

# ENHANCING THE EFFECTIVENESS OF UZBEKISTAN'S INVESTMENT POLICY: LEVERAGING BEST PRACTICES FROM DEVELOPED COUNTRIES

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**Abstract:** this study examines the current state of Uzbekistan's investment policy, evaluates its effectiveness, and explores how best practices from developed countries can be adapted to enhance investment outcomes.

**Keywords:** Uzbekistan, investment policy, economic reforms.

**Introduction.** Uzbekistan has embarked on a transformative journey to liberalize its economy and attract foreign investment. Recent reforms have aimed at improving the investment climate, yet challenges persist.<sup>1</sup> This section outlines the significance of effective investment policy in driving economic growth and the rationale for integrating international best practices.

**Main part.** Enhancing the effectiveness of Uzbekistan's investment policy by leveraging best practices from developed countries is essential for accelerating economic development, increasing foreign direct investment (FDI), and ensuring sustainable growth. Uzbekistan has already taken several steps to improve its investment climate by collaborating with international organizations such as the International Finance Corporation (IFC) to modernize its legal framework. This includes ensuring equal treatment for domestic and foreign investors, simplifying licensing

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<sup>1</sup> Valiyeva, S.Kh. (2023). Improving the economic efficiency of investment projects in Uzbekistan. Tashkent State University of Economics.

procedures, and strengthening dispute resolution mechanisms. Such reforms are inspired by models from countries like Singapore and Ireland, where investment laws are clear, predictable, and investor-friendly. In 2023, Uzbekistan introduced a “One-Stop-Shop” service to support investors throughout the life cycle of their projects. This initiative includes dedicated investment managers and streamlined procedures for land allocation, permits, and administrative services. This model is aligned with practices in countries like Estonia and South Korea, where digital platforms play a key role in reducing bureaucracy and improving investor services.

To make the country more attractive to investors, Uzbekistan offers various tax and customs incentives. For example, dividends for foreign investors are exempt from tax for three years, and more than 7,000 categories of raw materials and equipment are exempt from customs duties. This approach is similar to what has been implemented in countries like Ireland and the United Arab Emirates. Uzbekistan is also investing in innovation ecosystems by developing technology parks and supporting startups. The IT Park in Tashkent provides tax exemptions, office space, and training programs for tech companies, following the examples of Israel and South Korea. Finally, with support from the World Bank, Uzbekistan is developing a comprehensive investment strategy that emphasizes attracting high-tech industries, privatizing state-owned enterprises, and strengthening the institutional environment for investment. The goal is to transition from a resource-based economy to a knowledge-driven, diversified one.<sup>2</sup>

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<sup>2</sup> Arziqulov, Sh.A. (2024). Improving mechanisms for attracting investments to Uzbekistan. *Journal of New Century Innovations*, 54(5), 33–37. <https://newjournal.org>].

**Comparative Table: Uzbekistan's Investment Reforms vs Developed Countries' Best Practices**

<b>Area</b>	<b>Uzbekistan's Current Measures</b>	<b>Best Practices from Developed Countries</b>	<b>Recommendations for Uzbekistan</b>
<b>Legal Framework</b>	Working with IFC to draft new investment law	Clear, stable, investor-friendly laws (e.g., Singapore, Ireland)	Finalize and implement comprehensive legal reforms
<b>Investor Services</b>	“One-Stop-Shop” system with investment managers (2023)	Digitalized investor portals (e.g., Estonia, South Korea)	Expand digital tools and fully integrate public services
<b>Public-Private Partnerships</b>	PPPs in energy, infrastructure, healthcare sectors	Strong PPP units, transparent bidding (e.g., UK, Canada)	Build institutional PPP capacity and ensure public transparency

<b>Area</b>	<b>Uzbekistan's Current Measures</b>	<b>Best Practices from Developed Countries</b>	<b>Recommendations for Uzbekistan</b>
<b>Transparency &amp; Governance</b>	VAT refund reform, digital procedures	High transparency indexes (e.g., Finland, New Zealand)	Implement anti-corruption compliance and digital monitoring systems
<b>Tax &amp; Customs Incentives</b>	3-year dividend tax exemption, 7,000+ items exempt from customs duties	Strategic tax breaks (e.g., Ireland, UAE)	Target incentives to high-tech and green sectors
<b>Innovation &amp; Tech Hubs</b>	IT Park in Tashkent, startup support programs	Tech incubators, R&D incentives (e.g., Israel, South Korea)	Expand tech zones and link with universities
<b>Investment Strategy</b>	Developing FDI strategy with World Bank support	Long-term national investment strategies (e.g., Germany, Australia)	Regularly revise based on global market trends and investor feedback

To succeed in these efforts<sup>3</sup>, Uzbekistan should continue aligning its laws with international standards, further enhance its one-stop investment support system, expand PPPs in priority sectors, ensure transparency<sup>4</sup> and efficiency in government services, improve fiscal incentives for targeted industries, support innovation and entrepreneurship, and periodically update its national investment strategy to remain competitive in the global market.

## Conclusion

Uzbekistan stands at a critical juncture in its economic development, where effective investment policy reform can significantly influence its transition into a competitive and diversified market economy. By drawing on the best practices of developed countries, Uzbekistan is already making promising strides in areas such as legal modernization, investor services, public-private partnerships, and innovation infrastructure.

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<sup>3</sup> Valiyeva, S.Kh. (2023). Improving the economic efficiency of investment projects in Uzbekistan. Tashkent State University of Economics.

<sup>4</sup> Nusratov, A.S. (2024). Utilizing domestic resources in implementing investment policy in Uzbekistan. Tashkent State University of Economics. <https://ebook.tsue.uz>.

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