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ENSURING THE QUALITY OF GOODS THROUGH NON-TARIFF REGULATION

Kurbonkul Karimkulov^{1✉}, *Mexroj Sirochev*²

^{1,2}Customs Institute of the State Customs Committee, Tashkent, Republic of Uzbekistan

¹karimkulov@mail.ru✉

²M.Sirochev91@mail.ru

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Abstract: The methods of non-tariff regulation of foreign economic activity, the effectiveness of their implementation in practice, the implementation of the experience of foreign countries in the practice of non-tariff regulation of foreign economic activity, its advantages and disadvantages are studied. Suggestions are made to develop the non-tariff regulation of foreign economic activity.

Keywords: foreign economic activity, non-tariff regulation, foreign trade, digital customs, world trade organization, single window, customs

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ОБЕСПЕЧЕНИЕ КАЧЕСТВА ПРОДУКЦИИ НА ОСНОВЕ НЕТАРИФНОГО РЕГУЛИРОВАНИЯ

Курбонкул Каримкулов^{1✉}, *Мехрож Сирочев*²

^{1,2}Таможенный институт Государственного таможенного комитета Республики Узбекистан, Ташкент, Республика Узбекистан

¹karimkulov@mail.ru✉

²M.Sirochev91@mail.ru

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Аннотация: Изучены методы нетарифного регулирования внешнеэкономической деятельности, эффективность их внедрения на практике, опыт зарубежных стран по внедрению нетарифного регулирования внешнеэкономической деятельности на практике, его преимущества и недостатки. Внесены предложения по развитию нетарифного регулирования внешнеэкономической деятельности.

Ключевые слова: внешнеэкономическая деятельность, нетарифное регулирование, внешняя торговля, цифровая таможня, всемирная торговая организация, единое окно, таможня

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Introduction. In creating favorable conditions for business in foreign economic activity, including optimization and simplification administrative methods of regulating foreign trade, elimination bureaucratic barriers, systemic reforms are to be implemented in the customs system. Considering the role of customs as an indicator of business development, it is important to improve the existing regulations, create conditions for partici-

pants of foreign economic activity and bring the principles of customs clearance in line with international standards. For customs clearance of goods, participants of foreign economic activity are required to obtain certain permits for goods. One of the main tasks of «Digital Customs» is to offer electronic information services to participants of foreign economic activity [1].

This article analyzes the turnover of low

quality counterfeit products on world market using the example of foreign countries. The negative impact of poor quality products on human health and the economy of countries is considered [2].

Literature review. A number of national and foreign research papers, dissertations, monographs and articles on the problems and prospects of non-tariff regulation of foreign economic activity are analyzed. Many Russian researchers such as И.И. Дюмулен, Н.И. Диденко, М.Ю. Бердина, А.В. Даюб, Ю.С. Кузьмова, Т.М. Исаченко, А.Н. Козырин, И.С. Королев, В.Ю. Пресняков, Н.Н. Щебарова, С.А. Алексеев, И.С. Ванина, Н.В. Галицкая, Е.В. Гнилитская, Н.В. Дюжева, Н.А. Степура devoted their works to the identification of factors influencing the application of non-tariff measures. The policy of protectionism pursued by the state to protect the activity of foreign companies is covered in the researches of А.В. Шпилева, Б.А. Кормич, Д.В. Тесленко, Д.А. Ларин, С.В. Корнеева, К.С. Луковникова, Ю.Э. Девочкина, В.Ф. Салийчук, М.К. Кудряцев and Н.Э. Чагунова.

Main part. According to the Federal Law of the Russian Federation №-164 «On the Basis of State Regulation of Foreign Trade» that was adopted on December 8, 2003, it is seen that foreign economic activity is considered as a key factor in foreign trade. In accordance with this law, the methods of regulating foreign economic activity are as follows:

- regulation of customs tariffs;

- non-tariff regulation;
- prohibitions and restrictions on foreign trade of services and intellectual property;
- various measures of an economic and administrative nature that promote the development of foreign trade.

The law also prohibits the use of other methods in foreign trade regulation except mentioned above.

In order to regulate interstate relations in the field of foreign trade in the Republic of Kazakhstan, as well as relations that determine the principles and organizational foundations of its state regulation, the Law of the Republic of Kazakhstan «On regulation of trade activities» №-544-II was adopted on April 12, 2004.

The following methods are used in the state regulation of foreign trade in this country:

- regulation of foreign trade through customs tariffs;
- non-tariff regulation of foreign trade;
- suspension and prohibition of sale of goods according to the legislation of the Republic of Kazakhstan;
- application of special protection, anti-dumping and compensation measures;
- participation in international economic sanctions;
- application of response measures;
- application of special types of prohibitions and restrictions.

In Figure 1 the state regulation of foreign trade in the Republic of Kazakhstan by customs tariffs and non-tariff methods is shown.

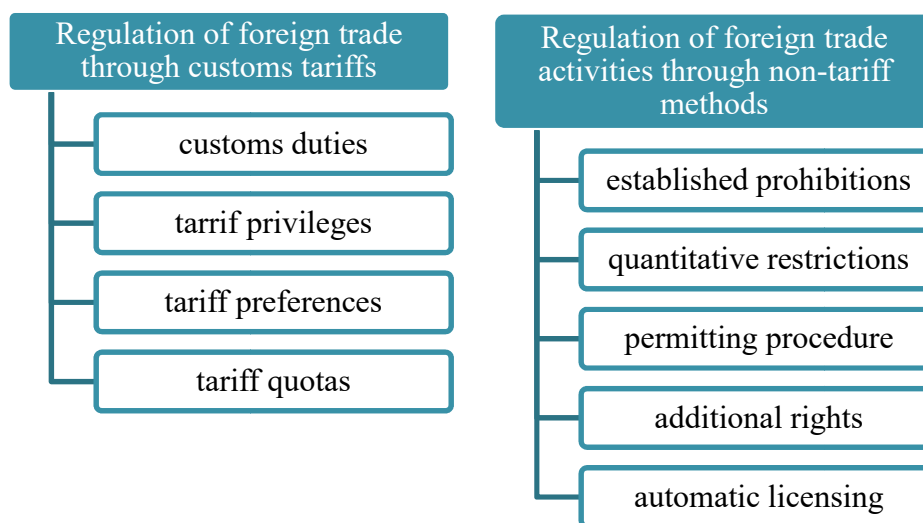


Figure 1 – The state regulation of foreign trade in the Republic of Kazakhstan by customs tariffs and non-tariff methods

As a result of the gradual liberalization of foreign economic activity in Uzbekistan, the foreign trade regime has reduced the list of licensed goods in accordance with the norms and requirements of international practice, quantitative restrictions are increasingly regulated by tariffs, freely convertible currencies export competitive finished products as well as the system of incentives, which encourages the attraction of foreign investment in the manufacturing sector, especially in sectors with great potential, is constantly improving.

Cooperation with EU foreign economic activity countries has expanded in the framework of investment activities. Trade with the United Kingdom, Germany, Switzerland, Italy, Belgium, France, Turkey and other countries included in the nomenclature of goods.

The volume of trade with new members of the EU has not decreased, but trade with the Czech Republic, Slovakia, Slovenia, Poland, Hungary, Latvia, Lithuania and Estonia is fulfilled on the basis of bilateral agreements. In Asia, the volume of trade turnover of Uzbekistan with China, Korea, Singapore, India, Japan has increased, investment, scientific and technical activities have been expanded, and cooperation in the humanitarian sphere has been developed in recent years.

Today international experts do not have information on the exact number of non-tariff methods and their classification. According to international experts every 15 years the practical application of non-tariff management by countries around the world increases by 15 times. Document exchange and non-tariff methods are also on the rise in international trade. More than 800 non-tariff restriction methods have been introduced by countries around the world through national and international legislation. Today, the specialists of the World Trade Organization and the world community face the question not of banning non-tariff regulation methods, but of classifying and interpreting non-tariff methods in accordance with the same rules [3].

In order to protect national producers many countries apply non-tariff regulatory methods, bans and restrictions on imports and exports, and impose restrictions on the entry of goods. For example, for protecting the domestic market

from Chinese products, Argentina applied the non-tariff method to goods in 120 commodity positions or introduced licenses for 1200 commodity items (bicycles, footwear and electrical goods) for imported goods.

In order to protect the national market of India from Russian goods, it has introduced a number of anti-dumping measures for imported goods, ferrous metallurgy, chemical products. The introduction of antidumping and compensation duties will have a negative impact on the free movement of goods on the world market and foreign trade.

According to the World Trade Organization, as a result of the ban on free trade, countries around the world annually introduce more than 1,200 different types of non-tariff methods, prohibitions and restrictions, which represents three quarters of the volume of international trade and a quarter of imports [4].

The General Agreement on Tariffs and Trade (GATT) issued by the World Trade Organization has been in force since January 1995. The main activity of the GATT is to hold multilateral rounds and negotiations between the member countries of the organization in order to reduce customs tariffs and non-tariff barriers. Under the terms of the agreement, the states participating in such negotiations will reduce all tariff rates by a certain percentage within a certain period of time. The number of products participating in trade is very large, and it is very difficult to negotiate on each product, as well as to conclude agreements with each country on these products. Therefore, negotiations between states will be about specific products. These countries considered this product important in trade.

Direct restrictions on imports of goods – including licensing and quotas, including:

- licensing,
- quota,
- fees and taxes for imports,
- foreign economic activity,
- currency restriction and currency control,
- regulation of the national currency exchange rate,
- export promotion [5].

Today there is no single universally recognized classification of non-tariff regulation. The United Nations General Agreement, the United Nations Conference on Trade and Development (UNCTAD since

1994), the US Tariff Commission, the International Chamber of Commerce, the International Bank for Reconstruction and Development (IBRD) and world economists suggested classification of non-tariff regulation [6].

In particular, the UN Conference on Trade Development (UNCTAD) proposed seven groups of restrictions on non-tariff regulation: commodity price control, financial control, automatic licensing, quantitative restrictions, monopolies, technical restrictions and other effective restrictions [7].

The UN General Agreement divides non-tariff methods into 5 categories:

1. Restrictions related to foreign trade operations of the state. These include privileges and preferences for exporters and import-substituting industries.

2. Application of administrative procedures for import and export, i.e. the use of a complicated customs clearance process, as well as an increase in the number of documents submitted using methods for determining the customs value and determining the country of origin of goods.

3. Technical barriers to trade, including standards and requirements, connecting with environmental, sanitary, veterinary and phytosanitary norms, rules as well as requirements for certification of goods.

4. Administrative measures, import quotas, export restrictions, licensing, bans and foreign exchange restrictions.

5. Restrictions on payments, taxes, fees, import deposits, anti-dumping and countervailing duties [8].

This classification and a catalog based on it are widely used in international trade negotiations as a theoretical basis for the formation of the system with other international organizations.

There are currently five major economic blocs in the world: the European Union, MERCOSUR – the Interstate Economic Union of South America, NAFTA – the North American Free Trade Area, ACEAN – the Association of Southeast Asian Nations and the Eurasian Economic Union [9].

In international practice, in developed countries, the excise tax is a source of revenue for the state budget. In this case, the excise tax

is set at a single rate, regardless of whether the goods are domestically produced or imported. Simultaneously, the practice of setting excise taxes at different levels has been observed in Belarus and Kazakhstan. This is done in order to prevent price increases for consumers or, conversely, to reduce prices or create equal conditions for businesses. In Belarus, from February 28 to December 31, when selling gasoline produced by local gasoline producers, excise tax payers will be given a discount of 0.25. That is, in order to support national producers while ensuring the priority of consumer interests, the excise tax exemption was applied to national gasoline instead of raising the excise tax on imported gasoline [10].

In addition, in order to prevent a shortage of gasoline in Kazakhstan, in order to keep the price of socially important gasoline low, the excise tax on imported gasoline was previously almost three times lower than on national gasoline. However, from 2018 the amount of excise tax has been equalized in order to create equal conditions for market participants.

In the experience of Uzbekistan, there are two areas that are directly related to the management of foreign economic activity of the state:

- government intervention;
- the intervention of market relations.

Since foreign trade, in many cases, serves the foreign policy goals of the state, the management of foreign economic activity by the state is of great importance today.

As to the liberalization of foreign economic activity, it is necessary to develop an in-depth state strategy based on scientific research for the regulation of foreign economic activity, taking into account the economic and social situations in a country.

The strategy of foreign economic activity regulation is formed on the basis of general principles of state economic policy and currency requirements. This strategy is a state policy aimed at increasing the economic potential of the country, increasing its efficiency, stimulating the activity of entities involved in foreign economic activity, protecting national economic interests, interfering in the import process, monitoring international economic relations in accordance with international norms and laws.

The Council for Tariff and Non-tariff Regulation has been established under the Ministry of Investment and Foreign Trade of the Republic of Uzbekistan. The main tasks of the Council are:

- study of international experience and development of proposals for setting customs duty rates and applying non-tariff regulation measures in the implementation of foreign trade activity;
- participate in the development of propo-

sals for further improvement of the system of tariff and non-tariff regulation, based on the situation in the national and foreign markets, as well as the formation of proposals for changes and additions to the existing system of benefits for customs duties.

A state performs the functions of encouragements, restrictions and prohibitions, control when regulatig foreign economic activity as it is shown in Figure 2.

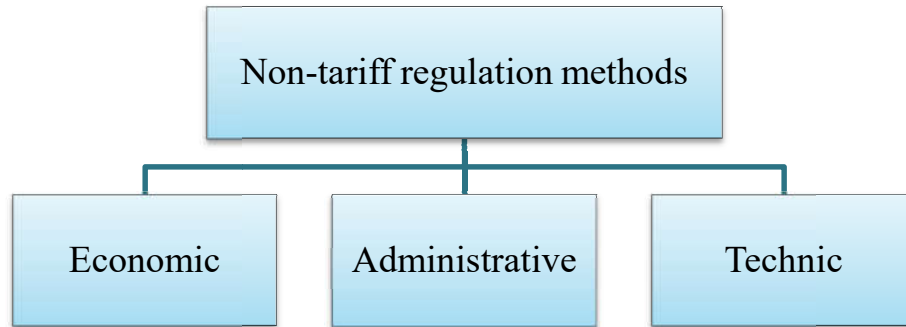


Figure 2 – Non-tariff regulation methods

Economic measures consist of methods that include customs value control, currency control, financial measures, and additional customs du-

ties (Figure 3). The classification of administrative measures of non-tariff restrictions can be seen in the diagram in Figure 4.

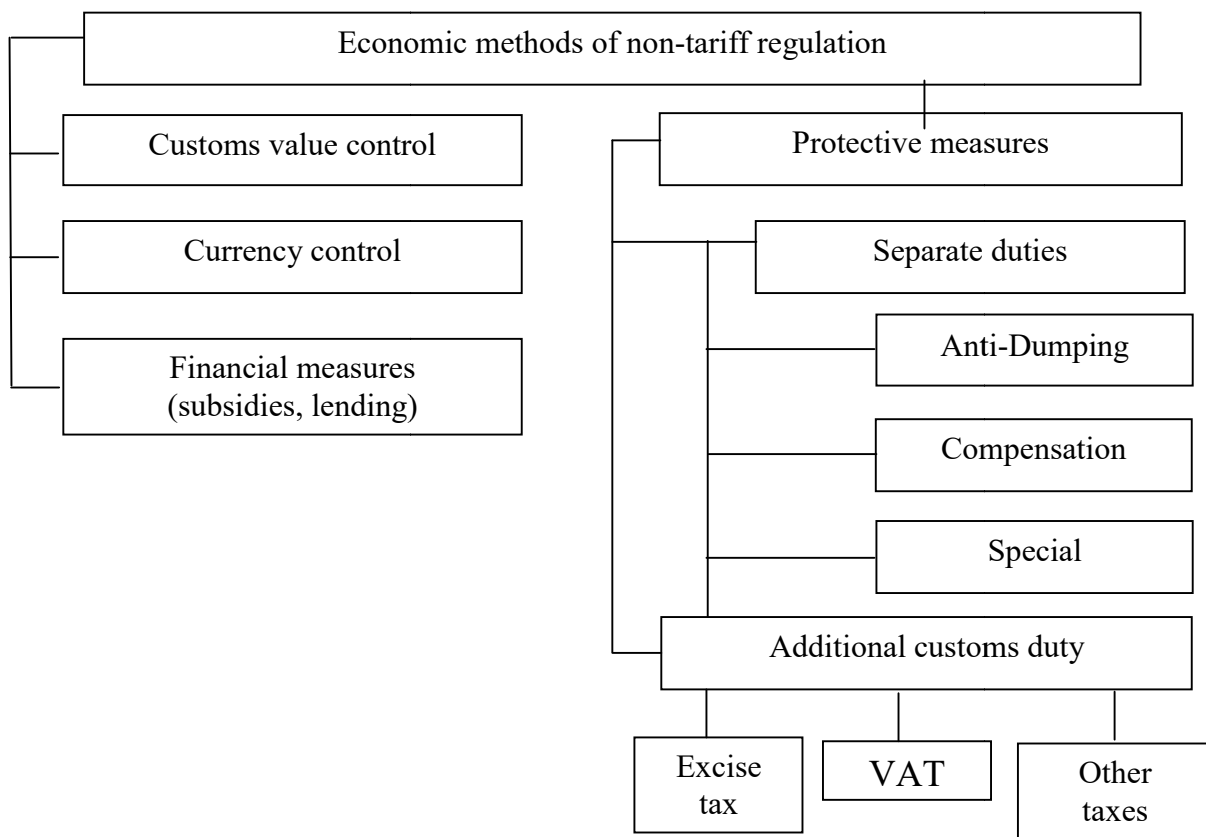


Figure 3 – Economic methods of non-tariff regulation

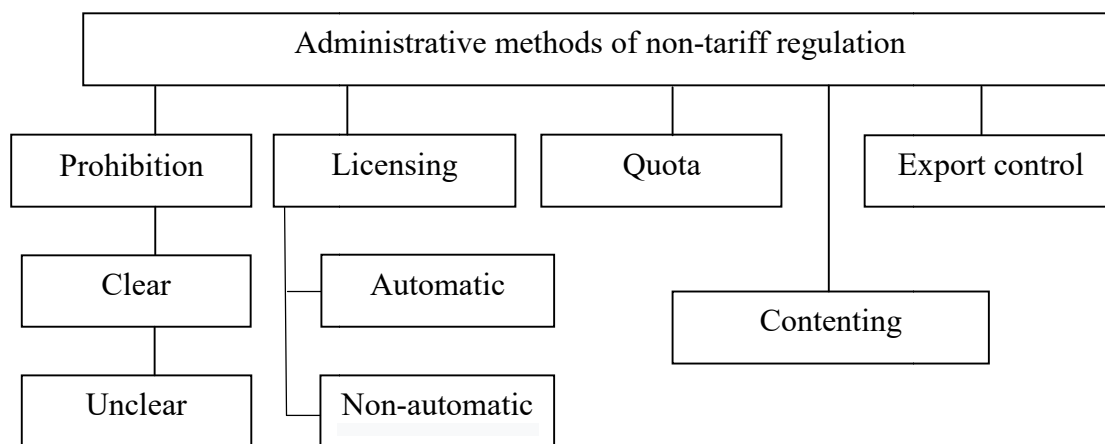


Figure 4 – Administrative measures of non-tariff restrictions

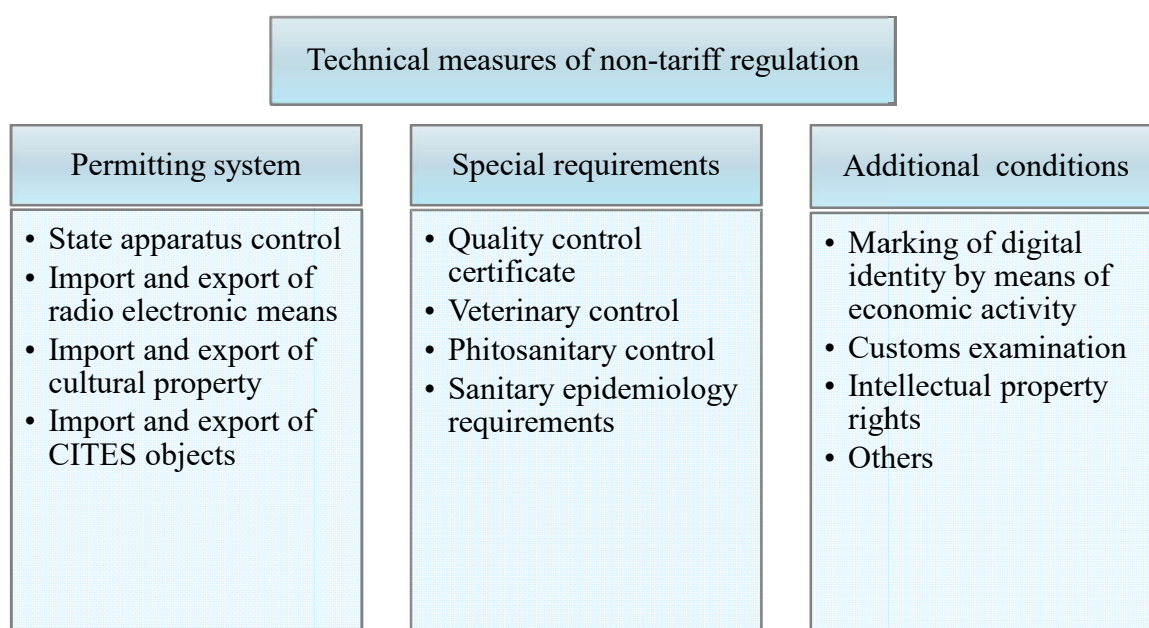


Figure 5 – The technical measures of non-tariff regulation

The technical measures of non-tariff regulation can be seen in the scheme in Figure 5. Technical barriers do not always manifest themselves as a protectionist method, and sometimes, their application is aimed at protecting the rights of the population as consumers.

Conclusion.

1. With regard to the liberalization of foreign economic activity, taking into account the economic and social situation, it is expedient to develop a scientifically analyzed state strategy for the regulation of foreign economic activity.

2. Today entrepreneurs have the opportunity to apply for permits and foreign economic activities required for export-import operations

using an electronic digital signature through the BAT «Single Window» at www.singlewindow.uz without leaving their offices. Documents submitted in response to the application and foreign economic activity are provided through this portal to both the entrepreneur and the customs authorities for customs clearance at the same time. Entrepreneurs can also get useful information on the validity of permits and foreign economic activities, forms of documents, customs tariffs and regimes, export and import indicators through the portal. The system of risk analysis on the portal allows entrepreneurs to properly plan their activities for the import and export of goods. Also, in accordance with the recommendation of the United Nations Center

(UN/CEFACT) on the establishment of the Single Window, a common legal framework has been created, including e-commerce, electronic communications and electronic digital signatures, which is planned to fully implement the capabilities of the single window.

The importance and advantages of automated information programs were studied in electronic information programs of foreign countries, such as Japan, Sweden, the Netherlands, the United States, Russia, Kyrgyzstan, Kazakhstan.

This means that all countries seek to exert their influence on trade, and each country pursues economic, social and political goals. Restricting imports can have negative consequences. Taking measures in response to other countries will lead to a reduction in employment in the export sector due to rising prices for imported components.

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The main reasons for the state's intervention in trade are the prevention of unemployment, the protection of young enterprises, the development of industry and the strengthening of ties with other countries.

The introduction of a risk management system in the customs authorities led to the simplification of the principles of customs procedures. This, in turn, helps to save time, creating certain conveniences for participants in foreign economic activity [11].

The use of non-tariff methods of regulation requires the protection of domestic producers, the domestic market, as well as compliance with the norms of international treaties and the requirements of the Interstate Agreement. Customs serves as an indicator of business development, coordination of internal and external market balance is required.

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