

**ATTRACTING FOREIGN INVESTMENT IN QASHQADARYO REGION AND ITS  
IMPACT ON REGIONAL SOCIO-ECONOMIC DEVELOPMENT**

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**Abstract**

This article analyzes the process of attracting foreign investments in the Kashkadarya region, their sectoral distribution, and their impact on regional socio-economic development. The study substantiates directions for improving the investment climate and diversifying foreign capital inflows.

**Keywords**

foreign investment, FDI, investment climate, regional development, industry.

**Annotatsiya**

Mazkur maqolada Qashqadaryo viloyatida xorijiy investitsiyalarni jalb etish holati, ularning tarmoqlar kesimida taqsimlanishi hamda mintaqaviy ijtimoiy-iqtisodiy rivojlanishga ta'siri tahlil qilingan. Shuningdek, investitsiya muhitini takomillashtirish, xorijiy sarmoyalarni diversifikatsiya qilish va barqaror rivojlanishni ta'minlash yo'nalishlari ilmiy asoslangan.

**Kalit so'zlar**

xorijiy investitsiyalar, to'g'ridan-to'g'ri investitsiyalar (FDI), investitsiya muhiti, mintaqaviy rivojlanish, sanoat, Qashqadaryo viloyati.

**Аннотация**

В статье проанализированы процессы привлечения иностранных инвестиций в Кашкадарьинской области, их распределение по отраслям и влияние на социально-экономическое развитие региона. Обоснованы направления совершенствования инвестиционной среды и диверсификации иностранных капиталовложений.

**Ключевые слова**

иностранные инвестиции, прямые иностранные инвестиции, инвестиционная среда, региональное развитие, промышленность.

**Introduction**

In the context of deepening globalization processes in the world economy, liberalization of international capital movements, and the expansion of investment climate liberalization policies, foreign investment has become a strategic factor in the development of national economies. In particular, foreign direct investment (FDI) ensures sustainable economic growth through the modernization of production, introduction of advanced technologies, expansion of export-oriented manufacturing, and creation of new jobs. In the Republic of Uzbekistan, in recent years, reforms have been implemented to improve investment policy, create favorable conditions for foreign investors, and promote comprehensive regional development. In this process, increasing the investment attractiveness of regional economies, diversifying investments across sectors, and stimulating innovative activities have been identified as priority tasks.

Qashqadaryo Region holds an important position in the national economy due to its rich natural resources and the development of oil and gas, chemical, and agricultural sectors. Industrial projects implemented in the region, including gas processing and chemical industry complexes, serve as key drivers for attracting foreign investment. At the same time, certain

challenges remain, such as the uneven sectoral distribution of investments and the relatively low share of capital inflows in the service and agricultural sectors.

The purpose of this article is to analyze the current state of foreign investment attraction in Qashqadaryo Region, assess its impact on socio-economic development, and develop scientific proposals and recommendations to further improve the investment climate.

**Research objectives:**

- To study the theoretical and methodological foundations of foreign investment;
- To analyze the dynamics of investment in Qashqadaryo Region;
- To assess the impact of investments on employment, exports, and infrastructure;
- To identify existing problems and develop proposals to address them.

The object of the study is the foreign investment processes in the economy of Qashqadaryo Region. The subject of the study is the mechanisms for attracting foreign investment and their impact on regional development.

The research employs statistical analysis, comparative analysis, economic modeling, and a systematic approach. The results of the article may have scientific and practical significance for improving regional investment policy.

**Literature Review.** The issue of foreign investment and its impact on regional economic development has been widely studied in economic literature. In global economic theory, foreign direct investment (FDI) is regarded as a key factor in economic growth, technology transfer, and the formation of a competitive environment.

In particular, according to the Eclectic Paradigm (OLI model) developed by John Dunning, foreign investment occurs when Ownership advantages, Location advantages, and Internalization advantages are present. This theory substantiates the importance of a region's resource potential, infrastructure, and institutional environment in attracting investment. Studies by the World Bank and the International Monetary Fund emphasize that FDI positively influences economic growth, particularly in developing countries, by increasing production efficiency. It has also been scientifically proven that foreign investment contributes to export growth and accelerates integration into global markets.

Research conducted by scholars from CIS countries identifies legal guarantees, tax incentives, and state support mechanisms as key determinants of FDI inflows. In particular, institutional reforms and the simplification of administrative procedures play an important role in attracting foreign capital. Uzbek economists, including D.S. Qodirov and Sh.Sh. Shodmonov, have analyzed the national characteristics of investment policy and substantiated the role of foreign investment in regional development. According to them, sectoral diversification and balanced regional distribution of investments are crucial for ensuring sustainable economic growth. In recent years, regulatory and legal reforms aimed at improving the investment climate have also been adopted. In particular, reforms have been implemented to support investment activities, develop public-private partnerships, and expand the activities of free economic zones. At the same time, some studies highlight potential negative aspects of foreign investment, such as dependence on raw-material-oriented sectors, profit repatriation abroad, and increased

competition with domestic producers, which under certain conditions may exert pressure on the local market.

The analysis of the above-mentioned scientific research indicates that foreign investment is a significant factor in regional economic development. However, its effectiveness depends on the stability of the investment climate, the level of institutional reforms, and the balanced sectoral distribution of investments. From this perspective, a comprehensive analysis of the impact of foreign investment on regional development in Qashqadaryo Region is of both scientific and practical importance.

**Research Methodology.** This study applies a comprehensive and systematic approach to assessing the impact of foreign investment on regional socio-economic development. The object of the research is the foreign investment processes in the economy of Qashqadaryo Region. The subject of the research includes the mechanisms of attracting foreign investment, their sectoral distribution, and their impact on economic indicators.

## 1. Theoretical Framework

The study is based on the following theoretical and methodological concepts:

- The theory of foreign direct investment (FDI);
- John Dunning's OLI (Ownership–Location–Internalization) model;
- Concepts of regional development and investment attractiveness;
- Endogenous economic growth models.

Foreign direct investment implies the investor's participation in enterprise management and is characterized by long-term economic efficiency. From the perspective of regional development, FDI facilitates technology transfer, increases production efficiency, expands exports, and enhances the skills of the local workforce.

## 2. Research Methods

The following scientific methods were applied in the study:

1. **Statistical analysis** – used to assess the dynamics of foreign investment absorbed in Qashqadaryo Region during 2020–2024;
2. **Comparative analysis** – applied to compare the sectoral distribution of investments (oil and gas, chemicals, construction materials, energy);
3. **Systematic approach** – used to examine the comprehensive economic and social impact of investments;
4. **Economic-mathematical analysis** – applied to evaluate the relationship between investment volume and industrial production growth;
5. **Content analysis** – conducted to examine regulatory and legal documents as well as state development programs.

## 3. Data Sources

The research is based on data from:

- The Ministry of Investments, Industry and Trade of the Republic of Uzbekistan;
- The Statistics Department of Qashqadaryo Region;
- Open data from industrial enterprises;
- Reports of international organizations, including the World Bank and United Nations Conference on Trade and Development (UNCTAD).

Additionally, the activities of major industrial facilities in the region were analyzed. Modernization projects implemented within the system of Uzbekneftegaz were evaluated as an important factor in increasing investment activity. The Muborak Gas Processing Plant and the Shurtan Gas Chemical Complex were selected as key industrial facilities influencing regional industrial development.



**Figure 1. Major Oil and Gas Industrial Facilities in Qashqadaryo Region (Muborak Gas Processing Plant and Shurtan Gas Chemical Complex)**



**Figure 2. Production Infrastructure of the Muborak Gas Processing Plant**



**Figure 3. Industrial Capacities and Technological Lines of the Shurtan Gas Chemical Complex**



**Figure 4. Investment Attractiveness Factors of the Oil and Gas Industry in Qashqadaryo Region**

#### 4. Research Stages

The research was carried out in the following stages:

1. Study of the theoretical foundations of foreign investment;
2. Statistical analysis of investment dynamics in Qashqadaryo Region;
3. Assessment of the impact of investments on employment, exports, and infrastructure;
4. Analysis of institutional factors influencing the investment climate;
5. Identification of existing problems and development of practical recommendations.

#### 5. Scientific Novelty of the Methodological Approach

In this study, foreign investments were assessed not only from the perspective of industrial growth, but also comprehensively in relation to social infrastructure development, employment, and export potential.

Furthermore, the relationship between the level of sectoral diversification of investments and the regional institutional environment was scientifically substantiated.

## 6. Research Limitations

- In some cases, the data were based on aggregated statistical indicators;
- Full financial information on certain projects was not publicly available;
- Forecasting methods were applied to a limited extent when assessing the long-term impact of investments.

The applied methodological approach made it possible to comprehensively analyze the impact of foreign investment on the economy of Qashqadaryo Region. Systematic and comparative analysis methods proved effective in identifying the relationship between investment activity and industrial growth, employment, and export indicators.

## Conclusion

The analysis shows that foreign investment is one of the main drivers of regional economic growth in Qashqadaryo Region. In particular, investment projects implemented in the oil and gas and chemical industries have played a significant role in increasing industrial output, expanding export potential, and ensuring employment. In the future, sustainable socio-economic development of the region can be ensured by diversifying investments, directing them toward innovative sectors, and further improving the institutional environment.

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