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DEVELOPMENT OF FREE ECONOMIC ZONES IN THE ECONOMY OF UZBEKISTAN

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ABSTRACT: the work shows the role of free economic zones in the economy of Uzbekistan, while considering certain problems, as well as offering recommendations for their further development.

Keywords: market economy, economic liberalization, investment, foreign investment, free economic zones, economic growth, investment efficiency.

INTRODUCTION

The current stage of the development of a market economy in Uzbekistan is characterized by the strengthening of its liberalization, the deepening of economic reforms, which is very closely related to attracting investment, in particular foreign investment. Considering the need for further development of the national economy, the task was set, which will allow Uzbekistan by 2030 to enter a number of states with per capita incomes above the average level.[1]. In this regard, the role and importance of free economic zones is increasing, which is associated with significant foreign investment, as well as active influence on the economic growth of the country.

Analysis of literature on the topic

In the economic literature, investment issues are ambiguously considered. Such American economists as Campbell R. McConnell and Stanley R. Brew emphasize that "investment costs as the second main association of aggregate demand" while distinguishing two parameters "interest rates and expected profits"[2]. Russian economists Baronov V., Kostyunina G. [3], consider investments as an integral factor of economic growth; a team of authors led by Kamaev V. D. [4],

focus on the investment accelerator. However, for the existence of an extensive economic literature devoted to the consideration of various aspects of economic development, a number of problems need further research. There is no integrated approach to determining the development of further ways of developing the SEZ in general, and in particular, in the economy of Uzbekistan, there is no conceptual approach to the use of foreign investment in the SEZ.

Research Methodology

In the process of research, systemic, logical, economic and statistical methods and comparisons, analogies, analysis and synthesis were used.

Analysis and results:

The modern market economy of any country today can be characterized by the use of investments in order to create free economic zones (FEZ). In this regard, it should be noted that in Uzbekistan there is also an intensive process of attracting investments to the economy, as well as the creation of free economic zones.

A SEZ is a limited area with a special legal status in relation to the rest of the country. SEZs are

created for recruiting local as well as foreign capital, to expand exports, increase foreign exchange earnings, get a path to innovative technologies, improve the state of the balance of payments and develop a more domestic economy and its effective integration into the world economy. The emergence of SEZs and their functioning allows solving a number of main tasks for countries: increasing the competitiveness of national production in the international arena; inflow of capital into the country; development of the country in the scientific and technical sphere; solving various social problems (reducing the number of unemployed and increasing employment, training more qualified specialists); improving the culture of production in a given country and other important tasks.

The concept of the term special economic zone was defined as a territory with special privileges, which was organized by certain countries, as a condition for attracting foreign businessmen to invest in this country.

In this case, it was necessary to use special investment policies, rules or special support, tax rebates, financial assistance, the provision of work permits for foreign residents. Many businesses were under the rules and privileges of a free economic zone, including industry, agriculture, trade, tourism, services, or any other area that supports free trade zones.

The emergence of free economic zones (FEZ), their functioning, according to the experience of other countries, shows good results in production efficiency. So, according to UNCTAD, today in almost 100 countries of the world there are 4,500 free economic zones, with a significant number of employees. This factor makes it possible to make a good forecast for an increase in their share in world trade [5]

The creation and development of the SEZ is also relevant for Uzbekistan. Their relevance is

significant, because. allows you to solve the most significant problems of the economy associated with the modernization, technical re-equipment of production. At the same time, the emergence of free economic zones allows solving many problems of the economy, such as GDP growth, the problem of employment, improving export-import operations, and training qualified personnel.

The creation of a free economic zone in the republic should contribute to the rise of the economy as a whole, as well as of the regions, the accelerated development of the main branches of material production, a more concise transition of the national economy to the world economy, the processes of the international division of labor, and the solution of social problems of society. The legislative base of Uzbekistan is constantly expanding benefits and preferences based on deepening the process of economic liberalization. This applies to many aspects, such as a long period of operation (30 years from the date of creation), *tax and customs benefits for zone participants (taxation is directly dependent on the amount of capital investment, and tax exemption grows proportionally over the years, depending on the amount of capital investment, and the main criteria were identified when using investment projects; [6]*

Currently, the number of functioning FEZs in Uzbekistan exceeds more than 20, of which 11 are industrial zones, 8 are pharmaceutical, 2 agro-industrial zones and 1 tourist zone, and over the past 13 years (2008-2021), more than 400 projects worth 2, 4 billion dollars, about 34 thousand new jobs were created, which significantly solved the problem of employment.

These projects mainly covered such branches of material production as the production of building materials, chemical and petrochemical industries, food industry, textile industry and other industries.[7].

It should be noted that the country is constantly improving the legal framework that regulates the development of free economic zones. Thus, the Law of the Republic of Uzbekistan "On Special Economic Zones" was adopted, which established the procedure for creating, extending the period of operation and liquidation of FEZs, changing their boundaries, revised their management system, the principles for selecting investment projects for placement on their territory, as well as the procedures for registering them. participants. In addition, the document provides that financing for the construction or reconstruction of infrastructure facilities on the territory of the SEZ can be carried out both at the expense of centralized and non-centralized sources.

However, the process of further development of the SEZ in the country does not always go smoothly. So, back in 2018, the Development Strategy Center and the Swiss PeaceNexus Foundation conducted a study on the effectiveness of free economic zones in Uzbekistan. It was noted that some foreign investors are not very happy that they have invested in the free economic zones of Uzbekistan.

Investors noted that FEZs have not become the locomotives for the development of Uzbekistan's industry, their share in the total industrial production is negligible. Experts noted weak cooperation between free economic zones, the absence of a single state structure responsible for coordinating work.

At the same time, problems were identified that, in our opinion, are subjective in nature and do not accurately reflect the real state of affairs in the FEZ. Thus, certain problems are indicated in the management system, the insufficient level of industrial and social infrastructure, the presence of bureaucratic obstacles in solving investment projects.

We believe that, of course, there are problems in the organization of free economic zones in the country, but here it must be taken into account that investors should not only state the existence of problems, but also themselves more actively delve into investment projects, especially since the state is constantly trying to create more favorable conditions for their existence. Therefore, in this case, the main problem is that the market mechanism for stimulating the activity of SEZs in the country has not yet been fully activated.

So, at the meeting of the President of the Republic of Uzbekistan Sh. Mirziyoyev with the entrepreneurs of the country (08.20.2021.), it was noted that the benefits provided in the FEZ before the adoption of the Law "On Free Economic Zones" (Feb. 2020) are preserved. Entrepreneurs have no worries about this.

Conclusions and offers:

Thus, the analysis showed that if there are certain problems in the functioning of the SEZ, it is necessary to think about more active use of foreign experience, as well as to overcome the problems of imperfection of the system itself, bureaucracy, red tape, and sometimes even corruption.

The main goal of creating and solving problems to create all the conditions for the SEZ is to attract investment within the country, as well as foreign investment; obtaining maximum profit, and as a consequence of this, the development of the country's economy as a whole. In this regard, we offer the following recommendations:

3. creation of the SEZ should be carried out on the basis of the integrated use of all the resources of the country, as well as the Concept of the Investment Policy of Uzbekistan on the SEZ for the medium term;
2. The legislative framework for SEZs must be constantly improved, strictly take into account the negatives in

management of the economy, in particular, red tape, corruption;

3. based on world experience, continue the practice of tax and other benefits and preferences to stimulate their activities; in particular, take the experience of China, South Korea;

4. increase attention to the creation of free economic zones in promising areas of the economy of Uzbekistan, taking into account certain features of the country's socio-economic development.

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