

The role and importance of free economic zones in the development of the economy of Uzbekistan

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Abstract: the article examines the impact of free economic zones (FEZ) on the economic development of Uzbekistan. The focus is on the analysis of the functioning of existing FEZs, their role in attracting foreign investment, improving infrastructure and creating new jobs. A review of statistical data on FEZs was carried out, as well as an analysis of legislative changes affecting the effectiveness of their functioning. Special attention is paid to the problems and challenges faced by FEZs in Uzbekistan, as well as possible prospects for their development.

Key words: free economic zones, Uzbekistan, economic growth, investments, tax benefits, exports, infrastructure.



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Introduction

Free economic zones (FEZs) play a key role in attracting investment, creating jobs and improving infrastructure in various countries. In Uzbekistan, FEZs have become an important part of economic policy, especially in the context of the country's transition to a market economy and increasing integration into the international community.

Over the past two decades, Uzbekistan has been actively developing FEZs to stimulate economic growth, diversify the economy and increase its competitiveness. The main goals include attracting foreign investment, developing industry, creating new jobs and improving foreign trade.

Stages of creation and development of FEZs in Uzbekistan

The development of free economic zones in Uzbekistan began in the early 2000s, when a decision was made to establish the first FEZ in Tashkent. In 2008, the Law "On Free Economic Zones in the Republic of Uzbekistan" was adopted, which became the basis for the legislative framework regulating the functioning of FEZs in the country. Since the adoption of the law, a network of FEZs has been created throughout the country. Currently, there are more than 20 free economic zones in Uzbekistan, located in strategically important areas, including large cities (Tashkent, Samarkand, Bukhara) and regions with developing infrastructure (Namangan, Fergana, Khorezm). The zones focus on various sectors of the economy, such as manufacturing, agriculture, information technology, pharmaceuticals, textiles and agricultural processing.

Economic effect of the functioning of FEZs in Uzbekistan

Attracting investments

One of the main goals of creating FEZs is to attract foreign and local investments. According to the State Statistics Committee of Uzbekistan, from 2010 to 2023, the total volume of foreign investment in the FEZs of Uzbekistan amounted to more than 5 billion US dollars. In 2023, about 700 million dollars were invested in the Tashkent FEZ alone, and about 8 billion dollars of foreign direct investment entered the country's overall economy in 2023, which is 10% more than the previous year.

The largest amount of investment is in such sectors as the production of construction materials, chemical industry, agriculture and information technology. An example of successful implementation is the establishment

of mobile phone production in Tashkent with the participation of a Chinese investor, which attracted more than \$ 50 million.

Job creation

Job creation in the FEZ is also an important goal. In 2022, more than 10 thousand new jobs were opened in the FEZ, which is 12% more than in 2021. Jobs created in sectors such as textiles, light industry and manufacturing help reduce unemployment in the regions where the FEZs are located. In 2023, the unemployment rate in Uzbekistan was 5.3%, which is 0.5% lower than in 2022, which is partly due to the successful development of the FEZ.

Infrastructure development

One of the significant effects of the FEZ is the development of infrastructure. The construction of new roads, the modernization of energy networks and the development of logistics infrastructure are all happening within the framework of the creation of the FEZ. For example, a new railway station was built in the Navoi FEZ, which accelerated the supply of goods to foreign markets and increased the competitiveness of products manufactured in this zone.

In addition, thanks to the creation of infrastructure in the FEZ, the quality of services in the region has significantly improved. This has led to an increase in the standard of living of local residents and the creation of additional sources of income for local budgets.

Export of products

FEZs also play an important role in increasing export volumes. Products manufactured in the FEZ are often oriented towards foreign markets. In 2023, the volume of exports of goods from the FEZ amounted to more than 2 billion US dollars, which is 15% more than in 2022. The largest volumes are exported to Russia, China, Kazakhstan and Turkey. Important export products are textiles, pharmaceuticals and electronic components.

Problems and Challenges

Despite the positive results, there are a number of problems that FEZs in Uzbekistan face:

- Uneven distribution of FEZs: Currently, most FEZs are located in large cities such as Tashkent, Navoi and Samarkand, which leads to uneven development of regions.
- Bureaucratic barriers: In some cases, complex administrative procedures and insufficient coordination between government agencies slow down the process of establishing and developing FEZs.
- Lack of skilled labor: Despite the creation of new jobs, there is a shortage of highly qualified specialists in some high-tech industries such as information technology and electronics manufacturing.

Prospects for the Development of FEZs in Uzbekistan

In the coming years, further expansion of the FEZ network is expected, including in more remote regions, which will help stimulate economic growth in these areas. The Government of Uzbekistan also plans to improve infrastructure and simplify administrative procedures for businesses, which will increase the attractiveness of FEZs for investors.

One of the key objectives is to create zones for high-tech production and innovative companies. In recent years, there has been a trend towards the development of FEZs in the field of information technology and science. In 2024, a new FEZ focused on production in the field of artificial intelligence and robotics is planned to be created in Tashkent.

Conclusion

Free economic zones have become an important element of Uzbekistan's economic strategy, helping to attract investment, develop infrastructure and create jobs. At the same time, there are problems that need to be addressed for the further effective functioning of FEZs, such as improving the administrative structure and developing human resources. In general, the development of FEZs in Uzbekistan has significant potential for further economic growth and strengthening the country's position in the global economy.

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