

PROSPECTS FOR ATTRACTING FOREIGN INVESTMENTS IN THE ELECTRIC VEHICLE SECTOR IN THE CONTEXT OF UZBEKISTAN'S TRANSITION TO A GREEN ECONOMY

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Abstract. This article examines the experience of the People's Republic of China in attracting foreign investment to the electric vehicle sector and analyzes the prospects for the development of this industry in Uzbekistan.

Keywords: foreign investment, green economy, electric vehicle, China, auto industry

Аннотация. В данной статье изучен опыт Китайской Народной Республики по привлечению иностранных инвестиций в сферу электромобилей, а также проанализированы перспективы развития данной отрасли в Узбекистане.

Ключевые слова: иностранные инвестиции, зеленая экономика, электромобиль, КНР, автопром

In the current global economic and environmental conditions, the electric vehicle industry is one of the fastest growing segments of the automotive market. In order to achieve technological innovation, the need for environmental sustainability, and reduce dependence on oil, countries and companies are investing heavily in electric vehicles. The production of electric vehicles has a significant impact not only on the development of the transportation system, but also on the energy, logistics, and environmental sectors.

The development of electric vehicles has been selected by China as a national strategy to solve the problems of energy security and urban air pollution.

China has invested heavily in the development of electric vehicle technology. Over the past 15 years, electric vehicle technology has improved significantly, and electric vehicles have begun to be widely used in public services.

Table 1.

Changes in electric vehicle sales by region.

Country/region	2010	2023	Changes (number)	CHANGES (%)
China	1 440	8 100 000	+8 098 560	+562 400%
USA		1 390 000		
EU	1 191	2 450 000	+2 448 809	+205 609%
World	7 450	13 800 000	+13 792 550	+185 135%

Source: International Energy Agency. Global EV Outlook 2024.¹

From the above data, we can see that from 2010 to 2023, China achieved significant growth in the electric vehicle market. It sold more than 8 million new electric vehicles, which is a leading indicator globally.

Due to excessive urban pollution and increasing pressure to reduce carbon emissions globally, the Chinese government has chosen the path of radical transformation of the automotive industry. Since the beginning of 2009, the country has implemented large-scale programs to introduce and develop electric vehicles.

China's development strategy for the electric vehicle market includes several main stages. These stages are determined by technological innovations, government policies and adaptation to international market requirements.

¹ International Energy Agency. Global EV Outlook 2024. URL <https://www.iea.org/reports/global-ev-outlook-2024>



Figure 1. A plan developed by the Chinese government for the electric vehicle industry.

Source: Chinese EV Market Overview and Technical Enablers.²

- **2000-2009: Strategy formulation.** At this stage, China's strategic approach focused on building the industry, learning from international experiences, and building infrastructure.
- **2009-2013: Strategy refinement through practice.** Special attention was paid to expanding the domestic market by introducing technologies and supporting domestic manufacturers. The government provided subsidies to encourage buyers to purchase new energy vehicles.
- **2013-2017: Growth of the new energy market.** Demand for electric vehicles increased as technology advanced and production costs began to fall. Domestic companies, such as BYD and Nio, entered the international market and increased competitiveness. At this stage, China became the largest electric vehicle market in the world.
- **2018 to the present: High-quality development stage.** Since 2018, China has been adhering to high-tech and environmental standards in the production of electric vehicles. In addition, international cooperation and foreign investment are helping the industry to develop further. Tesla's opening of its Gigafactory Shanghai and entering into competition with local companies was one of the important events in this phase.

²<https://www.unescwa.org/sites/default/files/event/materials/Chinese%20EV%20Market%20Policy%20Enablers.pdf>. URL

The development of China's electric vehicle industry is based on three main factors:

1. Strong support from the state;
2. Technological innovation;
3. International cooperation.

China's membership in the World Trade Organization has served to bring foreign investment policies and domestic policies into the field of environmental protection.

The United States, Germany and South Korea have consistently occupied leading positions as the main sources of investment. The advanced experience and technological leadership of these countries in the automotive industry have increased their interest in the Chinese electric vehicle market.

The automobile market of Uzbekistan is the largest in the Central Asian region. The market size is increasing every year, as evidenced by the growth rate of the automobile industry, production volumes and sales figures. The main players in the market are large manufacturers such as UzAuto Motors, and domestic cars play a large role in covering the domestic market.

On May 19, 2023, the BYD Uzbek Factory launched the construction of a plant for the production of cars based on alternative and renewable energy sources in Uzbekistan.

In our opinion, in order to develop the production of electric vehicles in Uzbekistan and to make more attractive for foreign investors in the future, we consider it necessary to overcome the following problems:

- Instability or opacity of the regulatory framework. Possible changes in tax and customs benefits. Lack of a clear and sustainable state strategy to support the electric vehicle industry.

- Problems with localization of production. High dependence on imports, especially batteries and electric motors

- Limited access to financing. High initial costs of starting production. Insufficiently developed mechanisms for public-private partnerships and support for startups.

- Limited domestic market. To develop the electric vehicle industry, it is necessary to gradually reduce existing monopolies and create real competitive conditions. WTO membership can create a competitive environment in the country.

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