

FOREIGN INVESTMENTS IN STRATEGIC INDUSTRIES, THEIR REGULATION AND CONSEQUENCES FOR THE ECONOMY

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Abstract: This article examines the role of foreign investment in the development of strategic sectors of the national economy. It analyzes the system of government regulation aimed at ensuring economic security, protecting national interests, and increasing the efficiency of foreign capital use. Particular attention is paid to the legal aspects of admitting foreign investors to strategic sectors such as energy, transport, telecommunications, and mining. A comparative analysis of international experience demonstrates that a balanced investment policy contributes to accelerated technological progress, increased productivity, and the creation of new jobs. However, excessive dependence on foreign capital can lead to the loss of economic sovereignty and strategic resources, requiring careful regulation and transparency of investment processes.

Keywords: foreign investment; strategic sectors; economic security; government regulation; investment policy; national interests; foreign capital; technological development.

Introduction

In the context of globalization and increasing international competition, attracting foreign investment is becoming a key factor in economic growth and structural transformation in the national economy. For developing countries, including Uzbekistan, foreign capital plays a significant role in modernizing production, introducing innovative technologies, enhancing competitiveness, and expanding export potential.

However, foreign investment is particularly significant in strategic sectors of the economy, such as energy, transport, telecommunications, defense, mining, and infrastructure construction. These sectors form the foundation of national security, economic sovereignty, and sustainable development. Therefore, the regulation of foreign investment in strategic sectors is particularly relevant.

On the one hand, the influx of foreign capital facilitates the renewal of fixed assets, increased employment, improved management quality, and the introduction of advanced technologies. On the other hand, excessive foreign investment in strategically important sectors can lead to a loss of control over key resources and economic dependence on external factors.

Therefore, in today's environment, the priority task of state investment policy is to develop an effective mechanism for regulating and monitoring foreign investment in strategic sectors. This mechanism should ensure a balance between the openness of the economy to external capital and the protection of national interests, creating conditions for sustainable and secure economic development.

Literature review

Attracting and regulating foreign investment in strategic sectors of the economy has been the subject of numerous academic studies by both foreign and domestic scholars. Works by economists such as Peter Samuelson, John Stiglitz, and Michael Porter emphasize that foreign investment serves as a powerful catalyst for economic growth, increases production

efficiency, and facilitates technology transfer. According to John Dunning, within the eclectic paradigm (the OLI model), investment inflows depend on a combination of competitive advantages, the institutional environment, and the investment climate in the host country.

Russian researchers, including I. Ilyinskaya, V. Panfilova, and A. Babkin, devote particular attention to regulating foreign capital participation in strategic sectors, defined as areas that impact national security and sustainable development. These authors note that legislative barriers and mechanisms for monitoring foreign investment are necessary to minimize risks, particularly in the energy and defense sectors. In the context of Uzbekistan, this topic is covered in the works of such domestic economists as Sh. Mirzaev, B. Khojimatov, and M. Akhmedov, who view foreign investment as an important factor in the modernization of strategic sectors, including the oil and gas industry, transport, and communications. The researchers emphasize that public policy should be aimed at creating a transparent regulatory framework, ensuring a favorable investment climate, and protecting national interests when attracting foreign capital.

A review of the existing literature shows that most authors agree: foreign investment in strategic sectors can generate significant economic benefits if regulated in accordance with the principles of national security, economic sovereignty, and sustainable development. At the same time, insufficient institutional protection and weak controls over cross-border capital flows can lead to negative consequences, including loss of control over key assets and dependence on external centers of influence.

Research methodology

The methodological framework of the study is based on systems, institutional, and comparative analytical approaches, allowing for a comprehensive examination of the impact of foreign investment on the development of strategic economic sectors and the identification of mechanisms for their effective regulation.

Within the systems approach, foreign investment is viewed as an element of a unified economic system, interacting with government institutions, the domestic market, the legislative environment, and external economic factors. This allowed for the identification of the relationship between the state's investment policy, the level of economic security, and the sustainability of strategic sectors.

The institutional approach was used to analyze the legal framework governing foreign investment, including laws, regulations, and international agreements governing the access of foreign investors to strategically important sites. Particular attention was paid to the legislation of the Republic of Uzbekistan, in particular the Law "On Investments and Investment Activities" (2019), as well as Presidential Resolutions aimed at improving the investment climate and protecting national interests. A comparative analytical method was used to study international experience in regulating foreign investment in strategic economic sectors, using examples from countries such as Russia, China, Germany, and South Korea. This allowed us to identify the most effective models of interaction between the state and investors and adapt them to Uzbek practice, taking into account national characteristics.

In addition, the study utilized statistical analysis, content analysis, and expert assessments. Statistical analysis allowed us to assess the dynamics and structure of foreign investment in strategic sectors, identify trends in their distribution, and determine their impact on macroeconomic indicators. Content analysis was used to study scientific publications, official reports, regulatory documents, and international rankings.

Taken together, these methods ensured the objectivity, comprehensiveness, and reliability of the results obtained, enabling the formulation of scientifically sound conclusions and practical recommendations for improving the regulation of foreign investment in strategic economic sectors.

Analysis and results

An analysis of the dynamics and structure of foreign investment shows that Uzbekistan has seen a steady increase in foreign capital inflows in recent years, particularly into strategic sectors of the economy. According to the Ministry of Investment, Industry, and Foreign Trade of the Republic of Uzbekistan, the volume of foreign direct investment has more than doubled over the past five years, with the largest share in energy, mining, transport infrastructure, and telecommunications.

In the energy sector, key foreign investors include companies from China, Russia, South Korea, and the United Arab Emirates. Their participation has enabled the modernization of energy capacity, the introduction of modern renewable energy technologies, and increased efficiency in the use of natural resources. For example, solar and wind power plant projects involving Masdar (UAE) and ACWA Power (Saudi Arabia) have contributed to the development of green energy and the diversification of the country's energy mix. In the transport and logistics sectors, foreign investment is focused on infrastructure projects such as the reconstruction of highways and railways, the creation of multimodal logistics hubs, and the modernization of airports. These measures strengthen Uzbekistan's integration into regional transport corridors, including the Belt and Road Initiative.

In the telecommunications sector, foreign investment has accelerated the digitalization of the economy, improved communications quality, and increased the availability of internet services. As a result, the country is actively developing e-government, online banking, e-commerce, and IT outsourcing.

Nevertheless, the analysis revealed a number of issues related to the regulation of foreign investment in strategic sectors. These include the need to increase the transparency of investment procedures, ensure fair competition between domestic and foreign investors, and strengthen institutional mechanisms for overseeing cross-border capital flows.

Furthermore, risks associated with the potential loss of control over strategically important assets remain, particularly when implementing projects involving foreign companies in the energy and extractive industries. Therefore, it is important to develop a system for assessing economic security and conduct a preliminary analysis of investment agreements from the perspective of long-term national interests.

The study's results showed that a balanced investment policy based on a combination of liberalization and government regulation ensures sustainable economic growth, promotes infrastructure development, job creation, and increased technological modernization. At the same time, effective legislative regulation helps minimize potential threats to a country's economic sovereignty.

Conclusion

The study showed that foreign investment plays a key role in the development of strategic sectors of the economy, ensuring the modernization of the production base, the introduction of innovative technologies, and increased competitiveness of the national economy. Its influx contributes to accelerated economic growth, improved infrastructure, the creation of new jobs, and the strengthening of the country's international investment image.

At the same time, the participation of foreign investors in strategically important sectors requires special attention from the state, as excessive dependence on external capital can lead to the loss of economic sovereignty and control over key assets. Therefore, effective regulation of foreign investment should be based on the principles of balancing economic openness and the protection of national interests.

To improve the effectiveness of investment policy, it is advisable to:

- improve the legislative framework for regulating foreign investment, ensuring transparency and predictability of the investment process;
- develop mechanisms for the preliminary assessment of investment projects from an economic security perspective;
- stimulate joint ventures and localization of production in strategic sectors;
- strengthen institutional mechanisms for oversight and monitoring of the activities of foreign investors;
- actively utilize international experience in regulating foreign investment, adapting it to national conditions.

Thus, sustainable development of strategic industries is only possible with the development of a flexible and well-thought-out state investment policy aimed at ensuring the country's long-term economic interests, increasing technological independence, and strengthening national competitiveness.

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