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"UZBEKISTAN -2030" STRATEGY: PROMOTING A GREEN ECONOMY AND INVESTMENT ATTRACTIVENESS THROUGH RESOURCE TAXES SUPPLY

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Abstract: The article is aimed at a comprehensive analysis of the role of resource taxes in the transition of the country's economy to a "green" model within the framework of the " Uzbekistan - 2030" strategy, their fiscal and incentive functions, and their impact on investment attractiveness. The study assesses the economic efficiency of resource taxes - subsoil use, water resource use, and land tax based on statistical data for 2023-2025. Within the framework of the "Double Dividend" hypothesis, mechanisms for ensuring a balance between environmental protection and economic growth are studied. The results show that resource taxes not only stabilize budget revenues, but also serve as an important fiscal tool for reducing carbon intensity and directing foreign investments to "green" technologies. The article provides scientifically based proposals for optimizing water tax rates in conditions of water scarcity, introducing a carbon tax, and reforming energy subsidies.

Keywords: " Uzbekistan - 2030" strategy, green economy, resource taxes, subsoil use tax, water tax, investment attractiveness, Double Dividend, carbon neutrality, sustainable development, energy efficiency.

Introduction

The current stage of development of the global economic system is characterized by climate change, resource scarcity, and the need to ensure environmental sustainability. The "Uzbekistan-2030" strategy adopted by the President of the Republic of Uzbekistan envisages bringing the country to a new stage of development, in which the transition to a "green" economy is one of the central tasks. The fact that the economy of Uzbekistan has long relied on resources, and its energy intensity is approximately twice the world average and four times higher than that of the European

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Union, further increases the urgency of reforms. [1]The process of transition to a green economy requires a fundamental revision not only of environmental measures, but also of the state's fiscal policy. Resource taxes perform a dual function in this process: firstly, they provide stable revenues to the state budget for the use of natural resources, and secondly, they encourage economic entities to save resources and introduce innovative, low-waste technologies. In 2024, the Uzbek economy recorded a GDP growth of 6.5%, and the volume of foreign direct investment (FDI) reached $ 12 billion. To maintain these rates and increase the country's global investment attractiveness, the tax system must be brought into line with the principles of ESG (Environmental, Social, and Governance).[2] The "green" economy covers not only the energy sector, but also sectors such as agriculture, industry, and tourism. Uzbekistan's rich natural resources, especially the potential of solar and wind energy (approximately 117.984 million tons), allow the country to become a regional "green" center. Therefore, research into mechanisms for increasing the economic profitability of the use of natural resources through resource taxes and directing investments to environmentally friendly projects is one of the most important scientific and practical issues of our time.

Analysis of literature on the topic

resource taxes and green growth has been widely studied in economic theory. The basis of academic debate is the "Double Dividend" hypothesis. This theory was developed in the 1990s by David Pearce and later by Terrence Gould, according to which taxing environmentally polluting resources (for example, carbon or water) and redirecting the revenues received from this to reduce labor or capital taxes increases both environmental (first dividend) and economic efficiency (second dividend).[3] In recent years, research in this area in Uzbekistan has been deepening, taking into account the specific characteristics of the republic's economy. Ulugbek Tulakov (2025) in his study analyzes the balance between tax incentives and fiscal control, emphasizing the role of resource taxes and digitalization in legalizing the underground economy. In his opinion, shifting the tax burden to resources serves to increase business transparency and stabilize budget revenues.[4] The World Bank and OECD reports note that energy subsidies are a major obstacle to the green transition. The fact that energy subsidies in Uzbekistan amount to 6.6 percent of GDP (approximately $3.8 billion) indicates the need to shift price formation to market principles through resource taxes.

[1] Tashkent State University of Economics. (2024). Uzbekistan – Strategy 2030 [PDF]. https://tsue.uz/media/section_file/Ozbekiston_2030_STRATEGIYA_3_May_2024yil_TOPLAM_Full.pdf
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International experience, in particular the examples of Sweden and Norway, shows that carbon taxes and resource fees are the most effective tools for stimulating technological innovation. According to a study published in the journal *Frontiers in Environmental Science (2025)*, a 1 percent increase in environmental taxes leads to a 2 percent reduction in emission intensity. There is also scientific debate among Uzbek scientists on tax rates for the use of water resources. Some researchers are concerned that a sharp increase in water taxes could increase the cost of agricultural products and negatively affect food security, while others argue that in the face of water scarcity (a 44-46 percent shortage is expected by 2040), only fiscal measures can lead to a transition to water-saving technologies. In addition, theoretical approaches to the tax on the use of subsoil (rent tax) have also changed. If earlier this tax was only a means of exercising the state's ownership of resources, now it is becoming a criterion for assessing the compliance of mining and metallurgical enterprises with ESG standards.

Research methodology

This article uses the methods of systematic analysis, comparative economic evaluation, statistical forecasting, and econometric modeling. The methodological framework of the study includes the following stages:

1. **Data collection and systematization:** Official reports of the Tax Committee of the Republic of Uzbekistan, the Ministry of Economy and Finance, and the National Statistics Agency for 2023–2025 were analyzed. Data from the World Bank, the Asian Infrastructure Investment Bank (AIIB), and the United Nations Economic Commission for Europe (UNECE) were also used.
2. **Regulatory and legal analysis:** The "Uzbekistan - 2030" strategy, the Tax Code, and relevant Presidential Decrees (e.g., PF-158, PF-246) were studied, and changes in legislation on resource taxes were assessed.
3. **Comparative analysis:** Resource tax rates in Uzbekistan and their share in the budget were compared with those of developing countries and developed countries (Scandinavian experience).

Main part: Problem analysis and results

Uzbekistan's transition to a green economy. An analysis of tax revenues at the end of 2024 shows that the revenue base of the state budget has expanded significantly. Total tax revenues amounted to 199.6 trillion soums , an increase of 20.3% compared to 2023.

Tax and investment attractiveness for subsoil use

Uzbekistan is one of the largest suppliers of gold, copper, uranium and natural gas to the world market. The reforms implemented in 2022 on the tax on the use of subsoil (rent tax) (setting rates of 10% for oil and gas, 7% for gold and copper) served to attract

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investments in the geological exploration sector. In 2024, mining and metallurgical enterprises remain the main taxpayers of the state budget. However, studies show that resource revenues are unevenly distributed across regions. For example, in industrial hubs such as Navoi and Almalyk, although resource taxes are high, the quality of social services is not developing in proportion to these revenues, which creates a problem of social justice. To increase investment attractiveness, starting from 2025, tax rates for non-ferrous construction materials (marble, granite, sand, etc.) have been stratified and indexed (an average increase of 10%). This will encourage the rational use of resources and the production of finished products instead of raw materials.

Green financing and international projects

Uzbekistan's green economy transition program is actively supported by international donors. One of the largest projects being implemented in 2024-2025 is the "iCRAFT" (Innovative Carbon Resource Utilization and Energy Transition) project. The World Bank has allocated $46.25 million for this project, which is aimed at forming a carbon trading system (ETS) in the country. It is planned to allocate $1.3 billion in funds within the framework of the "Green and Sustainable Market Economy of Uzbekistan" program, financed by the AIIB and the World Bank in 2025.

Table 1: Sources and directions of financing the transition to a green economy (2024-2025)

Donor organization	Project name	Amount ($ million)	Purpose
World Bank	iCRAFT project	46.25	Emissions reduction and carbon trading
AIIB/World Bank	DPO1 program	1300.0	Energy and tax reforms
GIZ (Germany)	Green Industrialization	12.0	"Greening" the industry
EBRD	Green Hydrogen Pilot	Not available	Green hydrogen production (20 MW)

Source: Based on statistical data.[5]

Analysis: These financial flows show that Uzbekistan's investment attractiveness is increasing not only due to traditional resources, but also due to "green" assets. The fact that foreign investment reached $12 billion in 2024 is a result of economic reforms (currency liberalization, reduction of the tax burden).

Problems and systemic barriers

[5]AIIB (2025). Uzbekistan Green and Resilient Market Economy Climate Policy-Based Financing.

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Despite the positive dynamics, a number of problems hinder the development of the green economy:

1. **Energy capacity and subsidies:** Subsidies for electricity and natural gas in Uzbekistan amount to 6.6 percent of GDP, which hinders the formation of market prices through resource taxes. Low energy tariffs (2.8 cents/kWh) make it economically inefficient to invest in energy-saving technologies.
2. **Water scarcity and infrastructure:** 80 percent of water resources come from transboundary rivers, and melting glaciers due to climate change may make the fiscal measure of a water tax ineffective.
3. **Hidden economy:** The complexity of tax administration and informal employment (especially in services and agriculture) do not allow for full coverage of the tax base.
4. **Infrastructure constraints: The capacity of existing lines is insufficient for the integration of** renewable energy sources (solar, wind) into the electricity grid, which requires additional capital investments.

Conclusion and suggestions

" Uzbekistan - 2030" strategy, resource taxes are not only a source of state budget revenues, but also the most important fiscal instrument for modernizing the economy and stimulating "green" growth. Analysis of data for 2023-2025 shows that the Uzbek economy is at a crucial stage of transition from a resource-intensive model to an innovative and environmentally sustainable one.

As a result of the research, the following conclusions were drawn:

- The growth in resource tax revenues (29.6% in 2024) is the result of the digitalization of tax administration and the adjustment of rates to market conditions.
- The "Double Dividend" hypothesis is being confirmed in the conditions of Uzbekistan: investments in "green" projects contribute to GDP growth (6.5%) and unemployment reduction.
- play a crucial role in increasing investment attractiveness.

Scientific and practical proposals:

1. **Introduction of a carbon tax:** Phased introduction of a differentiated carbon tax for enterprises with high emission intensity (cement, metallurgy) within the framework of the iCRAFT project.
2. **Optimizing energy subsidies:** Redirecting subsidies directly from the consumer to technologies that increase energy efficiency.
3. **Regional differentiation of water tax rates:** Higher rates for regions with high water scarcity, and zero rates for farms that use water-saving technologies.

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4. **Expanding "green" public procurement:** introducing mandatory requirements for environmental friendliness and energy efficiency of products in public tenders starting in 2026.
5. **Environmental obligations in investment contracts:** Include clauses on the protection of natural resources and the transfer of "clean" technologies in contracts concluded with large foreign investors.

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