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## INCREASING EMPLOYMENT AND ENSURING ECONOMIC GROWTH THROUGH ATTRACTING INVESTMENTS IN THE ECONOMY OF UZBEKISTAN

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### Abstract

This article analyzes the current challenges of attracting investments in Uzbekistan's economy, ensuring a stable capital flow, and the role of investments in creating new jobs. The study examines the country's investment policy, regional investment volumes, the role of free economic zones and technoparks, and opportunities for cooperation with international financial institutions. Based on the results, practical recommendations are proposed to promote economic growth and increase employment through investments.

**Keywords:** Investment, employment, job creation, economic development, free economic zones, capital attraction, labor market, enterprises, workforce.

### Introduction

Today, one of the most pressing issues in Uzbekistan's economy is the insufficient attraction of investments and the lack of a stable flow of capital. Investment is the main driving force of a country's economic development, serving as a crucial resource for establishing new production facilities, modernizing existing enterprises, and implementing technological innovations across various sectors of the economy. In particular, an increase in investment inflows has a direct impact on the creation of new jobs in the labor market, enhances employment opportunities, and strengthens socio-economic stability. In recent years, Uzbekistan has undertaken large-scale reforms aimed



***Modern American Journal of Business,  
Economics, and Entrepreneurship***

**ISSN (E):** 3067-7203

**Volume 2, Issue 6, June, 2026**

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at improving the investment climate, creating favorable conditions for investors, liberalizing the economy, and expanding the implementation of market mechanisms. These reforms are focused on supporting the activities of both domestic and foreign investors, financing major infrastructure projects, and developing industries with high added value.

Despite these efforts, several challenges continue to hinder the full development of investment flows. Factors such as the low investment attractiveness of certain regions, insufficiently developed production infrastructure, and the need to further improve guarantees and protections provided to investors remain significant obstacles to attracting and sustaining investment in the country. The relevance of this topic lies in the fact that insufficient investment attraction not only slows down economic growth but also negatively affects the development of the labor market. Due to the lack of investment, the establishment of new industrial enterprises, service centers, and innovative projects remains limited, resulting in fewer opportunities for increasing employment levels among the population. Therefore, increasing investment inflows, creating more favorable legal and economic conditions for investors, and ensuring the efficient allocation of capital across different sectors of the economy have become priority areas of state policy today. The purpose of this research is to examine the processes of attracting investments in the Republic of Uzbekistan, determine their role in economic growth and job creation, and develop recommendations for an effective investment policy. To achieve this objective, several tasks have been identified. First, it is necessary to investigate the theoretical foundations of investment, including its concept, types, and role in the economy. Second, the study aims to analyze the existing laws, decrees, and regulations related to investment attraction in the Republic of Uzbekistan and evaluate their practical effectiveness. Third, the research seeks to identify the impact of insufficient investment inflows on economic development and the labor market. Finally, the study aims to develop recommendations for improving Uzbekistan's investment policy in order to promote economic growth and create new employment opportunities.



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### **Literature Review**

Investments are the financial source of reproduction and economic growth in general, as well as a key factor determining the development of productive forces and the system of economic relations. In recent years, extensive research has been conducted on attracting investments and their impact on economic growth and employment. Among foreign researchers, Marjan Petreski and Michał Olczyk (2025), in their study “Foreign Direct Investment and Job Creation in EU Regions,” analyzed the relationship between foreign direct investment (FDI) and job creation across regions of the European Union. The results indicate that when investment inflows are significant, employment levels tend to increase. However, the impact is not always linear, as sectoral characteristics and regional conditions play an important role in determining the extent of employment growth.

Among local researchers, Farruxjon Tirkashev, in his article “Investment Environment in New Uzbekistan and Analysis of Factors Affecting It,” examines the formation of the investment climate in Uzbekistan. In particular, the study analyzes how improvements in the legal and regulatory framework, the establishment of free economic zones, and the implementation of public-private partnership mechanisms contribute to creating favorable conditions for investors. The author discusses the economic benefits of investments; however, the statistical analysis of their impact on employment and job creation is relatively limited. Overall, the reviewed literature confirms that investment is one of the main drivers of economic development and employment growth. Nevertheless, there remains a need for further research on the mechanisms through which investment can more effectively contribute to sustainable economic growth and the creation of new jobs in Uzbekistan. Thus, the defined objectives and tasks constitute the scientific foundation of the research and provide a basis for achieving practical results within the scope of the study. In carrying out this research, several research methods were employed, including scientific reasoning, statistical observation, comparative analysis, data classification, abstract thinking, and logical reasoning. These methods were essential for analyzing the processes of investment attraction in Uzbekistan and assessing their impact on job creation and economic growth.



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The study utilized official statistical data, including decrees, resolutions, and policy measures issued by the President of the Republic of Uzbekistan to encourage and promote investment activities. Based on these documents, the development of the country's investment climate, the incentives and benefits provided to investors, and their economic consequences were thoroughly examined.

### **Analysis and Results**

Ensuring the sustainable economic development of the regions of Uzbekistan is one of the main priorities of the country's economic policy. The socio-economic development of regions and the improvement of the population's living standards are directly linked to their economic potential. Since the economy of Uzbekistan functions as an integrated system composed of various regions, ensuring the stable development of each region is essential for maintaining the country's overall and continuous economic progress.

Therefore, investment attractiveness and the comparative advantages created both at the national and regional levels play a crucial role in attracting foreign investments. Factors such as favorable business conditions, developed infrastructure, availability of natural and human resources, tax incentives, and an effective legal framework significantly influence investors' decisions regarding investment destinations. The analysis shows that regions with higher investment attractiveness tend to attract greater volumes of domestic and foreign investment, which in turn contributes to increased production capacity, infrastructure development, employment generation, and higher economic growth rates. Consequently, enhancing regional investment attractiveness has become an important mechanism for achieving balanced regional development and strengthening the competitiveness of the national economy.

On January 16, 2025, a videoconference meeting chaired by Shavkat Mirziyoyev was held to discuss the results of efforts aimed at attracting investment and increasing export volumes, as well as to outline key priorities for the future. During the meeting, a number of measures related to investment and export policies were proposed and discussed. The President assigned specific



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tasks to responsible officials and presented key indicators regarding investment and export performance.

As a result of Uzbekistan's open economic policy and strong investment strategies, the country's economy has continued to demonstrate stable growth. In particular, in 2025, the gross domestic product (GDP) increased by 6.5 percent, reaching USD 115 billion. During the same period, foreign investment inflows grew by 1.6 times and amounted to nearly USD 35 billion. Additionally, 242 large and medium-sized projects with a total value of USD 10 billion were launched, while exports reached a record level of USD 27 billion for the first time. Furthermore, investments directed toward the mining, oil and gas, chemical, and agricultural sectors doubled compared to the previous year. More than USD 100 million in investment was attracted to 50 districts across the country, contributing to regional economic development, industrial expansion, and the creation of new employment opportunities. These results demonstrate that investment attraction has become one of the key factors driving economic growth, export expansion, and job creation in Uzbekistan. The increase in investment activity has strengthened production capacities, improved infrastructure, and enhanced the competitiveness of the national economy, thereby supporting sustainable economic development. It should also be noted that investment indicators declined in the textile industry as well as in the systems of Uztransgaz, Uzmetkombinat, and Uzsuvtaminot. In addition, the volume of investments and grants in sectors such as ecology, agriculture, digital technologies, transport, construction, healthcare, sports, culture, higher education, and preschool education did not correspond to their existing potential. During the meeting, key investment and export targets for 2025 were also identified. Particular attention was given to regional development. It was noted that investment volumes are expected to exceed USD 200 million in 27 districts, while in 10 districts the projected investment volume remains below USD 40 million. Responsible authorities were instructed to formulate new projects and increase investment activity in these regions. Special emphasis was placed on the efficiency of investment utilization. Over the past seven years, more than 6,000 enterprises have been launched through investments totaling USD 120 billion. According to official estimates, every USD 1,000 of investment generated an



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average of USD 530 in annual value added, while in the mining sector this figure reached approximately USD 700. However, investment efficiency has remained relatively low in the oil and gas, metallurgy, and construction materials industries. Similar challenges have been observed in the regions of Syrdarya Region, Bukhara Region, and Republic of Karakalpakstan. Furthermore, loan repayments have been delayed in 92 newly established enterprises due to unused equipment, while imported equipment belonging to 105 entrepreneurs remains stored in customs warehouses.

For 2025, investment projects worth USD 5.2 billion financed by international financial institutions have been planned. To ensure their timely implementation, the establishment of a special task force headed by the Prime Minister has been proposed. In particular, projects worth USD 1.1 billion are planned in cooperation with the European Bank for Reconstruction and Development, while projects totaling USD 1 billion are expected to be implemented jointly with the Islamic Development Bank. Officials have also been tasked with increasing the number of projects implemented without state guarantees through cooperation with these international financial institutions and providing greater support to entrepreneurs in attracting investment resources. These measures are expected to improve investment efficiency, strengthen regional development, create new employment opportunities, and contribute to sustainable economic growth in Uzbekistan.

### **Conclusion and Recommendations**

The state's investment policy plays a significant role in the development of Uzbekistan's economy. This policy is formulated with consideration for the interests of foreign investors and is aimed at ensuring national economic growth, sustainable regional development, enhancement of export potential, and the efficient utilization of investment resources. Although there are differences in investment volumes across regions, the overall trend remains positive. However, the analysis reveals that investment efficiency and export performance remain relatively low in certain regions. In addition, challenges such as low efficiency in the oil and gas, metallurgy, and construction materials sectors, as well as the underutilization of equipment in newly established enterprises, continue to



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hinder the full realization of investment potential. In our opinion, the following measures would be effective in increasing employment opportunities and ensuring sustainable economic development through investment:

1. Increase investment diversification across regions in order to create sustainable employment opportunities and reduce regional disparities in economic development.
2. Establish export-oriented free economic zones and technology parks to promote the production of high value-added goods, enhance industrial competitiveness, and generate new jobs.
3. Expand cooperation with international financial institutions and implement new investment projects to attract additional financial resources and create more employment opportunities.

The implementation of these measures will contribute to strengthening investment activity, accelerating economic growth, increasing export capacity, and ensuring sustainable job creation in Uzbekistan.

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