

## **WAYS TO STRENGTHEN INVESTMENT ACTIVITY IN UZBEKISTAN THROUGH THE DEVELOPMENT OF THE CAPITAL MARKET**

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Today, the capital market is recognized as a crucial tool for economic growth in countries around the world. The capital market plays a fundamental role in the efficient allocation of financial resources, attracting long-term investments for businesses, and creating investment opportunities for investors. Countries with well-developed capital markets globally achieve high rates of economic growth, foster innovation, and attract foreign investments. Therefore, improving and expanding the capital market is of strategic importance for every country.

According to data from the World Bank and other international financial organizations, countries with a high share of capital markets in their Gross Domestic Product (GDP) typically attract more foreign investment and ensure economic stability. For example, in countries like the United States, Japan, and the United Kingdom, the size of the stock and bond markets reaches or exceeds 100% of GDP. This provides companies with extensive opportunities to finance their projects, particularly facilitating the attraction of new investments for small and medium-sized enterprises.

In developing countries, especially in Central Asia, capital markets are still forming and have yet to fully utilize their potential. In Uzbekistan, however, the capital market has recently entered a phase of rapid development. The government is systematically working on improving the legislative framework for capital market development, creating financial market infrastructure, protecting investor rights, and increasing liquidity. At the same time, expanding financing opportunities through the capital market to support the private sector and attract foreign investment is considered a priority.

Looking at statistics, as of 2023, the total volume of the stock and bond market in Uzbekistan is approaching 15 billion US dollars, reflecting approximately a 40% growth over the past five years. The number of companies registered on the country's stock exchanges has also increased significantly, boosting investor confidence. Additionally, the volume of government-issued bonds and investments in public-private partnership projects has grown. All of these indicate that the capital market is an important factor in strengthening investment activity.

However, several challenges remain in developing the capital market in Uzbekistan. Low market liquidity, insufficient investor-friendly conditions, a lack of financial literacy, and an incomplete legal framework aligned with international standards are the main obstacles. Therefore, further development of the capital market, introduction of innovative financial instruments, digitalization, and improvement of investor support systems are critical tasks.

The capital market is a key mechanism for shaping and stimulating investment flows in the economy. Global experience shows that countries with developed capital markets accelerate economic growth, widely adopt innovations, and achieve high results in attracting foreign investments. Uzbekistan is also taking important steps to modernize its financial markets, expand the capital market's size, and align it with international standards to improve the investment environment.

In recent years, Uzbekistan has passed laws aimed at strengthening capital market infrastructure, improved the functioning of financial institutions, and enhanced investor protection. As a result, the stock and bond markets have expanded significantly, new companies are registering on stock exchanges, and financing opportunities for government and private sector projects are broadening. This creates new opportunities for attracting long-term investments into the national economy.

Nevertheless, several challenges remain on the path to further capital market development. These include low market liquidity, insufficient financial literacy, incomplete legal mechanisms, and limited conveniences for foreign investors, which hinder the full stimulation of investment activity. To address these, broader financial and institutional support from the government, digitalization of financial markets, and introduction of innovative financial instruments are necessary.

Based on international experience, strengthening cooperation between the government and private sector, establishing guarantee and insurance systems for investors, and increasing financial literacy are essential for capital market development. All these factors make the investment environment more attractive and expand capital flows to various sectors of the economy.

In the future, Uzbekistan can achieve success by further developing its capital market, increasing investment activity, strengthening the role of the private sector, and ensuring economic diversification. This will contribute to strengthening economic stability, creating new jobs, and improving the country's position in the international arena.

Thus, developing the capital market is a strategic priority for Uzbekistan's economy. Implementing measures in this area will fundamentally improve the investment climate and make the country more competitive in the global financial market.

The capital market is a key factor in the effective development of the economy. It plays a central role in the efficient allocation of financial resources, financing businesses, and increasing investment flows. Global experience shows that countries with developed capital markets ensure economic stability, widely adopt innovations, and increase the confidence of both foreign and domestic investors. For Uzbekistan, developing the capital market is a strategic direction to enhance investment activity, diversify the economy, and increase competitiveness.

In recent years, the country has significantly improved its legislative framework and financial infrastructure for capital market development. This has led to an increase in investment volume, the emergence of new financial instruments, and a growing number of investors. However, due to challenges such as low market liquidity, insufficient financial literacy, and an incomplete legal framework, additional measures are required for full development of the capital market.

Key recommendations include: aligning legislation and regulatory mechanisms with international standards, enhancing transparency and investor protection; increasing financial literacy to strengthen public and investor confidence; improving market efficiency through digitalization and introduction of innovative financial instruments; creating new financial products and financing mechanisms for small businesses to improve liquidity; developing investor support systems, simplifying registration, providing tax incentives, and introducing insurance systems; ensuring a stable financial environment through cooperation between the government and private sector; studying and adapting international best practices to local conditions; and enhancing continuous market monitoring and analysis systems.

Implementing these recommendations will significantly develop Uzbekistan's capital market, increase long-term investment flows into the economy, strengthen the private sector, and ensure the country's financial stability. Consequently, Uzbekistan will become competitive in international financial markets and gain opportunities to further develop its economy through innovations and new technologies. Thus, capital market development plays a vital role in Uzbekistan's economic development strategy, and reforms in this area will lay the foundation for the country's long-term progress.