

**EFFECTIVE USE OF THE GSP+ PREFERENCES SYSTEM IN INCREASING THE
EXPORT POTENTIAL OF UZBEKISTAN**

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Abstract: The article reveals ways to increase the type and volume of products exported to EU countries within the framework of the "GSP+" system of preferences, to increase the export potential of local products, to adapt products to international requirements and norms, and to implement them. The role and importance of the effective use of the "GSP+" system of benefits in export activities has been highlighted by the authors.

Key words: "GSP+" preferential system, export potential, local products, food and non-food products, export volume, international requirements.

JEL Classification: *F13, L00, M16*

Introduction

Developing the national economy in Uzbekistan, ensuring its growth rate at the level of modern requirements, forming a competitive economy, taking local products to foreign markets and promoting the brand of Uzbek products on the world market, rapidly continuing reforms, raising them to a new modern level, and comprehensive socio-economic development of the regions are today's priorities. is one of the most urgent issues.

In the Decree of the President of the Republic of Uzbekistan dated September 11, 2023 No. PF-158 on the strategy "Uzbekistan - 2030" "doubling export volume and its value to 45 billion dollars, to increase the number of export enterprises from 6.5 thousand to 15 thousand, to increase the volume of finished and semi-finished products in export by 3.3 times, to expand the export of finished and technological products to European countries within the framework of GSP+ and other systems, to increase the number of enterprises with international standards by 10 times and their number to 5 thousand delivery, organization of special economic zones with 50 prestigious brands of the world, exporters who bring national brands to foreign markets based on the idea of "New Uzbekistan - a country of competitive products" and other comprehensive supports are marked.

Also, on January 18, 2024, under the chairmanship of President Shavkat Mirziyoyev, "Achieved tasks that should be implemented in export, investment and industry in 2024" the need to launch 309 large projects, which will enable the production of import-substituting and export-oriented products, to ensure quality guaranteed products delivery of 4 thousand to 7.5 thousand are highlighted.

For this reason, it is necessary to implement some of the tasks indicated above in this article, i.e., first of all, to produce local products based on international standard requirements, to ensure their competitiveness, to increase the level of recognition, and secondly, to comprehensively support

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and encourage exports, to ensure a stable increase in their volumes. ensuring success in export markets due to the diverse and unique environments in foreign markets is one of the urgent tasks.

1 Methodology

This scientific article was researched using general and special research methods. In particular, the methods of analysis-synthesis, induction and deduction, scientific comparison, statistical analysis, as well as expert evaluation were used during the preparation of the scientific article.

2 Result and discussion

As we know, on April 9, 2021, the European side adopted a regulatory document on granting Uzbekistan the status of a beneficiary country under the General System of Preferences ("GSP+"). Based on this normative document, the system of special preferences of the European Union for sustainable development and effective management ("GSP+") came into force for Uzbekistan from April 10, 2021.

Before receiving the status of a beneficiary country of the "GSP+" system, Uzbekistan used benefits within the framework of the General System of Preferences ("GSP"). Within the framework of these privileges, the country had the opportunity to export 3,000 goods without customs duties and 3,200 goods at reduced customs duty rates to the markets of EU member countries.

As part of the European Union's system of special preferences for sustainable development and effective management ("GSP+") provided to the republic, Uzbekistan had the opportunity to export more than 6,200 items of goods to the European market without customs duties.

In particular, a wide range of textile products, footwear, agricultural products, vehicles, mineral fertilizers, oil and chemical industry products, construction materials, ceramic and metal products, and technological equipment, which have the main export potential of the republic, are exempt from customs duty.

If we give clear examples, within the framework of the "GSP+" system, in contrast to the "GSP" system, apple and tomato juices - 13.3-25.5%, peaches and apricots - 14.1-16.5%, frozen vegetables (potatoes, olives, tomatoes, etc.) – 10.9%, vehicles for cargo transportation – 15.4%, offal products – 11.9%, canned vegetables – 14.1%, fish meat and fillets – 14.5 %, fruit juices - 14.5%, children's clothes - 8.4% and t-shirts - 9.6% customs duties were canceled. [9]

According to recent statistics which the President of Uzbekistan pointed out in his speech that 50 percent of the export falls on 4 markets - Russia, China, Kazakhstan and Turkey, and, since 20 types of products, which make up the main part of exports, remain dependent on only one market in the foreign export geography of Uzbekistan.

It should be noted that the use of benefits within the framework of the "GSP+" by manufacturers, trade unions and other entrepreneurs which deal with export operations will significantly increase their export potential to the member countries of the European Union while ensuring the competitiveness of their local products on the European markets.

Having analyzed the Regulation (EU) No 978/2012 of The European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008, and Regulation (EU) 2023/2663 of the European Parliament and of the Council of 22 November 2023 amending Regulation (EU) No 978/2012

applying a scheme of generalised tariff preferences we are able to illustrate product sectors and number of products included in the list of GSP+ benefits which are manufactured in systematically deliver to foreign markets.

Tab. 1 Analysis of product sectors under GSP+ benefits

No.	Product sectors under GSP+ benefits	Number of products included in the list of GSP+ benefits
1	Food and agriculture	1 097
2	Textile and light industry	1 324
3	Chemistry, oil and gas	969
4	Electrical engineering	653
5	Metallurgy	467
6	Leather industry	105
7	Mechanical engineering	148
8	Construction	111
9	Others*	1 326
	Total:	6 200

* live animals, plants and their roots, jewelry, furniture, toys and other products.

Source: developed by the author (E.Khojiev)

As can be seen from the above table, there are 6,200 types, including food and agriculture - 1097 types, textile and light industry - 1324 types, chemical and oil and gas - 969 types, electrical engineering - 653 types, metallurgy - 467 types. leather industry - 105 types, machinery - 148 types, construction - 111 types, etc. - 1326 types of products can be exported to EU countries without customs duties.

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We consider the analysis of exports to the European Union and other countries within the scope of GSP+ benefits in terms of the types of products produced in Uzbekistan (Table 2).

Tab. 2 Analysis of products supplied to foreign markets within the framework of GSP+ during 2022

No .	Name of Sectors	Number of products	Analysis of products destined for export to the European Union under GSP+			Analysis of products destined for export to other countries on the scope GSP+		
			product type	number of enterprises	export quantity (mln. doll.)	product type	number of enterprises	export quantity (mln. doll.)
1	Food and agriculture	1 097	81	158	29,8	291	1 824	1 140,5
2	Textile and light industry	1 324	226	204	177,8	604	1 529	3 100,8
3	Chemistry, oil and gas	969	30	47	45,6	242	546	1 138,7
4	Electrical engineering	653	58	28	6,9	275	308	148,7
5	Metallurgy	467	61	45	33,0	218	428	1 179,0
6	Leather industry	105	6	6	0,59	64	213	59,4
7	Mechanical engineering	148	1	2	0,002	35	96	30,3
8	Construction	111	15	17	0,1	84	333	63,0
9	Others*	1 326	112	68	3,8	622	916	475,5
	Total:	6 200	590	575	297,6	2 435	6 193	7 335,9

Source: own processing based on data of Statistics Agency of Uzbekistan, 2022

In 2022, within the framework of GSP+ benefits, 590 types of products have been shipped to EU countries by the Republic of Uzbekistan, equivalent to 300 million US dollars. Also, 2,435 types of products were delivered to the countries that do not provide GSP+ benefits with a value equal to 7.3 billion US dollars, and 24 times more exports were made than to the countries that provide the benefits.

Even though more than 6 thousand products are manufactured in Uzbekistan it is obvious from the table 2 we only export almost 10 percent of total manufactured items to EU markets.

Through the table below, we will consider the export analysis of other countries that have established exports to the European Union based on the benefits of the GSP status.

Table 3: Analysis of GSP beneficiaries with the largest share of EU imports

No .	GSP beneficiary country	Imports from the European Union under the GSP (billion euros)	Total imports of the European Union (billion euros)	GSP imports total %
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1	Bangladesh	16,766	17,401	96,4
2	India	16,378	43,601	37,6
3	Vietnam	8,994	37,531	24,0
4	Indonesia	6,616	15,557	42,5
5	Pakistan	5,885	6,74	87,3
6	Cambodia	4,987	5,255	94,9
7	Myanmar	1,926	2,189	88,0
8	Philippines	1,915	7,49	25,6
9	Sri Lanka	1,365	2,755	49,5
10	Mozambique	1,219	1,84	66,3

Source: own processing based on data 11. The European Commission released its third biennial report on the Generalized Scheme of Preferences (GSP). (2020). 4.

From the data of Table 3, it can be seen that Bangladesh and India from a number of countries with the GSP system of benefits delivered more than 16 billion Euro worth of products to the EU under these incentives. Also, the value of the products supplied by Vietnam, Indonesia and Cambodia to EU countries is 5-9 billion. The Philippines and Sri Lanka delivered products equal to 1-2 billion Euro to the markets of EU countries.

Figure 1 was developed by the author so that local business entities can get information about which products and the amount of customs duties are applied to the benefits within this system.

As you can see from this figure, the exporting organization goes to <https://trade.ec.europa.eu/access-to-markets/en/home> to get information about the GSP+ status of its product. From this link platform, customs tariff numbers (HS code) of the exported product or the name of the product, as well as the exporting country and one of the EU countries to which the product is sent, are selected and the "search" button is clicked. As a result, it is possible to see the origin of the information on customs duties for products imported from third countries and "0" customs duty for countries that have obtained the "GSP+".

Figure 1: Chart for information on which products the GSP+ benefit is applied to and how many are exempted from customs duties



Source: own processing based on data of the official website: <https://trade.Ec.Europa.Eu/access-to-markets/en/home>

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Conclusion

According to the results of the research and analysis, we believe that it is necessary to further develop marketing research in order to diversify the finished local products delivered from Uzbekistan to the European Union market. After Uzbekistan acquires the right to GSP+, it will be appropriate to conduct diplomatic negotiations on the establishment of "green corridors" at the borders of these countries in order to significantly increase the volume of agricultural products exports to the EU countries.

Establishing an agreement on the bilateral recognition of national certificates with the countries in Europe with the largest export share.

Implementing standards of management systems, Global GAP, Oeko Tex 100, CE marking and others which open a way for the markets of EU.

Establishing the activity of centers that include services specialized in supplying the results of marketing research to the requirements of food, fruit and vegetable and industrial products in the markets of importing countries, the world market situation of products and the results of marketing research.

Taking measures to hold exhibitions and fairs in foreign markets considered promising for products within the scope of GSP+ benefits.

Further improvement of the work of introducing international standards and technical regulations to the activities of producers of products within the framework of GSP+ privileges by studying advanced foreign experience.

We believe that it is necessary to find promising buyers through the diplomatic missions of the Republic of Uzbekistan abroad with farmers and peasant farms and other manufacturing enterprises that grow and process products with international quality and safety certificates.

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