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Legal Mechanism of Rules of Origin of Goods Under the Wto General Agreement on Tariffs and Trade

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Abstract

This scientific article notes the formation of the state as a full-fledged participant in international trade relations, the development of partnership trade relations, as well as the essence of agreements on tariffs and trade and rules of origin of goods. This paper also discusses methods for identifying the origin of goods and possible problems with these agreements.

Keywords: *trade relations, legal mechanism, rules of origin of goods, legal regulation of GATT, foreign economic activity, international cooperation.*

INTRODUCTION

Today, international trade is a powerful catalyst for the country's economic growth, which contributes to the development of efficient production of goods and services, enhances the competitiveness of entrepreneurs, as well as the influx of foreign currency into the national economy. Industry is the most important sector of the economy, favorably influencing the socio-economic development of Uzbekistan. Creating an effective and competitive industrial sector is the strategy of Uzbekistan, both for the medium and long term.

In the early years of independence, the country's government mobilized strong political will to foster new global cooperation. In the context of modern globalization, the economic development of a country largely depends on how integrated it is into the world economic community. Therefore, the development of foreign economic relations is a priority.

In recent years, there have been significant changes in the geographical distribution of Uzbekistan's exports and imports. Most notably, Russia has overtaken the EU to become Uzbekistan's leading trading partner, becoming the latter's main export and import market. China's share has increased significantly, both in exports and imports. The second market in terms of imports of goods from Uzbekistan was South Korea. The share of EU countries has declined, both in exports and imports, as Uzbekistan has redirected EU cotton fiber exports to Russia, China and other Asian countries, and has also reduced the share of machinery and equipment imported from the EU.

The accession of the Republic of Uzbekistan to the WTO accelerates the possibilities of scientific and technological progress in industry, through the selection and acquisition of effective and reliable imported equipment. In addition, upon joining, domestic exporters will receive easier access to foreign markets, and at the same time, most favored nation (MFN) treatment with all WTO members.

As for the international trade organization, the World Trade Organization, its organizational and legal mechanism, from a legal point of view, the WTO system is a kind of multilateral contract (package of agreements), the rules and regulations of which govern over 95% of all world trade in goods and services.

The organizational and legal mechanism of the WTO consists of 3 parts: the General Agreement on Tariffs and Trade as amended in 1994 (GATT 1994), the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). GATT 1994 accounts for about 4/5 of the total volume of WTO legal documents. The overwhelming number of documents of the Uruguay Round were born on the basis of the development and improvement of the principles laid down in the GATT, which had been in force for almost 50 years.

The modern GATT is a complex of multilateral agreements containing, in addition to the Agreement itself, which came into force in 1948; protocols on tariff concessions; provisions interpreting GATT articles; protocols defining the terms under which individual countries acceded to the GATT. And, finally, the provisions of agreements developing the provisions of GATT 1947, extending them to new areas. In this comprehensive form, the General Agreement creates the legal basis for mutual trade in goods of all WTO member countries. In this capacity, the GATT serves as a multilateral trade treaty for countries participating in the WTO and replaces a system of several hundred bilateral treaties and agreements. This feature of the GATT provides significant advantages to participating countries. Participation in the GATT opens up the opportunity for them to use multilateral trade policy regulation to develop foreign trade, while simultaneously removing the worries and material costs associated with creating and maintaining a complex system of bilateral agreements.

Another important function that the GATT performed during 1948-1994. already as an international institution, is the settlement of disputes. Here, the GATT functioned as a kind of international arbiter, allowing governments to resort to its help to resolve disputes on issues of trade in goods. Now this function has been transferred to the WTO. However, the experience accumulated in the GATT largely determines the work of the entire legal mechanism of the WTO. This is directly stated in Art. XVI (1) of the Agreement Establishing the WTO, which states that the WTO shall be guided by "the decisions, procedure and customary practices followed by the contracting parties to GATT 1947 and the bodies established under GATT 1947."

Throughout its history, the most important function of the GATT has been the organization of multilateral trade negotiations. Now organizing and servicing multilateral negotiations is one of the functions of the WTO (Article III, paragraph 2 of the Agreement establishing the WTO states that one of its functions is to ensure the conditions for further negotiations on issues within the purview of the WTO), but the performance of this function is also based on the practice established in the GATT.

GATT also includes many agreements that govern international trade relations, one of these is the Agreement on Rules of Origin.

Determining the country of origin of goods has become important in the modern trading system. The rules for determining the country of origin of goods have gained great practical importance due to the widespread use of regional economic groupings, duty-free trade zones, association regimes, and preferential duty systems.

The procedure for determining the country of origin is of great importance for the use of anti-dumping measures, countervailing duties, and protective measures.

Rules of origin are used to determine the country in which imported products were manufactured. Almost no category of goods on the market these days - from textiles and cosmetics to engineering products and high-tech products - is produced in one country. For example, fiber for textile products can be produced in one country, fabric from this fiber in another, cutting and sewing clothes from this fabric in a third, and finished products can be exported to other countries. And the customs authorities of these countries need to understand at what customs tariff rates - most favored nation or preferential rates - import duties should be levied. In such cases, rules of origin come to the rescue.

Determining the origin of goods is necessary for three reasons. First, when trading between countries that are members of preferential trade agreements, importing countries must apply lower preferential tariff rates to goods coming from partner countries. To do this, they require evidence that the imported product, if not entirely produced, was at least substantially processed in the country receiving tariff preferences.

Second, for goods subject to MFN tariff rates, the determination of the country of origin is usually not as significant because MFN duties are levied on a non-discriminatory basis on goods imported from all sources. However, in cases where trade measures applied at the border require the country of origin to be taken into account, the determination of origin becomes extremely important. This applies in particular to measures such as the imposition of anti-dumping and countervailing duties, the administration of tariff quotas or labeling requirements, which inevitably require the determination of the country of origin of the goods.

The agreement consists of four parts, which include nine articles, and two annexes. Article 1 defines that “rules of origin means the body of laws, regulations and administrative rules ... for determining the country of origin of goods.” The agreement sets out the obligations of WTO member countries to harmonize and make these rules clear. The rules of origin mentioned above do not apply to preferential duties. They relate to the application of non-preferential trade policy instruments, including most-favoured-nation duties, safeguard measures, anti-dumping and countervailing duties, and country of origin labeling requirements.

Article 2 of the Agreement states that these rules should not have a restrictive effect on international trade and should not be more stringent in relation to foreign goods than in relation to domestic goods, and should not discriminate against individual countries.

The Agreement emphasizes that even before the completion of the work program, WTO members must ensure that the requirements for establishing the country of origin of a product are clearly and clearly stated.

Part 4 of the Agreement “Harmonization of rules of origin” states that the Ministerial Conference, together with the International Customs Organization, should propose a work program for three years to develop specific harmonized rules of origin, taking into account the characteristics of various groups of goods.

Thus, this Agreement opens up the possibility of harmonization and unification of an extremely important group of international trade procedures.

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