



Economic essence and organizational features of free tourist zones. The case of Uzbekistan.

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ABSTRACT

The article proposed the creation of a free tourist zone in Uzbekistan, specifically Samarkand, as an effective mechanism for using the tourist potential of the region. Also studied the direction of influence of the free tourist zone on the economic growth of the region. Analyses conclude major points of the formation of free tourist zones in the Republic while making their suggestions as the whole.

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1. Main text

In recent decades, tourism has become one of the most dynamic and profitable sectors of the world economy. According to the world tourism organization, annual international tourist arrivals have increased almost 40-fold since 1950 and amounted to 1,323 million in 2017, while revenues from tourism reached \$ 1,340 trillion. per year. International tourism accounts for about 10% of world GDP, more than 9% of all employed in the global economy.

High growth rates, the ability to strengthen business activity in related sectors of the economy (construction, transport and communications, trade, Finance, etc.), a significant contribution to the employment of the population make the tourism industry an increasingly important sector of the national economy. However, to date, the tourism sector in Uzbekistan has not yet received proper development, as indicated by the significant lag of its main industry parameters from similar indicators of the leading economies of the world. Thus, the indicators characterizing the share of employment in the tourism sector (2.7 %) and its contribution to the GDP production structure (less than 3.1%) are 3-4 times lower than the global ones. The provision of the hotel Fund, catering enterprises, the quality of services provided to tourists in Uzbekistan is also significantly inferior to the level of the leading countries of the world tourism market.

The successful functioning of the industry at the regional level largely depends not only on the tourist and recreational potential of the territory, but also on the state of transport infrastructure, favorable business and investment climate for tourism and related economic activities.

World experience shows that an effective mechanism for the implementation of the opportunities of a territory for the development of tourism is the organization of tourist special economic zones. Special economic zones are a catalyst for investment processes and provide technological upgrading of production, while strengthening its competitiveness in both economically developed countries and countries with economies in transition. In Uzbekistan, such experience has not yet been widely disseminated.

2. Illustrations

Free economic zones are an important form of international economic integration. As a rule, this is a region, a part of the national territory with special preferential foreign trade, customs, investment, monetary, financial and tax regimes that encourage economic activity of foreign participants, attracting foreign investment and advanced foreign technologies. The international Kyoto Convention (1979) "on simplification and harmonization of customs procedures" defines the FEZ as a part of the territory of the state beyond the customs borders, in which any movement of goods and money is not subject to administrative or any other control.

In Uzbekistan, the free economic zone is "a specially designated area with clearly defined administrative boundaries and a special legal regime, created in order to attract domestic and foreign capital, advanced technology and management experience for the accelerated socio-economic development of the zone."

In its development, FEZs have come a long way from medieval trading port cities to innovative parks and research centers. Their role, place and forms have changed significantly, they exist and operate in many countries of the world (for example: in North America there are 366 FEZs, in Asia – 280, in Europe – 161, in the middle East – 39, in Asia-Pacific region – 14) on different sectoral grounds.

Despite the wide variety of forms and types of operating free economic zones in the world, all of them are United by the presence of several common features: part of the country's territory, more preferential legal and financial and economic regime compared to the mandatory conditions in the whole country, mandatory specialization of the special zone.

The main normative legal act of creation and functioning of free economic zones (FEZ) in our country is the Law of the Republic of Uzbekistan "on free economic zones" adopted in 1996. In December 2008, the first free industrial - economic zone (SEZ) "Navoi" was created near the administrative center of Navoi region. Based on the positive experience, in April 2012 the country's Leadership decided to create a special industrial zone (PPE) "Angren" in the Tashkent region, in March 2013. – Special industrial zone (SIZ) Jizzakh on the territory of Jizzakh region, with its branch in Syrdarya region..

3. Equations

In order to create favorable conditions for attracting foreign and domestic investments in the creation of modern production facilities for deep processing of mineral and agricultural resources, according To the presidential Decree of January 12, 2017 № up-4931, SEZ "Urgut", SEZ "Gizhduvan", SEZ "Kokand" and SEZ "hazarasp", as well As according To the presidential Decree of May 3, 2017 №up-5032 created SEZ "Nukus-Pharm", SEZ "Zomin-Pharm", SEZ " Kosonsoy-Pharm", SEZ "sirdare-Pharm", SEZ "Boysun-Pharm", SEZ " Bustonlik-Pharm», SEZ "Parkent-Pharm" aimed at the development of the pharmaceutical industry in the country. A total of 17 FEZs have been created in Uzbekistan to date.

According to the Decree of the President of May 3, 2017 №up-5273 "in order to further develop and improve the use of the tourist potential of the Tashkent region, create favorable conditions for the wide attraction of foreign and local tourists to the region, ensure the dynamic development of modern infrastructure, expansion and improvement of the quality of tourist, hotel and transport services" within the Chimgan-Charvak resort and recreational zone of the Tashkent region was created the first free tourist zone "Charvak". According to the decree, "the free tourist zone is a free economic zone; the free tourist zone and business entities registered as participants of the free tourist zone are subject to the provisions of the legislation on free economic zones, including all privileges and preferences provided for free economic zones and their participants."

And so, in accordance with the decree of the President of the Republic of Uzbekistan dated October 26, 2016 № up-4853 "on additional measures to enhance and expand the activities of free economic zones" participants of FEZ (also FTZ) are exempt from payment:

- land tax, income tax, property tax of legal entities, single tax payment for micro-firms and small enterprises, as well as mandatory contributions to the Republican Road Fund under the Cabinet of Ministers of the Republic of Uzbekistan and extra-budgetary Fund for the development of material and technical base of educational and medical institutions under the Ministry of Finance of the Republic of Uzbekistan;

- customs payments (except for customs clearance fees) for equipment, raw materials and components imported for own production needs;

- customs payments (except for customs clearance fees) for construction materials not produced in the Republic and imported within the framework of projects, according to the lists approved by the Cabinet of Ministers of the Republic of Uzbekistan.

The benefits provided by the decree Of the President of the Republic of Uzbekistan dated October 26, 2016 № up-4853 "on additional measures to activate and expand the activities of free economic zones" are provided for

a period of 3 to 10 years, depending on the volume of investments, including the equivalent:

- from 300 thousand us dollars to 3 million us dollars-for a period of 3 years;

- from 3 million US dollars to 5 million us dollars-for a period of 5 years;

- from 5 million US dollars to 10 million us dollars-for a period of 7 years;

- from 10 million US dollars and above-for a period of 10 years, with the application for the next 5 years of the income tax rate and the single tax payment in the amount of 50 percent lower than the current rates.

The mechanism of coordination of activities of FTZ in the Republic of Uzbekistan consists of several elements:

Functions of state regulation and coordination of FEZ activities are carried out by administrative councils. 2. The activities of the administrative councils are coordinated by the Republican Council.

Operational management of FEZ activities is carried out by The Directorate.

The Directorate, in coordination with the Ministry of Finance of the Republic of Uzbekistan, annually develops a draft independent budget for the relevant financial year and submits it for approval to the administrative Council.

The staffing and cost estimates of the Directorate are approved by the Republican Council.

Mandatory criteria for the placement of investment projects in the territories of the FTZ in Uzbekistan are:

- construction of modern hotel complexes, cultural, recreational, commercial and other tourist facilities on the territory of the FTZ, as well as the creation of modern engineering infrastructure;

- creation of additional infrastructure for the provision of support services (cafes, restaurants, bars, canteens, rooms for receptions), as well as the organization of services for the

transportation of tourists (on modern buses, cable cars and more);

- ensuring the availability of vehicles (bus, train, electric train);
- compliance of services with the requirements of legal acts and regulations in the field of tourism, as well as technical regulation in the field of ecology and environmental protection;
- the creation of a functional and seasonal recreational areas with the provision of the necessary conditions to serve tourists;
- creation of unique tourist routes taking into account the opportunities of the eco-environment of the region;
- implementation of projects to create a unique environmental system based on the introduction of new modern energy-saving systems and technologies, using alternative and renewable energy sources, etc.

Any territory has its own set of resources, on the basis of which it is possible to create a national economy with effective parameters of socio-economic development. From these positions, in our opinion, we should develop a strategy for the socio-economic development of the region.

Samarkand, located in the center of the Great Silk Road, is one of the oldest cities in the world, famous for its rich cultural and historical heritage, unique oriental appearance and color, excellent natural and climatic conditions, is a region of the Republic of Uzbekistan, which has a high tourist potential.

Samarkand, having a high tourist potential, is characterized by an insufficient level of development of tourist infrastructure, which leads to the search for an effective mechanism for accelerating the development of the tourism sector and achieving a level of development similar to this potential.

World experience shows that the organization of tourist special economic zones is an effective mechanism for realizing the potential of a territory for the development of tourism.

Tourist free zones are a type of free economic zones. The main objectives of their creation in world practice is to attract investment in tourist and recreational centers, integrating the country into the global tourist market on the basis of improving the competitiveness of the domestic tourist product. The creation of a tourist free economic zone in Samarkand will create favorable conditions for the development of tourism as a strategic sector of the regional economy (Table 1).

Table 1. The main objectives of creating tourist free economic zones are as follows:

- **ensuring, through the creation of a free economic zone, the diversification of the regional economy;**

- **Stimulating the development of depressed regions with low industrial potential;**
- **increase employment;**
- **improving the health and quality of life of the population due to the increased availability of tourist and sanatorium-resort services by citizens of the country;**
- **growth of tourist flows;**
- **preservation of the environment, natural and cultural values;**
- **development of engineering, transport, social infrastructure, etc.**

Tourist free economic zones are not a new phenomenon in the world, in practice, the functioning of a variety of special economic zones. B 120 countries have more than three thousand different FEZs with an annual turnover of \$ 600 billion. For Uzbekistan, the creation of a tourism-type FEZ has become a matter of national importance, as one of the objectives and priorities of the state policy in the field of tourism in the medium term is defined "giving tourism the status of a strategic sector of the economy, the transformation of this industry into a powerful tool for sustainable development, structural transformation and diversification of the economy, which should become a locomotive for the accelerated integrated development of all regions and related industries." In the legislation of the Republic of Uzbekistan free economic zones are reflected in the concept of free tourist zones .

The successful operation of free tourist zones (FTZ) is expressed, first of all, in the overall economic recovery of the regions in which they are organized. Positive results of activity of special tourist zones on the economy of the region are achieved in the case of effective implementation of the goals and objectives of each TOEZ. At the same time, it is impossible to be limited to a single pilot project, and to spread the practice of maximum use of the tourist and recreational potential of the region within the free zone. In this case, it is possible to achieve a significant multiplier effect on all spheres of economic activity, which can be provided by the FTZ both at the regional and sectoral (inter-sectoral) levels.

We consider this statement to be quite logical, taking into account the specificity and universality of the tourism industry. As you know, companies working in various sectors of the economy take part in ensuring the stable functioning of tourism. Here, we fully share the opinion of A. Kuskov that "tourism has an impact on all key sectors of the economy of the modern state, all aspects of the life of a civilized society»* .

Thus, a direct relationship is built, the more closely interact between direct and indirect participants involved in the tourism business, the more successfully the business of each of the individual representatives of the business community, respectively, expressed in the growth of economic indicators of a state (Table 2).

Table 2. According to some scientists, the main consequences of tourism development are:

- creation of new jobs, the opportunity to get a job for representatives of various professions and skill levels;
- prerequisites for the wide organization of small and medium-sized businesses;
- growth of foreign exchange earnings, thereby increasing exports due to the growth in the number of foreign tourists;
- additional tax deductions;
- attraction of national and foreign investments;
- increase in local revenues;
- development of all industries related to the production of tourist products;
- development of social and industrial infrastructure in tourist centers;
- activation of activity of the centers of national crafts and development of culture;
- ensuring the growth of the living standards of the local population, etc.

In the experience of the Republic of Uzbekistan were many zones while creating better atmosphere and condition at all. One of the, could be found in the way of the "Charvak" that was declared recently. The mechanisms of implementation of the main measures for the development of "Charvak" are defined:

1. Creation of modern tourist infrastructure facilities, special functional and seasonal recreation areas with provision of necessary conditions for tourist service;
2. Creation of modern tourist infrastructure facilities, special functional and seasonal recreation areas with provision of necessary conditions for tourist service
3. Ensuring the availability of vehicles, the introduction of new types of traffic in the region, the development of appropriate transport infrastructure
4. Ensuring the safety of life and health of tourists in the organization of tourist services
5. Creation of a unique ecological system through the introduction of new modern energy-saving systems and technologies
6. Introduction of modern information and communication technologies, their active use in promoting the tourism potential of the region
7. Organization of preparation, retraining and improvement of professional skill of workers of sphere of tourism.

Conclusion

In conclusion, papers makes final points as a mandatory criteria for the placement of investment projects in the territories of the FTZ in Uzbekistan. On this case, construction of modern hotel complexes, cultural, recreational, commercial and other tourist facilities on the territory of the FTZ, as well as the creation of modern engineering infrastructure was stated as one of the major feature. In addition, creation of additional infrastructure

for the provision of support services (cafes, restaurants, bars, canteens, rooms for receptions), as well as the organization of services for the transportation of tourists (on modern buses, cable cars and more) were seen primary one too. In order to have better services under the requirements of legal acts and regulations in the field of tourism, as well as technical regulation in the field of ecology and environmental protection. Last but not the least, implementation of projects to create a unique environmental system based on the introduction of new modern energy-saving systems and technologies, using alternative and renewable energy sources could easily facilitate stated situation in the Republic of Uzbekistan.

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