



The Role of Free Economic Zones in Attracting Investments

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Abstract: It is known that free economic zones (FEZs) play an important role in economic development, attracting investment and creating jobs. This article analyzes the role of SEZs in attracting investment and their impact on economic growth. The main mechanisms and tools that make SEZs attractive to investors, such as tax incentives, simplified procedures and other advantages, are considered. A comparative analysis of successful examples of using SEZs in different countries of the world is also carried out. The results and conclusions of this study may be useful for policymakers, economists and entrepreneurs interested in attracting investment and creating a favorable business environment.

Key words: Free economic zones, investments, economic growth, tax benefits, simplified procedures, attracting investments, business environment.

1. INTRODUCTION

Free economic zones were created in different countries of the world at different times, but the common goal for all was to attract foreign investors and develop exports. SEZs provide special benefits and rules that allow investors to reduce production costs and speed up the process of making a profit. This may include exemption from taxes, customs duties, rental payments, more flexible labor relations and other benefits. One of the main advantages of the SEZ is attracting foreign investors. This allows countries and regions to gain access to new technologies, expertise and capital. Foreign investors can create new enterprises, expand existing ones, or transfer their production to the SEZ. This helps create new jobs and improve living standards in the regions. Another advantage of the SEZ is the simplification of the export of goods and services. Thanks to special rules and benefits, export companies can deliver their products to world markets faster and cheaper. This contributes to the development of the export potential of countries and regions, increasing export volumes and improving the trade balance. SEZs are also a platform for the development of new technologies and innovations. Foreign investors can bring with them new technologies and knowledge, as well as invest in research and development. This contributes to the creation of new products and services, improving production quality and competitiveness in world markets. SEZs can also help improve the socio-economic situation in the regions. Creating new jobs and attracting investment can reduce unemployment and increase income levels. In addition, investors in SEZs often invest in social programs and charity, which improves the quality of life in the regions.

In general, free economic zones are an important tool for attracting foreign investors and developing exports. They contribute to the creation of new jobs, the development of new technologies and the improvement of the socio-economic situation in the regions. Therefore, many countries and regions continue to actively develop their SEZs and attract new investors.

2. ROLE OF SEZ IN ATTRACTING INVESTMENTS

Free economic zones (FEZ) are territories where special rules for doing business and investing apply. They are created with the aim of attracting foreign investors and developing exports. Special economic regimes may operate within the SEZ, providing investors with special benefits and rules. These benefits may include exemption from taxes, customs duties, rental payments, more flexible labor relations and other benefits.

Free economic zones play an important role in attracting foreign investment due to their attractive conditions for investors. They create a favorable environment for business, which contributes to increased investment and development of the country's economy. One of the main attractive features of the SEZ is the exemption from taxes and customs duties. This allows investors to significantly reduce their costs and receive additional profits. In addition, a simplified business registration procedure allows you to quickly start your business, which is also attractive to investors. The availability of the necessary infrastructure and skilled labor is also an important factor in attracting investment in SEZs. Investors can be confident that they will have access to the necessary resources and will be able to find qualified specialists for their business. The special legal regime in the SEZ is also attractive to investors. It ensures that their rights and interests are protected, allowing them to feel secure and confident in their investments. In general, free economic zones are an important tool for attracting foreign investment and developing the country's economy. They create a favorable environment for business, which contributes to increased investment and economic development.

3. IMPACT OF SEZ ON ECONOMIC GROWTH

Free economic zones (FEZs) can have a significant impact on a country's economic growth. The introduction of SEZs can lead to an influx of foreign investment, the creation of new jobs, infrastructure development, technological progress and increased exports. The creation of a SEZ can also contribute to the development of local enterprises and attract new investors, which in turn helps to increase production and improve the country's competitiveness in the world market. However, the impact of SEZs on economic growth may vary depending on the specific conditions and policies pursued in a given country. It is also important to consider possible negative impacts such as income inequality, environmental issues and pressure on local resources. Thus, although SEZs can contribute to economic growth, it is necessary to analyze and evaluate their impact on a particular country and region, and develop appropriate strategies to maximize their positive impact.

Uzbekistan also has special economic zones that play an important role in stimulating the country's economic growth. The introduction of SEZs led to an increase in investment, the creation of new jobs and the development of infrastructure. The creation of the SEZ helped attract foreign investors and develop local enterprises, which in turn increased production and contributed to improving the competitiveness of the Uzbek economy. However, despite the positive aspects, possible negative consequences should be taken into account. For example, income inequality between regions, environmental problems and pressure on local resources may arise as a result of SEZ activities. In general, special economic zones have a positive impact on the economic growth of Uzbekistan, but to maximize their positive impact, it is necessary to analyze and develop appropriate strategies, taking into account the specifics of the country and region.

4. MECHANISMS AND TOOLS OF SEZ

Free economic zones (FEZ) in Uzbekistan use various mechanisms and tools to attract investment and stimulate economic growth. Some of them include:

1. Tax benefits.

SEZs provide investors with tax benefits, such as exemption from income tax, property tax and customs duties, making investments more attractive.

2. Simplified registration and licensing procedure.

For enterprises operating in the FEZ, accelerated and simplified procedures for registration and obtaining licenses have been established, which facilitates the rapid launch of business.

3. Special working conditions

Some FEZs offer special working conditions, such as flexible work hours, which can attract qualified specialists and increase labor productivity.

4. Infrastructure support.

The state provides infrastructural support for SEZs, such as the construction of roads, energy facilities, communications and other facilities, which facilitates business development.

5. Financial support.

In some cases, the state provides financial support for investment in SEZs, for example through the provision of preferential loans or guarantees.

These mechanisms and tools help attract investment, create new jobs and develop the economy within special economic zones in Uzbekistan.

Free economic zones (FEZ) play an important role in attracting investment in Uzbekistan. They make it possible to create conditions for developing exports, accelerating economic growth and increasing the level of competitiveness of the country. The SEZ provides benefits and preferences for investors, such as exemption from taxes, customs duties and other payments, as well as simplified registration and licensing procedures. In addition, SEZs provide infrastructure and services for business, such as ready-made production facilities, warehouses, offices, transport and communication networks.

FEZ participants are exempt from paying income tax, property tax, land tax, customs duties and other payments. In addition, they are given preferences regarding registration, licensing and construction permits.

These benefits are provided for a certain period depending on the amount of investment made, including the equivalent of:

- ✓ from 300 thousand US dollars to 3 million US dollars - for a period of 3 years;
- ✓ from 3 million US dollars to 5 million US dollars - for a period of 5 years;
- ✓ from 5 million US dollars to 10 million US dollars - for a period of 7 years;
- ✓ from 10 million US dollars and above - for a period of 10 years, with the application of an income tax rate and a single tax payment of 50% below the current rates over the next 5 years.

5. ANALYSIS OF SUCCESSFUL EXAMPLES OF USING SEZ IN VARIOUS COUNTRIES OF THE WORLD

There are many successful examples of the use of special economic zones (SEZs) in various countries around the world. Some of them include:

1. China: China is one of the most successful examples of using SEZs. Especially famous are the SEZs in the cities of Shenzhen, Zhuhai and Xiamen, which became the basis for the economic boom in the country. Thanks to tax incentives, simplified registration and licensing procedures, and infrastructure support, China's SEZs have attracted huge investments and contributed to rapid economic growth.
2. Singapore: Singapore has also successfully used SEZs to attract investment and develop the economy. The Marina South SEZ is particularly well known for providing tax incentives, financial support and infrastructure support to companies in the financial services, technology and innovation sectors.
3. UAE: The UAE has also successfully used SEZs to develop its economy. For example, Dubai's Jebel Ali SEZ provides tax incentives, simplified registration and licensing procedures, and infrastructure support for companies in the logistics, manufacturing and technology sectors.

These examples demonstrate that the proper use of SEZs can lead to significant economic growth, attract investment and create new jobs.

6. CONCLUSION

In conclusion, special economic zones can indeed be a powerful tool to stimulate economic growth and attract investment. They provide companies with privileged conditions for business development, which helps create new jobs and improve the economic situation in the country. However, for the successful use of SEZs, proper planning, effective management and monitoring of their functioning are necessary to avoid possible negative consequences such as corruption and inequality. Special economic zones have great potential to stimulate economic growth and attract investment, but their successful use requires proper planning, management and control. With the right approach, they can help create new jobs and improve the economic situation in the country. However, it is necessary to be vigilant to avoid possible negative consequences such as corruption and inequality. Overall, with the right approach, SEZs can be a powerful tool for achieving economic prosperity and sustainable development.

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