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# ANALYSIS OF IMPORT CUSTOMS DUTIES IN THE REPUBLIC OF UZBEKISTAN

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**Abstract.** This article examines the application of import customs duties in the Republic of Uzbekistan. The study is based on Presidential Decree No. PQ-181 of May 14, 2025, and analyzes the structure of import duty rates along with the economic effectiveness of tariff policy. The article identifies existing challenges within this policy framework and develops recommendations for its further improvement.

**Keywords:** customs duty, import duty rate, HS code (FEACN), tariff structure, customs-tariff policy, tariff escalation, World Trade Organization (WTO).

Customs-tariff policy is the primary instrument through which a state directly expresses its economic strategy in regulating international trade. Following the reforms of 2017, Uzbekistan has taken successive steps toward liberalizing its foreign economic activity: import procedures were simplified and duty rates were revised across commodity groups. The most recent and significant stage of this process is Presidential Decree No. PQ-181 of May 14, 2025, which approves the updated import duty rates for the country.

The scientific analysis of duty rates is of urgent importance for several reasons. First, a well-structured tariff framework maintains the balance between protecting domestic producers and ensuring affordable prices for consumers. Second, tariff policy is of particular significance in the context of Uzbekistan's accession process to the WTO. Third, the principle of tariff escalation embedded in the rate structure directly influences the country's industrialization strategy.

The objective of this article is to conduct a comprehensive statistical analysis of import duty rates in Uzbekistan, identify patterns within the rate structure, and define existing problems along with directions for improvement.

Recent international research in the field of customs-tariff policy has focused particular attention on the issues of trade liberalization and optimization of tariff structures in various countries. The International Monetary Fund's 2023 report emphasized the necessity of aligning tariff policy with macroeconomic stability. World Bank research demonstrates that for developing countries, a progressive tariff structure maintains a balance between protecting domestic industry and incentivizing the import of raw materials.

Among WTO member developed countries, the average arithmetic rate of import duty stands at 5.6%. This figure is 4.71% in the European Union, 4.55% in the United States, and 4.74% in Japan, while in Uzbekistan the weighted average import tariff rate amounts to 8.0%. In the experience of developing countries, this indicator typically ranges between 20% and 40%.

An analysis of regulatory documents on improving the customs-tariff system in Uzbekistan shows that from Resolution No. 4 of the Cabinet of Ministers of the Republic of

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Uzbekistan in 2004 to the present day, the average arithmetic rate has declined from 15.31% to 6.56%. Since 2017, a number of Presidential Decrees have been adopted aimed at optimizing import rates. At the same time, a number of problems in customs-tariff policy — inconsistencies in regulatory legal documents, the influence of lobby groups, and informal economy indicators — remain unresolved. The empirical basis of the research is Presidential Decree No. PQ-181 of May 14, 2025, of the Republic of Uzbekistan. This document contains the import duty rates under the current edition of the Harmonized System (HS/FEACN) of 2022. The analysis employed several methodological approaches: digital analysis of the document — rates for 1,226 HS code positions were systematically extracted; statistical analysis — distribution of rates, mean values, and dispersion indicators were calculated; practical problems were identified and recommendations were developed.

The 1,226 commodity positions examined cover all major sections of the HS, from Chapters 01 through 97. Minimum absolute rates applied alongside percentage rates were also separately noted; however, the primary percentage component was used in calculating averages.

A comprehensive analysis conducted under Decree PQ-181 yielded the following key findings: the average arithmetic import duty rate in Uzbekistan stands at 6.56%. This figure reflects Uzbekistan's orientation toward free trade and its policy of encouraging the import of strategic goods. A total of 45.9% of commodity positions (563 items) carry a zero rate, reflecting the country's strategy of liberalizing imports of raw materials, energy resources, pharmaceuticals, and equipment essential for industry. For the remaining positions, a graduated protection mechanism has been introduced.

***Table 1. Distribution of Import Duty Rates in the Republic of Uzbekistan (PQ-181, 2025)***

| Duty Rate (%) | Number of Positions | Share (%) | Economic Description |
|---|---|---|---|
| 0% | 563 | **45.9%** | Raw materials |
| 5% | 218 | 17.8% | Semi-finished products |
| 10% | 204 | 16.6% | Moderately processed goods |
| 15% | 59 | 4.8% | Finished consumer goods |
| 20% | 140 | 11.4% | Protected industrial goods |
| 30% | 41 | 3.3% | High protection: alcohol, tobacco, automobiles |

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| Duty Rate (%) | Number of Positions | Share (%) | Economic Description |
|---|---|---|---|
| 2% | 1 | 0.1% | Pharmaceuticals (special category) |
| **TOTAL** | **1,226** | **100%** | **Average: 6.56%** |

*Source: Calculated by the authors based on Presidential Decree No. PQ-181 of the Republic of Uzbekistan (14.05.2025).*

As evidenced by the table, the rate structure has a bipolar character: on one hand, a dominant share of zero rates (45.9%), and on the other, high protective rates (20–30%). Such a bipolar structure is characteristic of developing countries, simultaneously targeting the protection of domestic industry and the promotion of raw material imports. Many food products (fruits, vegetables, dairy products), perfume and cosmetic goods, and clothing carry a minimum absolute rate in addition to the percentage rate. This system provides additional protection to domestic producers when import prices are low.

Another notable feature is the application of preferential rates for children's products. A number of commodity codes relating to food products, medicines, and sewing materials for children carry a 0% rate, even when the standard rate for the relevant group is higher. This approach reflects the integration of social policy into the tariff system. Additionally, exemptions from import duties are established for scientific research purposes. For a number of commodity codes, a special zero rate applies to products used for scientific and research activities. This reflects a regulatory policy aimed at incentivizing innovation.

**Based on the findings of the analysis, the following recommendations have been developed:**

1. Aligning tariff escalation with industrial development. It is recommended to introduce a strategy of phased revision of duty rates based on periodic assessments of the actual capacity and competitiveness of the domestic processing industry. A high rate on a finished product can serve as an effective protective measure only when the domestic industry is producing that product at a sufficient level.

2. Strengthening compliance with WTO requirements. Uzbekistan is actively engaged in negotiations with the WTO. In this process, it is necessary to formulate a list of rates that comply with WTO requirements.

3. Reducing the impact of high tariff rates on the shadow economy. Research indicates that imposing high duty rates may give rise to violations in the customs sphere and contribute to the growth of the informal economy. Accordingly, high rates should be applied only in sectors where domestic production capacity exists, and this process must be free from the influence of lobby groups.

4. Eliminating tariff inconsistencies between HS codes. Under Presidential Decree No. PQ-181 of May 14, 2025, a customs duty of "20% (not less than $0.30/kg)" is applied to tires for agricultural or forestry transport vehicles and machinery (HS code 4011.70), while a "0%" duty

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rate applies to tires for construction, mining, or industrial transport vehicles and machinery (HS code 4011.80). Given the close physical similarity between tires for agricultural/forestry vehicles and those for construction vehicles, there exists a significant risk that certain business entities may declare goods actually classified under HS code 4011.70 (agricultural/forestry tires) as HS code 4011.80 in shipping documents, describing them as tires for construction vehicles. Recommendation: The duty rate for tires used in construction (HS code 4011.80) should be set at "20% (not less than $0.30/kg)", consistent with the rate applied under HS code 4011.70, while the zero duty rate should be retained exclusively for tires used in mining or industrial applications.

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