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ACTIVATING FOREIGN INVESTMENT INFLOWS THROUGH MODERN MECHANISMS OF INVESTMENT ATTRACTIVENESS MANAGEMENT

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In an environment where global competition for investment is becoming increasingly intense, the pace of economic development largely depends on a country's ability to establish and effectively manage its investment attractiveness. In contemporary economic theory, investment attractiveness is interpreted not merely as the availability of financial incentives or natural resources, but as a comprehensive economic category encompassing institutional stability, the quality of the business environment, legal guarantees, infrastructure development, innovation capacity, human capital, and the effectiveness of public governance. Therefore, improving the mechanisms for managing investment attractiveness has become one of the strategic determinants of ensuring sustainable growth in foreign investment inflows.

In recent years, geopolitical instability, the restructuring of global supply chains, the transition toward a green economy, and rapid digital transformation have significantly reshaped the geography of international investment. As a result, foreign investors increasingly consider not only macroeconomic indicators but also institutional quality, regulatory transparency, logistics efficiency, environmental sustainability, and governance effectiveness when selecting investment destinations. Consequently, the management of investment attractiveness has emerged as a strategic component of national economic policy.

According to UNCTAD, global foreign direct investment inflows amounted to approximately USD 1.5 trillion in 2024. Excluding the effects of transit financial transactions, actual FDI flows declined by 11 percent, intensifying competition among countries for international capital. In particular, investment attractiveness has become a decisive factor in attracting investments to manufacturing, renewable energy, the digital economy, and high-technology industries, where qualitative institutional factors increasingly outweigh traditional competitive advantages.

At the same time, experts from the Organisation for Economic Co-operation and Development identify the quality of public governance, regulatory consistency, effective protection of investors' rights, a well-functioning competitive environment, and institutional efficiency as the principal determinants of investment attractiveness. According to the OECD methodology, investment policy should focus not merely on attracting capital but on encouraging investments that generate high added value, stimulate innovation, and ensure long-term economic sustainability.

The Republic of Uzbekistan has also identified the enhancement of investment attractiveness as one of the key priorities of its economic policy. Comprehensive reforms have been implemented to improve the investment climate, strengthen the protection of investors' rights, increase the investment potential of regions, and expand private sector participation in the national economy. In particular, the Law of the Republic of Uzbekistan "On Investments and Investment Activities" establishes equal conditions for all investors, strengthens state guarantees for investment protection, and provides a comprehensive legal framework for investment

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activities. Furthermore, the Law “On Public-Private Partnership” has created a solid legal basis for expanding private sector participation in strategic industries and increasing the investment attractiveness of infrastructure projects.

The institutional reforms implemented in Uzbekistan have already produced tangible results. By the end of 2025, total investments absorbed by the national economy reached USD 43.1 billion. Of this amount, USD 38.2 billion consisted of foreign investments and foreign loans, while financing from international financial institutions amounted to USD 4.9 billion. A substantial share of these investments was directed toward industrial modernization, energy, transport and logistics, the chemical industry, agriculture, and the service sector. These indicators reflect not only the effectiveness of the country’s investment policy but also the continuous improvement of its investment attractiveness management system.

Enhancing regional investment attractiveness has likewise become one of the major priorities of ongoing economic reforms. The development of free economic zones, small industrial zones, technology parks, and innovation clusters has significantly expanded the investment potential of individual regions. At the same time, investment infrastructure, logistics networks, energy supply, the availability of skilled labor, and the performance of local government institutions have emerged as the principal determinants of regional investment competitiveness. According to contemporary approaches, the management of investment attractiveness should be implemented through differentiated strategies that take into account each region’s economic specialization, comparative advantages, and long-term development potential.

Investment attractiveness has become one of the most important research areas in contemporary economics, strategic management, regional development, and the theory of international investment. As a result of the liberalization of global capital movements, the restructuring of international production networks, and the intensifying global competition for investment, the development and effective management of investment attractiveness have emerged as key priorities of national economic policy. In the academic literature, investment attractiveness is generally regarded as a multidimensional economic category encompassing macroeconomic stability, the institutional environment, legal guarantees, infrastructure development, human capital, innovation capacity, and the quality of public governance. From this perspective, the concept has been extensively investigated by foreign scholars as well as researchers from the CIS countries and Uzbekistan using a variety of theoretical approaches.

One of the prominent scholars who has made a significant contribution to the development of the theory of investment attractiveness and international capital flows is Peter J. Buckley. In his research on international business and multinational enterprises, he identifies the quality of the institutional environment, market opportunities, innovation capacity, and government investment support policies as the principal determinants of investment attractiveness. According to Buckley, the management of investment attractiveness should be based on the government’s ability to create a favorable business environment, ensure regulatory stability, and protect the long-term interests of foreign investors. He further argues that sustainable investment inflows are achieved not merely through fiscal incentives but through comprehensive institutional reforms that enhance the overall competitiveness of the host economy.

Another distinguished scholar in the fields of international investment and development economics, Theodore H. Moran, considers the quality of foreign direct investment and its long-term contribution to economic development as the primary criteria for assessing investment attractiveness. According to Moran, governments should focus not only on increasing the volume of FDI inflows but also on maximizing technology transfer, creating high-productivity employment, enhancing export capacity, and facilitating the integration of domestic enterprises into global value chains. His research emphasizes that investment policy should prioritize investments capable of generating sustainable economic transformation rather than merely increasing capital inflows.

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Among the representatives of the CIS academic community, Vladimir V. Bocharov has made a significant contribution to the study of the financial mechanisms of investment management. In his scholarly works, investment attractiveness is closely associated with the financial stability of enterprises and regions, capital profitability, investment risk, and the efficiency of investment resource utilization. Bocharov argues that, when formulating investment policy, governments should evaluate institutional factors alongside financial indicators within a comprehensive analytical framework. Such an integrated approach contributes to improving investment decision-making and strengthening the resilience of national investment systems.

Among the representatives of the Uzbek school of economics, Q. Abdurahmonov has conducted extensive research on improving the investment climate and modernizing the national economy. According to his academic views, the key determinants of investment attractiveness include the development of human capital, the acceleration of institutional reforms, improvements in labor market efficiency, and the establishment of an innovation-driven economy. He emphasizes that the availability of a highly skilled workforce and an effective governance system provides countries with a substantial competitive advantage in attracting foreign investment and enhancing long-term economic growth.

A comparative analysis of the above-mentioned scholarly perspectives demonstrates that foreign researchers primarily focus on innovation-driven development, competitive economic ecosystems, institutional quality, and investment efficiency as the principal determinants of investment attractiveness. In contrast, scholars from the CIS countries and Uzbekistan tend to examine investment attractiveness within the broader context of macroeconomic stability, the regulatory role of the state, financial sustainability, and structural economic reforms. This comparison indicates that sustainable investment attractiveness can only be achieved through the integration of sound institutional governance, effective public policy, and innovation-oriented economic development strategies.

Table 1
Priority directions for improving investment attractiveness management in Uzbekistan¹

№	Priority Direction	Implementation Mechanism	Expected Outcome
1	Introduction of a Regional Investment Rating System	Evaluating regions based on a unified assessment methodology	Strengthening healthy competition among regions for investment
2	Development of Investment Marketing	Expanding international investment forums and digital promotion tools	Increasing the number of foreign investors
3	Integration of ESG Principles into Investment Strategy	Applying environmental, social, and corporate governance (ESG) criteria	Promoting sustainable investment inflows
4	Improvement of Regional Investment Passports	Developing comprehensive databases on sectors and regional resources	Enhancing the availability and transparency of information for investors
5	Introduction of Artificial Intelligence-Based Investment Analysis	Analyzing large volumes of data in real time	Improving the quality and efficiency of investment decision-making

¹ Developed by the author.

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The table systematically presents the priority directions for improving the investment attractiveness management system in Uzbekistan, along with the corresponding implementation mechanisms. The findings indicate that introducing regional investment rating systems, strengthening investment marketing, integrating Environmental, Social, and Governance principles into investment policy, improving regional investment passports, and applying artificial intelligence-based analytical tools can significantly enhance the transparency of the investment environment and the efficiency of investment governance. As a result, a more attractive and sustainable investment climate can be created for foreign investors, thereby expanding opportunities to stimulate foreign direct investment inflows into the country.

Within the contemporary concept of investment attractiveness management, identifying the competitive advantages of regions and industries, strengthening investment marketing, and establishing investor-oriented institutional services are regarded as key strategic priorities. Modern management practices consider investment attractiveness as a dynamic system that should be continuously monitored and improved through strategic management instruments. Consequently, developed countries formulate their investment policies by integrating regional economic specialization, infrastructure quality, innovation capacity, and export potential into a comprehensive investment attractiveness framework.

Uzbekistan has also introduced new governance mechanisms aimed at enhancing regional investment attractiveness. The development of free economic zones, small industrial zones, technology parks, and specialized industrial clusters has contributed to improving the national investment environment. Simultaneously, organizational measures have been implemented to strengthen the assessment of regional investment potential, identify promising investment projects, and improve direct engagement with foreign investors. This approach has shifted investment attractiveness management from the level of general national policy to a more decentralized regional governance framework.

Poland is recognized as one of the countries that has successfully developed an effective regional model for managing investment attractiveness in Central and Eastern Europe. The Polish Investment and Trade Agency serves as the central institutional body responsible for attracting foreign investors, promoting the investment potential of individual regions, and coordinating the implementation of investment projects.

A distinctive feature of the Polish model is that investment attractiveness is assessed at the regional level. Each region develops customized investment proposals based on its industrial specialization, logistics capabilities, scientific and technological potential, and labor market characteristics. This differentiated regional approach ensures that investment resources are allocated to the most economically promising sectors and locations.

In 2025, the total value of major foreign investment projects attracted to Poland exceeded EUR 4 billion. These projects are expected to create more than 7,000 new jobs, primarily in high-technology industries, electric vehicle manufacturing, electronics, logistics, and business services. These achievements confirm the practical effectiveness of Poland's regional investment attractiveness management model.

According to the author, Poland's experience is particularly valuable for Uzbekistan in terms of developing internationally standardized regional investment passports, introducing regional investment rating systems, and aligning investment marketing strategies with the economic specialization and comparative advantages of individual regions.

Among Southeast Asian countries, Malaysia has developed one of the most successful models of investment attractiveness management. In Malaysia, the Malaysian Investment Development Authority serves as the principal institution responsible for implementing investment policy. The agency performs a wide range of functions, including attracting foreign investors, promoting industrial development, evaluating investment projects, and providing comprehensive post-investment services.

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A distinctive feature of the Malaysian model is that sectoral specialization serves as the principal criterion for managing investment attractiveness. Dedicated investment strategies have been developed for electronics, semiconductors, medical technologies, renewable energy, and digital services, all of which are designed to encourage the long-term investment decisions of multinational corporations.

In 2025, the total value of approved investments in Malaysia exceeded MYR 378 billion. A substantial proportion of these investments was directed toward manufacturing, the digital economy, renewable energy, and logistics. The significant increase in foreign investment within high-technology industries demonstrates the effectiveness of Malaysia's innovation-oriented approach to investment attractiveness management.

Ireland is widely recognized as one of the countries that has established one of the world's most successful models of investment attractiveness management. The Industrial Development Agency plays a central role in implementing the country's investment policy. The agency strategically focuses on attracting multinational corporations operating in high-technology industries, pharmaceuticals, financial services, artificial intelligence, and the digital economy.

A key characteristic of the Irish model is that investment attractiveness is enhanced not solely through tax policy but also through the development of research infrastructure, strong university–industry collaboration, highly skilled human capital, and a dynamic innovation ecosystem. Each major investor is assigned a dedicated project manager who provides professional advisory services and institutional support throughout the entire life cycle of the investment project.

According to the author, the Irish model offers valuable lessons for Uzbekistan in terms of developing sector-specific investment programs, strengthening cooperation between research institutions and industrial enterprises, and formulating strategies aimed at attracting high-technology foreign investments.

The Netherlands is distinguished by its advanced logistics infrastructure, institutional stability, and highly developed international business services, which collectively contribute to its strong investment attractiveness. The Netherlands Foreign Investment Agency is responsible for attracting foreign investors, promoting regional investment opportunities, supporting innovative enterprises, and providing comprehensive post-investment services through an integrated investment management framework.

The Netherlands' investment attractiveness is primarily driven by its position as one of Europe's largest logistics hubs, its highly developed digital infrastructure, and the exceptional quality of its institutional and business environment. Consequently, the country has consistently ranked among the leading destinations for foreign investment in logistics, agri-technologies, renewable energy, and high-technology industries.

According to the author, the Dutch experience provides an important methodological foundation for Uzbekistan in developing international transport and logistics corridors, establishing multimodal logistics centers as key components of investment attractiveness, and strengthening the investment branding of individual regions.

The above analysis demonstrates that modern mechanisms of investment attractiveness management are closely associated with effective investment promotion, improvements in institutional quality, the development of innovative infrastructure, and the establishment of an investor-oriented governance model. These factors constitute the most important strategic instruments for ensuring the sustainable growth of foreign investment inflows and enhancing a country's long-term economic competitiveness.

In conclusion, the priority directions for further improving investment attractiveness management in Uzbekistan should include the introduction of artificial intelligence and big data-based investment analytics, the broader integration of Environmental, Social, and Governance principles into investment policy, the development of a regional Investment Attractiveness Index, the expanded use of modern digital investment marketing tools, and the advancement of digital

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platforms for investment evaluation and monitoring. These measures will contribute to creating a more stable, transparent, and predictable investment environment for foreign investors.

Overall, the findings of this study scientifically confirm that the continuous improvement of modern investment attractiveness management mechanisms is a fundamental prerequisite for stimulating foreign investment inflows, enhancing the efficiency of investment resource utilization, strengthening the economic competitiveness of regions, and reinforcing Uzbekistan's position in the global investment landscape.

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