

The Concept And Essence Of The Concession Agreement

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Annotation. In the Republic of Uzbekistan, the procedure for improving the accounting of investments has been regulated to align with the international standards of financial reporting for the preparation of consolidated financial statements.

Keywords. International standards of financial reporting, consolidated financial statements, investment accounting, associated enterprises.

INTRODUCTION

Concession (lat. *concessio* — permission, concession) — 1) a form of economic management and attraction of foreign capital; a contract or agreement on the transfer of land plots, mineral resources, enterprises and other economic objects belonging to state or local authorities to foreign capital (state, firm, private person) for use for a certain period and under conditions for the purpose of development or restoration of the national economy, development of natural resources. According to international law, a state may terminate K. after the contract expires. In the current conditions, it is common for the concessionaire to release its products, especially consumer goods or machinery, fuel and energy products, to the market of the country in which it is located.

Economically powerful countries widely use international and foreign K. for the purpose of providing themselves with raw material resources and political and economic pressure. In the 90s of the 20th century, K. was awarded to the companies of the USA, Great Britain, and Germany for the exploration and operation of oil fields in Russia, Kazakhstan, and Azerbaijan. In developed

countries, joint ventures with the participation of foreign capital will appear along with K.; 2) fee received by banks for externalizing the sale of newly issued securities.

The agreement on concessions is a type of contract in written form, according to which the Republic of Uzbekistan issues a special permit to the investor on behalf of the state. According to this permit, the concessionaire grants the concessionaire the right to carry out certain types of economic activities, to use property objects, land (plots), and underground resources based on the signed agreement on the concession.

•The concession agreement must contain the following information:

- about the parties to the concession agreement;
- about the subject of the concession agreement;
- on the obligations and responsibilities of the parties;
- about the distribution of risks between the grantor and the concessionaire;
- technical and economic indicators of the concession object, including the description of the concession objects, the purposes and terms of their use, which have been transferred or designed, built, established, financed, reconstructed, used and

serviced in accordance with the concession agreement;

- about the terms and procedure of performing works (providing services) related to the concession project;

- on the distribution of the rights of the parties in relation to the relevant infrastructure and the concession project, as well as on the procedure for transferring them to another person;

- about the order and procedure for granting the land plots required for the implementation of the concession project, about other conditions related to the land plots;

- on setting prices and tariffs for goods, works, and services provided by the private partner and conditions for changing them;

- about the methods, amounts and terms of ensuring the fulfillment of the obligations of the parties;

- the term of the concession agreement, the procedure for determining this term;

- forms, amounts, terms, conditions, payment procedure, including the distribution of income in connection with the implementation of the concession project;

- about the procedure for making changes and additions to the concession agreement;

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- on the basis, procedure and conditions of termination of the concession agreement, the amount and procedure of payment for early termination;

- on the procedure for monitoring and controlling the implementation of the concession project;

- about insurance obligations;

- on obligations to develop project documents;

- on the responsibility of the parties for breach of obligations under the concession agreement;

- dispute resolution procedure;

- On the conditions applicable to the employment of employees and the use of labor in the Republic of Uzbekistan;

- about assurances and guarantees;

- on requirements regarding the ownership of the concessionaire's shares and other property rights regarding the property of the concessionaire and its affiliates;

- about confidentiality;

- on terms and their explanations.

Other conditions and requirements that do not conflict with the current legislation of the Republic of Uzbekistan may be included in the concession agreement.

The concession agreement must provide for norms limiting, temporarily suspending or completely canceling the investor's rights to use underground resources in the event of a threat to the environment, ecological safety or other force majeure cases.

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