

GLOBAL TRADE AND UZBEKISTAN: THE SIGNIFICANCE OF WORLD TRADE ORGANISATION MEMBERSHIP IN A CHANGING WORLD

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Abstract. *Uzbekistan's pursuit of World Trade Organization (WTO) membership is a significant aspect of the country's ongoing economic transformation. This article explores the role of the WTO in fostering economic growth, trade liberalization, and global market access, particularly for developing countries like Uzbekistan. It outlines Uzbekistan's journey toward WTO accession, which began in 1994 and was revived in 2020. The paper also highlights President Shavkat Mirziyoyev's economic vision, emphasizing export growth, foreign investment, and the transition to a more diversified economy. By examining the WTO's impact on trade policy and the benefits of aligning with global standards, the article demonstrates how WTO membership offers Uzbekistan enhanced opportunities to integrate into the global economy, increase its export capacity, and achieve sustainable growth. The study concludes that Uzbekistan's WTO accession aligns with its long-term development goals and offers a path to strengthened international trade relations.*

Key words: *World Trade Organization (WTO), WTO accession, economic growth, trade liberalization, export growth, foreign investment, GSP+, international trade, sustainable development, trade policy.*

ГЛОБАЛЬНАЯ ТОРГОВЛЯ И УЗБЕКИСТАН: ЗНАЧЕНИЕ ЧЛЕНСТВА ВО ВСЕМИРНОЙ ТОРГОВОЙ ОРГАНИЗАЦИИ В МЕНЯЮЩЕМСЯ МИРЕ.

Аннотация. *Стремление Узбекистана к членству во Всемирной торговой организации (ВТО) является важным аспектом продолжающейся экономической трансформации страны. В этой статье рассматривается роль ВТО в содействии экономическому росту, либерализации торговли и доступу к мировому рынку, особенно для развивающихся стран, таких как Узбекистан. В ней описывается путь Узбекистана к вступлению в ВТО, который начался в 1994 году и был возобновлен в 2020 году. В статье также освещается экономическое видение президента Шавката Мирзиёева, подчеркивающее рост экспорта, иностранные инвестиции и переход к более диверсифицированной экономике. Рассматривая влияние ВТО на торговую политику и преимущества соответствия мировым стандартам, статья демонстрирует, как членство в ВТО предоставляет Узбекистану расширенные возможности для интеграции*

в мировую экономику, увеличения экспортного потенциала и достижения устойчивого роста. В исследовании делается вывод о том, что вступление Узбекистана в ВТО соответствует его долгосрочным целям развития и открывает путь к укреплению международных торговых отношений.

Ключевые слова: Всемирная торговая организация (ВТО), вступление в ВТО, экономический рост, либерализация торговли, рост экспорта, иностранные инвестиции, ВСП+, международная торговля, устойчивое развитие, торговая политика.

Introduction. In recent World Bank report published on October 17, Uzbekistan ranks among top three fastest-growing economies in Europe and Central Asia for 2024, which is a high ranking to evaluate country's economy and overall development. To be precise, the country's GDP growth this year places it in the top three, with Georgia at 7.5%, Tajikistan at 7.2% and Uzbekistan at 6%. According to the World Bank's forecast report from last year, Uzbekistan was expected to have a GDP growth of 5.8% in 2025 and 5.9% in 2026. [1] Uzbekistan is one of the developing countries which has made, and continues to make, significant progress in economic growth, infrastructure development, attracting foreign investments and boosting its global trade presence. President Shavkat Mirziyoyev, in his April 2023 speech, strongly emphasized the processes and prospects of Uzbekistan's accession to the World Trade Organization. He mentioned, in the past, half of the country's exports were cotton fiber. After completely discontinuing its export, the export of ready-made garments grew fourfold. According to 2022's results, the export of textile products reached \$3.3 billion. In 2021, as a result of Uzbekistan joining the GSP+ system, the export of finished products to the European market increased by 1.5 times. Joining the World Trade Organization will open even greater opportunities for increasing the export of finished products in foreign trade. For this reason, Uzbekistan initiated the process of accession to the WTO. "We plan to double the export of finished products in the next three years. The only way to achieve this is to join the World Trade Organization. This will allow us to establish a fair-trade system with 166 countries and create stable markets," said Shavkat Mirziyoyev.

Literature review. In terms of economy, the World Trade Organisation (WTO) could stimulate the economic growth and employment. International trade among the 166 members of the organization will contribute to job creation. One of the main objectives of WTO is to promote higher living standards, provide quality services and ensure sustainable growth. Through the reduction of trade barriers and the facilitation of smoother trade flows, the WTO encourages greater access to global markets for member countries, particularly benefiting those that are in the process of economic development.

This access allows countries to diversify their economies, attract foreign direct investment (FDI), and develop sectors that were previously limited by trade restrictions.

If we look back at the history of the WTO, it was formerly known as General Agreement Trade and Tariffs (GATT), which was established in 1947. GATT's primary objective was to encourage trade by reducing tariffs and trade barriers between member countries. At that time, GATT required that once goods entered a country, they should be treated the same as domestically produced goods. GATT conducted several rounds of negotiations during its existence, including the Dillon Round, followed by the Kennedy Round, and the last round, the Uruguay Round. WTO was established on 1 January 1995 during the Uruguay Round negotiations on 1986 until 1994.

The WTO is the only global international organization dealing with the rules of trade between nations. Its main goal is to improve the welfare of people around the world by ensuring that trade flows as smoothly, predictably and freely as possible. By November 1999, the number of World Trade Organization (WTO) members had reached 136, a growth achieved in nearly five years. By July 2016, the WTO had 164 members and as of today, the number has increased to 166, accounting for 98% of world trade.

If we want to compare GATT and WTO, GATT focused solely on goods and tariffs, while the WTO expanded its focus to include rules covering services (GATS) and intellectual property rights (TRIPS). This leads to the question: What are GATS and TRIPS in the WTO?

General Agreement on Trade in Services, or shortly GATS, is designed to govern the global trade in services. It was also established during the Uruguay Round of negotiations and came into effect in 1995, alongside the creation of the WTO. GATS cover a wide range of services including financial services, telecommunications, transportation, tourism, professional services, education and more. In contrast, TRIPS (Trade-Related Aspects of Intellectual Property Rights) is an intellectual property agreement that is part of the WTO framework. Introduced in 1994 during the Uruguay Round of trade negotiations. The main goal of TRIPS is to harmonize intellectual property laws across countries, ensuring that intellectual property is protected worldwide. WTO members are required to comply with the TRIPS Agreement as part of their membership obligations. [2]

Analysis and Results. The World Trade Organisation plays a crucial role for the economy of developing countries like Uzbekistan. In fact, the number of developing countries exceed the developed countries in the WTO by about four to one. Every member country, regardless of its economic status, gets one vote, ensuring that even smaller and developing nations have a say in shaping global trade rules. This democratic structure gives developing countries like Uzbekistan a voice in negotiations and decision-making processes that can directly impact their trade policies and economic growth.

Additionally, the WTO provides technical assistance, capacity-building, and specialized support to help developing nations meet the requirements of international trade agreements. This helps Uzbekistan improve its trade infrastructure, develop legal and institutional frameworks, and meet international standards, ultimately strengthening its economic development. [3]

According to the “Sanitary and Epidemiological well-being and public health authority” in Uzbekistan, membership in the WTO opens up broader opportunities for increasing the export of finished products in foreign trade, which aligns with Uzbekistan's future development goals. As the president stated in his speech, Uzbekistan plans to double its exports within the next three years. In order to speed up the process of becoming a member of the World Trade Organization of the Republic of Uzbekistan and ensure its quality implementation, the Presidential Decree No. PQ-181 dated June 2, 2023 "On accelerating the process of becoming a member of the World Trade Organization of the Republic of Uzbekistan on additional measures" was adopted. The Sanitary Committee in Uzbekistan also announced that, from July 1, 2023, it will be prohibited to develop drafts of regulatory legal documents that do not comply with WTO rules and norms. [4]

It is important to note that during Tashkent International Investment Forum held in April 2023, President Mirziyoyev emphasized WTO accession, green economy and the importance of supporting investors in his speech. “In Uzbekistan, you will find everything you need for business — peace, stability, and reliable guarantees.” Uzbek President speaks at investment forum. “I would like to separately emphasize that the requirements of the World Trade Organization are fully compatible with the content of our reforms, and we are interested in becoming a member of this authoritative organization as soon as possible. Negotiations with WTO member countries and harmonisation of national legislation with the rules of the World Trade Organisation are now in full swing,” he said. [5]

Apart from that, the government of Uzbekistan has concluded negotiations with eleven countries as part of its accession to the World Trade Organization, with nine of them having signed protocols on completing market access negotiations. Two countries—Sri Lanka and Thailand—were also part of the negotiations related to Uzbekistan's WTO accession. These countries are likely to be involved in market access negotiations as part of Uzbekistan's broader efforts to join the WTO. For reference, it should be noted that Uzbekistan began its efforts to join the WTO in 1994, but the process was suspended in 2005. In 2020, work towards accession was resumed, and the first meeting with the working group was held.[6]

Conclusions. Uzbekistan's journey toward joining the World Trade Organization (WTO) represents a significant step in the country's ongoing efforts to enhance its economic growth, diversify its exports, and integrate more deeply into the global trading system. As a developing country, Uzbekistan stands to benefit greatly from WTO membership, which would provide access

to a broader market, foster foreign investment, and create opportunities for job growth and sustainable economic development. The country's recent reforms and initiatives, particularly in the areas of infrastructure development and trade liberalization, align with the core principles of the WTO and support its goal of becoming an integral part of the global economy.

The WTO's role in facilitating fair trade and its support for developing countries, especially through technical assistance and capacity-building, is crucial for nations like Uzbekistan. As President Shavkat Mirziyoyev highlighted, Uzbekistan's accession to the WTO will not only help the country double its exports in the coming years but will also contribute to the long-term stability of its economy. The ongoing reforms and alignment of Uzbekistan's legal frameworks with WTO standards will accelerate this process, positioning the country for greater trade opportunities in the future.

In conclusion, Uzbekistan's accession to the WTO is more than just a political milestone; it is a strategic decision aimed at ensuring the country's continued economic growth, enhancing its global trade relationships, and securing a prosperous future for its people. The successful completion of negotiations and full integration into the WTO will mark a new chapter in Uzbekistan's economic transformation and solidify its place in the global marketplace.

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