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## **ANALYSIS OF THE CURRENT SITUATION OF INVESTMENT USE IN THE CIS COUNTRIES**

### **Abstract**

The article discusses the investment policy of the Republic of Uzbekistan and Kyrgyzstan. An analysis of macroeconomic indicators over the past 4 years was carried out. The purpose of the article is to determine the necessary measures to attract more active foreign investment in Uzbekistan and Kyrgyzstan and their regions. The relevance of the article lies in the consideration and disclosure of the significance of investment processes among world economic phenomena based on the experience of two countries. An in-depth and comprehensive study of the conditions and dynamic changes occurring in Uzbekistan and Kyrgyzstan in recent years was carried out. A review of the state's investment policy was carried out on a set of activities carried out in each area. Among them, the main attention was paid to the policy of foreign direct investment and its legislative framework, ways to stimulate investment in the industrial sector. When analyzing investment processes, a list of several proposals related to the development of the economies of states was considered.

**Key words:** investments, investment policy, economic growth, investment process, socio-economic system, regional development, regional industries.

### **Introduction**

Investment issues have always been at the center of economic research, as investment processes influence overall economic growth. Revitalizing investment activities is one of the effective mechanisms of socio-economic transformation [1].

When considering the problem of investment attractiveness, special attention should be paid to the methods used to assess it. The prospective state of a country's socio-economic system and its socio-political stability depend on the effective resolution of investment issues. In the current situation, the forms of managing socio-economic processes are actively shifting from a centralized system to the regional level. The trend toward expanding the powers of regions includes the field of cooperation with investors. Many regions are developing their own investment policies and forming an investment culture. Currently, there is no unified approach among economists to determining investment attractiveness. It is advisable to consider the investment climate as a combination of investment attractiveness and investment activity.

Investment activity refers to the ways and solutions for developing capital investment in a given region [2]. Investment attractiveness is understood as an integral characteristic of enterprises, industries, regions, and entire countries in terms of potential profits, income, and risks.

### **Theoretical analysis**

Considering investment activities as part of globalization policy, it seems appropriate to analyze the experience of the Republic of Uzbekistan and the Kyrgyz Republic in implementing their investment policies. Uzbekistan is a country with a developing economy located in the heart of Central Asia. The economic reform program launched in 2017 began transforming the previously isolated and highly centralized economy into one more favorable for private investors and resilient to external factors. The prospects for economic restructuring and the enormous potential of a domestic market with over 36 million people have attracted the attention of foreign companies.

In Uzbekistan, investors can benefit from access to raw materials and labor resources, direct access to the markets of all Central Asian countries, and various incentives, preferences, and even state subsidies. However, despite the constantly improving legislative framework and government support, weak enforcement of contracts and court decisions remains a key challenge to successful business operations. Local authorities strive to support investments aligned with development programs that prioritize infrastructure and export-oriented projects.

In the following Figure 1, foreign investment of the Republic of Uzbekistan is carried out in the following form.

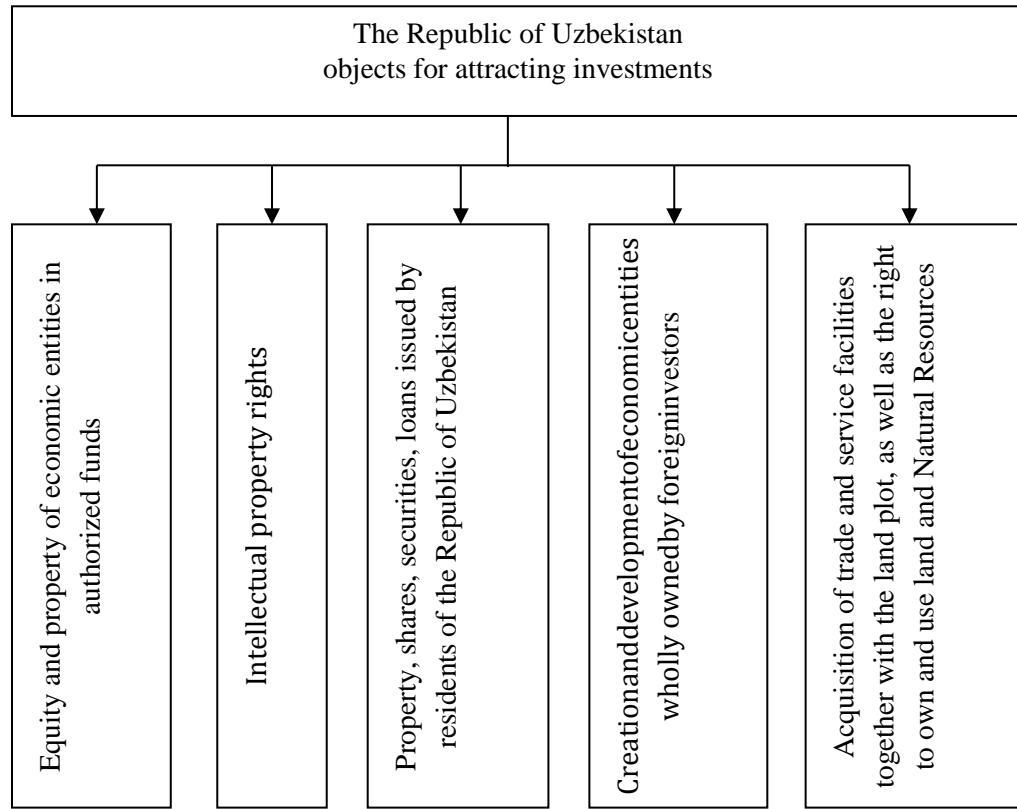


Figure 1. The Republic of Uzbekistan objects to attract investment [3]

The Kyrgyz Republic is the most important transit country in the Central Asian region, since the main cargo routes are from Kazakhstan to Russia, Tajikistan and Afghanistan, the connection of Central Asia with China. Despite the fact that the Kyrgyz Republic is a border market focused on high-risk investors, the government headed by President Sadyr Zhaparov intends to attract diversified foreign direct investment (FDI) and develop IT, innovation and green economy sectors. This direction will undoubtedly contribute to sustainable economic growth. The factors influencing the investment attractiveness of Kyrgyzstan are shown in the following Figure 2.

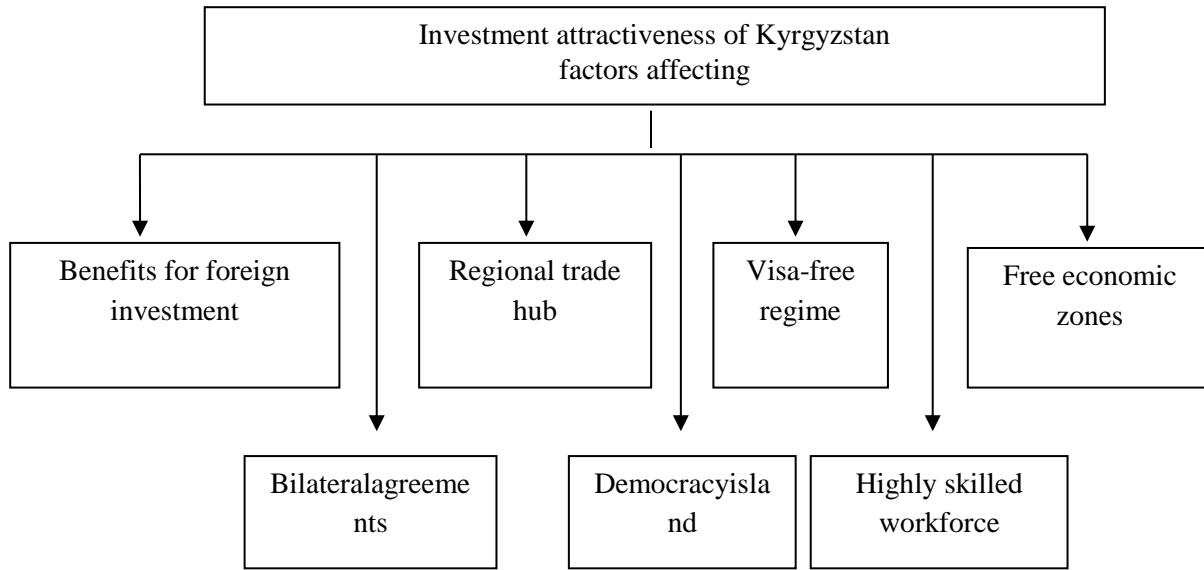


Figure-2. Factors affecting on the investment attractiveness of Kyrgyzstan[4]

### Research methods

The methodological basis of this scientific article consisted of theoretical generalization and analytical methods. Two approaches to state influence on investment processes in the national economy can be identified: passive and active. The passive approach focuses on helping entrepreneurs select the most efficient investment options through indicative planning. It aims to inform participants of production about conditions for production, sales, and consumption, justify the prospects of socio-economic development, and prepare indicative and investment plans.

The active approach involves more effective mechanisms of state influence on investment processes through direct state investment and fiscal measures stimulating entrepreneurial activity.

### Results and discussion

Let us analyze Uzbekistan's investment policy based on the measures being implemented in various sectors. Foreign Direct Investment Policy In recent years, the government of Uzbekistan has faced challenges caused by the global COVID-19 pandemic and the volatile geopolitical situation following Russia's invasion of Ukraine.

To sustain growth and address fundamental issues of unemployment and poverty, the government mobilized more public funds than initially planned. Uzbekistan's legislation, including the Law "On Investments and Investment Activities," guarantees unrestricted repatriation of funds and protection against nationalization. In 2021, a multilevel mechanism for interaction between state authorities and investors was established, involving the Ministry of Investments, Industry, and Trade, regional governments, diplomatic missions abroad, and commercial banks.

The government announced ambitions to double the country's GDP within 10 years by attracting up to 120 billion USD in private investment, including 70 billion USD in FDI, over the next 5 years.

However, to fully realize the economic benefits of FDI, significant work remains. Uzbekistan does not restrict foreign investment but coordinates it mainly through bilateral economic cooperation. The most popular investment partners are Russia, China, Kazakhstan, Singapore, UAE, Scotland, Turkey, and Germany. There are no formal restrictions, but financial transactions with certain jurisdictions (e.g., Afghanistan, Iran, Syria, Libya, Yemen) and offshore tax havens may be subject to additional scrutiny.

The Kyrgyz Republic recognizes FDI as a key component of national economic development. Although laws supporting foreign investment have been adopted, issues such as criminal investigations in commercial disputes, bureaucracy, frequent personnel changes, and weak protection of investor assets continue to hinder investment [5].

To stimulate FDI inflows, the Parliament adopted a law in 2020 amending investment support regulations. Transparency of Investment Legislation Uzbekistan has important laws and regulations aimed at protecting the business and investment community, including laws “On Competition,” “On Guarantees of Entrepreneurial Freedom,” “On Private Entrepreneurship,” and “On Investments and Investment Activities.” The government acknowledged the need to streamline and modernize business and investment legislation at the end of 2016. In the Kyrgyz Republic, the main legal framework for FDI remains the 2003 Law “On Investments,” which has undergone numerous amendments up to 2021.

The following table provides an overview of the macroeconomic indicators of Uzbekistan and Kyrgyzstan over the past 4 years.

Table 1. The main economic indicators of Uzbekistan and Kyrgyzstan, billion sum.

Uzbekistan	2020y.	2021y.	2022y.	2023y.
Investment in fixed assets, billion sum	210195,1	239552,6	266240,0	352064,1
GDP, dollar	59.89	69.24	80,4	86,1
Volume of industrial production	368740,2	456056,1	553265,0	655821,9
Kyrgyzstan	2020y.	2021y.	2022y.	2023y.
Investment in fixed assets, billion sum	122858,7	122843,3	139417,5	168537,4
GDP, dollar	7,7	8,5	10,9	22,2
Volume of industrial production	325090,1	370533,8	435815,6	483000,0
Source: compiled by the author [6], [7].				

After the COVID-19 pandemic in 2020, Uzbekistan’s macroeconomic growth indicators did not increase significantly. In 2023, GDP grew by 76.1%, industrial output by 77.9%, and agricultural production by 1.2%, while investment in fixed capital increased by 67.5%.

Kyrgyzstan’s post-COVID indicators show modest growth until 2022–2023, when the pace accelerated. Investments in fixed capital grew by 37.2% over four years. FDI inflows since 2005 have been significantly higher in Uzbekistan than in Kyrgyzstan.

### Conclusion

In conclusion, the following proposals can be made to eliminate the barrier that prevents Uzbekistan and Kyrgyzstan from creating a favorable investment climate.

They are:

- it is necessary to pay attention to the development of investment policy statements and ready-made platforms for investors to conduct business, as well as to improve the business;

- improving the quality of labor resources;
- increase of capital reserves;
- further development of the legal system created for the adoption of investments and the development of trade in the territory of our country;
- special attention to the management of the country's internal infrastructure, further improvement of roads, airports and communications;
- further development of the country's system of trade and investment institutions in accordance with international rules;
- data protection of business process participants;
- improving the effectiveness of state and grant support;
- development of tourist areas;
- solving environmental problems;
- formation of competitive products.

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### **ТМД МЕМЛЕКЕТТЕРІНІҢ ИНВЕСТИЦИЯНЫ ПАЙДАЛАНУЫНЫҢ ҚАЗІРГІ ЖАҒДАЙЫН ТАЛДАУ**

#### **Түйін**

Мақалада Өзбекстан Республикасы мен Қыргызстанның инвестициялық саясаттары қарастырылған. Соңғы 4 жыл қолеміндегі макроэкономикалық көрсеткіштергі талдау жасалынды. Мақаланың мақсаты – Өзбекстанға және Қыргызстанға жалпы оның аймақтарына шетелдік инвестицияларды белсендірек тарту үшін қажетті шараларды анықтау. Мақаланың өзектілігі – әлемдік экономикалық күбылыстардың ішінде инвестициялық үдерістердің маңызын екі мемлекеттердің тәжірибесін негізге ала отырып қарастыру, ашу. Өзбекстанда және Қыргызстанда соңғы жылдары болып жатқан жағдайлар мен динамикалық өзгерістерді терең және жан-жақты зерттеу жүргізілді. Мемлекеттің инвестициялық саясатын әр сала

бойынша жүргізіліп жатқан іс-шаралар кешені бойынша шолу жасалынды. Соның ішінде, тікелей шетелдік инвестициялар саясаты және оның заңнамалық базасына, өнеркәсіп саласындағы инвестицияларды ынталандыру жолдарын басты назар аударылды. Инвестициялық үдерістердің талдай отырып, мемлекеттердің экономикасының дамытуға қатысты бірнеше ұсыныстар тізбесі қарастырылды.

**Кілттік сөздер:** инвестиция, инвестициялық саясат, экономикалық өсім, инвестициялық процесс, әлеуметтік-экономикалық жүйе, аймақтық даму, аймақтық салалар

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## **АНАЛИЗ СОВРЕМЕННОГО СОСТОЯНИЯ ИСПОЛЬЗОВАНИЯ ИНВЕСТИЦИЙ ГОСУДАРСТВАМИ СНГ**

### **Аннотация**

В статье рассматривается инвестиционная политика Республики Узбекистан и Кыргызстана. Проведен анализ макроэкономических показателей за последние 4 года. Цель статьи – определить необходимые меры по привлечению более активных иностранных инвестиций в Узбекистан и Кыргызстан и их регионы. Актуальность статьи заключается в рассмотрении и раскрытии значимости инвестиционных процессов среди мировых экономических явлений на основе опыта двух стран. Проведено глубокое и всестороннее исследование условий и динамических изменений, происходящих в Узбекистане и Кыргызстане в последние годы. Проведен обзор инвестиционной политики государства по комплексу мероприятий, проводимых в каждой сфере. Среди них основное внимание было уделено политике прямых иностранных инвестиций и ее законодательной базе, способам стимулирования инвестиций в промышленный сектор. При анализе инвестиционных процессов был рассмотрен перечень нескольких предложений, связанных с развитием экономики государств.

**Ключевые слова:** инвестиция, инвестиционная политика, экономический рост, инвестиционный процесс, социально-экономическая система, региональное развитие, региональные отрасли

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