

**FOREIGN EXPERIENCES OF ATTRACTING INVESTMENTS TO SPECIAL ECONOMIC ZONES**

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Abstract

The article examines the experience of the USA and China in the establishment and development of special economic zones. Projects implemented in special economic zones are also listed. The organization of special economic zones and their current status were analyzed. Scientific proposals and recommendations on foreign experiences of attracting investments to special economic zones have been developed.

Keywords: special economic zone, investment, foreign direct investment, GDP, tax, customs.

Introduction

Analysis of the world experience shows that today, sustainable economic growth of the country and the region and wide attraction of local and foreign investors can be achieved by increasing investment activity. In this process, special economic zones are one of the most effective forms of stimulating investment activity. The availability of special tax and customs regime benefits, cheap labor force, import and export procedure of raw materials and simplification of product production attract local and foreign investors. Today, a lot of attention is paid to the establishment of special economic zones in order to attract investments.

Analysis of literature on the subject

Currently, industrialized countries are creating free economic zones for various purposes. There are different definitions of free economic zones. More than 20 definitions are given in the work of the UN devoted to this problem. For the first time free economic zones or "franco zones" were given in the 1973 Kyoto Convention. Free economic zones can be defined as a part of the state territory where preferential conditions of economic activity, a special regime of management and other organizational and administrative measures are introduced for national and foreign entrepreneurs in order to achieve certain results.

According to the research of South Korean scientist Kim, "Free economic zones are specially organized areas for foreign countries, enterprises and firms, where their enterprises and employees, in turn, comply with the existing laws due to the privileges given by the government. are the zones where you can make a profit. The state aims to create free economic zones in order to have a more economically transparent environment in such zones



than in other areas, and through this, to create a flow of investment and competitive industrial and trade characteristics.

According to V.Papov's researches, "Free economic zones are such regions that are separated from other regions and given special privileges and facilities by the state, these advantages are not observed in any other part of the state or economic sector".

Scientists of our country A.V. Vakhobov, S.S. Mirzaliyeva, M.A. Raimjonova and A.A. Ostonakulov have expressed their scientific views on free economic zones and their activities in their research and scientific-methodical works.

S.S. Mirzaliyeva "Free economic zone is a part of the territory of a country (or countries) established for the purpose of solving certain social, economic and technological tasks, with a special administrative management and a preferential regime for economic entities" is defined as In our opinion, in this definition, the investments attracted in order to solve certain social and economic technological tasks and the determination of benefits based on their size are left out of the scope.

Summarizing the above, in our opinion, free economic zones can be understood as a region with increased independence in the implementation of certain economic activities, a special management regime and favorable conditions for the economic activity of investors. In our opinion, these general definitions make it possible to place the different types and forms of free economic zones and the definitions given to them in one general line.

Research Methodology

The article used systematic analysis and approach, logical and structural analysis, grouping and generalization, comparison methods.

Analysis and Results

The first special economic zones were special zones located in major river ports, and such free trade zones were established at railway junctions, trade routes or places related to them, and generally at transit locations. They are exempted from customs duties on import and export of foreign products and separated from the customs border of the country. These unique regions mentioned above can be included in the first generation of special economic regions.

The second generation special economic zones will include special order industrial production zones. In the third generation of special economic zones, it is appropriate to include technical areas, technopolises, technoparks, tourism, offshore zones, banking and insurance services, etc. Several types of special economic zones were established in each period.

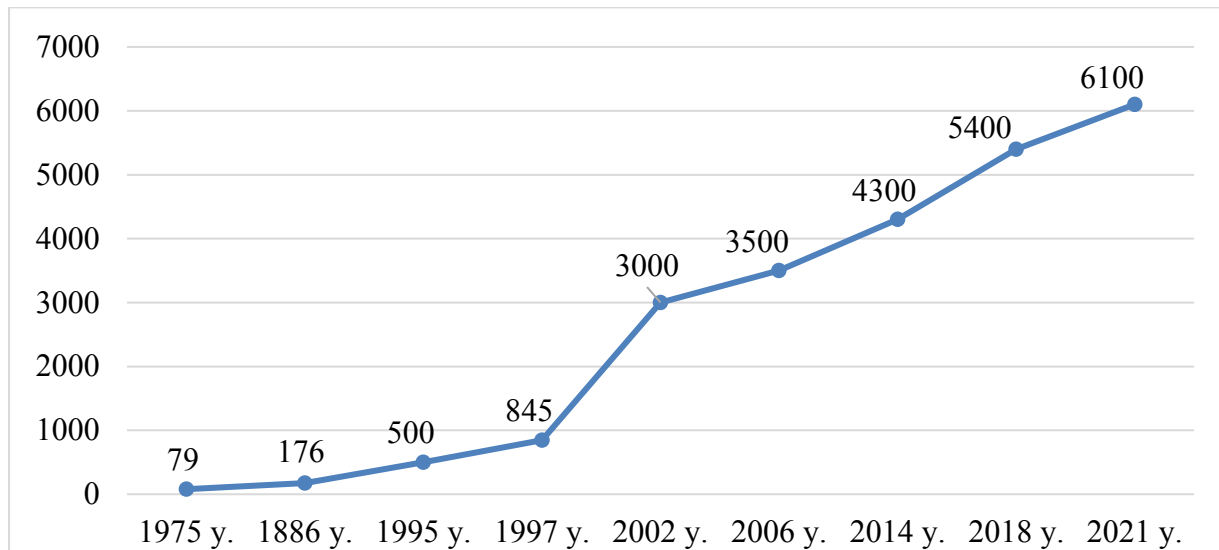


Figure 1. The number of special economic zones operating in the world

Currently, there are more than 400 free trade zones, more than 400 technoparks, technopolises, and more than 100 special economic zones designed to provide services. According to the United Nations and the International Labor Organization, there are more than 6,000 different types of special economic zones in the world. It can be seen from the data of the picture that in the 70s of the last century, the number of MIH was 79, and today it is 6000, and we can see that it has increased by almost 80 times.

Today, the demand for foreign direct investments of all developed and developing countries is increasing. Because investments act as the main generator that develops the economy. If we look at the last 10 years, there was a change in the flow of foreign direct investments in the countries of the world (Figure 2). According to the analysis, the flow of foreign direct investments fluctuated between 2009 and 2018. One of the main reasons for this is the negative impact of the global financial and economic crisis of 2008-2009 on all sectors of the economy, and on the other hand, the impact of the second wave of the crisis that began in European countries in 2014-2015 on general indicators. , we can admit that.

The financial crisis of recent years not only weakened the economy, but also accelerated the division of the population into poor and financial groups. It has led to an increase in the number of unemployed, a decrease in the income of a large number of people, a decrease in the demand for various services and goods, and ultimately it has had a serious impact on the flow of foreign investments floating between countries.

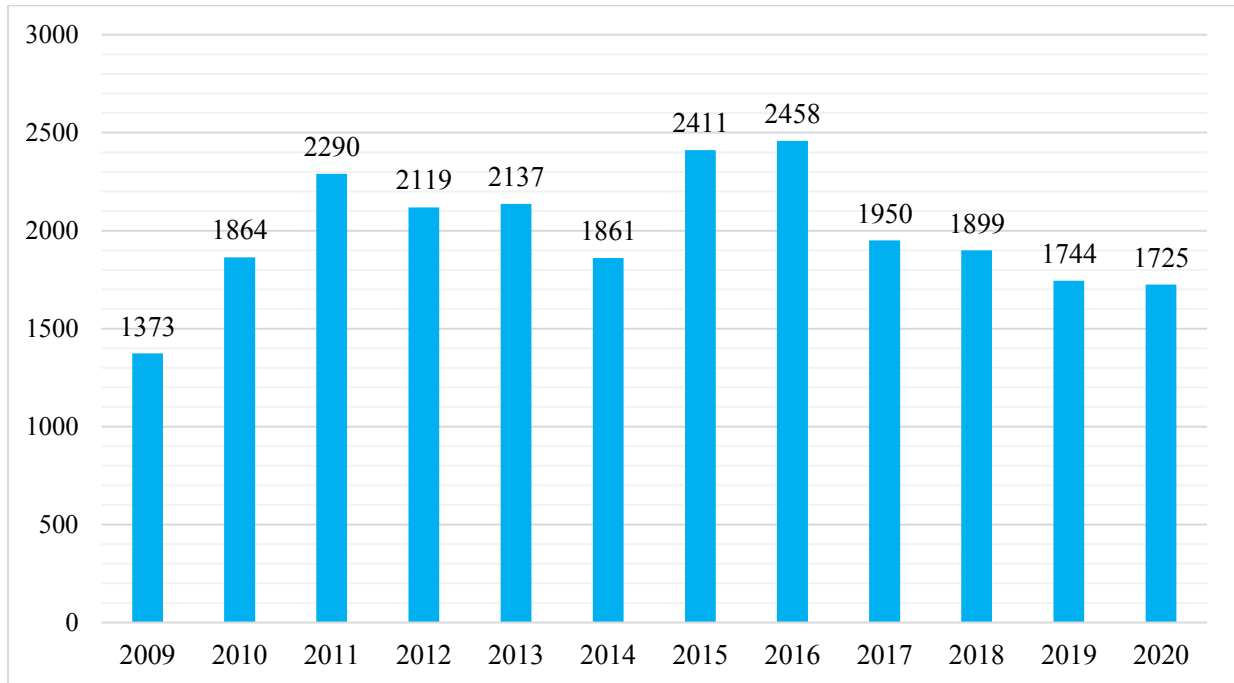


Figure 2. Changes in the flow of foreign direct investments attracted to the countries of the world in 2009-2020

It should be noted that the main part of attracted foreign direct investments today belongs to special economic regions and to the contribution of real sector industries of the countries of the world. According to the data, the measures taken to attract foreign direct investments in developed and newly industrialized countries are of great importance. In this regard, infrastructure networks created in special economic zones and a favorable investment environment serve as one of the main factors in the absorption of foreign investments.

The huge experience accumulated in the world practice shows that MIZ is one of the important factors in the development of the country's economy and in attracting the flow of investments to the country's economy.

Among the developing countries, China is the country that has created a favorable investment environment for TCI in the economy. For example, in 2005, the country contributed 8 percent of the total world GDP, i.e. 72.8 billion. If it was the US dollar, in 2006, 5 percent was 69.5 billion. dollar, and in 2008 the difference was 10 percent. In the 80s of the 20th century, TTXI began to enter the Chinese economy at a high rate. In 1980, the TTXI accumulated in the country's economy reached 1 billion US dollars, and by the 1990s, it reached 21 billion. 168.535 billion US dollars. It can be seen that the US dollar has increased 168 times compared to 1980. The role of MIZ in the TTXI entering the Chinese economy is of unprecedented importance in attracting investments. For example, in 2013, TTXI accounted for 41.2 percent of the total investments made in the country through MIZ, in 2016 it was 69.7 percent, and by 2018, it will be about 168 billion. It increased by 72.6 percent to the US dollar and showed a constant growth trend.

Based on the above, the fact that free economic zones are taking an increasingly strong place in the development of the Chinese economy can be explained by the following: the use of



special customs and tax incentives beneficial for foreign investors in free economic zones; the creation of an effective mechanism for the large-scale export of products created as a result of production based on high foreign technologies in free economic zones; that in achieving economic development in free economic zones, increasing the consumption of material resources in scientific and technical processes and increasing the innovations in management are given wide opportunities for all-round independent innovations, etc.

China's economy is in the second place in the world in terms of growth rates, and it has achieved this due to the fact that it was able to immediately change the world's business relations. Cheap labor has led to lower prices in the West for everything from slippers to mobile phones. In addition, China has become the largest investor in Africa, Beijing considers the "black continent" as its main partner, not Europe or America.

Today, Chinese goods can be seen everywhere in the world, and by the 21st century, it has truly become the "factory of the world". 50% of the world's cameras, 30% of air conditioners, 25% of washing machines, and about 20% of refrigerators are produced here. It should be noted separately that free economic zones played a significant role in China's development. Currently, four special economic zones are operating here - Shenzhen, Zhuhai, Shantou and Xiamen. In addition, there are 14 free trade zones, 53 high and new technology zones, more than 70 scientific and technical zones for foreign-educated specialists, and 38 zones for processing products intended for export.

In general, in order to increase the competitiveness of the country's economy, the main attention should be focused on the use of natural resources and industrial potential of the regions and on strengthening the export system. It is in this place that the organization of modern free economic zones, which is a productive form of attracting foreign investments, is of particular importance. In this direction, it is worth noting a number of economic measures that are widely used in the world experience and are bearing fruit.

In 1978, the Chinese state accounted for only 0.75 percent of the world's export activity, and by 2000, this indicator was 3.86 percent. This means that in 33 years, the volume of products exported abroad increased by 14 times.

China's free economic zones are among the "Asian dragons": close to Hong Kong, Macao and Taiwan, and located on intercontinental trade routes. The convenient location of the SEZs provides an opportunity for rapid development of the Chinese economy. 4 of China's 10 free economic zones are located on the southeast coast of the South China Sea.

Since 1992, the State Council of the People's Republic of China has opened a number of large cities on the border of the country, as well as areas of cities and autonomous regions within the provinces, to free entrepreneurship - building factories and factories, opening companies, developing national handicrafts, and conducting private business. In addition, 15 free trade zones, 32 state-level economic and technological development zones, and 53 newly developed high-tech industrial zones were established in medium and large cities. All of them were given concessions in the payment of duties, export, import, and income taxes. And as you can see, free economic zones are multiplying like yeast and playing a significant role in the development of the great Chinese economy.



With a population of one and a half billion people, China's economy has grown at an unprecedented rate over the past 35 years. After these achievements, China began to pursue a foreign policy known as "open doors" in the world. After the 1978 reforms, China's GDP grew by 9 percent per year. Export of products abroad, foreign exchange earnings also increased sharply. At the same time, the country's GDP per capita increased.

Conclusions and Suggestions

Considered to be one of the developed countries, the country has accumulated a lot of experience in establishing special economic zones that occupy an important place in the economy of the USA, ensuring their effective operation, and using the scientific potential of large educational institutions in this regard. In this direction, by establishing special economic zones in economically stagnant regions of the country, economic (initiating industrial production in the region and reviving inactive industries) and social problems (improving population employment, infrastructure networks) is giving its positive effect in elimination.

China, one of the countries with a good experience in the establishment of special economic zones, is taking an increasingly strong place in the economic development of the special economic zones. It can be explained by the following: the use of special customs and tax incentives beneficial for foreign investors in the special economic zones; the creation of an effective mechanism for the large-scale export of products created as a result of production based on high foreign technologies in special economic zones; wide opportunities for all-round independent innovations aimed at increasing the consumption of material resources in scientific and technical processes and increasing innovations in management to achieve economic development in special economic regions, etc.

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