

The Role of Free Economic Zones in the Development of Industrial Enterprises

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Abstract

This article presents ways to develop the country's economy, especially industrial enterprises through the establishment of free economic zones and the use of sustainable development models with the implementation of clearly targeted programs.

Keywords: sustainable development, structural changes, short and long breaks, industrial zones, free economic zone, innovation, small industrial zones, free port, logistics, hubs, “FEZ within FEZ” model.



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1.0 INTRODUCTION

Today's serious structural changes in the world economy require the development of countries' economies, in particular, the development of industrial enterprises, the elimination of short and long breaks in them, to ensure their sustainable operation. Achieving such sustainable development is the creation of large, small free economic industrial zones that ensure the rapid and efficient development of industrial enterprises.

The first free economic zones became widespread in Europe, then in the 19th century in Asia and Africa, in the 1930s in America, and in the 1980s in Oceania. Such zones have led to the formation of large trade zones in Europe, the formation of large export-industrial zones in Asia and the development of technical-innovative-scientific zones in North America and the United Kingdom [1]. And ensured the long-term sustainable development of the above regions. The main purpose of large and small industrial zones is to develop the country, to stimulate the development of import-substituting products, to accelerate the development of domestic production.

2.0 MAIN PART

Free economic zones initially began to develop in the example of free cities (free cities), while the ports of Gdansk began to form rapidly around the North and the Baltic Sea. For example: in Hamburg, Lübeck, Bremen, Copenhagen, Königsberg in 1241, the Greek port of Delos, Leighorn (the first free port in the world) developed. After the Second World War, free economic zones were developed and reorganized in many countries around the world. One such free port zone is the port of Vladivostok (Russian Federation), which is suitable for research as a model of regional development [2]. The above free port is in turn becoming one of the largest free zones. As a result of socio-economic reforms in the region, it offers opportunities for rapid development of the Primorsky, Khabarovsk Territories and the Amur region. This port has become one of the largest logistics and transport hubs in the country, forming as one of the educational, cultural and tourist centers of Vladivostok, access to the open ocean, the development of marine bioresources [2].

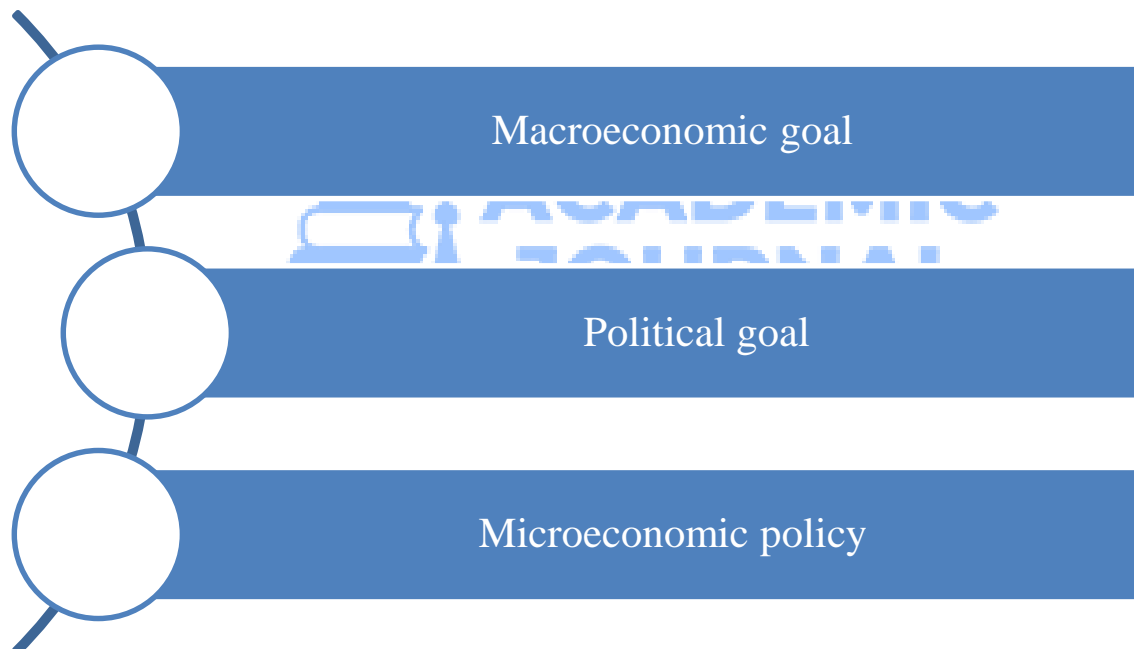


Figure 1. Objectives of free economic zones

Macroeconomic and political goals of free economic zones include the development of strategies for the development of the country's regions, structural changes in the economy. For microeconomic purposes, the formation of foreign exchange earnings through exports, the regulation and targeting of

investment in the economy, the solution of employment problems among the local population are taken into account. World experience shows that today the establishment of free economic zones is one of the most effective models of territorial and economic management, which reveals the investment opportunities of individual economic zones of the country [3]. In the activities of industrial enterprises established in free economic zones, there is a tendency to more freedom, less state intervention. There will be many facilities for industrial enterprises in free economic zones, additional opportunities in transport, infrastructure, warehousing and storage, as well as sales. Today, the Republic of Uzbekistan is implementing a number of economic reforms in the field of free economic zones. As a result of these reforms, there are 17 free economic zones in the country. These include Navoi, Angren, Jizzakh, Urgut, Gijduvan, Kokand and Hazarasp. In the free economic zones, 62 projects worth \$ 486 million have been implemented, including 4,600. more jobs were created. In the pharmaceutical sector, there are 7 new free economic zones: Nukus-farm, Zomin-farm, Kosonsoy-farm, Syrdarya-farm, Boysun-farm, Bostanliq-farm, Parkent-farm. Consistent work is being done to develop the zones. At the same time, small industrial zones are being established, as a result of which 137 such zones are functioning. They implemented 1,021 projects worth 535 billion soums and created more than 9,600 jobs. Within the framework of these projects, the production of light industry, chemical, food products, electrical appliances, modern building materials, furniture and other finished products, which are in demand not only in the domestic but also in foreign markets, has been launched.

Table 1.
Characteristic features of free economic zones

Characteristic sign	FEZ in developed countries	FEZs in developing countries
The main types of FEZ	Trade, service, technical and production, cross-border free economic zones	Industrial production, trade FEZ
Location	Coastal, inland, transboundary area, SEZs close to the port	Coastal region, inland, frontier, transboundary region
Purpose	It largely achieves microeconomic goals in the development of the economy	It directly implements microeconomic goals, which also take into account macroeconomic goals
Investment climate	Low benefits, low share in large-scale infrastructure, low restrictions	Lots of benefits, lots of restrictions, availability of specific management methods, high share in large-scale infrastructure
Customs regulations	Free trade policy or the application of the enclave model within the country, a high level of customs control	Free trade policy in many SEZs

There are more than 2,000 free economic zones around the world with a wide range of activities, including 400 free trade zones, 400 research and production zones, 300 industrial export zones, and 100 special (offshore) zones. World practice shows that a number of large and small free economic zones are being established within many specialized free economic zones. Named the "FEZ within the FEZ" model.

In conclusion, the development of free economic zones in the country is one of the most effective areas. FEZs play an important role in the development of the country's economy, and they are realized through a number of its goals.

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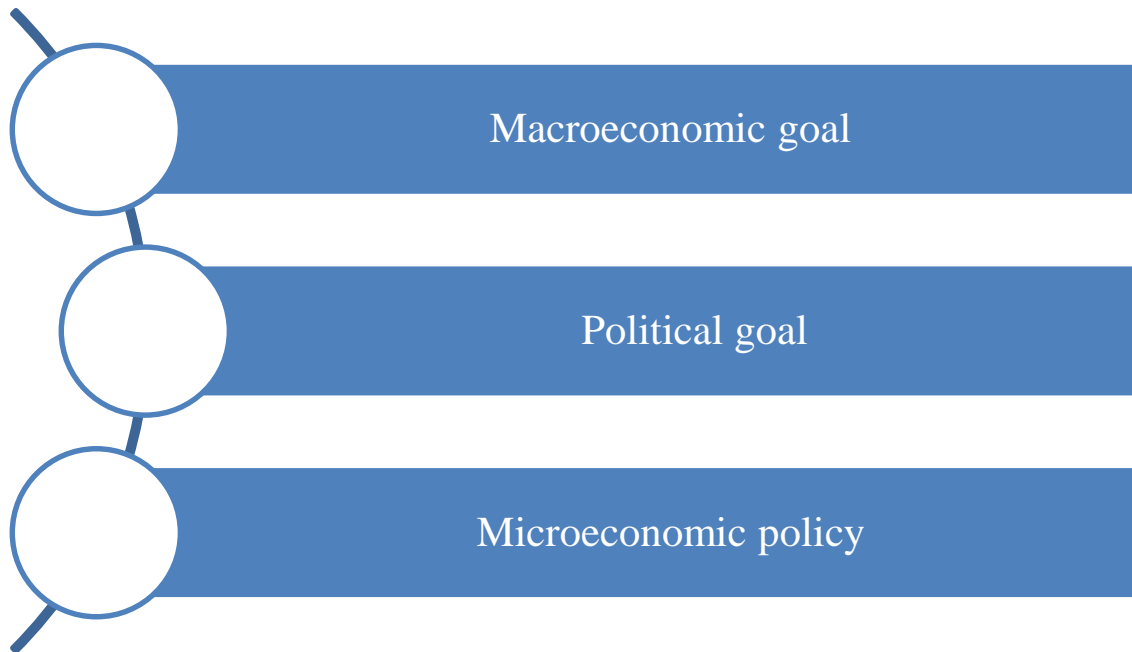


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