbek scholars emphasize the role of the state in attracting investment, the need to improve financial and legal institutions, and the development of public-private partnerships.

Analytical reports from the World Bank, the International Monetary Fund, and the Asian Development Bank, which highlight Uzbekistan's growing investment attractiveness in recent years thanks to reforms in the tax, banking, and industrial sectors, deserve special attention. According to these reports, the share of investment in the country's GDP has been steadily increasing, contributing to economic diversification and export growth.

Thus, the literature review shows that investment is viewed not only as a financial resource but also as a systemic mechanism for economic transformation. The development of a sustainable investment model that ensures a balance between government regulation, private initiative, and international cooperation remains a pressing task for the Republic of Uzbekistan.

Methodology

The methodological basis of this study is based on a systemic, comparative, and analytical approach to studying investment processes in the national economy. Both theoretical and empirical research methods were used to comprehensively examine the role of investment in ensuring economic growth in the Republic of Uzbekistan.

The following methods were employed in the analysis:

• Systemic-structural analysis, aimed at identifying the relationships between investment activity, macroeconomic indicators, and structural changes in the economy.

• Comparative analysis, which allowed us to compare investment trends in Uzbekistan with similar indicators in other developing countries and identify the strengths and weaknesses of the country's investment climate.

• An economic-statistical method was used to assess the dynamics of investment volumes, their distribution by industry and funding sources based on data from the State Statistics Committee of the Republic of Uzbekistan, the World Bank, and the IMF.

• A graphical-analytical approach was used to visualize investment trends, the structure of capital investments, and their impact on GDP. • Inductive and deductive methods allowed us to move from specific observations to general conclusions about the patterns of investment development.

The theoretical basis of the study was formed by the works of domestic and international scholars in the fields of macroeconomics, investment, and sustainable development. The empirical base includes official statistical data, analytical reports from international financial institutions, and regulatory documents governing investment activity in the Republic of Uzbekistan.

Thus, the chosen methodology ensures the scientific validity of the study and allows us to identify key trends, challenges, and prospects for investment as the main driver of economic growth in Uzbekistan.

Results and analysis

The study revealed that investment activity in the Republic of Uzbekistan has demonstrated a steady positive trend in recent years, reflecting the effectiveness of ongoing economic reforms. The government has consistently implemented policies to improve the investment climate, develop infrastructure, and stimulate the private sector, which has significantly increased both domestic and foreign investment.

Investment Dynamics and Structure. According to the State Statistics Committee of the Republic of Uzbekistan, total investment in fixed assets more than doubled between 2017 and 2024. Significant growth is observed in private and foreign investment, while the share of public investment is gradually declining, indicating the emergence of more market-based capital

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allocation mechanisms. The majority of investment is directed toward industry, energy, and transport infrastructure, which are the main drivers of economic growth.

Investment Activity by Sector. The most active investment is observed in manufacturing, chemical, oil and gas, and construction. These sectors not only ensure industrial growth but also create new jobs, develop export potential, and modernize enterprises technologically. In agriculture, investments are focused on the introduction of modern agricultural technologies, drip irrigation systems, and agricultural processing, which contribute to increased productivity and food security.

The Role of Foreign Investment and Public-Private Partnerships. One of the key factors in strengthening investment activity has been the active attraction of foreign direct investment (FDI). Joint projects with partners from Japan, South Korea, China, Russia, and the European Union are being successfully implemented in Uzbekistan. The development of public-private partnership (PPP) mechanisms plays an important role, having become an effective tool for financing strategic infrastructure projects in energy, transport, education, and healthcare.

Innovative and Green Investments. In recent years, Uzbekistan's investment policy has increasingly focused on innovative and environmentally sustainable projects. Areas related to renewable energy sources—solar and wind—as well as the construction of eco-friendly industries, waste recycling, and the introduction of energy-efficient technologies are actively developing. These initiatives are in line with the strategic goals of transitioning to a green economy and the country's sustainable development.

Challenges and Limitations of Investment Development. Despite the successes achieved, certain challenges remain. These include insufficient diversification of funding sources, limited access to long-term loans, bureaucratic barriers, and a lack of modern infrastructure in some regions. Furthermore, the level of innovation activity among domestic enterprises remains relatively low, requiring stronger measures to stimulate scientific and technological investment and digitalization of the economy.

General Trends and Prospects. Current trends indicate a gradual transition of Uzbekistan's investment model from quantitative growth to qualitative development. The role of the private sector is strengthening, interest from foreign investors is growing, and legislative transparency and predictability are improving. The development of high-tech manufacturing, digital infrastructure, alternative energy, and the modernization of transport and logistics networks remain promising areas.

Conclusion

The study confirmed that investment plays a crucial role in ensuring sustainable economic growth and structural modernization of the economy of the Republic of Uzbekistan. Investment activity serves as the primary source of upgrading production capacity, implementing innovation, and enhancing the competitiveness of the national economy in the global marketplace.

The analysis revealed that in recent years, a favorable investment environment has emerged in the country, based on economic liberalization, an improved legal framework, and expanded opportunities for the private sector. Actively attracting foreign direct investment, developing public-private partnerships, and stimulating innovative projects have contributed to the growth of investment potential and economic diversification.

Particular attention is being paid to the transition to a green and digital economy, reflecting Uzbekistan's commitment to sustainable development and compliance with international standards for environmental and technological transformation. At the same time, it is important to continue efforts to minimize bureaucratic barriers, develop the financial market, increase the transparency of investment procedures, and improve infrastructure.

Going forward, further growth in investment activity will contribute to the creation of new jobs, increased labor productivity, export growth, and strengthening macroeconomic stability. Therefore, investments should be considered as a strategic tool for the long-term economic

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development of Uzbekistan, ensuring its integration into the global economy and sustainable well-being of the population.

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