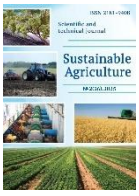
Sustainable Agriculture 2 (26) (2025) 24–26

Contents lists available at https://susagr.uz/index.php/ojs/issue/view/6

Sustainable Agriculture

journal homepage: https://susagr.uz/index.php/ojs



Factors Influencing the Attraction of Investments into Agriculture

Khosiyat Khujamkulova[a], Bobur Mirzayev[b]

[a] *Senior teacher of the department of "Economics", "Tashkent Institute of Irrigation and Agricultural Mechanization Engineers" National Research University, Tashkent, Uzbekistan*

[b] *2nd-year Student of Economics faculty, "Tashkent Institute of Irrigation and Agricultural Mechanization Engineers" National Research University, Tashkent, Uzbekistan*

a r t i c l e i n f o

Keywords:
Share of investments, investment attractiveness, food security, inflation rate, employment, labor productivity, yield

a b s t r a c t

This article analyzes the issues affecting the attraction of investments in Uzbekistan agriculture. The study focuses on the opportunities that open up for agriculture as a result of the expansion of the investment share. The article examines statistical data on the volume of investments in Uzbekistan agriculture from 2010 to 2023, the inflation rate, the number of jobs, and the overall volume of production. The study highlights the factors influencing the increase in investment volume in agriculture, as well as how these investments affect inflation levels, employment, and the volume of agricultural products. In conclusion, the article offers recommendations for increasing the investment attractiveness of Uzbekistan agriculture, which contributes to ensuring food security and the sustainable economic development of the country.

1. INTRODUCTION

Agriculture is recognized as one of the most important sectors both at the national and global levels. It is acknowledged that agriculture not only provides food for the population but also supplies raw materials for industry. The enhancement of investment attractiveness in this sector is expected to lead to the following outcomes: food security is ensured, economic development is stimulated, new job opportunities are created, highly efficient technologies will be introduced, additional value will be added and infrastructure will be developed.

The importance of increasing the share of investments in agriculture is emphasized in the decree of the President of the Republic of Uzbekistan, dated 23.10.2019, № PD-5853, which approves the "Strategy for the Development of Agriculture in the Republic of Uzbekistan for 2020-2030." The decree outlines the necessity of reducing state participation in the sector and introducing mechanisms to enhance investment attractiveness, specifically aiming to increase the flow of private investment capital for the modernization, diversification and sustainable growth of the agriculture as well as food industry (Mirziyoyev Sh. M., 2019).

One of the reasons for increasing the flow of investments into agriculture is that this sector occupies a significant portion of Uzbekistan economy. Agriculture accounts for 19.2 % of Uzbekistan Gross Domestic Product and 23.8 % of the employed population is engaged in this sector.

Objective.

This article is aimed at analyzing the issues that affect the attraction of investments into agriculture in the Republic of Uzbekistan. The current state of investment in agriculture will be examined, existing barriers will be identified and solutions to overcome these obstacles will be explored. As a result, it is hoped that the increase in investment attractiveness will contribute to the sustainable development of Uzbekistan agriculture, ensure food security and foster the creation of new job opportunities.

2. METHODOLOGY

Data analysis: Statistical data on the state of agriculture in the Republic of Uzbekistan from 2010 to 2023 is collected, including investment volume, inflation rate, employment numbers and total production volume. The change in the share of agriculture in the total investment volume will be examined. The impact of the inflation rate on investments and the level of investment-related employment also is analyzed.

* Corresponding author. mirzayev_boburjon@tiiame.uz (B.Mirzayev)
E-mail addresses: xxujamkulova@gmail.com (Kh. Khujamkulova).

https://doi.org/10.5281/zenodo.16411039
Received 1 April 2025; Received in revised form 12 May 2025; Accepted 26 May 2025
Available online 1 July 2025
ISSN 2181-9408/© 2025 The Authors. Published by "TIIAME" NRU. The journal "Sustainable Agriculture" is registered in the Press Agency of Uzbekistan on the 12th of February in 2018 (license № 0957). In 2019, the journal is included in the list of recommended scientific publications by the Higher Attestation Commission of the Republic of Uzbekistan.

Expected results.

Increase in agriculture production: The analysis revealed that despite the decline in the share of investment, its overall volume has been increasing. Additionally, it was found that investments have primarily been directed towards technologies and innovations that enhance labor productivity and yield.

Creation of new jobs: The increase in investment volume has contributed to the creation of new jobs in the economy, as clearly seen below. Unfortunately, investments in agriculture have only helped to maintain the number of workers at a certain level. However, the growth in the share of investments directed towards agriculture should positively alter this situation.

Decrease in inflation rate: A negative correlation between investment volume and inflation rate can be observed below. This indicates that, in the future, an increase in investment volume is expected to help reduce the inflation rate.

3. RESULTS:

The share of investments in fixed capital in agriculture in the Republic of Uzbekistan has been decreasing year by year. By 2023, this indicator reached 4.8 % (Diagram 1). This marks the lowest level since 2010. However, the volume of investments in fixed capital in agriculture shows an increasing trend, with the 2023 figure slightly exceeding 17 trillion UZS (Table 1). Overall, the investment share in the Republic of Uzbekistan has shown a consistent upward trend, particularly demonstrating a sharp increase since 2017. The largest portion of incoming investments has been directed to the manufacturing industry since 2018.

Table 1. The volume of investments in fixed capital in the Republic of Uzbekistan, as well as the volume and share of investments in fixed capital within agriculture over the years.

Years	The volume of investments in fixed capital in the sectors of agriculture, forestry, and fishery (billion UZS)	The volume of investments in fixed capital (billion UZS)	The volume of investments in fixed capital in agriculture, forestry, and fishery (%).
2010	1655	16463,7	10,1
2011	2488,5	19500	12,8
2012	2745,4	24455,3	11,2
2013	3129	30490,1	10,3
2014	3858,3	37646,2	10,2
2015	4515,4	44810,4	10,1
2016	4795,3	51232	9,4
2017	6110,6	72155,2	8,5
2018	7991,9	124231,3	6,4
2019	12199,1	195927,3	6,2
2020	14776,8	210195,1	7,0
2021	17727,9	239552,6	7,4
2022	15703,6	266240	5,9
2023	17004,4	356071,4	4,8

One of the factors influencing investment is the availability of deposits and other alternative opportunities. This means that if deposit interest rates are high, people tend to place their money in banks rather than invest, as banks offer a risk-free way to increase savings. In the case, individuals can increase their money without worrying about risks.

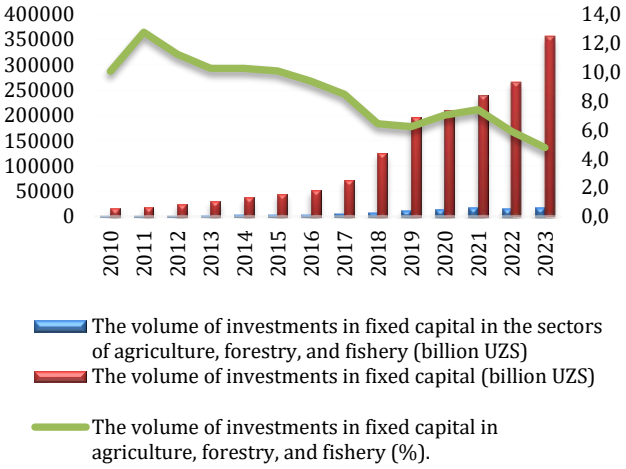


Diagram 1. The volume of investments in fixed capital in the Republic of Uzbekistan, as well as the volume and share of investments in fixed capital within agriculture over the years.

Deposit interest rates are directly linked to the inflation rate, which, in turn, makes inflation an indirect factor influencing the volume of investments. In 2023, the sharp decline in the inflation rate to 8.8 % (Diagram 2) coincided with a 33.7 % increase in investment volume compared to 2022 (Diagram 1). This situation clearly demonstrates the impact of inflation on investment volume.

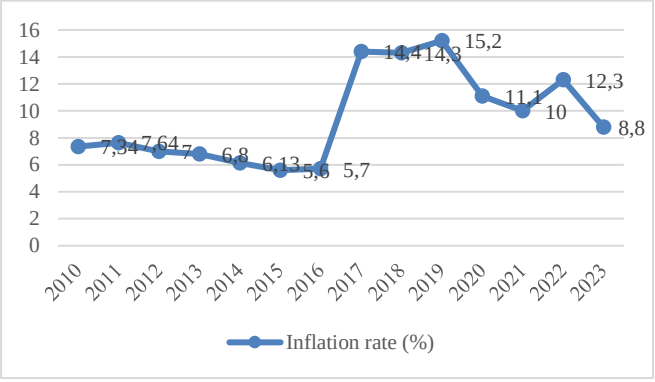


Diagram 2. Inflation rate in the Republic of Uzbekistan over the years.

The increase in the share of investments, as shown in Diagram 3, is contributing to the creation of new jobs. In 2023, over 14 million people were employed in the economy. Regarding agriculture, the number of people employed in this sector ranged between 3 to 4 million, with no significant growth or decline observed.

Additionally, since 2010, the share of agriculture in the economically active population has shown a downward trend, with some exceptions for periodic increases. However, the sharply growing trend in agricultural production volume is clearly depicted in Diagram 2, reaching 405.5 trillion UZS in 2023. Based on this, it can be concluded that investments in agriculture are primarily directed towards technologies and innovations that enhance labor productivity as well as yield.

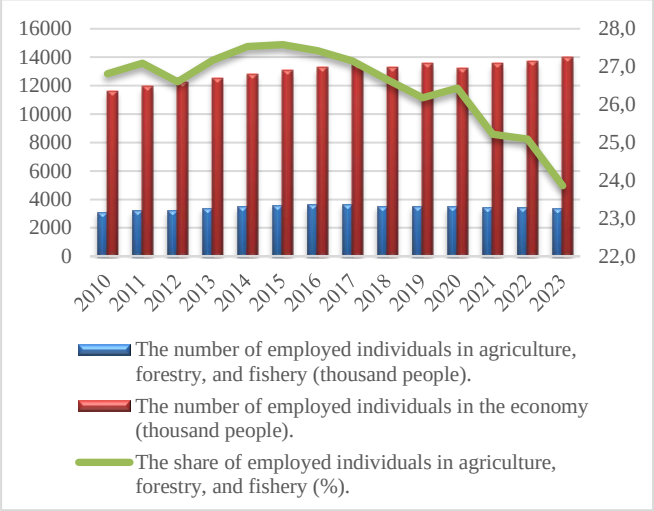


Diagram 3. The number of employed individuals in the economy of the Republic of Uzbekistan, as well as the number and share of those employed in agriculture over the years.

Another factor influencing investment is the market prices of agricultural products. Due to high costs, prices of products are something elevated, while imported goods, with their lower prices, generate higher demand. As a result, local producers are often compelled to sell their products at or even below production costs. Additionally, in cases when climatic conditions are favorable, the yield of certain agricultural products may experience a sharp increase.

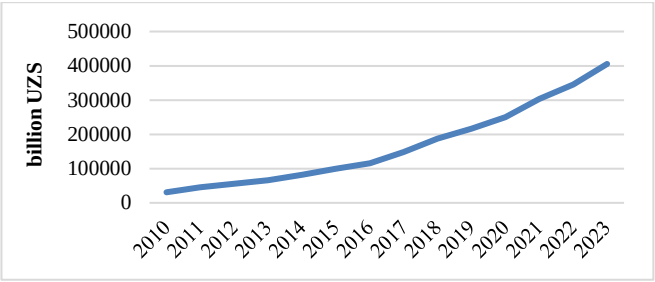


Diagram 4. The total volume of agricultural products in the Republic of Uzbekistan over the years. (Developed by the author)

As a result, the supply in the market may exceed demand, leading to a decrease in product prices. To sell their products, farmers and producers are forced to lower prices, since many local agricultural products do not meet international standards. Despite their excellent taste, products do not conform to global standards cannot be exported. Consequently, as mentioned earlier, a surplus in the market leads to a situation of profit loss and a reduction in prices. Both of the aforementioned scenarios, there are factors that affect to negatively investment attractiveness.

4. CONCLUSION

The article emphasizes the importance of investment inflows in achieving sustainable development in agriculture. An increase in the volume of investments in the agriculture. An increase in the volume of investments in the agricultural sector contributes to the growth of agricultural product output and the creation of new job opportunities. Furthermore, the expansion of investments helps farmers and small agricultural enterprises to increase their fixed capital and gain access to modern technologies.

The expansion of fixed capital can lead to an increase in the scale of reproduction, while modern technologies are crucial factors influencing labor productivity and yield. These investments not only contribute to economic growth but also play a important role in addressing issues related to food security and climate change. However, a number of challenges must be addressed to enhance investment attractiveness. These include reducing government intervention in market price, adopting agricultural products to global standards and curbing inflation rates.

Therefore, the expansion of investment inflows is one of the key factors in creating a more stable and efficient agricultural system. These investments are not only essential for the development of the agricultural sector but also have the potential to improve the quality of life for the population.

References

[1] Trends in the Development of Investment Activities in the Agriculture of the Republic of Uzbekistan. Ashurmetova N.A., Mustafaev S.A. Tashkent State Agrarian University. NATURALISTA CAMPANO, ISSN:1827-7160, Vol. 28 No. 1 (2024). https://www.museonaturalistico.it/index.php/journal/article/view/102#.

[2] Sherzodovna, Y. M., & Fazilovna, U. A. (2024). Attracting investments in the republic of uzbekistan. Journal of economy, tourism and service, 3(5), 226–231. Retrieved from https://jets.innovascience.uz/index.php/jets/article/view/314.

[3] https://lex.uz - National database of legislation of the Republic of Uzbekistan.

[4] https://www.stat.uz/uz/ - official page of National Statistics Committee of The Republic of Uzbekistan.

[5] siat.stat.uz - informational page of National Statistics Committee of The Republic of Uzbekistan.