

# Indicators Of Investment Environment Attractiveness In Special Economic Zones

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**Abstract.** This article analyzes the key indicators used to assess the attractiveness of the investment environment in special economic zones. The attractiveness of the investment environment is an important factor for investors' decision-making and is shaped by economic, institutional, legal, and infrastructural indicators. The article highlights the impact of factors such as tax and customs incentives, simplification of administrative procedures, development of transport and logistics infrastructure, labor potential, and legal stability on investment activity. Furthermore, mechanisms to enhance investment attractiveness are discussed based on the experiences of special economic zones in both developed and developing countries. The research results can be used to develop practical recommendations for the effective organization of special economic zones and improvement of the investment environment.

**Keywords:** special economic zone, investment environment, investment attractiveness, investment indicators, foreign investment, tax incentives, customs relief, infrastructure.

**Introduction.** In today's global competitive environment, attracting investments and utilizing them efficiently is one of the key factors for the economic development of any country. In this context, special economic zones (SEZs) serve as important institutions for shaping the investment environment and enhancing its attractiveness. The distinct legal, tax, and administrative regimes established in SEZs provide investors with a favorable business climate. The attractiveness of the investment environment is assessed through a set of indicators, including economic stability, tax and customs incentives, the level of infrastructure development, the simplification of administrative procedures, labor potential, and legal guarantees. In particular, a systematic analysis of these indicators is crucial for improving investment policy, increasing the efficiency of SEZs, and stimulating investment flows. Therefore, studying the indicators of investment environment attractiveness in special economic zones is both scientifically and practically relevant.

**Analysis and Results.** Currently, in our country, a total of 767 industrial zones have been established on 12,000 hectares of usable land, including 25 special economic zones (12 industrial, 6 focused on the pharmaceutical sector, and 2 each specialized in tourism and agriculture), 532 small industrial zones, and 210 youth industrial and entrepreneurship zones.

**Table 1**  
Performance indicators of special economic zones in Uzbekistan

No.	Indicators name	years				
		20 20	202 1	202 2	202 3	202 4
1.	The number of participants of the special economic zone	622	706	801	892	953
2.	Production volume, billion soums	11,902.4	18 179.8	29,447.3	24,430.6	42,000.1
3.	Share by republic, %	3.2	4	5.3	4.2	6.1
4.	Amount of investments, billion soums	4,086.1	4,812.0	5,451.8	8,940.1	9 140.1
5.	Share of the Republic in relation to the fixed capital, %	1.9	2.0	2.0	2.5	1.8

6.	Number of jobs created, unit	7747	7122	8548	2375	6871
7.	Export volume, million US dollars	257.6	400.0	673.0	451.1	613.0
8.	Share by republic, %	0.2	0.4	0.5	0.2	0.2
Launched projects:						
9.	- number, unit	114	95	91	30	145
	- volume, billion soums	3,804.7	5,628.1	6 176.5	1,686.6	7,018.4

According to Table 1, the number of residents in these zones exceeded 950 in 2024. The production volume amounted to 11,902.4 billion UZS in 2020, and by 2024 this indicator had increased by 28.3%, reaching 42,000.1 billion UZS.

The production volume in special economic zones accounted for less than 10% of the total industrial production of the country in 2024. Investments in industrial zones from all sources of financing amounted to 4,086.1 billion UZS in 2020, representing a 1.9% share of the country’s gross fixed capital. In 2021–2023, this share averaged around 2.0%. However, in 2024, the volume of investments in special economic zones increased by more than 2% compared to the previous year, but their share relative to the country’s gross fixed capital remained below 2.0%.

Last year, 589 enterprises in 22 free economic zones produced goods worth 42 trillion UZS. However, only 18% of the products were sold to foreign markets, and 372 enterprises did not export at all.

“Within the framework of projects implemented in these industrial zones, foreign direct investments were mainly attracted from strategic partner countries, particularly the People’s Republic of China, Turkey, Singapore, Switzerland, and the United Kingdom. Commissioned investment projects were primarily supported with engineering and communication infrastructure, and transport and logistics services were well organized to direct products for export. At the same time, free economic zone directorates are working to attract initiators for 174 promising investment projects with a total value of 1.8 billion USD.”

According to Figure 2, 29.7% of the attracted investments came from bank loans, 48.0% from investors’ own funds, and 22.2% were foreign investments. In addition, in 2020, more than 100 projects in this economic zone attracted a total of 264.1 million USD in investments.

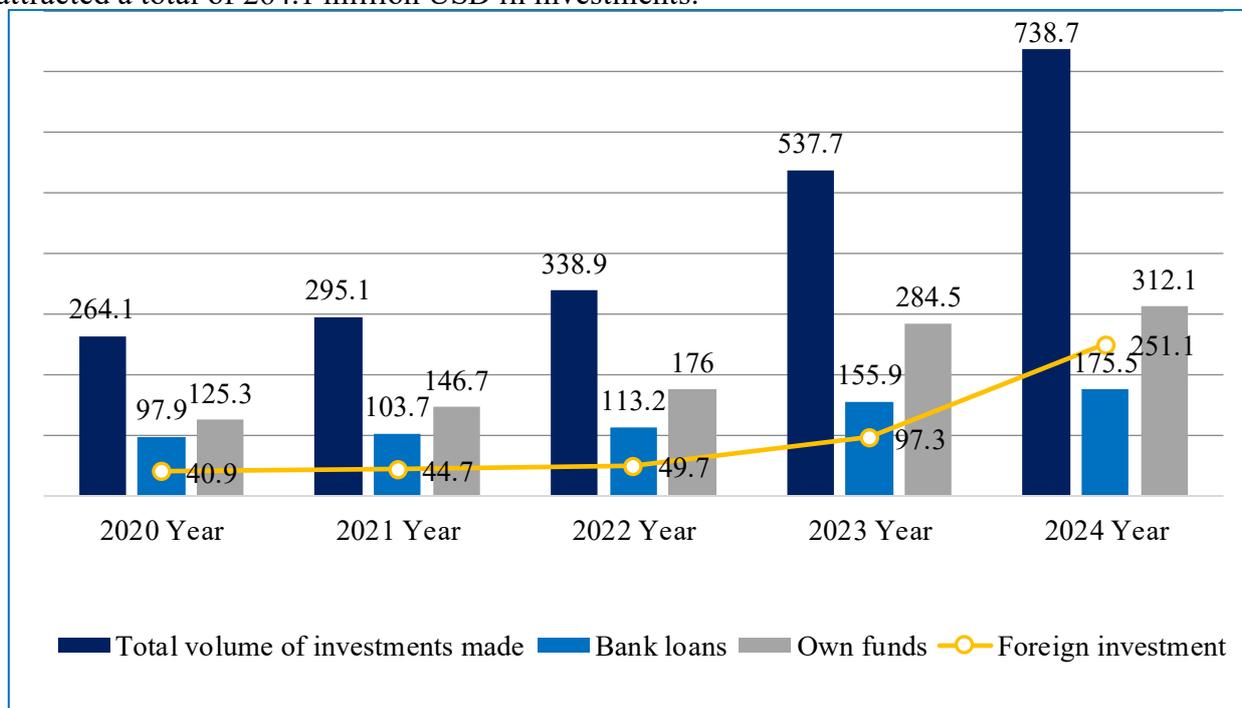


Figure 2. Volume of Investments Attracted to the “Urgut” Free Economic Zone and the Composition

**of Financing Sources, in Million USD**

Of the attracted investments, 97.9 million USD came from bank loans, 125.3 million USD from investors' own funds, and 40.9 million USD from foreign investments.

It should be noted that over the past five years, the share of own funds and foreign investments in the financing structure of investments attracted to the "Urgut" Free Economic Zone has been steadily increasing. This indicates the growing investment attractiveness and activity of the region and district where the economic zone is located. Specifically, in the initial year of the zone's establishment in 2017, own funds accounted for 58.8 million USD, or 31.1% of the total financing. By 2024, this indicator had increased nearly 2.5 times, with investors' own funds reaching 312.1 million USD, representing 42.2% of the total financing for that year.

Similarly, foreign investments in the total volume of attracted investments amounted to 8 million USD in the initial year of the zone's establishment. By 2024, this figure had risen to 251.1 million USD, meaning that the share of foreign investments in the financing structure in 2024 had increased more than sixfold compared to 2020. This demonstrates the expanding role of foreign investors in supporting investment activity in the economic zone.

At the same time, it should be noted that the geographical diversification of foreign investments in the "Urgut" Free Economic Zone has been developing unevenly (see Table 2).

**Table 2**  
**Geographical Diversification of Foreign Investments Attracted to the "Urgut" Free Economic Zone, as of 2024**

The foreign partner state that initiated the investment project	The cost of the investment project is one thousand dollars		including financing source:					
			own amount		bank loan		foreign investment	
	million US dollar	in total share, interest	million US dollar	in the cost of the project share, percentage	million US dollar	in the cost of the project share, percentage	million US dollar	in the cost of the project share, percentage
Azerbaijan	11.80	4.7	3.27	27.7	0	0	8.53	72.3
Italy	2.26	0.9	1.03	45.5	0	0	1.23	54.5
Russia	19.08	7.6	1.37	7.2	6.41	33.6	11.28	59.1
Turkey	30.89	12.3	9.79	31.7	15.54	50.3	5.59	18.1
China	183.55	73.1	55.43	30.2	69.20	37.7	58.92	32.1
Iran Islam Republic	3.52	1.4	3.52	100	0	0	0	0
<b>Total:</b>	<b>251.1</b>	<b>100</b>	<b>74.41</b>		<b>91.15</b>		<b>85.55</b>	

In the geographical diversification of foreign investments attracted to the "Urgut" Free Economic Zone, the largest share belongs to the People's Republic of China. Of the investment projects initiated by foreign investors from this country, with a total value exceeding 183.5 million USD, 73.1% were financed from Chinese capital. In addition, foreign investments amounting to 30.8 million USD were attracted from Turkey

for projects implemented and under construction in this free economic zone.

### Conclusion

In conclusion, the attractiveness of the investment environment in special economic zones plays a decisive role in enhancing a country's investment potential. The indicators used to assess the investment environment allow for evaluating the efficiency of SEZ operations, identifying existing problems, and developing directions for future growth. Tax and customs incentives, developed infrastructure, legal stability, and a transparent management system increase investor confidence. Furthermore, the regular improvement of these indicators contributes to creating a competitive investment environment. As a result, the volume of investments attracted to the economy through SEZs increases, production capacity expands, and sustainable economic growth is ensured.

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