

**UZBEKISTAN'S WTO ACCESSION:
SHIFT TO A QUALITY INVESTMENT AND
HIGH-VALUE-ADDED PRODUCTION**

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Abstract A recent Presidential Decree "On Measures for Further Acceleration of Market Reforms and Harmonizing the National Legislation of the Republic of Uzbekistan to WTO Agreements" once again underscores Uzbekistan's commitment to market reforms and global economic integration. With this Uzbekistan is taking a significant step towards joining the World Trade Organization (WTO).

In full accord with the National Strategy of "Uzbekistan – 2030," the decree aims to consolidate market reforms, foster free market principles, and integrate into global production chains. By matching national legislation with WTO standards, Uzbekistan is creating a more open and competitive business environment, ensuring equal opportunities for all market participants.

The decree abolishes exclusive rights held by certain companies, promoting fair competition. It outlines priorities such as aligning customs duties, abolishing export subsidies, and unifying excise tax rates by 2027, aligning Uzbekistan's trade policies with global standards. This move opens new paths in key industries and creates needed incentives and opportunities for foreign investments. It will also benefit from enhancing transparency and reliability in the business environment.

Economists forecast Uzbekistan's WTO accession to boost GDP by 1.2% annually and attract \$3 billion in foreign direct investments over five years, underscoring the transformative potential of these reforms.

Uzbekistan's proactive approach towards WTO accession signifies economic modernization and global integration. For foreign businesses, it represents a unique opportunity to engage with an expanding regional market, characterized by equitable and competitive conditions.

I. In Uzbekistan - in the government, parliament, serious, professional experts and the business community - there is a growing clear understanding of the importance of accelerating the country's accession to the World Trade Organization.

Membership in this unique global organization is not only an opportunity to form stable, predictable and free international trade and economic relations. It is

about achieving a fundamentally new quality of society, about mastering a completely different basis for relations between government agencies and businesses, both domestic and foreign. In other words, accession to the WTO is an integral process that requires systemic changes in public administration, and legal and institutional regulation of society.

Here is the very important point: the process of genuine political and economic modernization initiated by President Sh. Mirziyoyev is exactly about such transformation.

Last year's constitutional reform marked the beginning of a new stage in the country's modernization. It will inevitably call for fundamental, more challenging, and complicated changes, for in-depth transformation. That is why the acceleration of the country's accession to WTO is in full accord with the logic and philosophy of unfolding brave and ambitious reforms in Uzbekistan.

Globalization is an objective reality, a natural process that has deep roots in history, and which is immanent to economic development. Until there is a division of labor and the phenomenon of comparative advantages globalization and international trade cannot be ignored, stopped, or deferred. And trade needs rules and regulations.

That is why we need WTO which's credo is *“facilitating the free flow of goods, services, production factors, multiplies the benefits for companies producing the best quality products for best price”*.

II. This great doctrine of WTO is not something completely new for Uzbekistan. From time immemorial, this country, as the heart of the Great Silk Road, had developed trade relations with many parts of the world – from Chinese Nanjing to Venice in Italy. As it was defined by Arnold Toynbee, *«The Oksa-Yaksart basin (which is what once defined Central Asia) was like a turning point or a center for all the roads of the world to come to. The natural conditions, - he stated, - helped to turn this area into an international crossroads»*.

Within the recent two decades, the role of Central Asia has drastically changed. We've eye-witnessed the revival of this region from political non-existence to becoming again an increasingly important element in the international arena and the global market.

The Great Silk Road – a major communication line of humanity for thousands of years was all about delivering goods from the East to the West and vice versa. It was the most important bridge between civilizations, cultures, and religions, and languages.

Today Central Asia and its core state – Uzbekistan - are regaining their geo-strategic role, which it once played, and this enhances the vital importance of its membership in WTO.

III. Dynamic social and economic progress inevitably needs free and fair competition. The alternative is stagnation under the iron fist of the state's heavy involvement in the economy and stifling monopoly of selected companies and as a result systemic corruption able to undermine sustainable development.

The point is that competition cannot be only domestic: it should be international as well. Otherwise, it won't work. And this means membership in WTO.

The clear potential benefits for the Uzbek economy from entering WTO involve access to a unified legal base and growth of international trade, a raise of competition in the market and as a result decline in prices.

The Development Strategy 2030 sets ambitious parameters for Uzbekistan's economic progress. We are talking about doubling the country's GDP and bringing the average per capita income up to 4,000 US dollars. To achieve these goals, it is necessary to absorb 250 billion US dollars of investments, including 110 billion foreign investments. A decisive condition for this is accession to the WTO since the economic environment will become more favorable, transparent and predictable.

Membership in this organization also means legal protection of the country's economic interests and granting Uzbekistan the most favorable treatment by all member countries. This will expand Uzbekistan's opportunities to increase exports of finished goods, which is very important for investors, both domestic and foreign.

In addition, WTO membership will lead to a reduction in the level of import protectionism and distortions of relative prices, more efficient allocation and use of

resources, reduction of lobbying pressure on certain social groups to obtain tax and customs privileges. All this will allow for more effective participation in the international division of labor and international trade.

Again, WTO membership increases the openness of the economy, the predictability of economic policy and confidence in it, which contributes to improving the investment climate, increasing the competitiveness of the economy, accelerating structural reforms, creating productive jobs and the well-being of the people.

Finally, the possibility for the country to participate in the formation of international trade rules considering national interests, the possibility of resolving trade disputes through international mechanisms, and improving the country's image as a full-fledged participant in international trade is important for us.

Accession to the WTO will open Uzbekistan's access to global markets, which will become a stimulus for attracting advanced technologies and international investments. This will create favorable conditions for the development of high-tech industries and increase the share of high-value-added products in the industrial structure. Moreover, participation in the WTO will ensure integration into global production chains, which will allow Uzbek enterprises to cooperate with world leaders, adopting best practices and innovations.

Uzbekistan's accession to the World Trade Organization should have a significant impact on increasing the share of high technologies and expanding the production of high-value-added products. The country's Development Strategy sets as one of the main goals that over 500 technological and infrastructure projects worth 150 billion US dollars will be implemented in the period up to 2030

Today, the share of high-tech industries in the country's industrial structure is only 1.4 percent. Accession to the WTO will open Uzbekistan's access to global markets, which will become a stimulus for attracting advanced technologies and international investments. This will create favorable conditions for the development of high-tech industries and increase the share of high-value-added products in the industrial structure. Moreover, participation in the WTO will ensure integration into global production chains, which will allow Uzbek enterprises to cooperate with world leaders, adopting best practices and innovations.

Transparent trade rules and improved regulatory framework within the WTO will also contribute to the creation of a favorable investment climate, stimulating the growth of high-tech industries.

IV. Understanding this, earlier this year the Parliament of Uzbekistan adopted the Law 'On bringing the national legislation of the Republic of Uzbekistan in line with the agreements of the World Trade Organization'. It deals with the harmonization with WTO requirements of several norms of national legislation related to property, advertising and state duties. The law serves to accelerate the process of Uzbekistan becoming a member of the WTO by ensuring the protection of intellectual property objects, creating the same conditions and an equal competitive environment for domestic and foreign investors.

The Senate also approved the Law 'On Accession of the Republic of Uzbekistan to the Geneva Act of the Hague Agreement on the International Registration of Industrial Designs (Geneva, 2 July 1999). The law contributes to strengthening the protection of the intellectual property of national producers, as well as increasing their responsibility in the creation of new products and preventing the illegal use of patented objects in production.

The Law 'On Ratification of the Singapore Treaty on Trademark Laws (Singapore, 27 March 2006)' was also adopted, which is an important step towards the harmonization of national trademark law systems in terms of administrative procedures. A new draft version of the "Investment Law", which will be WTO-compliant, is being worked on jointly with the EBRD, the World Bank and the IMF.

V. Joining WTO bears not only immediate benefits but certain risks as well. There is a strong need for intellectual, scientific, and educational support of this process.

The University of World Economy and Diplomacy is actively involved in the training of specialists in the field of foreign trade and has a WTO Chair. Since 2022, over 300 students have completed special courses on WTO. Scientific

research is being conducted on the impact of Uzbekistan's accession to the WTO on various sectors of the economy.

Our WTO Chair, generously supported by the WTO, has conducted 14 tailored capacity-building training sessions on various aspects of WTO Law for government officials, private stakeholders, and academia.

Our ambition is to establish a centre of excellence in WTO Law and Trade Policy Studies. We are currently working closely with both public and private partners to kickstart the centre's various projects. We appreciate the support, resources, and expertise that the WTO will be contributing to this initiative.

To effectively address both the advantages and hurdles inherent in the accession process, and to offer comprehensive analytical assistance for post-accession endeavors, a team of skilled sectoral experts with robust analytical and research capabilities is essential. The Institute of Advanced International Studies (IAIS) is poised to propose a solution and extend its services to facilitate both pre- and post-accession initiatives concerning Uzbekistan's interaction with the WTO.

To address these challenges and contribute to informed decision-making, the Centre WTO and Trade Policy Studies has been established as a hub of excellence in trade research and policy analysis.

In addition to conducting research, the center provides evidence-based analysis and policy recommendations to governments, international organizations, and other stakeholders.

Recognizing the importance of capacity building, the center offers a variety of training programs, workshops, and seminars designed to equip policymakers, researchers, and civil society organizations with the necessary skills and expertise to navigate the complexities of international trade and WTO processes.

Furthermore, the center is dedicated to the dissemination of knowledge through proactive public relations endeavors. It strives to circulate research discoveries, policy briefs, and analytical insights via various mediums such as publications, conferences, and digital platforms. The center's mission encompasses as well as the translation of essential WTO documents into Uzbek.