

## INDUSTRIAL-ECONOMIC ZONE SOCIAL AUTHORITY GUARANTEE

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**Annotation:** In this article, scientific information about economic zones, which are the drivers of the economy of developed countries in the world experience, is presented. Introduction of foreign investments in industrial zones through economic reforms implemented in Navoi Uzbekistan, application of foreign projects, as well as Navoi free industrial zone, one of the first industrial zones in the republic, and its establishment today. Free economic zones in Uzbekistan have been highlighted.

**Key words:** Presidential decree, logistics, Navoi, free, industrial zone, tax, customs, export, import, raw materials, production, diplomatic cooperation, economic zone.

The ancient and modern land of Karmana, located on the Great Silk Road, is one of the ancient lands located in the center of the first civilization of mankind. The passage of the main branch of the Great Silk Road through this country has been of special importance in the development of trade between ancient peoples and countries, and the development of mutual cultural relations between peoples. Ancient rabots and fortifications in the area are also recognized as evidence of international transit trade. Navoi region is one of the international logistics centers in independent Uzbekistan today. Despite being a young region, several branches of industry are developing.

It is known that effective cooperation with foreign investors and active involvement of foreign investments in the economy are of the most important and priority importance in the development of any region and region of our country. For these purposes, the city of Navoi was the first in our Republic to have an international airport The Decree of the President of the Republic of Uzbekistan “On the establishment of a free industrial-economic zone in the Navoi region”<sup>1</sup> and the scope of the works carried out on the basis of this are the confirmation of these opinions. The decree envisages the further strengthening of the production potential of the region, in particular, the city of Navoi, the development of transport and social infrastructure, the introduction of high technologies, and the active attraction of foreign investments, primarily direct investments, to the economy. *Expanding the influence of the investment environment on the stability of socio-economic development in the regions of our republic, the establishment of industrial zones is one of the important signs of economic development. Today, 21 free economic zones are operating in our*

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<sup>1</sup> On the establishment of a free industrial-economic zone in the Navoi region. Decree of the President of the Republic of Uzbekistan // People’s word. December 4, 2008.

*country for the purpose of developing foreign investments. Free economic zones “Navoi”, “Angren”, “Jizzakh”, “Urgut”, “Gijduvon”, “Ko‘kan”, “Khazorasp” are operating through social economic programs.*

Today, the establishment of diplomatic relations with the industrial enterprises of foreign countries accelerates the processes of technical re-equipment and renewal of production, the establishment of new joint ventures, the introduction of modern, new techniques and technologies into production, the development of products intended for export. It is of great importance in the development of production, introduction of production of products that replace imports, and raising the standard of living of the population. In the 70s of the last century, the number of Free Economic Zones was 79, and today it is 5,400 and has increased almost 70 times<sup>2</sup>.

It is necessary to create the necessary legal, social-economic and other necessary conditions for attracting foreign investments to the republic's economy on a large scale. First of all, it was a difficult task for us to achieve positive results without creating a system of foreign investors that meets international standards. In this regard, in 1991, the laws of the Republic of Uzbekistan “On Foreign Economic Activities”<sup>3</sup> and “On Foreign Investments”<sup>4</sup> were adopted, which changed the economic management from administrative-command methods to market methods in the initial stages of economic reforms. It plays an important role in the gradual transition, including the regulation of foreign economic activity. On the basis of the special decree of the President of the Republic of Uzbekistan dated July 24, 1992 “On the promotion of foreign economic activity in the Republic of Uzbekistan, the attraction and protection of foreign investments”<sup>5</sup> the first priority measures in the field have been determined. The decree also provided for the attraction of additional capital funds, the use of advanced technologies and management practices, reliable guarantees of protection of the rights of foreign investors and effective use of the economic potential of the republic as a whole.

and “On Guarantees of the Rights of Foreign Investors and Measures for their Protection”<sup>6</sup> adopted by the parliament of our country<sup>7</sup> formed the core of the

<sup>2</sup> Karimkulov Jasur Imomboyevich “Issues of development of attraction of foreign investments in free economic zones”. Doctor of Economics (Dsc) Dissertation Abstract. Tashkent. 2019. 15 – P.

<sup>3</sup> About amendments and additions to the law of the Republic of Uzbekistan “On foreign economic activity of the Republic of Uzbekistan” // Bulletin of the Oliy Kengash of the Republic of Uzbekistan. Tashkent, 1992. Issue 9, pp. 153-154.

<sup>4</sup> The Law of the Republic of Uzbekistan “On Amendments and Supplements to the Law on Foreign Investments in the Republic of Uzbekistan” // Bulletin of the Oliy Kengash of the Republic of Uzbekistan. Tashkent, 1992. Issue 9, pp. 154-157.

<sup>5</sup> Decree of the President of the Republic of Uzbekistan “On measures to promote the foreign economic activity of the Republic of Uzbekistan, attract and protect foreign investments” // Bulletin of the Oliy Kengash of the Republic of Uzbekistan. Tashkent, 1992. Issue 9, pp. 238-240.

<sup>6</sup> See: Law of the Republic of Uzbekistan on Foreign Investments. // Bulletin of the Oliy Majlis of the Republic of Uzbekistan. Tashkent, 1998. Nos. 5-6, pages 360-365.

<sup>7</sup> The Law of the Republic of Uzbekistan “On guarantees of enterprises of foreign investors and measures to protect them” // Bulletin of the Oliy Majlis of the Republic of Uzbekistan. Tashkent, 1998. No. 6, pp. 360-365.

investment legislation.

Today, the decree on the establishment of a free industrial economic zone in our region, which is considered one of the main points of our country, is being recognized and developed by the world community as an important historical document that defines the perspective of several decades or even hundreds of years. The Republic of Uzbekistan, which has entered the 21st century, is resolutely following the path of development and fundamental renewal. Independence opened a wide path for free expression of opinion, restoration of true spiritual and moral values, and independent development.

In the territory of the Navoi free industrial zone, investment cooperation with foreign countries has been implemented in recent years. In this, we can see the leadership of Great Britain, China, Korea, Italy, and India.

Attracting foreign investments to the economy of our country is not only the implementation of new, promising projects in cooperation with foreign partners, but also the introduction of new modern machinery, tools and equipment, technologies, and on this basis, it is aimed at ensuring the high quality of our products. The most important thing is to bring preferential investments from abroad, which ultimately means building a competitive, strong economy in our country and being able to take our rightful place in the world market. I think that today there is no need to prove this fact to anyone. It should be emphasized that investments, first of all, the flow of foreign direct investments - this is the correctness and effectiveness of large-scale democratic and market reforms implemented in our republic by our foreign partners. is another confirmation of their willingness to cooperate with us. It goes without saying that no self-confident foreign company, especially a private company, will step into a market where deep reforms are not being implemented, where there are no necessary guarantees and prospects for investment. This imposes on us the task of regularly and comprehensively dealing with the issues of creating an environment that is as comfortable as possible for foreign investments.

The development of independent Uzbekistan and its formation on a large scale requires the creation of high-potential opportunities, raising it to the ranks of world countries. In the implementation of national economic recovery, the formation of an economically socially strong and morally healthy society is the main task of the state transitioning to the market economy today. From the first days of independence, one of the main and urgent tasks of independence was the task of building a state that conforms to world standards, implementing fundamental reforms in the political, social, economic and spiritual spheres. Most of these works have been carried out since independence. The foundations of the internationally recognized constitutional and legal paradigm of cooperation were formed. Over the past short period, many reforms have been implemented to improve the economy of our country and raise the standard

of living of the population.

*International experience analyzes show that the country and the region have a stable economy growth, attracting local and foreign investors to it can be achieved by increasing investment activity. In this process free industrial economy zones of investment activity* is one of the most effective forms of motivation. The establishment of the free industrial and economic zone “Navoi” in the territory of the international airport of Navoi city, in the situation where our economy is developing, will increase and expand the production of competitive products in world markets, create additional jobs, and further improve the economic and social well-being of the population. is of great importance. Including Presidential Decree No. 4059, adopted on December 2, 2008, “On the establishment of a free industrial and economic zone in Navoi region”, as well as the provision of a communication system for the transportation of cargo flows in the “Navoi” SEZ. and in order to form an international intermodal logistics center based on the Decision of the President of the Republic of Uzbekistan dated December 31, 2008 No.

After all, the economic programs and concepts developed by our president in applying these principles to the society are also bearing fruit. If the economic development of a society is good, the development of this society will increase. The establishment of the free industrial and economic zone “Navoi” in the region is of great importance in terms of increasing and expanding the production of competitive products in the world markets in a situation where our economy is developing, creating additional jobs, and further improving the economic and social well-being of the population. After the establishment of the free industrial-economic zone “Navoi”, other cities are also becoming economic zones in order to improve our economy. On April 13, 2012, the “establishment of the Angren special industrial economic zone” and the modernization, improvement, development and equipping of the “Angren logistics center” in one of the suburbs of our capital are considered by our state to be one of the unique stages in the development of the economic regions of our country in the future. became one. As a result, economic zones began to be established in all regions.

Navoi region, in particular, the city of Navoi, has been serving as an important factor in further increasing the production potential, its wide implementation based on new techniques and technologies, the development of transport-transit and social infrastructure, the introduction of high-level technologies, and the attraction of foreign investments. The results of the reforms are visible in various aspects of our society, particularly in the economic improvement, socio-economic, cultural-educational, scientific and technical spheres. The results of the achievements in this regard are the tasks defined in the “Strategy of Actions” of the President Sh. Mirziyoyev for the further development of the Republic of Uzbekistan, as well as the PF-4853 of October

26, 2016 “Additional measures to activate and expand the activities of free economic zones” about Decree of the President of the Republic of Uzbekistan “On additional measures to improve the efficiency of free economic zones and small industrial zones” dated October 25, 2017 No. PQ-3356 dated June 5, 2018 “Navoi Resolution PQ-3774 of the President of the Republic of Uzbekistan dated December 21, 2018 “On measures to expand the activities of the free economic zone and establish small industrial zones in the Navoi region” “Coordination and management of free economic zones on measures to further improve the system PF-5600 Decree, implementation of the tasks specified in the normative legal documents related to other fields, started the development of a new industrial driver in the socio-economic development of our country. At the same time, the legal basis regulating the activity of free economic zones is being formed, and the administrative bases are being formed.

The creation of the Navoi free industrial economic zone is based on the logical interdependence of 4 structural centers under the concept.

- **industry**
- **logistics**
- **innovation**
- **tourist, cultural and recreational (restoration of cultural resorts)**

Today, it is one of the important factors to apply the decisions and decrees related to our economy and which are being developed in time for our society to the economy and at the same time to increase the effectiveness of economic programs aimed at our economy. This, of course, is a proof that the economic strategic plans have been developed, that the economy of Uzbekistan is developing steadily, and that all economic opportunities have been created for successful operation here. “The accumulated experience of the organization of free economic zones and its operation in developed countries shows that the use of this method has its positive effects in the development of the country’s economy, in the application of new economic ideas to social life. has aspects”<sup>8</sup>. The main direction of activity of economic entities in this free industrial and economic zone is the large-scale production of high-tech, competitive products in world markets due to the introduction of the most modern equipment and machinery, technological lines and modules, innovative technologies. consists of output. It is planned to produce a wide range of electrotechnical and electronic products, machinery, automotive industry components, food, pharmaceutical products and medical equipment in this area.

This, in turn, requires the study of problems related to today's economic, social, political and material basis of Uzbekistan. This is based on scientific ideas. “Implementation of an active multilateral foreign policy that corresponds to the

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<sup>8</sup> Созидание специальных экономических зон в Республике Узбекистан. (Аналитический доклад) Программа развития ООН, 2008. –С-3.

national interests of Uzbekistan is a necessary condition and an extremely important tool for strengthening the independence of our country, eliminating economic difficulties and improving people's livelihood”<sup>9</sup>.

Establishment of free industrial economic zones are specific areas where preferential tax and financial legal conditions are introduced for economic and foreign economic activities in accordance with interstate agreements or special laws. As soon as Uzbekistan gained the status of an independent state, it took the path of equal sovereign cooperation with the international community. Today, Uzbekistan has become a country that has its rightful place and voice in the world community. During this short period of time, the Republic of Uzbekistan cooperates with a number of countries of the world in economic, social, political, cultural, spiritual and similar fields, and today its geography is expanding.

In the current globalization conditions, based on the requirements of market relations, there is a fierce struggle for investments in the world. “Liberalization of foreign economic activity, improvement of legal, socio-economic and other conditions that ensure the attraction of direct foreign investments in the economy of our country, wide attraction of foreign investments, funds in the most priority directions and production of competitive products Incorporation in different directions is the main principle of the investment policy carried out in the republic”<sup>10</sup>. Uzbekistan is gradually moving towards production based on market relations. Economic stability has been achieved at the country level, competitive, world-class quality products that increase the foreign currency income of our state treasury have been produced, and the volume of exports has been continuously increased. The form of ownership in production has changed, the investments of world countries' enterprises and individuals have been brought to our country, large joint ventures, small and medium business enterprises have been established, and a wide path for entrepreneurship has been opened. This way of socio-economic development was recognized by the international community as the “Uzbek model” of development. Foreign investment is one of the important factors in achieving a high level of development and sustainable economic growth of any economic system. In fact, it is not a secret to anyone that modernized, technically and technologically re-equipped plants and factories, newly created modern joint enterprises are producing competitive, expert-oriented products in our republic, which is actually the honor of investments. It is necessary to attract foreign investments, first of all direct investments, to organize modern high-tech productions that meet world standards and ensure the production of products demanded by world markets. Therefore, “at the current stage of the modernization of the economy of Uzbekistan,

<sup>9</sup> Karimov I.A. “Uzbekistan’s own path to independence and development”. - Tashkent: Uzbekistan, 1992. – P.9.

<sup>10</sup> Mahmudov N.M., Madjidov Sh. A. Organization and financing of investments. Study guide. - Tashkent: TDIU, 2010. – P.86.

further improvement of the mechanisms of implementation of investment activity is required. The formation of the investment market is a necessary condition for solving the problems of gathering investment resources, turning savings into investments, and increasing the efficiency of their use”<sup>11</sup>.

Attracting foreign investments to Uzbekistan will help to establish various forms of ownership in a short period of time. It provides structural reconstruction in the economy of Uzbekistan, establishment of influential networks. The most important thing is the international integration of the economy of Uzbekistan and the export of high-quality, competitive products to the international market, and ensuring that Uzbekistan has a place there. As a result of this, the growth of exports and the increasingly positive balance of payments of the republic will be achieved. In recent years, several production associations have been established in the free industrial zone. In particular, the construction of the new profile manufacturing plant started in 2015 by the AKFA company has an annual capacity of 40,000 aluminum profiles. The products developed by the company are exported to Afghanistan, Kazakhstan, Tajikistan, Turkmenistan, Austria, Poland, the Czech Republic and other countries in addition to Uzbekistan itself. At the same time, employment of the population is provided. Currently, if we talk about the free economic zone “Navoi”, during the past 8 years, only 24 projects have been implemented there, the share of direct foreign investments in them is very low, and only 900 people employed. Last year, the volume of product production decreased by 24 percent<sup>12</sup>.

Economic entities registered in the Navoi free industrial-economic zone are exempted from land tax, profit, property, beautification and social infrastructure development taxes, single tax in the following amounts of direct investment for the specified period. are exempted from payment, mandatory payments to the Republic road and school funds:

- 3 mln. 10 million euros. up to euro - for 7 years;
- 10 mln. 30 million euros. up to the euro - for 10 years, a 50 percent reduction in profit tax and single tax payment for the next 5 years;
- For more than 30 million euros - for 15 years. In this case, the amount of profit tax and single tax payment for the next 10 years was set at 50 percent of the current rate<sup>13</sup>.

Economic entities registered in the Navoi free industrial-economic zone are exempted from paying customs fees for imported equipment, raw materials, materials, components for products manufactured for export.

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<sup>11</sup> Karimov N. Problems in financing investment activity through securities and ways to solve them. /Economy and education. 2011, No. 5.

<sup>12</sup> Mirziyoyev Sh.M. Critical analysis, strict order, discipline and personal responsibility should be the daily rules of every leader's activity. - Tashkent: Uzbekistan, 2017. - 29.P.

<sup>13</sup> Decree of the President of the Republic of Uzbekistan “On the establishment of a free industrial-economic zone in the Navoi region”//People’s word. December 4, 2008.

At the same time, economic entities registered in the free industrial-economic zone are exempt from customs fees for the equipment and raw materials, materials and components imported for the purpose of production of export-oriented products for the entire period of its operation. will be done; if they are brought to the domestic market for sale, 50 percent of the established rates are charged. In addition to the above, they are given the opportunity to use favorable terms and forms in export and import settlement transactions. The main goal is to attract foreign investments, primarily direct investments, to establish modern high-tech production facilities that meet world standards and ensure the production of products in demand in the world market. creation of favorable conditions, further increase of industrial potential, production capacity of Navoi region, development of transport-transit and social infrastructure. In addition to the attraction of foreign investment aimed at the activation of economic processes and the development of a certain sector, the establishment of free economic zones also allows solving a number of issues, including:

Expansion of innovative activities, rapid development of transport and telecommunication infrastructure;

To support the export of industrial products and increase foreign exchange earnings, to master the production of new types of products, to establish industrial zones that produce full-cycle products;

Increasing the competitiveness of local products and services in domestic and foreign markets by introducing international quality, certification, and packaging requirements;

Deep processing of raw material resources, production of high added value products;

Introduction of modern management and economic methods (assimilation of international standards of business cooperation, production of new mechanisms and adaptation of the experience of international market relations to the conditions of the republic's territories);

Establishment of new workplaces, training and training of skilled workers, engineers, economic and management personnel. Also, the form of the free industrial economic zone depends on the goals set by the state in its organization.

**First**, the main goal of the establishment of free economic zones is to involve the country more deeply in the process of development of the international division of labor.

**Secondly**, the free industrial-economic zone has a great role in supplying the country's domestic markets with high-quality products, primarily import-substituting products, and for this purpose, import-substituting production is organized in this area with the help of foreign investment. will be done.

**Thirdly**, the creation of a free industrial-economic zone implies not only joining



the international division of labor in the areas of production, but also in the fields of tourism, culture, and sanatorium-resort.

**Fourthly**, to ensure the acceleration of domestic and foreign scientific and technical discoveries of the free industrial-economic zone, and their subsequent use in the national economy of the country, as well as the wider implementation and application of the quality management system (ISO standards). allows.

**Fifth**, one of the goals of the free industrial economic zone is to reduce the cost of loss of goods during transportation, to significantly reduce the time of delivery of goods by placing enterprises next to each other and forming full-cycle production zones. An Export Support Center will be established within the structure of the Navoi SEZ Directorate, which will assist participants in exporting their products. It will be possible to provide consulting, brokerage services, conduct marketing research, and other opportunities will be created here.

In conclusion, the stability of economic growth remains one of the main factors of attracting foreign direct investment. The basis of reforms implemented and deepening in Uzbekistan is the liberalization of economic relations, improvement of the social living conditions of the population, attracting investments to the economy in the context of modernization of the society, and increasing the effectiveness of the use of foreign investments.