



REGIONAL FEATURES OF THE ORGANIZATION OF SPECIAL ECONOMIC ZONES

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Abstract: This article presents scientifically based proposals and recommendations on the processes of socio-economic development of regions by attracting local and foreign investments on the main features of the establishment of special economic zones. Also, issues aimed at improving the methodical provision of implementation and substantiation of the goals and main features of the establishment of a special economic zone in the regions are highlighted.

Key words: special economic zone, free economic zone, regions, resources, GDP, productivity, projects, investment, entrepreneurship, socio-economic development.

Special economic zones are widespread in many countries of the world. At the end of the 20th century, there were more than 4 thousand special economic zones of various types in the world. According to Western experts, by 2004, 30% of world trade turnover took place in various special economic zones. International corporations, seeking preferential conditions for their activities, see special economic zones as places where they can make great profits.

The priority areas of scientific research in this area include attracting domestic and foreign investments that are important for regional development through the establishment of special economic zones (SEZ), introducing modern advanced technologies and a well-thought-out management system into production, creating new jobs in the regions, increasing the country's export potential, improving the methodology for assessing the effectiveness of special economic zones, identifying factors affecting this sector, and assessing potential indicators.

At the current stage of socio-economic development in the Republic of Uzbekistan, attention is being paid to the establishment and development of special economic zones as one of the important directions for the effective use of economic potential. If the first Navoi free economic zone was established in the country in 2008, then today 24 free economic zones are operating. The tasks have been set to increase the efficiency of the established SIZs, develop clear criteria for selecting projects for placement in free economic zones, ensure the accuracy of the number of jobs created when considering investment projects, the potential foreign partner, study factors such as domestic and foreign demand for products, and export volumes, eliminate bureaucratic obstacles in the mechanism for approving investment projects, timely build the engineering and communication infrastructure necessary for the activities of free economic zones, provide proposed investment projects with local and foreign credit resources, revitalize the activities of commercial banks affiliated with them, increase the efficiency of using the production capacities of enterprises operating in free economic zones, and ensure that the volume of production and exports, and the number of jobs created, correspond to the parameters of the approved business plan. The effective implementation of these tasks demonstrates the relevance of scientific research aimed at developing ways to increase the level of efficiency by analyzing the current state of special economic zones, forecasting and evaluating their possible future states.

In our opinion, special economic zones perform economic, innovative, resource, organizational and social functions within the framework of ensuring the economic stability



and social well-being of the state. The functions of special economic zones, being of a permanent nature, are the production of goods and services for consumers, the formation of new ideas, new tools, factors and technologies, the rational and effective integration of resources and production factors, and the implementation of tactical and strategic goals. The establishment of special economic zones serves to increase the number of entrepreneurs in society, create jobs, and improve the living standards and social conditions of workers.

The establishment of special economic zones will be under the socio-economic system in force in the country.

We can say that the creation of special economic zones means supporting people with entrepreneurial skills, creating new jobs, increasing workers' incomes, improving their skills, providing cultural leisure and improving their health, and providing practical assistance in ensuring family well-being, as well as developing regional social infrastructure.

Establishment of special economic zones:

- formation of enthusiasm for entrepreneurship and increase of entrepreneurship;
- creation of new jobs;
- generation of acceptable incomes;
- organization of favorable working conditions;
- creating social infrastructure for the population.

Organization of special economic zones is formed on the basis of socio-economic models in force in the states.

"Special economic zones are limited areas, cities, sea and air ports, where special preferential economic conditions for national and foreign entrepreneurs are applied, which help to solve foreign trade, general economic, social, scientific-technical and scientific-technological issues.

Based on the above considerations about the characteristics of the organization of special economic zones and their operation in the conditions of various social models, we believe that it is advisable to operate the organization of special economic zones based on the following principles:

- human life should be valued equally, regardless of the productivity of labor, that is, social assistance should be universal;
- social assistance should have the principle of permanence;
- social assistance should be adaptable to all conditions, directed to equalize the social conditions of workers.

We believe that the creation of special economic zones should become a vital idea of today. Because the creation of special economic zones reflects the self-awareness, image formation, innovation and goal-oriented aspiration of Uzbek entrepreneurs. Entrepreneurs in this direction can advance new models of development in the "New Uzbekistan".

In world practice, there are two ways to organize special economic zones.

The first is the "territorial approach", that is, special economic zones are considered as specific areas where a certain preferential regime is introduced.

The second approach is "systematic": special economic zones are considered as specific collective enterprises that are provided with certain privileges under certain conditions.

In-depth and comprehensive study of the activities of special economic zones in world science began in the 70s of the 20th century. In modern scientific literature, administrative documents, and practice, various terms are used to denote special economic zones: "Special economic zone", "Technological zone", "Special customs zone", "Special economic zone", "Special entrepreneurship zone", "Special export zone", "Special trade zone", "Duty-free zone", "Joint entrepreneurship zone".



International organizations use the term “Special Economic Zone” in their reports and scientific publications to describe the essence of various types of territories. However, this term does not fully reflect its essence. The economic rules and special administrative laws applied there do not completely exempt entrepreneurs operating in this territory from clearly defined legal and economic regimes, but rather facilitate them and provide certain privileges. That is why it is appropriate to call a Free Economic Zone a special economic zone, not a “Special”.

Since special economic zones are a new phenomenon for the Uzbek economy, it is necessary to quickly form them, widely using world experience in this promising direction of accelerating economic development, create the necessary regulatory and legal framework for the activities of SEZ, and organize the training of relevant specialists.

Special economic zones operate not only horizontally (i.e. territorially), but also vertically (i.e. sectorally). In the first case, the SEZ has a limited area, but it should be noted that sometimes the entire country can become a SEZ. Thus, when creating privileges for foreign investors, joint ventures, and medium and small businesses, the government sometimes does not realize that it is creating “micro SEZs” in the country. These SEZs solve narrowly specialized issues, but do not have a significant impact on the macroeconomic situation. In the second case, some enterprises of a certain sector, as well as the sector itself (for example, agriculture, gold mining, mechanical engineering), receive privileges that are relevant only to their activities: for example, for Uzbekistan, this may be tourism (Table 1).

Table 1
Types of special economic zones and free zones ¹

Special economic zones	Free zones
High-tech parks	Export-oriented zones
Science parks	Special trade zones
Scientific and technological zones	The only enterprise is located Special zone
Special economic zones	Export-oriented production Trade-related Foreign Special Economic Zones
Park of services	Transport and Multipurpose Internal, external, export zones
Green zones	Development of small towns Multipurpose internal support area
Safe zones	Special trade foreign, domestic, re-export promotion areas
Tourism development zones and others	Custom ports Complex development zones

According to Table 1, both Special Trade Zones, Special Export Zones and Special Ports are mainly typical of the experience of developed countries and play an important role in the development of exports, re-exports and imports. Special zones, on the other hand, are typical of the experience of the USA and Great Britain, and are used in regions where the standard of living and quality of life of the population is lower than in other regions of the country, and through various privileges and preferences, they create an opportunity to

¹ Author development



develop small and medium-sized businesses in the region and thereby increase the standard of living of the population, and to allow the population to survive even in small cities. In accordance with the Law of the Republic of Uzbekistan “On Special Economic Zones”[1], special economic zones are divided into such types as Special Economic Zones, Special Scientific and Technological Zones, Tourist and Recreational Zones, Special Trade Zones, and Special Industrial Zones.

Special economic zone - a territory established for the purpose of building new production capacities, developing high-tech production, actively attracting modern competitive, import-substituting, export-oriented finished industrial products to the development of production, as well as ensuring the development of production, engineering, communications, road and transport, social infrastructure and logistics services. Special scientific and technological zone - a territory where scientific organizations and other organizations in the field of scientific activity (technology parks, technology transfer centers, innovation clusters, venture funds, business incubators, etc.) are concentrated for the purpose of developing innovation infrastructure.

The technical and economic basis of special economic zones should include the following 8 sections:

- Objectives of establishing SEZ;
- Conditions for establishment of SEZ;
- Grounds for allocating land for SEZ and characteristics of the allocated area;
- SEZ development prospects and programs;
- Resources needed to create SEZ;
- SEZ working mechanism;
- Organizational activities on the organization and activity of SEZ;
- Evaluating the effectiveness of SEZ organization.

The first section should include: the basis for the need to establish a specific SIZ; the main directions of its development; and the identification of specific measures based on the main purpose of establishing the SIZ (tasks related to increasing economic potential, increasing experience, creating new jobs, improving the skills of local personnel, and other issues).

The second section should contain detailed information on the existence of the necessary conditions in the territory where the SEZ is planned to be established to implement the above tasks. Accordingly, the second section should contain not only the economic situation of the region, but also its economic characteristics, reflecting its trends in the near future. The greatest attention should be paid to those economic characteristics that can be considered as positive conditions for the creation of a special economic zone in the region.

These characteristics include:

- the presence of sufficient export potential of the region;
- the availability and level of development of natural resources;
- a favorable geographical location for foreign economic activity;
- the level of development of the transport network;
- international work experience;
- the availability of qualified personnel.

In addition to the features listed in the list, this section should also reflect negative trends in the development of the region's economy that could be eliminated by introducing a special economic (or customs) regime.



The third section should include: Information on the size and boundaries of the territory allocated for the SEZ (with an annex to the territorial plan) and the basis and characteristics for selecting this territory..

The fourth section should include information on enterprises operating in the economic zone and their development prospects, as well as the prospects for the development of the SEZ in general. These prospects should be assessed and forecasted based on the socio-economic advantages that arise in the activities of enterprises by introducing special economic conditions for the activities of the SEZ (for example, preferential customs and tax regimes, the provision of tax and other types of credit benefits).

The fifth section should indicate the possibilities of providing the SeZ with financial resources identified during the development of the SeZ development program. This should take into account all potential sources that can satisfy the need for financial resources. Examples of these include: tax credit funds, foreign investments, investment funds of local legal entities, funds allocated by the state, funds received by attracting new enterprises to the territory, funds received as a result of the organization of special customs and other types of subzones, funds raised from the population through the issuance of securities, and other types of resources.

The sixth section should identify and highlight the economic, social, environmental and other conditions for the operation of SEZs that make them attractive to investors. In this process, the most important thing is to take into account the introduction of preferential tax and customs regimes.

In the seventh section, it is necessary to identify and outline the set of measures necessary to establish and launch an SEZ.

The eighth section should identify and indicate the overall assessment of the effectiveness of the organization of the SeZ, which is determined on the basis of the ratio between the costs (resources) allocated for the organization and development of the SEZ and the results of its activities. The goals set by countries in organizing the SEZ are also different. Some countries try to solve problems related to the low level of unemployment in certain regions, economic and social development, protection of production and consumer interests through their territories. In others, SEZs are used for the benefit of society as an integrative economic mechanism, effective accumulation, dissemination of advanced foreign experience in business and management, and increasing the competitiveness of local production.

The main goal of creating a SEZ in the country is to involve the country more deeply in the process of development of the international division of labor. Secondly, another goal of creating a SEZ is to saturate the country's domestic market with quality products that can replace imported goods. Thirdly, the organizers of the special economic zone pay attention not only to participation in the international trade market along the production line, but also to the tourism sector, the cultural sector, and the sanatorium and resort sector. Fourthly, the goal of the SEZ is to ensure the rapid and widespread application of domestic and foreign scientific technology in production in the country, their effective use in the future and their results in the development of the country's national economy.

Fifth, the purpose of the SEZ established in developing countries is to improve the training and skills of the country's workforce, engineers, economic workers and management personnel. Sixth, one of the important goals of the SEZ is to stimulate the development of the economy in a particular region or a specific industry. Seventh, in some countries, the SEZ is viewed as a method of modernization and development of a particular region. The SEZ helps to transition from a certain type of economy prevailing in the country to a modern market economy.



If we conclude from the above points, it is important to establish the goals and tasks of the special economic zones, first of all, to rapidly develop the regions and to solve the economic and social problems.

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