

THE PROSPECTS OF UZBEKISTAN'S MEMBERSHIP IN THE WORLD TRADE ORGANIZATION

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Rahimov Eshmurod Normuradovich

PhD, Associate Professor at Tashkent State University of Economics

Tel: (99) 020-64-24, Email: raximoveshmurod88@gmail.com

Abstract

In this article, Uzbekistan's crucial goal - becoming a member of World Trade organization (WTO) is examined, with an emphasis on the negotiation process, its effects on the economy, and its prospects for the future. Uzbekistan has made tremendous progress on its path to joining the WTO, demonstrating the nation's dedication to integrating into the competitive global trade environment. The paper analysis the major milestones in Uzbekistan's evolution of negotiations, assesses the economic consequences and describes the probable advantages and future prospects of joining organization.

Keywords

World trade organization, trade, international trade, foreign investment, trade environment, negotiations, tariff barriers, economic growth, global market.

Introduction. Uzbekistan is seriously considering the issue of accession to the World Trade Organization and has taken many steps in this regard. World trade organization is essential platform for countries looking to increase their participation in competitive international trade environment. Uzbekistan is doing all efforts to join the World Trade Organization. National ministries are particularly active in this process, they have been analyzing risks and evaluating country's readiness for economic sectors, adaptation of local legislation to the organization.

Main part. Becoming a member of the WTO is one of Uzbekistan's important economic goals set several years ago. Alongside this objective, the activities of the special department established within the Ministry of Justice aimed at aligning our national legislation with the requirements of the organization are also geared toward the same goal. This department's work involves not only harmonizing our laws with the organization's requirements but also ensuring the compliance of newly produced documents. In other words, identifying and eliminating norms that provide unfair advantages to certain market participants, restricting free trade and giving a competitive edge to some participants in the market, especially those involved in cross-border trade,

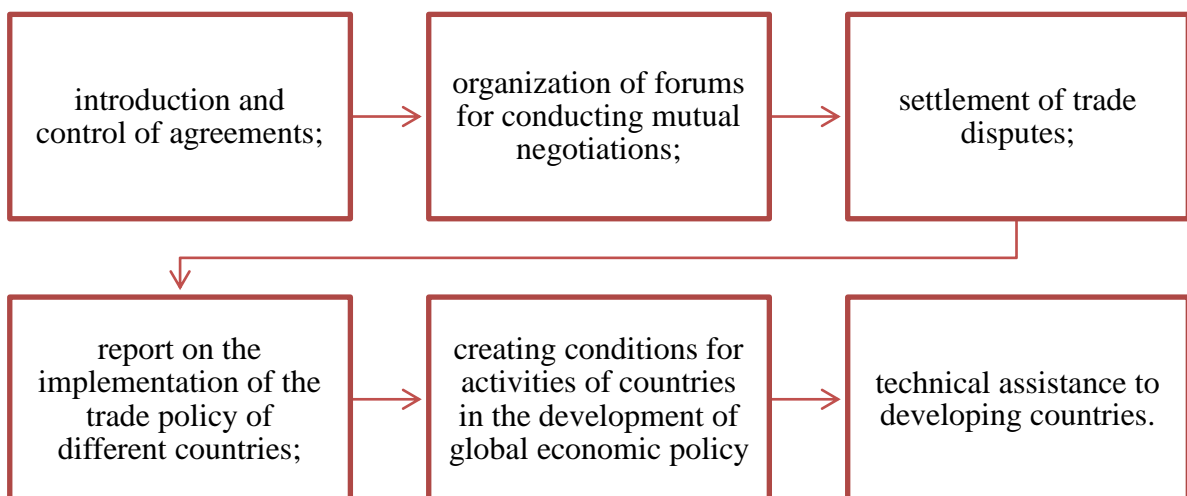
exports, and imports. A country can take one of two roads toward free trade. With a unilateral approach, it can remove its trade restrictions on its own. Great Britain did this in the 19th century, and Chile and South Korea did it more recently. Alternatively, a country can take a multilateral approach, reducing its trade restrictions in concert with other countries. In other words, it can bargain with its trading partners in an attempt to reduce trade restrictions around the world. One important example of the multilateral approach is the North American Free Trade Agreement (NAFTA), which in 1993 lowered trade barriers among the United States, Mexico, and Canada. An updated, new NAFTA, also known as the United States-Mexico-Canada Agreement, went into effect in 2020. Another important multilateral pact is the General Agreement on Tariffs and Trade (GATT), a series of negotiations among many of the world's countries with the goal of promoting free trade. The United States helped to found GATT after World War II in response to the high tariffs imposed during the Great Depression of the 1930s. Many economists believe that those tariffs contributed to the worldwide economic hardship of that period. GATT successfully reduced the average tariff among member countries from more than 20 percent after World War II to less than 5 percent in 2000. And it continued at a low level for many years thereafter. The rules established under GATT are enforced by an international institution called the World Trade Organization (WTO). The WTO was established in 1995 and has its headquarters in Geneva, Switzerland. The World Trade Organization is one of the largest international economic organizations, 166 countries have joined the organization in 2024, accounting for 98 percent of GDP of world trade. The functions of the WTO are to administer trade agreements, provide a forum for negotiations, and handle disputes among member countries. But the road to free trade is not a one-way street. When Uzbekistan submitted the application for observer status with the WTO in 1994, negotiations between the two parties got started. However, Uzbekistan didn't submit the application to join the group as a full member until 2015. Since then, the nation has made great strides toward fulfilling the criteria for membership. Uzbekistan finished its sixth round of talks with the WTO in 2019. The process of becoming a member of the World Trade Organization is difficult and takes a long time. In the first stage countries that want to join the WTO, the heads of government apply for observer status at the WTO. Uzbekistan's economic situation would be significantly impacted by joining the WTO. It would expand foreign investment, strengthen access to international funding, and open up new markets for Uzbek products and services. However, Uzbekistan would have to significantly make changes in its trade laws and

practices in order to join the organization. According to the decision of the Cabinet of Ministers of the Republic of Uzbekistan dated December 24, 2018 "On approving the structure of the Interagency Commission on Working with the World Trade Organization" taking multi-profile work on becoming a member of the World Trade Organization is going. Improving customs and tariff regulation systems, optimizing tariff payments and engaging in foreign trade in accordance with the February 28, 2019 Shavkat Mirziyoyev decree "Organizational Measures to Further Streamline Foreign Economic Activities in the Republic of Uzbekistan" .. To achieve effective systematic work and regular oversight of Uzbekistan's WTO accession process, the Government has carried out 34 activities aimed at resuming the accession process and preparing documents for the coordination of national law, a "roadmap" approved in this concern. Another step the country has taken in this direction is the formation of inter-sectoral committees to work with the WTO, led by the Ministry of Trade. At the same time, the WTO in Geneva is taking steps to strengthen the activities of the Uzbekistan national team.

Uzbekistan's WTO membership possibilities in the future:

- ❖ tourism, development of tourism;
- ❖ integrational opportunities increase;
- ❖ gradually notarial restrictions decrease;
- ❖ an increase in the share of foreign direct investments;
- ❖ reduction of monopoly.

To ensure the liberalization and fairness of international trade is one of the important tasks of WTO. The World Trade Organization performs the following functions (1-picture):



1-picture. The functions of World Trade Organization³⁶.

³⁶ compiled independently by the author based on world information

Studies show that high levels of import protectionism have not yielded the desired results in any country in the world. First, the result of high levels of import protectionism is a strong distortion of relative prices, leading to inefficient allocation and the use of finite resources. Second, advanced import protectionism encourages the development of smuggled imports and creates conditions for economic monopoly. Finally, there is a close positive relationship between economic openness and the influx of foreign direct investment. Uzbekistan has been working to liberalize its economy for several years. Due to its geographical location as a double landlocked nation, Uzbekistan collaborates closely with its neighbors in the fields of trade, logistics and transport. Currently it exports items to Europe and East Uzbekistan, it must still work with regional partners. With new norms and trade regulations, the WTO's integration of international cooperation will grant free access to regional markets. Membership will bring huge economic prospects to the country. First one is elimination of protectionism. Advanced import protectionism promotes the growth of illegal imports and fosters economic monopoly. Through country's membership in the WTO one of the negative consequences of import protectionism can be eliminated through liberalization. There are huge number of economic benefits of membership in the World Trade Organization. The positive aspects of being a member of the organization are as follows:

- ❖ economic interest is primarily in the way of mutual product exchange creates conditions for removing obstacles;
 - ❖ economic disputes have a positive effect in return for their solutions to the social and political situation in the country;
 - ❖ motivates people to improve the standard of living as well as population can consume quality products;
 - ❖ the income of the country and individual citizens increases with the help of liberal trade;
 - ❖ joining WTO can provide more job opportunities;
 - ❖ reduces excess costs in the field of trade;
 - ❖ countries may produce much cheaper products and services;
 - ❖ increases the volume of national production, as a result, monetary income increases to the budget;
 - ❖ Contributes to the development of commodity exchange technologies.
- The member countries of the organization trade on the basis of equal rights

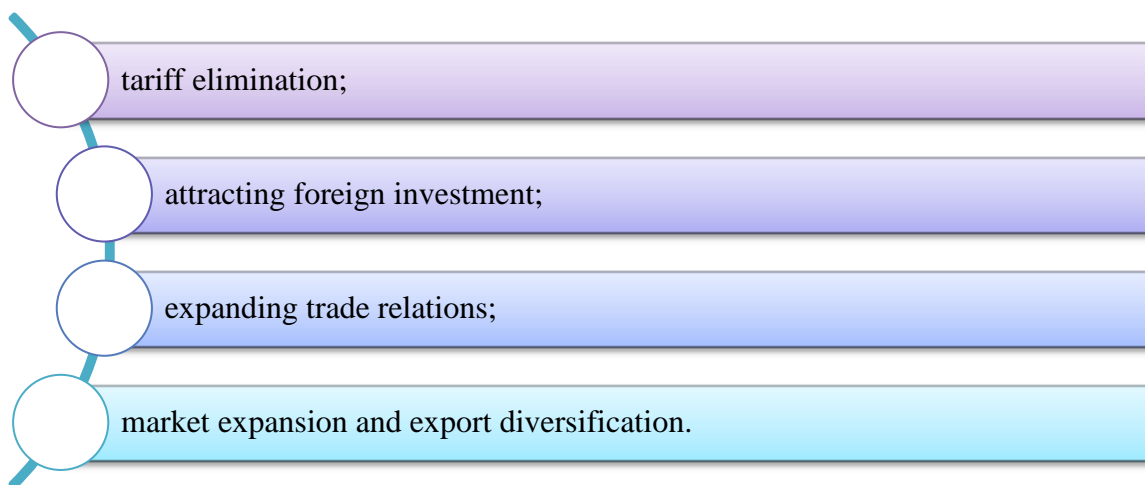
cooperates with each other. Member countries sign an agreement on export and import based on the principles of justice.

Products: The general agreement on trade and tariffs is the main rule in trade relations. Provisions such as agricultural trade, product standard requirements, subsidies, action against dumping and prices are supplementary documents of the main agreement is considered.

Services: the requirements for free export and import of services are defined in the Services Agreement. Each country has its own opportunities and restrictions on trade defined. If a dispute arises regarding the provision of the Service, the dispute will be resolved through negotiations.

Intellectual property rights: Intellectual property rights are protected during trade operations in accordance with the organization's general agreement. Intellectual property copyrights, trademarks, logos used in product names, industrial models, integrated circuits including topology and trade secrets.

There are other economic advantages of getting membership of WTO (2-picture):

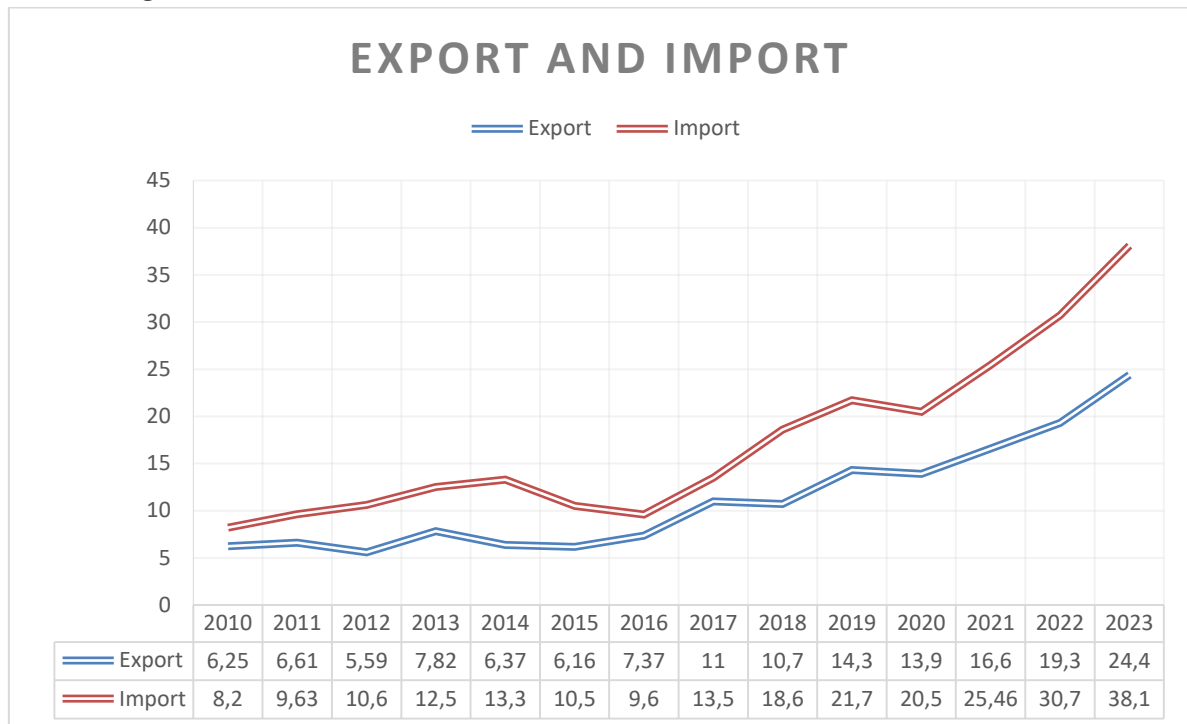


2-picture. The prospects of Uzbekistan's membership in the World Trade Organization³⁷.

WTO accession serves as a powerful signal of Uzbekistan's unwavering commitment to adhering to international trade rules and fostering transparency in its economic policies. Become a member of WTO is a signal for investors. This demonstrates that a nation is enacting reforms and is open to foreign investment economically. The possibility of increased foreign direct investment (FDI) in Uzbekistan as a result of WTO membership. Due to Uzbekistan is landlocked

³⁷ compiled independently by the author based on world information

country and several reasons country cannot expand its trade partners. To get membership to the organization opens a way to begin trade relations with lots of countries. The WTO Agreement provides restriction of discrimination. Uzbekistan will have the chance to diversify its exports as a result of trade liberalization under the multilateral WTO system with lower tariffs. When exporting to the majority of nations throughout the world, Uzbekistan will benefit from decreased tariffs.



1-graph. export and import indicators between 2010 and 2023 in Uzbekistan³⁸.

According to the above graph, with the help of liberalization between 2017 and the present, the republic has achieved some positive achievements in the foreign trade policy, which is the result of the above reforms. Customs fees have been almost halved: in January-December 2017, foreign trade turnover reached 26.5 billion (about 4.3 times compared to January-December 2000), 41.75 billion in 2019 (about 6.7 times compared to January-December 2000), and in 2021, 42.17 billion. It ensured an increase (about 6.8 times compared to January-December 2000). However, since 2017, imports have been prioritized over exports. In 2017, 47.3% of turnover was export, 52.7% was import, in 2021, export - 39.6%, import - 60.5%, in 2022, export - 38.6 %, import - 61.4%, and in 2023, export - 38.9%, import - 61.1%. Negative balance in the foreign trade balance - in 2017 (-) 1.5 billion USD, in 2019 (-) 6.8 billion. USD, in 2021 (-) 8.8 billion USD, in 2022 (-)11.4 billion. US dollars, and in 2023, (-)13.7 billion. The volume of foreign trade turnover increased by 1.2 billion

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US dollars or 5.9% compared to the corresponding period of 2023. In January-April 2024, Uzbekistan established trade relations with 186 countries of the world, bringing the volume of foreign trade turnover to 20.9 billion US dollars. Export - 8.5 billion (increased by 9%), Import - 12.4 billion (increased by 3.9%). Uzbekistan's foreign trade turnover increased by 5.9% According to the statistics agency, Uzbekistan had trade relations with 186 countries in 4 months.

Conclusion. In conclusion, we can say that economic liberalization is the process of reducing government controls and regulations on economic activities. Economic liberalization led to higher economic growth rates in Uzbekistan³⁹. It attracted foreign investments, increased the ease of doing business, and stimulated various sectors of the economy, contributing to overall growth and development. Uzbekistan has been attempting to join the WTO for more than 20 years, and significant progress has been made in recent years. Uzbekistan's potential accession to the WTO presents both opportunities and challenges for the country's economic development and future trade relations. While increased market access, foreign investment, and trade efficiency are potential benefits, the need to address concerns about competition, adjustment costs, environmental impacts, and social welfare remains crucial.

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