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## IMPROVEMENT OF THE LEGISLATION OF THE REPUBLIC OF UZBEKISTAN ON THE LIBERALIZATION OF THE FOREIGN TRADE REGIME FOR ACCESSION TO THE WTO

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### ARTICLE INFO

### ABSTRACT

**Keywords:** Uzbekistan, regulation, liberalization, oral or written instructions, notification, WTO, foreign trade regime.

The article describes the features of the process of improving the legislation of the Republic of Uzbekistan on the liberalization of the foreign trade regime for accession to the WTO, its general characteristic, which is the most popular institution for dispute resolution, the economic interdependence of states due to the rapid expansion of mutual flows of goods and capital, the growing exchange of services and technologies has turned the world economy into a more or less integral economic system, the link in which international trade in goods and services and the movement of capital. In this article, the steps to be taken in the process of joining the WTO, as well as their legal basis, as well as the process of integration between several international organizations and countries, are analyzed. What kind of organization is the World Trade Organization, the legal order of membership of the organization, the system of legal norms in the management of international trade by the organization, the advantages and disadvantages of the organization for states, as well as the fact that Uzbekistan is a member of this organization are studied. The steps to be taken in the process of joining the WTO, as well as their legal basis, are also analyzed and the integration process taking place between several international organizations and countries.

## I Introduction

Significant changes have taken place in the field of international trade in recent decades. Thus, WTO accession has become one of the most important and necessary factors of economic growth. It is well known that the main goal of the Republic of Uzbekistan today is to improve the economic situation in the country, create a favorable economic and investment climate in the country, as well as ensure the welfare of the population by supporting business. To achieve these goals, one of the most important tasks facing the Republic of Uzbekistan today is to become a full member of the World Trade Organization. This is because the World Trade Organization is the only international organization that regulates the rules of international trade worldwide. However, among scientists and experts in the field of international trade, the question is being discussed whether Uzbekistan is ready to join the World Trade Organization and what the World Trade Organization (WTO) will provide to the Uzbek economy.

## II. Research results and discussion.

The complexity of the WTO law system is further enhanced by numerous references to other international agreements and generally recognized norms of general international law. The norms that make up the WTO law, on the one hand, form a single system. On the other hand, the diversity of components regulating relations between WTO members is so great that the literature speaks of its “mosaic”. The variety of sources of WTO law makes its application by both members and dispute resolution bodies very difficult. The use of WTO law is complicated by its characteristic feature - it has a “package” character, that is, a State joining the WTO must assume all the obligations contained in it, and does not have the right to choose, which usually operates in contract law. The “package approach” in the WTO is expressed in several forms: in the unity of legal regulation; in taking into account the special interests of different groups of

states; in the form of a developed concept of “sustainable development”. In WTO law, the idea of a “package” should eliminate the bias formed during the GATT, when some States received only advantages due to the extension of the most-favored-nation principle to them [1].

WTO law is an integral part of international economic law, it is not a closed legal system, and cannot develop apart from international law. Being based on universally recognized principles and norms and regulating a separate area of international relations, WTO law constitutes a *lex specialis* in relation to international economic law. For the normal functioning of the multilateral system of international trade, as it is formed within the framework of the WTO, the question of the nature of the obligations of its members is of no small importance - whether they are bilateral or multilateral in nature Uzbekistan is legally protected from the following: 1) foreign discriminatory internal taxes, excise duties and duties, state fees, the application of restrictions on the transit of goods; 2) technical discriminatory forms in trade, the use of a whole set of barriers; 3) other trade and economic instruments in relation to export and import operations of participants in foreign trade activities without the use of the law application is used. As you know, every state is a member of an international organization, before it becomes desirable for itself, it tries to find out information about this organization. Because which organization does the state become a member of, what are the goals and objectives of this organization, for example, what rights and obligations does the state have as a result of membership in the organization of socio-economic obligations of the state, whether there is enough advanced level for membership in this and other should solve the issue of membership, having information. We know that every state gives some kind of international organization aspires to become a member, pursuing goals [2].

Uzbekistan’s accession to the World Trade Organization introduction to the

modernization and competitiveness of the economy more opportunities for the development of market reforms aimed at improving its empathy [3]. At the same time, these reforms include the reduction of import duties, ensuring the domestic market of foreign goods equal competition with domestic production and continuing to liberalize their trade through multilateral trade negotiations includes a commitment. For this reason, domestic producers and increasing their competitiveness are necessary. This forces them out of the domestic market due to the adoption of foreign products to prevent it from leaving. As well as trade restrictions, only in this case, the reduction will undoubtedly increase business activity, attract investment and contribute to the integration of the country into international value chains, which are manifested in the further modernization and growth of economic indicators of the state [4].

Protectionism is the practice of following a protectionist trade policy. A protectionist trade policy allows the Government of a country to promote domestic producers and, thus, stimulate domestic production of goods and services by imposing tariffs or otherwise restricting foreign goods and services on the market. Protectionist policies also allow the government to protect developing domestic industries from foreign competitors. Types of protectionist policy takes various forms, including: 1. Tariffs- Taxes or duties levied on imports are known as tariffs. Tariffs increase the price of imported goods on the domestic market, which, consequently, reduces the demand for them. 2. Quotas are restrictions on the volume of imports of a certain product or service for a certain period of time. Quotas are known as the “non-tariff trade barrier”. The restriction of supply causes an increase in prices for imported goods, reducing demand in the domestic market. 3. Subsidies are negative taxes or tax benefits that the state provides to domestic producers. They create a mismatch between the price faced by consumers and the price faced by producers. The Government of a

country may require that all foreign goods comply with certain rules [5].

Reasons for protectionism - The economy usually adopts protectionist policies to encourage domestic investment in a particular industry. For example, tariffs on foreign shoe imports will encourage domestic manufacturers to invest more in shoe production. Although domestic producers are in a better position, domestic consumers are in a worse position as a result of protectionist policies, as they may have to pay higher prices for goods or services of slightly lower quality. Thus, protectionist policies tend to be very popular among businesses and very unpopular with consumers. Benefits of Protectionism - Protectionism provides opportunities for local businesses to grow until they can compete with more experienced firms in the international market. Import reduction: Protectionist policies help reduce the level of imports and allow a country to increase its trade balance. More jobs: Higher employment occurs when domestic firms increase their workforce. Disadvantages of protectionism - since domestic manufacturers do not need to worry about foreign competition, they have no incentive to innovate or spend resources on research and development of new products [6]. Limited choice for consumers: Consumers have access to fewer goods on the market as a result of restrictions on foreign goods. Price increases due to lack of competition: consumers will have to pay more without seeing a significant improvement in the product. Economic isolation: Often leads to political and cultural isolation, which in turn leads to even greater economic isolation. Trade barriers are legal measures put in place primarily to protect the national economy. They usually reduce the number of goods and services that can be imported. Such trade barriers take the form of tariffs or taxes and usually benefit governments, domestic producers and national interests at the expense of consumers. Trade barriers usually exist to protect domestic producers or to promote political goals [7].

Anti-dumping provisions - the term “dumping” is used here to describe how foreign producers can “dump” their products on the domestic market at much lower prices than those offered by domestic producers. There are two possible reasons why a foreign manufacturer may decide to dump its products to another country. First, it may happen that goods can be produced abroad at a significantly lower price due to lower production costs, such as labor or raw materials, compared to the domestic market. In this case, a foreign company can still make a profit, despite advertising lower prices than domestic manufacturers. Secondly, dumping can be a deliberate predatory action of large multinational corporations in order to gain market share. Such large organizations may incur losses in the short term due to their large cash reserves and greater liquidity compared to smaller players. The goal is to force competitors to close by lowering the market price below that which domestic producers can withstand. After the decline of domestic producers, a foreign enterprise will be able to establish monopoly pricing and see an increase in its profits [8]. To prevent such events, governments can introduce trade tariffs that will raise the prices of dumped goods and protect domestic suppliers. If the tactics are not aggressive enough, governments can impose sanctions against certain companies and completely ban them from doing business in the country of origin. An anti—dumping duty is a tariff levied on imports produced in foreign countries at a price below the fair market value of similar goods on the domestic market. The government imposes anti—dumping duties on foreign imports when it considers that goods are being “dumped”- due to low prices on the domestic market. The anti-dumping duty is introduced to protect local enterprises and markets from unfair competition from foreign imports. The duty is established in the amount equal to the difference between the ordinary value of goods in the importing country and the market value of similar goods in the exporting country or other countries

producing similar goods. Fiscal policy refers to the government’s fiscal policy, which includes government control over the level of spending and tax rates in the economy. The government uses these two tools to influence the economy. This strategy is the sister of monetary policy. Although both fiscal and monetary policies are linked to government revenues and expenditures and both seek to correct situations of excessive or insufficient demand in the economy, they do it in completely different ways. Proponents of using fiscal policy believe that public finances can influence inflation and employment by manipulating two key variables: the level of government spending or the amount of money the government spends the tax rate or the amount of money the government earns. If, instead, the government is faced with a situation of high inflation characterized by excessive demand in the market, it may pursue a restrictive fiscal policy. For example, the government may introduce new taxes and raise existing tax rates. This will reduce disposable income, which will lead to a drop in consumption and investment, thereby correcting the situation with excessive demand [9].

In general, a state joining the WTO will have to go through four main stages: The first is the stage of disclosure of facts or their establishment. At this stage, the Member State is obliged to submit to the WTO a “memorandum on foreign economic regime”, which fully reflects its laws, rules, practices and policies related to trade and economic issues, covering relations regulated by WTO agreements. This memorandum is used by the WTO working group to conclude that the policy and legal regime of the acceding State do not comply with the requirements of the WTO agreements. The duration of this stage can be quite long or short, depending on the completeness, reliability and quality of the information provided, as well as the answers to the questions of the WTO working group. The second is a negotiator. After the WTO working group comes to a conclusion on the foreign economic regime

of the acceding State, bilateral negotiations between the acceding State and any other interested party will consider issues such as determining rates, creating opportunities for foreign goods to enter the domestic market and other similar issues. The third stage is the approval of membership conditions. After the WTO working group completes the process of fact-finding and examination of the legislation and policy of the acceding State and completes bilateral negotiations, this will be reflected in the report of the WTO working group, the draft agreement on accession to the WTO and the list of obligations of the acceding parties. The fourth is the decision-making stage. The final package of documents, consisting of the report of the working group, the protocol and the list of responsibilities, is submitted to the General Council or the WTO Ministerial Conference. If 2/3 of the total number of votes voted for accession, the acceding party has the right to join the organization by signing a protocol, which, based on the domestic legislation of the acceding State, in some cases requires that the accession agreement be ratified by the Parliament of the State before the completion of the accession process [10].

The regulatory framework of foreign economic activity currently represents a developed system of self-regulation in this case, it is also dynamic to some extent at the moment. Therefore, at present, the priority direction of reforming the country's economy is, or, in other words, to simplify it in accordance with the instructions for a more open regulation of extreme areas in this branch of law, there are two principles. Conditions for joining the World Trade Organization – during negotiations, mutual concessions and mutual obligations, often, however, this is achieved as very strict obligations this agreement Uzbekistan in the process of joining this organization, the republic faces the following difficult tasks: defining national economic interests and priorities; obligations and guarantees of national economic security defining the boundaries of conditions [11].

For the admission of the WTO of the Republic of Uzbekistan, which needs to be changed in the process of joining the trade organization of some normative legal acts, what changes are being made to them, we will analyze the need for inclusion. We would like to focus on the Law “On Competition” of the Republic of Uzbekistan. Article 18 of this Law contradicts the provisions of the above-mentioned WTO General Agreement. We already knew that in order to join the WTO, we had to make a number of changes and additions to our legislation. As a solution to the above problem, we can say that we need to develop a new draft law “On Competition”, which clearly does not specify “the procedure for obtaining prior consent to the establishment of state-owned enterprises” and should reconsider this problem. For admission to the WTO of the Republic of Uzbekistan, taking into account future membership, it is proposed that goods and products have access to the market, WTO member countries in the list of tariffs regulated by Article II of GATT – 1994 (Schedule of Concession) should not exceed the established maximum duty rates. In addition, WTO members, quantifying goods and products entering the market, are also strictly prohibited from applying restrictions. Also, a WTO member non-tariff barriers of countries (for example, customs clearance procedures) they should not allow an excessive barrier to trade.

In this regard, the Customs Code of the Republic of Uzbekistan must be taken into account. In particular, this Code establishes the following quantitative restrictions, it is advisable to revise the articles that give the right to determine:

1) Article 54 (The Cabinet of Ministers of the Republic of Uzbekistan the method of processing goods in the customs regime of processing outside the territory may establish quantitative restrictions on burns).

2) Article 82 (The Cabinet of Ministers of the Republic of Uzbekistan may impose restrictions on quantitative requirements for placement under the customs procedure of processing in the customs territory).

3) Article 364 (On the origin of goods when goods are imported into the customs territory) the certificate of origin of imports from a particular country is quantitative restrictions (quotas) or other forms of regulation of foreign economic activity are mandatory for goods controlled through state regulation measures).

4) Benefits and benefits for the payment of customs duties of the Customs Code Chapter 43, known as tariff preferences, is the most convenient regime and the principle of national treatment.

The anti-dumping transaction, as well as the inspection bodies of the WTO member states, set out in more detail about the rules for the introduction and conduct of anti-dumping checks. This should also be done by the competent authority, which notification of the anti-dumping inspection and publication of the results of the inspection of their obligations is stated in article 12 of the Anti-Dumping Agreement. From this, in addition, article 13 of the Anti-Dumping Agreement provides that independent courts, arbitrations or the presence of administrative courts and access to inspections in anti-dumping procedures, procedures for reviewing conclusions or final conclusions are required. In our legislation, disputes of this kind are considered by administrative courts. In this regard, the anti-dumping transaction should provide for arbitration of disputes related to anti-dumping for the purpose of implementation, we must introduce into legislation the procedure for considering cases in courts. In addition, the investment restrictions existing in our legislation of the Republic of Uzbekistan, the adoption of special measures for these purposes in the areas in which it is prohibited to invest in the law "On Economic Zones" should be reviewed. Due to the current instability of opinions and views on the activities of the WTO, as a candidate for membership in this organization, we must consider all possible scenarios for the development of events, possible consequences and consequences. However, at the same time, due to the change

in positions in world trade, the country itself the idea of changing the trading system in the national system of trade regulation may look positive [12].

### III. Conclusion

Summing up, it should be said that after studying the analytical processes of the system of multilateral trade relations and studying the integration of the Republic of Uzbekistan into this system, the following conclusions and proposals were formulated:

1. Consideration of the evolution of the world trading system shows that over a period of more than fifty years of development, the multilateral regulatory system has undergone significant changes, and negotiations of States in trade relations play a key role in it. The current stage of WTO development is characterized by the predominance of the principles of institutional economic theory in making important decisions to promote international trade.

2. The positive aspects of the correlation between the liberalization of foreign economic relations and the liberalization of foreign trade relations and economic growth are shown by the World Trade Organization. In our opinion, the positive effect of the liberalization of foreign trade activities in the process of joining the multilateral trading system depends on internal macroeconomic conditions and impressive institutional reforms.

3. The foreign economic interests of the Republic of Uzbekistan in the system of multilateral trade relations are associated with the degree of entry into the most favored nation regime, institutional dispute resolution mechanisms and the degree of restriction of foreign trade, which reduces threats to the economic security of the national economy.

4. The liberalization of the foreign trade regime of the Republic of Uzbekistan should be carried out in two stages. At the first stage, the state monopoly on foreign trade activities prevailed through licensing, quotas, barter operations and other regulatory mechanisms that maintained the positions of state bodies and ministries in the Management of foreign trade. At the second

stage, the foreign trade regime was relaxed, which led to the cancellation of the export license and equalization of a significant part of imports, the excise tax rate on domestic and imported goods, harmonization of the country's Customs Code with the rules and regulations of the WTO. The current stage of liberalization of the foreign trade regime, in particular, the domestic market, is connected with the negotiations of the Republic of Uzbekistan on accession to the WTO. In the process of negotiations, in our opinion, it is necessary to make maximum use of the WTO mechanisms that allow for the protection of national economic interests by providing subsidies and protecting the domestic market and individual industries.

5. The liberalization of foreign economic relations will contribute to an increase in export and import quotas in national production. In the context of a systematic increase in imports compared to exports, the need for preventive measures to combat the negative consequences of import growth is

justified. In this work, it is required to use the values of the Index of real terms of trade to assess the indicators of economic security thresholds.

6. The accession of the Republic of Uzbekistan to the WTO will eliminate threats to economic security. Within the framework of Uzbekistan's short-term accession to the WTO, it is necessary to strengthen the Central Coordination Mechanism for managing many changes taking place in the country's legislation, in particular in the field of foreign trade policy. It is necessary to improve the institutional environment of the trade regime, which not only accelerates the country's entry into the WTO, but also meets the country's long-term interests in integrating the economy into the system of world economic relations. It is necessary to identify these areas in the WTO agreements and agree with the WTO working group on the issue of extending the deadlines for fulfilling obligations and providing long-term technical assistance.

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