



The Impact of Uzbekistan's Accession to the World Trade Organization on National Economic Security

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Abstract: This article provides a comprehensive analysis of the impact of Uzbekistan's accession to the World Trade Organization (WTO) on national economic security. It examines the economic benefits and risks of joining the WTO, as well as key aspects of national economic security, including macroeconomic stability, trade diversification, foreign investment, energy security, and food security. The analysis focuses on strategies to ensure national economic security within the context of Uzbekistan's economic reforms and integration into the global trade system.

Keywords: World Trade Organization, economic security, international trade, economic risks, FDI, market expansion, economic growth.

Introduction

The World Trade Organization (WTO) is an international body that regulates global trade, aiming to promote free trade between countries by reducing tariffs and eliminating



non-tariff barriers¹. Uzbekistan submitted its application for WTO membership in December 1994; however, the process stalled in the 2000s due to protectionist policies during the presidency of Islam Karimov². In 2016, under the leadership of President Shavkat Mirziyoyev, economic reforms were launched and the process of joining the WTO was reactivated³. This article is dedicated to analyzing the impact of Uzbekistan's accession to the WTO on national economic security, examining key aspects such as economic stability, trade diversification, foreign direct investment (FDI), energy security, and food security.

National economic security refers to a state's ability to ensure economic stability, protect its economic interests, and maintain sustainable growth. For Uzbekistan, this includes economic stability, trade diversification, foreign direct investment (FDI), energy security, and food security. Accession to the WTO may have both positive and negative impacts on these areas. This article analyzes these impacts based on official sources and statistical data.

Economic Benefits of WTO Accession

National economic security refers to ensuring a country's economic stability, developing foreign trade relations, and protecting the domestic market in order to safeguard national interests. Accession to the WTO opens up a range of opportunities for Uzbekistan's economy. WTO membership can have a positive impact on Uzbekistan in the following key areas.

1. Increased access to markets

¹ World Trade Organization. The WTO. https://www.wto.org/english/thewto_e/thewto_e.htm

² Pomfret, R. (2020). Uzbekistan and the World Trade Organization. Silk Road: A Journal of Eurasian Development. <https://silkroadjournal.online/article/id/650/>

³ European External Action Service. (2024). Facilitating the Process of Uzbekistan's Accession to the World Trade Organization (WTO). https://www.eeas.europa.eu/delegations/uzbekistan/facilitating-process-uzbekistan%20%99s-accession-world-trade-organization-wto_en



President Shavkat Mirziyoyev emphasized in 2023 that WTO membership is a key component of the strategy to double exports⁴. WTO membership grants Uzbekistan the Most-Favored-Nation (MFN) status, which allows the country to benefit from reduced export tariffs when accessing the markets of 166 member states⁵. In accordance with WTO rules, the reduction of tariff and non-tariff barriers will enhance the competitiveness of Uzbek products in international markets. New opportunities will emerge for the export of textiles, agricultural products (such as fruits and nuts), and industrial goods. In 2022, Uzbekistan's exports amounted to \$4.4 billion in industrial goods, \$4.1 billion in gold, and \$4 billion in services, collectively accounting for 65% of total exports⁶. WTO membership will further expand the access of these goods to global markets.

2. Economic growth

According to a Computable General Equilibrium (CGE) analysis conducted by the German Economic Team, reducing tariffs by 80% could increase Uzbekistan's gross domestic product (GDP) by 0.4% annually and improve household welfare by 0.9%⁷. This is achieved by increasing economic competitiveness and expanding product diversification. For example, in 2024, Uzbekistan's real GDP growth reached 6.5%, supported by private consumption (7.5%) and investments (27.6%)⁸. WTO accession could further strengthen this growth.

3. Attracting foreign investment

⁴ O'zbekiston Jahon savdo tashkilotiga a'zo bo'ladi. (2023, April 14). O'zbekiston Respublikasi Prezidentining rasmiy sayti. <https://president.uz/uz/lists/view/1717>

⁵ The Hague Research Institute. Zakirov Bekzod and Bakhrom Mirkasimov (2024). How can Uzbekistan integrate into the global economy? <https://hagueresearch.org/how-can-uzbekistan-integrate-into-the-global-economy/>

⁶ U.S. Department of Commerce. (2023). Uzbekistan - Market Overview. Retrieved from <https://www.trade.gov>

⁷ German Economic Team. (2024). Uzbekistan's WTO accession: the impact of tariff liberalisation. Retrieved from <https://www.german-economic-team.com>

⁸ World Bank. (2022). Uzbekistan Economic Update. <https://www.worldbank.org>



WTO membership signals a commitment to the rule of law and transparency, which helps attract foreign direct investment (FDI), particularly by creating new opportunities in sectors such as metallurgy, textiles, and automotive manufacturing. In 2024, FDI accounted for 30.5% of total investment in Uzbekistan⁹. This is particularly important in the fields of energy, infrastructure, and agriculture. For example, in 2023, investments in Uzbekistan's renewable energy projects exceeded \$2 billion¹⁰. WTO membership will further enhance investor confidence.

4. Institutional reforms

WTO requirements oblige Uzbekistan to align its laws on intellectual property rights, food safety, and trade measures with international standards¹¹. For example, the automation of customs procedures tripled revenue within a year¹². This contributes to reducing corruption and improving the business environment. In 2024, Uzbekistan rose by 8 positions in the Doing Business ranking, reaching 69th place¹³.

5. Dispute resolution mechanisms

WTO membership allows Uzbekistan to utilize international trade dispute resolution mechanisms, which plays a crucial role in protecting its trade interests¹⁴. For example, through the WTO's dispute settlement system, Uzbekistan can challenge unfair trade restrictions imposed on its export products.

Risks to Economic Security from WTO Accession

⁹ Footnote 8

¹⁰ Lloyds Bank Trade. (2024). The economic context of Uzbekistan. <https://www.lloydsbanktrade.com>

¹¹ European External Action Service. (2024). Uzbekistan's WTO Accession Progress. <https://www.eeas.europa.eu>

¹² United States Trade Representative. (2024). Takeaways from a Trip Well Spent: My Time in Uzbekistan. Retrieved from <https://ustr.gov>

¹³ Footnote 8

¹⁴ Footnote 5



WTO membership may pose several threats to economic security, which are discussed below:

1. Intensified competition

Reducing tariffs exposes domestic industries (such as automotive and agriculture) to foreign competition, which may lead to job losses in sectors that are not competitive. WTO membership is an important factor in attracting foreign investment. However, the inflow of foreign investment may pose risks to national economic security, as foreign companies could potentially become monopolies in the domestic market. For example, Uzbekistan's automotive sector, including enterprises like GM Uzbekistan, may face challenges in competing with foreign brands.

Kyrgyzstan's experience of joining the WTO in 1998 shows that premature liberalization led to an increase in imports and a trade deficit¹⁵. Kyrgyzstan's textile sector was unable to compete with imports from China, which harmed local producers. In contrast, Kazakhstan increased FDI and exports after joining the WTO, but it also had to implement significant adjustments in its agriculture and manufacturing sectors¹⁶. For example, in Kazakhstan's agricultural sector, reducing subsidies created difficulties for farmers, but in the long run, it increased competitiveness. Another example is China's accession to the WTO in 2001, which led to its GDP growing from \$1 trillion to \$18 trillion over 20 years; however, intensified domestic competition caused many small enterprises to decline¹⁷. To minimize such risks for Uzbekistan, it is essential to implement concrete measures to support domestic production and enhance competitiveness.

¹⁵ Footnote 2

¹⁶ Zinchenko AA, Radionov SA. Analysis of the Effects Produced by Trade Liberalization in the Republic of Uzbekistan and the EAEU. [Analysis of the Effects Produced by Trade Liberalization in the Republic of Uzbekistan and the EAEU - PMC](#)

¹⁷ O'zbekistonning Jahon Savdo Tashkilotiga a'zo bo'lish uchun uzoq yo'li va Xitoy tajribasi. (2023, June 21). ResearchGate. https://www.researchgate.net/publication/371664297_Uzbekistan's_Long_Road_to_WTO_Membership_and_China's_Experience



2. Limited access to information

High-quality statistical data is necessary to assess sectoral impacts; however, the lack of time-series trade data in Uzbekistan makes analysis difficult¹⁸. This increases risks in policy planning. For example, there is a lack of accurate data to assess the competitiveness of agricultural products.

3. Energy price reforms

Within the framework of WTO requirements, liberalizing energy subsidies (planned for mid-2025) could increase inflation up to 9%, which would affect low-income households¹⁹. This poses a risk to economic stability, as rising energy prices increase production costs and reduce consumers' purchasing power.

4. Dependence on Russia

Uzbekistan's economy is dependent on remittances from Russia (amounting to 9% of GDP in 2023) and trade relations. Sanctions against Russia and geopolitical tensions pose risks to the country's economic security²⁰. For example, in 2022, due to Russia's war against Ukraine, Uzbekistan's gas exports declined, which affected economic stability.

5. Institutional constraints

The WTO accession process requires significant human and institutional resources, which may strain Uzbekistan's existing capacities²¹. For example, there is a shortage of qualified specialists to develop laws in compliance with WTO requirements and to conduct negotiations. To address these challenges, the government of Uzbekistan organized training

¹⁸ Cairn.info. (2024). Uzbekistan's Long Way to the World Trade Organization. <https://shs.cairn.info>

¹⁹ Footnote 8

²⁰ Lloyds Bank Trade. (2024). Uzbekistan's Economic Dependencies. Retrieved from <https://www.lloydsbanktrade.com>

²¹ Uzbekistan WTO Accession Project. (2024). Facilitating the Process of Uzbekistan's Accession to the WTO. Retrieved from <https://uzbwto.uz>



seminars from 2020 to 2023 aimed at enhancing the skills of experts on WTO-related matters²². Additionally, specific measures have been adopted to align national legislation with WTO requirements, which serve to strengthen economic security²³.

Conclusion and Recommendations

Uzbekistan's accession to the World Trade Organization has both positive and negative impacts on national economic security. Joining the WTO opens significant opportunities for economic growth, attracting foreign investment, and institutional reforms. However, risks such as intensified competition, limited data availability, rising energy prices, and dependence on Russia must be taken into account. The following recommendations can help ensure economic security:

1. Improve statistical data to assess sectoral impacts.
2. Implement active labor market policies to support non-competitive sectors.
3. Strengthen social protection measures during the liberalization of energy subsidies.
4. Expand access to new markets to promote trade diversification.

Uzbekistan's accession to the WTO is an important step toward integration into the global economy and, if properly managed, can strengthen national economic security.

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²³ PQ-181-son 02.06.2023. O'zbekiston Respublikasining Jahon savdo tashkilotiga a'zo bo'lish jarayonini jadallashtirishga doir qo'shimcha chora-tadbirlar to'g'risida. (2023, June 5). Lex.uz. <https://lex.uz/docs/6520135>



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