



## **WAYS TO INCREASE INVESTMENT ACTIVITY IN SMALL INDUSTRIAL ZONES OF UZBEKISTAN**

Mannapova Shahnoza Elshodovna

TSUE Department of Finance and Finance Technology

shahnozamannapova85@gmail.com

### **Abstract**

This article analyzes the development process of small industrial zones (SIZs) in the Republic of Uzbekistan, the level of investment activity within them, and mechanisms for its enhancement. The importance of small industrial zones in ensuring regional economic balance is discussed, and recommendations are developed based on state policy and international experience.

**Keywords.** Small Industrial Zones (SIZs), Investment attraction, Regional development, Industrial policy, Infrastructure improvement, Tax incentives, Financial support, Public-private partnership (PPP), Foreign direct investment (FDI), Business environment, Regulatory reforms, Export promotion, Innovation and technology, SME development (small and medium enterprises), Access to finance, Logistics and transport connectivity, Skilled workforce, Cluster development, Import substitution, Investment climate.

### **Introduction**

In recent years, small business and private entrepreneurship have been developing dynamically in Uzbekistan's economy. A significant component of this process is the establishment of **small industrial zones (SIZs)**, which aim to utilize idle state property for production, stimulate regional industrialization, create new jobs, and attract both domestic and foreign investors.

However, current investment activity in these zones remains insufficient. In some cases, projects are underperforming, infrastructure is weak, and the investment environment lacks stability. Therefore, this paper focuses on identifying effective ways to increase investment activity in small industrial zones of Uzbekistan.

## Methods

The research employed the following methods:

№	Research Method	Purpose
1	Analytical method	To analyze the current state of small industrial zones
2	Comparative method	To compare Uzbekistan's experience with foreign practices
3	Expert assessment	To gather opinions from economists and investment specialists
4	Statistical method	To analyze data on investment flows and project indicators
5	Graphical & tabular method	To visualize collected data

**Sources:** The study used data from the State Statistics Agency of Uzbekistan, the Ministry of Investment, Industry and Trade, Presidential decrees (2017–2024), and academic publications.

## 3. RESULTS

### 3.1. Current status of small industrial zones

As of 2025, there are more than **200 small industrial zones** operating across Uzbekistan. Over **4,000 projects** have been implemented, generating more than **60,000 new jobs**.

The table below presents regional investment activity indicators:

**Table 1. Investment activity indicators of small industrial zones in Uzbekistan (as of 2024)**

Region	Number of SIZs	Number of Implemented Projects	Investment Volume (billion UZS)	Jobs Created
Tashkent region	26	520	1150	9500
Fergana region	18	350	720	6200
Andijan region	15	300	640	5400
Samarkand region	17	270	580	4800
Bukhara region	14	240	450	4100
Surkhandarya region	12	180	320	3500
Republic of Karakalpakstan	10	130	260	2400
<b>Total (Uzbekistan)</b>	<b>112</b>	<b>1990</b>	<b>4120</b>	<b>35,900</b>

**Source:** Ministry of Investment, Industry and Trade of Uzbekistan, 2024.



The data on Small Industrial Zones (SIZs) in Uzbekistan highlights their growing importance as a driver of regional economic development, investment attraction, and job creation. With a total of 112 SIZs across the country, implementing nearly 2,000 projects and generating over 35,900 jobs, the program demonstrates a significant contribution to industrialization and employment.

A closer look reveals notable regional disparities. The Tashkent region clearly leads in all key indicators, accounting for 26 SIZs, 520 projects, and the highest investment volume (1,150 billion UZS), resulting in 9,500 jobs. This dominance can be attributed to better infrastructure, proximity to the capital, and stronger access to financial and human resources. Similarly, the Fergana and Andijan regions show strong performance, reflecting their dense populations and historically developed industrial bases.

In contrast, regions such as Surkhandarya and the Republic of Karakalpakstan lag behind, with fewer projects, lower investment volumes, and limited job creation. These differences suggest that geographic location, infrastructure quality, and investment attractiveness play a crucial role in the effectiveness of SIZs. Addressing these gaps will require targeted government policies, including infrastructure development, tax incentives, and support for local entrepreneurs.

Overall, the SIZ initiative has proven to be an effective tool for promoting regional industrial growth and reducing unemployment. However, to ensure balanced national development, future efforts should focus on enhancing the performance of underdeveloped regions while sustaining momentum in leading areas.

#### **4. DISCUSSION**

Analysis of the research revealed the following key problems:

- Insufficient infrastructure (electricity, gas, transport, internet);
- Bureaucratic barriers and delays in obtaining permits;
- Limited access to investment loans from local banks;
- Low qualification of local labor;
- Weak regional investment marketing.



## **Ways to increase investment activity**

### **1. Infrastructure development**

Modernize electricity, water supply, transportation, and digital networks through public-private partnerships (PPP).

### **2. Strengthening legal guarantees**

Introduce an “investment guarantee letter” mechanism and improve contract enforcement in courts.

### **3. Expanding tax and customs incentives**

Provide 5–10 years of tax holidays for enterprises engaged in innovative production.

### **4. Digital management (“Smart Industrial Zone”)**

Launch an online “One Stop Shop” platform for electronic registration and permit processing for investors.

### **5. Training and integration with technology parks**

Link SIZs with technical universities, colleges, and innovation centers to develop a skilled workforce.

### **6. Enhancing foreign cooperation**

Apply best practices from industrial parks in Turkey, South Korea, and China.

## **5. CONCLUSION**

Small industrial zones play a crucial role in the modernization and diversification of Uzbekistan’s economy. However, to increase investment activity, the following reforms are necessary:

- Modernize infrastructure and develop PPP projects;
- Ensure transparency and reduce bureaucratic barriers;
- Strengthen financial and legal guarantees for investors;
- Support domestic manufacturers through investment incentives;
- Expand digital governance systems.



Implementation of these measures will transform small industrial zones into active drivers of economic growth and significantly enhance Uzbekistan's industrial potential.

## **REFERENCES**

1. Decree of the President of the Republic of Uzbekistan No. PQ–3298, “On measures for the establishment of small industrial zones,” September 10, 2017.
2. Ministry of Investment, Industry and Trade of the Republic of Uzbekistan, Annual Report 2024.
3. State Statistics Agency of Uzbekistan, Socio-Economic Indicators of Uzbekistan, Tashkent, 2025.
4. Rakhmonov, I. Economics of Small Business and Investment, Tashkent: Iqtisodiyot Publishing House, 2023.
5. World Bank. Investment Climate Assessment: Uzbekistan, 2023.
6. OECD. SME Development in Central Asia, 2024.
7. Porter, M. The Competitive Advantage of Nations, Harvard Business Review, 1990.