

INVESTMENTS AS A KEY FACTOR OF REGIONAL FOREIGN ECONOMIC ACTIVITY: THE CASE OF KASHKADARYA REGION

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Abstract

This study examines the impact of investment on the development of foreign economic activity in the Kashkadarya region of Uzbekistan. Since the implementation of national economic reforms in 2016, the region has received increasing support to attract both domestic and foreign investment. The research focuses on how investment in sectors such as energy, agriculture, and manufacturing has contributed to export growth, industrial development, and regional integration into international markets. Using trade data, investment project reports, and policy documents, the study highlights positive outcomes as well as existing challenges, including limited infrastructure and regulatory barriers. The findings suggest that well-targeted investment policies and institutional support are essential for enhancing the region's foreign trade capacity and ensuring long-term economic progress.

Introduction

Investment is one of the key drivers of economic growth, especially in developing countries where regions are looking for ways to increase their productivity and engage more actively in international trade. In Uzbekistan, the government has made significant efforts since 2016 to open up the economy and attract both domestic and foreign investment [1]. These reforms have created new opportunities for regional development and have helped regions like Kashkadarya become more active in foreign economic activity.

Kashkadarya, located in the south of Uzbekistan, is rich in natural resources and has strong potential in agriculture, energy, and industry. However, for many years, this potential was underused due to limited infrastructure and weak investment flows. In recent years, the region has received more attention from both investors and policymakers. New investment projects have been launched, and local industries have started to grow and export more.

This paper explores how investment has influenced the foreign economic activity of the Kashkadarya region. It looks at the main sectors that have received investment, the outcomes in terms of trade and production, and the challenges that still remain. By focusing on Kashkadarya as a case study, this research offers insights into how investment can help regional economies connect to global markets and contribute to the broader development goals of the country.

Methods and Data

This study uses a qualitative and descriptive research approach to examine the role of investment in the foreign economic activity of the Kashkadarya region. The analysis is based on secondary data collected from official government sources, including regional investment reports, trade statistics, and data provided by the Kashkadarya Regional Administration and the State Committee on Statistics of Uzbekistan [2], UNDP Uzbekistan [3].

The time frame of the study focuses mainly on the period from 2016 to 2023, which reflects the post-reform years when Uzbekistan began to actively implement economic liberalization and regional development strategies. Investment trends, project outcomes, and export figures are analyzed to understand the relationship between capital inflows and changes in foreign trade performance.

In addition, the study reviews specific case examples of investment projects in key sectors such as energy, textiles, agriculture, and manufacturing. These examples help to illustrate the practical effects of investment on local production, export diversification, and employment. Comparative analysis is also used to evaluate Kashkadarya's progress relative to other regions in the country.

By combining statistical data with policy analysis, this study aims to provide a comprehensive picture of how investment supports regional growth and international economic engagement.

Results and Discussion

In terms of GDP growth, Kashkadarya's economic growth rate has outpaced the national average in recent years. According to the State Committee on Statistics of Uzbekistan, the region's GDP grew by 6.5% annually from 2017 to 2023, surpassing the national growth rate of 5.4%. This growth is mainly driven by increased investment in the energy sector, coupled with the expansion of the textile industry and agriculture.

The analysis shows that investment has played a significant role in improving the foreign economic activity of the Kashkadarya region in recent years. Following the national economic reforms of 2016, Kashkadarya experienced a noticeable increase in both domestic and foreign investment projects, especially in energy, agriculture, manufacturing, and textiles.

Total Investment in Kashkadarya region [2]							
№	Place name	Investment volume (billion soum)					
		2018-y.	2019-y.	2020-y.	2021-y.	2022-y.	2023 y.
	Kashkadarya region including districts and cities	16518.5	24462.5	20557.6	17359.1	16012.8	21138.0
1	Karshi city	2328.7	2118.9	2062.5	3519.3	2662.3	3312.9
2	Shahrisabz city	164.4	164.0	133.0	159.0	226.4	323.0
	<i>districts</i>						
3	Guzor	1565.8	2189.3	4426.5	4628.3	2664.1	2648.7
4	Dehqanabad	777.0	656.9	213.2	326.5	329.1	333.7
5	Qamashi	141.6	4294.6	194.2	477.3	311.5	445.5
6	Karshi	336.6	895.4	1120.3	649.4	752.4	738.3
7	Koson	421.0	191.6	273.4	414.7	521.0	624.2
8	Kitob	310.4	381.9	808.4	1064.9	1261.3	713.0
9	Mirishkor	131.3	243.9	521.5	371.5	405.6	408.5
10	Muborak	2000.6	2503.4	3041.8	3064.1	3361.4	4083.2
11	Nishon	7595.3	9686.3	6586.5	887.7	1821.4	4492.2
12	Kasbi	96.0	470.7	344.8	420.9	447.3	858.0
13	Kukdala	-	-	-	-	108.7	308.0
14	Chiroqchi	196.3	174.1	297.9	403.4	527.6	681.7
15	Shahrisabz	163.3	186.1	165.7	585.7	331.7	461.4
16	Yakkabog	290.2	305.4	367.9	386.4	280.9	705.8

Investment Trends and Project Implementation

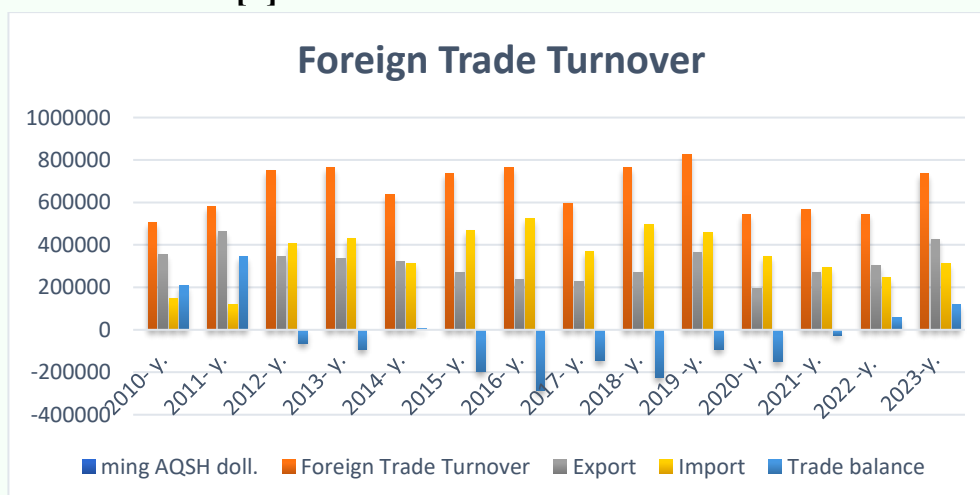
According to official regional reports, the number of investment projects in Kashkadarya has steadily grown. In 2022, 90 projects were completed, including 15 involving foreign investors. These projects led to the export of goods worth \$28.6 million. In 2023, local authorities planned to implement over 1,000 investment projects worth 12.5 trillion Uzbek soums, with expected exports reaching up to \$110 million. This reflects a clear shift toward an investment-driven development model.

Many of these projects focused on value-added production and modernizing local industries. For example, investments in the textile industry allowed local firms to process cotton domestically and export finished goods rather than raw materials. The energy sector also saw improvements with the establishment of small-scale solar power plants and modern equipment for oil and gas extraction, increasing both production and export potential.

Export Growth and Market Diversification

The growth in investment has directly supported the region's export activities. Kashkadarya now exports to over 25 countries, including China, Russia, Turkey, and Afghanistan. Key exported goods include textiles, construction materials, dried fruits, and energy-related products. Local authorities have supported this trend by helping enterprises meet international quality standards and by simplifying customs procedures.

Foreign Trade Turnover [2]





Infrastructure has also improved. The creation of logistics centers, warehouses, and export assistance programs has made it easier for companies to deliver goods abroad. These steps have reduced delays, lowered export costs, and increased competitiveness in foreign markets.

Policy and Institutional Support

Government support has been crucial in driving investment. Initiatives such as one-stop services for exporters, regional export councils, and financial incentives have helped businesses enter international markets. However, continued improvements in governance, education, and infrastructure are necessary to sustain this momentum and deepen regional integration into the global economy.

Conclusion

The case of the Kashkadarya region clearly shows that investment—both domestic and foreign—has become a central pillar in promoting foreign economic activity at the regional level. Over the past few years, especially after Uzbekistan’s 2016 economic reforms, the region has seen a significant increase in the number and scale of investment projects. These investments have supported key sectors such as textiles, agriculture, and energy, which in turn have boosted local production and increased exports.

In 2022 and 2023 alone, dozens of investment projects were implemented, leading to notable export achievements and the creation of new international trade partnerships. Moreover, the region has begun shifting from raw material exports to value-added goods, reflecting more sustainable and long-term economic planning. The expansion of trade geography to more than 25 countries further confirms the growing integration of Kashkadarya into global markets.

However, this progress has not been without obstacles. Infrastructural limitations, a still-developing investment climate, and regulatory complexities continue to hinder full-scale foreign investor participation. While the government has launched various supportive programs – such as “export councils” and simplified export services – further efforts are needed to ensure transparency, reduce bureaucratic delays, and create better conditions for international business cooperation.

In conclusion, investment is a powerful driver of foreign economic development in Kashkadarya, but its potential can be fully realized only through consistent policy

implementation, infrastructure development, and improved investor confidence. With continued focus on these areas, the region can serve as a model for how investment-led strategies can enhance regional competitiveness and global trade integration in Uzbekistan.

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