

The Making and Development Process Free Economic Industrial Zones of Uzbekistan (In Case “Navoi” Free Economic Industrial Zone)

U. O. Narzullayev

Independent researcher, Navoi State Pedagogical Institute Doctor of Philosophy in History
(PhD Navoi, Uzbekistan)

Abstract:

The article summarizes the socio-economic development of Uzbekistan at the outset of the Navoi region in the period of independence. Special attention is also paid to the problems of development of the Free Industrial Economic Zone "Navoi" in the conditions of economic reform.

Keywords: Uzbekistan, economy, free economic industrial zones, free economic industrial zones of Uzbekistan, Navoi region, Navoiy Airport, Navoi cargo center, International Logistic of Navoi.

Today, the authority of Uzbekistan in the international arena is being strengthened more and more. Leading companies of many countries have shown great interest in investing directly in your country. Uzbekistan together with the developed countries and authoritative international organizations, is implementing a number of promising projects. It should be noted that in Uzbekistan, a special attention is paid to the development and support of small business and private entrepreneurship, attraction of the investments in all sectors of the economy.

According to the Decree of the President of Uzbekistan, Free Industrial Economic Zone (FIEZ) with special conditions for foreign investments have already created in Navoi Province of Uzbekistan, in the area of Navoiy Airport.

FIEZ is designed to promote a wide range of high-tech and internationally competitive production using modern high-efficiency equipment, technological lines and units, as well as latest innovations. The operation period of FIEZ is 30 years with possible prolongation.

Business entities registered in FIEZ will enjoy exceptional customs, currency and tax regulations, simplified procedure for entry, stay and obtaining of work permit for non-resident citizens.

The Zone will be located at a distance of 800 meters from the highway E-40, 1,8 km from the cargo terminal of Navoi Airport, connected to international railway routes towards countries of Europe (via Russia), South Asia (via China), Middle East and the Gulf (via Iran). The distance to the nearest water and gas distribution centers is 800 m, electrical station - 8 km. In August 2010, Hanging Group (the parent of Korean Air) opened a new cargo terminal at Navoi Airport.

Taking into consideration that organization of free economic zones has got very important significance in developing county's economics, despite of that the law about "Free economic zones" adopted in 1996, the matters about organizing free economic zones were worked out

from the example of world experience and the order of the President of Uzbekistan about “Organizing free industrial economic zone in Navoi region” was adopted in 2nd December of 2008. According to this order it was began carrying out wide social economical reforms in the region. [1, p.3]

Navoi Free industrial economic zone was found on the base of Navoi international airport. In August of 2008 it was built International Logistic Centre based on cooperation between national airline company “Uzbekistan Airways” and South Korean company “Korean Air”. Above mentioned logistic system organizes delivery from the manufacture to the consumer in other words it forms conveying loads by means of different transportations. [2, p.34.]

It is well known that in Central Asia, for example in the Republic of Uzbekistan there is no way to the any seas. We can go to sea only passing at least the borders of two countries. The logistic system of “Navoi” airport was organized for solving this problem. The positioning of the railway “Afghanistan – Central Asia – Europe” and transmagistral E – 40 which has international generates suitability of automobile, rail, and airways.

Situating in the most important crossroads of rail and airways the Navoi city’s airport connects the South-Eastern countries of Asia to the countries of Central and South Asia, Middle and South Europe. This in turn has a great importance in the reconstructing of the new Great Silk Road which tied Europe, India, China, and South-Eastern Asia. In 2012 it was begun international regular movements to Seoul, Milan, Brussels, Bangkok, Deli, Mumbai, Shanxi, Frankfurt, Dubai, Istanbul, Tel-Aviv.

The “Korean Air” company taking an active part in the organization of “Navoi free industrial-economic zone” and in developing of “The International logistic Center”. In 2009 the company presented two load-lifting aircrafts “A 300-600 F” by leasing. The capability of the center grown and all the ways to the load markets in the world was opened for it. As the new airbuses could carry 40 tones of load and pass 7 thousand km in one rising. In 2009 about 8,5 thousand tones of load was carried out in the international directions. This activity was raised till 44,3 thousand tones [3, p.46.] in 2010, till 102,1 thousand in 2011, and 134 tones in 2012.

The housekeeping subjects registries in Navoi free industrial economic zone is set free for the certain time-period according to for the following volume of investments from the following taxes land, profit, and property taxes, and from the embellishing and infrastructure development taxes, general taxes, compulsory payments for the roads and school funds.

From 3 million till 7 million euro for 7 years. From 10 million till 30 million euro for 10 years, for the next 5 years from increasing of profit taxes, and 50 % of general taxes. When it is more than 30 million euro for 15 years. [4, pp.42-44]

The housekeeping subjects redistricted in Navoi free industrial economic zone are set free from the custom-house payments for the equipments, materials, raw materials and spare parts which are produced for exporting if the products are sold in the domestic market of the country, it is levied 50 % from the set tax rate. At the same time there made such opportunities for the housekeeping subject’s registries in free industrial economic zone in the addition to the things said beyond, like rising comfortable conditions and forms in export and import.

The main aim of this, creating perfect conditions, increasing industrialization and manufacturing power of Navoi region, developing transport, transit and social infrastructure to attract foreign investments, first of all direct investments to create perfect conditions for founding manufacturing companies which have modern technology and which can provide with the products which are demandable in the world market.

Opening new work places training and preparing well-skilled workers, engineers, housekeepers and governors.

From the time when Navoi free industrial economic zone was opened and began its activities there were a lot of proposes about entering investments in a huge amount from the biggest firms and companies and there were invited future well projects. It should be recognized that the leaders of our country paid attention to do no harm to the ecology of the region, and produce ecologically pure products among the projects offered by foreign investments. That's why there was given a power to the councils of free industrial economic zone to organize a competition between investments for allowing them to enter their money. As such, judicial bases of free industrial zones were developed. There was entered some additional sections and changes to the law about "Free industrial zones" adopted on 25 of April, in 1996. House of Commons of Oliy Majlis of the Republic of Uzbekistan adopted on 26 of May, in 2009 and officially forced on 24 of September, in 2009, the law Uzbekistan about "Entering some additions to the law about free industrial zones.[5, p.1]

The adoption of the law helps us to reform our country's financial system and encourages direct investments in global financial economic crises condition.

During the past periods the interests of foreign companies to Navoi FIEZ are increasing, at the same time, more than 20 projects in the coexistence with South Korea, China, Singapore, India, and UAE and with the other countries.

We can say that during 2010-2011 it was pointed to begin manufacture according to 17 projects. From that ones in 12s of them it was finished construction and installation works, in 10 of those projects it was begun producing products, for example, during 2011 there was produced goods for 35,9 milliard sums and goods for 195,2 thousand dollars was exported. In a near future the number of projects may increase. In Navoi free industrial zone there are opportunities to attract foreign investments of 40-50 projects, for this about 900 million dollars is need to be. If the companies begin to do their work fully they would produce products in an amount of 1,5 milliard dollars and export products costing totally 1 milliard dollars. So supporting to the primary experience of organization free industrial zones we can organize such zones in other regions. For this aim nowadays in our Republic it is being organized free industrial zones such as "Angren", "Jizzax".

On September 2, 2016, Islam Karimov, President of Uzbekistan, passed away and the Prime Minister Shavkat Mirziyoyev became the acting president. In his speech on September 8, 2016 at a joint meeting of the Parliament of Uzbekistan, Mirziyoyev called his main task as the continuation of the democratic reforms and transformations in the political, economic, and social spheres, and ensuring the rights and freedoms of citizens. He also determined one of his most important priorities to be strengthening cooperation with foreign countries.

The fifth priority for 2017-2021 concerned the security and foreign policy of Uzbekistan. In particular, implementing a balanced and constructive foreign policy, creating a security belt

around Uzbekistan, achieving stability, and maintaining a friendly relations with its neighboring countries have been identified as the main particularities of this priority. [6, p.1]

On January 12 2017 President of the Republic of Uzbekistan Shavkat Mirziyoev signed a Decree "On the establishment of free economic zones "Urgut", "Gijduvan", "Kokand" and "Khazarasp" [7,p.1] and 3 May 2017 President of the Republic of Uzbekistan Shavkat Mirziyoev signed a Decree "On creation of free economic zones Nukus-pharm, Zomin-pharm, Kosonsoy-pharm, Sirdaryo-pharm, Baisun-pharm, Bustonliq-pharm and Parkent-pharm" [8, p.1]

Shavkat Mirziyoyev ordered to develop a programme on creating industrial plantation and list of concrete types of medical plants, recommended for production with further deep processing and production of medicaments and dietary supplements in the territory of new free economic zones. The decree said that modern production capacities on processing medical herbs and production of medicaments and medical products, auxiliary and packaging materials will be created in new zones. This will help to deepen localization of production of pharmaceutical products based on local medical herbs and materials. Economic zones created for 30 years with opportunity to extend it. Special tax, customs and currency regimes will be applied in new zones. [9, p.1]

The Strategy of actions on five priority areas of development of the Republic of Uzbekistan in 2017-2021 [10, p.1] outlines a number of tasks on strengthening macroeconomic stability, actively attracting investment in the economy and regions, especially foreign ones, creation of favorable conditions for development of private entrepreneurship on the basis of privatized state facilities, socio-economic development of districts and cities. Important in this direction is the ongoing activity on improving the efficiency of free economic zones, technoparks and small industrial zones, creation of new ones. In accordance with the decree of the Head of our state on additional measures of activating and expanding free economic zones of October 26, 2016, even more favorable conditions have been created for this work. Currently, there are 14 free economic zones in the country. 62 projects worth 486 million dollars are realized in "Navoi", "Angren", "Jizzakh", "Urgut", "Gijduvan", "Kokand" and "Khazarasp" FEZ, more than 4,6 thousand workplaces are created. [11, p.1]

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