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The concept of the tourist economic zone. Case of Uzbekistan

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ABSTRACT

This paper analyses major features of free touristic zones in specific regions of Uzbekistan. Moreover, research focuses on the structural and organizational concepts of free tourism zones to illustrate positive tendencies of this economic term. Furthermore, article makes conclusion while making observe theoretical basis of free economic zones to strategical plan of destinations as whole.

Keywords: Uzbekistan, free tourist zone, economic zone, tourism development

1. INTRODUCTION

Today, tourism is one of the leading sectors of the global economy, which is rapidly growing comprehensively. Hence, 10.2% of the world's GDP, its 6.6% of global services, 4.4% of total investments, 9.6% of the economically active population, is due to the tourism industry, which highlights its high social and economic significance.

According to Shavkat Mirziyoyev, President of the Republic of Uzbekistan, tourism is has become as one of strategic sector of the economy. Tourism and travel industry is to become a powerful tool for diversification, transformation and sustainable development of the economy, which should become the driving force of this sector in the complex development of all regions and interconnected networks, accordingly. Moreover, Uzbekistan believes this

sector as one of the target sector and this is included as a main task of the state policy in the field of tourism.

Uzbekistan as a major touristic destination in the region plays special role in socio-economic life of destinations. On this way, country has created special program to the modernization of the tourism industry, the development and improvement of the regulatory and legal framework for sustainable development of the sector.

Excessive number of touristic resources, rich historical heroes, untapped traditions of nation, hospitable people of the region and reliable touristic atmosphere illustrate Uzbekistan as a wonderful touristic destination. Moreover, Uzbekistan has more than four thousand monuments of ancient architecture and art, belonging to different epochs. From the listed ones, 140 of them are included in the list of quarantine sites taken under the protection of UNESCO.

In addition, location and being in the corridor of Great Silk Road belt with great cities such as Samarkand, Bukhara and Khiva that are listed as heritage world touristic sites by UNWTO, being as a major religious tourist destination for Muslim world, promising prosperity future may easily make deployment on tourism as whole. These show that Uzbekistan has all the conditions for turning tourism into one of the important branches of the social and economic complex.

However, share of travel and tourism services on GDP could be improved noticeably. Hence, state program for accelerated development in 2017-2021 years of tourism, which is of great importance for the growth of the country's economy has been implementing in all areas of tourist suppliers. Proceeding from this, action plans of government on the different number of new ideas are put forward concerning the development of tourism sphere.

Particular attention is paid to scientific research aimed at raising the competitiveness of the region through effective use of the existing tourism potential of the regions, and strategic development of the tourism industry, based on innovative approaches based on innovative approaches. The study of theoretical, practical and methodological aspects of this issue in the light of the use of mechanisms for the creation of free tourist zones in the context of innovative economy, improving the methods of regional resource valuation and effective utilization of the existing potential is distinguished today.

On this way, the Decree of the President of the Republic of Uzbekistan Sh. M. Mirziyoev "On the Establishment of Free Tourism Zone Charvak" was signed in December 5, 2017 could be seen as a trigger to the further development and enhancement of the tourist potential of Tashkent region. Similarly, in Samarkand a free tourist zone will be created in the years of 2017-2019. This project was presented to the President of Uzbekistan Shavkat Mirziyoyev during his visit to the Samarkand region.

Creation of free touristic zones in different regions easily create new job places, improve the welfare of the population, increase foreign exchange and tax revenues, push services, make modifications on service infrastructure. Creation of free tourist zones in the regions with high tourism potential of the Republic of Uzbekistan is characterized by inadequate development of tourism infrastructure, inadequate logistical support of a number of tourist and recreational facilities, inadequate quality of road transport infrastructure, leisure facilities, imperfection of investment mechanisms for innovation and promising projects, low quality of service in industrial enterprises, insufficient qualified personnel in the field as well as the lack of mechanisms for efficient promotion of national tourist goods in the world market. Finding solutions to this problem through the effective use of planning tools enabling

them to fully cover existing potentials of the regions using strategic marketing tools determines the relevance of the research topic.

2. THEORETICAL BASES OF FREE TOURISTIC ZONES

All around the world, destinations of tourism are organized according to specific privileges of regions. Term of free tourist zones are derived after conceptual implementation of free economic zones. On this way, more than 7 thousand different free economic zones are specialized in different spheres and focused on the development of economies. On this case, specialized touristic zones on the tourism sector are more than 300. Tourism zones are usually located in those regions where the historical and cultural tourist values, natural and recreational sufficient potential for full-scale development of tourism.

Specific issues of forming a strategy of marketing activity at macro and micro level G. L. Azoyev, I. Ansoff, G. L. Bagiev, Y. P. Globkov, V. A. Goncharuk, S. Dibb, P. R. Gikson, P. F. Druker, V. B Zvyaginsev, K. A. Kleyn, F. Kotler, J. Lamben, N. Moiseyeva, A .P. Ponkruxin, M. Porter, I. M. Sinyaeva, J. Traut, R. Vinsley, J. Etkinson and this examined in the studies of other authors.

This topic was investigated Adilova Z., Akhunova G., Bekmuradov A., Ivatov I., Kasimova M., Mukhamedov M., Ergashhodzhaeva Sh, and others worked on both theoretical and practical aspects of marketing development in Uzbekistan.

The socio-economic significance of tourism development in the regions, geographical aspects, tourism economy, tourism market economy, theoretical and practical issues of the economic relations, as well as specific problems of the use of tourist resources investigated by Azar, A. Yu. Aleksandrova, M. V. Birjakov, V. S. Bogolyubov, E. V. Vavilova, V. G. Gulyaev, A. B. Zdorov, A. V. Ignatiev, A. D. Kaurova, V. A Kvartalnov, M. M. Marinin, M. A. Morozov, V. S. Novikov, O. V. Ostroumov, R. Y. Popova, B. S. Senin, S. S. Skobkin, A. D. Chudnovsky, S. A. Sherbakova and others.

Use of marketing technologies in the formation of free tourist zones were scrutinized by R. Braimer, S. Briggs, P. Williams, P. Johnson, M. Kenneth, R. Lankar, R. Ollie, S. Steins, J. Volker, G. Harris, and others.

In the field of research, the scientific works of the above-mentioned scientists have a significant role. At the same time, the issues of improving the methodological basis for the creation of an innovative economic environment by forming free tourist zones are far from the scope of the Uzbek scientists' research. Further researches should be conducted to investigate free tourist zones' concepts, framework and theoretical basis as whole.

3. METHODOLOGY

The main purpose of these zones is the provision of services tourist-recreational nature, and effective use of potential of the region to non-economic relations. Free economic zones is the special importance of creating favorable conditions for foreign investors, simplification of visa regimes for foreign citizens, preferential loaning system, tax privileges and other preferences.

Creation of such tourist zones in Uzbekistan gives a great advantage for the development of the economy, since tourism potential may be improved while founding new service types for the economy.

Effective use of resources, exploitation, and conservation of natural and other resources, stimulating foreign exchange earnings could be guaranteed while creating a free economic tourist zone. From socio-economic plan, a comprehensive development of the region, as well as creation of new jobs, development of lifestyle and improvement of tourism on sub urban regions.

The creation of such tourist zones in Uzbekistan has great advantages for the development of the economy, since tourism is promising for the republic while being considered as a rapidly developing industry at all.

In addition, according to experts, the best way to stimulate exports, to attract foreign investments, as well as foreign technologies and experience in development tourism is the creation of special zones on the territory of the country.

One example of this free tourist zones could be seen in the center of Bukhara and will be called "Boki Bukhoro". On its territory, it is planned to build hotels of various classes of service, entertainment and trade establishments, including an amphitheater for 500 seats, bowling clubs, discos, souvenir shops and other products, karaoke bars, cafes and restaurants that will offer the national and most popular cuisine of the world. Structural and organizational points of tourism services in regions will help to discover new services, new types of business, better lifestyle at all.

4. FREE TOURIST ZONE CREATION AND ITS CONCEPTUAL BASIS

Creation of free economic zones of tourism requires the solution of a number of financial, scientific and technical social problems. The experience of some countries shows, that if the process of creating a tourist free zones considered as a single concept, then overall performance will be relatively low, can even lead to unintended consequences. In some case, instead of economize or mobilizing foreign investment, the privileges of the region can become a means of shadow subsidies.

On this way, it is necessary to study the basic governance, problems, and prospects for international tourism while considering long-term strategy. Creation reliable zone should be on interest of local people too, otherwise the way of development may face difficulties. When creating free economic tourism zones territorial approach, organization economic and economic approach need to be considered as whole.

The main goals of creating such kind of zones are to attract foreign and local investment in development of tourism by which tourism could be turned to one of the main priority directions of the economy. Therefore, free tourist zones make preservation and augmentation on material base, cultural heritage of this region will be illustrated better that helps in the integration of national tourism in world tourism. Cities that are located in the "Great Silk Road" of such as Bukhara, Khiva, and Samarkand have great opportunities and resources, which could be included in the tourism potential of Uzbekistan. However, tourism is not only in above-mentioned areas but also other regions of country may easily develop tourism in global scale. There is enormous potential for development tourism in these areas. The

experience of foreign countries shows the cities should have special zones of development according to their potential.

In the programs of special zones, varieties of styles are provided from the regional policy toolkit. We use a systematized list of incentives and benefits offered in special zones, presented on Table 1.

Table 1. List of incentives and benefits offered in special zones.

No	Privileges	Country
1	Tax Exemptions <ul style="list-style-type: none"> • for credits • on property • on industrial and commercial contracts firms • for sale • for investments 	USA
2	Exemption from customs duties of imported equipment	Spain
3	Subsidies of capital	
4	Exemption from corporate income tax	France, Belgium
5	Exemptions from tax on shares	Belgium
6	Investment loans	United Kingdom
7	Exemption from local property taxes	
8	Exemption from other types of local taxes	Spain, France
9	Stimulation of employment <ul style="list-style-type: none"> • loans for job creation • promotion of selective employment • training for workers 	USA

10	Refusal in working bonuses, trade loans to foreign management and scientific personnel	Belgium
11	The exemption of foreigners from income tax in the case of rare and extremely necessary professions	
12	Support of investment funds (issue of bonds for industrial development, soft loans, cancellation of the tax on increasing the cost of capital)	USA
13	Subsidizing projects	Spain

Thus, as we can see, tax privileges are the prevailing form in the toolbox of special zones. At the same time, in addition to economic incentives, other forms of encouraging activity also operate in special zones. This includes simplifying the procedure for maintaining records, reducing the requirements for environmental standards and safety standards (US), a simplified system of registration of companies, etc.

The system of incentives and benefits mainly depends on the type of zones. For example, in zones of free trade, incentives and incentives are mainly aimed at marketing, financing of administrative activities within firms, in offshore zones, more to stimulate capital flow. However, it should be noted the limited duration of the special zones, and, consequently, the duration of the benefits. However, the practice of the operation of special zones in other countries does not extend this classification. Therefore, in describing the types of special zones observed in the world practice, we use the classification reflected in Table. 2.

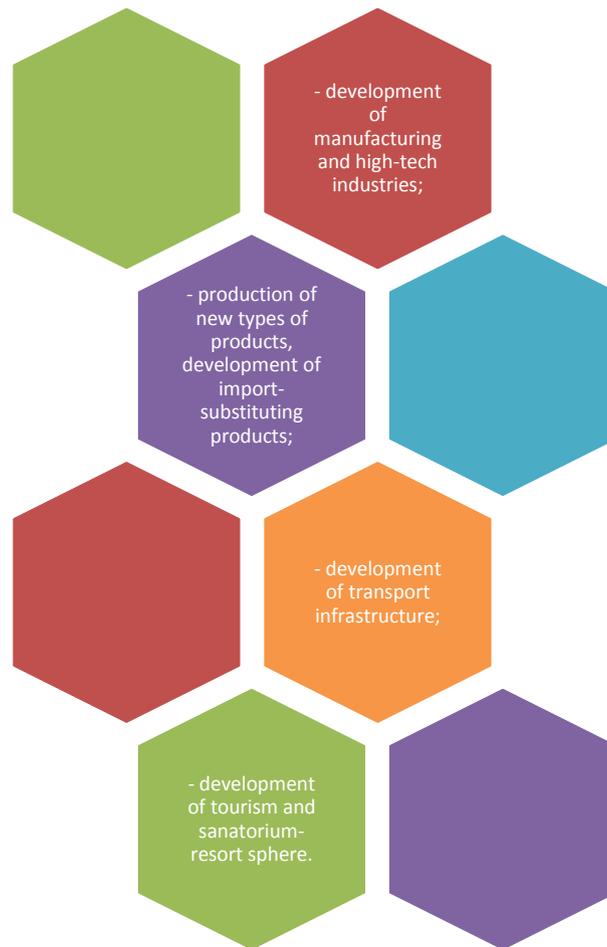
When organizing free tourist zones use two different conceptual approaches: territorial and functional (point). In the first case, the zone is treated as a separate territory, where all resident enterprises enjoy preferential treatment of economic activity. According to the second approach, the zone is a preferential treatment applied to a certain type of entrepreneurial activity, regardless of the location of the corresponding firm in the country.

An example of the implementation of the first approach is the China free tourist zone, the Manaus zone (Brazil), and many export-production zones in developing countries. The result of the second approach are point zones represented by individual enterprises (offshore companies, duty free shops).

Individual entrepreneurs and commercial organizations (except for unitary enterprises) can become residents of the tourist and recreational zone. To do this, it is necessary to register in the territory of the municipal formation within which a special zone is located, and conclude an agreement with the agencies of the zone management on the implementation of tourist and recreational activities.

Table 2. Classification of free touristic zones in accordance with economic specialization.

Trading	The industrial - production	The technical - innovative	Service	Comprehensive
<ol style="list-style-type: none"> 1. Free customs 2. Bonded warehouses 3. Freedom ports 4. Trade-production military 	<ol style="list-style-type: none"> 1. Import-substituting 2. Export-production 3. Manufacturing parks 4. The scientific-industry parks 5. Export-import sweeping 	<ol style="list-style-type: none"> 1. Technopolis 2. Technoparks 3. Innovative centers 	<ol style="list-style-type: none"> 1. Offshore 2. Banks services and insurance of services 3. Tourist-recreational type 	<ol style="list-style-type: none"> 1. Free zones entrepreneurship 2. Special economic zone 3. Territories of special regime 4. Special economic zones



Graph 3. The main purposes of creating special zones in Uzbekistan

On this way, the purpose of creating special zones is considered to attract foreign investment, new technologies and progressive management personnel, increase and diversification of exports, development of import substituting industries, increase employment and output in the territory where a special zone is being created. At the same time, the creation of special zones in developed countries is aimed at developing and improving the socio-economic state of individual territories, while in developing countries, the main objective is to enhance the country's role in international trade and to achieve a higher degree of industrialization. The main purposes of creating special zones in the regions of Uzbekistan are believed as a major functions of development in the destinations of regions as whole (Graph 3).

Thus, under the free economic zone, one can understand part of the national territory (sometimes separated from the common customs feature of the state), which is an integral part of the economic complex of the country (group of countries), which has an expanded autonomy in resolving economic issues, a special management regime and preferential conditions of economic activity for foreign and national entrepreneurs.

A resident of a tourist and recreational special economic zone has the right to implement only tourist and recreational activities in the special economic zone within the limits provided for in the agreement on the implementation of tourist and recreational activities.

5. GOALS AND OBJECTIVES OF CREATING A SPECIAL ECONOMIC ZONE

The tourist and recreational special economic zone is created at a high international level in order to more fully involve significant resources, attract investment and, as a result, increase the social and economic development of the territory, as well as the level and quality of life of the population.

The creation of a tourist-recreational special economic zones will allow:

- to create a favorable environment for the active development of tourism;
- create additional jobs;
- lead to an increase in the investment attractiveness of the territory;
- improve the level of service in the tourism sector;
- improve the economy of the destinations and regions;
- to ensure a stable increase in the level and quality of life of the population of the places;
- attract extrabudgetary investments

Goals and tasks of creating a special zone. Development of Special Economic Zones will allow:

- to create a favorable environment for the active development of tourism;
- create additional jobs;
- lead to an increase in the investment attractiveness of the territory;
- to increase the level of service;
- develop health-improving technologies, expand the coverage of citizens, and form a more flexible offer of this type of services;
- improve the economy of the destinations;

- to ensure a stable increase in the level and quality of life of the population of the places.

In general, a special tourism zone is planned to develop:

- treatment and health;
- skiing;
- ecological;
- water;
- Extreme and other types of tourism.

6. CONCLUSIONS

In the Republic of Uzbekistan, consistent measures are being taken to develop the tourism sector, which has a broad potential to address in the near future such critical socio-economic tasks as creating new jobs, ensuring economic diversification and accelerated development of regions, influx of foreign exchange earnings, increasing incomes and quality of life of the population countries. Despite having huge tourist potential and natural resources of the region, these indicators are considered unsatisfactory, as there is a shortage of accommodation facilities, sanatoriums and recreation areas, underdeveloped tourist infrastructure, low quality and limited number of services rendered to tourists.

An analysis of the current state of the tourism industry in the Uzbekistan shows that in order to better meet the needs of tourists in affordable and quality rest, it is necessary to take further effective measures for the development of tourism. In this regard, in order to develop and improve the use of the tourist potential of the tourism destinations, improve the conditions for recreation and tourism, need to create free tourist zones, which provide for the implementation of modern investment projects in resorts and recreational places. Consequence of these features make better conditions on the development of transport and communal infrastructure, the formation of new tourist routes, as well as improving the quality of tourist services.

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