

## Investment Activity in Special Economic Zones Increase

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**Abstract.** The article examines the economic content of special economic zones, the issues of increasing investment activity in these zones, the influence of Uzbekistan's worthy place in international rankings on the investment flow in these economic zones. Conclusions and recommendations based on the results of the research are presented.

**Key words:** special economic zones, industrial and business zone, international rating and indices, foreign investment, doing business.

It can be seen that various economic mechanisms are being used to increase investment activity in the context of increasing "economic wars" for the global flow of investments. It should be noted that one of such mechanisms is special economic zones. When talking about the importance of these regions, it is important to establish special privileges in the development of the regional economy, to deepen the division of labor, to adopt special development programs, to establish special economic zones in some regions with a low level of economic development. trends are developing.

Studies show that the practice of organizing special economic zones is widely used as one of the effective economic mechanisms for the development of the regional economy in the world. The reason is that relatively free economic management is established in these regions, with the direct intervention of the state in the economy being limited.

Also, the concept of "free economic zones" used in international practice is the concept of "special economic zones" in the general sense in relation to these areas in accordance with the Law of the Republic of Uzbekistan "On Special Economic Zones" adopted in our country on February 17, 2020 application is defined. For this reason, below, the results of scientific research on special economic zones and the opinions of economists are expressed by citing the combination of "free economic zone (zone)" without any changes.

It should be noted that "Free economic zones are mainly established in favorable geographical areas with access to large regional markets and areas rich in raw material resources. This increases the possibility of selling goods produced or packaged in these economic zones. In industrially developed countries, these zones are established in regions where the infrastructure is not developed and the rate of development is lower than in other regions of the country. This creates an opportunity to provide employment to the population, to direct internal and external financial resources to their territory, to develop areas with underdeveloped infrastructure."

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Today, a number of large financial institutions and scientific research institutions, including the World Bank, Financial and Insurance Advisory Services (FIAS), International Finance Corporation (IFC), special economic zones that are important in regional economic development and investment in them in the scientific researches of Federalnogo gosudarstvennogo uchrejdeniya "Federalnyi issledovatel'skii tsentr "Informatika i upravlenie" Rossiyskoy akademii nauk", Princeton University (USA), Korean Investment Agency, etc. the fact that issues of increasing activity are in the center of attention once again shows the relevance of these issues. For example, the report "World Investment Report-2019" published by the international organization UNCTAD (United Nations Conference on Trade and Development), which is the United Nations Conference on Trade and Development, states as follows: "Special economic zones are widely used in most developing and many developed economies. In these geographically limited areas, governments stimulate the flow of investment into the economy through financial and regulatory incentives and infrastructure support.

Today, there are about 5,400 zones in 147 countries, compared to 4,000 5 years ago, and more than 500 new special economic zones are expected to be established. It should be noted that the trend of increasing investment activity of special economic zones is part of the new wave of global industrial policy and a response to the increasing competition for international mobile investments.

For the rapid development of the economy, the activation of the flow of financial resources and the continuity of their attraction are naturally required. Improving the activities of the special economic zones created for the purpose of developing economic sectors, including foreign investments and infrastructure sectors in our country at the expense of foreign investments, attracting modern technologies to them, modernizing economic management mechanisms through digital technologies are important directions of today's economic policy. is considered

In our opinion, special economic zones can be located not only inside the country, but also outside the country, that is, in the form of an enclave[15].

In particular, the Sokh district, which is part of the Fergana region belonging to Uzbekistan, is located in the territory of the Kyrgyz Republic. If a special economic zone is established on these lands, it will be an exclave special economic zone for Uzbekistan, and an enclave for the Kyrgyz Republic. The definition of authorship in this regard is given in the model above.

In this regard, by increasing the confidence of foreign investors in the country by rising to higher ranks in the international rankings and indices in the fields, which are announced annually by the leading and influential organizations, financial institutions, and scientific research organizations in the international arena, our republic measures are being implemented aimed at carrying out important structural reforms aimed at further increasing investment attractiveness in order to strengthen, strive for higher positions in international ratings.

The main goal of the establishment and development of special economic zones in the Republic of Uzbekistan is not only to create new jobs and to solve the problems of increasing the level of socio-economic development of the regions, but also to integrate the national economy into the modern international market. It is the establishment of production of high-tech, import-substituting and competitive products in foreign markets by qualified specialists using modern technologies and capacity building.

The existence of special zones in the economy actively attracts foreign direct investments, fills domestic markets with quality products, modern technologies and innovative developments,



implementation of modern corporate management methods, increases employment, export potential of the country and creates an opportunity to increase foreign exchange income, train and retrain local personnel.

Today, the Republic of Uzbekistan has 21 free economic zones (SEZs), 19 of which specialize in industry, 1 in agriculture, and 1 in tourism. In the period from 2008 to 2021, a total of 448 projects worth 2.4 billion dollars were implemented in the territories of free economic zones. Of the total amount, 764.6 million dollars are foreign direct investments. About 34,000 new jobs were created at the expense of the projects. The largest of these projects are Angren SEZ (73 projects worth \$730.7 million), Urgut SEZ (55 projects worth \$312.9 million), Navoi SEZ (53 projects worth \$282.8 million) and "Buhoro-agro" SEZ (112 projects worth \$325.1 million) was implemented. By the end of 2020, 128 projects with a total value of 487.4 million dollars have been implemented in SEZ territories. Of this, 162.1 million dollars are foreign direct investments. Projects include construction of modern greenhouses (62 projects worth \$204.7 million), production of building materials (18 projects worth \$140 million), chemical and petrochemical industry (13 projects worth \$50.6 million), food - food industry (10 projects worth \$15.9 million), textile industry (8 projects worth \$20.1 million), machine building (2 projects worth \$6 million), leather and footwear industry (5 projects worth \$14.9 million projects), electrotechnical industry (3 projects worth \$13.7 million), pharmaceutical industry (6 projects worth \$56.3 million), furniture and paper production (1 project worth \$1.1 million).

It should be noted that several factors influence the investment activity of special economic zones. The influencing factors are divided into two large groups, i.e. internal and external factors. Depending on the direction of research, the following can be mentioned among the most important external factors:

- membership in international economic, social and other cooperation organizations;
- ratings and indexes published by international organizations;
- the current economic situation in the world (economic and financial crises, inflationary processes, changes in the monetary and credit sector).

By considering the factors affecting special economic zones, it is possible to develop scientifically based proposals and recommendations regarding the possibilities of increasing investment activity in these industrial zones.

Among the influencing factors, international ratings are important in attracting foreign investments to special economic zones in Uzbekistan. We can clearly see this in the group of factors affecting the flow of investment in special economic zones described below. Decision No. PQ-4210 of the President of the Republic of Uzbekistan dated February 25, 2019 "On measures to improve the position of the Republic of Uzbekistan in international ratings and indexes", June 2, 2020 "International rating of the Republic of Uzbekistan and Decree No. PF-6003 "On improving its position in the indexes and introducing a new mechanism of systematic work with them in state bodies and organizations" serves as an important legal basis for the importance of this field and for increasing the efficiency of work in this direction.

It should be noted separately that the international organizations that compile the international indexes include public information published by state bodies for the relevant periods and ratings of various international organizations (World Economic Forum, World Bank, International Monetary Fund, UN, Transparency International, etc.). based on the results of reports.



Uzbekistan's position in international rankings can be explained in the following two directions:

- the change of indicators: in 9 out of 10 areas of the index of doing business (except for resolving insolvency), all indicators of the index of economic freedom (except for the efficiency of judicial activity) achieved a relative increase in 2020 compared to 2019;

- the low position of indicators: according to the results of the latest rating by type, 3 directions in the Index of Doing Business (132nd place in obtaining building permits, 152nd place in international trade and 100th place in resolving insolvency), 6th in the Index of Economic Freedom direction (123rd place in judicial efficiency, 142nd place in state integrity, 175th place in monetary freedom, 129th place in trade freedom, 169th place in investment freedom, and 162nd place in financial freedom) indicator was evaluated as a very low indicator. During the last four years, as in all fields, significant progress has been made in strengthening the investment attractiveness of our country and its image in the international arena, including in international ratings and indices.

We can see these achievements through the dynamics of the Republic of Uzbekistan in international rankings and indices in 2011-2020.

According to the Doing Business index of our country in 2020, compared to 2011, 81 places, 49 places according to the Economic Freedom Index, and 7 places according to the Human Development Index (taking into account that the results of the 2020 rating will be announced in December 2020 and it was taken by the end of 2019) and it can be seen that they are making some progress in this regard [17].

In order to compare these indicators with foreign countries, it can be said that according to the results of the 2020 rating, it is possible to see New Zealand, Hong Kong and Singapore among the top 3 countries in the Index of Doing Business and Economic Freedom. Analyzing countries with high ranking indicators, New Zealand's Doing Business index is 100.0 in business registration (100.0) and getting credit (100.0), Singapore in contract enforcement (84.5) and Hong Kong in obtaining construction permits (93.5) leads the world. Comparing the position of these countries in the international rankings, it is appropriate to present them in the table below: These results give an opportunity to more clearly imagine the position of Uzbekistan and draw appropriate conclusions.

Based on the results of the research, it is appropriate to see the investments attracted to the free economic zones, which are one of the types of special economic zones, and the share of foreign investments in them.

As a conclusion, it can be said that Uzbekistan's position in international rankings has increased in some areas, and decreased in others. Of course, it remains urgent to raise our country's rank in many international rankings compared to the indicators of other developing foreign countries. The place of Uzbekistan in the international rankings has an important role in activating the flow of foreign investments, including attracting foreign investments to special economic zones. The reason is that foreign investors coming to these zones consider the place of Uzbekistan in international rankings when making investment decisions. Also, in order to improve the position of Uzbekistan in international ratings, the implementation of the following can have a positive effect: - Establishing a separate state organization in Uzbekistan dealing with international ratings. This organization operates independently of the ministries and constantly monitors the position of Uzbekistan in international rankings; - scientific-theoretical on improving the position of our country in these ratings by announcing scientific-research and practical state grants for taking a worthy place in international indexes such as "Global



Competitiveness", "Economic Freedom", "Logistics Efficiency", "Doing Business" it is possible to develop recommendations and form important directions of effective economic reforms.

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