



THE ROLE OF THE WORLD TRADE ORGANIZATION (WTO) IN THE ECONOMY OF UZBEKISTAN: OPPORTUNITIES AND CHALLENGES

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Abstract.

The accession of Uzbekistan to the World Trade Organization (WTO) in 2022 has opened up new opportunities for the country to integrate into the global economy. This paper examines the role of the WTO in the economy of Uzbekistan, including the opportunities and challenges it presents. The paper begins with an overview of the Uzbek economy and its recent reforms. Next, it discusses the accession process of Uzbekistan to the WTO and the benefits it offers. The paper then examines the challenges that Uzbekistan faces in implementing WTO agreements, including institutional and regulatory issues. Finally, it explores the opportunities that WTO membership presents, such as increased trade, investment, and economic growth.

INTRODUCTION

Uzbekistan is a rapidly developing country in Central Asia, with a strategic location and abundant natural resources. The country has implemented significant economic reforms in recent years, with a focus on liberalizing trade and attracting foreign investment. The accession of Uzbekistan to the WTO in 2022 is a crucial step in its efforts to integrate into the global economy. This paper examines the role of the WTO in the economy of Uzbekistan, including the opportunities and challenges it presents.

OVERVIEW OF THE UZBEK ECONOMY:

The Uzbek economy is the largest in Central Asia, with a population of over 36 million at the end of 2022, the gross domestic product (GDP) of the Republic of Uzbekistan at current prices amounted to 888.3 trillion. UZS and, compared to 2021, increased in real terms by 5.7%¹. The economy is heavily dependent on natural resources, particularly cotton, gas, and gold. However, in recent years, the government has implemented significant reforms to diversify the economy and attract foreign investment. From January to December of 2022, Uzbekistan's foreign trade turnover amounted to 50 billion US dollars. This is an increase of 7.8379 billion US dollars or 18.6% compared to 2021². There could be several main reasons for this increase. Firstly, it may be attributed to the opportunities created for international businesses through economic and political reforms and initiatives in Uzbekistan. Trade agreements and investments provided by the government have contributed to the growth of foreign trade turnover. The increase could also be due to one or several significant projects and the expansion of future collaborations. Efforts to enhance Uzbekistan's international economic partnerships, boost export potential, expand trade relations with neighboring countries, attract investments,

¹ <https://stat.uz/en/press-center/news-of-committee/34108-2022-yilda-o-zbekiston-respublikasi-yaim-qanchani-tashkil-etdi-3>

² <https://stat.uz/uz/matbuot-markazi/qo-mita-yangiliklar/33839-o-zbekiston-respublikasi-tashqi-savdo-aylanmasi-2022-yil-yanvar-dekabr-2>



and promote innovation have all played a crucial role in increasing foreign trade turnover. Furthermore, factors such as fluctuations in global energy prices, market volatility, and changes in financial markets may have influenced the growth of foreign trade turnover. Energy, agricultural products, mineral resources, and other commodities have helped sustain Uzbekistan's export potential. All of these factors contribute to the economic development of Uzbekistan and the strengthening of the country's foreign trade sector. These reforms include liberalizing the foreign exchange market, reducing trade barriers, and improving the business environment.

Accession of Uzbekistan to the WTO: Uzbekistan began the process of accession to the WTO in 1994, but the process was stalled for many years due to various reasons. In 2017, the government announced its intention to resume negotiations and completed the accession process in 2023. Uzbekistan underlined its commitment to making rapid progress in its WTO accession talks as part of an overall programme to implement large-scale reforms of its trade and economic regimes. At the sixth meeting of the Working Party on the Accession of Uzbekistan on 14 March, members expressed their support for Uzbekistan's ambition to secure WTO membership while underlying the importance of bringing its trade regime into full conformity with WTO requirements³. The accession to the WTO offers significant benefits for Uzbekistan, such as increased trade, investment, and access to technical assistance and expertise. "In the next three years, we plan to double the export of finished products. The only way to achieve this is to become a member of the World Trade Organization. This will enable us to establish a system of fair trade with 164 countries and gain stable markets," said Shavkat Mirziyoyev⁴. Moreover, it demonstrates Uzbekistan's commitment to reform and integration into the global economy.

Challenges Facing Uzbekistan in Implementing WTO Agreements: Despite the benefits of WTO membership, Uzbekistan faces several challenges in implementing WTO agreements. Institutional and regulatory issues, such as the lack of a strong legal framework and weak institutional capacity, pose significant challenges to the effective implementation of WTO agreements. Additionally, Uzbekistan faces significant trade-related infrastructure challenges, such as inadequate transportation infrastructure and customs procedures, which hinder the smooth movement of goods and services across borders.

Opportunities Presented by WTO Membership: Despite these challenges, WTO membership presents significant opportunities for Uzbekistan. Increased trade and investment can lead to economic growth and development, creating jobs and improving living standards. Moreover, WTO membership can promote technology transfer and knowledge-sharing, which can help to develop local industries and enhance productivity. Finally, WTO membership can help Uzbekistan to diversify its export markets, reducing its dependence on a single market or region.

CONCLUSION: In conclusion, the accession of Uzbekistan to the WTO is a crucial step in its efforts to integrate into the global economy. While Uzbekistan faces several challenges in

³ https://www.wto.org/english/news_e/news23_e/acc_14mar23_e.htm

⁴ <https://president.uz/ru/lists/view/6157>



implementing WTO agreements, it also presents significant opportunities, such as increased trade, investment, and economic diversification. To fully realize the benefits of WTO membership, Uzbekistan must work to address the challenges it faces and promote a more open and inclusive global economy.

