

ANALYSIS OF EFFECTIVENESS ASSESSMENT CRITERIA OF FREE ECONOMIC ZONES IN DIGITAL ECONOMY CONDITIONS

*Oltaev Sh.S - SamIES
associate professor, PhD.*

Abstract: This article examines the analysis of the criteria for assessing the effectiveness of free economic zones in the digital economy. The development of criteria for assessing the activities of free economic zones serves as a basis for stimulating their development. Based on world experience, it is important for the development of countries and regions to identify indicators of the effective functioning of free economic zones, pay attention to their analysis, and based on this, select the most appropriate methods of attracting investors. The article also highlights the importance of analyzing indicators, experiences and implementing them in this process.

Key words: digital economy, region, free economic zone, economic efficiency, efficiency, direct effect, indirect effect, competitive effect, infrastructure, factors affecting efficiency.

Introduction. The decrees of the President of the Republic of Uzbekistan Sh.M. Mirziyoyev “On the Strategy of Actions for the Further Development of the Republic of Uzbekistan” and “On Additional Measures to Activate and Expand the Activities of Free Economic Zones” dated October 26, 2016 initiated a qualitatively new approach to the system of strategic planning of the prospects for the development of the state and society of the country. One of the main objects for the development of the regional economy is free economic zones. That is why, starting our analysis, we began by enriching the term free economic zone. As a result of our study of these processes, we came to the following definition.

It is appropriate to say that a free economic zone is a special territory where modern enterprises are located, which combine local natural, labor, and financial resources using modern technologies and ensure the production of products with high added value that are competitive in the world market. The enrichment of economic terms indicates the growth of science in this field.

In order to organize new high-tech production capacities in the regions of Uzbekistan, to more actively involve the regions in the development of competitive and export-oriented modern industrial products, and to attract direct foreign investment, the free economic zones "Navoi", "Angren", "Jizzakh", "Urgut", "Gijduvon", "Kokand" and "Hazorasp", the pharmaceutical industrial zones "Nukus-pharm", "Zomin-pharm", "Kosonsoy-pharm", "Syrdaryo-pharm", "Boisun-pharm",

"Bostonlyk-pharm" and "Parkent-pharm", "small industrial zones" in many districts of our republic, and "innovative technoparks" in the city of Tashkent have been established and are operating.

The effectiveness of free economic zones cannot be fully measured by price indicators. Because positive changes occur not only in the same region, but also in neighboring regions. Free economic zones bring socio-economic benefits not only to their own territory, but also to the regions surrounding the zone by increasing the flow of capital and foreign currency. The creation of free economic zones also brings good results for the country, that is, highly qualified labor resources come to the national economy, modern technologies, know-how, experience in organizing and managing production are brought in, and local personnel are trained. Free economic zones bring marketing results, that is, enterprises (firms) that have managed to organize work well in the zone become an example for other enterprises in the country in organizing work. Reducing the barriers imposed by the government in free economic zones also has a positive effect on production efficiency. This helps to accelerate the process of economic liberalization in the country.

Another aspect of the advantage of free economic zones is the transfer (diffusion) of advanced technologies. It provides direct, indirect and competitive effects:

- direct effect - this is the production of modern, competitive, high-quality, inexpensive goods by enterprises in free economic zones thanks to new technology;
- indirect effect - this is a positive impact on enterprises operating in free economic zones with new technologies, on enterprises that use its finished products, and on enterprises that supply it with raw materials and semi-finished products;
- competitive effect - enterprises that have switched to this new technology will intensify competition between firms within the zone and outside the zone, which will force firms to use advanced technologies and conduct scientific research to create new technologies.

Analysis of relevant literature. Within the framework of the topic, we studied the scientific works of some foreign scientists. For example, we can cite the scientific works of R.J. McCalla [1] on the geographical location of free economic zones and the organization of logistics services in them, M. Guangwen on the theory and practice of free economic zones [2], Y. S. Druzik on the activities of free economic zones and their role in the economy [3], and N. V. Chernenko on the activities of free economic zones in the international economy [4].

A.V.Vahobov, S.S.Mirzalieva, M.A.Raimjonova and A.A.Ostonokulov, among the scientists of our country, in their research and scientific-methodological works, expressed their scientific views on the influence of the efficiency indicators of free economic zones on the economy of the regions and their activities.

A.V.Vahobov[5] paid particular attention to the geographic location of free economic zones, the reduction of state intervention in economic processes in this region, and the need to apply certain system of privileges that are not used in other regions of the country.

In the works of S.S. Mirzalieva[6], free economic zones are recognized as areas of the territory of a country (or countries) created to solve certain social, economic and technological problems, with special administrative management and a preferential regime for economic entities. Particular emphasis is placed on the fact that the package of benefits encourages an efficient system of work.

M.A. Raimjonova[7] free economic zones operate in the territory of the country with a special economic regime and administrative management, where state intervention is reduced and at the same time not completely freed from its control, but where business entities are given privileges and incentives that do not apply in other regions of the country. They emphasized that their effectiveness will be evaluated by factors of economic development in the region.

A.A. Ostonokulov[8] mentions in his scientific research that free economic zones should be evaluated as an area established for the rapid socio-economic development of economic sectors, attracting investments to them, as well as using them as a territorial method of modernization and diversification of the economy, as well as the introduction of modern technologies into the economic structure.

In addition, if we comment on the study of this topic by the economists of our country, H.R. Hamroev[9] from the point of view of the factors of zonal policy, A.R. Kholikulov[10] the theoretical aspects of free economic zones, A.B. Nizomov[11] the improvement of the regional management system, S. Mirzalieva[6] scientific proposals and recommendations aimed at increasing the investment attractiveness of free economic zones possible. However, the problems of increasing the activity of free economic zones aimed at the socio-economic development of regions, relying on the world's advanced experience, and developing the efficiency criteria have not been sufficiently studied.

Research methodology. Systematic and comparative analysis, economic-statistical analysis and generalization, statistical comparison methods were used in the article.

In the course of our research, we found it necessary to focus on the methodology of evaluating the activities of SEZs in terms of their impact on the development of the economy of the region where they are located. In the course of our analysis, we came to the conclusion that it is necessary to study the methodologies of organizing and evaluating the activities of free economic zones into 3 major methodologies.

The first methodology is M. Frazee, R. Ray, R. Bolin (USA) methodology, in which the development stages and categories of SEZs were studied, focusing on the analysis of the business activities of firms located in the territory of SEZs.

The second methodology is V.G. Ignatov, P.V. Studied by Pavlov (Russia) and others, researched the potential efficiency of SEZs and proposed evaluation criteria only for SEZs.

The third methodology, developed by P. Tsikhkovich, P. Pekala, A. Rzontsa, M. Blachutsiak (Poland), O. Chmyr, G. I. Rumyantseva (Ukraine), takes a slightly different approach to assessing the effectiveness of zones with free economic status, namely, assessing the effectiveness of FEZ activities by influencing regional economic indicators[12]. Without going into detail about these methodologies, we can conclude that there is no methodology for assessing the effectiveness of FEZ management from the point of view of regional economic development. Using all three methodologies, we will try to improve the assessment methodology related to regional economic development[13].

Analysis and results. Free economic zones also bring socio-economic benefits to the country's economy by increasing employment levels.

The effectiveness of free economic zones depends, first of all, on the thorough development of the policy for their establishment, that is, the zonal policy, and the ability to consistently and correctly implement this policy. The effectiveness of the activities of free economic zones also depends on the qualitative legal support for their activities. Therefore, if we want to increase the effectiveness of the activities of free economic zones, it is necessary to create a regulatory and legal framework that meets their requirements.

The viability and effectiveness of free economic zones depend on the production volume of the enterprises located there and the degree to which these enterprises can cooperate with each other, because without this, the unique economic mechanism of free economic zones cannot develop.

A small number of enterprises, which are not closely related to each other, usually do not give sufficient effect to the free economic zones. If enterprises located outside the zone are involved, then 2 types of economic management will be formed - zonal and local types. This complicates the management of the zone.

The following factors affecting the effectiveness of free economic zones should be taken into account:

firstly, a rational approach to choosing a location for free economic zones (the presence of objective conditions for conducting investment cooperation in the selected area);

secondly, comprehensively taking into account the interests of foreign investors when creating a system of privileges and conveniences;

thirdly, the existence of a guarantee of maintaining a favorable investment climate in the host country;

fourth, the existence of the necessary and operational infrastructure for free economic zones or the possibility of financing its creation;

fifth, the efficiency and flexibility of the zone's administrative management system[12].

In general, world experience shows that the activities of free economic zones can vary depending on their consequences. Their effectiveness depends on the correct choice of location for free economic zones, the correct choice of direction, taking into account political, economic, geographical and other various factors, the ability to attract foreign investment and technology, and the acceleration of foreign economic activity. The effectiveness of the organization of free economic zones also depends on the specific goal set for the organization of free economic zones, the extent to which and how the system of privileges is chosen. The abundance and vagueness of the goals set lead to the unjustified spread of privileges to all forms of activity, and ultimately to the failure to produce any results in the work of the zone.

An analysis of economic activity in 357 of the “enterprise zones,” a type of free economic zone, administered by the U.S. Department of Housing and Urban Development, found that 34% of workers worked in manufacturing, 27% in retail, 19% in services, and the remainder in financial services, construction, transportation, communications, and wholesale trade. Manufacturing accounted for the largest share of job creation. Employment in 33% of the zones was above the national average [9].

The measures that worked best in the zones were:

Firstly, zones with a clear system of incentives and privileges have been more successful than zones that have been designed to promote economic development - social welfare;

secondly, to reduce state and local taxes, provide loans for investment;

thirdly, reduction of sales, property, working capital taxes;

fourth, job loan programs;

fifth, participation and interest of local authorities.

Researchers consider such factors as the restoration of productivity and efficiency of production in the areas that need to be developed for the effective functioning of free economic zones, the creation of a large number of jobs for the region's population, and the development of cooperation between the public and private sectors to be important for them[6].

Analyzing the experience of ineffective free economic zones, we should also note the following mistakes and shortcomings made at the stage of planning the zone's activities:

Firstly, the zone was chosen in an unsuccessful location, for example, in an area with poorly developed land and air transport;

second, insufficient attention is paid to the creation of basic infrastructure facilities, for example, communication facilities and energy supply are not up to standard;

thirdly, the insufficient development of organizational relations of the zone administration with various government bodies, for example, with the Ministry of Finance, the Customs Department, the Tax Committee, etc., because good relations with them and their support are necessary for the work to yield good results;

fourthly, the wide and extensive use of bureaucratic methods in the management of the zone will reduce the effectiveness of the work.

In order to minimize errors, it is advisable to pass the project through a reputable and reliable international expertise. This allows to minimize and correct many errors at the initial stage. Difficulties in the registration of foreign investors, advertising and promotion of the advantages of the zone have a strong negative impact on the performance.

In the course of our research, we initially tried to do a comparative analysis of the conditions created in free economic zones in our country. There is no doubt that this process directly affects their efficiency.

As a result of the analysis, we came to the conclusion that the efficiency of the Navoiy free economic zone (NEZ) can be evaluated based on the following criteria:

first, the flow of foreign capital, including the number of joint ventures operating in the zone;

secondly, the reduction of the country's cost of importing goods;

thirdly, the share of export products in the total volume of production;

fourth, specialization in new types of activities, including the development of services in the zone;

fifth, improvement of supply, development of service;

Sixth, newly created jobs and increased employment levels in the zone.

However, not all economic results of the activities of free economic zones can be accurately calculated, some of them are delayed or extended in time. Such results are called indirect results or effects, which can include the following criteria and indicators:

first, facilitating familiarization with new technologies;

secondly, mastering new methods of organizing and managing economic activities;

thirdly, to expand the country's export base;

fourth, the creation of new networks;

fifth, elimination of regional disparity;

sixth, maintaining and developing personnel potential (attracting specialists from other regions and abroad, inter-company migration, etc.).

Conclusions and suggestions. In conclusion, measuring the effectiveness of free economic zones is a rather complicated issue. Because its positive impact affects not only the efficiency of the enterprises operating in the zone, but also the efficiency of the entire region, neighboring regions, and even the economy of the entire country. In addition, the activities of free economic zones do not immediately produce socio-economic results (primarily, social results), they require some time. If the wages of workers in the regions where free economic zones exist start to grow, more foreign investment starts to come, the number of unemployed starts to decrease, and the number of goods on the markets increases, then the free economic zone is working well. If all the rules and requirements are observed in the creation of free economic zones, and if the preparatory and organizational work is carried out thoroughly from the very beginning, there is a guarantee of their effective functioning.

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