



## **EVOLUTIONARY MODEL OF FREE ECONOMIC ZONES IN THE REPUBLIC OF UZBEKISTAN**

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<b>Received:</b> November 11 <sup>th</sup> 2021 <b>Accepted:</b> December 11 <sup>th</sup> 2021 <b>Published:</b> January 26 <sup>th</sup> 2022	Contemporary academia is proposing innovative legal frameworks, strategic economic policies, and financial models to enhance the productivity and promotion of the free economic zones. This article is an attempt to provide an analytical overview of the development of the free economic zones in Uzbekistan. A dissection of different stages of maturation of free economic zones have been highlighted. The first part of the article sheds a light on the genesis of the free economic zones, its legal progression and necessity to develop a strategic outline for the regulation of these zones in Uzbekistan. By utilizing a comparative methodological approach and doing a comprehensive analytical literature review of scholastic work, a nexus has been tried to build between different regional and international analogues projects. Finally, after relying on the available empirical evidence, this paper proposes more inclusive macro-objectives, investor-oriented legal regulatory mechanism, and multi-preferential policy models for the development of Free Economic Zones in Uzbekistan.

**Keywords:** Free Economic Zones, Legal Framework, Tax Preferences, Special Economic Zones, Export Processing Zones, Strategic Development, Investment Climate

Free economic zone (FEZ) is a territory with preferential treatment for entrepreneurs. The FEZ has a special legal status in relation to the rest of the territories.

The number of FEZs and their role in the world economy is constantly growing. If in 1900 there were 11 free ports in a number of countries in Europe and Asia, then in 1975. - 79 export-production zones (EPZ) in 25 developing countries, in 1986. - 176 FTEs in 47 countries, in the 1990s. - more than 1000 free economic zones in 90 countries of the world, in 2005. - more than 1500 (some researchers cite the figure as 3000) FEZs in 120 countries of the world. According to Thomas Farol, an expert at the World Bank. "Any country that did not have a SEZ ten years ago has one today or is going to create one".

The process of creation of free economic zones and their evolution in the Republic of Uzbekistan has its own peculiarities. This development involves three stages. The first stage is explained by the adoption of Law "On Free Economic Zones" No. 220-I, on April 25,

1996. This law includes norms as the concept of free economic zone, termination of the status of free economic zone, types of free economic zones, legal regime of free economic zones and the management of free economic zone<sup>1</sup>.

The second stage of the evolution of development of free economic zones are directly related to the creation of three free economic zones in the Republic of Uzbekistan. That is, "Navoi" free economic zone was created under the Decree of the President of the Republic of Uzbekistan "On the establishment of a free economic zone in Navoi region" on 2th December of 2008 №4059. In addition, the "Angren" Free Economic Zone was established by the Decree of the President of the Republic of Uzbekistan "On the establishment of the free economic zone "Angren" dated April 13, 2012 No PF-4336. Also, the Jizzakh Free Economic Zone was established on the basis of the Decree of the President of the Republic of Uzbekistan "On the establishment of free economic zone" dated March 18, 2013 No UP-4516<sup>2</sup>

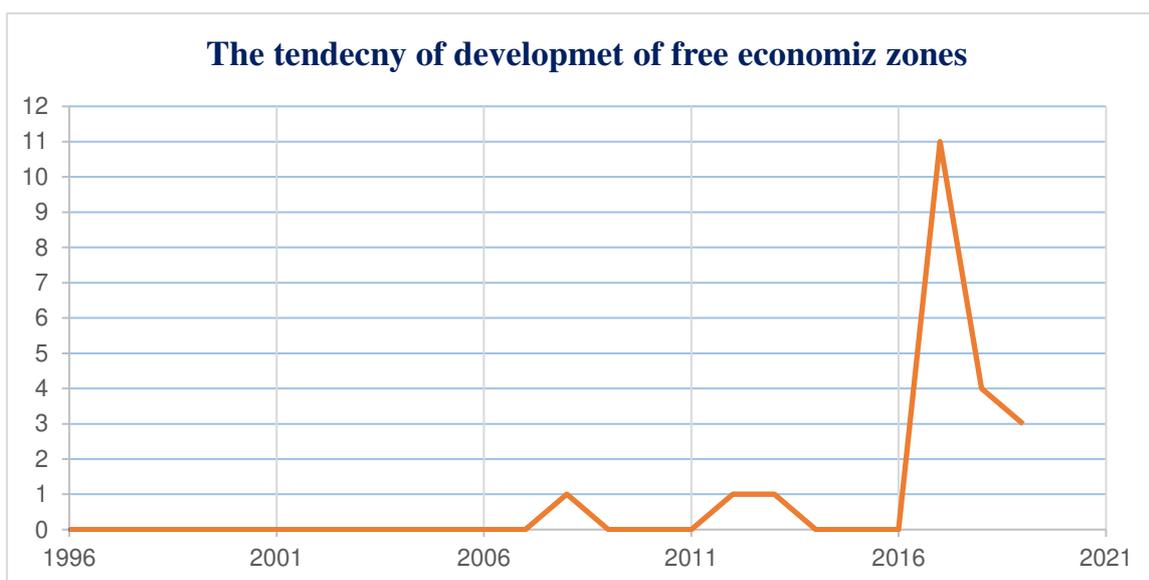
<sup>1</sup> <https://www.lex.uz/>

<sup>2</sup> <https://www.lex.uz/>



The third stage of creation and gradual development of free economic zones is the most important stage, which is directly related to the adoption of the Decree of the President of the Republic of Uzbekistan on October 26, 2016 № PF-4853 "On additional measures to activate and expand free economic zones". At the third stage, a new stage in the

development of free economic zones in our country has been began, and many effective measures were taken to develop their activities. At this stage, 18 new free economic zones were created, and at this stage, free economic zones were divided into sectors: industrial, pharmaceutical, tourism and agricultural free economic zones<sup>3</sup>. This trend is shown in the graph below.



Today in the Republic of Uzbekistan, there are 21 SEZs of **industrial, pharmaceutical, agricultural, tourism industries**<sup>4</sup>.

<b>The results of the activities of free economic zones as of February 01, 2021<sup>5</sup></b>			
<b>450 Investment projects will be introduced</b>	<b>Created working months 34876</b>	<b>Total cost \$ 2404.3 million USA</b>	<b>Foreign investment: US \$ 768.7 million</b>

We will analyze these investment projects in the chart on the example of "Navoi", "Angren", "Djizzak" free economic zones. 60 investment projects are being implemented in the "Navoi" free economic zone<sup>6</sup>, 70 in

the "Angren" free economic zone<sup>7</sup> and 16 in the "Djizzakh" free economic zone<sup>8</sup>.

<sup>3</sup> <https://www.lex.uz/>

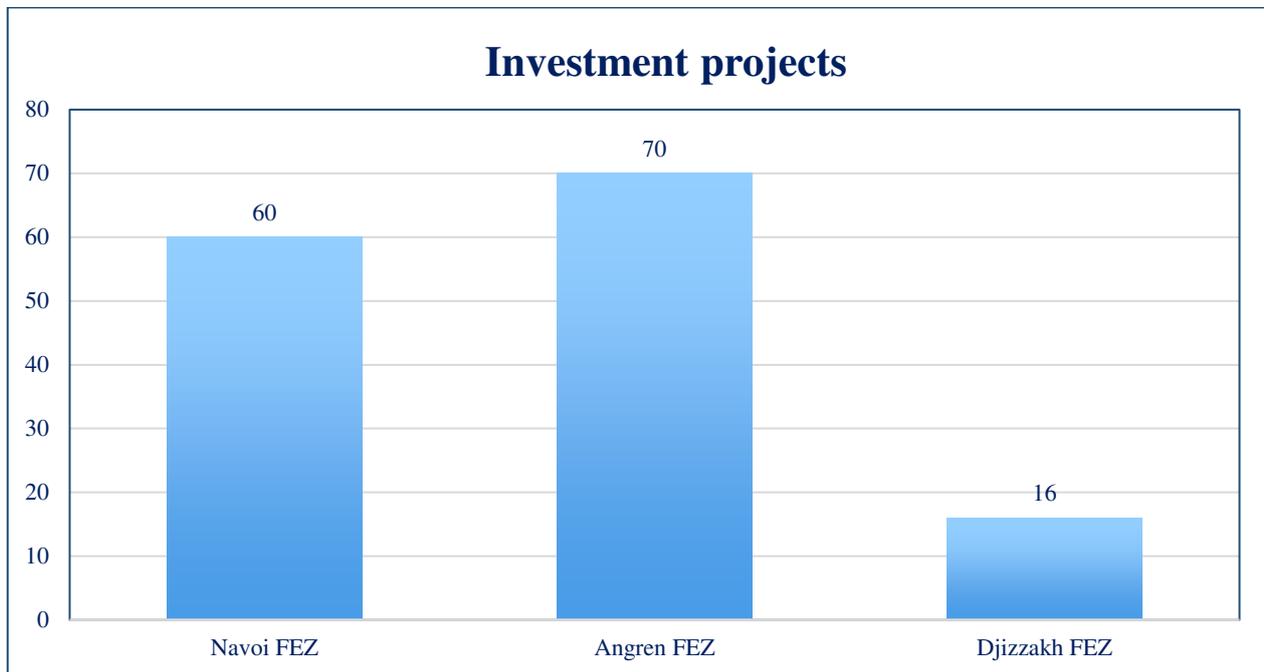
<sup>4</sup> <https://sez.gov.uz/ru>

<sup>5</sup> <https://sez.gov.uz/ru>

<sup>6</sup> <https://www.feznanoi.uz/>

<sup>7</sup> <http://www.fez.uz/page/vvedennye-proekty>

<sup>8</sup> <http://fezjizzakh.uz/en/>



By now in Uzbekistan, a number of normative legal acts and measures have been adopted recently to develop the legal and organizational framework for improving the activities of the FEZ.

However, the development of the country's economy, the creation of new types of relations in the field of entrepreneurship, investment activities, as well as foreign trade creates the need for further improvement of the activities of free economic zones.

This article offers recommendations for further improvement of activities of the FEZ in the Republic of Uzbekistan.

In the Republic of Uzbekistan, the Administrative Council and the Directorate of the FEZ carry out the management of the FEZ activities.

The FEZ Administrative Council coordinates the activities of local executive authorities on issues related to the operation of the special economic zone, compliance with the special legal regime and assistance to participants in the special economic zone;

conducts selection of investment projects for implementation on the territory of the special economic zone, considers applications for obtaining the status of a member of the FEZ;

makes decisions on the provision of land plots to participants in the special economic zone for the implementation of investment projects;

organizes the timely implementation of projects for the construction of engineering, communication and transport infrastructure of the special economic zone;

decides on the implementation or inappropriateness of the investment project.

However, given that the members of the Administrative Council are representatives of the relevant local executive authorities and other organizations, they do not carry out their activities on an ongoing basis in the territories of the FEZ and do not contact investors. This tendency leads to a lack of possession of complete information about investors.

The FEZ Directorate is considered the main body that directly works with foreign investors and has full information about investors.

The directorate of a special economic zone is a legal entity in the form of a state unitary enterprise, created to ensure the functioning and management of a special economic zone.

Directorate of the special economic zone:

ensures the operation of a special legal regime on the territory of a special economic zone;

organizes on the principle of "one window" interaction with potential investors and participants in the special economic zone, including the acceptance of an investment application for consideration and selection, the issuance of the necessary permits for connection to the networks of engineering and communication infrastructure;

ensures the implementation of the development program for the special economic zone;

provides marketing services, as well as services for the promotion of products to domestic and foreign



markets under contracts with participants in a special economic zone;

conducts activities to attract investors to the special economic zone.

In developed countries, the management of FEZ activities is carried out by a single body. In China, the Guangdong Provincial Committee for the Management of FEZs, and in South Korea, the FEZ Committee.

In this regard, it is advisable, on a gradual basis, to transfer the powers of the current Administrative Council to the FEZ Directorate and to simplify the activities of the existing FEZ Administrative Council. This will provide the FEZ Directorate with the opportunity to independently resolve issues and prevent the multi-stage influence of state bodies on the activities of the FEZ.

In addition, in order to improve the management of FEZs, it is necessary to provide management to managers from foreign companies who have vast experience in the management of FEZs and a significant contribution to improving the FEZs abroad.

In particular, DP World (Dubai Port World)<sup>9</sup> is considered one of the world's largest port operators of UAE developers, owns 60 operating and 11 terminals under construction in 31 countries. This company has been contracting for many years the management of Jebel Ali Port, which is considered one of the world's largest free economic zones managed by another company. Today DP World continues to invest in new infrastructure projects in Kazakhstan, including the special economic zones "Seaport Aktau" and "Khorgos-Eastern Gate".

London & Regional Properties (LRP)<sup>10</sup> is one of the largest privately-owned companies in Europe investing in real estate and development. The company has been operating since 1987 and is represented in the markets of 12 countries, including England, Germany, Russia, Poland, South Africa, Panama, etc. The company's investment portfolio exceeds 8.5 billion euros. Today London & Regional Properties (LRP) operates one of Panama's free economic zones, Panama Pacifico, and has invested US \$ 705 million in the development of the zone.

Based on their experience, managers of foreign companies can attract partner investors, highly qualified specialists in the production of goods, export and the domestic market, develop the infrastructure of the FEZ, and create a favorable investment environment in the FEZ. Based on the above, as an experiment, it is

proposed to transfer the management rights of the Directorates of some FEZs located on the territory of the Republic of Uzbekistan to the managers of the largest foreign management companies specialized in this area.

The system of legal regulation is of no small importance in the development of FEZs. We are talking about the creation of a separate legal system on the territory of the FEZ, unlike the rest of the state, based on the legislation of states with more developed jurisdiction. At the same time, it is important to create a kind of complex system, consisting of foreign legislation, institutions that ensure the strict implementation of legislative norms in order to fully protect the rights and interests of foreign investors.

Foreign experience shows that a number of jurisdictions operate on the principle of two systems in one country. This means that a certain island in the form of a FEZ is being created in the country, where legal relations are completely subject to separate norms of foreign legislation (commercial law). At the same time, the execution of certain legal norms is ensured by foreign courts. This approach ensures the autonomy of the FEZ territory and has a positive effect on attracting foreign investors to the FEZ, for whom guarantees of their smooth functioning are extremely important.

Hong Kong's economic success stems from its commitment to the principle of "Two Systems in One Country", based on English law, which has led to significant development of the country.

The Panama Free Trade Zone<sup>11</sup> adheres to the generally accepted legislation in most countries of the world, based on the English scheme and provides great opportunities for conducting and developing international business.

This trend is also observed in Central Asia. On May 19, 2015, the President of the Republic of Kazakhstan N. Nazarbayev signed the Decree "On the establishment of the Astana International Financial Center (AIFC)" based on the principles of English law, using preferential tax regimes and independent financial courts. It is advisable that this center will become the core of the financial infrastructure of Kazakhstan, a further financial hub for the entire Central Asian region<sup>12</sup>.

The main activities of the AIFC are capital market development, asset management, wealth management of high net worth individuals, Islamic finance, new financial technologies.

<sup>9</sup> <https://www.arabianbusiness.com/companies/dp-world-uae-66822>

<sup>10</sup> <http://lrp.co.uk/>

<sup>11</sup> <https://www.trade.gov/market-intelligence/panama-special-economic-zones>

<sup>12</sup> <https://aifc.kz/ru/>



On the territory of the AIFC, there is a special legal regime based on common law, which regulates the relationship between the AIFC participants and stakeholders, aimed at developing the financial market.

The AIFC law is guided by the principles, norms and precedents of the law of England and Wales and the standards of the world's leading financial centers. On the territory of the AIFC, justice based on English law will be carried out by the independent AIFC Court, separate from the judicial system of the Republic of Kazakhstan, with the involvement of judges of the international level.

In addition, a huge international investment space is currently being formed in the world where a separate legal regime based on English law operates. Due to the presence of a favorable legal regime, many large international companies, corporations, firms and foreign commercial organizations are striving for this space where business around the world trusts this system.

To date, the procedure for the introduction of English law continues on the territory of the Navoi FEZ. An appropriate infrastructure and system is being created to ensure the full functioning of English law as an instrument of legal regulation of the actions of participants in a given territory.

In this regard, there is a need for other FEZs of the Republic of Uzbekistan to establish a separate legal regime on the principle of "two systems in one country", based on English law, which has flexibility and adaptability and allows to meet the changing needs of modern business, to ensure isolation from the national judicial system and the impact of law enforcement authorities of the country, as well as the influence of everyday normative legal acts that are not directly related to the regulation of the SEZ. Today, in free economic zone Navoi operates legal regime based on Local legislation and English law. The application of the new legal regime based on English law and National legislation the FEZ of the Republic of Uzbekistan creates a favorable investment climate, a simplified system for registering companies in the FEZ, ensure political and economic stability in the FEZ, a wide network of investment guarantees and free trade agreements. This will provide foreign investors with confidence in investing huge capital in the FEZ of the Republic of Uzbekistan. The proposed legal regime will make it possible to establish a more simplified procedure for registering enterprises and doing business in the FEZ, stimulating the development of the activities of international banks, insurance companies, international financial companies, international investment funds, investment brokerage, innovative corporate governance

and management, audit and accounting services, international protection standard intellectual property rights, as well as a constant influx of highly qualified and multilingual foreign specialists.

In this regard, it is also proposed to gradually establish a legal regime based on English law in the territories of other FEZs "Jizzakh" and "Angre", since these zones have been operating for many years.

The most favorable FEZ regime is also the main factor in attracting the attention and interest of foreign states in the FEZ. There are countries that have vast experience in the creation and effective regulation of FEZs.

Taking into account the fact that Singapore, the United Arab Emirates, China, South Korea, Canada, Australia have advanced experience in the creation and development of FEZs, it is advisable to conclude with these countries a lease agreement for the territory of the FEZ "Navoi", "Jizzakh" and "Angren". These FEZs are provided on the basis of long-term international bilateral or multilateral lease agreements between countries that have experience in creating and improving the activities of FEZs. This agreement will provide for all the conditions for the application of a separate legal regime on the territory of the FEZ (applicable law, business customs, visa procedures, etc.).

At the same time, it should be noted that the well-known FEZs of Dubai, China, Korea, Singapore have formed their brand (image) as a favorable international investment oasis through an advertising campaign. FEZ advertising is considered the main factor in attracting foreign capital, creating a powerful environment for international business. Therefore, many FEZs in the world annually allocate huge amounts of money for advertising.

Today, the FEZ of the Republic of Uzbekistan is little known at the international level) There are no commercials or information about the FEZ of Uzbekistan on TV channels with international coverage. This is considered a disadvantage of attracting investment in the FEZ.

In this regard, it is considered necessary to carry out a large-scale advertising campaign for the FEZ of the Republic of Uzbekistan. It is proposed to organize screenings of videos, documentaries, interviews with specialists in the field of FEZ, short advertisements and broadcasts on TV channels (Euronews, BBC, CNN, covered at the international level.), as well as holding international conferences, round tables and seminars. In addition, in order to create an international working environment in the FEZ of the Republic of Uzbekistan,



it is proposed to establish a procedure for conducting office work in English.

There are cities in the world where the economy of the territory is based on free market and trade relations, low taxation and non-interference of states in the country's economy. These cities are considered international financial centers. According to the latest study by GFCI (Global Financial Centers Index), London, New York, Singapore, Hong Kong, Tokyo, Zurich, etc. are recognized as the largest international financial centers. London ranks first as an international financial center, where banks, specialized credit, and financial institutions are concentrated, which carry out international currency, credit and financial transactions. They are characterized by general conditions, the presence of which allows the city to be positioned as a major participant in international financial markets for international transactions with assets, as well as a space where financial institutions of different jurisdictions converge on the implementation of financial intermediation on an international scale, minimal interference or complete non-interference of the state in the legal and the financial activities of the business. A large international business center "Tashkent city" (International business center) is being created in Uzbekistan today. This center is already in the center of attention of many investors, international banks and financial corporations.

Based on the above tendency, it is proposed to create an international financial center "International financial center" in other regions of the country such as Samarkand, Bukhara and Fergana Valley. A special legal regime based on common law will operate on the territory of the centers, regulating the relationship between the participants of the International Financial Center and stakeholders aimed at developing the financial market and corporate asset management.

To do this, it is necessary to create a unified jurisdiction, separate from the judicial system of the state, as well as from the influence of state and law enforcement agencies. Organizations created on the territory of the "International financial center" will be exempt from land tax and property tax for a period of up to 50 years, a simplified procedure for their registration and accounting, a simplified labor regime, free rental of offices of the "International financial center" in the first two years will be applied.

Currently, in the FEZ of the Republic of Uzbekistan, investors are provided with tax incentives for a period of 3 to 10 years, depending on the volume of investments made.

Today, investors in free economic zones are exempt from a number of taxes:



The minimum investment amount is 300 thousand US dollars in equivalent. In order to increase the flow of investments, activate local investors and create a favorable investment climate, it is advisable to reduce the minimum volume of investments in the FEZ to USD 100 thousand in equivalent.

The next disadvantage of the taxation procedure in the FEZ is the term for calculating tax benefits. As a rule, the beginning of the validity period of tax incentives is calculated from the date of receipt of the certificate of registration of the FEZ participant, issued by the Directorate of the FEZ. Since many FEZs in the country have been created recently, the infrastructure is only developing, and taking into account the fact that many investors need time to set up production, it is advisable to change the term for calculating the validity of tax benefits, defining the calculation from the date of the start of production of goods by the participants of the FEZ. The current situation currently does not allow investors to fully utilize the tax benefits provided to them.

In the process of selecting investment projects for placement on the territory of the FEZ and registration of participants in the FEZ, the investor submits to the Directorate a completed investment application for the placement of production on the territory of the FEZ with an attachment to it:

information on the presence of state registration of a legal entity (investor) or other document confirming the activities of this investor;

business plan for the proposed investment project;



information confirming the investor's experience in the relevant field and / or the implementation of similar investment projects (if any);

information on the investor's financial and economic activities over the past three years.

In the absence of work experience in the relevant field and in the implementation of similar investment projects, the investor submits to the Directorate information about the technology partners involved in the implementation of the investment project.

If at the time of filing an investment application the investor:

carries out economic activities for 1 to 3 years, the investor submits to the Directorate information on financial and economic activities for the actual time of their activities;

did not carry out financial and economic activities or carried out them for less than a year, the investor submits to the Directorate information on the financial and economic activities of at least one founder of the investor.

Considering that entrepreneurial activity is based on risk, the presence of experience in a certain area, as well as whether he carried out financial and economic activities or not, is of particular importance and does not guarantee the achievement of success in production, the organization of the business as a whole.

In addition, investors have the right to attract experienced specialists, which will allow him to successfully set up production on the territory of the FEZ. I would like to note that investors in many countries are very actively using this right.

Based on this, we consider the requirements listed above to be inappropriate to the requirements of the time and create obstacles to attracting a large flow of investors. Taking into account the above, it is advisable to exclude these requirements.

In addition, the requirement for the investor to translate all relevant attached documents into the state or Russian language is considered a difficult registration process.

This leads to unnecessary spending of money and time for investors. Since English is considered the main international language, it is advisable to cancel the requirement to translate the submitted documents into the state or Russian language if these documents are presented in English.

One of the most problematic issues in the FEZ is the procedure for obtaining a land plot. Land plots on the territory of the FEZ are directly administered by the khokimiyats of the regions and are provided by the khokims of the respective regions to the participants of

the FEZ based on the decision of the Administrative Council of the FEZ.

Taking into account the need to further reduce the administrative impact on the sectors of the economy and expand market management mechanisms, envisaged as one of the priority directions of the Concept of Administrative Reform, the right to provide land plots allocated for the placement of enterprises participating in the FEZ, the Directorate of the FEZ itself should be granted.

Today, one of the main factors hindering the development of production in the FEZ and attracting investment is the lack of social infrastructure. At the same time, it should be noted that for the sustainable and stable implementation of the activities of these zones, the FEZ Directorates should pay attention to the development of housing facilities, socio-cultural purposes, the sphere of housing and communal services, enterprises and organizations of health care systems, education, preschool education, as well as enterprises and organizations related to recreation and leisure, retail trade, catering, services, sports and recreation facilities. The availability of these amenities will create favorable conditions for FEZ employees to live, save time and financial resources, which in turn will affect the growth of the production rate in the FEZ. Thus, the creation of a social infrastructure within the SEZ will serve to improve the activities of these zones.

Moreover, the creation of banks, insurance companies and consulting centers is an important part of the development of investment and entrepreneurial activities on the territory of the FEZ. The provision of concessional loans to business entities will provide an opportunity to introduce new technologies in the FEZ for the growth of production and the development of the country's foreign economic activity. Insurance of property, business risk will serve to reduce losses, various damages and increase investor confidence.

Taking into account the above, it is advisable to create a network of banks, insurance companies, as well as consulting centers on preferential terms on the territory of the FEZ. This process exists in the practice of free economic zones in many countries, including South Korea, the United Arab Emirates, China and Singapore.

Currently, reforms are underway in Uzbekistan to radically improve the system of work with appeals from individuals and legal entities, introduce new effective mechanisms and methods for establishing an open dialogue with the population, as well as study the opinion of the population on the development of all industries. In turn, the results of the ongoing reforms will serve the interests of the people.



In this regard, it is considered necessary to study the opinions and interests of the local population before creating new SEZs.

It is considered advisable to study the opinions of investors on improving the SEZ by conducting opinion polls and other research methods. This procedure is aimed at critical study and creation of new ideas and strategies to improve the activities of the SEZ.

One of the notable trends in the modern concept of FEZs is associated with the evolution of the forms of ownership of FEZs, namely, with the transition from state free economic zones to private ones. The first private SEZs were established in Mexico, Central America and Southeast Asia.

The first private FEZs were distinguished by an adequate internal infrastructure: a developed transport network, water supply systems, energy supply, etc. The practice of correlating private FEZs with the number of state zones differs significantly across countries and regions, in particular, the number of private FEZs exceeds the number of state zones. In the Philippines, the share of private zones reaches 70%, in Thailand and Vietnam, private FEZs are characterized by a predominant inflow of foreign direct investment.

Based on the trend of continuing institutional and structural reforms aimed at reducing the presence of the state in the economy, further strengthening the protection of rights and the priority role of private property, stimulating the development of small business and private entrepreneurship, ensuring reliable protection of rights and guarantees of private property, removing all barriers and restrictions, providing We consider it expedient to create private FEZs in the Republic of Uzbekistan as an experiment of complete freedom on the path of entrepreneurship development.

World practice is also characterized by the tendency to create specialized free economic zones or industrial production zones of one industry. For example, the Onne oil and gas zone in Nigeria, the Gemopolis free zone for precious stones in Thailand, or the free economic zones of the textile industry in Vietnam, Nepal, Colombia, China, Pakistan, India and Bangladesh.

As we mentioned above, there are also FEZs in the industrial, pharmaceutical, agricultural and tourism sectors of the country in Uzbekistan.

However, Uzbekistan has a huge supply of textile raw materials, experience in processing cotton and silk,

leather raw materials (cattle, sheep, including karakul). In this regard, it is proposed to create a SEZ specializing in the production of export-oriented textile and leather products.

Due to the huge revenues of the tourism industry in recent years, much attention is paid to the development and improvement of tourist or tourist-recreational zones in the world. Revenues from international and domestic tourism on average annually increase by 9%, in absolute terms, the volume of revenues is 4500 billion US dollars, which is up to 10% of world GDP. For small developed countries in terms of territory and population and developing countries, such zones serve as the main source of capital inflows and creation of new jobs.

Practice shows that tourism is one of the most important spheres of the national economy of some countries. Indonesia is located on 13 thousand islands and is widely known for the habitats of birds, fish resources, flower plantings and mammals. In Indonesia, there are such tourist zones as North Sumatra, Jakarta, West Java, Central Java, East Java, Bali, North Sulawesi, South Sulawesi. The most popular area in Indonesia is Bali. Bali accounts for 1/3 of all foreign tourists coming to Indonesia. Bali's per capita GDP is about 55 thousand US dollars<sup>13</sup>.

Another famous tourist destination in Indonesia is Lombok. The tourism sector of Lombok employs 6.6% of the population, which is 500 thousand inhabitants of the region. In this island, tourism is one of the leading sectors of the local economy and accounts for 25% of the region's GDP<sup>14</sup>.

The tourism industry has a dynamic growth rate of 15% on average annually, and the average annual tourism revenue is 115 million US dollars. The average GDP per capita in Lombok is about 27 thousand US dollars.

Panama is of particular importance for the development of tourist areas. Panama's tourist infrastructure includes 35 hotels and resorts. Panama also has 9 special tourist zones.

In the Russian Federation, several special economic zones of a tourist type operate such as "Baikal Harbor", "Biryuzovaya Katun", "Gateway-Baikal", "Curonian Spit", "New Anapa", "Altai Valley" and "Grand

<sup>13</sup> Баронов В.И., Костюнина Г.М. Свободные экономические и офшорные зоны (Экономико-правовые вопросы зарубежной и российской практики): учебное пособие / - М.: Магистр: ИНФРА-М, 2016. – 560 с.

<sup>14</sup> Баронов В.И., Костюнина Г.М. Свободные экономические и офшорные зоны (Экономико-правовые вопросы зарубежной и российской практики): учебное пособие / - М.: Магистр: ИНФРА-М, 2016. – 560 с.



Spa Yutsa". There are two unique free tourist zones in Georgia, Anaklia and Kobuleti<sup>15</sup>.

In Turkey, tax-free tourist zones have been created in the coastal provinces of the Aegean and Mediterranean Sea, in particular in Cesme, Bodrum, Didim, Marmaris and to the West of Antalya.

In world practice, there are various types of free tourist zones, among which natural zones, historical zones and tourist and recreational zones are popular. Natural zones (natural zones) - as zones with natural features, natural resources, land and water resources. These zones have scientific and ecological value, as a result of which they are protected and preserved by the state. Historical zones are zones of historical cultural significance, as well as small historical sites. In such zones, tourists visit historical and cultural sites and monuments, as well as sightseeing. The next zones are touristic recreational zones, which are used as a place of recreation and entertainment. These areas include parking areas, recreational and picnic areas, horse riding and hiking, sports facilities and boating stations.

Today, many foreign tourists come to Uzbekistan to visit historical and architectural sights, mountains, as well as parks, national festivals and other cultural and entertainment events. However, the tourist potential of the country is not used sufficiently.

It is proposed to create the following free tourist zones in the Republic of Uzbekistan: historical zones in Samarkand, Khiva and Bukhara, natural zones (natural zones) of Jizzakh (Zamin) and Namangan (Chartak) and other regions of the country, tourist and recreational zones (touristic recreational zones) in the central places of the cities of Uzbekistan.

In addition, for the development of tourism, it is proposed to create a new tourist program "Visit Uzbekistan", carrying out its activities in two directions, namely the development of domestic tourism, including the holding of festivals and other cultural and entertainment events, as well as the development of foreign tourism in particular, on based on the activities of tourism promotion centers that are being created in other well-known cities in the world.

It is considered necessary to expand the network of hotels, hotels through the introduction of information technologies, as well as expanding the network of travel agencies, training highly qualified personnel in the field of tourism.

Today, technology and innovation zones are developing rapidly in the world. Industrial parks, which gradually transformed into research parks, became the prototype of technology-innovation zones.

World practice shows that the types of technology and innovation zones include:

- Scientific Park;
- Science-based industrial park;
- Research park (research park);
- Technopolis / science city (technopolis / science city);
- High-tech industrial areas;
- Business incubator (business-incubator);
- Research "triangle";
- Technopark (technology park);
- High tech park;
- Technology development park (tech - Development Park)<sup>16</sup>.

In 1973, there were 24 such zones in the United States, now the number of such zones already exceeds 100, while more than 3 billion US dollars are expected to be invested in their development, and the number of additional jobs should be 100,000. The largest scientific and technical zone in the United States is Silicon Valley, which is called the cradle of modern information technology and Highway 128.

The world has recognized the Chinese practice in the operation of technology and innovation zones. Shanghai itself has the Jianjin Shanghai Hi-Tech Park, the Vithub Shanghai High-Tech Incubator, the Future Island High-Tech Industrial Park, the Caohejing, Hongkwiao, and Minhang Economic and Technological Development Zones.

In Japan, there are 18 technopolises in 14 districts based on leading scientific centers. The largest technopolis, Tsikuba, employs 145,000 people and Silicon Valley, called the "Silicon Island of Kyusu".

There are more than 25 technoparks in England, employing 18,400 jobs.

Leiden Science Park for Biotechnology is the leading science park in the Netherlands and is one of the five most renowned science parks in Europe. In total, Leiden Science Park houses 60 companies engaged in research in the field of life sciences, directly employs 3,100 people and another 4,000 people work in seven research institutes.

<sup>15</sup> Баронов В.И., Костюнина Г.М. Свободные экономические и офшорные зоны (Экономико-правовые вопросы зарубежной и российской практики): учебное пособие / - М.: Магистр: ИНФРА-М, 2016. – 560 с.

<sup>16</sup> Баронов В.И., Костюнина Г.М. Свободные экономические и офшорные зоны (Экономико-правовые вопросы зарубежной и российской практики): учебное пособие / - М.: Магистр: ИНФРА-М, 2016. – 560 с.



Spain has the Vizcaya Technopark, which includes the promotion of technological development and innovation in Vizcaya.

In India, Kerala Technopark includes two information technology centers, Thiruvananthapuram and Kochi.

There is a significant intellectual potential of the population in Uzbekistan. The main population of the Republic of Uzbekistan is youth. This is a huge potential for the creation of technology-innovation zones (technology parks). Taking into account the priority areas of development and liberalization of the economy in the Action Strategy for five priority areas of development of the Republic of Uzbekistan in 2017-

2021, the creation of new and increasing the efficiency of existing free economic zones, technoparks, small industrial zones is determined.

In this regard, it is proposed to create technoparks of a modern scientific and technological innovation complex for the development and commercialization of new technologies at the Tashkent State Technical University named after I. Karimov, as well as a technopark at the Tashkent Institute of Irrigation and Agricultural Mechanization Engineers in order to create a modern center of breeding achievements. Technoparks should be created according to the model below

**University** → **Research institute** → **Industry**

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