



The Role of Free Economic Zones in the Economy of Uzbekistan

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Abstract

It is known that the role of free economic zones (FEZ) in the rapid development of economic reforms is growing. Demonstrating the economic potential of Uzbekistan, the inexhaustible natural resources of our country are taken into account, which serves to ensure the production of products that meet international standards, are competitive and in demand in foreign markets.

Keywords: *International Transport Hub; High-Performance Technologies; Modern; Economic Zone; In Free Economic Zones*

Introduction

The Law of the Republic of Uzbekistan “On Free Economic Zones” was adopted in April 1996, and the Law of the Republic of Uzbekistan “On Special Economic Zones” was adopted on February 17, 2020. [1. 35] Decree of the First President of the Republic of Uzbekistan I. Karimov dated December 2, 2008 “On the establishment of a free industrial and economic zone in Navoi region” [2.15] creation of favorable conditions for attracting foreign direct investment for the organization of modern, advanced and high-performance technologies, development of transport-transit and social infrastructure, large-scale production of high-tech, competitive products in world markets due to the introduction of innovative technologies has become an important historical document adopted with the great goal of developing the service sector.

The document also states that the city of Navoi is located on important transport routes, ie air corridors, the International Transport Hub. When Navoi Airport received the status of an international airport, a logistics center was established. On January 27, 2009, in accordance with the Resolution of the Cabinet of Ministers No. 21, the Directorate of the Navoi Free Industrial and Economic Zone was established and started its activities. 564 hectares of land have been allocated from the “Dustlik” agrofirma in the Malikrabort fortress of Karmana district of Navoi region for the location of the Free Industrial and Economic Zone (FEZ) [2. 15]. The builders of the Zarafshan construction enterprise of the Navoi Mining and Metallurgical Combine have started work.

The Main Findings and Results

What is a free economic zone (FEZ)? Currently, the country is a separate region with a special economic and administrative order, established by the state to achieve certain economic or socio-economic goals, which provides preferential treatment and opportunities for entities operating in the country (direct investment). exempted from land tax, profit, property, landscaping taxes, mandatory payments to the republican road and school funds, for certain years. The Decree of December 2, 2008 also stipulates non-payment of customs duties on imported equipment, raw materials, supplies, components for manufactured products).

Free economic zones (FEZs) are not really new to the world economy. The first regional free economic zone (FEZ) was Livorno, Italy, which was declared a “Free Trade City” in 1547. By 2012, more than 3,500 Free Economic Zones (FEZs) were established around the world. They are located in about 140 countries. Nearly 70 million people work in Free Economic Zones (FEZs) worldwide. Their annual trade turnover exceeded \$ 500 billion.[1. 81] There are many types of free economic zones (FEZ), and as a result of the development of economic relations and the process of globalization, they are changing and multiplying, both quantitatively and qualitatively.

This is evidenced by the fact that the category of free economic zones (FEZ) includes more than 30 special economic and administrative zones, such as “Free Trade Zone”, “Special Industrial Zone”, “Special Economic Zone”. Taking into account the positive impact of free economic zones (FEZ) on the economic development of the country, another Free Economic Zone (FEZ) “Angren” Special Industrial Zone was established on April 13, 2012.[3. 73]

The decree provides for the creation of favorable conditions for attracting foreign and domestic investment for the organization of modern, high-tech production, ensuring the production of competitive products with high added value. In addition, the task of integrated and effective use of production and resource potential of Tashkent region, on this basis, the creation of new jobs and increase incomes has been set. The decree stipulates that the term of operation of the “Angren” special industrial zone is 30 years.[3. 73] On September 17, 2014, a foreign enterprise “Angren Sugar” was launched in the “Angren” Special Industrial Zone. [4. 52]

Creating favorable conditions for the organization of modern, high-tech production, ensuring the production of competitive products with high added value, integrated and effective use of production and resource potential of Jizzakh and Syrdarya regions, creating new jobs on this basis, In accordance with the Memorandum of Understanding on the implementation of the Uzbek-Chinese industrial park project in Uzbekistan, the Jizzakh Special Industrial Zone (SIZ), a branch of the Jizzakh and Syrdarya regional administrations in the Syrdarya region of Jizzakh region, was established by the Presidential Decree of March 18, 2013 was established.[5. 53]

In April 2013, work on this issue began in earnest. Joint cooperation with Chinese businessmen in the implementation of high-tech investment projects in the Jizzakh Special Industrial Zone (SIZ) in the fields of electrical engineering, machinery, pharmaceuticals, light and food industries, production of modern building materials and polymer products. 54 documents worth USD were also signed. The opening ceremony of the enterprise of “Peng-Sheng” Limited Liability Company (LLC) of China for the production of mobile phones was also held in Syrdarya district. It signed 21 documents worth more than \$ 100 million.[5. 129]

In a short period of time, 12 manufacturing enterprises have been set up in the Navoi Free Industrial and Economic Zone (FIEZ). Hundreds of new jobs have been created. In the past period of 2013, these enterprises produced more than 70 types of products worth 44.9 billion soums.[5. 171] By December 2015, the Navoi Free Industrial and Economic Zone (FIEZ) launched production of modern

phones, tablets, laptops and TVs.[6. 2] In 2015, enterprises in the Navoi Free Industrial and Economic Zone (FIEZ) produced automotive parts, polyethylene and polypropylene pipes, water heaters, LED lamps, high-voltage cables, mobile phones, tuners and modems worth about 200 billion soums. produced.[4. 26]

In 2015, 200,000 tons of cargo was transported by air in the Navoi Free Industrial and Economic Zone (FIEZ). Foreign investors account for 30% of investments in Navoi Free Industrial and Economic Zone [7]. Since the beginning of 2017 in the “Jizzakh” Free Economic Zone, 19 modern enterprises have been launched. The economic zone in Jizzakh produces a wide range of products such as brake pads for cars and trucks, TVs, air conditioners, refrigerators, washing machines, microwave ovens, LED lamps, polypropylene yarns, video and telephones, telecommunications equipment, Internet speed components. In 2016, the Jizzakh Free Economic Zone produced goods worth 255.2 billion soums and exported \$ 11.9 million [8].

It is well known that drugs play an important role in the prevention and treatment of diseases. In turn, the first President of the Republic of Uzbekistan Islam Karimov paid special attention to the development of the pharmaceutical industry, providing the population and medical institutions with high-quality, highly effective and safe medicines produced in Uzbekistan.

During the years of independence, the country has undergone structural changes aimed at further deepening economic reforms in the pharmaceutical sector, launching new and modernizing existing facilities, creating favorable conditions for attracting foreign investment, expanding the production of competitive finished products on the world market. As a result, in 2017, 146 local pharmaceutical companies in the country launched the production of more than 2,000 types of medicines. At the end of 2016, the share of local medicines in the pharmaceutical market of the country amounted to 55%.

In order to increase this share, on May 3, 2017, the President of the Republic of Uzbekistan signed a decree “On Nuks-farm”, “Zomin-farm”, “Kosonsoy-farm”, “Syrdarya-farm”, “Boysun-farm”, “Bostanliq-farm” and “Parkent-farm”. The decree “On the establishment of free economic zones” was adopted [9. 54]. In particular, the decree identified the establishment of free economic zones as a priority in the further development of the pharmaceutical industry.

The decree set the term of the free economic zones at 30 years with the possibility of further extension. Establishment of modern enterprises in the country, free economic zones (FEZ) to ensure the production of competitive products with high added value on the basis of deep processing of local mineral resources, integrated and effective use of production and resource potential of the regions, including new work. Particular attention was paid to development as an important factor in attracting foreign, primarily foreign direct investment, to create jobs and increase the income of the population.

As a result, in 2017, 14 free economic zones were established in 10 regions of the country [10. 156]. By 2021, there are 23 free economic zones and 348 small industrial zones in the country. 453 projects worth \$ 2.6 billion have been implemented in free economic zones and about 36,000 jobs have been created. 1497 projects worth 5 trillion soums were launched in small industrial zones and more than 36,000 people were employed [11. 84].

Conclusion

In short, over the past years, not only the infrastructure of the Free Economic Zone has been improved, investments have been attracted, taxes and benefits have been provided, but also practical work has been done to improve the regulatory framework governing development. As a result, the order of creation of free economic zones, extension and termination of their activity, change of their boundaries was determined [11. 79].

Also, the system of their management, the principles of selection of investment projects for placement on their territory, the procedure for registration of participants in the Free Economic Zone were revised. Such events contribute to the prosperity of the Free Economic Zone, which is one of the major components of our economy, as well as the living standards of the local population.

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