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Foreign Investments into Export of Agricultural Products in Uzbekistan

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Abstract: This article studies the results of foreign investments into export of agricultural products in Uzbekistan. It provides information on the importance of attracting foreign investments in the agricultural sector of Uzbekistan, their role. Based on the results of the study, practical proposals are made to improve the investment climate to increase agricultural exports.

Key words: foreign investment, export, agricultural sector, efficiency, agriculture, economic growth, innovation.

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In recent years, the government of Uzbekistan has been carrying out extensive work to develop the agricultural sector and improve the investment climate in the sector. In particular, investors from Europe, China, Russia and other countries are increasingly attracted to cooperation with Uzbekistan and the implementation of new projects in the agro-industrial, trade and logistics sectors. In the global economy, the agricultural sector plays an important role in ensuring food security, creating new jobs and increasing foreign exchange earnings. The agricultural sector of Uzbekistan is of strategic importance, and increasing its export potential depends on foreign investment. Recently, the country has been carrying out large-scale reforms to attract foreign investment. In particular, the "Uzbekistan - 2030" strategy provides for increasing foreign investment by modernizing agriculture, introducing digital technologies and supporting the production of products intended for export[1]. Practical work carried out on the basis of this strategy has shown that limited processing and packaging capabilities of dehkan farms, which produce the bulk of exported fruits and vegetables, lead to significant losses. Also, sharp seasonal price fluctuations and unstable market conditions negatively affect their activities. There is a lack of laboratories, wholesale markets and logistics centers that meet international standards and quality

[1] *Decree of the President of the Republic of Uzbekistan dated October 23, 2019 "On approval of the Strategy for the Development of Agriculture of the Republic of Uzbekistan for 2020-2030" No. PF-5853*

requirements, as well as equipment for phytosanitary control of fruit and vegetable products at customs and border checkpoints. This, in turn, hinders the increase in the volume of products produced and sold, the increase in added value, and the diversification of export geography and product types. It is necessary to ensure the safety and quality of agricultural and food products by ensuring that the national legal framework for sanitary and phytosanitary control complies with the requirements of the World Trade Organization and the standards of target foreign markets. In addition, the interaction between peasant farms and homestead landowners, which account for more than 70 percent of gross agricultural output, and processing, processing, and exporting enterprises is not sufficiently developed. The main goals of this priority area are to increase the export potential of the agricultural sector, increase the volume of value-added products, widely introduce a system of product certification based on international standards, and develop cooperative relations.

Projects with foreign investment are being implemented in Uzbekistan through Agroinvestbank, Uzagroexport and other organizations. It is planned to export fruits, vegetables and other agricultural products to foreign markets, improve the logistics system and increase export volumes through Uzagroexport. Agroinvestbank will provide significant assistance in lending projects of foreign and local investors, covering infrastructure costs and improving the investment climate. In addition, it will participate in financing and lending projects with foreign investment; implementing mechanisms for covering the costs of creating external engineering and communication infrastructure of investment projects in cooperation with the state; supporting large-scale projects in the agricultural and processing industries[2].

As of the end of 2024, Uzbekistan's foreign trade turnover amounted to $65.93 billion soums. This is stated in the report of the State Statistics Agency. This indicator increased by 3.8% compared to the results of 2023. This result was achieved due to a significant increase in exports of $26.94 billion soums (+8.4%), as well as an increase in imports of $38.98 billion soums (+0.8%). Food products are in the lead in terms of export volume with $2.17 billion soums (+22.4%). Vegetables and fruits ($1.58 billion soums, +32.5%), as well as grain products ($397.9 million soums, -16.9%) dominate[3]. The importance of foreign investments in agriculture by foreign investors is that they help to update technologies in agriculture, increase production efficiency, prepare quality products for export, improve the export chain in the fruit and vegetable processing, packaging and logistics system. As a result, the quality of exported products has been effectively brought into line with international standards. This expands our opportunities to enter the world market, such as large markets - the European Union, South Korea, the UAE and China. However, there are also some obstacles to the implementation of work in this area:

- the complexity of bureaucratic processes and certification procedures;
- insufficiently developed logistics infrastructure;
- problems with the quality of products intended for export and compliance with standards;
- there are insufficient tax incentives and guarantees for foreign investors. Such factors prevent the investment environment from becoming fully competitive.

According to the analytical results, a number of measures should be taken to improve the efficiency of foreign investments:

1. Facilitate the investment environment: fully digitize licensing and customs procedures.

2. Further develop export infrastructure: organize modern refrigeration, packaging and transport systems.

[2] *https://lex.uz/docs/-6049663*

[3] *Data from the State Statistics Committee of the Republic of Uzbekistan (2024).*

3. Strengthen the system of guarantees for foreign investors: use of state guarantees in long-term investment contracts.

4. Implementation of scientific and innovative technologies: water-saving irrigation systems, agrotechnologies, digital control.

5. Export diversification: expanding participation in foreign markets through the creation of new markets and branded products.

In conclusion, increasing foreign investment in agricultural exports is important for ensuring the country's economic stability and international competitiveness. Foreign investment provides not only financial resources, but also advanced technologies, experience and management culture. Therefore, strengthening cooperation between the government and the private sector, protecting investments and developing innovative production sectors remain the main directions.

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