

## DEPUTY OF DEPARTMENT STRATEGIC PLANNING AND SIMPLIFICATION OF CUSTOMS PROCEDURES

Muminov Shukurullo Sunatulloevich

Customs Committee of the Republic of Uzbekistan

### Abstract:

This article examines Uzbekistan's progress in trade facilitation reforms and its implications for economic growth and integration into global markets. The purpose of the paper is to analyze Uzbekistan's efforts to streamline customs procedures, digitize trade processes, and align with WTO standards to enhance its international trade landscape. The author indicates key initiatives ("Single Window" system and "Uzbekistan Trade Info"), which have collectively improved its trade facilitation score from 20.43% in 2015 to 84.95% in 2023. These measures aim to reduce trade costs, foster foreign investment, and position Uzbekistan as a strategic trade hub within Central Asia. This article also discusses the prospective impact of the upcoming Action Plan for 2024-2025, aimed at achieving full WTO compliance by 2025, and highlights the ongoing regulatory and technological developments necessary for fostering a competitive and efficient trade environment.

**Keywords:** Uzbekistan, Trade facilitation agreement, WTO accession, customs reforms, Single Window system, Uzbekistan Trade Info, economic growth, digitalization, regulatory compliance, international trade.

### Enhancing Trade Facilitation in Uzbekistan: current progress and implications

The commonly accepted aim of trade facilitation is to "simplify and streamline international trade procedures to allow the easier flow of trade across borders and thereby reduce the costs of trade"<sup>1</sup>. Countries introduce trade facilitation reforms to achieve various policy goals. These include attracting investment and manufacturing to create jobs; reducing trade costs for importers, exporters, and consumers of goods; and participating in global value chains. According to the WTO, full implementation of the TFA will reduce global trade costs by an

<sup>1</sup> The Trans-Pacific Partnership (TPP) Negotiations and Issues for Congress, Congressional Research Service 7-5700, Ian F. Fergusson, Mark A. Mc Minimy, Brock R. Williams, March 20, 2015

average of 14.3 percent and will result in export gains of between US\$750 billion and US\$1 trillion per annum, depending on several factors<sup>2</sup>.

Uzbekistan has been actively engaged in the WTO accession process since 2017. Following the announcement of WTO accession as a primary objective for government reforms in the trade sector, all agencies have sought to enhance transparency and openness in their operations. President Shavkat Mirziyoyev signed a bill into law to align national legislation with the country's agreements with the World Trade Organization (WTO)<sup>3</sup>. In this context, the Presidential Special Representative for WTO Affairs, Azizbek Urusov, stated that Uzbekistan is drafting over 200 regulations as part of its efforts to join the WTO. The implementation of this presidential decree<sup>4</sup> signifies Uzbekistan's commitment to reforming its economic landscape. By reallocating rights and responsibilities among state-owned enterprises, the government aims to enhance efficiency, accountability, and competitiveness in vital sectors. This move is expected to attract foreign investment, improve trade facilitation, and ultimately contribute to the nation's economic growth and integration into the global market. This commitment has prompted a comprehensive revision of the Customs Committee under the Ministry of Economy and Finance of the Republic of Uzbekistan.

## Evaluating Trade Facilitation in Uzbekistan: Achievements, Indicators, and Ongoing Challenges

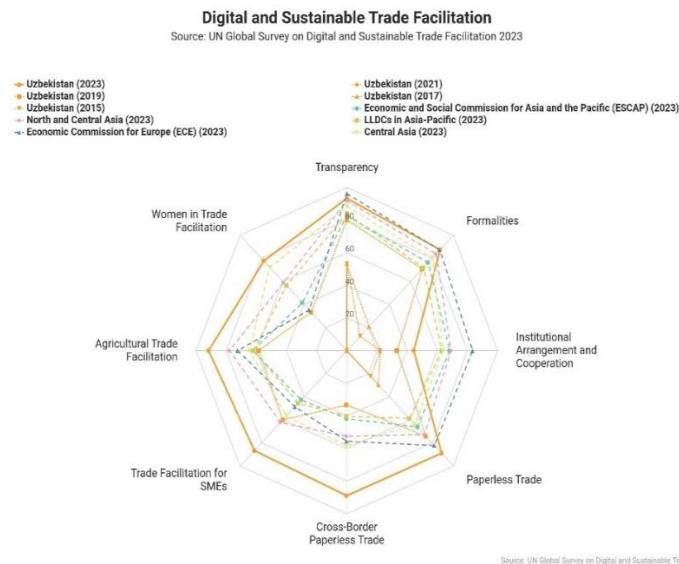
According to the UN Global Survey on Digital and Sustainable Trade Facilitation<sup>5</sup>, Uzbekistan's trade facilitation score has significantly improved, rising from 20.43% in 2015 to 84.95% in 2023. Notably, Uzbekistan now shares the second-best score for implementing trade facilitation and paperless trade in the North and Central Asia region, alongside Russia.

<sup>2</sup> World Trade Report 2015. Speeding up trade: benefits and challenges of implementing the WTO Trade Facilitation Agreement.

<sup>3</sup> "On additional measures to accelerate the process of accession of the Republic of Uzbekistan to the World Trade Organization"

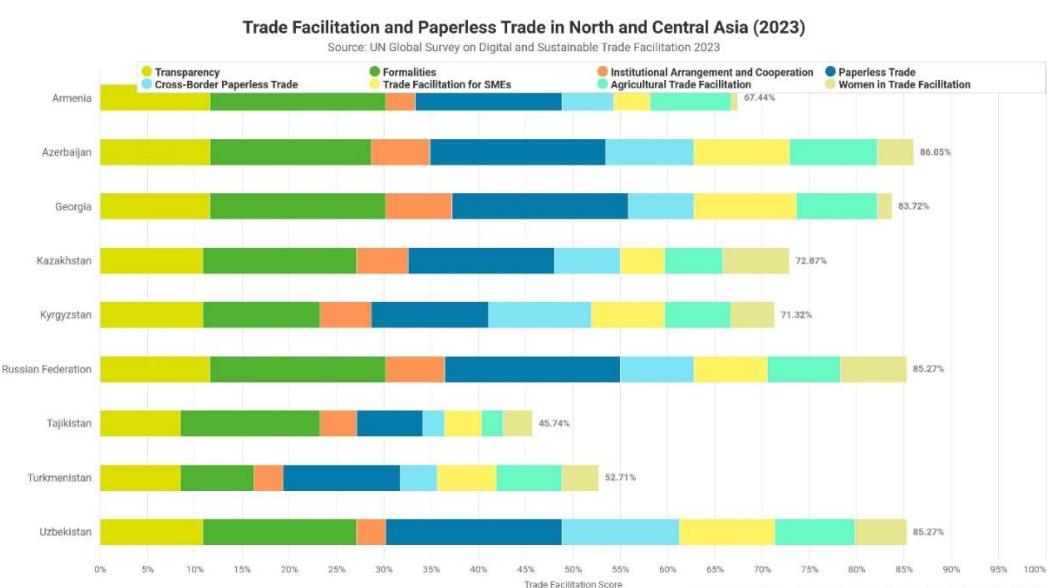
<sup>4</sup> "On the next measures to further accelerate market reforms and bring the national legislation of the Republic of Uzbekistan into line with the agreements of the World Trade Organization"

<sup>5</sup> <https://www.unfsurvey.org/region?id=ESCAP>



**Radar Diagram 1. Digital and Sustainable trade facilitation. Uzbekistan<sup>6</sup>.**

In recent years, Uzbekistan has undertaken significant reforms to enhance trade facilitation, aligning its practices with international standards. These measures are critical not only for increasing the efficiency of customs procedures but also for positioning the country favorably for World Trade Organization (WTO) accession. By focusing on transparency, accessibility, and stakeholder engagement, Uzbekistan aims to bolster its competitiveness in foreign trade.



**Line chart 2. Digital and Sustainable trade facilitation, Uzbekistan 2023<sup>7</sup>.**

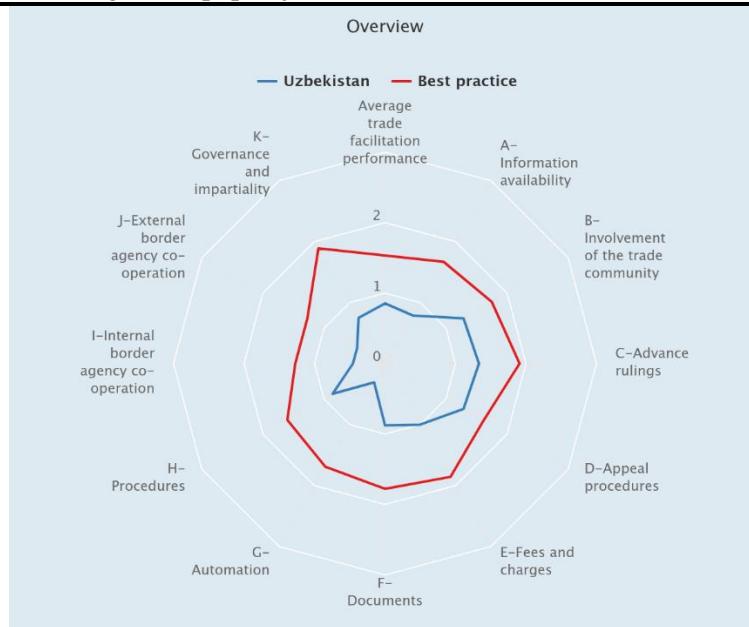
<sup>6</sup> <https://www.untsurvey.org/economy?id=UZB>

<sup>7</sup> <https://www.untsurvey.org/economy?id=UZB>

In 2015, Uzbekistan began digitizing public authority services. In 2020, the State Customs Committee established the Unified Customs Single Window Information System, a centralized platform for processing certificates and permits by relevant authorities, accessible at <http://singlewindow.uz/>. This system has gradually integrated various institutions involved in cross-border trade, enhancing its comprehensiveness. Today all 47 types of documents required for export and import operations are digitalized up to 98% and are issued by 12 organizations. Currently, the Single Window offers a consolidated list of required administrative document templates, guides for completion, information on potential risks, and a tool for verifying the authenticity of certificates online. It also provides links to related external websites, including those of various controlling authorities, customs registries, and logistics companies, along with a dedicated trade portal - Uzbekistan Trade Info - available in Uzbek, Russian, and English at <https://uztradeinfo.uz/>. The State Customs Committee has developed mechanisms to integrate data from other agencies into the Single Window. Future plans include incorporating additional institutions, such as the Ministry of Internal Affairs, the Ministry of Culture and Sports, and the State Tax Committee. This expansion will necessitate further efforts to map various regulatory and documentation requirements for inclusion in the system. Additionally, progress has been made in enhancing the system's electronic data exchange capabilities and aligning its data requirements with internationally recognized standards, such as those from the World Customs Organization (WCO).

To assist governments in enhancing their border procedures, lowering trade costs, increasing trade flows, and maximizing the benefits of international trade, the OECD has created a series of Trade Facilitation Indicators (TFIs)<sup>8</sup>. These indicators pinpoint areas that require action and allow for the evaluation of the potential impacts of trade facilitation reforms. The OECD TFIs not only track advancements in specific aspects of trade facilitation but also highlight where additional reforms are necessary. Their primary value lies in identifying changes in both the regulatory frameworks governing trade facilitation measures and their practical implementation.

<sup>8</sup> Trade Facilitation Indicators 2022 edition



**Radar Diagram 3. Trade facilitation performance. Overview Uzbekistan vs Best practice<sup>9</sup>.**

**Table 4. Uzbekistan's Trade facilitation performance<sup>10</sup>.**

Indicator	Best practice	2022	2019	2017
Average trade facilitation performance		0.854	0.713	0.599
A-Information availability	1.667	0.789	0.68	0.60
B-Involvement of the trade community	1.75	1.286	1.14	0.86
C-Advance rulings	1.909	1.333	1.333	1.333
D-Appeal procedures	1.615	1.286	1.29	1.29
E-Fees and charges	1.857	1	0.92	0.88
F-Documents	1.778	0.875	0.63	0.13
G-Automation	1.692	0.308	0.31	0.31
H-Procedures	1.6	0.857	0.76	0.42
I-Internal border agency co-operation	1.273	0.455	0.36	0.36
J-External border agency co-operation	1.273	0.455	0.27	0.27
K-Governance and impartiality	1.889	0.75	0.14	0.14

<sup>9</sup> Uzbekistan Trade facilitation performance

<sup>10</sup> Uzbekistan Trade facilitation performance

Trade facilitation in Uzbekistan presents a complex landscape shaped by various factors, including policy reforms, infrastructure development, digitalization efforts, and regional trade dynamics. As we can see from table above Uzbekistan increased its average score in trade facilitation since 2017 up to 0.26 score. In 2022, Uzbekistan recorded the most significant relative improvement in performance since the last OECD TFI update in 2019, with its average TFI score increasing by 0.141, which represents a 19.8% rise.

Uzbekistan's current trade reflects a nation undergoing significant economic transformation and integration into global markets. The country's strategic geographical location in Central Asia positions it as a potential trade gateway between Europe and Asia. The government's efforts to modernize trade procedures, improve customs efficiency, and invest in infrastructure have led to notable improvements in recent years. The adoption of electronic customs systems and the implementation of the National Trade Facilitation Strategy are positive steps towards streamlining trade processes and reducing transaction costs.

Despite progress, Uzbekistan faces several challenges in trade facilitation. Bureaucratic complexities, including lengthy customs procedures and permission documents, remain significant barriers to efficient trade operations. Limited digitalization and connectivity issues in rural areas further hinder seamless trade flows. Infrastructure gaps, such as inadequate transportation networks and border crossing facilities, also pose challenges to trade facilitation. Moreover, regulatory harmonization and alignment with international standards require further attention to enhance Uzbekistan's competitiveness in global trade.

## Trade Facilitation Reforms: Paving the Way for TFA

Uzbekistan ratified two important international conventions. On February 16, 2021, Dr. Kunio Mikuriya, Secretary General of the WCO and the depositary of the International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention - RKC)<sup>11</sup> On April 24, 2020, Uzbekistan acceded to the Convention on Temporary Import (Istanbul, June 26, 1990)<sup>12</sup>

<sup>11</sup> Uzbekistan accedes to the Revised Kyoto Convention (RKC), becoming the 127th Contracting Party

<sup>12</sup> Uzbekistan - Country Commercial Guide

Since 2017, Uzbekistan has improved trade conditions for firms by easing financial pressure. For instance, it unified the exchange rate in 2017, devalued the sum, and further liberalized the currency controls in 2019 by introducing a floating exchange rate<sup>13</sup>. Uzbekistan is double landlocked and therefore must simplify procedures as much as possible.

The prospects for trade facilitation in Uzbekistan are promising, driven by ongoing reforms. In order to easing foreign trade operations Customs Committee under the Ministry of Economy and Finance of the Republic of Uzbekistan developed an Action Plan for 2019-2023. To meet the requirements of the TFA and International Conventions, several key activities were carried out:

**Table 5. Key moments of Action Plan 2019-2023**

Implementing Date	Key Action
March 1, 2019	Implementing a risk management system
April 29, 2019	Establishing the Institute of Authorized Economic Operators
January 1, 2020	Launching automated “Single Window” system
January 1, 2021	Setting customs duty rates at a fixed amount.
January 1, 2021	Introducing automated release system
May 1, 2021	Establishing Institute of Customs Audit
January 1, 2022	Introducing preliminary decision on customs payments
April 6, 2022	Approving new procedure for determination of customs value .
May 1, 2022	Reducing the customs clearance period from 3 three days to 1 working day
November 23, 2022	Launching the national trade portal “Uz Trade Info”
October 3, 2023	Founding National Committee on Trade Facilitation
December 15, 2023	Submission of the report on the study on the average release time of goods
March 19, 2024	Establishing procedure for issuing preliminary decisions on the origin of goods

Source: Customs Committee under the Ministry of Economy and Finance of the Republic of Uzbekistan

One of the foundational steps has been the publication of information regarding customs procedures. According to **Article 1.1** of the TFA, the authorities ensure that customs legislation is readily accessible on official websites, including the Customs Committee and the National Database of Legislation. This commitment to transparency allows both local and foreign entrepreneurs to

<sup>13</sup> OECD (2023), Insights on the Business Climate in Uzbekistan, OECD Publisher

understand the regulatory framework governing import, export, and transit procedures. As mentioned above to simplify trading processes, Uzbekistan launched the "Uzbekistan Trade Info" platform in November 2022. This user-friendly platform offers detailed, step-by-step guidance tailored to the needs of traders. By providing accessible information, the government is not only streamlining trade but also fostering a supportive environment for business growth and foreign investment.

Additionally, the establishment of Information Centers under **Article 1.3** has greatly enhanced the government's responsiveness. These centers provide real-time, interactive communication, allowing users to obtain necessary documents and information within a reasonable timeframe. This efficiency is crucial in minimizing delays, thereby improving overall business operations. Moreover, the government's approach to public consultations on draft regulations, as mandated by **Article 2.1**, ensures that stakeholders can voice their opinions before new laws take effect. This participatory approach increases transparency and aligns regulations more closely with the business community's needs.

The creation of the **Interdepartmental Customs and Tariff Council** exemplifies Uzbekistan's commitment to fostering ongoing dialogue between customs authorities and traders. By regularly consulting with the business community, this council ensures that the interests of entrepreneurs are considered in tariff and regulatory decisions, thus promoting a more supportive trade environment.

In terms of predictability, the implementation of advance rulings (**Article 3**) has been a game-changer for traders. By providing preliminary decisions regarding customs classifications and payment obligations, customs authorities help reduce uncertainties and facilitate smoother transactions. Furthermore, the introduction of appeal procedures (**Article 4**) allows traders to contest customs decisions, strengthening their rights and promoting fairness. This legal framework is vital in ensuring accountability within customs processes.

As for security and efficiency at borders, Uzbekistan has made strides in enhancing border controls (**Articles 5.1 and 5.2**). Coordinated procedures among various authorities improve communication regarding detained goods, significantly reducing potential disruptions in the supply chain. Another notable advancement is the automated risk management system implemented under **Article 7.4**. This modern approach allows customs authorities to focus resources

on higher-risk transactions while expediting clearance for compliant traders, thereby facilitating quicker trade processes.

The introduction of the "Single Window" system (Article 10.4) further simplifies the process for obtaining necessary permits, integrating multiple regulatory agencies into one platform. This reduces bureaucratic hurdles, making it easier for businesses to operate efficiently. Implementing the standardization of documentation (**Articles 10.1 and 10.3**) enhances operational efficiency. By recognizing electronic copies of documents and implementing international standards, Uzbekistan reduces paperwork and streamlines customs clearance.

Importantly, the establishment of a National Trade Facilitation Committee<sup>14</sup> (**Article 23**) represents a pivotal step in coordinating trade policies across various government sectors. In accordance with Decree No. 521 the NCTF was established on October 3, 2023, The NCTF includes representatives of the chamber of commerce and industry, business community, associations of exporters, logistics and brokers. These participants provide and protect the interest of the business community. New rules and regulations are discussed in the NCTF before adoption, as we receive the opinions of traders directly. All traders' opinions are taken into account. NCTF meetings are held at least twice a year.

The Chairman of the working group is Deputy Prime Minister – J.Khodjaev, Deputy chairman is the Representative of the President on WTO issues – A. Urunov.

Cooperation of the Republic of Uzbekistan with its private sector is carried out in the following areas:

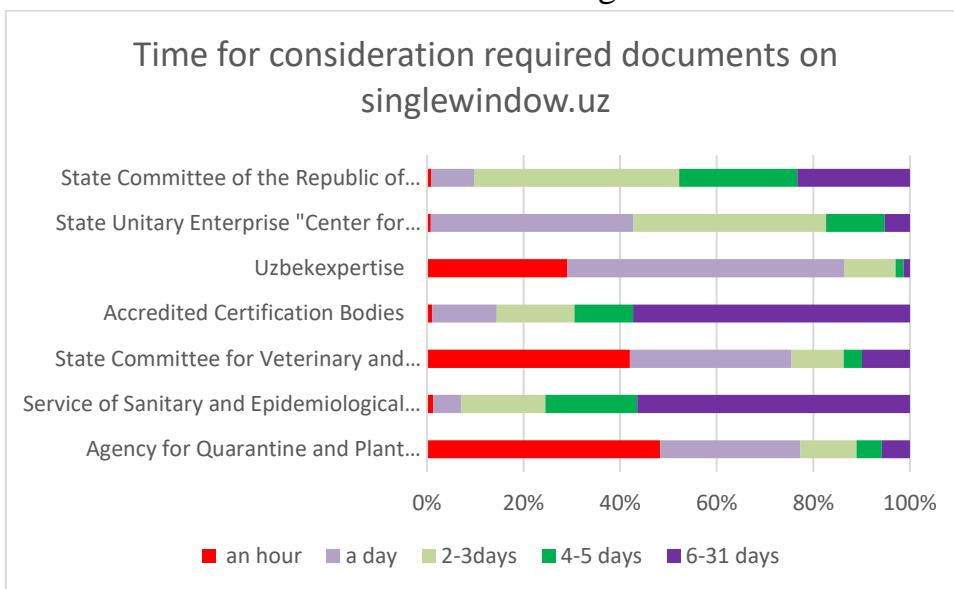
- 1) participation of the private sector in all activities of the National Trade Facilitation Committee (NFTC);
- 2) discussion of regulatory legal acts under development and current legal practice including their impact on the private sector;
- 3) organization of quarterly trainings and seminars for the private sector on customs procedures;
- 4) involvement of the private sector in the consideration of complaints to the appeal commission.

<sup>14</sup> On the organization of the activities of the National Committee for the Simplification of Trade Procedures of the Republic of Uzbekistan

Examples of successful participation of private sector in NCF are improvement in processing (recycling) procedure in the customs territory and simplification of declaration system.

This body plays a crucial role in ensuring that trade facilitation measures are effectively implemented and continuously improved. Uzbekistan also has ratified the TIR Convention (Transports Internationaux Routiers), which facilitates the simplification of customs procedures for road cargo transport in transit countries. Government agencies in Uzbekistan have progressively integrated summary guides outlining essential import and export processes into customs websites and newly established trade information portals, while the necessary trade-related documentation is increasingly made available for download. Uzbekistan has enhanced both the volume and accessibility of information pertaining to duties, trade procedures, trade-related legislation, and documentary requirements. Additionally, it has produced user manuals for new border systems and improved access to information regarding trade agreements.

One of the results of Action Plan 2019-2023 is given on the chart below.



**Line chart 6. Data from singlewindow.uz for January-September 2024<sup>15</sup>**

Currently Customs Committee under the Ministry of Economy and Finance of the Republic of Uzbekistan is working on Action plan 2024-2025 that has been agreed with WTO and the deadline for implementing all reforms mentioned in plan is set December, 2025.

<sup>15</sup> <https://singlewindow.uz/>

**Table 7. Key moments of Action Plan 2023-2024**

Article	Key Actions Needed
<b>Article 1.3 Enquiry Points</b>	Study trade information available online; identify gaps; develop policy for online information publication. Train staff on website development. Provide ICT equipment.
<b>Article 3 Advance Rulings</b>	Develop legislation for advance rulings on origin of goods. Train Customs officials and private sector on advance rulings. Upgrade IT systems.
<b>Article 5.1 Notification for Enhanced Controls</b>	Develop risk analysis systems. Create a unified notification mechanism for enhanced controls. Train border control agencies on risk management.
<b>Article 7.1 Pre-arrival Processing</b>	Train Customs and Border agency officials. Enhance technological capacity. Upgrade existing systems and infrastructure.
<b>Article 7.4 Risk Management</b>	Develop legal basis for risk management coordination. Develop risk management policy. Train officials on risk management. Provide Non-Intrusive Inspection equipment.
<b>Article 7.5 Post-clearance Audit</b>	Develop compliance assessment policy and training modules. Conduct annual compliance assessments
<b>Article 7.6 Establishment and Publication of Average Release Times</b>	Improve processes; facilitate discussions to identify bottlenecks.
<b>Article 7.7 Trade Facilitation Measures for Authorized Operators</b>	Develop legislation and policy for Authorized Operators program. Train Customs officials and the private sector.
<b>Article 7.8 Expedited Shipments</b>	Revise legislation for expedited clearance procedures. Conduct feasibility studies for de minimus rules.
<b>Article 10.3 Use of International Standards</b>	Raise awareness of trade facilitation standards and assess accession to frameworks.
<b>Article 10.4 Single Window</b>	Review/develop laws for a comprehensive national single window. Conduct feasibility studies. Train officials and agencies.
<b>Article 11 Freedom of Transit</b>	Develop a single information resource for transit requirements. Implement e-TIR at international checkpoints.

Source: Customs Committee under the Ministry of Economy and Finance of the Republic of Uzbekistan

Uzbekistan's comprehensive trade facilitation measures are instrumental in enhancing the efficiency of customs procedures and increasing the competitiveness of its foreign trade. As the country moves closer to WTO accession, these reforms are not merely procedural but are foundational to

creating a robust trading environment that attracts investment and promotes economic growth. By fostering transparency, facilitating stakeholder engagement, and streamlining customs operations, Uzbekistan is poised to become a more competitive player in the global trade arena. Public entities could increase the share of import and export procedures and declarations that can be processed electronically.

Uzbekistan's trade facilitation reforms reflect a strategic commitment to enhancing its international trade landscape. The ratification of key international conventions and the implementation of the Action Plan for 2019-2023 have laid a solid foundation for streamlining customs procedures and improving overall trade efficiency. By prioritizing transparency, predictability, and stakeholder engagement, Uzbekistan is creating a more conducive environment for both local and foreign businesses. The establishment of initiatives like the "Uzbekistan Trade Info" platform and the National Committee on Trade Facilitation demonstrates a proactive approach to addressing the needs of traders and reducing bureaucratic barriers.

Looking ahead, the forthcoming Action Plan for 2024-2025 promises to build upon these achievements by further integrating advanced technologies and risk management systems. With specific focus areas identified under the WTO's Trade Facilitation Agreement, Uzbekistan is poised to enhance its customs operations and facilitate smoother trade flows. As these reforms take shape, they are expected to significantly bolster the country's economic growth and global competitiveness, ultimately contributing to its aspirations of becoming a key player in regional and international trade.