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CAR SERVICE ENTERPRISES IN OUR REPUBLIC THE MAIN FACTORS AFFECTING PERFORMANCE

The World Trade Organization (WTO) is an international organization that deals with international trade rules among 164 members, encompassing more than 98% of world trade. 1 Meanwhile, 23 negotiating States await admission to this platform. Uzbekistan has finally realized that it is hard to be an active participant in the global economy while remaining outside the WTO. The country has held an observer status at the WTO since 1994. It seems that the negotiations at the Working Party became intractable due to the developmental policies adopted by the previous government of Uzbekistan. Explaining why the country has followed a long and tortuous negotiation path, Pomfret argues that this is because Uzbekistan was “less willing to compromise the non-market and discretionary elements” of its economic system.2 In addition to that, the authors of this paper suppose that the vested interest in State-owned Enterprises (SOEs) also played a critical role in slowing down the progress of the WTO negotiations. Reasons for the same include the hostility towards low average tariff obligations by government officials and interest groups profiting from government support, which seems very accurate in the case of Uzbekistan, comparatively (See Figure 1).3 As a result, trade reforms lagged. Various quarters persisted in persuading the Karimov government to accede to the WTO due to its perceived benefits to Uzbekistan, but to no avail. The government refused to change the direction of its development policies, and Uzbekistan remained in isolation for another decade. 4 Hence, the designated Working Party took a break for many years after its last meeting in October 2005.

After the demise of President Karimov, his successor Mirziyoyev and his administration decided to opt for a very different path. During a State visit to South Korea in November 2017, Mirziyoyev publicly announced Uzbekistan’s intention to become a member of the WTO. 5 Behind such a U-turn lies Uzbekistan’s Five-Area National Development Strategy for 2017-2021, which aims at “improving the competitiveness of the national economy through deepening of structural reforms, modernization, and diversification of its leading industries”[sic]. 6 Soon after the announcement of the Five Year Plan, the Mirziyoyev government started to liberalise the high level of tariffs on various goods, and softened the hitherto tightly-regulated and severely limited convertibility of the national currency. 7 The incentives of a WTO membership were mainly related to expanding trade by enjoying WTO legal protection and the necessary competitive response with respect to neighbouring States.

The following chain of events also confirms Uzbekistan’s commitment to the resumption of the accession process. On September 28, 2018, the Minister for Foreign Trade, Jamshid Khodjaev, met with the Director-General of the WTO, Roberto Azevêdo, within the framework of the High-Level Forum in Astana.8 On December 17, 2018, Badriddin Abidov was appointed as the Deputy Minister of Foreign Trade and Chief Negotiator for Uzbekistan’s WTO accession.9 The WTO Secretariat discussed with Abidov the further steps to be taken for the resumption of Uzbekistan’s accession process, including the submission of its Memorandum on the Foreign Trade Regime (MFTR) and other accession documentation. Finally, the Deputy Director-General of the WTO, Allan Wolf, paid a visit to Uzbekistan in February 2019 to discuss the necessary procedures in WTO accession talks.10 All of this reveals that Uzbekistan is actively going ahead with its accession to the WTO and intends to complete it within a couple of years.11 However, this period may vary according to the Uzbekistan-WTO accession process rate because of its vulnerable industries such as its agriculture and auto industries.

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To Uzbekistan, though, joining the WTO means liberalising many economic sectors, including its auto industry. If that is the case, its historically ultra-protected auto industry will eventually come face immense pressure from economic agents within and outside the market. Consequently, the State's only car producer, namely Uzavtosanoat, may go bankrupt. Therefore, Uzbekistan's auto industry is in a very precarious position in prospect of the State's WTO accession.

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