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The Need To Improve The Mechanism Of Non-Tariff Regulation For The Accession Of The Republic Of Uzbekistan To The World Trade Organization

Zafar Sadikov

Associate Professor of the Department of Classification of Goods and Non-tariff Control of the Customs Institute
e-mail: zsadikovs@mail.ru

Abstract: *This thesis analyzes the need to improve the non-tariff regulation mechanism in the process of the Republic of Uzbekistan's accession to the World Trade Organization (WTO). The study highlights the processes of liberalization of the country's foreign trade policy, the formation of a regulatory framework in accordance with international trade rules and WTO requirements. In addition, the ongoing reforms to harmonize non-tariff measures applied along with customs tariffs, such as technical regulations, standardization, sanitary and phytosanitary requirements, with international standards are examined. The results of the analysis show that improving non-tariff regulation mechanisms in the process of WTO accession helps protect the interests of domestic producers, ensure trade security and increase competitiveness in the international trading system. Along with this, this process is an important step towards simplifying customs procedures and increasing the transparency of trade policy.*

Keywords: *World Trade Organization, non-tariff regulation, foreign trade policy, technical regulations, standardization, sanitary and phytosanitary measures, customs reforms, competitiveness.*

Introduction

The current development of the Republic of Uzbekistan is dependent on its position in world trade. Membership of the WTO enables our country to participate in shaping international trade policy. Another factor determining the relevance of the thesis is the idea of a new industrial policy, which is not only about diversifying the economy but also about increasing societal welfare through the development of industry. The experience of industrially developed countries (for example, China) demonstrates the fundamental importance of the WTO in the distribution of manufactured products in the global market. From this perspective, the WTO is the most important instrument for the development of national industry, and therefore, of all spheres of society's life [1].

Methods

The WTO includes the following Agreements:
- GATT (GATT, the General Agreement on Tariffs and Trade);
- GATS (GATS, the General Agreement on Trade in Services);
- TRIPS (Trade-Related Aspects of Intellectual Property Rights);
- TRIMS (investment agreement);
- the agriculture agreement;
- textile agreements;
- subsidy agreements;
- anti-dumping measures;
- financial market agreements;
- SPS (Agreement on Sanitary and Phytosanitary Measures);
- TBT (Agreement on Technical Barriers to Trade).

The Agreement on Sanitary and Phytosanitary Measures complements the Agreement on Agriculture by regulating the application of sanitary and phytosanitary measures, thereby ensuring that they do not constitute another non-tariff barrier to trade. The Agreement on Sanitary and Phytosanitary Measures complements the Agreement on Agriculture by regulating the application of sanitary and phytosanitary measures, ensuring that they do not constitute another non-tariff barrier to trade. as well as determining the measures necessary to protect against risks arising from the introduction of diseases [2].

The agreement allows countries to deviate from international standards in a specific area where international standards do not apply.

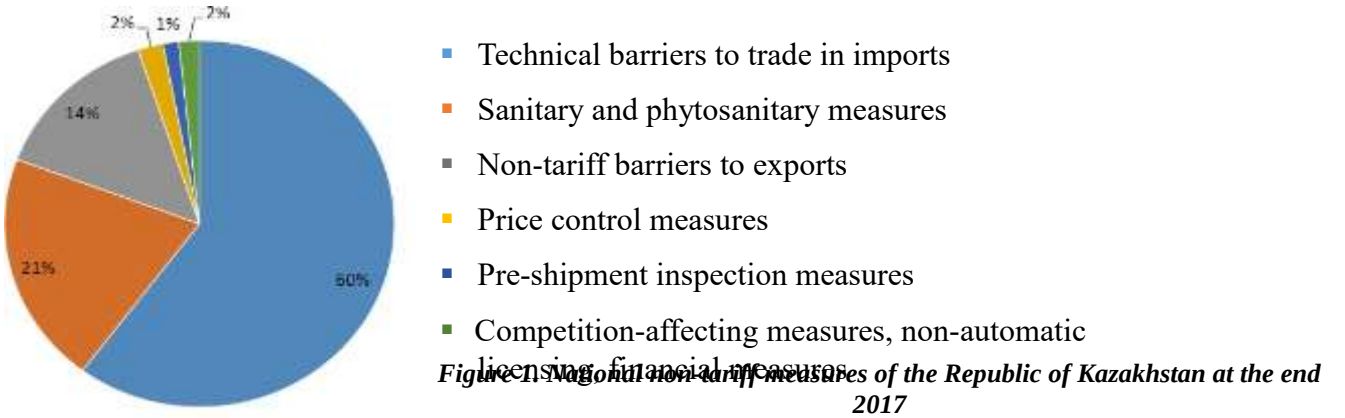

Figure 1. Regional non-tariff measures of the Republic of Kazakhstan at the end of 2017

Furthermore, the Agreement allows for the temporary application of sanitary and phytosanitary measures in situations where there is no scientific justification for the risk, but the prevailing circumstances necessitate such measures [3].

A Member State may establish a higher level of sanitary and phytosanitary protection on the basis of sufficient scientific evidence.

The issue of applying sanitary measures within the WTO in relation to bans on beef imports has been widely discussed recently, due to the increasing number of cases of foot-and-mouth disease ("mad cow disease") in England.

The Agreement on Import Licensing Procedures establishes the following rules:

- licensing procedures should not be more burdensome than is required by the licensing system;
- procedures must be transparent and predictable;
- processes must not be unreasonably delayed or time-consuming.

The Agreement recognises the right of countries to require importers to obtain a licence in certain circumstances (for example, where quantitative restrictions are imposed on imports).

The Agreement on Import Licensing Procedures allows for both automatic and non-automatic licensing. Licences shall generally be issued by a single administrative authority as specified in the licensing regulation.

Under the Agreement, a Member State undertakes the following obligations to notify importers, exporters and the governments of Member States of all information relating to the granting of import licences [4]:

- on the right of natural persons, firms and establishments to apply for licences;
- on the administrative authorities responsible for issuing licences;
- on the goods for which licensing is required.

Furthermore, to protect the rights of importers and to expedite the procedure, the Agreement specifies the following:

- the filling in of applications and the procedures themselves, including the renewal of a licence, must be as simple as possible;
- Applications should not be rejected due to minor errors in the documentation, provided these errors do not affect the essential information contained within;
- Intentional ambiguities or significant errors intended to misrepresent information should not be severely penalised, but should be limited to a warning;
- The price of the product stated on the licence, or its quantity or weight, provided the error does not materially affect the information.

A licence may not be refused if a change in the information, resulting from an error that does not materially affect the information on the price, quantity or weight of the goods specified in the licence, leads to consequences such as weight loss during loading or transport.

The Agreement on Technical Barriers to Trade recognises the right of each state to set mandatory technical norms – technical regulations and standards – and has designated compliance requirements as voluntary.

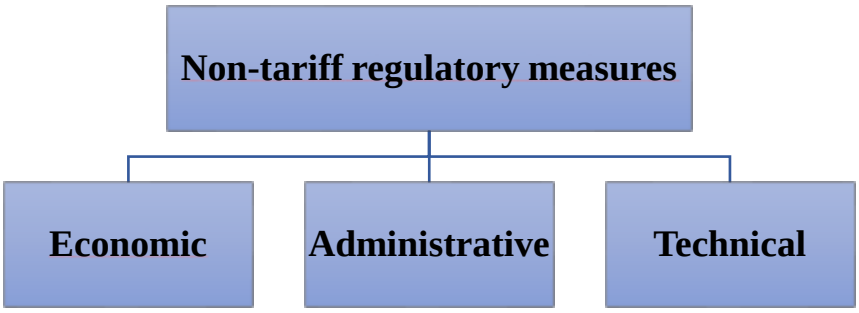

Figure 2. Classification of non-tariff methods for regulating foreign economic activity

Technical regulations must be based on evidence and formulated and applied in a way that does not create arbitrary or unnecessary obstacles to international trade. Technical regulations should be applied on the basis of the most favourable state regime, and the concessions for imported goods should be no less favourable than those for domestically produced goods [5].

The Agreement requires each WTO Member to establish its own information centre, where interested enterprises can obtain information on:

- technical regulations and voluntary standards (current and under development);
- conformity assessment procedures (current and under development). The term "standard" shall mean:
- product characteristics;
- processes and production methods affecting the characteristics and quality of products;
- terminology and symbols;
- packaging and labelling requirements for products.

The standards and technical regulations to be applied under the Agreement shall ensure the quality of the products being imported, and shall have the objective of protecting human health, animal and plant life, or the environment.

At the same time, standards must be applied in a manner consistent with the principle of the most-favoured-nation treatment, to all WTO member countries, and in accordance with the national treatment principle, to foreign states as well [6].

Standards, technical regulations and the rules for their application must be clearly defined and applied in a manner that does not create unnecessary obstacles to trade.

Standards must be based on scientifically validated data and facts. Otherwise, they are to be considered unjustified barriers to trade. For example, in 2001, Argentina established two lists of countries to prevent low-quality medicines from entering its territory. The first list comprised countries whose regulatory bodies and standards the Argentine government 'trusted'. The second list included countries whose pharmaceutical manufacturing facilities had to be approved by the Argentine Ministry of Health before exporting medicines to Argentina. However, India was not included on either list. The Government of India approached the Committee on Technical Barriers to Trade, accusing Argentina of creating unjustified trade barriers and violating the Most-Favoured-Nation treatment, which applies without exception to all WTO member states.

The only way to prevent complications in trade is to establish technical regulations based on international standards. The agreement obliges states to use international standards as a basis when developing technical regulations. This excludes cases where international standards are not applicable due to climatic, geographical, or technological characteristics. Furthermore, the agreement provides for a specific procedure for the adoption of such standards.

Some countries use the services of independent companies to verify the quality and quantity of goods they intend to import. These inspections are usually carried out before the goods are shipped to the exporting country. This guarantees that the goods comply with the technical specifications and quality standards stipulated in the contract, and that the quantity of goods to be exported is in accordance with the contract.

Such services are utilised not only by private commercial companies, but also by companies involved in government procurement.

Furthermore, the primary purpose of a pre-shipment inspection can be to control the undervaluation or overvaluation of imported goods, as well as to prevent fraud or other illegal activities.

Based on the above, the following objectives of a pre-shipment inspection can be distinguished:

- to confirm the value of the goods;
- to ensure the goods are classified by the exporter in accordance with the tariff classification of the importing country;
- to ensure the quantity of the goods corresponds to the terms of the contract.

In this regard, contracts for mandatory pre-shipment inspections can be classified into two categories according to the objectives of specialised inspection companies.

The primary purpose of the first category of contracts is to prevent capital outflows by overstating the customs value of goods.

The second category of contracts is aimed at preventing a reduction in revenue from customs duties and fees, resulting from the undervaluation or deliberate misclassification of goods being imported with the aim of reducing their customs value.

Furthermore, in both cases, pre-shipment verification also prevents disputes arising from different standardisation systems.

The agreement provides for a multi-tiered dispute resolution system.

At the first tier, disputes between the exporter and the regulatory body are to be resolved by contacting independent persons appointed by the regulatory body. The second stage involves the dispute being referred to a dispute settlement body, composed of representatives of the exporter and the regulatory authority. This body is established within the WTO's Federation of International Regulatory Agencies. If the dispute escalates to the international level, it will be resolved through the WTO's dispute settlement mechanism.

The agreement includes detailed provisions on the rights and obligations of the importing country, using a pre-shipment inspection system in the exporting country. These rules address key issues such as the application of national treatment, namely: non-discrimination; setting strict verification deadlines; publishing all procedures and court decisions relating to the use of pre-shipment inspection of goods. The legal basis for applying pre-shipment inspection of goods is the contract concluded by the importing party with the company carrying out the pre-shipment inspection.

The practice of pre-shipment inspection has shown that this is mainly carried out by states that are unable to establish an effective customs system.

Conclusion

In accordance with WTO rules, tariff reductions have a high negative impact on the weak sectors of national enterprises. This could involve not only developing a comprehensive set of measures to improve the efficiency of domestic companies and enable them to withstand price competition, but also a strategy to protect trade through various non-tariff methods. Objective 97 of the “New Uzbekistan” Development Strategy for 2022-2026 is dedicated to this very issue. The neighbouring state of Kazakhstan, meanwhile, became a member of the WTO on 30 November 2015.

Firstly, Kazakhstan made amendments to its documents on trade legislation. They are as follows:

No. 44 of 9 February 2016 the order on the approval of the Rules for the State Accounting of Nuclear Materials (the importer must submit a notification 30 days prior to the export of nuclear materials, detailing the volume, product name, etc.);

Decree No. 356 of 20 June 2016 (requiring the expert appraisal of precious stones and jewellery for export from the territory of Kazakhstan to countries other than WTO member states);

Decision No. 401 of 28 April 2016 "On the approval of the Rules for the expert examination of precious stones, jewellery and other products made of precious stones and precious metals".

Following its accession to the WTO, a total of 239 national active non-tariff measures were analysed and systematised in Kazakhstan. The majority of these are technical measures related to imports, technical barriers to trade, sanitary and phytosanitary measures, or technical measures related to exports. Together, they account for approximately 95% of the national non-tariff measures in use. It was determined that these non-tariff barriers established by Kazakhstan are consistent with the core principles of the World Trade Organisation.

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