

Membership in The WTO Will Allow the Comprehensive Integration of The New Uzbekistan Into the World Economy

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Abstract: In this paper has been analysed issue for membership in the WTO will allow the comprehensive integration of the new Uzbekistan into the world economy.

Keywords: World trade, opportunities, integration, challenges, risks, regulatory frameworks, growing economy, trade, commerce, best practices, business environment, public-private partnerships, sustainability, environmental regulations, quality standards.

1. INTRODUCTION

Uzbekistan's WTO membership is an important process. At the moment, Uzbekistan is excluded from global economic processes because it is not a member of the WTO. In July 2019, Uzbekistan decided to consider the updated memorandum on the foreign trade regime for WTO membership. This year, the European Union allocated 5 million euros for Uzbekistan's entry into the WTO. An interdepartmental commission on working with the World Trade Organization was formed. Since July 2020, the Ministry of Investments and Foreign Trade of Uzbekistan and the WTO have held several meetings of the joint working group on the country's membership in this organization. The position of special representative of the head of our country on issues of the World Trade Organization was introduced. This was determined in the decision of the head of state "On additional measures to accelerate the process of becoming a member of the World Trade Organization of Uzbekistan". It was also forbidden to develop drafts of regulatory legal documents that do not comply with the rules and norms of the World Trade Organization. The five-year project of the International Trade Center on "Assisting Uzbekistan's entry into the WTO" is supported by the European Union. The project, launched in February 2020, aims to support Uzbekistan's development plans for economic modernization by using the accession process.

2. LITERATURE REVIEW

Membership in the WTO is, as the organization itself puts it, "a balance of rights and obligations" [1]. The WTO now claims more than 160 members, and each may have a different rationale for its membership. In their overview of WTO accession, Cattaneo and Primo Braga (2009) lay out some of the main rights that members attain, including improved market access in the form of most-favored-nation (MFN) status, protection against ad hoc protectionist measures from other members, a seat at the table of international trade rulemaking, and access to the WTO's dispute settlement mechanism. These rights are often sufficient to attract membership.

As of July 2016, the WTO has 164 members. Of the 128 states party to GATT at the end of 1994, all have since become WTO members except for the Socialist Federal Republic of Yugoslavia, which had dissolved in 1992 and was suspended from participating in GATT at the time.[6] Four other states, China, Lebanon, Liberia, and Syria, were parties to GATT but subsequently withdrew from the treaty prior to the establishment of the WTO. China and Liberia have since acceded to the WTO. The remaining WTO members acceded after first becoming WTO observers and negotiating membership. [2]

The 27 states of the European Union are dually represented, as the EU is a full member of the organization. Other autonomous entities are eligible for full membership in the WTO provided that they have a separate customs territory with full autonomy in the conduct of their external commercial relations. Thus, Hong Kong became a GATT contracting party, by the now terminated "sponsorship" procedure of the United Kingdom (Hong Kong uses the name "Hong Kong, China" since 1997), as did Macao. A new member of this type is the Republic of China (Taiwan), which acceded to the WTO in 2002, and carefully crafted its application by joining under the name "Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei)" [3] so that they were not rejected as a result of the One China principle implemented by the People's Republic of China. [4]

3. ANALYSIS AND RESULTS

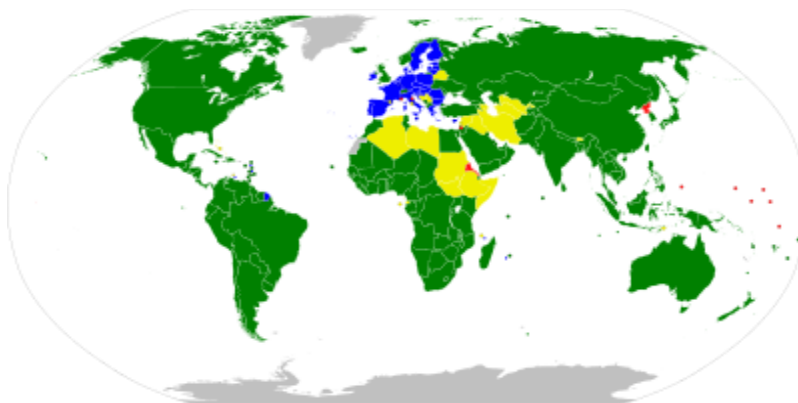
Indeed, our country has been paying serious attention to the issue of mutually beneficial cooperation with international financial institutions. In this regard, on the basis of mutual cooperation with various economic organizations, the issue of accelerating national economic and social development is being approached as a priority goal. The World Trade Organization is the largest international economic organization in the world, an international organization that manages the regime of mutual trade and trade policy of the countries of the world. In international trade, the organization operates on the basis of intergovernmental multilateral agreements, which define the principles and rules that are binding for member and participating countries. It was established on the basis of the General Agreement on Tariffs and Trade (GATT). The head office is located in Switzerland (Geneva). By developing the rules of world trade, the WTO influences the trade policies of countries, holds meetings for negotiations that liberalize and regulate trade relations, resolves disputes arising in interstate trade, and performs other tasks. The highest body of the WTO is the Conference of Ministers of all member countries, which is held at least once every 2 years. Current affairs are managed by the General Council (Council on Trade in Goods, Council on Trade in Services, Council on Intellectual Property Issues), Secretariat, Standing Committees. WTO activities are aimed at protecting the mutual interests of member countries by applying various measures (mainly tariff preferences, barriers). While fulfilling the requirements of the WTO, the member countries apply the regime of facilitating trade to other members of the organization as much as possible (first of all, reducing customs tariffs), undertake to open their internal market to foreign corporations. [1]

Uzbekistan's WTO membership is a process that requires a lot of effort. Currently, Uzbekistan is excluded from global economic processes because it is not part of the WTO. It began in July 2019, when Uzbekistan submitted for consideration an updated memorandum on the foreign trade regime for WTO membership. In November 2019, the European Union allocated 5 million euros for Uzbekistan's entry into the WTO. Based on the decision of the Cabinet of Ministers of the Republic of Uzbekistan dated May 28, 2020 "On approval of the regulation on the interdepartmental commission on work with the World Trade Organization", the interdepartmental commission on work with the World Trade Organization was established. Since July 2020, the Ministry of Investments and Foreign Trade of Uzbekistan and the WTO have held several joint working group meetings on the country's membership in this organization. At the beginning of June of this year, the position of special representative of the head of our country on issues of the World Trade Organization was introduced. This was determined in the decision of the head of state "On additional measures to accelerate the process of becoming a member of the World Trade Organization of Uzbekistan". Also, starting from July 1, it was forbidden to develop draft legal documents that do not comply with the rules and norms of the World Trade Organization. The Ministry of Justice was assigned the function of harmonizing national legislation with WTO agreements. For this, 5 additional state units will be allocated at the expense of previously approved state units. Within the structure of the Ministry of Investments, Industry and Trade, a special department and 20 other ministries and agencies will be established within the framework of the current staff. The five-year project of the International Trade Center on "Assisting Uzbekistan's entry into the WTO" is supported by the European Union. Launched in February 2020, the project aims to support Uzbekistan's development plans to modernize its economy by using the accession process.

In the years after the Second World War, countries began to move towards a policy of liberalizing foreign trade with each other. In the following periods, the first wave of globalization appeared. In particular, according to research, the steady reduction of transport costs and political restrictions on foreign trade in the period after the Napoleonic Wars created the basis for the free movement of resources and goods. Later, these integration processes, which lasted until the First World War, were recognized as the first wave of globalization in history. Experts believe that the liberalization of foreign trade will reduce the likelihood of various conflicts and wars between countries, and will allow countries to use their advantages to reveal their existing potential, and ultimately serve to increase prosperity and accelerate economic growth. From this point of view, it can be said that the rapid growth rate of the world after the Second World War is a proof of the above views. Towards the end of the 20th century, in 1995, after ten years of negotiations, the WTO was founded, an international organization responsible for regulating trade relations between countries and ensuring that international trade is carried out as smoothly and as freely as possible. Membership in the organization will reduce barriers to foreign trade in Uzbekistan from the current level, and at the same time strengthen integration with the countries of the world. Of course, the extent to which barriers to foreign trade will be reduced will be agreed upon during the negotiations with the member states. The negotiations with the main partner countries

(China, Russia, Kazakhstan, Turkey, etc.) are decisive negotiations. In general, the membership of the organization creates the basis for freer foreign trade of Uzbekistan compared to the present. As the processes of integration between the states intensified, regional integration organizations began to develop. In particular, the European Union is one of the first such organizations. Regional integration organizations differ from each other in various aspects. First of all, there are different stages of integration processes, and now the main factor that makes the difference between integrated organizations is the stage of the organization. It is no exaggeration to say that membership in the World Trade Organization is one of the main steps towards realizing these goals. If we look at the past of this organization, it was founded in the beginning of 1995. Currently, 164 countries are members of the organization. In particular, most of the UN member states are members of this organization. On April 14 of this year, the head of our state got acquainted with a presentation on the processes and prospects of becoming a member of the World Trade Organization. Half of our country's exports used to be cotton fiber. After its complete abandonment of exports, exports of ready-made garments increased 4 times. According to the results of last year, the export of textile products amounted to 3 billion 300 thousand dollars. As a result of Uzbekistan joining the GSP+ system in 2021, the export of finished products to the European market increased by 1.5 times. Membership in the World Trade Organization opens up wider opportunities for increasing the export of finished goods in foreign trade. Therefore, Uzbekistan started the process of joining this international structure anew in 2019. In the past period, bold steps have been taken towards this goal. It is planned to double the export of finished products in the next three years. The only way to achieve this is WTO membership, the head of state said. This will allow us to establish a fair-trade system with 164 countries and create stable markets. So far, bilateral negotiations have been conducted with more than 50 countries that are members of the World Trade Organization. The sixth meeting of the working group was held at the World Trade Organization in March of this year. Based on the agreements of the World Trade Organization, it is necessary to harmonize the national legislation with it, to adapt the procedures and standards to international requirements. For this, it is necessary to attract foreign consultants, form working groups, and systematically work with all ministries and embassies. In general, if we look at the charter of this financial organization, there are more than 10 regulatory legal requirements. All member states are obliged to fulfill the requirements of the charter of this organization. These member states will have to adapt their national legislation to these requirements. I would like to emphasize that about 98% of the world trade turnover is accounted for by the countries that are members of the World Trade Organization.

Now coming to the main content of your question, first of all, it allows to establish a fair trade system with the most developed countries of the world and create stable trade markets. Secondly, guaranteed and safe international corridors will be opened for our entrepreneurs. A preferential trade area will be created with foreign countries that are members of the organization. It will gain a place in the global markets based on the production of competitive products that meet high quality global standards. Thirdly, it is based on economic interest. That is, mutual product exchange is achieved without barriers, and commodity exchange contributes to the use and development of high technologies. Fourthly, the standard of living of the people will be improved, there will be reasons for the population to consume quality products. Fifth, it serves to reduce the cost of national products at the expense of exported products. Sixth, the volume of local production will increase, revenues to the budget will increase, geo-economic liberalization will increase the incomes of the country and individual citizens. Seventh, it leads to reduction of employment and poverty.



A world map of WTO participation:

■ Members ■ Members, dually represented with the European Union ■ Observers ■ Non-members

Fig.1. Information about world map of WTO participation [4]

Uzbekistan is nearing completion of negotiations with three countries on membership in the World Trade Organization. The working group includes a total of 47 countries, active negotiations are being conducted with 31 countries. Uzbekistan has practically completed negotiations with three countries on its accession to the WTO. All of them initially expressed their desire to negotiate access to the market for goods and services. Currently, negotiations are underway with 31 countries. Negotiations with three of them have been completed. At the 9th meeting of the Uzbekistan-Georgia intergovernmental commission on trade and economic cooperation held in Tashkent in early April, a protocol was signed between Georgia and Uzbekistan on the completion of bilateral negotiations on entering the market of goods and services within the framework of joining the WTO. Thus, Georgia became the first country to conclude negotiations with Uzbekistan in this regard. In mid-March of this year, the sixth meeting of the working group on Uzbekistan's WTO membership was held in Geneva. Today, negotiations are being conducted regarding the trade regime and obligations. It is difficult to say the exact date of Uzbekistan's accession to the WTO, because this process is complex and requires coordination with each member of the organization.

Membership itself requires candidate countries to significantly strengthen their national institutionalized infrastructures. Most of the candidate countries concluded that the human and financial resources suitable for these goals are not sufficiently developed after they declare their accession. Ultimately, these factors take years to develop. They systematically implement these directions. It will be necessary to develop measures to introduce institutions required by countries, improve and coordinate human resources, and improve management forms. They will also need comprehensive and objective support from the international community in this work. Undoubtedly, the European Union, among other donors, has been aiding Uzbekistan in the positive resolution of these tasks by providing a strategic consultant, technical assistance, training and other practices based on SRSPS 2 and other projects. In the Address of the head of our state to the Oliy Majlis and to our people, it was specially noted the importance of completing all the main negotiations on membership of the organization by the end of 2023, as well as taking comprehensive measures to accelerate the work on the harmonization of our national legislation with the rules and norms of the WTO, and the introduction of new standards in accordance with the requirements of the Organization's charter. Today, our country's membership in this organization is one of the main priorities of foreign geopolitical and geo-economic policy. The effectiveness of our national economy in the future depends on this factor. It should not be forgotten that there are objective and subjective requirements for Uzbekistan's membership in the organization. In accordance with the above circumstances, most of the foreign trade partners of our country are WTO member countries. Also, as a result of the wide implementation of high customs rates and notary regulation methods for exported goods in our country, it has a negative impact on the export potential. All countries in the world have certain resources - human, industrial, natural, financial resources, which they use in the development of goods and services for sale in the domestic or world market.

Developed countries tend to benefit by focusing their assets and attention on what they do best. For companies in the domestic market, this is self-evident. But this is one side of the matter. The second side of the problem is the world market. Most companies recognize that the larger the market, the greater the scope for operating efficiently and reaching more consumers. In other words, a non-restrictive trade policy on goods and services encourages the production of the best quality products with the best design and the best prices. The process of becoming a member of this organization takes 8-10 years on average, and 10-15 years for some countries. Despite the fact that our country applied in 1995, only from 2017, a positive shift began to take place. The developed countries of the world, the USA, China, Japan, and European countries can benefit from the WTO. The fact that Uzbekistan cannot take full advantage of these opportunities is due to their common resources. Among the CIS countries, the Russian Federation became a member in 2012 after 19 years of waiting. Kyrgyzstan became a member in 1998, Tajikistan in 2012, and Kazakhstan in 2015. The President of Tajikistan, Emomali Rahmon, described WTO membership as an important step towards "achieving energy independence and providing food to the population." But this does not mean that the process itself is easy. Therefore, the government will first have to develop serious measures aimed at protecting local companies. If we take China as an example, after 15 years of complex and serious negotiations, China became 143 members of the organization on December 11, 2001 based on these agreements. However, he put forward a number of heavy and difficult demands to the government in this regard. In terms of tariffs, reducing tariffs on industrial products needed by American companies from 25% to 7%, and reducing the price of agricultural products needed by farmers from 31% to 14%. these include creating opportunities on a large scale, carrying out comprehensive reforms, democratic

reforms, and removing barriers from foreign companies operating in the country.

If we conclude from this, it is necessary for our country to ensure economic and political openness by the WTO, abandon planning in export-import and other economic systems, and abolish the state monopoly on import of agricultural and industrial products. Already, China and other major countries understood the acceptance of these conditions as the need of the times, respecting the geo-economic rule. Intensification of international integration processes in food export requires local producers to have certain knowledge and skills and reliable information channels to enter world markets. Also, at the time of the final negotiations regarding the membership of our country in the World Trade Organization, it is considered one of the important tasks to make the system of state support to the producers of agricultural goods compatible with the requirements of the WTO. Because in the bilateral and multilateral negotiations on the accession to the WTO, the policy of the candidate country for the regulation and support of agriculture will be deeply studied and will be at the center of the negotiations.

Comprehensive and in-depth study of the experience of foreign countries in the regulation of agriculture and their effective use in accordance with the conditions of our country are of great importance when joining the WTO. Requirements for measures to support agricultural producers in WTO member countries are regulated by the "Agreement on Agriculture". In this agreement, which is valid within the framework of the WTO, domestic agricultural support measures are divided into three categories: regulation of market access through tariffs and notarial measures, support for local producers and export subsidies. The fact that the majority of foreign trade partners of our country are WTO member countries, and the fact that Uzbekistan is recognized as a third country in trade and economic relations with these countries, high duty rates for goods exported from our country, and the widespread introduction of notarial regulation methods affect the country's export potential. Such as the fact that the Republic of Uzbekistan does not participate in the development of international trade rules, and therefore regularly faces the rules of discriminatory policies of other countries in foreign trade relations. In order to join the WTO, the Republic of Uzbekistan is required to undertake the obligations reflected in at least 15 of its agreements. At the same time, WTO agreements are comprehensive and complex, as they are legal documents covering a wide range of world trade issues. All agreements are based on the following fundamental principles aimed at developing the economy of member countries, including: The principle of trade without discrimination.

A country should not discriminate between its trading partners and between domestic and foreign goods, services and people. The principle of elimination of trade barriers. Gradually remove existing trade barriers through negotiations. The principle of predictable trading. Foreign investors, companies, and governments must ensure that trade barriers (including tariffs, notary barriers, etc.) are not imposed unreasonably, and market liberalization is the responsibility of the WTO. The principle of improving competitiveness. WTO rules prevent "unfair" practices such as export subsidization and dumping. The principle of favorable conditions for underdeveloped countries. Special regimes are provided to underdeveloped countries in transition. The principle of regulation of trade by tariff methods. This principle requires the regulation of foreign trade of WTO member states to be based on more tariff regulation, reducing or eliminating notarial methods. The principle of honesty of trade policy. This principle negates unhealthy competition in interstate trade relations and encourages trade transactions based on healthy competition. The principle of resolving trade disputes through consultation and negotiation. Any disputes arising in the mutual trade and economic relations of the WTO member countries shall be resolved only by peaceful means, through negotiations. All of the above-mentioned principles include eliminating obstacles related to foreign trade, creating a fair competitive environment for goods produced in the countries, and providing convenience to underdeveloped and transitioning countries in all aspects.

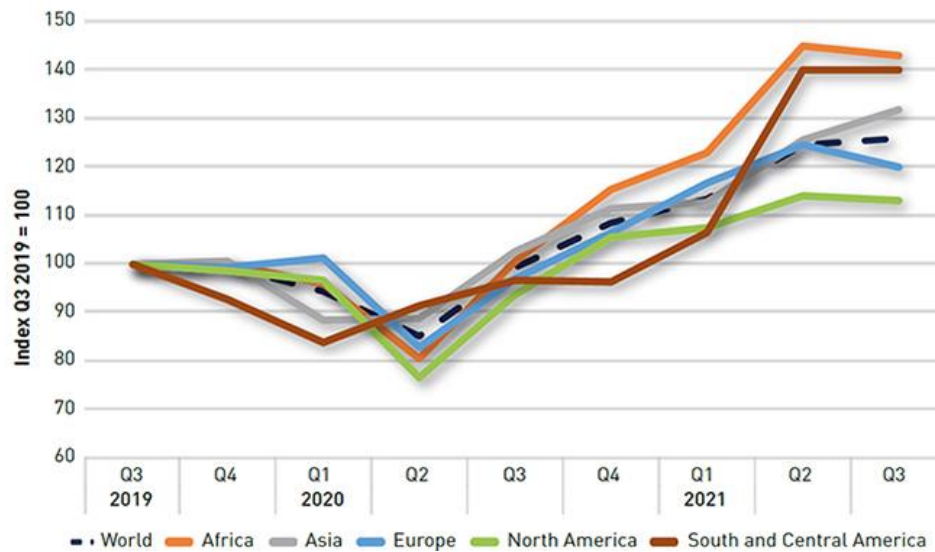


Fig.2.WTO. International trade statistics news archive [5]

Most sources suggest that, along with the above advantages, the WTO has several disadvantages. International expert on the activities of the organization, Jovan Ekich, in his presentations, stated that some of these criticisms are not correct. For example, one of the common ideas is related to the automatic reduction of import tariffs (duties) after becoming a member of this organization. According to the expert, this is not the case. Because such reduction is not applied to all goods. If there are currently 11295 goods in the nomenclature of goods of foreign economic activity of the Republic of Uzbekistan, separate negotiations will be conducted for each of them. The goal is to identify an effective brand. That is, there are goods whose duty rates do not have any negative effect on the economy of a particular country. Second, subsidies for agricultural products are not prohibited, but should not exceed the amount agreed upon during the membership process. It is also not true that the right of a small country is less than that of a large country, because each country has an equal vote and decisions are made by consensus. Any country can reject the decision of the governing body of the WTO if it is not in its interest. Such cases have been observed in the history of the organization. Also, the organization has a development program as a mechanism for helping less developed and developing countries, and the measures in this direction are aimed at protecting the interests of all member countries.

Experts of the Institute of Macroeconomic and Territorial Studies analyzed how WTO membership affected the economy of the countries of the world. Changes in macroeconomic indicators such as export and import, GDP growth, inflation, unemployment, share of foreign direct investment in GDP and share of manufacturing industry in GDP were studied in this study. As it turned out, 12 of these 15 countries have accelerated the growth rate of exports, and 10 have accelerated GDP growth. Inflation slowed down in 12 and the scale of indicators increased in 10. Bangladesh, Honduras, Turkey and Cameroon showed positive results in most areas. At the same time, the unemployment rate, which is considered a negative trend, increased in 10 out of 15 countries. For example, unemployment in Bangladesh increased from 2.3% to 3.5%, in Honduras from 3.4% to 4.4%, in Kyrgyzstan from 6.8% to 8.7%. In 2 of these countries, the share of the manufacturing industry in GDP increased, while in 6 it decreased. Also, the changes in the macroeconomic indicators of Kazakhstan, Turkey and Georgia, which are members of the organization, were compared with the changes in such countries, which are not members of the WTO. According to the results, a significant positive change was observed only in exports and imports. Indicators in the remaining areas were almost unchanged. For example, after Kazakhstan joined the WTO, the unemployment rate decreased from 5.3% to 4.9%. In Azerbaijan, it decreased from 5.2% to 4.9%, and in Uzbekistan, it increased from 5% to 5.6%.

Based on the results of the analysis, the experts make the following recommendations for Uzbekistan: to select production areas that can freely compete with the outside world and to develop a plan for their long-term development. Formulation of a long-term effective industrial strategy (for example, the European Union has defined the main principles of its industrial policy). Applying mechanisms that encourage enterprises to continuously monitor themselves on the indicator of tolerance to external competition.

4. CONCLUSIONS

In conclusion, the fact that the WTO is the world's largest international economic organization, with 98 percent of the world's economies as members, means that this process is the need of the hour. WTO membership has its own important advantages, such as free access to foreign markets and cheap raw material imports. However, the membership process is a time-consuming process. There is a good chance that the membership process has been revived since 2016, after the extensive socio-economic reforms that began and stopped in 1994. The five-year project of the International Trade Center on "Assisting Uzbekistan's entry into the WTO" starting in 2000 serves these purposes. Also, there is a need to maintain competition and potential in a free trade environment, and to prepare sectoral business organizations and the private sector by creating export-oriented projects in industry and services. It is necessary to consider the main goals of the UN Sustainable Development Goals, i.e. the tasks of establishing an export-oriented economy, gender equality and other social institutions, and establishing a transparent trade system within the framework of the III main priority of the Development Strategy of New Uzbekistan. In general, WTO membership will contribute to Uzbekistan's fuller integration into the world economy, better trade practices, and economic development.

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