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FINANCING INVESTMENTS IN FIXED CAPITAL BASED ON ADVANCED INTERNATIONAL EXPERIENCE

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ABSTRACT

This article covers the issues of improving mechanisms for financing investments focused on fixed capital on the basis of best foreign practices. The practice of using sources of investment financing, public-private partnership, bank loans, foreign direct investment and alternative financing instruments in foreign countries is studied. Also, the possibilities of applying best practices in the context of the national economy are evaluated and proposals aimed at increasing the efficiency of the use of investment resources are developed.

KEYWORDS

Fixed capital, investment, financing, foreign experience, investment resources, public-private partnership, bank credit, foreign capital, investment environment, economic efficiency.

Introduction

Effective financing of investments in the world economy is an important condition for increasing production potential, ensuring economic growth and strengthening the international competitiveness of countries. In particular, investments directed at fixed capital play an important role in updating the material and technical base of economic sectors, organizing modern production capacities, developing infrastructure and introducing innovative technologies. However, the cost efficiency of investments is not determined only by their volume. Diversification of sources of financing, the value of financial resources, criteria for selecting investment projects and the effectiveness of the use of funds are also important.

In the current environment, developed and developing countries use various mechanisms to finance investment projects. In particular, public-private partnership, loans from international financial institutions, foreign direct investment, corporate bonds, leasing and funds from institutional investors are becoming important sources of fixed capital formation. These instruments will optimize the financial burden on the state budget, attract private sector funds to the economy and expand the opportunities for the implementation of large infrastructure projects. At the same time, the effectiveness of each financing mechanism depends on the country's legal environment, the development of the financial market, and the protection of investors' interests.

The experience of foreign countries shows the importance of long-term strategic planning, stimulation of private capital, and rational allocation of financial risks in financing investments in fixed capital.

For example, public-private partnership mechanisms serve to combine public and private sector capabilities in infrastructure projects. In countries with developed financial markets, corporate bonds and other capital market instruments help reduce the dependence of enterprises on bank loans. And projects with the participation of international financial institutions make it possible to attract long-term resources, improve management standards, and take into account environmental and social requirements.

In the economy of Uzbekistan, one of the urgent tasks is to improve the mechanisms for financing investments in fixed capital. Modernization of industry, development of energy and transport infrastructure, expansion of production potential of regions and introduction of new technologies require a large amount of financial resources. In such conditions, it is important to adapt the mechanisms that are effective in international experience to the characteristics of the national economy, not relying only on traditional sources of financing. At the same time, it is necessary not to transfer foreign experience directly, but to introduce it taking into account the institutional capabilities, financial conditions and economic priorities of the country.

Analysis and Results

It is necessary to move towards the upward trend from sustainable economic growth in the economy. Achieving this goal is carried out through the full mobilization of the existing economic potential and rational and effective use of the attracted resources. At this stage of economic development, the Republic of Uzbekistan pays special attention to the implementation of the state investment policy in terms of capital flows and global trends in their regulation.

In recent years, the light industry, in particular textiles and garment and knitwear in Uzbekistan, has been identified as one of the priority areas of the country's industrial policy, and large-scale investments are being attracted in order to modernize this sector and deepen the value chain. "According to official data, over the past five years, investments in the textile and light industry of Uzbekistan amounted to 3.3 billion rubles. Investments in the amount of more than USD have been attracted. As a result of the implementation of investment projects, about 510 thousand new jobs have been created in the industry, and export potential has significantly increased. Within the framework of the state investment policy, in 2025-2026, the sector will receive 2 billion rubles annually. The fact that it is planned to attract foreign investment in excess of USD indicates that the industry has a long-term development strategy."[1] "According to the OECD, the textile and clothing industry in the EU countries accounts for an average of 3-4% of the value added in industrial production, this industry provides approximately 6-7% of industrial employment."[2] This situation is explained by the diversification of the economy in developed countries as well as the priority of high-tech industries. Thus, the textile industry in developed countries plays an important role in ensuring industrial employment and export diversification, working in harmony with high-tech industries. In developing countries, this industry plays a decisive role in the formation of government budgets and export revenues as one of the main drivers of industrialization.

There are also a number of factors that hinder the sustainable development of the industry. To solve these problems, specific measures have been developed for 2026. In particular, concessional loans in

[1] Ministry of Investments, Trade and Industry of the Republic of Uzbekistan. https://invest.miit.uz/en/guide/explore/textiles?utm_source=chatgpt.com

[2] 9. OECD. (2014). Textile finishing and textile industry statistics. https://www.oecd.org/content/dam/oecd/en/publications/reports/2014/09/textile-finishing_g1g4855e/9789264221185-en.pdf

the amount of USD 200 million will be allocated to enterprises to replenish working capital , 138 companies will be financially rehabilitated, and 100 new enterprises will be attracted to export activities. ERP systems and artificial intelligence technologies will be introduced in 40 companies in the sector to accelerate digitalization and increase production efficiency.
We will try to analyze how investments directed to the sector affect the efficiency of the manufacturing industry, in particular, light industry enterprises.

Table 1 The Volume and Share of Investments in Fixed Capital by Manufacturing Industry[3]

Bullets	Years				
	2021	2022	2023	2024	2025
The volume of investments in fixed capital (trillions of soums)	245,0	269,9	352,1	493,6	591,1
The volume of investments directed to the manufacturing industry, trillions. in UZS	63,2	76,4	100,6	144,6	160,5
Share in Total Fixed Capital, as a percentage	25,8	28,3	28,6	29,3	27,2

The analysis of the data in Table 1 shows that it reflects the investment attractiveness and structural dynamics of the manufacturing industry of the Republic of Uzbekistan over the past five years. The volume of total investments increased from 245.0 trillion soums in 2021 to 591.1 trillion soums by 2025 (growth - 2.4 times). Investments in the manufacturing industry during this period amounted to 63.2 trillion soums. 160.5 trillion soums. increased by 2.5 times. Such dynamics indicates that industrialization and transformation processes are active in the country. In particular, in 2023–2024, a sharp jump in investments directed to industry (from 100.6 trillion soums to 144.6 trillion soums) is explained by the implementation of major driver industries and structural reforms. The share of the industrial sector in investments in total fixed capital has remained consistently high (27.8% on average). However, in the context of years, the trend of this indicator is not uniform. In the phase of extensive growth in 2021-2024, the share of the manufacturing industry increased from 25.8% to 29.3%. Although the absolute volume of investments in the manufacturing industry increased in 2025 (160.5 trillion soums), its share in total investments decreased to 27.2% (by 2.1% points). The decline in the share of the manufacturing industry in 2025 can be justified as follows: the infrastructure factor, i.e. the expansion of industrial capacities, has increased the demand for energy, logistics and transport infrastructure in the economy. As a result, in 2025, a significant part of investments may be redistributed not directly to production, but to the infrastructure that provides it (utilities, energy, green technologies and transport corridors). In the industrial sector, the transition from the extensive (quantitative) investment phase to the intensive (quality and high technology-based) phase has begun. At the same time, it may be aimed to achieve greater efficiency by spending less capital through digitalization and innovation. In order to assess how the 2.5-fold increase in the volume of investments in the manufacturing industry has affected the volume and exports of products, it is necessary to calculate the future ICOR (Capital Capacity Coefficient) indicator.
The production of textile products occupies a key place in the network of light industry enterprises. The production of textile products includes the preparation and spinning of textile fiber, as well as the

[3] Prepared on the basis of the data of the State Committee of the Republic of Uzbekistan on Statistics https://stat.uz/uz/

production of textile fabrics and finished textiles, decoration of textiles and clothing, and the production of finished textiles.

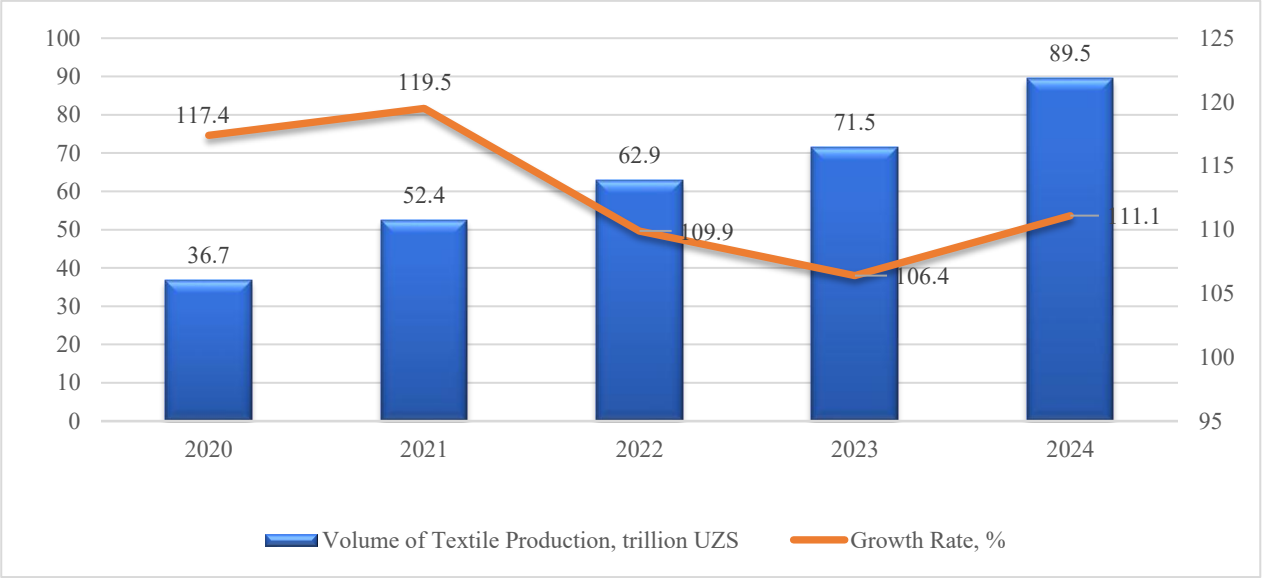


Figure 1. Textile Production Volume and Growth Rate from 2020 to 2024[4]

The data in Figure 1 clearly reflect the transformational development trends of the textile industry of the Republic of Uzbekistan over the past five years. During this period, both extensive (absolute volume) and intensive (pace and structural changes) indicators in the industry dynamically changed in accordance with economic laws. The absolute volume of textile production in the industry in 2020 amounted to 36.7 trillion rubles. By 2024, 89.5 trillion soums. soums. That is, over five years, the volume of production increased by 2.44 times in nominal value or 143.8%. In 2021, the volume grew sharply, amounting to 52.4 trillion. soums. This is proof of the elimination of stagnation after the restrictions of the global pandemic and the fact that the enterprises of the network began to work at full capacity. Stable growth was observed in 2022-2024. Production volumes reached 62.9 trillion, 71.5 trillion VA. and 89.5 trillion VA. UZS. This growth is explained by the institutional strengthening of the activities of cotton and textile clusters in the country, as well as the creation of a deepened chain of raw material processing (from tin yarn to finished products).

In addition, the issues of attracting direct investment and loans from international financial institutions and foreign banks without government guarantees to investment projects aimed at improving the financial condition of light industry enterprises and introducing modern management methods also play an important role, creating a need for external sources of financing in the context of a shortage of long-term financing resources. Light industry in the economy of Uzbekistan, especially textiles and clothing, is one of the strategic sectors with a high labor capacity and a great opportunity to deepen the value chain. In this context, the initiative to attract funds from international financial institutions and foreign banks without government guarantees to investment projects aimed at ensuring the financial stability of light industry enterprises and introducing modern management methods is considered to be of economic justified and systemic importance.

[4] Prepared on the basis of the data of the State Committee of the Republic of Uzbekistan on Statistics https://stat.uz/uz/

Table 2 Foreign investments and credits for fixed capital[5]

Bullets	Years				
	2021	**2022**	**2023**	**2024**	**2025**
Investments in fixed capital (billion. USD)	23,1	23,65	28,69	38,37	49,16
Amount of foreign investment and loans directed towards the creation of new fixed assets, billions. US dollars	9,8	10,2	16,0	26,4	33,5
Shares in fixed capital, %	42,7	43,1	56,1	68,7	68,1

According to the analysis of the data in Table 2, it provides an opportunity to scientifically and empirically assess trends in attracting foreign capital to the economy of Uzbekistan, modernizing fixed capital and increasing the country's financial potential. The dynamics and structural changes in investment activity in 2021-2025 can be systematically analyzed based on the following economic criteria: 1. Growth dynamics of the volume of investments in fixed capital. According to the data presented, the volume of total investments directed to fixed capital in 2021 amounted to 23.1 billion rubles. By 2025, from 49.16 billion US dollars. reached 49.16 billion US dollars. This means that over a 5-year period, the volume of total investments increased by 2.12 times (or 112.8%). In 2021-2022, investment growth was relatively extensive and moderate in nature (from 23.1 to 23.65 billion USD. to USD 23.65 billion, growth rate of about 102.4%). This is explained by the global recession in the post-pandemic period and the presence of external financial risks. In 2023-2025, investment flows accelerated sharply and leapfrog (intensive) growth was observed. Notably, in 2024 the figure is 38.37 billion. USD, and in 2025 it is estimated at USD 49.16 billion. USD. This testifies that Uzbekistan has entered a new stage of transformation, the attractiveness of the investment climate has increased, the number of major macroeconomic projects is intensifying.

Conclusion

The study of advanced foreign practices shows that the effectiveness of the system of financing investments directed to fixed capital depends on the balance between different financial sources, the stability of the institutional environment and the quality of management of investment projects. In investment financing, the interplay of public funds, enterprises' own resources, bank loans, foreign investment and capital market instruments creates the necessary conditions for the long-term development of the economy.

In the application of foreign experience in the context of Uzbekistan, it is expedient, first of all, to develop public-private partnership mechanisms and expand the participation of private investors. At the same time, it is important to assess the financial efficiency of projects, rationally distribute risks between the public and private sectors, and ensure the fulfillment of contractual obligations. Secondly, it is necessary to expand the opportunities of enterprises to access long-term financial resources through the development of corporate bonds, leasing and other alternative financing instruments.

Thirdly, strengthening cooperation with international financial institutions, improving legal guarantees for foreign investors, and increasing the transparency of investment projects will strengthen the effectiveness of attracting financial resources. Fourth, when choosing investment projects, it is

[5] Prepared on the basis of the data of the State Committee of the Republic of Uzbekistan on Statistics https://stat.uz/uz/

necessary to take into account not only their economic profitability, but also their economic profitability, as well as their potential for creating new jobs, increasing production productivity, impact on regional development and environmental sustainability.

In general, adaptation of financing mechanisms based on best foreign practices to the characteristics of the national economy expands the opportunities for attracting investments in fixed capital. It is possible to increase the efficiency of investment processes by diversifying sources of financing, increasing private sector activity and establishing effective control over the use of investment funds. This will serve to strengthen production potential, modernize infrastructure and sustainable development of the country's economy.

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