

## Uzbekistan And WTO Cooperation: Trade Liberalization and Balancing National Interests

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### Abstract

*This article examines Uzbekistan's ongoing accession process to the World Trade Organization (WTO) and its implications for trade liberalization and the protection of national interests. As Uzbekistan deepens its integration into the global economy under President Shavkat Mirziyoyev's reform agenda, WTO membership has emerged as a central pillar of the country's foreign economic policy. The article analyzes the historical trajectory of Uzbekistan's WTO negotiations, identifies the key sectors affected by trade liberalization commitments, and assesses the legislative, regulatory, and institutional reforms required for compliance with WTO norms. Drawing on international trade law, comparative experience of post-Soviet WTO members, and Uzbek domestic legal frameworks, the article argues that successful WTO accession demands a carefully calibrated balance between market openness and the preservation of strategic national interests. Special attention is given to agriculture, intellectual property, services, and customs regulation as priority areas. The article concludes with policy recommendations for ensuring that Uzbekistan's integration into the multilateral trading system yields sustainable economic and legal benefits.*

**Keywords:** WTO accession, Uzbekistan, trade liberalization, national interests, multilateral trading system, economic reform, international trade law, post-Soviet states.

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### 1. Introduction

The World Trade Organization (WTO) stands at the centre of the contemporary international trading system, providing a rules-based framework that governs over 98 percent of world trade. For developing and transition economies, WTO membership offers a dual promise: expanded market access abroad and a credible anchor for domestic economic reform at home. Uzbekistan, one of the most populous and strategically located states of Central Asia, has been engaged in WTO accession negotiations since 1994, when it submitted its initial

memorandum on the foreign trade regime [1]. However, the pace of negotiations remained sluggish for two decades under the administration of Islam Karimov, reflecting a pronounced preference for economic self-sufficiency and cautious engagement with globalization.

The election of Shavkat Mirziyoyev as President in 2016 heralded a fundamental reorientation of Uzbekistan's foreign economic policy. The government launched an ambitious reform programme aimed at liberalizing the exchange rate, reducing state intervention in commerce, attracting foreign direct investment, and accelerating

WTO accession [2]. The "Strategy of Actions for the Development of Uzbekistan 2017–2021" explicitly identified WTO membership as a strategic priority, and subsequent development programmes have reinforced this commitment [3]. By the early 2020s, Uzbekistan had substantially completed the factual phase of negotiations and was engaged in active bilateral tariff and service negotiations with key WTO members.

Yet WTO accession is not a costless exercise. The commitments required for membership—binding tariff ceilings, national treatment for foreign investors and goods, transparency obligations, elimination of prohibited subsidies, and compliance with the TRIPS Agreement—place substantial demands on domestic legal and administrative systems [4]. For a transition economy such as Uzbekistan, which retains significant state ownership in strategic industries and is grappling with institutional capacity constraints, these demands are acutely felt. The challenge, therefore, is not simply one of accession but of accession on terms that are consistent with Uzbekistan's long-term development interests.

This article addresses that challenge by examining the legal and economic dimensions of Uzbekistan's WTO accession process. It proceeds in six parts: following this introduction, Section 2 provides historical background; Section 3 analyses the legal framework and required reforms; Section 4 addresses priority sectors; Section 5 examines comparative experience; and Section 6 offers conclusions and policy recommendations.

## 2. Historical Background and Accession Trajectory

Uzbekistan's formal engagement with the multilateral trading system began at the very inception of the WTO. Having submitted its application for observer status and subsequently its memorandum on the foreign trade regime in 1994, Uzbekistan established a Working Party—the institutional mechanism through which WTO members examine an applicant's trade policies—which has convened intermittently over the past three decades [5]. The Working Party process involves the preparation and submission of detailed legislative action plans, the conduct of question-and-answer exchanges with WTO members, and the conclusion of bilateral market access negotiations covering goods and services.

During the Karimov era, the Working Party met infrequently, and Uzbekistan's engagement with WTO members was limited by the country's restrictive trade

regime, characterized by multiple currency exchange rates, extensive non-tariff barriers, state trading enterprises, and significant departures from the principle of national treatment [6]. International observers noted that Uzbekistan's trade policy framework during this period was among the most restrictive in the CIS region, creating substantial systemic distance from WTO norms [7].

The post-2016 period brought a decisive change in trajectory. The unification of the exchange rate in September 2017—a landmark reform that eliminated the premium black-market rate that had distorted trade flows for years—removed one of the most significant structural obstacles to WTO accession [8]. Subsequent reforms included the liberalization of import licensing, the reduction of customs duties in a number of sectors, the adoption of a new Customs Code consistent with the WTO Customs Valuation Agreement, and the revision of investment legislation to strengthen national treatment guarantees [9].

By 2021–2023, Uzbekistan had submitted revised legislative action plans, engaged in multiple rounds of Working Party meetings in Geneva, and launched bilateral negotiations with key trading partners including the European Union, the United States, China, and Russia. Official Uzbek government statements indicated a target accession date within the medium term, though the precise timeline remained dependent on the successful conclusion of bilateral negotiations and the resolution of outstanding systemic issues [10].

## 3. Legal Framework and Required Domestic Reforms

WTO accession requires an applicant to bring its laws, regulations, and administrative practices into conformity with the full corpus of WTO agreements, encompassing the General Agreement on Tariffs and Trade (GATT 1994), the General Agreement on Trade in Services (GATS), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and a range of ancillary agreements covering areas such as customs valuation, technical barriers to trade, sanitary and phytosanitary measures, subsidies, and anti-dumping [11]. The scale of legislative reform required reflects the breadth of this normative framework.

In the area of customs and tariffs, Uzbekistan has undertaken significant reform. The new Customs Code, adopted in 2016 and substantially amended thereafter,

introduced the transaction value method of customs valuation in line with the WTO Customs Valuation Agreement, replacing the earlier practice of reference prices that had systematically inflated import duties [12]. Tariff structures have been rationalized, though Uzbekistan retains relatively high applied tariff rates in certain sensitive sectors, and the binding of these rates at WTO-acceptable ceiling levels will require ongoing negotiation.

Intellectual property law represents another priority area. The TRIPS Agreement mandates minimum standards of protection for patents, trademarks, copyright, geographical indications, and trade secrets, along with effective civil, administrative, and criminal enforcement mechanisms [13]. Uzbekistan has enacted legislation on patents, trademarks, copyright, and related rights that broadly reflects TRIPS norms, but enforcement remains inconsistent, and the capacity of the judicial and administrative systems to handle complex intellectual property disputes requires strengthening [14].

Subsidies policy poses perhaps the most complex set of challenges. The Agreement on Subsidies and Countervailing Measures (SCM Agreement) distinguishes between prohibited subsidies—principally export subsidies and import-substitution subsidies—and actionable subsidies that may be challenged if they cause adverse effects to other members [15]. Uzbekistan maintains a range of state support measures for industry and agriculture that may fall within the definition of prohibited or actionable subsidies, and a systematic review of these programmes against WTO disciplines is necessary. The legacy of Soviet-era industrial policy, combined with current strategic industries such as the automotive sector (dominated by the Uzbek-Korean joint venture GM Uzbekistan) and the textile and cotton processing industries, means that subsidy disciplines will be a particularly sensitive area of negotiation [16].

In the area of services trade, GATS commitments are negotiated sector by sector. Uzbekistan will need to define the scope of its market access and national treatment commitments across a range of services sectors—financial services, telecommunications, transport, professional services, education—while retaining the flexibility to maintain regulatory space for public policy objectives [17]. The experience of other transition economies suggests that overly ambitious services commitments can constrain regulatory autonomy in ways that create difficulties for subsequent domestic policy development.

#### 4. Priority Sectors: Agriculture, Industry, And Investment

Agriculture occupies a central place in Uzbekistan's economy and society. With approximately 25–30 percent of the labour force employed in agriculture, the sector plays a critical role in rural livelihoods, food security, and export earnings [18]. The WTO Agreement on Agriculture (AoA) requires members to reduce domestic support above a *de minimis* threshold, eliminate export subsidies (a commitment subsequently reinforced by the Nairobi Ministerial Decision of 2015), and undertake market access commitments on agricultural tariffs. Uzbekistan's agricultural sector benefits from various forms of state support, and the question of how to structure domestic support within WTO-consistent parameters—utilising the so-called "Green Box" and "Development Box" exemptions available to developing countries—will require careful design [19].

The cotton sector merits particular attention. Uzbekistan is historically one of the world's largest cotton producers, and the state has traditionally exercised close control over cotton production through a system of procurement quotas and mandated deliveries. While the government has made important reforms—including the abolition of compulsory cotton and wheat quotas in 2020, a landmark step for agricultural liberalization—the legacy institutional structures of the cotton value chain require ongoing reform to align fully with WTO principles of market orientation [20].

The industrial sector presents its own set of challenges. Uzbekistan's industrialization strategy, articulated in the "New Uzbekistan Development Strategy 2022–2026," envisages significant state involvement in the development of advanced manufacturing, the digital economy, and renewable energy [21]. While WTO rules do not prohibit industrial policy *per se*, they constrain the instruments available. Subsidies contingent on export performance or domestic content requirements—favoured instruments of industrial policy in many developing economies—are prohibited under the SCM Agreement. The challenge for Uzbekistan is to design industrial support programmes that achieve developmental objectives while remaining within WTO disciplines, a challenge that other emerging economies have navigated with varying degrees of success [22].

Foreign direct investment (FDI) and investor protection constitute a further area of intersection between WTO membership and national interest considerations. While

the WTO's Agreement on Trade-Related Investment Measures (TRIMs) addresses only investment measures that distort trade in goods—such as local content requirements and trade-balancing obligations—broader issues of investment protection are increasingly addressed through bilateral investment treaties (BITs) and regional trade agreements [23]. Uzbekistan has significantly expanded its BIT network in recent years and has enacted new investment legislation that strengthens investor protections, but ensuring coherence between these bilateral frameworks and multilateral WTO disciplines is an important governance challenge [24].

### 5. Comparative Experience of Post-Soviet WTO Members

Uzbekistan is not navigating uncharted territory. Thirteen of the fifteen former Soviet republics have acceded to the WTO, with the accession processes of Kazakhstan (2015), Kyrgyzstan (1998), Tajikistan (2013), and Russia (2012) offering particularly instructive comparators [25]. Each of these accessions involved the negotiation of specific commitments tailored to the applicant's economic circumstances, and each has generated a body of experience regarding the opportunities and difficulties associated with WTO membership for transition economies.

Kyrgyzstan, which acceded in 1998 as one of the first post-Soviet WTO members, provides a cautionary example. The rapid and comprehensive liberalization undertaken as part of accession—including the binding of tariffs at relatively low levels and the assumption of broad services commitments—exposed the domestic economy to import competition that domestic producers were ill-equipped to withstand, contributing to deindustrialization and significant adjustment costs [26]. Kyrgyzstan's experience has been widely cited as an illustration of the risks of accession "on onerous terms," and has influenced the negotiating strategies of subsequent accession candidates, including Uzbekistan.

Kazakhstan's accession in 2015, by contrast, was the result of eighteen years of negotiations and involved the careful calibration of tariff bindings and sector-specific carve-outs designed to protect strategic industries [27]. Kazakhstan simultaneously negotiated its membership of the Eurasian Economic Union (EEU)—a customs union also comprising Russia and Belarus—adding a layer of complexity to its WTO commitments, since EEU common external tariffs had to be aligned with

Kazakhstan's WTO tariff schedule. Uzbekistan does not face this particular complication (it is an observer, not a full member, of the EEU), but the general lesson—that sequencing and calibration of commitments matter enormously—is directly applicable.

Russia's accession in 2012, the product of eighteen years of negotiations and the longest accession process in WTO history at that time, offers lessons regarding the domestic adjustment challenges associated with WTO membership for large, resource-rich transition economies [28]. Post-accession analyses suggest that while Russian exporters have benefited from more predictable market access, the liberalization of domestic markets—particularly in agriculture and certain manufacturing sectors—has generated adjustment pressures that required ongoing domestic policy responses. The subsequent deterioration of Russia's relationship with the multilateral trading system following geopolitical developments underscores the importance of sustained political commitment to the values and disciplines of the WTO framework [29].

Georgia's WTO accession in 2000 and its subsequent "deep liberalization" approach—including the wholesale reduction of tariff rates, the elimination of non-tariff barriers, and ambitious services liberalization—represents one model of integration. While Georgia's approach generated significant improvements in the ease of doing business and attracted foreign investment, it also generated criticism that regulatory space was constrained in ways that limited the government's ability to pursue industrial development objectives [30]. The Georgian experience reinforces the proposition that the degree and pace of liberalization must be calibrated to the institutional capacity and developmental stage of the acceding economy.

### 6. Balancing National Interests Within the WTO Framework

A recurring theme in the academic literature on WTO accession by developing and transition economies is the tension between the systemic objective of trade liberalization and the legitimate developmental interests of acceding states. This tension is not irresolvable—WTO rules contain significant flexibilities specifically designed to accommodate developing country interests—but it requires sophisticated legal and diplomatic engagement to navigate effectively.

The WTO's special and differential treatment (SDT)

provisions, contained in numerous WTO agreements, provide developing country members with longer implementation periods, lower reduction commitments, and in some cases exemptions from particular disciplines [31]. Uzbekistan will qualify as a developing country for WTO purposes, entitling it to benefit from SDT provisions. However, the practical scope of these flexibilities is constrained by the specifics of bilateral negotiations: in practice, the commitments that acceding countries undertake often exceed those of original WTO members at comparable stages of development, reflecting the negotiating leverage of incumbents [32].

This so-called "WTO-Plus" phenomenon—whereby accession protocols contain commitments that go beyond the standard WTO multilateral disciplines—is well documented in the scholarly literature and has been observed in the accession protocols of China (2001), Russia (2012), and Kazakhstan (2015), among others [33]. Uzbekistan should approach its negotiations with awareness of this dynamic and resist pressures to accept commitments that are disproportionate to its level of development or institutional capacity.

At the same time, WTO membership itself confers significant national interest benefits that should not be undervalued. Membership provides access to the WTO's binding dispute settlement mechanism—the world's most sophisticated international adjudicatory system for trade disputes—allowing Uzbekistan to challenge discriminatory measures adopted by trading partners, including antidumping duties, safeguard measures, and technical barriers to trade that may otherwise impede access to key export markets [34]. For a country whose principal exports—cotton, gold, natural gas, textiles, fruits, and vegetables—are concentrated in a limited number of product categories, the ability to challenge import-restricting measures adopted by trading partners is of significant commercial value.

The transparency and predictability generated by WTO membership also serve important domestic functions. By binding tariffs at committed ceiling levels and subjecting domestic regulatory measures to international scrutiny, WTO membership can help insulate trade policy from the rent-seeking pressures and policy volatility that characterize less institutionalized regulatory environments [35]. For Uzbekistan, which is engaged in a broader governance reform agenda aimed at strengthening the rule of law and reducing corruption, the disciplines and transparency requirements associated with WTO membership can serve as valuable external

anchors for domestic institutional development.

## 7. Conclusions and Policy Recommendations

Uzbekistan's accession to the WTO represents both a significant opportunity and a complex governance challenge. The analysis presented in this article suggests several conclusions and policy recommendations.

First, Uzbekistan should approach the conclusion of its WTO accession negotiations with a clear-eyed assessment of its development priorities and a coherent negotiating strategy designed to secure the maximum degree of flexibility consistent with the requirements of membership. This means carefully calibrating tariff binding schedules to preserve policy space in sensitive sectors, negotiating adequate transition periods for compliance with obligations in areas such as intellectual property enforcement and subsidies reform, and ensuring that services commitments are commensurate with the current capacity of domestic regulatory institutions.

Second, legislative reform should be pursued in a sequenced and coherent manner. The temptation to accelerate reform across multiple areas simultaneously in order to satisfy Working Party requirements should be tempered by the recognition that reforms that outpace institutional capacity risk being ineffective or counterproductive. Priority should be given to reforms in customs valuation, technical barriers to trade, and sanitary and phytosanitary standards, where alignment with international norms offers clear and immediate benefits for export competitiveness and import facilitation.

Third, Uzbekistan should invest in building the institutional capacity necessary to make effective use of WTO membership. This includes strengthening the trade policy expertise of relevant ministries and agencies, developing a pipeline of WTO-trained legal professionals capable of engaging with the dispute settlement system, and establishing mechanisms for regular consultation between government and the private sector on trade policy issues [36].

Fourth, Uzbekistan should situate its WTO accession within a broader regional integration strategy. Central Asia's trade architecture is complex, encompassing bilateral trade agreements, the Commonwealth of Independent States Free Trade Area, bilateral investment treaties, and the evolving institutional framework of the Shanghai Cooperation Organisation. WTO membership, while multilateral in character, does not preclude the

simultaneous development of regional trade relationships, and Uzbekistan should leverage its WTO commitments as a platform for negotiating deeper trade and investment agreements with key regional partners [37].

Fifth, civil society and the academic community should be engaged in the WTO accession process more actively. The complexity of WTO disciplines means that effective accession requires broad-based understanding of the implications of membership across government, business, academia, and civil society. Universities, including Tashkent State University of Law, have an important role to play in building the legal expertise and analytical capacity necessary to support evidence-based trade policy formulation [38].

In sum, WTO accession offers Uzbekistan a pathway to deeper integration into the global economy on terms that, if negotiated carefully and implemented effectively, are consistent with the country's national development interests. The challenge is to transform a complex legal and diplomatic process into a durable foundation for trade-led growth, institutional modernization, and the sustained improvement of the welfare of Uzbekistan's citizens.

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