

**REGIONAL INDUSTRIAL ZONES AND INVESTMENT ATTRACTIVENESS:
AN EMPIRICAL STUDY WITH POLICY LESSONS FROM UZBEKISTAN**

Bozorova Nargiza Tolibjonovna

Department of Economics, Asian International University

Abstract

This article examines the key factors influencing regional investment attractiveness in the context of economic modernization and industrial zone development in Uzbekistan. The study focuses on the role of real investments, technological renewal, innovation capacity, and institutional and legal frameworks in enhancing regional competitiveness. Using a factor-based and expert assessment approach, the research analyzes the interaction of economic, innovative, infrastructural, and legislative determinants of investment attractiveness. The findings highlight the importance of coordinated investment policies and innovation-driven development for ensuring sustainable regional growth and improving the investment climate.

Keywords: regional investment attractiveness, industrial zones, real investments, innovation, investment climate, regional development, Uzbekistan.

Investment attraction plays a critical role in accelerating economic growth, modernizing industrial production, and fostering technological innovation in developing countries. Uzbekistan, as a strategically located country in Central Asia with rich natural resources and a growing economy, has actively pursued policies to improve its investment climate and promote regional industrial development. In recent years, the country has demonstrated a remarkable increase in foreign direct investment (FDI), reaching over \$90 billion by early 2025, while establishing thousands of new enterprises and innovative production facilities. Regional industrial zones (RIZs) have emerged as a key instrument for promoting investment, enhancing production capacity, and creating favorable conditions for both domestic and international investors. These zones provide an organized infrastructure, streamlined regulatory frameworks, and access to modern technologies, thus facilitating the integration of local industries into global value chains. The establishment and modernization of such zones also contribute to employment generation, technology transfer, and sustainable economic growth. Despite the growing attention to industrial development, challenges remain in aligning regional investment attractiveness with policy measures. Factors such as legal frameworks, infrastructure quality, innovation capacity, and human capital significantly influence investors' decisions. Therefore, analyzing the determinants of regional investment attractiveness is crucial to designing effective policy interventions and ensuring long-term economic stability. This study focuses on evaluating Uzbekistan's regional industrial zones in terms of their investment attractiveness, identifying key factors influencing investor behavior, and drawing empirical insights to inform policy decisions. By examining the interaction between policy initiatives, economic indicators, and investment flows, the paper aims to provide practical recommendations for enhancing regional investment potential and accelerating industrial modernization in Uzbekistan.

Regional industrial zones (RIZs) in Uzbekistan are central to the country's strategy for industrial modernization, technological innovation, and economic diversification. These zones serve as platforms for attracting foreign direct investment (FDI), fostering public-private partnerships, and promoting the production of high-value goods. In 2024, Uzbekistan witnessed the establishment of 1,800 new product lines and the launch of 120 large-capacity industrial enterprises, supported by FDI exceeding \$23.7 billion, which underscores the critical role of RIZs in enhancing the industrial landscape and positioning Uzbekistan as a regional investment

hub. RIZs are designed to provide investors with modern infrastructure, including transport networks, logistics hubs, and energy supply, alongside simplified regulatory processes and fiscal incentives. By consolidating industrial activity in designated zones, the government aims to minimize bureaucratic barriers, reduce operational risks, and create a predictable environment for both domestic and international investors. Moreover, these zones facilitate clustering of industries, enabling knowledge sharing, technological spillovers, and efficient utilization of human and material resources. Investment attractiveness in regional industrial zones is determined by multiple interrelated factors, which can be categorized as legal, infrastructural, technological, and socio-economic. A transparent and stable legal system is critical for protecting investor rights, ensuring contract enforcement, and minimizing risks associated with corruption or bureaucratic delays. Uzbekistan has introduced reforms such as the “national regime” policy for foreign investors, a “single-window” mechanism for administrative procedures, and significant tax incentives to create a competitive investment environment.

High-quality infrastructure is essential for industrial efficiency and integration into global supply chains. Projects like the modernization of airports in Samarkand, Namangan, Bukhara, and Urgench under public-private partnerships demonstrate the commitment to improving logistics and facilitating export-oriented production. Additionally, the development of “Yangi Toshkent” as a multimodal urban transport hub further strengthens connectivity and economic potential. Innovation is a key determinant of long-term investment appeal. Uzbekistan’s industrial zones integrate advanced technologies, promote research and development, and encourage private-public partnerships in science and education. Initiatives include tax incentives for innovative enterprises, development of special economic zones, and funding for technology-driven projects, particularly in renewable energy, artificial intelligence, and advanced manufacturing. The availability of skilled labor and expertise is crucial for investment decisions, particularly in high-tech industries.

The government’s efforts to modernize education, strengthen vocational training, and align higher education with industry needs contribute to building a competent workforce capable of supporting industrial modernization. Uzbekistan’s proactive approach to investment attraction has been reinforced through high-profile international forums such as the Tashkent International Investment Forum (TXIF). The fourth edition of TXIF showcased projects worth over \$30 billion in sectors such as energy, infrastructure, agriculture, and digital technologies. International financial institutions, including the European Bank for Reconstruction and Development (EBRD), the Islamic Development Bank (IDB), and the Asian Infrastructure Investment Bank (AIIB), have contributed billions in financing for strategic projects, signaling strong global confidence in Uzbekistan’s investment climate. By fostering engagement between domestic enterprises and foreign investors, TXIF and similar initiatives provide critical platforms for technology transfer, knowledge sharing, and collaboration in innovative industries. The continuous growth of FDI and the increasing number of enterprises operating under foreign investment highlight the effectiveness of policies aimed at improving the investment environment, reducing regulatory barriers, and promoting economic diversification.

The empirical evidence suggests that effective management of investment attractiveness requires coordinated efforts across multiple dimensions. Aligning the interests of investors, local communities, and government authorities ensures sustainable development and balanced regional growth. Continuous improvement of legislation, protection of investor rights, and minimization of bureaucratic obstacles are essential for maintaining investor confidence. Investment in modern infrastructure, technological upgrades, and innovation-driven enterprises enhances the global competitiveness of regional industrial zones. Targeted policies to develop skilled labor and technical expertise enable effective absorption of modern technologies and

increase productivity. By systematically addressing these factors, Uzbekistan can further strengthen the investment attractiveness of its regional industrial zones, accelerate industrial modernization, and achieve long-term economic growth.

In conclusion, a targeted approach to managing regional investment attractiveness—considering legislative, innovative, technological, and resource-related factors—can effectively stimulate FDI inflows, enhance competitiveness, and support the long-term modernization and prosperity of Uzbekistan’s economy.

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