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ATTRACTING FOREIGN DIRECT INVESTMENT (FDI): STRATEGIES, EVIDENCE & VISUAL INSIGHTS

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Abstract

Foreign Direct Investment (FDI) remains a cornerstone of economic development and global integration. As cross-border capital flows expand, countries compete to create attractive environments that encourage long-term investment. FDI supports infrastructure financing, technology transfer, employment growth, and export diversification — essential components for sustainable development.

According to the International Monetary Fund (IMF), total global FDI stock reached a record **\$41 trillion**, demonstrating continued investor confidence in cross-border economic integration.

FDI INFLOWS: GLOBAL AND UZBEKISTAN PERSPECTIVES

1. Global FDI Stock

IMF data shows that global foreign direct investment positions reached record levels, reflecting long-term growth and international business commitment.

Indicator	Value (2023)
Global FDI Stock (USD)	\$41 trillion
Key Growth Regions	Central & South Asia, Europe, North America
(Source: IMF Coordinated Direct Investment Survey 2025) IMF	



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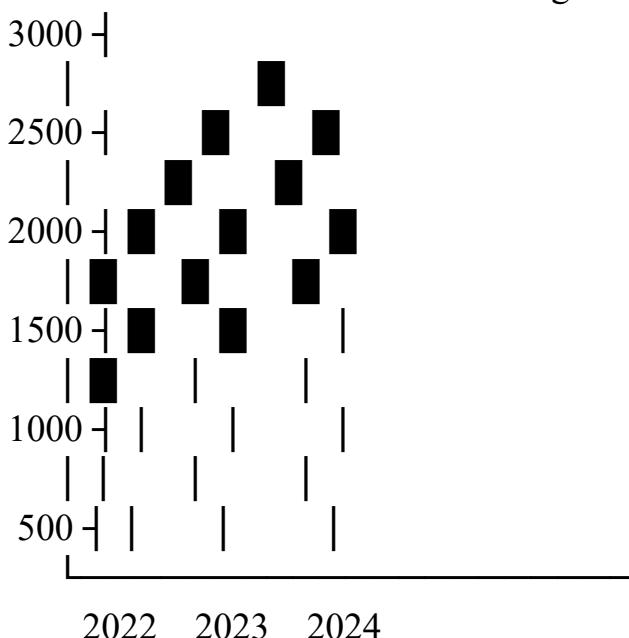
2. Uzbekistan FDI Inflows: 2022–2024

According to UNCTAD and national statistics, Uzbekistan has *rapidly increased* FDI inflows in recent years — particularly through policy reforms and investment facilitation frameworks. lloydsbanktrade.com

Year	FDI Inward Flow (million USD)
2022	2,498
2023	2,156
2024	2,836
<i>(Source: UNCTAD & Ministry of Investment data) lloydsbanktrade.com</i>	

Visual: FDI Trend in Uzbekistan (2022–2024)

Below is a visual representation of inbound FDI in Uzbekistan — showing notable moderation and then renewed growth in 2024.



 *Inward FDI rises sharply in 2024 after a dip in 2023.*



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Key Determinants That Attract FDI

1. Stable Macroeconomic Environment

Foreign investors prioritize countries with predictable economic policies, low inflation, and currency stability. This minimizes risk and increases the expected return on investment.

2. Investment-Friendly Policy and Legal Framework

Transparent regulatory systems, efficient arbitration, simplified business registration, and strong rule of law are essential for investment confidence. Uzbekistan has implemented reforms that reduce bureaucratic barriers and improve investor services. mauritiustrade.mu

3. Infrastructure and Connectivity

High-quality transport, digital, and energy infrastructure reduce operational costs. Strategic geographical positioning (e.g., access to regional markets) further enhances competitiveness.

4. Human Capital and Innovation Incentives

Countries that focus on education, labor skills development, and R&D attract high-value FDI — particularly in technology, healthcare, and advanced manufacturing.

Artificial Intelligence (AI) is increasingly becoming an essential tool in modern investment processes, transforming traditional approaches to decision-making, risk assessment, and capital allocation. By analyzing large volumes of structured and unstructured data, AI systems enhance investment efficiency, reduce uncertainty, and improve the accuracy of forecasts. In investment activities, AI is applied to evaluate project feasibility, predict returns, assess macroeconomic and political risks, and optimize portfolio management. In the context of foreign direct investment (FDI), AI supports investment climate analysis, investor targeting, and the management of investment promotion systems, thereby strengthening investor confidence and improving reinvestment rates. Moreover, AI plays a significant role in sustainable and green investment by enabling ESG scoring, monitoring environmental impacts, and aligning capital flows with



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long-term development objectives. From a policy perspective, integrating AI into national investment strategies allows governments to improve transparency, institutional effectiveness, and competitiveness in attracting high-quality investments. Overall, the convergence of AI and investment marks a shift toward data-driven, intelligent, and sustainable investment management.

Sectoral Focus: Where Investors Are Placing Capital

In Uzbekistan and similar emerging markets, major foreign investment sectors include:

- **Energy & Renewables**
- **Manufacturing**
- **Transport & Logistics**
- **Electric Vehicles & Technology Partnerships**

Investment in renewable energy and industrial modernization reflects a global shift toward sustainable, future-oriented capital allocation.

Policy Recommendations: Attracting More FDI

To sustain and grow FDI inflows, policymakers should:

1. Strengthen Legal Protections

Guarantee foreign property rights, enforce contracts fairly, and streamline legal recourse.

2. Enhance Aftercare Investment Services

Offer dedicated support to existing investors, helping them scale or reinvest.

3. Promote Economic Integration

Bilateral and regional trade agreements expand market access and make host countries more attractive.

4. Target Strategic Sectors

Support sectors with high multiplier effects — such as digital services, renewable energy, and advanced manufacturing.

CONCLUSION

Attracting FDI is central to long-term economic transformation. Data from global institutions and country case studies (like Uzbekistan) show that **policy reforms, economic stability, and targeted incentives** significantly strengthen investment attractiveness.



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With strategic planning and investor-oriented reforms, emerging economies can compete successfully on the global stage — creating jobs, boosting productivity, and facilitating sustainable growth.

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