

## ECONOMIC ANALYSIS OF THE REGION'S POWER TO ATTRACT FOREIGN INVESTMENTS

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**Annotation:** This article discusses the attraction of foreign investments and the economic analysis of the area where the investments are attracted. In addition, information is provided about socio-economic trends and indicators in our country and about establishing reliable relations with foreign investors in order to increase these indicators in the future.

**Key words:** Investment, econometric model, determinant, bureaucracy, crisis, growth, stagnation, currency, credit.

In the Address of the President of the Republic of Uzbekistan Sh.M. Mirziyoev to the Oliy Majlis: "World experience shows that any country that has pursued an active investment policy has achieved stable growth of its economy. That's why investment is the driver of the economy, it is no exaggeration to say that it is the heart of the economy in Uzbek terms. We will achieve rapid development of our economy only by actively attracting investments and launching new production facilities. Positive results in the economy make it possible to systematically solve the accumulated problems in the social sphere. We must all understand this deeply and organize our work on this basis. In order to attract foreign investments, it is necessary to take measures to fully demonstrate the investment potential of our country, which should be one of the most urgent issues in our daily life," he said, noting the extremely important importance of foreign investments in the development of the economy and its recognizes the relevance of engagement.

Direct foreign investments entering the economy of Uzbekistan are distributed very unevenly between regions. The reason for this is the differences in the economic characteristics of the regions of Uzbekistan, as well as the different levels of efficiency of regional authorities in attracting foreign direct investments. Assessment of the region's potential to attract foreign direct investment can serve as an important guide in assessing the quality of work of regional authorities on creating conditions for attracting foreign investment to the region. The work is based on the construction of an econometric model of the determinants of foreign direct



investment at the regional level and subsequent evaluation. The theoretical basis for the econometric model is the gravity approach. Estimates obtained by the Poisson pseudo-maximum likelihood method are used to calculate the potential of foreign direct investment. Using the data of 2022-2023, important factors influencing the flow of foreign direct investments in the Republic of Uzbekistan at the regional level were determined: the availability of labor force, the level of bureaucracy in the region, the level of income of the population, the population density, as well as financial results of organizations in the region. Based on the estimated investment potentials, the successful and lagging regions of Uzbekistan in terms of the volume of attracted foreign direct investments were determined. Analysis of the regions of Uzbekistan in the categories of "volume of foreign direct investment" and "actual/potential" ratio of incoming foreign direct investment. was carried out. The largest regions of Uzbekistan in terms of the level of acceptance of foreign direct investment have restrictions on the growth of the volume of foreign direct investment, because they exceed their potential level or at a level close to potential. At the same time, more than half of the regions of Uzbekistan not only have a very low potential for attracting foreign direct investment, but the actual level of foreign direct investment below the potential level. A significant increase in the volume of foreign direct investment at the country level has high and medium levels of foreign direct investment, but has unrealized potential may result in a small group of regions that are The method proposed in the article for assessing the potential level of foreign direct investment of the region and comparing it with the actual level is to assign tasks to the specialized bodies of the regional authorities and subsequently attract foreign direct investment. can be used to evaluate their work.

The level of economic development of the country, the rate of growth of investment activity largely depends on the investment environment. It is important to create the necessary conditions for attracting foreign investments to the economy of the republic, which can be invested in the economy of that country only when there are (positive) economic, political, social and legal conditions in the country. The attractiveness of the investment environment is an important factor in increasing the flow of foreign investments. In turn, what is the investment environment? What is its attractiveness? How to define the investment climate? In addition, what factors influence the investment climate? It is natural to have such questions. Economists-scientists A. Vakhobov, Sh. Khajibakiev, N. Muminov emphasize the following



about the investment environment: "Investment environment is an economic environment that predetermines the level of volatility of foreign capital investments and the possibilities of their effective use in the country, is a combination of political, legal and social factors. The investment climate is a complex, multifaceted concept, which includes national legislation, economic conditions (crisis, growth, stagnation), customs regime, currency policy, economic growth rates, inflation rates, exchange rates. has indicators such as stability, level of external debt". Also, the set of economic, political, regulatory, social and other conditions affecting the investment processes in the country represents the investment environment.

The growth rate of the flow of foreign direct investments and loans is also strengthening in projects of regional importance, and their total volume will reach 4.8 billion dollars in 2022 (of which in fixed capital - 4, 2 billion dollars) and increased 4 times compared to the corresponding period of 2021 and 24 times compared to 2020. 167 projects with a total value of 858.5 million dollars were commissioned in the regions with the participation of foreign capital only. According to the investment program, in 2022, about 233.2 trillion will be allocated to the main capital from all sources of financing. 7.1 billion soums of capital investments are planned, including direct foreign investments and loans. dollars, foreign investments and loans under state guarantee - 2.7 billion. dollar is planned to be used. In 2023, more than 2,000 objects of social, infrastructural and industrial importance are planned to be commissioned: 206 large production facilities, 240 regional production facilities, 1,600 objects of social and infrastructural importance. are objects.

### Summary:

According to the main trends and indicators of Uzbekistan's socio-economic development and forecasts for the coming years, one of the priority areas is to increase the volume of foreign direct investments attracted in our country. , is to create a more favorable investment environment in order to create reliable guarantees for foreign investors and strengthen their confidence.

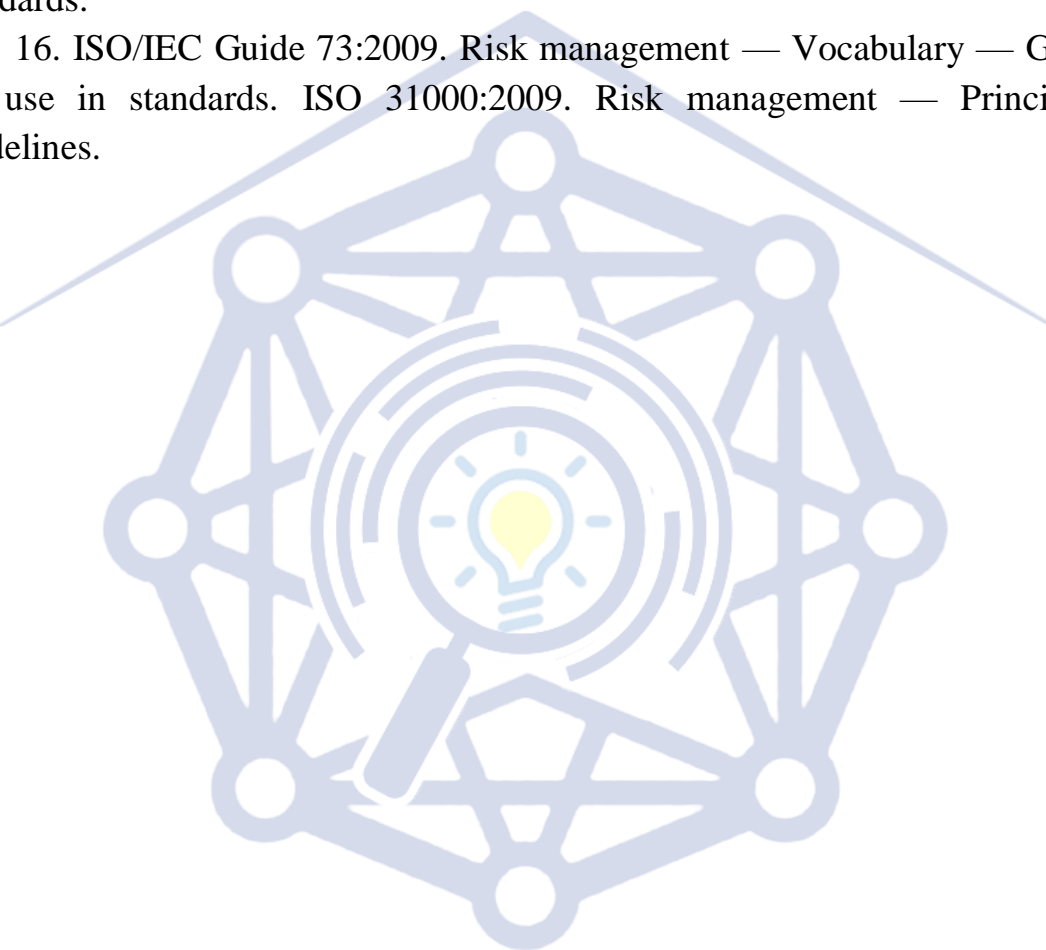
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