



ISSUES OF UZBEKISTAN'S ACCESSION TO WTO AND ENHANCING INTERNATIONAL TRADE

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Abstract— It is devoted to the study of the legal aspects of the membership of the Republic of Uzbekistan in the World Trade Organization. Comparatively, the WTO membership experience of other countries is analyzed, as well as the opportunities of the WTO regulatory framework to ensure gradual membership of the Republic of Uzbekistan, taking into account national interests. The fundamental results of the study are of practical interest, taking into account the policy of liberalization of foreign economic activity, expansion of export potential and further improvement of customs administration in the Republic of Uzbekistan.

This article presents a report of studies focused on the accession of the Republic of Uzbekistan to the World Trade Organization and the problems that may arise in this process. In it, the importance, advantages and stages of implementation of the foreign trade policy of our country and the issues of its improvement, and the creation of a favorable environment for the production of competitive goods and services that meet international standards, as well as the emergence of relations related to the problems that arise in the process of international trade development and Scientific and practical proposals and



recommendations were given on compliance with the requirements of regulatory documents regarding the necessity of measures against it.

Keywords—Foreign trade policy, export, re-export, customs seal, descriptive methods, non-descriptive methods, international standards, World Trade Organization.

I. INTRODUCTION

It is known that the World Trade Organization is an influential international organization that promotes interstate trade in many directions. 95 percent of world trade is accounted for by its 164 member countries.

As a result of the creation of a stable economic system in our country, the improvement of foreign trade relations, the scope of international trade relations is expanding. . At the moment, it can be seen that our country's relations with the international trade organization are steadily developing and membership in this organization is at the stage of negotiations. This creates a basis for further strengthening the position of our country in the world economy while developing the economy of our republic and increasing the volume of foreign trade.

According to the decision of the Cabinet of Ministers of the Republic of Uzbekistan dated December 24, 2018 "On approval of the composition of the interdepartmental commission on working with the World Trade Organization", the multilateral membership of our country in the World Trade Organization (WTO) profile works are being carried out.

On February 4, 2020, the President of the Republic of Uzbekistan Shavkat Mirziyoyev held a meeting on the issues of deep processing of agricultural products and improving the quality of food products. Also, at this meeting, it was said that our export goods do not meet WTO standards, and it is difficult to check imported goods when they arrive. [1].





After all, when such solutions and assistance are ready for us, it is necessary to make a fair assessment of the situation and start economic, political and legal negotiations on joining the WTO.

Today, one of the most important factors for increasing the economic potential of the Republic of Uzbekistan, the production of import-substituting goods, and the production of competitive goods for export is the attraction of investments.

The purpose of the study is to develop a scientific proposal and practical recommendations aimed at developing the mechanisms of Uzbekistan joining the World Trade Organization and improving foreign trade operations.

The aim and objective of the research. The organization aims to ensure the economic development of its members and improve people's lives through the regulation of free and competitive trade in practice. This fully corresponds to the goal of economic development in Uzbekistan. The main problem of this research work is the membership of the Republic of Uzbekistan in the World Trade Organization and the identification of economic and legal problems that arise in this process and their analysis, Uzbekistan's membership in the WTO and member states. It is to identify, analyze and develop measures to solve the obstacles in the improvement of foreign trade processes. In addition, it is necessary to develop proposals and recommendations on measures to solve these problems.

II. MATERIALS AND METHODS

The process of becoming a member of the World Trade Organization is difficult and takes a long time. In the first stage, the heads of government of countries wishing to join the WTO submit an application granting the right to observe the WTO. In doing so, the government presents the full coverage of the country's trade and economic policy in its memorandum to the WTO. This memorandum will form the basis for a full study of the accession requests. After





that, a working group on WTO applicant countries will be formed. At the working group meetings, the applicant government conducts bilateral and multilateral negotiations with the governments of interested member countries in order to clarify their rights and obligations regarding trade in goods and services. As a result of the negotiations, the country entering the WTO will give specific tariffs that must be implemented in the trade of goods and services and cannot be changed. By studying the applicant country's trade regime and negotiating market access, the working group develops the main conditions of accession and, based on the meeting, prepares a decision on the country entering the WTO, and these documents are presented to the general council or ministers. will be presented for approval at the conference. The decision to join is considered signed if 2/3 of WTO members vote. A WTO member country will have to accept and implement the agreements covered by the Uruguay Round.

Liberalization and ensuring fairness of international trade is one of the important tasks of the WTO.

World trade organization performs the following functions:

- ☐ implementation and control of agreements;
- ☐ organization of forums for conducting mutual negotiations;
- ☐ settlement of trade disputes;
- ☐ providing information on the implementation of the trade policy of different countries;
- ☐ creating conditions for coordinating the activities of countries in the development of global economic policy;
- ☐ providing technical assistance to developing countries.

Based on its development, the global trade organization conducts:



□ the most favorable regime - one of the member countries applies equal conditions to other members as trading partners. If a country gives opportunities to another trading partner, then such a regime must be applied to other WTO member countries;

□ trade partners of the country - trade partners of the country, food products and trade.

□ elimination of trade barriers - gradual elimination of existing trade barriers through negotiations;

□ preemptive trade - investors, companies and governments must ensure that trade barriers are not unjustified, and market liberalization structures are "bound" to the WTO;

□ ensuring normal tolerance - paying for "fairness" activities in international trade, such as subsidizing and dumping exports of WTO products;

□ Sufficiently favorable conditions for developing countries are provided for - providing transitional and special regimes to developing regions.

In the first years of its activity, the World trade organization carried out work in the following direction.

The World Trade Organization, the International Chamber of Commerce, the United Nations Conference on Trade and Development, the World Bank for Development and Reconstruction, the US Tariff Commission, and various scholars have different approaches to categorizing notary styles. The UN Conference on Trade and Development divides notarial methods (notarial restrictions) in foreign trade into the following categories, and it generally corresponds to the classification of the WTO:

- a) paratariff methods;
- b) price control measures;



- c) financial measures;
- d) quantitative control measures (quotation);
- e) automatic licensing measures;
- f) monopolistic measures;
- g) technical measures.

The main place in the regulation of foreign trade operations is occupied by tariff methods, in particular, the import customs tariff. By its very nature, import customs tariffs consist of four main interconnected elements:

- ☐ to the system (nomenclature) of the category of goods imported into the country;
- ☐ the content of the paste. It is usually implemented on the basis of the "Harmonized Commodity Description and Coding System" developed by the Customs Cooperation Council and recognized in the WTO/GATT system. In most cases, it is simply "External economic activity commodity nomenclature";
- ☐ methods of determining the customs value and customs collection procedure.

Thus, foreign trade regulation methods include highly complex and interrelated rules and procedures, as well as measures in different directions. The extent to which tariff and notarial methods are used in foreign trade depends on the foreign trade policy of the respective country.

Membership in the World Trade Organization brings economic benefits to member countries. The positive aspects of being a member of the organization are as follows:

- ☐ first of all, economic interest creates conditions for removing barriers to mutual product exchange;





- ☐ has a positive effect on the social and political situation in the country in exchange for the peaceful resolution of economic disputes;
- ☐ motivates the improvement of the standard of living of the population, creates an opportunity for people to consume quality products;
- ☐ liberal trade increases the income of the country and individual citizens;
- ☐ has a positive effect on employment;
- ☐ reduces excess cost in trade;
- ☐ it serves to reduce the cost of national products at the expense of exported products, giving consumers a choice;
- ☐ increases the volume of national production, increases money inflows to the budget;
- ☐ commodity exchange contributes to the development of technologies.

According to the decision of the Cabinet of Ministers of the Republic of Uzbekistan dated December 24, 2018 "On approval of the composition of the Interagency Commission on working with the World Trade Organization", many profile works are being carried out.

The main tasks of this commission are as follows:

- Coordination of the activities of ministries, agencies, institutions and organizations on the preparation of the memorandum and other documents on the foreign trade regime of the Republic of Uzbekistan in accordance with the current procedures for entering the WTO;
- Analysis of regulatory legal documents of the Republic of Uzbekistan for the purpose of coordination and coordination with the rules and principles of the WTO;



- Coordinating work on obtaining and using technical assistance from the WTO, other international organizations and foreign countries on WTO membership issues;

- Heads of representative offices of WTO member countries, this organization to provide the secretariat with constant information about the state of legislation, economy and economic reforms in the Republic of Uzbekistan.

In accordance with the tasks assigned to it, the commission operates in the following order:

- collects information, summarizes and prepares materials for the preparation of the memorandum on the foreign trade regime of the Republic of Uzbekistan;

- informs the heads of representative offices of WTO member states, the secretariat of this organization about the current state of legislation and economy of the Republic of Uzbekistan;

- ensures the development of draft legislation of the Republic of Uzbekistan in order to align and coordinate the national legislation with the principles and rules of the WTO;

- prepares information and comments on development trends and prospects of international trade, foreign economic activities of other countries;

- makes proposals on the participation of representatives of the republic in the work of the WTO, is to conduct business relations with the secretariat of this organization.

In turn, the commission is given the following powers to successfully organize its activities:

- to receive information, statistical, analytical and other materials necessary for the performance of their duties from ministries, agencies, concerns, associations;



□ To attract specialists of ministries, departments, institutions and organizations, their leaders, as well as well-known researchers and scientists, including foreigners, in accordance with the agreement of the issues within the competence of the commission;

□ at the same time, in order to quickly resolve issues, the Commission may establish working groups, the personnel of which is approved by the Chairman of the Commission;

□ holding conferences, in particular, international seminars, meetings dedicated to WTO activities and the Republic of Uzbekistan's entry into it;

□ Taking into account the interests and requirements of the WTO, participation as a customer in the publication of information and analytical materials, reviews, general and branch references and booklets in European languages about the current state of the legislation and economy of the Republic of Uzbekistan.

Membership in the organization paves the way for participation in various international organizations and agreements that shape new standards and regulations for new products and services. It allows to further improve the production conditions of the products exported to the countries of the world in our country.

III. RESULTS

The reforms carried out in our country serve the rapid growth of trade relations with foreign countries. In particular, the decisions taken to increase the country's export potential will allow local companies to gain more experience in foreign markets. Ultimately, they will have a competitive advantage in world trade.





According to the groups of countries, the largest volume of foreign trade falls on the CIS countries – \$19.2 billion, of which the EAEU countries – \$17.1 billion, trade turnover with other countries amounted to \$30.8 billion, including with the EU countries – \$4.5 billion.

1-diagram. Trade balance of Uzbekistan for 2012-2023

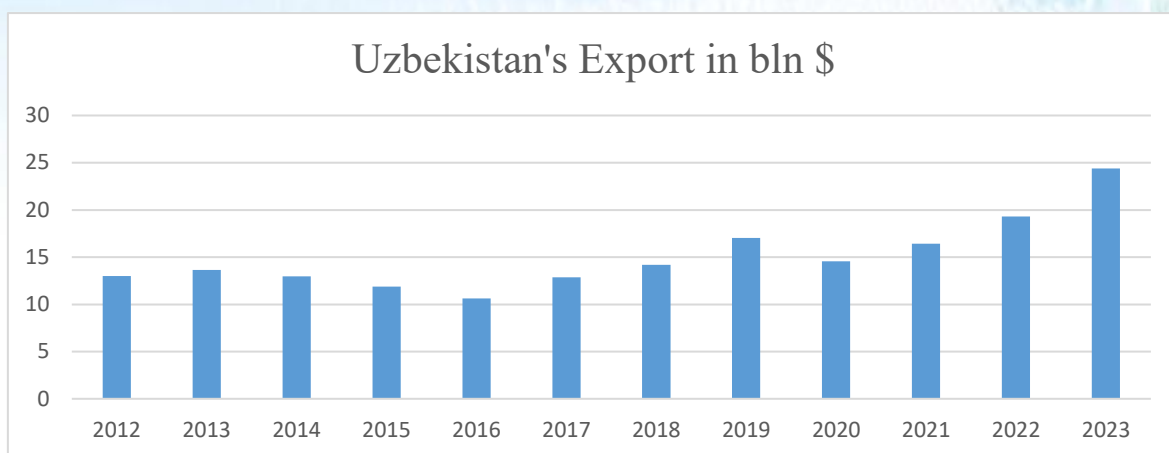


Source. The graph was created by the author based on data from Tradingeconomics.com.

In 2021, Uzbekistan exported a total of \$14.7B, making it the number 81 exporter in the world. During the last five reported years the exports of Uzbekistan have changed by \$7.31B from \$7.37B in 2016 to \$14.7B in 2021.



2-diagram. Export of Uzbekistan for 2012-2023 (bln \$)

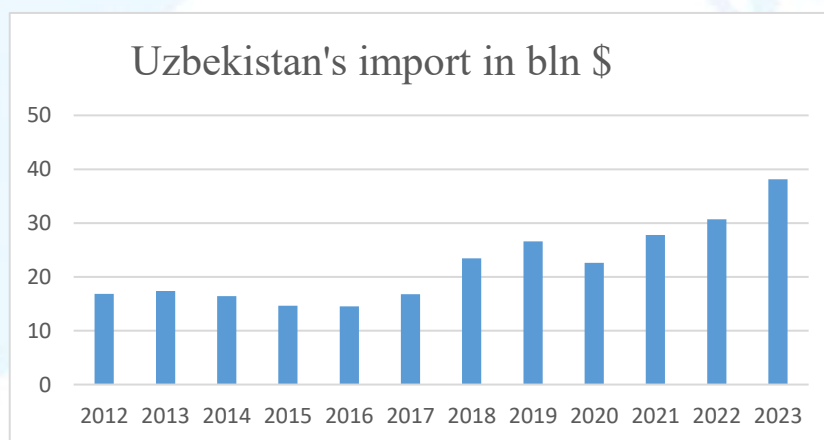


Source. The graph was created by the author based on data from Tradingeconomics.com.

The most recent exports are led by Gold (\$4.53B), Non-Retail Pure Cotton Yarn (\$1.61B), Refined Copper (\$741M), Petroleum Gas (\$722M), and Radioactive Chemicals (\$407M).

The most common destination for the exports of Uzbekistan are Switzerland (\$2.4B), China (\$1.94B), United Kingdom (\$1.88B), Russia (\$1.71B), and Turkey (\$1.68B).

3-diagram. Imports of Uzbekistan for 2012-2023 (bln \$).





Source. The graph was created by the author based on data from Tradingeconomics.com.

Directions for increasing the volume of international trade of Uzbekistan and prospects for the development of trade relations.

Participation of Uzbekistan in the GSP+ program. The number of goods that Uzbek manufacturers can export duty-free to EU countries will be increased to 6,200. According to the main GSP+ system of Uzbekistan, 3,000 goods can be exported to the European Union without customs fees and 3,200 goods at reduced rates. The GSP+ scheme is designed to help developing countries meet the special burdens and obligations arising from the ratification and effective implementation of 27 key international conventions on human and labor rights, environmental protection and good governance. developed. This will be done by ensuring the complete elimination of over 66% of tariffs covering a wide range of products, such as textiles, agriculture and food products, and fisheries. The new GSP regulation provides for continuous monitoring of the obligations of GSP + beneficiaries. Once a country is granted GSP+, the Commission and the European External Action Service (EEAS) must monitor compliance with their obligations, namely:

- Continue to ratify international conventions covered by GSP +; ensuring their effective implementation; compliance with reporting requirements; acceptance of continuous monitoring in accordance with conventions; and Cooperate with the Commission and provide all necessary information.

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Within the framework of cooperation with the WTO, Uzbekistan has started the process of providing answers to questions sent by member countries. The questions were related to price regulation, demand for foreign currency, regulation of entry of foreign goods and services to the market of Uzbekistan, regulation of customs duties and other topics. In 2019, working groups of some ministries and agencies were formed in accordance with the recommendations of the Secretariat of the Interdepartmental Commission on working with the WTO. These groups are working in the following directions:

- Preparation of information on issues of sanitary and phytosanitary measures, technical barriers to trade; Preparation of information on agricultural support and export subsidies;
- Preparation of information on political measures affecting trade services;
- Preparation of information within the framework of the WTO agreement on trade aspects of intellectual property rights; Preparation of proposals for tariff reductions and obligations in the field of services;
- Bringing the existing legal documents in Uzbekistan into a state that meets the requirements of the WTO;
- To carry out studies on assessing the impact of Uzbekistan's WTO membership on various sectors of the economy.

One of the main aspects of regulation of foreign economic activity is regulation of import of goods. Regulation of import of goods in Uzbekistan is carried out through various means. Among them, import duties and tariffs, quotas and licensing, are the means of internal taxation of imports. The main tool is import customs duties. Currently, the tariff of import customs duties introduced in the Harmonized System by the World Customs Organization is in practice in Uzbekistan since January 1, 2002. Three types of customs duties are applied by the government:



- 1) ad valorem is calculated as a percentage of the customs value of goods;
- 2) specific, it is calculated in relation to the number of imported goods;
- 3) generalized, includes both types listed above.

Import customs duty rates are mainly grouped into four levels: 0%, 5%, 10% and 30% are calculated with ad valorem rates compared to the customs value of the goods. In this case, local producers are protected.

1-Table. Uzbekistan's exports, imports and foreign direct investments in 2012-2023 (in bln \$).

Year	Import	Export	Foreign Direct Investment
2012	16.85	13.01	0.74
2013	17.37	13.63	0.69
2014	16.42	12.97	0.81
2015	14.64	11.87	1.04
2016	14.52	10.62	1.66
2017	16.78	12.88	1.8
2018	23.46	14.19	0.62
2019	26.62	17.03	2.32
2020	22.6	14.55	1.73
2021	27.79	16.44	2.1
2022	30.67	19.31	2.53
2023	38.14	24.4	2.15

Source. The graph was created by the author based on data from Tradingeconomics.com.





Using the data of Table 1, in Excel we can make a linear correlation of foreign direct source investments with export and import indicators.

2-table. Linear correlation of foreign direct investments with export indicators.

	<i>Export</i>	<i>Foreign Investment</i>	<i>Direct</i>
<i>Export</i>	1		
<i>Foreign Direct investment</i>	0.645935	1	

According to the correlation analysis conducted to determine the degree of correlation between export and direct foreign investment, the correlation coefficient is equal to 0.64. If we conclude from this, the correlation between export and direct foreign investment is significant, that is, the scope of influence of one for the other is significant.

3-table. Linear correlation of foreign direct investments with import indicators.

	<i>Imports</i>	<i>Foreign direct investments</i>
<i>Imports</i>	1	
<i>Foreign direct investments</i>	0.658116	1

According to the correlation analysis conducted to determine the degree of correlation between import and direct foreign investment, the correlation coefficient is equal to 0.66. If we conclude from this, the correlation between



import and direct foreign investment is significant, that is, the scope of influence of one for the other is significant.

Using the data of Table 1, in Excel we can make a linear regression of foreign direct source investments with export and import indicators.

4-table. Linear regression of foreign direct investments with export indicators.

RESULTS

Regression statistics

Multiple R	0.645
R-square	0.417
Normalized R-square	0.352
standard error	2.011
Observations	11

Analysis of variance

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Signifi-cance F</i>
Regression	1	26.074	26.074	6.443	0.031
Residual	9	36.419	4.046		
Total	10	62.494			

Based on the results of the regression analysis in Table 4, the regression equation for the effect of foreign direct investments on the amount of exports is as follows.

$$y = 0.0791x + 10.272$$





Based on the regression equation, the export volume increases by 0.079 units due to the inflow of 1 unit of foreign direct investment.

5-table. Linear regression of foreign direct investments with import indicators.

RESULTS

Regression statistics

Multiple R

0.645

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0.417

Normalized R-square

0.352

standard error

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Observations

11

Analysis of variance

	Df	SS	MS	F	Significance F
Regression	1	26.074	26.074	6.443	0.0313
residual	9	36.419	4.046		
Total	10	62.494			

Based on the results of the regression analysis in Table 5, the regression equation for the effect of foreign direct investments on the amount of exports is as follows.

$$y = 0.1831x + 11.549$$

Based on the regression equation, the export volume increases by 0.18 units due to the inflow of 1 unit of foreign direct investment.

IV. CONCLUSION



In world practice, there are tariff and notarial methods of regulating foreign trade operations, and the extent and extent of their application is determined by the main directions of foreign economic policy and foreign economic activity of each country. According to the requirements of the WTO, it is desirable to regulate all foreign trade operations with the help of definitions, that is, on the basis of customs duties.

The World Trade Organization is a global arena where trade relations between countries are conducted and disputes are resolved. Today, 164 countries of the world are members of it. The UN regulates political relations between countries, and the World Trade Organization (hereinafter referred to as WTO) regulates trade relations between them.

In addition, Uzbekistan's membership in the organization is important for the reduction of high prices resulting from protectionist barriers and effective use of existing resources, strengthening of the competitive environment in the country, reduction of corruption and the legal entry of imported contraband goods into the country.

Membership in the organization paves the way for participation in various international organizations and agreements that shape new standards and regulations for new products and services.

It allows to further improve the production conditions of the products exported to the countries of the world in our country.

Summarizing the above-mentioned points, the following proposals can be put forward regarding the mechanism of the Republic of Uzbekistan's membership in the World Trade Organization, terms of cooperation and its effectiveness:



□ To become a member of the World Trade Organization, first of all, rational use of the experiences of developing countries with economies similar to ours and Uzbekistan's close trade partners;

□ Taking into account the recommendations of institutional organizations such as the World Bank, the International Monetary Fund in ensuring the commonality of the mechanisms of Uzbekistan's foreign trade and the normative legal documents of the WTO;

□ Gradual liberalization of foreign trade regulatory system in Uzbekistan, support of export and import based on objective factors and complete abandonment of bureaucratic control;

□ To ensure the transparency of the activities of the "Interagency Commission" on the coordination of the processes of Uzbekistan's membership in the World Trade Organization and to announce the results to the general public on the basis of reliable information;

□ Solving the problems of international trade and WTO membership by training intellectually competent personnel in the conditions of the coronavirus pandemic.

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