



ANALYSIS OF THE DYNAMICS OF INVESTMENTS DIRECTED TO JOINT VENTURES AND ASSOCIATED ORGANIZATIONS AT “O‘ZBEKNEFTGAZ” JSC AND THEIR ECONOMIC EFFICIENCY

Valikulov Sherzod Zaynitdinovich

Independent Researcher of the Department of Industrial Economics and Management, Tashkent State Technical University

E-mail: valikulovs84@gmail.com

Tel: +99893 588 99 24

Abstract

This study presents a comprehensive analysis of the dynamics of investments in joint ventures and associated organizations in the oil and gas sector over the period 2018–2025, with a focus on assessing their economic efficiency and the structural changes in the investment portfolio. The study's methodological framework is based on generally accepted indicators for evaluating investment projects, including Net Present Value (NPV), Profitability Index (PI), Internal Rate of Return (IRR), and Payback Period.

The results of the analysis indicate that investment activity is characterized by pronounced volatility and undergoes three key stages of development: a period of high investment activity (2018–2019), a stage of restructuring and optimization (2020–2023), and a phase of recovery in investment growth (from 2024 onward). It has been established that institutional and ownership transformations, particularly the redistribution of shares in strategically important companies, have significantly impacted the structure of investments.

Sectoral decomposition revealed the dominant role of large enterprises, which account for the main share of the investment portfolio, alongside the expanding participation of new sectors, including the chemical industry. The scientific novelty of the study lies in identifying patterns of transformation in investment policy amid structural changes in the economy and substantiating priority directions for its improvement. The practical significance of the research is



defined by the development of recommendations to diversify the investment portfolio, enhance the efficiency of financial resource utilization, implement innovative technologies, and improve the investment risk management system.

Keywords: Investments, dynamic analysis, joint ventures, restructuring, investment portfolio, economic efficiency.

Introduction

In Uzbekistan, it is planned to increase natural gas production to 66.1 billion cubic meters by 2030, while domestic consumption is expected to reach 56.5 billion cubic meters during the same period. This indicates that priority is being given to fully meeting domestic demand and to the deep processing of natural gas as a raw material. To achieve these goals, the Ministry of Energy of the Republic of Uzbekistan is implementing large-scale reforms and projects aimed at deep processing of natural gas, improving its efficiency, and gradually adapting the sector to market principles.

Research object – the investment activities directed toward joint ventures and associated organizations, particularly their investment portfolios and investment flows (for the period 2018–2025).

Research subject – the volume, structure, and dynamics of investments in joint ventures and associated organizations, as well as the economic, organizational, and institutional factors influencing their changes.

Research objective – to analyze the dynamics of investments directed to joint ventures and associated organizations during 2018–2025, identify their development trends, and develop scientific and practical proposals and recommendations to improve investment efficiency.

Methods

This study was conducted based on a comprehensive economic and analytical methodology, in which several scientific approaches were applied in an integrated manner. In particular, the analysis primarily employed a dynamic approach, namely the time-series method. Using this method, trends in investment volume directed to joint ventures and associated entities over the period 2018–2025 were



examined, and their phases of growth, decline, and stabilization were identified. As a result, it was substantiated that investment processes exhibit high volatility over time.

At the same time, the study extensively applied the comparative (comparative analysis) method. Through this approach, changes in investment volumes across different years were compared, specifically identifying the decline in 2018–2019, the stabilization during 2020–2023, and the growth observed in 2024–2025. In addition, comparisons were made across enterprises, allowing for an assessment of each entity’s position within the investment portfolio.

A structural approach also played an important role in the analysis. This method enabled examination of the composition of the investment portfolio across enterprises, identification of the companies holding the largest shares, detection of the emergence of new investment objects, and revelation of the diversification of investment directions. This, in turn, enabled a deeper analysis of the internal structure of investment policy.

Furthermore, the cause-and-effect (logical) analysis method was used to explain the main factors behind changes in investment volumes. In particular, the sharp decline in 2019 was associated with restructuring, the stability observed during 2020–2023 was linked to a conservative investment policy, and the growth in 2024–2025 was driven by a new investment phase and asset revaluation.

In addition, grouping and classification methods were applied in the study, in which enterprises were grouped by activity type, ownership share, and investment volume. This made it possible to present the analysis results in a clearer, more structured manner.

Overall, the study was carried out using a comprehensive economic analysis methodology that incorporates dynamic, comparative, structural, and cause-and-effect approaches, providing an in-depth and comprehensive understanding of the patterns governing the development of investment processes.

Results

“The economic efficiency calculations of investment projects are carried out based on the established methodology and are aimed at determining four indicators: net present value; profitability index of discounted costs; internal rate of return; and payback period.” [1], “The methodological approaches to assessing



the economic efficiency of investments in the oil and gas sector take into account the main principles of methodological recommendations for evaluating the effectiveness of investment projects.” [2], “From this point of view, it is also necessary to emphasize the importance of the effectiveness of the investment policies implemented by oil and gas enterprises in ensuring the overall financial and economic efficiency of the country's oil and gas industry.”[3], “Measures aimed at increasing the effectiveness of corporate governance in Uzbekistan are primarily focused on further democratization of property relations and, in particular, the provision of state-owned property to the private sector on the basis of market law. At the moment, regular work is carried out on the sale of state-owned assets, at zero redemption value and increase of their efficiency, with the condition of investing.” [4]

The analysis of investment dynamics directed to joint ventures and associated organizations during 2018–2025 shows that investment volume fluctuated sharply over this period (Table 12). In particular, while total investments amounted to 23,688 billion UZS in 2018, this figure decreased to 14,277 billion UZS in 2019. The main reason for this decline is the restructuring process related to the free transfer of a 39.5% stake in “Uztransgaz” JSC to the State Assets Management Agency in November 2019.

Between 2020 and 2023, the volume of investments declined sharply, stabilizing at a relatively low level and averaging around 2.5 trillion UZS. During this period, a conservative approach to investment activity prevailed, with primary focus placed on the efficient use of existing assets and cost optimization.

Investments in joint ventures and associated entities. [5]
(In billions of Uzbek soums)

Table 1. Compiled by the author based on data from the official website of “Uzbekneftegaz” JSC.

Company Name	Principal activities	Mulk ulishi	2018	2019	2020	2021	2022	2023	2024	2025.06.30
“Uz-Kor Gas Chemical” LLC	Manufacturing of the polymer products	50%	4944	6623	2173	2173	2173	2173	11,744	11,477
“Asia Trans Gas” LLC	Natural gas transportation	50%	4979	6894	2	2	2	2	13,362	12,428
“O‘ztransgaz” JSC	Natural gas transportation	46,8%	13500	–	–	–	–	–	13,373	13,937
Ark Chemical LLC	Manufacturing of the polymer products	40%	–	–	–	–	–	–	6,006	6,006
Other joint ventures and associated companies			265	760	348	355	346	366	1,115	1,236
Total investments			23688	14277	2523	2530	2521	25411	45,6	43,848

Starting from 2024, however, a sharp increase in investment volume was observed, reaching 45.6 billion UZS, indicating the beginning of a new investment phase. As of June 30, 2025, this figure decreased slightly to 43.848 billion UZS, while the overall high level was maintained.

A sectoral analysis shows that Uz-Kor Gas Chemical LLC occupies a significant position in the investment portfolio. While high investment volumes were recorded in 2018–2019, this indicator declined sharply in 2020–2023 and stabilized at around 2,173 billion UZS. In 2024–2025, a sharp increase in investment value was observed, likely due to asset revaluation or the implementation of new investment projects.

A similar trend is observed for Asia Trans Gas LLC: although investment volumes were high in 2018–2019, they fell to near-zero levels during 2020–2023. From 2024 onwards, investments increased sharply again, which may be associated with the development of transit infrastructure and the gas transportation system. In the case of O‘ztransgaz JSC, investments declined significantly after 2018 and remained at zero for several years. This situation can be explained by the transfer of a substantial share of the company to the state. However, in 2024–2025, the company reappeared in the investment portfolio, indicating its revaluation as a financial asset.



Ark Chemical LLC was included in the investment portfolio starting in 2024, marking a new strategic direction focused on the chemical industry. At the same time, although investments in other joint and associated enterprises remain relatively small, their gradual increase indicates the diversification of the investment portfolio.

Overall, the analysis shows that the investment policy has undergone three main stages: an initial period of high investment activity (2018–2019), a phase of restructuring and optimization (2020–2023), and a period of recovery in investment activity (2024–2025). In particular, the ownership changes implemented in 2019 significantly impacted the structure of the investment portfolio.

Based on this, it can be concluded that the company's investment policy is flexible and adaptable to both external and internal factors, and is oriented toward long-term strategic development. In the future, increasing investment efficiency will require further portfolio diversification, the selection of high-yield projects, and the rational use of financial resources.

Discussion

The analysis results indicate that investment activity in Uzbekistan's oil and gas industry has occurred in several stages, and its efficiency depends on numerous internal and external factors. High investment activity was observed during 2018–2019, driven by companies' strategies to implement large-scale projects. At the same time, in 2019, the increase in the state's share in "O'ztransgaz" JSC and the restructuring processes led to a sharp decline in investment volume, demonstrating that investment policy is sensitive to external factors.

During the period 2020–2023, investment volume remained relatively low, with a conservative approach prevailing. In this stage, companies focus on efficient utilization of existing assets and cost optimization. This is considered a strategic approach to improving economic efficiency, as the payback period and profitability indicators for projects were maintained even with lower investment levels.

In 2024–2025, investment volume increased sharply, indicating the start of a new investment phase. The growth of portfolios in sectors such as "Uz-Kor Gas Chemical" LLC and "Asia Trans Gas" LLC is associated with new strategic



directions — the production of polymer products, the development of the gas transportation system, and the expansion of transit infrastructure. At the same time, the return of “O‘ztransgaz” JSC to the investment portfolio reflects the company’s reassessment as a financial asset and its orientation towards new projects. The inclusion of Ark Chemical LLC in the portfolio starting in 2024 demonstrates a strategic investment in the chemical industry.

The discussion shows that investment policy ensures a long-term development strategy for companies and must be flexible to adapt to external and internal conditions. Portfolio diversification, selection of high-profit projects, and prudent use of financial resources are considered key tools for enhancing economic efficiency in the future. At the same time, restructuring, the transfer of shares to the state, and other external factors significantly impact investment efficiency, requiring companies to plan their strategies more carefully.

Overall, the results of this study reveal the dynamic and phased nature of investment policy, the diversification of portfolio structure across sectors, and strategic directions for improving economic efficiency. In the future, to further optimize investment activity, it is important to continuously monitor indicators such as project profitability, payback period, and discounted value, and to include new high-efficiency projects in the portfolio.

Conclusion

The research findings indicate that during 2018–2025, the dynamics of investments in joint ventures and associated enterprises were unstable, characterized by gradual, stage-by-stage development. In the initial period (2018–2019), a high level of investment activity was observed, mainly explained by the implementation of large-scale projects.

Between 2020 and 2023, investments declined significantly and remained at a relatively stable low level. This situation can be attributed to restructuring processes, changes in ownership, and the optimization of internal investment policies.

Starting from 2024, a sharp increase in investment volume was observed, indicating the beginning of a new investment phase. At the same time, as of June 30, 2025, a slight decrease was recorded; however, the overall high level was maintained.



A sectoral analysis shows that major enterprises such as “Uz-Kor Gas Chemical,” “Asia Trans Gas,” and “O‘ztransgaz” account for the largest share of the investment portfolio. Changes in investment composition are directly related to ownership transformations, strategic decisions, and the implementation of new projects.

In general, the investment policy consists of three stages, demonstrating its adaptability to external economic conditions and its orientation toward strategic development.

Diversification of the investment portfolio is a key priority. By increasing the number of joint ventures and expanding their areas of activity, it is possible to significantly reduce investment risks and improve profitability.

It is also necessary to prioritize highly profitable projects. In the investment decision-making process, preference should be given to projects with high economic efficiency and quick returns, ensuring the effective use of funds.

Efficient utilization of financial resources is also of great importance. In managing capital investments, it is essential to optimize costs, strengthen financial discipline, and make rational use of available resources.

The introduction of innovative technologies in the oil and gas and chemical industries contributes to increasing production efficiency. The use of modern technologies makes it possible to improve not only the volume of output but also its quality.

Attracting foreign investments is one of the key factors in increasing investment volumes. Expanding international cooperation and engaging strategic investors can contribute to economic growth.

Improving the risk management system associated with investment projects is also a pressing issue. Proper risk assessment and the strengthening of risk mitigation mechanisms enhance overall investment efficiency.

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