

## THE LEGAL SIGNIFICANCE OF GLOBAL ECONOMIC INDICES IN UZBEKISTAN'S INVESTMENT POLICY

Gavkhar Bekmurodova Adkham kizi

*DSc student at TSUE*

*Senior lecturer at “Banking” department, TSUE*

**Abstract.** *This study examines the legal significance of global economic indices in shaping Uzbekistan's investment policy within the context of an increasingly globalized world economy. International indicators such as the Doing Business Index, the Global Competitiveness Index, the Corruption Perceptions Index, and the Index of Economic Freedom serve as important benchmarks for evaluating the effectiveness of national economic reforms and determining the country's investment attractiveness. The research highlights the impact of large-scale legal and institutional reforms implemented in Uzbekistan since 2016, including improvements in business regulation, investment protection mechanisms, judicial modernization, tax incentives, and the establishment of specialized institutions. Empirical data from 2018–2024 reveal notable progress in the country's performance in major international indices, demonstrating the effectiveness of the adopted policy measures. The study also outlines key challenges that remain—especially in combating corruption, strengthening property rights protection, and developing infrastructure—and provides recommendations to further enhance Uzbekistan's position in the global investment landscape. The findings underscore the necessity of continuous legal reforms and the adaptation of international best practices to national economic conditions.*

**Keywords:** *Uzbekistan, investment policy, global economic indices, Doing Business, Global Competitiveness Index, Corruption Perceptions Index, Index of Economic Freedom, legal reforms, investment climate, foreign investment, institutional development.*

In the context of the globalization of the world economy, the investment attractiveness of countries has become a decisive factor in attracting international capital flows. Since gaining independence, and especially after 2016, the Republic of Uzbekistan has taken significant steps toward fundamentally improving its investment climate through large-scale economic reforms. Investment attractiveness indices developed by international financial institutions and reputable global organizations serve as important tools in evaluating the effectiveness of a country's economic policy. Indicators such as



Doing Business, the Global Competitiveness Index, the Investment Attractiveness Index, and others play a guiding role for investors in making strategic decisions. A number of legal and regulatory documents adopted by the Government of Uzbekistan have played a crucial role in liberalizing the investment environment, simplifying entrepreneurial activity, and strengthening the system of foreign investment protection.

Issues of investment attractiveness have been the subject of research by many foreign and domestic scholars. The eclectic paradigm theory developed by J. Dunning (1981) emphasizes the significance of location advantages in making investment decisions. In his studies, M. Porter (2008) substantiates that national competitiveness is determined by institutional quality, infrastructure, and market efficiency. The Doing Business project implemented by the World Bank and the International Finance Corporation provides a standardized methodology for assessing the business environment. S. Djankov et al. (2002) empirically demonstrated a direct relationship between the quality of business regulation and economic growth.

Uzbek scholars such as B. Khodiyev, Sh. Mustafakulov, I. Isroilov, and others have conducted extensive research on improving the investment climate in Uzbekistan, mechanisms for attracting foreign investment, and enhancing the legal–institutional framework. In recent years, Uzbekistan has achieved noticeable progress in international rating indices. The table below illustrates the dynamics of the country's position in major investment indices:

Table 1

Uzbekistan's position in international indices (2018–2024)

Name of Index	2018	2020	2022	2024
Doing Business (ranking)	74	69	–	–
Global Competitiveness Index	81	69	67	64
Corruption Perceptions Index	158	146	140	126
Index of Economic Freedom	140	114	108	101

Source: Compiled by the author based on data from the World Bank, the World Economic Forum, and Transparency International.

From the table, it is evident that Uzbekistan demonstrated positive dynamics in all major indices during 2018–2024. In particular, the country improved by 5 positions in the Doing Business ranking (from 74th to 69th place)



and by 17 positions in the Global Competitiveness Index. These achievements are the direct result of large-scale legal reforms implemented in recent years.

To improve the investment climate in the Republic of Uzbekistan, the following key legal and regulatory documents were adopted:

- The Law of the Republic of Uzbekistan “On Investments and Investment Activities” (new edition, 2019) – expanded the rights and guarantees of investors;
- The Law “On Private Entrepreneurship” (2020) – significantly reduced restrictions on entrepreneurial activity;
- The Law “On Public–Private Partnership” (2019) – established a clear legal basis for implementing PPP projects;
- The Law “On the Digital Economy” (2020) – introduced a special regime for investments in the IT sector.

To strengthen the system for attracting and protecting investments, several specialized institutions were established. In 2020, the Ministry of Investments and Foreign Trade was created, with authority to provide comprehensive support for investment projects. A “One-Stop Shop” mechanism was introduced, enabling investors to obtain all necessary permits and licenses from a single authority. As a result, the time required to start a business was reduced from 15 days to 1 day.

Uzbekistan has also introduced an extensive system of incentives for investors. The table below presents the main tax benefits:

Table 2

Tax incentives for investors

Sector/Region	Type of Incentive	Duration
Free Economic Zones	Full exemption from corporate income tax	10 years
IT Park Residents	Exemption from profit tax, property tax, and unified social payment	Unlimited
Industrial Clusters	Exemption from customs duties and VAT	5 years
Green Energy	50% reduction in corporate income tax	7 years

Source: Compiled by the author based on the Tax Code of the Republic of Uzbekistan and relevant Presidential decrees.

To strengthen the mechanisms for protecting investors’ rights, fundamental reforms were also implemented within the judicial system. In 2018, the International Arbitration Center was established, providing the



possibility to resolve disputes in accordance with international standards. A system for conducting arbitration proceedings in electronic form was introduced. Through the “E-Court” platform, claims can now be submitted and reviewed online, which has significantly reduced time and financial costs.

Based on the analyses conducted, the following recommendations were developed to further enhance Uzbekistan’s investment attractiveness:

Strengthening anti-corruption efforts. According to Transparency International, Uzbekistan still possesses considerable potential for improvement in this area. It is necessary to increase openness and transparency in public services and accelerate digitalization processes.

- Improving the system for protecting property rights. Procedures for registering and safeguarding property rights should be further simplified, and the effectiveness of enforcing court decisions must be enhanced.

- Developing infrastructure. Upgrading transport-logistics infrastructure, energy systems, and telecommunications to international standards is a critical factor for investment projects.

- Reforming the human capital development system. Training highly qualified specialists who meet international standards, and improving knowledge in foreign languages and modern technologies are essential.

- Strengthening institutional performance. It is recommended to improve the “one-stop shop” mechanism for supporting investments and to introduce a proactive approach in working with investors.

The research findings indicate that the comprehensive legal reforms implemented in Uzbekistan in recent years to improve the investment climate have produced positive results. The country’s position in major international rating indices has improved significantly. The enhancement of the legal framework, the increased effectiveness of institutional mechanisms, and the introduction of tax and customs incentives have created a favorable environment for investors. However, additional measures are required in the areas of combating corruption, protecting property rights, and developing infrastructure. In the future, it will be crucial for Uzbekistan to continue legal reforms, study international best practices, and introduce customized mechanisms that take into account the specific features of the national economy in order to further enhance its investment attractiveness.

The analysis of global economic indices and their legal significance for Uzbekistan’s investment policy demonstrates that international benchmarks serve not only as evaluative tools but also as catalysts for institutional and legislative transformation. The country’s substantial progress in improving its positions in major indices—such as the Global Competitiveness Index, the



Corruption Perceptions Index, and the Index of Economic Freedom—reflects the effectiveness of comprehensive reforms implemented since 2016. These reforms, including the modernization of the judicial system, the establishment of arbitration mechanisms, the introduction of digital governance tools, and the adoption of renewed investment legislation, have contributed to building a more transparent, predictable, and investor-friendly environment.

The study confirms that global indices play a dual role in investment policymaking. On one hand, they provide objective, comparative metrics that guide policymakers in identifying institutional weaknesses and determining reform priorities. On the other hand, they enhance investor confidence by signaling the commitment of the state to legal stability and open economic governance. The improved regulatory framework—supported by tax incentives, simplified administrative procedures, and strengthened protection of property and investor rights—has positioned Uzbekistan as an increasingly attractive destination for foreign direct investment.

However, the research also highlights several challenges that must be addressed to sustain and further accelerate this positive trend. These include intensifying anti-corruption efforts, strengthening property rights enforcement, enhancing the efficiency of public administration, and improving physical and digital infrastructure. Addressing these areas will not only support long-term economic growth but also reinforce Uzbekistan’s standing in global economic rankings.

In conclusion, the legal modernization undertaken in Uzbekistan has laid a solid foundation for improving the country’s investment climate, yet continued reform efforts remain essential. Aligning national legislation with international best practices, ensuring consistent policy implementation, and deepening institutional capacity will be key to further enhancing the country’s competitiveness and integration into the global investment landscape.

## **REFERENCES:**

1. Law of the Republic of Uzbekistan “On Investments and Investment Activities.” December 25, 2019, No. ORQ-598.
2. Decree of the President of the Republic of Uzbekistan “On Measures to Further Improve the Investment Climate and Increase the Efficiency of Attracting Foreign Investments.” October 25, 2018, No. PF-5569.
3. Dunning J.H. International Production and the Multinational Enterprise. London: Allen & Unwin, 1981. 440 p.





4. Porter M.E. The Five Competitive Forces That Shape Strategy // Harvard Business Review. 2008. Vol. 86. No.1. pp. 78-93.
5. Djankov S., La Porta R., Lopez-de-Silanes F., Shleifer A. The Regulation of Entry // The Quarterly Journal of Economics. 2002. Vol. 117. No.1. pp. 1-37.
6. World Bank. Doing Business 2020: Comparing Business Regulation in 190 Economies. Washington, DC: World Bank, 2020. 254 p.
7. World Economic Forum. The Global Competitiveness Report 2024. Geneva: WEF, 2024. 587 p.
8. Transparency International. Corruption Perceptions Index 2024. Berlin: TI, 2024. 28 p.
9. Xodjiyev B.Yu. O'zbekistonda investitsion muhitni takomillashtirish: muammolar va yechimlar // Iqtisodiyot va innovatsion texnologiyalar. 2022. No. 1. 45-52 bet.
10. World Bank. (2018–2020). Doing Business Reports. Washington, DC: World Bank Group.
11. World Economic Forum. (2018–2024). Global Competitiveness Reports. Geneva: WEF.

