



COMPARATIVE ANALYSIS OF STATE REGULATION OF THE INVESTMENT PROCESS OF UZBEKISTAN AND ENGLAND

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Abstract: *Drawn from both empirical and legal studies, english law, as well as uzbek regulation of foreign investments, this research focuses on the english and uzbek investment law systems. Particular consideration is given to the recent developments in Uzbekistan after its entry into the Association of Southeast Asian Nations (ASEAN). Moreover, this thesis will clarify what kind of direct supports are given by the government and what kind of tax incentives it offers. In addition, all the important factors related to the study of this comparison between two countries will be covered.*

Introduction: Investment is crucial in enhancing the productivity, employment opportunities, and technological development of a nation. A government has to regulate investment activities in order to create good conditions for the economy, protect the rights of investors, and draw foreign investments. This work investigates and contrasts the investment regulations of Uzbekistan and England. It emphasizes legislation, support mechanisms, guarantees provided for the investors as well as the fiscal policies in order to find the merits and demerits of each country with regard to investment.

In a world that is increasingly integrated, the investment climate of a country dictates the level of interest from external investors. The opportunity for reducing the rate of taxation, legal certainty, securing property, as well as the public character of processes ranks highly in the priority list of international investors. The developing nations such as Uzbekistan interested in diversifying the structure of their economy and aiming at securing strategic investments need to take a lesson from developed nations such as England, which has a long history of competitive investment environment.

Some of the questions that were answered include the following:

What are the main legal instruments governing investments?

What guarantees are provided to foreign investors?

How do direct and indirect support mechanisms differ?





Legal Framework for Investment Regulation

Foreign investment promotion activities have been planned too, for example, by order of the President of the Republic of Uzbekistan number IZD-617 dated 19 March 2021. It focuses economic zones that offer lower prerequisites, conditions, and taxation privileges. Uzbekistan is an active member of international organizations, actively participating in the development of investment legislation within the frames of the United Nations and the Organization for Security and Cooperation in Europe, through signing and thus formalizing legal treaties along with international agreements with foreign states. Such commitments allow enabling more partner countries to foster investment-embracing policies and widen the beneficial scope of international economic integration.

The system of the Republic of Uzbekistan resembles the continental system. Such type of framework integrates values from civilistic traditions with socialistic undertones. In comparison to Western Europe and North America, law and economics perceives a less entrepreneurial role in space and rate of market self-governing processes in the country. The main document expressing and enunciating the fundamentals, principles, key direction marks, and objectives for further socio-economic policy sought by the Government of the Republic Uzbekistan is the adopted Strategy of Actions on Five Priority Directions of Developing the Republic of Uzbekistan in 2017–2021.

Investments which are made throughout the territory of Uzbekistan are viewed as systemic priority. The Prime Minister bears the highest executive obligation to control, organize, and direct it in a constructive manner.

At the end of the period in question, some regions appeared to outperform others in terms of economic growth investments made within the Republic of Uzbekistan, with a noticeable gap emerging between the leaders and the laggards in areas such as Tourism, Entrepreneurship, Information Technologies, and other innovative domains. Tourism is expected to become one of the fastest developing industries in the Republic.

The reforms will lead to the strengthening of private property fundamentals, and improvement of business freedom is stimulating enhancing investment activities in these sectors, and the outcome of it will encourage independent investing initiatives of physical and legal entities in various business fields.

Such contributions will create diverse activities, encourage people to overtake initiative in performance from investment ventures, thereby benefiting the economy as a whole by enhancing market effectiveness as competition between sellers enacted.





Guarantees for foreign investors

Uzbekistan ensures comprehensive legal protection of foreign investment through its standalone laws. Uzbekistan guarantees foreign investments the following benefits:

- Compensation-free expropriation barring any confiscation

- Free repatriation of profits, capital, and dividends

- Existing legal freeze of up to a decade for some major investments

Additionally, Uzbekistan is a signatory to the International Convention on the Settlement of Investment Disputes (ICSID), which offers international arbitration for conflicts arising from investments. These conditions promote the enhanced secured climate for investment while underscoring the reforms alongside the openness of the government to sustain investment.

The UK is globally reputed to have one of the most advanced protections of investors legislation. The judiciary is independent, meaning that property rights are enforced and contracts are fulfilled. Foreign investors are treated at par to domestic investors, and are with exemption from heavy government involvement in their private investment choices. Membership of both ICSID and OECD signifies the UK's commitment toward safeguarding foreign investors.

In addition, there are no restrictions enforced by UK on ownership by foreigners, aligning also with EU competition rules, even after Brexit. This legal predictability is one of the reasons why the UK remains a leading destination for global capital.

Investment Incentives and State Support Mechanisms

Direct Methods:

In Uzbekistan, direct methods include government grants, state equity participation, and support through special economic zones. The government frequently announces Presidential decrees to prioritize strategic sectors such as renewable energy, agriculture, and textile manufacturing. Industrial zones such as Navoi and Angren offer direct access to subsidized infrastructure and streamlined administrative services.

In England, the government offers direct support primarily through grant schemes such as the Regional Growth Fund and Innovate UK. These support innovation-driven and infrastructure-heavy investments. Local Enterprise Partnerships (LEPs) work closely with investors to offer bespoke solutions, especially in the North and Midlands regions.

Indirect Incentives:





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Uzbekistan offers tax holidays ranging from 3 to 10 years depending on the size and sector of the investment. It also provides exemptions from customs duties on imported equipment and tax deductions for reinvested profits. Additional benefits apply to businesses operating within special economic zones.

In the UK, indirect incentives include generous R&D tax credits, full expensing of capital investments, and relatively low corporate tax rates. The UK also offers Patent Box schemes, allowing companies to pay a reduced tax rate on profits derived from patented inventions. Such fiscal incentives are especially attractive to high-tech and pharmaceutical sectors.

Financial instruments for Investment Attraction

Uzbekistan is trying to secure foreign investments by making changes to its legislation. Aid from the Uzbekistan Fund for Reconstruction and Development is available through long-term loans and joint financing of large-scale infrastructure projects. The Government was also successful in selling Eurobonds and sukuk (Islamic bonds) to foreign markets, which means they are now part of international markets.

Construction and operation of public-private partnerships (PPP) Projects such as energy, healthcare, and infrastructure are being implemented. The briefing note explains that these projects are governed by the Law on PPP, which was passed in 2019, as well as the PPP Development Agency.

In Comparison, the UK has a more advanced financial structure that has more developed markets for capital. The London Stock Exchange (LSE) is one of the dominant markets internationally for trading shares and bonds. New ideas are funded largely by Institutional Investors, Venture Capitalists and Private Equity firms.

Loans and investment funds offered by the British Business Bank make them the best partners for supporting small and medium enterprises ("SME"). Furthermore, the global financial market role of the UK offers favorable conditions for foreign investors to easily access funds.

Organizational Aspects

In Uzbekistan, the central authority for investment policy is the Ministry of Investments and Foreign Trade (MIFT), responsible for investment climate reform implementation and coordination of foreign embassies to attract foreign capital. Investors can register a business, obtain licenses, and use customs services at a single location through the "One-Stop Shop" system.





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England's Department for Business and Trade (formerly the Department for International Trade) leads investment promotion efforts. It collaborates with UK Export Finance (UKEF) and regional development authorities in making it easier for investors to navigate regulation, access finance, and find opportunity. Decentralization allows regional administrations to contribute to designing support based on regional economic drivers.

Challenges and Recommendations

Challenges for Uzbekistan:

- Bureaucratic inefficiencies and red tape still hinder timely project implementation.
- Legal disputes are sometimes resolved inconsistently, leading to investor apprehension.
- Financial market development remains nascent, limiting local sources of project financing.

Recommendations:

- Strengthen rule of law by improving judicial independence and contract enforcement.
- Digitalize government services to reduce paperwork and promote transparency.
- Encourage domestic capital markets to complement foreign direct investment.

Challenges for England:

- Post-Brexit regulatory uncertainty could affect long-term investment planning.
- Economic disparities between regions require tailored policy interventions.

Recommendations:

- Maintain alignment with global investment standards to ensure competitiveness.
- Expand trade and investment relations beyond the EU, particularly in Asia and Africa.
- Increase investment in infrastructure and innovation across underdeveloped regions.

Conclusion: This comparative review defines the strengths and weaknesses of Uzbekistan and England in managing investment activities. Uzbekistan has registered strong political will and reform leadership in reforming its investment climate. Legal reforms, new financial instruments, and state support institutions reflect its ambitions to become a regional investment center.





England, however, is a world leader by virtue of its advanced legal and financial systems, open regulatory system, and diversified economy. Although Uzbekistan can benefit from adopting some of these best practices, it must tailor reforms to its own development context.

Overall, both countries present distinctive yet effective approaches to governing investments. The integration of regulatory effectiveness, predictability of the law, and incentives continues to play a central role to sustained investment growth.

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