

WORLD TRADE ORGANIZATION AND UZBEKISTAN: WAY TO INTERNATIONAL ECONOMIC INTEGRATION

Doniyor Abduazizov

Teacher of ACCA F4 Corporate and Business Law

International School of Finance, Technology and Sciences

Abstract

Joining the WTO is a significant move for any nation, symbolizing its commitment to participating in an open, rules-based, and interconnected global trading system. This integration can influence various sectors of the economy. By becoming or aspiring to be a WTO member, a country signals to trade partners and foreign investors its intention to maintain an open economy, thereby encouraging increased trade and foreign investment inflows. Uzbekistan applied for WTO accession in 1994, making it one of the early applicants. However, internal political factors and the state of the economy at that time delayed the process. This article will explore the the history and current status of Uzbekistan's WTO accession, along with the potential benefits and challenges this membership might bring to the country's economy and businesses.

Keywords: WTO Accession, Uzbekistan Economic Development, Global Trade Integration, Market Reforms, Legal Harmonization, Trade Liberalization.

Introduction

The accession to the WTO is a major decision for State to enter into the structure of an open, rules-based, and integrated trading system, where the international integration can impact a large number of areas of the economy. In the state of being a WTO Member or desiring to join in, expresses clearly that a Country intends to signal to trade partners and foreign investors regarding a country's intention to an open economy, which will facilitate the increase in trade and inflow of foreign investment. Uzbekistan was also one of the early states to application the protocol of accession in 1994, yet the political for a inside the state and the state of the rise of the economy halted the process for some time. This article will be devoted to many questions regarding the state of accession of Uzbekistan to the WTO and benefits and challenges that the whole economy and businesses may feel.

The history and procedure of accession of Uzbekistan to the WTO

Uzbekistan has long before started the accession process and negotiations with WTO, while since 1994 Uzbekistan has been an observer of the WTO and has applied for membership in 1994 December. In January 1995, the WTO General Council established a working group on Uzbekistan's accession to the WTO. In September 1998, a Memorandum on Uzbekistan's foreign trade regime was submitted to the WTO. In 1998, the Government Resolution No. 520 established the Interdepartmental Commission for

Work with the WTO, which coordinates the activities of ministries and agencies in the process of joining the organization. Following the meeting of the Commission in December 2003 on the establishment of a Sub-Council for Work with the WTO to conduct bilateral and multilateral negotiations on accession, as well as to prepare proposals for amendments and additions to national legislation in accordance with WTO rules the decision was made.¹

However, internal political and economic affairs of the state halted the accession process for about 15 years. The time of reformation began when 2016 elections won President Mirziyoyev and launched the implementation of massive reforms regarding the integration of Uzbekistan into world economy particularly the WTO. 15 years past, the working party on Uzbekistan's accession to the WTO met for the first time since October 2005. During the fourth meeting, Deputy Prime Minister and Minister of Investments and Foreign Trade of Uzbekistan Sardor Umurzakov expressed that the accession to the WTO is an unconditional necessity and priority of Uzbekistan and an integral part of the current reforms aimed at ever going integration into the world economic community and the multilateral trading system of the WTO.² Currently, the WP negotiating nine measures regarding the trade namely, internal support and subsidies on agriculture, trade on services, sanitary and phytosanitary measures, technical barriers to trade, intellectual property rights, tariffs concessions, customs valuation, evaluation of the effect of accession the WTO and facilitating of trade. During the negotiations, it is intended to create the tenth direction on the matters of state enterprises.³

The working party may also challenge about other trade-related policies such as foreign exchange and payments, balance-of-payment measures, investment regime, state ownership and privatization, and pricing policies which are being introduced certain amendments on the current state. Moreover, the round may ask questions regarding the institutions for instance the structure and powers of government, administration of policies on WTO-related issues, authority of sub-central governments, uniform administration of trade regime, and judicial review, including the right of appeal.⁴ State-dominated enterprises with obvious or tacit subsidies will come under review of the negotiation bit during the accession process. To date, the Uzbek government has already begun reformation of the automobile industry by decreasing the support for the monopoly producer, Uzavtosanoat, and encouraging market refreshment by foreign producers.⁵

¹ Zufarova, N. 2012. Liberalism and binding of protectionism in the way of accession of Uzbekistan to the World Trade Organization. Economic and innovative technologies, scientific journal. Online available at: <https://www.caim-int.info/journal-l-europe-en-formation-2018-1-page-104.htm>.

² Pomfret, Richard. 2020. "Uzbekistan and the World Trade Organization." *Silk Road: A Journal of Eurasian Development* 2(1): 54–61. DOI: <https://doi.org/10.16997/srjed.35>

³ Uzbekistan on the way of accession to the World Trade Organization. The video conference held on 10th of March in the under the auspices of World Economy and Diplomacy University.

⁴ Kolesnikova, Irina (2013): WTO Accession and Economic Development: Experience of newly acceded countries and implications for Belarus, IPM Research Center Policy Discussion Paper PDP/13/04, Minsk, Belarus – available at <http://eng.research.by/webroot/delivery/files/english/pdp/pdp2013e04.pdf>

⁵ Richard Pomfret, See further: Umirdinov, Alisher, and Valijon Turakulov. 2019. The Last Bastion of Protectionism in Central Asia: Uzbekistan's Auto Industry in Post-WTO Accession, Trade, Law and Development. Online available

Benefits and Challenges of accession to Uzbekistan

Uzbekistan's accession to the World Trade Organization (WTO) marks a significant milestone in the country's economic development. This strategic move is set to bring numerous advantages to the nation, enhancing its position in the global trading system. By joining the WTO, Uzbekistan is poised to benefit from a more secure and predictable trading environment, which is essential for fostering economic growth and attracting foreign investment. The accession is expected to open up new markets, ensure fair trade practices, and integrate the country into the global economy more effectively. Below are the key beneficial terms that Uzbekistan will enjoy following its accession to the WTO:

- ❖ it brings greater security and predictability of access to the markets of other WTO Members. This is ensured, in particular, by two central WTO principles namely Most Favored Nation and National Treatment which aim at providing non-discriminated and equal trading between the WTO member nations. In Uzbekistan`s matter, rising economy of Uzbekistan and businesses can create a competitive market, where the trade is conducted transparently and according to the unified rules mandated to all members equally;

- ❖ creates certainty that tariffs will not be raised beyond the bound rates negotiated with WTO, where Members agree to open their markets for goods and services and bind their tariffs to provide tariff ceilings that cannot be surpassed. This predictability can be catalyst for the further growth of trade between the Central Asians nations, in which countries benefit from comparative advantage in trade;

- ❖ liberalize trade by wide access to lower-cost products and high-quality products and services which stand other important benefits of becoming a Member. Yet, there is some concern regarding the impact of the low import into the domestic production, however, it is proven practically that the low cost products will lower the cost of the product manufactured in the state of import and increase the competitiveness of the product in foreign market by reducing price for per product;

- ❖ provides greater protection for the private sector against harmful trade actions by other countries. This right is protected by the WTO's Dispute Settlement mechanism that solves disputes between WTO Members when they consider that their rights under the rules are not being fully recognized by another Member. This right is exclusively applied to member states that constitutes a central element in providing security and predictability to the multilateral trading system. Similarly, it is highly beneficial to Uzbek producers to be protected from illegal practices and decisions. This allows Uzbek traders to seek protection if their trade rights are purported by any of the member states` territory;

- ❖ strengthens Uzbekistan's trade-related institutions and reform regulatory and institutional policies that can lead to significant domestic legal and regulatory reforms

related to imports and exports.⁶ All of these, rights, obligations and commitments mentioned above contribute to the improving of the national business environment in Uzbekistan, ultimately, making the country more attractive effective for doing business to foreign investors and traders. This consequently helps to attract foreign investment and lift productivity.

Although there are innumerable benefits of WTO accession, it creates several obligations before the acceded state, including the adjustments required following the opening up of sectors of the economy to competition from other WTO Members and the acceptance of procedures for the regulation of the goods and services sector.

Obviously, behind the accession to the WTO most of the benefits will gain consumers in the market. In the result of decreasing the price of the imported products, customers will gain more access to low-cost but high-quality goods competing in international market. However, the challenges would face in national production mostly small and medium enterprises. The overwhelming competition, the decrease of price in the like product will challenge to modify the conditions of competition in the market and in certain points the decrease of national production. It is practically observed that less advantageous sectors of economy, after accession, would bow to comparatively higher competent in the market. In Uzbekistan case, the effected sectors might be industrial sectors namely, heavy industry, chemicals, mechanization, textiles and daily items. In that regard, I clearly hope that WTO in accession period would take account of the development phase, decreasing of the state proportion in the economy, regulations consistent to the WTO laws and regulations and other matters which directly affect to the productivity of the economy and transparency in the implementation period.

Legal challenges in accession to the WTO

The legal issues before the WTO Dispute Settlement Body usually raise from the breaches of two core principles namely, NT which is applied equally in internal policy of the state to goods and services regardless of their country of origin, second, MFN which is applied to import products of different states without discrimination. In that regard, various possible deviations of policy in Uzbekistan from the WTO rules have been noted during the negotiations with WTO. There are number of legal deviations between them consisting such as taxes, sanitary and phytosanitary measures, subsidies, discriminatory freight charges, import duties and other types of inconsistencies. The section discusses the deviations of Uzbek law from WTO obligations set forth before the Member states.

Taxes

Taxes are of one the most frequently discussed issues in the rounds of negotiations and are most possible targeted amendment to fully comply with NT rule. One of the

⁶ Uzbekistan is gearing up to become a WTO Member by giving a new boost to its accession process. International Trade Center. Online available at: <https://www.intracen.org/news/Uzbekistan-is-gearing-up-to-become-a-WTO-Member-by-giving-a-new-boost-to-its-accession-process>.

discriminatory taxes imposed on imports are the excise taxes.⁷ Excise tax rates vary depending on the type of imported good and may deviate significantly. In 2005, the government raised excise taxes between 30 percent and 70 percent on a number of meat products. On December 18, 2006, new excise taxes were introduced for basic consumer items, varying from 5 percent to 200 percent depending on local production of like goods. Currently, according to the legislation, excise taxes rates from 5% to 70% and imposed on certain products such as alcohol, cigarettes, jewelry, gas, diesel and other goods.⁸ WTO accession would require Uzbekistan to refrain from imposing the excise taxes as they directly contravene paragraphs 1 and 2 of Article III of the GATT regarding the National Treatment on Internal Taxation and Regulation. The paragraphs read following:

1. The contracting parties recognize that internal taxes and other internal charges, and laws, regulations and requirements affecting the internal sale, offering for sale, purchase, transportation, distribution or use of products, and internal quantitative regulations requiring the mixture, processing or use of products in specified amounts or proportions, should not be applied to imported or domestic products so as to afford protection to domestic production;
2. The products of the territory of any contracting party imported into the territory of any other contracting party shall not be subject, directly or indirectly, to internal taxes or other internal charges of any kind in excess of those applied, directly or indirectly, to like domestic products. Moreover, no contracting party shall otherwise apply internal taxes or other internal charges to imported or domestic products in a manner contrary to the principles set forth in paragraph.9

Deducing the article provision and the common practice of Uzbekistan regarding the internal taxation, it is obviously found as discriminatory towards the foreign product as cannot compete in price with domestic goods due to their added cost on taxation. Considering these factors, the Government is amending the current legislation on taxation. Since January 1, 2021, Uzbekistan excluded 73 commodity items from the excise tax namely food products which consists 20 types of goods (juices, cheese, cottage cheese, margarine, confectionery flour products, sausages, and similar meat products), electrical engineering 35 types of goods (refrigerators, TV sets, gas stoves, vacuum cleaners, washing machines) and others. Here below it is compared the cost of the washing machine of Samsung brand before and after excise tax abolished:

⁷ Excise tax is an indirect tax. Excise tax is paid to the budget by business entities, but the actual payers are buyers of excisable goods (services). Excisable products are products manufactured both on the territory of Uzbekistan and abroad. Excisable products are not essential goods, they have a constant demand and often have harmful consequences for the end consumer. In particular, the excisable goods include alcohol, cigarettes, gas, diesel fuel, jewelry.

⁸ Article 283 of the Tax Code of the Republic of Uzbekistan. Online available at: <https://cis-legislation.com/document.fwx?rgn=20583>

⁹ Article III:1 and 2 of the GATT 1994. Online available at: https://www.wto.org/english/docs_e/legal_e/gatt47.pdf.

Стиральная машина Samsung WW60J4063LW/LD	Таможенная стоимость	Пошлина (20%)	Акцизный налог (10%)	НДС (15%)	Стоимость товара	Наценка (10%)	Стоимость с учетом НДС	В суммах (\$1=10 440 сумов)
до 1 января 2021 года	180,0	36,0	18,0	35,1	269,1	296,0	340,4	3 553 896,1
после 1 января 2021 года	180,0	36,0	0,0	32,4	248,4	273,2	314,2	3 280 519,4
разница			-18,0				-26,2	-273 376,6

The Ministry of Finance states that this would ensure equal conditions for entrepreneurs both trading with national and imported like products in the same condition within the marketplace. Therefore, the Government should settle the excise tax on all under excise products to be consistent with the WTO provisions.

Tariffs

The Customs Act of the Republic of Uzbekistan and other special regulations monitoring imports duties are among challenges which largely be raised by WTO member states. Current tariff rates of Uzbekistan are contrastingly protective and trade restrictive in the view of the WTO principles and lacks the consistency of the freer trade conditions. In that regard, it is highly possible that during the negotiations parties will question the reduction of the bound tariff rates for foreign goods and amendment and inclusion of new norms on the national legislation. The mere example is inclusion of the provisions regarding the ex officio in Customs Act or laws or the inclusion of amendments on the provisions regarding of the trademarks and geographical indications to current law of Uzbekistan "On Trademarks, Service Marks and Names of Origin of Goods".

Regarding the tariffs, high tariffs do not directly contravene GATT rules, but Uzbekistan is likely to come under pressure to reduce its tariff rates. Presidential Resolution 3818 back to June 29 2018,¹⁰ established new import tariffs in Uzbekistan naming 9706 goods imported into Uzbekistan. The Presidential decree includes tariffs for Import Duties and Import Excise Taxes which ranges from 0% to more above 100%. Moreover, the cost of imports also includes 20% Value Added Tax (VAT) and customs clearance fee, which is 0.2% of nominated customs value. However, there some categories of exemptions from general import duties provided to foreign investors, namely goods imported by investors for their own use, for implementation of investment projects in Uzbekistan, goods imported for further export or under current importation regime and other types of goods which are indefinitely exempted from customs duties.¹¹ Leaning on the WTO provisions, practically, an average tariff in the region of 7 to 10 percent is much more consistent with the levels of tariffs set by recent acceding countries to the WTO. In this regard, it is widely

¹⁰ Resolution of the President of the Republic of Uzbekistan "On Measures for further ordering of Foreign Economic Activities and Improving the system of Customs and Tariff Regulation of the Republic of Uzbekistan". Online available at: <https://lex.uz/docs/3802366>.

¹¹ International Trade Administration of the United States of America: Uzbekistan Country Commercial Guide. Online available at: <https://www.trade.gov/country-commercial-guides/uzbekistan-import-tariffs>

believed that the WTO insists on a reduction in tariffs during the accession process, regardless of their starting level or the current state. Richard Pomfret, as an outstanding researcher on economic life of Central Asian countries, forecast that WTO accession will take long years and will require Uzbekistan to cut its current level of tariffs by around 50 percent in total.¹² The differential tariffs ultimately impact the producers and the products at national marketplace effecting on the differential price of the imported and the national products. Furthermore, this will challenge other WTO members which interested in doing business in Uzbekistan. Regarding all economic factors, Uzbekistan will almost certainly be required to abandon such differential tariffs. Some tariffs rates are given below on certain categories of products according to the Presidential decree.

Market Challenges

International business ranges face several challenges on establishment and operation of their businesses and investment projects in Uzbekistan, which are totally referred as Market Challenges. One of the less protected rights among them is Intellectual Property Rights (IPR). To date, Uzbekistan has been implementing some substantial and high-level regulations since 2018 to address longstanding issues pertaining to IP protection and enforcement. For instance, Uzbekistan's accession to the Geneva Phonograms Convention,¹³ and other two World Intellectual Property Organization Internet Treaties,¹⁴ demonstrates development towards sufficient copyright protection for foreign phonograms and sound recordings. However, the current legislation will not fully comply with TRIPS Agreement. The US Trade representative concludes relying on the report of the Trade Office that despite this developments and the government's endeavors towards pushing a new national strategy for improvement of IPR protection, IPR enforcement in Uzbekistan remains unstable. Moreover, the report added that Uzbekistan continued to stay on the Watch List in 2020 U.S. Trade Representative's Special 301 Report on Intellectual Property.¹⁵

Investment barriers and services sectors

According to an official data, from January to September in 2020, the total incorporated foreign investments in the Republic of Uzbekistan amounted to USD 7.2 billion out of which USD 5.7 billion in fixed assets including USD 4.9 billion foreign direct investment, and USD 2.3 billion - funds of international financial institutions and foreign government

¹² Supra, 85.

¹³ Government of the Republic of Uzbekistan deposited, on January 25, 2019, its instrument of accession to the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms of October 29, 1971. Online available at: https://www.wipo.int/treaties/en/notifications/phonograms/treaty_phonograms_89.html.

¹⁴ 2020 Special 301 Report. 2020. Office of the United States Trade Representative. Online available at: https://ustr.gov/sites/default/files/2020_Special_301_Report.pdf

¹⁵ Supra, 90. Online available at: <https://www.trade.gov/country-commercial-guides/uzbekistan-market-challenges>

financial organizations.¹⁶ However, it needs to note that these investment flows are generally mentioned as investments without identifying them as governmental loans and for goods and services which are basically incorporated into substantial parts of economy. However, there are still numerous barriers to businesses and investors to operate their businesses in Uzbekistan for several reasons. For instance, Uzbekistan's Tax Code lacks provisions which are integral part of the tax regime in most countries. In current case, unless a foreign company receives permission through special regulations such as Presidential decree or the decree of Cabinet of Ministers, Uzbekistan does not provide waiver on Value Added Tax on capital imports, including plant, machinery, and buildings services.

This practice puts firms operating in Uzbekistan at a competitive disadvantage compared to those in countries which allow such credits. Additionally, incomes of active foreign-owned enterprises and domestic enterprises are treated differentially namely foreign companies that are considered as permanently established entities are subjected to pay taxes on their profits from activities undertaken in Uzbekistan, while capital gains of non-resident and temporary companies are classified as "other incomes" according to tax legislation and subject to withholding tax at a rate of 20% which is deemed discriminatory towards foreign entities in the same market.¹⁷ This fact will breach Article XVII of the GATS where it is stated that "In the sectors inscribed in its Schedule, and subject to any conditions and qualifications set out therein, each Member shall treat services and service suppliers of any other Members ... no less favorably than that it accords to its own like services and service suppliers."¹⁸ Such and other barriers which still exist definitely opposing to implementation of compliance of WTO provisions. The investment projects realized in Uzbekistan, therefore, facing challenges to find the legal solutions and often cannot meet the legitimate objectives in majority cases.

Regarding the service sectors in Uzbekistan, the key parts of economy are owned by governmental entities which are referred as the natural monopolies,¹⁹ which are responsible on several sectors such as telecommunications, railway transport and infrastructure, public postal services, water, gas and energy supply and sewerage services, air navigation services, ports and airports and other services.²⁰ These state trading enterprises contain biggest share in their respective fields of activities and government has granted exclusive power to control over these service sectors. For instance, all international voice and data transmission services, including Internet and IP-telephony

¹⁶ The results of the investment activity of the Republic of Uzbekistan for January-September 2020. Online available at: <https://mift.uz/en/news/the-results-of-the-investment-activity-of-the-republic-of-uzbekistan-for-january-september-2020#:~:text=News-,The%20results%20of%20the%20investment%20activity%20of%20the,Uzbekistan%20for%20January%2DSeptember%202020&text=Totally%2C%2065%20large%20investment%20projects,than%2013%20thousand%20new%20jobs>.

¹⁷ Article 205 of the Tax Code. Online available at: <https://cis-legislation.com/document.fwx?rgn=20583>

¹⁸ Article XVII:1 of the GATS. Online available at: https://www.wto.org/english/tratop_e/serv_e/gatsintr_e.htm

¹⁹ Article 3 of the Law on Natural Monopolies: Natural monopoly - the state of the commodity market, in which, due to technological features, it is impossible or economically inexpedient to create competitive conditions for meeting the demand for a certain type of goods works or services. Online available at: <https://policy.thinkbluedata.com/ru/node/489>.

²⁰ Article 4 of the "On Natural Monopolies". Updated version Online available at: <https://policy.thinkbluedata.com/ru/node/489>.

must be provided over Uzbektelekom's network. There are plenty of examples on state monopolies which are assigned to govern the economic development of Uzbekistan. However, the current tendencies are changing towards privatization former state enterprises to step towards the market-oriented economy. For that reason, there was adopted Presidential decree on measures for the accelerated reforming of the companies with participation of the state and privatization of the state assets. The preamble of the decree cleared that the decree was aimed for the purpose of the accelerated implementation of the modern methods of management which are oriented to open, transparent and market principles, increase in the income with reduction of cost, creation of wider opportunities for private equity in participation in process of reforms, reducing state participation in economy and further improvement of competitive environment in national market.²¹

Although there are several barriers for the accession of Uzbekistan to the WTO, there are going the massive reforms on step-by-step implementation of the trade and investment reforms. Thus, with the Presidency of Shavkat Mirziyoyev, Uzbekistan has been implementing both legal and institutional reforms on creation of favorable climate both for traders and investors, while the protection of the rights and legitimate interests of owners of private property are due undertaken responsibility under the current tendency. One needs to be noted, with it delay of transition to market mechanisms of Uzbek economy in which the share of the state remains largely will interfere to the fresh and competitive market conditions with lowering the quality of establishing new types of competitive products, implementation of advanced technologies, work performance improvement, creation of new workplaces with active attraction of foreign investments.

Current development on accession to the WTO

The "Uzbekistan - 2030" strategy outlines a series of priority tasks aimed at consistent implementation, including realizing the existing potential of the national economy, further deepening its integration into the global production and value chains, expanding the practical application of free market principles, and accelerating the process of Uzbekistan's accession to the World Trade Organization. These objectives form the foundation of the country's economic policy. To achieve the integration into WTO, President enacted Decree "On further accelerating market reforms and aligning the national legislation of the Republic of Uzbekistan with the agreements of the World Trade Organization". According to this Decree, the following exclusive rights granted by legislation are to be revoked:

²¹ Preamble of the Presidential Decree of the Republic of Uzbekistan "On measures for the accelerated reforming of the companies with participation of the state and privatization of the state assets". As amended of the Presidential decree of the Republic of Uzbekistan of 11.02.2021. Online available at: <https://cis-legislation.com/document.fwx?rgn=127623>.

a) Effective from January 1, 2025:

1. The right of "Uzmetkombinat" JSC to prepare (purchase) ferrous metal scrap and waste within the territory of the republic.
2. The right of "Uzikkilamchiranglimetall" JSC to prepare and export non-ferrous metal scrap and waste within the territory of the republic.
3. The right of "Uztrade" JSC to deliver food flour and wheat, as well as products of small businesses and private entrepreneurship, and products of dehqan and farmer households to trade houses without providing bank guarantees or insurance policies for export contracts against political and commercial risks, on consignment terms.
4. The exclusive agent right of "Uzkimyosanoat" JSC's organizations held by "Uzkimyosanoat" LLC to export chemical products and to import equipment, spare parts, components, raw materials, and materials for production needs.

b) Effective from July 1, 2026:**

1. The exclusive right of "UzGasTrade" JSC to be the sole exporter of natural gas and the sole operator for centralized procurement of natural gas from external sources through import.
2. The right of "Uzenergositish" JSC to centrally manage the export and import of electricity.

Moreover, according to the Decree since January 1, 2025:

1. A licensing procedure will be introduced for the preparation (purchase), processing, and sale of ferrous and non-ferrous metal scrap and waste, as well as for the wholesale and retail trade activities of natural gas and electricity.
2. Telecommunication operators operating within the territory of the Republic of Uzbekistan, which have mobile and/or wired telecommunication networks, will be granted the right to directly connect to international Internet networks for their commercial needs on a trial basis, provided they fully comply with the requirements of operational search activities, information, and cybersecurity systems.

The Ministry of Mining Industry and Geology and the Ministry of Energy, in cooperation with the Ministry of Economy and Finance and other relevant agencies, are instructed to submit drafts of regulatory legal documents to the Cabinet of Ministers by September 1, 2024. These documents should include the procedures for the preparation (purchase), processing, and sale of ferrous and non-ferrous metal scrap and waste, as well as for the wholesale and retail trade of natural gas and electricity.

The Ministry of Digital Technologies is instructed to submit to the Cabinet of Ministers by October 1, 2024, for approval, a procedure that ensures complete information and national security for telecommunication operators to directly connect to international Internet networks for their commercial needs on a trial basis, and gradually provide services for the establishment of international Internet channels to other operators.

Conclusion

Uzbekistan's pursuit of membership in the World Trade Organization (WTO) represents a critical juncture in the nation's economic and legal evolution. The accession process, initially set in motion in 1994, has encountered various impediments stemming from internal political dynamics and economic conditions. However, recent reforms under the current administration have reinvigorated Uzbekistan's efforts to integrate into the global trading system.

The accession to the WTO is anticipated to yield significant benefits for Uzbekistan. Among these are enhanced security and predictability in accessing international markets, adherence to fair trade practices underpinned by WTO principles such as Most Favored Nation and National Treatment, and deeper integration into the global economy. These advantages are expected to foster an environment conducive to economic growth, increase the competitiveness of Uzbek businesses, and attract foreign direct investment. The liberalization of trade, facilitated by WTO membership, promises broader access to lower-cost and higher-quality goods and services. Moreover, the WTO's dispute resolution mechanisms offer robust protection against unfair trade practices, thereby safeguarding the interests of Uzbek businesses on the international stage. However, the transition is not without challenges. Domestic industries may face intensified competition from foreign entities, necessitating significant adjustments.

In response to these challenges, the Uzbek government is implementing comprehensive legal and institutional reforms. These reforms aim to dismantle monopolistic practices, as evidenced by the revocation of exclusive rights previously granted to certain state-owned enterprises, and to establish transparent and competitive market practices. The introduction of new licensing procedures for various trade activities exemplifies these efforts.

In conclusion, while Uzbekistan's path to WTO accession involves substantial hurdles, the anticipated long-term benefits underscore the strategic importance of this endeavor. The ongoing reforms not only align Uzbekistan's legal and economic frameworks with international standards but also enhance the overall business environment. Ultimately, WTO membership is poised to bolster Uzbekistan's economic resilience, stimulate sustainable growth, and solidify its position in the global marketplace.