

**FOREIGN DIRECT INVESTMENTS IN THE REGIONS AS
A FACTOR OF UZBEKISTAN'S ECONOMIC GROWTH****Akishova Shakhnoza Davletovna**

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Abstract: Investing in the economy of the Republic of Uzbekistan as a whole and in its regions in particular is a task of paramount importance because the well-being of both the state itself and its citizens will depend on its proper execution. This determines the relevance of the research topic. Investments in the regions are aimed at increasing the regional product and production volumes, mastering new activities, and developing the existing material and technical base.

Keywords: Investments, investment opportunities, regional investments, economic growth, Republic of Karakalpakstan, GDP, investment projects.

This is an open-access article under the [CC-BY 4.0](https://creativecommons.org/licenses/by/4.0/) license**Introduction**

Investments tangible and intangible assets and rights to them, including intellectual property rights, as well as reinvestments, invested by an investor on the basis of risks in social facilities, entrepreneurial, scientific and other activities for profit, which may include: funds, including cash (including foreign currency), targeted bank deposits, shares, stocks, bonds, bills and other securities; movable and immovable property (buildings, structures, equipment, machinery and other material values); intellectual property rights, including patented or non-patented (know-how) technical, technological, commercial and other knowledge, drawn up in the form of technical documentation, skills and production experience, necessary for organizing a particular type of production, as well as other values, not prohibited by the legislation of the Republic of Uzbekistan. Investments in the regions are one of the key factors in Uzbekistan's economic growth. They have the potential to create a ripple effect, generating employment opportunities, boosting local industries, and fostering innovation and infrastructure development. By directing investments towards the regions, the government hopes to reduce the differences between urban areas and regions and create more sustainable and balanced economic growth throughout. The areas have excellent chances for investment across a range of industries, including infrastructure development, industry, tourism, agriculture, and technology. Uzbekistan wants to harness the areas' growth potential, promote entrepreneurship, and increase economic resilience by attracting investments into the area.

Methods

Scientists-economists paid special attention to the issues of scientific research and elimination of regional economic problems. In particular, foreign economists S.Belousova, D.Vainshtein,

H.Valiullin, Y.Gadzhiev, A.Granberg, K.Guadalupe, E.Hoover, J.Duning, D.Davis, D.Dengin, R.Kapell, W.Cochrane, P.Krugman, I.Lungen, J.Poot, D. Pugo, S.Truxin, R.Fiani, U.Fretesi, M.Fujit, D.Harris, F.Siolan, K.Head, Y.Huang conducted scientific research on the issues of economic development of regions and increasing investment potential.

From scientists-economists of our country M.Abdusalyamov, T.M.Akhmedov, A.V.Vahabov, N.G.Karimov, A.V.Mamatkulov, Sh.I.Mustafakulov, Sh.X.Nazarov, A.B.Solizamov, O.O.Olimjonov, D.A.Ortygova, N.R.Rakhmanov, B.Ruzmetov, A.M.Sadykov. Nizamov, O.O.Olimjonov, D.A.Ortygova, N.R.Rakhmanov, B.Ruzmetov, A.M.Sadykov, A.S.Soliev, N.T.Tukhliyev, N.A.Khashimova, F.T.Egamberdiev, A.T.Yusupov, A.A. Kayumov, A.M.Kadyrov, S.S.Zokirov, A.A.Rafiev, H.M.Saidakhmedov, Sh.J.Egamatov and others have studied theoretical and methodological aspects of regional economy, the issues of rational allocation of investment resources in the regions of our country and balanced development of regions. Despite the fact that these studies have obtained certain theoretical and methodological results on the impact of investment processes on the economic development of regions, the issues of the mechanism of formation of investment potential in the regions, assessment and effective use of available potential in the conditions of liberalisation and introduction of market mechanisms observed in the economy are insufficiently covered. From the point of view of today's realities, the need for research correlating regional policy and investment activity, increasing the investment potential of regions taking into account the factors of socio-economic development along with quantitative indicators of investment resources, served as the basis for choosing the topic of the dissertation.

The purpose of the research is to investigate how investments might support economic growth in Uzbekistan, with a particular focus on one investigated region: the Republic of Karakalpakstan. This study's research technique entails a thorough examination of secondary data sources. This information will be gathered from a variety of sources, including industry publications, government reports, statistical data, and scholarly journals. These sources will offer pertinent details on the region of Karakalpakstan's economic indicators, investment flows, infrastructure development, and sector-specific data.

Results and Discussion

An investment is an asset or item acquired with the goal of generating income or appreciation. Appreciation refers to an increase in the value of an asset over time. When an individual purchases a good as an investment, the intent is not to consume the good but rather to use it in the future to create wealth.

Foreign direct investment (FDI) is an ownership stake in a foreign company or project made by an investor, company, or government from another country. In Uzbekistan, the level of capital investments is steadily increasing.

The investment climate of the region is assessed using the following items:

1. Gross regional product
2. Consumption of certain economic goods by the population

3. The region's export volume
4. Possibilities of the regional budget
5. Analysis of financial performance over the past few years
6. The volume of imports of economic goods
7. Financial deficit.

Direct investment in the economy in 2017 totalled 2.4 billion. 8 billion dollars. increased to dollars. According to the analysis, for every billion soums allocated, 12 new jobs were created in Namangan region, 11 in Andijan region and 8-9 new jobs in Navoi and Syrdarya regions. In Bukhara, Samarkand and Khorezm provinces this indicator is 6-7, in Kashkadarya and Fergana provinces - 5. In Karakalpakstan, Jizzak, Surkhandarya and Tashkent oblasts, only 3-4 jobs have been created in the city of Tashkent. The number of foreign and joint ventures increased from 5 thousand in 2016 to 15 thousand in 2022. The number of new industrial enterprises increased from 6.6 thousand in 2017 to 15 thousand in 2022. The main objective of the investment policy is to improve the investment environment that promotes investment growth. That is, the main direction of the state investment policy is not direct financing of investment projects from budget funds, but the creation of conditions for investment projects to receive funds from private and foreign investors.

Year	2018	2019	2020	2021	2022	2023
Fixed investment (billion soums)	124231,3	195927,3	210195,1	239552,6	266240,0	352064,1
Growth rate %	129,9	138,1	95,6	102,9	100,2	122,1

In recent years there have been positive changes in the geographical concentration of foreign investors. In particular, the bulk of foreign investments and loans attracted in 2017 came from 2 countries - Russia (55.5 per cent) and China (15 per cent), today Turkey (10.1 per cent), Germany (7.4 per cent), Saudi Arabia (6 per cent.)), France (5.5%), USA (3.9%), Italy (2.2%), Switzerland (1.9%) and Korea (1.6%) also increased their share.

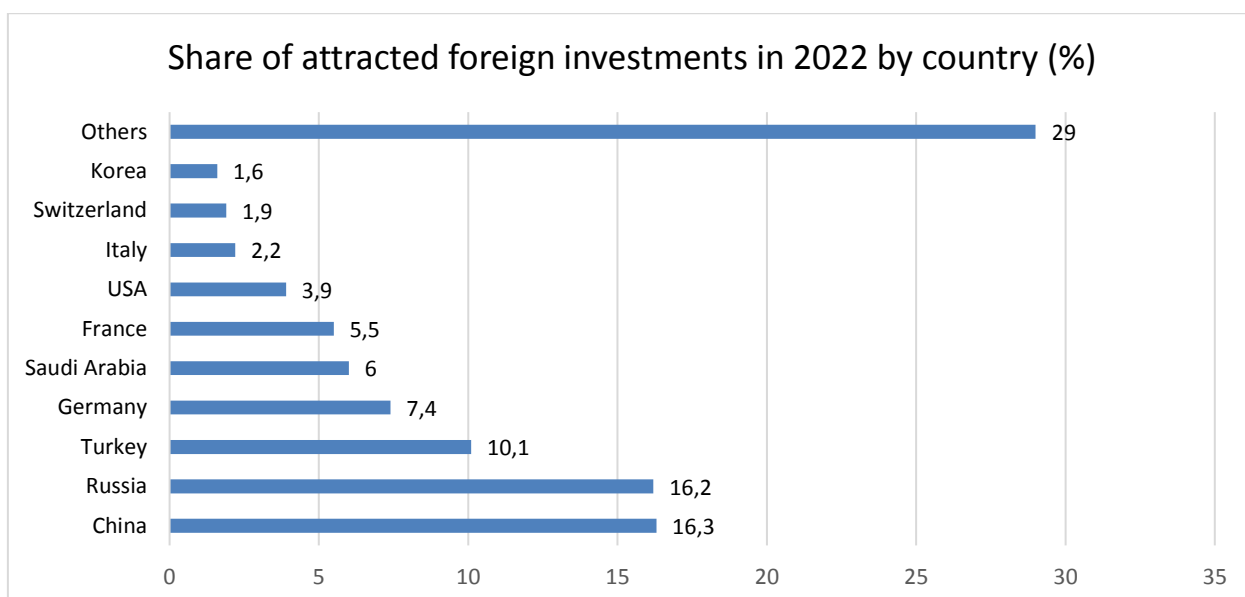


Figure 1. Share of attracted foreign investments in 2022 by country¹

On the one hand, the Republic of Karakalpakstan has a huge development potential - natural and mineral resources, convenient geographical location, transport and communication infrastructure, and a large territory. But on the other hand, this republic is in a difficult environmental situation related to the Aral Sea, and the solution of social problems requires large expenditures. The economy of Karakalpakstan has developed rapidly, especially in the last five years. The volume of GNP has increased 2.4 times and industrial output 2.5 times. Agricultural output increased by 20 per cent. In particular, rapid growth was observed in the livestock sector.

As a result of active support for entrepreneurship, the number of business entities in the Republic of Karakalpakstan doubled to almost 21 thousand.

The Republic of Karakalpakstan has large natural, mineral and agricultural resources, labor potential, road, transport and engineering communication networks, production infrastructure, convenient geographical location and a significant territory. During this period, the population increased by 7.3%, the gross regional product (GRP) increased by 37.1% (to 29.9 trillion sums), the production of industrial products increased from 6.8 trillion sums up to 17.8 trillion sums (growth of 21.3%). The volume of agricultural production increased by 24%, from 5.0 trillion sums in 2017 to 14.4 trillion sums in 2022. The number of operating enterprises in the region increased by 58% from 19.2 thousand in 2017 to 30.3 thousand in 2022.

In the field of infrastructure development, 2,943 km of water supply networks and 90.8 km of gas pipeline were put into operation during the specified period. In terms of social protection of the population and the creation of decent living conditions, it is of great importance to solve such tasks as providing the population with decent housing. In particular, over the past 6-7 years, 5,308 thousand square meters of housing have been commissioned in the region, 19.2 thousand places have been created in preschool institutions, 118 thousand places in schools.

During the same period, about 157 thousand jobs were created, and more than \$4.8 billion of investments was attracted.

Conclusion

In conclusion, foreign direct investments (FDI) play a pivotal role in driving Uzbekistan's economic growth, particularly within its regions. By attracting FDI, Uzbekistan not only benefits from increased capital inflows but also gains access to technology, expertise, and global markets. This infusion of resources stimulates local industries, enhances infrastructure, and fosters job creation, ultimately contributing to sustainable development across the country. As Uzbekistan continues to prioritize policies that promote FDI inflows and create an enabling environment for investment, the prospects for robust economic growth in the regions remain promising.

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