



OFFSHORE CENTERS OF THE WORLD: MECHANISM OF FUNCTIONING AND ROLE IN THE GLOBAL ECONOMY

Lyudik Sahoba Pardabayevna

Master of Tashkent state economic university

<https://www.doi.org/10.5281/zenodo.7952216>

ARTICLE INFO

Received: 12th May 2023

Accepted: 19th May 2023

Online: 20th May 2023

KEY WORDS

Offshore centers, internal offshore, global network, technical progress.

ABSTRACT

The article deals with the development of offshore centers in the global economy, as well as the successful experience of creating offshore zones. In conclusion, the author emphasizes the important differences between domestic domestic offshore companies and international ones.

The emergence of a large number of independent states of Asia, Latin America and Africa on the world stage in the post-war period stimulated the development of offshore business. Many countries did not have the opportunity to independently enter world markets, competing with other more developed countries, since they did not have sufficient economic opportunities. First of all, this concerned small states, which did not have a special economic potential and did not possess, to a sufficient extent, natural resources [2, p. 109].

It was the formation of offshore centers on the territory of such states that was the main decision in this situation. Great opportunities opened up before such states, they practically got the opportunity to “make money out of thin air”, since insignificant resources were spent on the formation of an offshore center, and the income that brought from this event was colossal.

To date, the offshore business for many island states has become one of the structural elements of the economy, since the growth rates in this sector are included in the budget of these countries for the next year.

In addition, one should not forget about the political and strategic goals of many states when forming offshore centers on their territories. So you can see that many offshore territories are located in strategically important parts of the world to develop their economies to the greatest advantage for themselves, by attracting foreign capital, was a kind of payment for the opportunity to use the territories of these countries for military-strategic purposes.

One of the important processes that influenced the rapid development of offshore centers was technical progress, or rather the development of modern means of communication and communications. The emergence and constant development of the global Internet, satellite communications, etc. have reduced to a minimum the time costs of the communication process between distant parts of the world. Today, it can be argued that without high technology and communications it would be impossible to develop offshore



business in its modern sense. As a result of the emergence of the latest telecommunication technologies the movement of international capital has increased dramatically, competition between new economies with favorable tax conditions has increased, and a network of offshore zones has formed, consisting of four key groups that are formed on a regional basis:

- The Caribbean Offshore Group serves the countries of the South and North America;
- The European offshore zone includes mainland countries, coastal enclaves, as well as "independent" islands located near London. It serves countries that are part of the European group of time zones;
- The offshore zone of the Persian Gulf serves the Middle East countries;
- The offshore zone of Southeast Asia (Singapore, Hong Kong, Nauru, Vanuatu) serves the countries of the Asia-Pacific region (located in the Tokyo time zone)

The global network of offshore centers is unevenly distributed across the continents: 28 of them are in Europe, 25 in Central and South America, 19 in Asia, 14 in Oceania, 7 each in Africa and North America. This location of offshore centers indicates their attraction to the 3 leading financial cities - London, New York and Tokyo. As a result, a global network of offshore centers has already taken shape, although new ones have begun to appear, including in Oceania, Central America, and also in the republics of the former USSR. According to D. Marshall, the current configuration of offshore centers suggests that financial capital is now as important an element as trade and production¹. Since the mid 90 s offshore zones already existed on the territory of the Russian Federation, these are the economic favored zone "Ingushetia" established in 1994 and preferential taxation in the Republic of Kalmykia. Later, internal offshore companies began to appear in the Republic of Buryatia, Altai Territory, in the cities of Central Russia-Kursk, Uglich, Shakhovskiy District of Moscow region, districts of the Kaluga and Novgorod regions.

ZEB "Ingushetia" was established by the Decree of the Government of the Russian Federation of June 19, 1994 No. 740 "On the zone of economic favored nation in the territory of the Ingush Republic", and its status was confirmed by the Federal Law of January 30, 1996 No. 16-FZ "On the center of international business " Ingushetia. On the basis of these documents, the republic was issued a budget loan in the amount of the amount of taxes paid by organizations registered in the territory of Ingushetia. The Government of the republic had the opportunity to collect taxes from enterprises registered in Ingushetia, at its discretion, both at the local and at the federal level. In the very first year of such activities, the budget of the republic was replenished by more than 500 billion rubles.

But, in the end, the activities of ZEB "Ingushetia" turned out to be extremely negative due to huge financial losses for the federal and regional budgets, as well as significant criminalization of this region. One of the successful experiences of creating offshore zones is the zone of preferential taxation in the Republic of Kalmykia, where the regime began to operate in 1994 on the basis of the Law of the Republic of Kalmykia "On the provision of tax benefits to a certain category of taxpayers". Benefits were not provided by federal taxes, but

¹ Marshall D. Understanding Late-twentieth-century Capitalism: Reassessing the Globalization Theme



by regional and local, which was legal in relation to republican legislation. Despite the rather high fee, about 1000 new companies were registered annually in the Kalmyk offshore².

As a successful example, the Altai eco-economic region that has existed since 1997 can be cited. First of all, EER "Altai" is characterized by a well-developed legal framework, the presence of a package of corporate services that meet the requirements of international standards. The Altai offshore actively used the experience of Kalmykia, but the conditions it offered were more liberal.

So, the peculiarity of domestic domestic offshores, unlike international ones, is that they were mainly of interest to Russian business and were used to optimize taxation. Attractive international projects, where foreign companies would be registered en masse, have not become domestic offshore companies of Russia.

References:

1. Getman-Pavlova I.V. Russian offshore companies in Russian securities market // Banking law. 2022. No. 5. S. 2–6.
2. Savin V.A. Does Russia need free economic zones? M.: Mirovaya ekonomika i mezhdunarodnye otnosheniya, 2020.
3. Ragulina Yu.V., Butova T.V. Organization of interaction between power structures and business: monograph. M.: Knorus, 2019.
4. Voronina A.M. Offshore Business Evolution // Finance and Credit. 2022
5. Marshall D. Understanding Late-twentieth-century Capitalism: Reassessing the Globalization Theme // Government and opposition. L., 2020

² Ragulina Yu.V., Butova T.V. Organization of interaction between power structures and business: monograph