

INVESTMENT POTENTIAL OF AGRICULTURE IN THE REPUBLIC OF UZBEKISTAN

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Abstract: The article examines the investment potential of the agricultural sector of the Republic of Uzbekistan in the context of economic reforms and global challenges. The analysis of the dynamics of investments in the agricultural sector in recent years has been carried out, key areas of investment have been identified, including product processing, modernization of irrigation systems, digitalization and development of greenhouses. Government support measures, including tax incentives, agricultural clusters, and subsidy programs, are highlighted. Based on the SWOT analysis, the main advantages, limitations, opportunities and threats for investors have been identified. It is concluded that the sector has a high investment potential, provided that institutional and infrastructural barriers are eliminated. The work can be useful for investors, government agencies and researchers in the field of agro-economics.

Keywords: investments, agriculture, agricultural sector, Uzbekistan, agro-clusters, digitalization, processing, agroinfrastructure.

Introduction.

Agriculture in the Republic of Uzbekistan plays a strategic role in the economy, generating about 25% of employment and up to 28% of GDP in some regions of the country [1]. In recent years, there has been an intensification of reforms in the agricultural sector, including price liberalization, the expansion of farmers' rights and the creation of agricultural clusters. These measures have created the prerequisites for the growth of investment interest in the industry, both from domestic and foreign investors. However, in order to fully unlock the potential of the sector, it is necessary to assess the current state, key trends and challenges in the field of agricultural investments.

It should also be noted that agriculture occupies a key place in the economy of the Republic of Uzbekistan, ensuring food security, employment and export potential of the country. In the context of the transition to sustainable economic growth and modernization of the agricultural sector, attention to attracting investments in agriculture is increasing. The purpose of this study is to analyze the investment potential of the agricultural sector in Uzbekistan, identify the main barriers and promising areas of investment.

Methods.

Methods of economic and statistical analysis, comparative analysis of macroeconomic indicators, SWOT analysis of the agricultural sector of Uzbekistan, as well as expert assessment of factors influencing the investment climate were used to assess the investment potential. The official data of the State Statistics Committee of the Republic of Uzbekistan, reports of the Ministry of Agriculture, as well as open sources of international organizations (FAO, World Bank) were analyzed.

Results.

The analysis showed the following key points:

Investment growth: Over the past 5 years, investments in agriculture have increased by more than 2 times, reaching about 1.5 billion US dollars in 2024. (Table-1).

Table-1.

Dynamics of investments in agriculture in Uzbekistan, 2018-2024*

Year	Total investment (billion soums)	Foreign direct investment (\$million)	Main directions
2018	9,8	312	Irrigation, cotton farming
2020	14,5	640	Gardens, greenhouses, clusterization
2022	18,2	880	Processing, export
2024	21,9	1 180	Digitalization, bioorganics

* **Source:** Ministry of Agriculture of the Republic of Uzbekistan.

A significant share is made up of foreign direct investment (FDI), including from China, the UAE and Russia [2]. The main areas of investment in 2024 are: agricultural processing, irrigation infrastructure, digital technologies, greenhouse complexes, organic farming, and others (Diagram-1.)

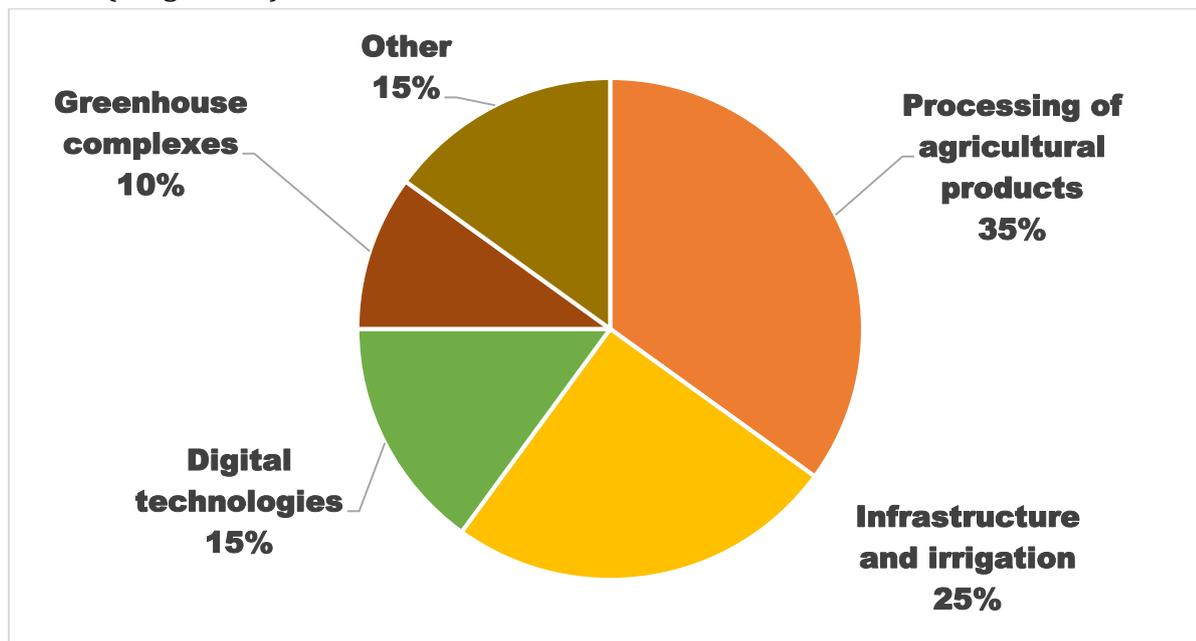


Diagram-1. The structure of investments in agriculture of the Republic of Uzbekistan. Annual report on the development of the agro-industrial complex. (2024, in %).*

* **Source:** Investment Opportunities in Central Asian Agriculture. FAO. (2023).

Government support for the agricultural sector includes the introduction of tax incentives, the creation of subsidy mechanisms, the opening of free economic zones (FEZ), as well as agricultural clusters, which significantly improves conditions for investors. [3]



An analysis of the regional investment potential has shown that the regions with favorable climatic conditions — Andijan, Samarkand, Ferghana and Kashkadarya regions - are of the greatest investment interest. [4]

SWOT analysis of the agricultural sector showed:

1. Strengths: rich agro-climatic potential; government support and reforms; access to the markets of the CIS, China, and the Middle East.

2. Weaknesses: Outdated equipment and logistics; lack of qualified personnel; difficulties with registration of land.

3. Opportunities: growing demand for organic products; development of agrotourism and clusters; participation of international donors.

4. Threats: risk of droughts and climate change; import competition; institutional instability.

Discussion.

Despite the positive trends, significant barriers remain to the growth of investment activity:

- insufficient infrastructure (especially in remote regions);
- limited access to long-term and cheap financing;
- problems with the legal protection of investors and land relations;
- low level of farm automation;
- difficulties with access to loans;
- legal risks when registering land ownership rights.

To unlock the full investment potential, an integrated approach is needed: improving the institutional framework, developing financial instruments (agrobanking, agricultural insurance), strengthening investor protection mechanisms, developing agricultural machinery leasing, forming agro-innovation centers (AgriTech hubs), as well as expanding cooperation with international organizations and the private sector. [5]

Conclusion.

Uzbekistan's agriculture has a high investment potential due to natural conditions, growing domestic and foreign demand, as well as reforms in agricultural policy. With the removal of infrastructural and institutional barriers, the agricultural sector can become one of the drivers of sustainable economic growth in the country and an attractive area for domestic and foreign investors.

Uzbekistan's agricultural sector has sustainable prerequisites for attracting investment, including natural resources, political will to reform, and access to regional markets. With proper institutional support and removal of systemic barriers, the investment flow into the industry can become one of the most important drivers of the country's economic growth

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