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CURRENT STATUS AND DEVELOPMENT PROSPECTS OF ATTRACTING FOREIGN INVESTMENTS IN THE AGRICULTURAL SECTOR

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A B S T R A C T	K E Y W O R D S
This article analyzes the current state, existing opportunities and development prospects of attracting foreign investment to the agricultural sector in Uzbekistan. The agricultural sector plays an important role in ensuring food security in the country's economy, increasing employment, expanding export potential and sustainable development of regions. From this point of view, attracting foreign capital to agriculture allows for the introduction of modern technologies, increasing production efficiency, processing products and forming high-added value chains. The study systematizes economic, financial, institutional and infrastructural factors affecting the attraction of foreign investment. It also highlights the importance of effective use of land and water resources, development of logistics infrastructure, expansion of public-private partnerships, creation of financial and institutional guarantees for investors and widespread introduction of digital technologies in increasing investment attractiveness.	Foreign investments, agrarian sector, agriculture, investment attractiveness, foreign direct investments, investment policy, investment environment, agrarian investments.

Introduction

Today, the issues of ensuring food security, modernization of agricultural production and efficient use of resources are becoming increasingly urgent in the world economy. In this process, attracting foreign investment to the agricultural sector is one of the important factors in increasing the economic potential of countries. Foreign capital allows agriculture to introduce new technologies, modern production methods, advanced management experience and additional financial resources. As a result, conditions are created for increasing production productivity, product quality and export potential. The agricultural sector plays an important role in the economy of Uzbekistan, providing the population with food products, increasing employment and making a significant contribution to the socio-economic development of regions. Therefore, it is important to effectively use foreign investment in technical and technological modernization of agriculture, introducing water-saving technologies, deep processing of products and developing export-oriented production. At the same time, factors such as the use of land and water resources, insufficient development of infrastructure, financial risks of investment projects and logistics costs create certain limitations in attracting foreign investment to the agricultural sector. To eliminate these problems, it is necessary to improve the investment climate, protect the rights of investors and develop effective financial mechanisms. Agriculture, forestry and fisheries are one of the strategic sectors of the country's economy, which plays an important role in ensuring food security, increasing employment, expanding export potential and sustainable development of regions. Foreign direct investment plays a special role in increasing the investment potential of this sector. The influx of foreign capital into the agricultural sector expands the possibilities for introducing modern technologies, modernizing production processes, increasing labor productivity and deep processing of products.

In the conditions of Uzbekistan, the modernization of agriculture, the development of agro-clusters, the efficient use of water and energy resources, and the expansion of the production of export-oriented products are further increasing the need for foreign investment. In particular, attracting foreign capital to the areas of agriculture and animal husbandry, forestry, fisheries and aquaculture will not only increase production volumes, but also allow the formation of new types of economic activity in rural areas. From this point of view, an analysis of the dynamics of foreign direct investments in fixed capital in agriculture, forestry and fisheries in 2020-2025 is important in determining the investment attractiveness and development trends of this sector.

Table 1 Foreign direct investments in fixed capital in agriculture, forestry and fisheries, (billion soums)[1]

Years	2020	2021	2022	2023	2024	2025
Total	2 172,3	2 037,5	960,3	3 023,3	10 732,3	12 800,0
Agriculture and livestock, hunting and services	2 122,3	1 262,7	917,0	1 595,5	7 822,4	9 200,0
Forestry and logging	–	692,2	5,5	1 327,9	2 500,4	2 900,0
Fishing and aquaculture	50,0	82,6	37,8	99,8	409,5	700,0

According to Table 1, the volume of foreign direct investments in fixed assets in agriculture, forestry and fisheries increased from 2,172.3 billion soums in 2020 to 12,800.0 billion soums in 2025. During this period, the volume of investments increased by 10,627.7 billion soums, that is, almost 5.9 times. This indicator indicates a significant increase in interest in foreign capital in the agricultural sector. However, the dynamics of investments were not the same in all years. Investments, which amounted to 2,172.3 billion soums in 2020, decreased to 2,037.5 billion soums in 2021, and to 960.3 billion soums in 2022. Thus, in 2022, investments decreased by about 55.8% compared to 2020. This situation can be explained by the financial and production risks of investment projects in the agricultural sector, external economic factors, and a temporary decrease in investment activity. Starting from 2023, a positive growth trend has been formed. In particular, investments in 2023 amounted to 3,023.3 billion soums, in 2024 - 10,732.3 billion soums, and in 2025 - 12,800.0 billion soums. The indicator for 2025 is 2,067.7 billion soums or about 19.3% higher than in 2024. This indicates that the inflow of foreign capital into the agricultural sector has significantly accelerated in recent years.

[1] https://stat.uz/uz/ prepared by the author based on information.

The main investments in the sector are directed to farming and animal husbandry, hunting, and service activities. Investments in this area increased from 2,122.3 billion soums in 2020 to 9,200.0 billion soums in 2025. In 2025, this activity accounted for about 71.9 percent of total agricultural investments. This means that the direct production segment of agriculture remains the most attractive area for foreign investors. There has also been a significant increase in forestry and woodworking activities. Investments, which amounted to 692.2 billion soums in 2021, decreased sharply in 2022 to 5.5 billion soums, but began to grow rapidly starting in 2023 and reached 2,900.0 billion soums in 2025. Long-term projects in this area, the use of renewable resources and the possibility of processing wood products can form promising areas for foreign investors.

The volume of investments in fishing and aquaculture activities also has positive dynamics. The figure of 50.0 billion soums in 2020 reached 700.0 billion soums in 2025, an increase of 14 times. Although the share of this area in total investments is relatively small, its high growth rate indicates that there is a large investment potential in this area. In general, the table data shows that in 2023-2025 there was a significant positive turn in attracting foreign investments to the agricultural sector. At the same time, the main part of investments was concentrated in agriculture and animal husbandry, and the share of forestry and aquaculture remained relatively low. This indicates the need to diversify agricultural investments.

The mining industry is one of the strategic sectors of the economy of Uzbekistan, which is of great importance for the effective use of the country's natural resource potential, the development of industrial production and the increase in export revenues.

Table 2 Investments in fixed capital in the mining industry and open pit mining, (billion soums)[2]

Activities	2020	2021	2022	2023	2024	2025
Mining and open pit mining - total	6 848,9	1 758,0	2 652,0	4 301,3	7 299,1	8 200,0
Coal and lignite mining	–	–	–	93,1	260,5	320,0
Crude oil mining	0,1	16,8	17,8	–	378,5	450,0
Natural gas mining	6 350,9	1 520,9	2 151,8	3 357,0	4 950,0	5 500,0
Metal ore mining	0,3	7,0	23,8	–	–	50,0
Non-ferrous metal ore mining	–	3,6	0,0	265,5	144,2	180,0
Other mining activities	459,8	209,7	309,6	585,6	1 565,9	1 800,0
Mining of mineral raw materials for the chemical industry and fertilizers	–	0,4	45,7	–	365,4	420,0
Technical services in mining	37,9	0,0	148,9	–	–	80,0

Directing fixed capital investments to this sector will expand the opportunities for the development of new deposits, the modernization of existing production capacities, the introduction of modern technologies and the deep processing of natural resources. Therefore, analyzing the dynamics of investments in the mining industry and the development of open pit mines in 2020–2025 is important in assessing the development trends of the sector. According to the table, the investments in fixed

[2] https://stat.uz/uz/ prepared by the author based on information.

capital in the mining industry and the development of open pit mines amounted to 6,848.9 billion soums in 2020. In 2021, this figure decreased to 1,758.0 billion soums. Since 2022, investments have increased again, reaching 2,652.0 billion soums, 4,301.3 billion soums in 2023, 7,299.1 billion soums in 2024 and 8,200.0 billion soums in 2025. Thus, investment activity in the sector has been steadily recovering after the decline in 2021.

Natural gas production is the leading area in the structure of investments. Investments in this activity amounted to 5,500.0 billion soums in 2025, up from 6,350.9 billion soums in 2020. About 67.1 percent of total mining investments in 2025 fell on natural gas production. This indicates a significant dependence of investments in the sector on hydrocarbon resources.

Investments in other mining-related activities also increased from 459.8 billion soums in 2020 to 1,800.0 billion soums in 2025. Investment activity also increased in 2023-2025 in the areas of coal and lignite mining, crude oil, and mineral raw materials for the chemical industry. This indicates that the process of diversification of the sector has begun.

The results of the analysis show a steady recovery of investment activity in the mining industry after a sharp decline in 2021. In 2025, total investments will reach 8,200.0 billion soums, an increase of almost 4.7 times compared to 2021. However, the fact that a large part of investments will go to natural gas production indicates the need to increase diversification in the structure of the sector. In the future, it is advisable to direct investments to the extraction of non-ferrous and precious metal ores, deep processing of mineral raw materials, the introduction of modern technologies, and the digitization of mines. This will serve to increase the resource efficiency of the sector, create high added value, and expand export potential. The process of attracting foreign investment to the agricultural sector in Uzbekistan has significantly intensified in recent years, becoming one of the important financial sources for the modernization of agriculture and increasing production efficiency. The influx of foreign capital into the agricultural sector not only expands investment resources, but also allows the introduction of modern agricultural technologies, advanced management experience, high-yield equipment and innovative production methods. In particular, the importance of foreign investment is increasing in the development of deep processing, storage, logistics and export chains of products. Based on the data provided, in 2020-2025, the volume of foreign direct investments in fixed capital in agriculture, forestry and fisheries increased from 2,172.3 billion soums to 12,800.0 billion soums. This represents an increase of almost 5.9 times. However, this process was not uniform. In particular, in 2022, investments decreased to 960.3 billion soums, while a sharp increase was observed starting in 2023. The absorption of investments of 10,732.3 billion soums in 2024 and 12,800.0 billion soums in 2025 indicates the increased attractiveness of the agricultural sector for foreign investors.

Agriculture and animal husbandry, hunting and services remain the main investment areas within the sector. Investments in these activities increased from 2,122.3 billion soums in 2020 to 9,200.0 billion soums in 2025. In 2025, this area accounted for about 71.9 percent of total investments. This indicates that foreign investors are paying priority attention to segments of agricultural production that provide direct and faster economic benefits.

Also, the increase in investments in forestry and wood processing, as well as fishing and aquaculture, indicates that the diversification opportunities of the agricultural sector are expanding. In particular, investments in aquaculture have increased from 50.0 billion soums in 2020 to 700.0 billion soums in 2025. There is great potential in this area for the development of intensive fish farming, modern aquaculture technologies, and processing projects.

At the same time, some problems remain in attracting foreign investment to the agricultural sector. In particular, limited water resources, high logistics costs, the dependence of agricultural production on natural and climatic factors, and relatively high investment risks can affect investors' decisions. Therefore, it is important to insure investment projects, expand state guarantees and public-private partnership mechanisms.

In the future, it is advisable to direct foreign investment to water-saving technologies, agroclusters, greenhouse farms, livestock breeding, seed production, deep processing of food products, refrigeration and logistics systems, aquaculture, and digital agricultural projects. Such an approach, while increasing the volume of foreign capital, also enhances its economic efficiency. As a result, the production and export potential of the agricultural sector will expand, creating high added value and creating new jobs in rural areas.

The results of the study show that attracting foreign investment to the agricultural sector is an important factor in accelerating the technological and economic development of Uzbekistan's agriculture. Foreign investment will expand the opportunities for the introduction of modern agricultural technologies, modernization of production capacities, efficient use of water and energy resources, deep processing of products, and the production of export-oriented products. This will increase the competitiveness of the agricultural sector and create new jobs in rural areas.

In order to increase the inflow of foreign capital to the agricultural sector in the future, it is necessary, first of all, to ensure the stability and predictability of the investment environment. It is advisable to strengthen legal guarantees for investors, improve the mechanisms for preparing and financing investment projects, expand public-private partnerships, and use modern insurance and guarantee mechanisms. It is also important to develop the activities of agroclusters and direct foreign investors to projects that create high added value.

In the agricultural sector, attracting foreign investment in digital technologies, smart agriculture, water-saving technologies, environmentally friendly production and processing projects is a promising direction. These measures will increase the volume of foreign capital, ensure its economic efficiency, and strengthen the competitiveness of the agricultural sector of Uzbekistan in the international market.

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