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FREE TRADE ECONOMIC ZONES AS THE IMPORTANT FACTOR OF IMPROVEMENT OF QUALITY OF LIFE

Abstract: In article questions of creation of free economic zones in the Republic of Uzbekistan where the involved foreign and domestic investments promote creation of the modern hi-tech manufactures providing release of competitive production with high added cost, and also complex and an effective utilization of industrial and resource potential are considered.

Key words: free economic zone, zones of free trade, free harbors, investment, modes, preferential trading mode, export of production, zone of export processing.

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Introduction

As it is known, creation of a free economic zone is directed not only on liberalization, but also foreign trade activities and openness's of the country to an external world. As in the free economic zone "Navoi" customs, tax and investment modes are favorable for internal and external investments they are created and function as in industrial the developed countries (the USA, England, Japan, Germany), and in developing countries. And the new industrial countries as Turkey and in rather underdeveloped countries as Shri Lanka, Guatemala, in countries of Eastern Europe, and also in China, Vietnam successfully function of free economic zone and process of creation of zones in territory of the CIS proceeds. In the Republic of Uzbekistan our Government give the great attention of creation and development of free economic zones. By the decree of the President of Republic Uzbekistan are created huge numbers of free economic zones as "Navoi", "Angren" and "Dzhizak" and other. [1,2,3,4,5,6,7,8].

A free economic zone settle down as in small territory in some square kilometers, and in large territories in some tens hundreds kilometers. Organizational and functional structure of zones of free trade is diverse enough. It is difficult to classify this or that free economic zone in this or that country unequivocally as it possesses lines of many zones. Among them it is possible to allocate zones of free trade, gained the greatest distribution to the USA.

It is possible to carry special shops "Duty free" to number of free trade at the large international airports. From the point of view of a financial mode, they are considered as being outside of frontiers. Zones of free trade concern as well traditional free harbors with preferential trading modes.

Materials and methods of research

For article writing used the analyze method of creation of free economic zones. As it is known, in the world are more than 600 free ports and 4 thousand special customs areas. Us we analyzing also special customs areas, as one of the elementary forms of the economic zones, representing transit or consignment warehouses for storage, packing's and insignificant processing of the foreign goods intended for export. Such zones name bonded goods or free customs territories, and special customs areas are released from the customs duties on import and on export of the goods. By analyzing the special commercial and industrial zones which represent territories with a preferential trading mode where there is a number of preferences for investment, developments of industrial production, production export. Industrial and trading activity special commercial and industrial zones are widespread enough kind of zones. Special export-industrial zones where export processing of the goods is conducted are considered by us also [9].

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The materials of United Nations Conference on Trade and Development, are characterized as enclaves within the limits of the national customs territory usually located nearby to the international ports in which the equipment, components for assemblage and materials arrive without customs control, and imported production is exposed in free economic zones to industrial processing and then is exported without intervention of the customs authorities of a receiving party.

Customs duties payment is not required, except for a case when this production arrives on national customs territory of a receiving party.

Zones of export processing are characteristic for a number of the developing countries which are carrying out strategy of transition from growth import substitution goods (of type of industrialization to export) to the focused type.

Discussion of results

The positive effect from such zones is to the greatest degree reached, in the so-called new industrial countries. Now their number all over the world reaches to 350. Zones of export processing are created with orientation to a foreign market, on purpose to earn currency means. Zones of technical and economic development which are created, as reference zones for country national economy where level of the organization of effective and highly technological manufacture it is high are interesting. At the enterprises located in zones of technical and economic development, modern management methods by manufacture, progressive methods of the organization and marketing are widely used, the advanced industrial technologies are developed. Essential development of technical and economic potential in is observed in a number of developing countries. To relatives on the organization and features of functioning with technical and economic development in many countries "technical parks" or "techno polices" are high. Technical parks are guided by development of the newest technology, the high technology production and in them the considerable personnel and engineering potential which is engaged in working out of current and perspective scientifically-applied problems, new kinds of production and materials concentrates.

«Open zones», these zones are interesting so-called cover territories where the preferential investment mode for attraction and the foreign capital is created.

«Open zones» had wide development in the People's Republic of China, include all seaside belt of this country and extend deep into it. In these areas' zones of technical and economic development, techno parks the export-focused manufacture take place.

The CIS countries, in particular of the Republic of Uzbekistan, are located in strategic points of

corridors of the Silk Way where such cities as Samarkand, Bukhara, Navoi, Aktau and Turkmenbashi are especially important transit points for railway, automobile and sea transportations, where available effective logistical objects that terminal expenses and expenses on time for cargo streams minimize.

The city Navoi is located on important road and railway connections in the Republic of Uzbekistan, and is the international knot between East Asia, Europe and Southern Asia. The free economic zone "Navoi" develops fast rates that provides to foreign joint-stock companies is located all in 3 km from airport of Navoi convenience by its management.

The Bottom Pianj located on border of Tajikistan and Afghanistan is unique most important point of crossing of border of Tajikistan with Afghanistan, provides freight traffic between Afghanistan and the countries of the Central Asia. Lately growth of volumes of freight traffic through this border thanks to deliveries for forces of the North Atlantic Treaty Organization has been noted. Freight traffic through this border also is an important route for import and export of production from the countries of the Central Asia to Pakistan.

The free economic zone developing near to a border zone strengthens necessity of the effective logistical center. The international logistical center of "Navoi". Settling down in the center of the Republic of Uzbekistan on crossing international land and an air passage of "North-south" and of "East-West". Airport of Navoi represents the ideal regional center for management of the international goods traffics and, accordingly, for development of the international logistical center [10].

The international logistical center it is located near to the International Airport of Navoi in territory of Free Industrial Economic Zone "Navoi" where in this territory placed the hi-tech manufactures with the high added cost is established. The essential volume of this manufacture is processed in warehouses of Navoi and redistributed on corresponding types of transport.

Creation of transport distributive point on the basis of airport of Navoi and special economic region becomes the considerable contribution to essential development of Republic of Uzbekistan.

The forecast of transportation of passengers spent by us and goods traffics, assumes to increase the size and functions of the logistical center, necessary for processing of a cargo stream, the ecological estimation of this development of international logistical center "Navoi" is given and are considered financial and feasibility reports on the logistical center. An important element of development of the logistical center is delimitation of appeal international logistical center for potential investors. An important question is the financial

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analysis of the project on “its acceptability’s for banks”. The expected tendency of increase containerization, as well as percentage parity within the general predicted goods traffic through the logistical center gives chance of growth international logistical center. The infrastructure of Navoi is unique, as considerable progress has been made for reconstruction of its airport, convenience concerning transport logistics its considerable development in the future. For these reasons the international logistical center causes interest in private investors.

The international logistical center of Navoi is considered by investors as good potential investment. A key strategic and economic problem of the logistical center is assistance to international trade and movement of passengers and the goods by means of perfection of local logistical possibilities, interactions of networks and multimodal transport in the Central Asia. In the logistical Center Navoi all kinds of logistical services not only for local population, but also for the international transit, spent on a commercial basis various operator are spent. Operators are owners, or tenants of buildings or constructions (warehouses, centers value of distribution, the offices constructed on this site. On the basis of rules of free trade, the Logistical Center is accessible to all foreign companies involved in various kinds of activity of this Center.

Republic of logistical Center Navoi is equipped by municipal constructions for carrying out of all transport and logistical works. It includes public services, both for employees, and for users. For assistance to the mixed transportations the Logistical Center serves their modern methods of transportation at level of the world standards.

The logistical Center copes as the unique legal body at joint activity with the foreign companies, and this commercial cooperation corresponds to the world standards.

Proceeding from the concept of creation of a free industrial economic zone Navoi and the chosen priorities, in it a number of the enterprises of the electro technical industry, mechanical engineering, instrument making and manufacture of component parts of manufacture of mechanical engineering, medicinal products and the medical equipment, the enterprise for processing and packing of foodstuff, manufactures of plastic and polymeric products are placed [11].

Free industrial economic zone “Navoi” represents industrial character where presence of industrial and communication infrastructure it is considerable, then in other regions of Republic of Uzbekistan.

In a free industrial economic zone, the special customs, currency and tax modes, the simplified order of entrance, stay and departure, and also reception of the permission to realization of labor

activity by citizens-non-residents of Republic of Uzbekistan operate.

The managing subjects registered in free industrial economic zone “Navoi”, are released from payment of the ground tax, the tax to property, profit, an accomplishment and development of a social infrastructure, uniform tax payment that is important for small-scale business, and also from obligatory deductions in Republican road fund and Republican fund of school education at volume of the brought direct investments:

-From 3 million euro to 10 million euro - for 7 years;

-From 10 million euro to 30 million euro - for 10 years.

The next 5 years of the rate of the profit tax and uniform tax payment are established in size for 50 percent below current rates;

-Over 30 million euro - for 15 years.

- Next 10 years of the rate of the profit tax and uniform tax payment are established in size on 50 % below current rates.

The managing subjects registered in free industrial economic zone are released from payment of customs payments (except gathering for customs registration) on deliverer of equipment, and also on raw materials, materials and completing products for production for export for all period of activity of a free industrial economic zone.

For raw materials, materials and completing products, deliver of production, realized in home market of the Uzbekistan, customs payments are raised at a rate of 50% from the established rates (except for gathering for customs registration) with granting of a delay of their payment within 180 days if the legislation does not establish more preferential mode.

It is authorized to the managing subjects registered in free industrial economic zone “Navoi”:

-To carry out calculations and payments in foreign currency according to prisoners between them contracts and contracts;

-To pay in it is hard to currency delivery of the goods, works and services from other managing subjects-residents of Republic of Uzbekistan;

-To use conditions convenient for them and forms of payment and calculations for the exported and imported goods.

For today territory free industrial economic zone of “Navoi” is ready to placing of new manufactures. The necessary regulatory legal acts regulating its activity are accepted and confirmed.

All external infrastructures are brought to territory of free industrial economic zone of “Navoi”, including automobile and the railway, channels of broadband telecommunication communication, a lining and installation water - gas - and electro distributive knots in territory.

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As concrete indicators on attraction of foreign investments in territory free industrial economic zone Navoi more than 20 projects for a total sum \$200 million already are realized

The multimodal logistical center "Navoi" is located near to the International Airport Navoi in territory of free industrial economic zone on which hi-tech manufacture with the high added cost is established. The essential volume of this manufacture is processed in warehouses of multimodal logistical center Navoi and redistributed on corresponding types of transport. Creation of transport distributive point on the basis of airport Navoi provides essential development of Republic of Uzbekistan

The expected tendency of increase containerization, as well as percentage parity within the general predicted goods traffic in free industrial economic zone in Navoi is high. A key strategic and economic problem of the logistical center is assistance to international trade and movement of the goods from the Central Asia to the EU countries and the near East using all logistical possibilities multimodal logistical center, taking into account interactions of networks and multimodal transport in the world.

Are created joint ventures in territory free industrial economic zone of "Navoi" of the enterprise chemical, oil and gas, electro technical, machine-building, mining, pharmaceutical, light industry, the enterprise for manufacture of building materials and furniture.

With a view of formation of favorable conditions on attraction of foreign and domestic investments and for creation of the modern hi-tech manufactures providing release of competitive production with high added cost, and also complex and an effective utilization of industrial and resource potential of the Tashkent area was it is created special industrial zones "Angren".

The primary goals and lines of activity of a special industrial zone "Angren" is formation of favorable conditions on attraction of investments, first of all straight lines, for creation and effective activity of modern hi-tech manufactures on release competitive on internal and the world markets of production with the high added cost, maintenance complex and an effective utilization of industrial and resource potential of the region entering into a special industrial zone, creation of new manufactures on deeper processing of a mineral-source of raw materials, deepening of processes of localization of manufacture of hi-tech production on the basis of local raw materials and materials on the basis of an establishment of close cooperation communications and development of industrial cooperation between the enterprises of a special industrial zone and as whole republics, maintenance of advancing development and an effective utilization transport, engineering-communication and social infrastructure,

the further development and wide use of potential of the Center of logistics "Angren", the created system of automobile and container transportations of cargoes.

Term of functioning of a special industrial zone "Angren" makes 30 years with possibility of its subsequent prolongation and during term of functioning of a free industrial economic zone "Angren" in its territory the special tax mode and customs privileges operate.

The primary goals and functions of Administrative council of a special industrial zone "Angren" consider decision-making on granting to the enterprises of the status of the participant of a free industrial economic zone "Angren", realization of coordination of work of the ministries and departments, the economic associations responsible for realization of projects in a free industrial economic zones "Angren", on timely preparation of the design, tender both contract documentation and carrying out of their examination, and also public authorities on places in the questions connected with functioning of a free industrial economic zone "Angren", decision-making on realization to participants free industrial economic zone "Angren" at zero redemption cost of the staying idle enterprises and the property, being in state ownership [12].

Special industrial zone "Angren" is released from payment of the profit tax, the tax to property of legal bodies, the tax to an accomplishment and development of a social infrastructure, uniform tax payment for small enterprises, and also obligatory deductions in Republican road fund, customs payments (except custom charges) on the equipment, completing products and the materials which are not made in republic, завозимые on territory of a special industrial zone "Angren" within the limits of realization of projects.

It is established that the above-stated privileges are given for the term from 3 till 7 years depending on volume of the brought investments, including in an equivalent:

-from \$300 thousand to \$3 million - for a period of 3 years; over \$3 million to \$10 million - for a period of 5 years; over \$10 million - for a period of 7 years.

Effective realization in free industrial economic zone it is possible at its close economic interaction with other world with observance of following conditions:

-Formation of accurate realization of the concept in the field of free industrial economic zone, considering both nation-wide and regional interests;

-Organizations free industrial economic zone in the limited territory excluding infringement of a principle of uniform economic space of the country;

To possibility (and readiness) republican bodies to direct considerable budgetary funds for formation of infrastructure free industrial economic zone, with

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understanding of that the real effect for the country can be received only in the long term;

-To granting to the foreign and national investors operating in free industrial economic zone, good conditions for economic activities conducting.

Creation at us free industrial economic zone can become, as well as in many countries of the world, one of effective ways of attraction of foreign investments, the catalyst of development of foreign economic relations and economy of the Uzbekistan as a whole.

The government of the Republic of Uzbekistan by the Decision «About measures on the organization of hi-tech manufactures in territory of a special industrial zone "Dzhizak" has impulse in development of this zone. According to the document, the Ministry of external economic relations, investments and trade of the Uzbekistan and company ZTE (China) Ltd and Wenzhou Jingshen Trade Co. Ltd. Realize four projects in free industrial economic zone "Dzhizak". In particular, ZTE Ltd (China) realizes the project on manufacture of mobile phones and their accessories. Project cost makes 3.16 million dollars of Capacity on manufacture of mobile phones have made 100 thousand devices a year. It is expected that 10 % of production will be exported, and localization level will make 30 %.

Company Wenzhou Jingshen Trade Co. Ltd. Adjusts manufacture sanitary - technical products. Project cost makes 10 million dollars Capacity of the enterprise will make 1.2 million units of production a year.

The Chinese company realizes the project on processing of livestock products by capacity of 1 thousand tons of production in a year. Project cost – \$1.4 million.

Wenzhou Jingshen Trade Co. Ltd. Invests \$1 million in the project on manufacture of forages for pets. The enterprise will let out 1 thousand tons of forages a year.

Capacities will be located in Open Company Peng Sheng. According to decision by Peng Sheng has received tax and customs privileges.

The conclusion

Overall objective free industrial economic zone consists:

- In deeper inclusion of national economy in the international geographical division of labor.

- In saturation of home market of the country by high-quality production, introduction in a domestic production of the newest scientific and technical workings out, employment increase, the decision of problems of a regional policy by creation of "growth poles» and etc.

- Entering on parts of the territory, foreign trade activities particular treatment, the Republic of Uzbekistan solves such problems, as increase of competitiveness of national manufacture, increase in inflow of currency, both from export of goods and services, and in the form of the foreign investments, the accelerated development of manufacture of the new goods and services. In the developed countries by means of such free industrial economic zone, the exit of national firms on foreign markets becomes simpler, profitableness of the operations foreign trade and connected with them increases. By means of creation of free economic zones of this or that type the various states of "the third world" solve various by the nature economic problems.

- To growth of incomes of the country, expansion of export of finished goods, rationalization, import, growth of inflow of the foreign productive capital, stimulation of technical development, change of structure of manufacture, acceleration innovative and implementation processes, to unemployment reduction, preparation of the qualified experts.

Practice of functioning of free industrial economic zone has shown active attraction of the foreign capital. To each type of zones there corresponds the standard set of base privileges and stimulus which are supplemented with special forms of encouragements that are directed or on the decision of specific targets (for example, the accelerated creation of a transport infrastructure), or on stimulation of separate kinds of activity (processing of local raw materials for export, bank services and etc.), or on attraction to a zone of investors of certain type (small or large business).

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