

Opportunities and Prospects of Establishment of Special Economic Zones in Uzbekistan

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Abstract

The article examines the establishment and prospects of free economic zones in the Republic of Uzbekistan, as well as the increasingly urgent problems of ensuring the openness of the national economy and integration of national economies into the world economy in the course of world economic globalization. At the expense of these, countries seek to benefit from participation in the international division of labor. Special economic zones have become one of the effective tools that allow the national economy to enter the world economy and increase its foreign economic activity. Such zones pave the way for countries to implement regional preferences in accelerating socio-economic growth.

One of the important components of the export-oriented strategy is the establishment of special economic zones (SEIs). SEZs were established in order to improve the state of the balance of payments, develop the national economy, attract national and foreign capital, use high technologies, and deeply integrate into the world economy.

Keywords: special economic zone, free port, free export, International Convention on the Simplification and Harmonization of Customs Procedures.

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INTRODUCTION

Forming conditions for ensuring welfare improvement of the population based on dynamic and inclusive economic growth is one of the main priorities of economic reforms carried out in Uzbekistan. In this line, establishment of special economic zones (SEZ) could be one of instruments of achievement of tasks of economic policy. [1].

World experience reveals that SEZ can be efficient tool for stimulating economic development of specific sector of economy and economy as a whole. For example, special economic zones can be industrial development tool triggering increase of exports and development of the regions of the country. World experience also shows that SEZ can be viable instrument for attraction of quality foreign investments.

Currently the Government of Uzbekistan is exploring prospects of establishment of SEZ in the country. In particular, the Government together with other stakeholders is elaborating concept of establishment of SEZ in specific regions and sectors of economy in Uzbekistan and drafting new law “On special economic zones in Uzbekistan”.

To support the Government in establishment of SEZ, UNDP within its joint project with the Ministry of Foreign Economic Relations, Investments and Trade “Support to external economic policy” has been undertaking policy research on establishment of SEZ in order to analyze prospects and possible directions of SEZ in Uzbekistan. This cooperation also extends to joint elaboration of draft of law on SEZ through building research team of national consultants and highly qualified international expert. Within this component, the project arranged study tour to Batam Island of Indonesia on July 2007 for representatives of Government and Government agencies as well as members of the research group to familiarize with specific experience of SEZ functioning in Batam island. [2].

The research team of the project currently works on elaboration of conceptual approaches on establishment and regulation of SEZs in Uzbekistan, analysis of the sectors of economy and regions of Uzbekistan for identifying best types of SEZ, sectors and territories for achieving higher economic effect through SEZ.

However, normal process of regional integration was impeded due to toughening customs barriers as a result of strengthening of the threat of international terrorism, disagreement on interests and reluctance to make concessions, existing problems in the field of water supply and power supply, absence of coordination in transport area. [3].

LITERATURE REVIEW ON THE SUBJECT

In 2001 Uzbekistan became a member of the Shanghai organization of cooperation (SHOC) which has been formed in April, 1996 by Russia, China, Kazakhstan, Kyrgyzstan and Tadjikistan as « the Shanghai five ». The important stage in development of this organization became lead(carried out) in the summer of 2004 in Tashkent summit SHOC. In capital of Uzbekistan started to work Regional antiterrorist structure (PATC) SHOC. In frameworks SHOC realization of wide programs of economic cooperation between its(her) members is stipulated also. [4].

Appendix 3. The basic purposes of the state investment program for years of independence of Republic Uzbekistan

Years	The program purposes
2020-maintenance of steady economic growth and structural transformations to economy on a basis	<ul style="list-style-type: none"> • Activization of investment activity of the enterprises; • Wide attraction of foreign investments for development of modernisation and modernization of manufactures, creation of new workplaces
2021	<ul style="list-style-type: none"> • The further deepening of market transformations in economy of republic; • Increases of a level of localization of completing products; • Expansion of manufacture экспортноориентированной competitive production; • Activization of investment activity; • Wide attraction of foreign investments
2022	<ul style="list-style-type: none"> • The further deepening of structural transformations in economy of republic; • Wide attraction of foreign investments; • Achievement of steady and dynamical development of economy Uzbekistan
2023	<ul style="list-style-type: none"> • Maintenance of steady growth of a total internal product; • The further deepening of structural transformations of economy; • Full-scale realization of strategic social programs; • Creation of new workplaces; • Expansion of attraction of direct foreign investments

The basic direction of perfection of a foreign trade policy and export, in particular, in intermediate term prospect should be the adaptation of an existing trading mode to requirements of the World trading organization (WTO)¹.

The schedule of work of interdepartmental group on adaptation is fixed in the Plan of measures of group on reduction of the legislation conformity with positions of agreements of WTO which provides realization on a stage-by-stage basis of some actions:

1. Studying requirements of system GATT/VTO on time frameworks and a level of adaptation of the national legislation by the moment of the introduction (including, proceeding from features of the introduction into WTO of the countries with transitive economy).

¹ Сиражаддинов Н., « Problems of increase of efficiency of foreign trade of Uzbekistan: теоретико-methodological aspects », the monography, Tashkent – 2021.

2. The analysis of experience of reduction conformity with positions of agreements of WTO of legislations of the foreign countries which are taking place in conditions similar to Uzbekistan by the moment of the introduction.
3. Comparison for conformity of the legislation of Uzbekistan in various spheres of economy to agreements and norms of WTO.
4. Preparation on the basis of the investigated information and the lead(carried out) analysis of offers and the schedule of entering of amendments in нормативно-legal certificates(acts) of Uzbekistan, and also acceptance of new certificates(acts). [5].

Research methodology

During the analysis and study of free economic zones, which are a type of special economic zones, methods of analysis, synthesis and comparative analysis were used.

ANALYSIS AND RESULTS

On results of summit ЕврАзЭС in Saint Petersburg, besides signing the report on connection of Uzbekistan, a number (line) of documents has been signed. Among them the President of the Russian Federation has noted the importance signed by "Gazprom" with узбекистанскими partners of agreements according to which this company has received rights on geological prospecting and development of three largest oil-and-gas deposits in Uzbekistan. Prospective volume of investments of the Russian party(side) in economy of Uzbekistan – \$1,5 billion. In V.Putina's opinion similar measures will have " the big influence not so much on a power situation in region ЕврАзЭС, but also, without exaggeration, in the world as a whole "². [6].

The countries ЕврАзЭС initially position creation of the organization with a view of formation of a mode of free trade, creation of the general(common) currency market, the coordination of positions of states - members in mutual relations from WTO; creations of uniform customs space and the unified system of norms of the legislation and measures of customs regulation, and it is equal uniform management of customs services.

In connection with the introduction in ЕврАзЭС it is required to realize necessary measures on unification of customs procedures. For this purpose it is supposed to develop new edition of the Customs code of Uzbekistan providing maintenance of a transparency in administration of all customs procedures, protection of a home market against penetration of smuggling with participation of the international experts, etc.³

To one of positive aspects of the Euroasian integration should serve and formation of the Uniform Customs union in frameworks ЕврАзЭС. Base for creation of such union the general(common) custom duties becomes. As the prime minister of Belarus Andrey Kobjakov marks: " In frameworks ЕврАзЭС the custom duties is unified only on 62 %, but the agreement, on his(its) unification at a level not мене 75 % " is prepared.

² V.V.Putin. Speech on an emergency meeting of Interstate advice(council) ЕврАзЭС. Saint Petersburg, January, 2022.

³ I.Karimov. « About results of social and economic development of Republic Uzbekistan in 2005 and the major priorities of a deepening of economic reforms in 2022 Performance(statement) at session of the Cabinet from February, 10 2022г.

CONCLUSION AND RECOMMENDATIONS

Free economic zones (СЭЗ) are, perhaps, one of the most appreciable tools of industrialization, economic development and integration in economy of second half of last century. So, the Center of the United Nations Organization on transnational corporations (UNCTC) in 1990 counted economic and quantitative growth СЭЗ of one of the most important tendencies of last decades.

Today the greatest distribution treatment СЭЗ as territories on which by means of economic and organizational regulators and due to introduction of a duty-free mode, foreign trade activities with attraction of foreign investments is stimulated abroad has. However, the definition given in Дополнении VIII Киотской by the convention of 1973 is officially recognized, according to which as a bonded area (a zone "порто-ех") is understood a part of territory of the country, on which the goods are considered(examined) as the objects which are taking place outside national customs territory (a principle "customs экстерриториальности ") and consequently are not exposed to the usual customs control and the taxation.

expansion of export is one of the basic priorities of economic policy of Republic of Uzbekistan. Many countries of the world, conducting similar экспортоориентированный a rate, at different stages of realization of this rate, actively use institute of export zones (ЗЭП-export processing zones).

In conformity with above told the basic purposes of creation ЗЭП are defined(determined):

- Growth of receipt of currency from export;
- Maintenance of employment;
- Attraction of direct foreign investments;
- Transfer of the newest technologies, administrative skills that accompanies with qualitative direct foreign investments into the country.

In the field of right regulation СЭЗ, it is necessary to bring in respective alterations to the legislation of Republic Uzbekistan, such as, for example, acceptance of the Law of Republic Uzbekistan « About special economic zones », containing essentially new, adequate(answering) to modern world(global) practice, effective mechanisms of creation and functioning СЭЗ. For this purpose paramount value has definition of concept « a special economic zone » and classification СЭЗ by kinds depending on activity which is supposed to be carried out in territory of data СЭЗ.

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