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Modern Methods of Foreign Trade Regulation by the State

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ABSTRACT

This research paper gives information about modern methods of regulating foreign trade while actively entering the world market. In addition, the importance, place and role of non-tariff methods used by developed countries and developing countries are revealed.

Keywords: Foreign trade, export, import, customs, subsidy, quantitative restrictions, protectionism, anti-dumping, technical barriers to trade

Introduction: The changes occurring in the world market encourage any country to become more active and use the means of regulation, control and support of foreign trade more effectively than ever. As the President of the Republic of Uzbekistan, Shavkat Mirziyoyev, stated, "First of all, we need to deepen our work on reforming and liberalizing the economy, and accelerate the work started on structural changes in its sectors and industries" [1].

Uzbekistan has initiated efforts to join the World Trade Organization and the Eurasian Economic Union. Therefore, reforming the sphere of non-tariff measures as well as tariff methods remains a current demand.

In addition, it is highly important to regulate and clearly define the directions of foreign trade in a non-tariff manner considering the internal and external factors that ensure the stable growth of the economy of the Republic of Uzbekistan in the conditions of increasing open economic cooperation with neighboring and foreign countries and protecting the national economy.

Non-tariff management of foreign trade encompasses a range of economic, administrative, and technical actions put in place by a nation to ensure safety, safeguard human well-being and health, preserve the environment, and shield the domestic economy from adverse external impacts.

Economic measures include taxes and duties, customs value and currency exchange controls, financial measures and additional customs duties, subsidies and credits.

Application of administrative measures is divided into several types according to their nature and tasks. These include the authorization system necessary to carry out export-import operations related to the import and export of certain goods. Examples of these are the announcement of an embargo, setting a quota, and licensing.

Technical measures serve as an imperceptible method of overseeing foreign trade, with technical

standards and regulations being imposed on imported goods. Typical technical barriers comprise stipulations such as adherence to national standards, procurement of quality certification for imported goods, specific labeling and packaging requirements, adherence to sanitary and hygiene standards, and compliance with customs procedures. These technical barriers are not always implemented as protectionist initiatives; at times, their purpose is to safeguard consumer rights and interests.

Literature review: Recent years have seen significant growth in research focused on foreign trade, foreign trade policy, foreign trade strategies, and related theoretical and practical issues, with various approaches being explored. These studies have emerged as a response to new and evolving situations and trends in modern economies. One such perspective, as noted by V.V. Sokolov, defines “export as the transfer of goods, services, intellectual property outcomes, and exclusive rights to them from the customs territory without the requirement to repatriate them abroad” [2].

When examining contemporary aspects of global trade, V. Pankov highlights seven key factors. These include the significant growth in trade volume of goods and services driven by advancements in science and technology, the diminishing role of developing nations in international trade, the rise of high-tech products in global exports due to scientific and technological progress, and the increasing importance of services. Additionally, V.Pankov discusses the disparities in per capita foreign trade turnover, the emergence of new industries, the growing reliance of many countries on imports of specific product groups, and the surge in inter-enterprise sales of excess goods through collaborative arrangements for product delivery on the international market [3].

Bulatova A.S. and Liventseva N.N. researched the effectiveness of foreign economic activity and identified 10 indicators for its evaluation. At the same time, they also analyze the priority areas of foreign trade regulation [4].

A.Vahobov explains that interventions in economic activities, whether direct or indirect, are implemented to serve various objectives such as maintaining domestic employment, stimulating economic growth, ensuring macroeconomic stability, enhancing the balance of payments through influencing the volume and nature of exports and imports, and regulating exchange rates. A.Vahobov further asserts that trade policy functions as a distinct component within broader economic policies, encompassing measures like fiscal and tax regulation, foreign trade volume controls through mechanisms such as taxation, subsidies, exchange rate controls, and direct limitations on imports or exports [5].

In the view of N.Ivanov, it is essential to carefully strategize, coordinate, oversee, and execute foreign trade endeavors with precision by categorizing them effectively. N.Ivanov emphasizes that classification entails the segmentation of international trade agreements into arrangements for the sale and exchange of goods. Depending on the character and content of foreign trade activities, these agreements encompass transactions involving finalized products, disassembled items, outdated machinery, raw materials, licenses, barter deals, and engineering services [6].

Research methodology: The primary focus of the research was on examining the methods and instruments utilized for regulating foreign trade in Japan. The study also delved into the non-tariff measures enforced on goods in global trade, the strategies employed by Asian nations in foreign trade, and the evolution of Japan's non-tariff measures towards countries in international trade over time. The research employed dynamic analysis across years, incorporating grouping and comparative analysis techniques as part of the investigative approach.

Analysis and results: In recent years, as countries worldwide seek to expand their presence in the global market amidst heightened competition, the choice between protectionist and free trade methods in foreign trade policy has become crucial. This decision is influenced by the degree of government intervention in trade relations and the level of regulation of international trade. Current trends suggest that foreign trade policy is a distinct aspect of overarching economic

policies, involving the use of taxes, subsidies, exchange controls, and direct restrictions on imports or exports for regulation. It is important to note that restrictions on foreign trade measures are typically short-term solutions. Over the long term, embracing free trade practices, as seen in the experiences of developed nations, leads to a more effective and efficient allocation of economic resources.

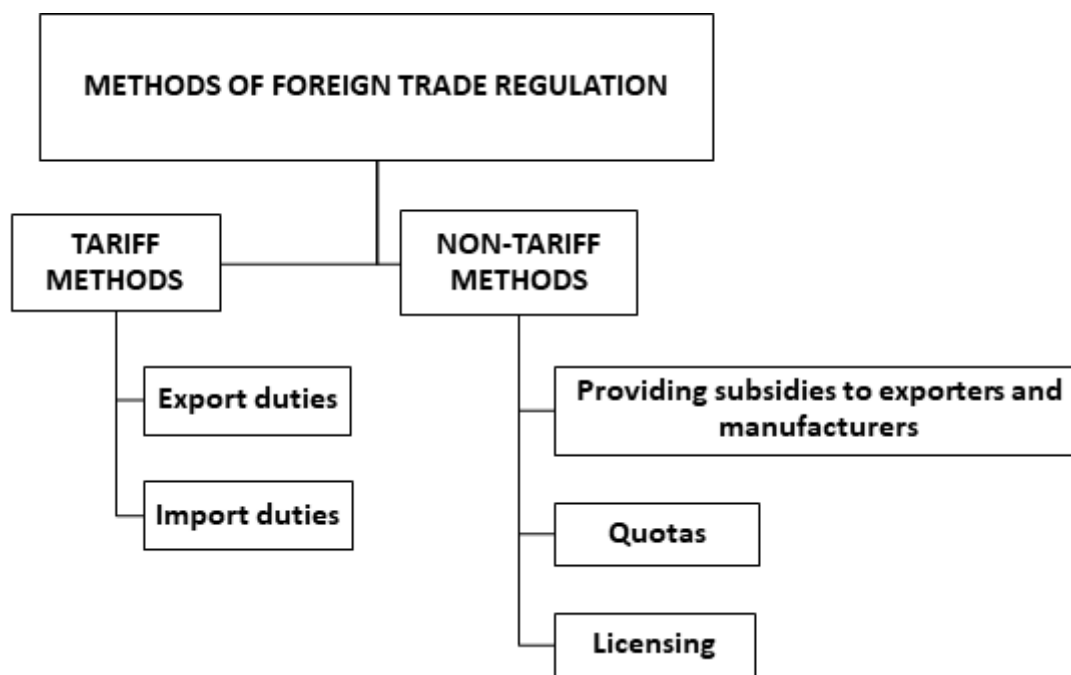


Figure 1. Methods of foreign trade regulation

It is known that two groups of foreign trade regulation methods are used - tariff and non-tariff methods.

In the realm of global trade, nations implement their own restrictions or mechanisms on imported goods. Overall, countries worldwide employ over 43,400 non-tariff measures for diverse objectives. The prevalent methods include technical barriers to trade totaling 21,926, sanitary and phytosanitary measures amounting to 15,670, anti-dumping investigations at 2,084, imposition of quantitative restrictions at 1,108, and setting of tariff-rate quotas at 1,274.

In general, the existence of non-tariff methods applied to products in international trade leads to the support of each country's own national producers, ensuring the competitiveness of their products in international trade.

In spite of the efforts by the World Trade Organization to promote trade liberalization, the utilization of non-tariff measures, such as sanitary and phytosanitary measures, among its member nations has been on the rise amid subsequent global financial and economic crises. The data show that the number of sanitary and phytosanitary measures used in 2000-2015 increased from 468 to 1681, and the number of technical barriers increased from 633 to 1989 [7]. During this period, the amount of anti-subsidy measures did not change significantly. Anti-dumping inspections decreased by 0.8 percent. From 2000-2015, the development of countries and increased attention to people's health and consumption led to an increase in sanitary and phytosanitary measures by 3.6 times. We can see that technical barriers are used 3 times more. In general, the use of non-tariff methods used in international trade increased by 0.4% on average.

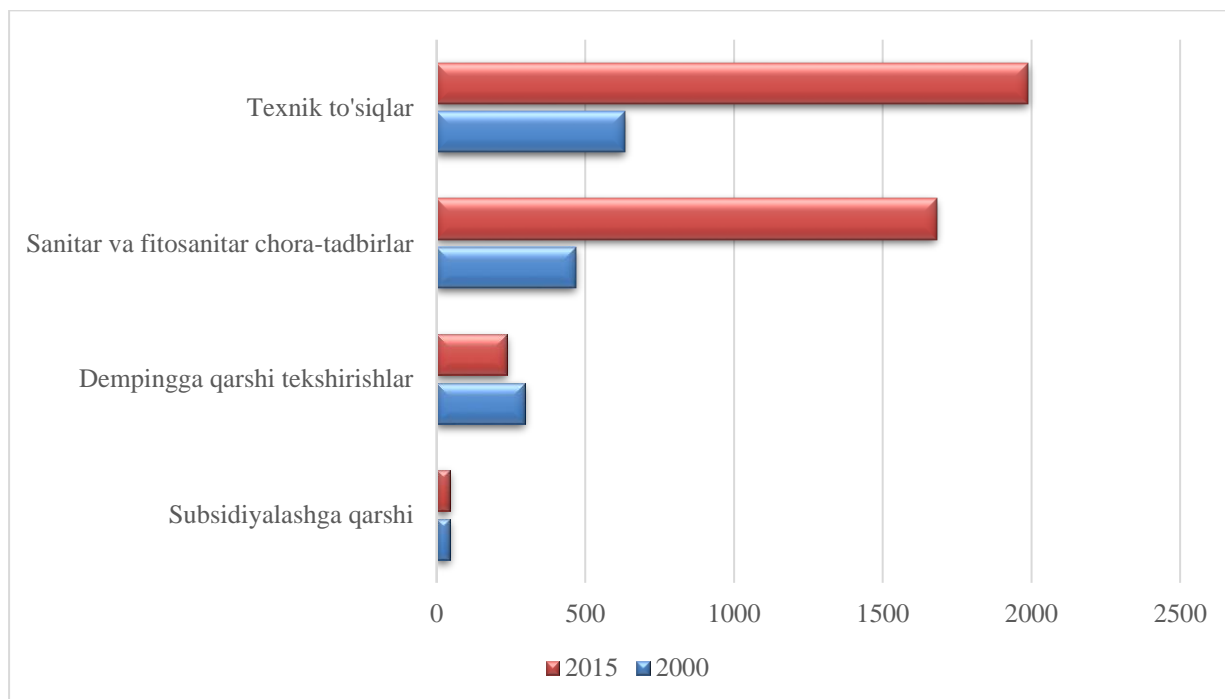


Figure 2. Changes in the number of non-tariff methods used in international trade, in units

Source: Compiled based on data from <https://i.tip.wto.org/goods/Forms/ProductView>.

The practices implemented by Asian nations are particularly noteworthy. As of April 2017, there were 411 sanitary and phytosanitary barriers, 203 technical barriers to trade, 122 quantitative restrictions, 2 tariff quotas, and 6 export subsidies affecting Australian imports. Japan, for instance, has 498 sanitary and phytosanitary measures, 775 technical barriers to trade, 57 specific barriers, 42 quantitative restrictions, and 18 tariff quotas. Overall, countries in the East, such as China, Japan, and Korea, exhibit a substantial utilization of these measures, indicating their significant impact on boosting export potential and international trade.

The government plays a pivotal role in overseeing and controlling nearly all aspects of foreign economic operations, ranging from assessing internal and external circumstances, formulating foreign economic strategies, identifying key geographical and structural sectors, and employing diverse financial incentives in managing and supervising regulatory approaches.

Table 1. The number of measures used by Asian countries in foreign trade

Countries	Sanitary and phytosanitary measures	Technical barriers to trade	Special barriers	Quantitative restrictions	Tariff quotas
Australia	411	203		122	2
China	1192	1179		21	10
Hong Kong	40	78		103	
India	163	101		59	3
Indonesia	114	113			2
Japan	498	775	57	42	18
Republic of South Korea	554	798	39	92	67
Macau	19	6		10	
Malaysia	37	229			13

Source: Compiled based on data from <https://i.tip.wto.org/goods/Forms/ProductView>.

Various nations across the globe employ diverse approaches to enforce their trade policies. Japan, classified as a highly advanced and post-industrial nation based on its average level of non-tariff

barriers, stands out as a global powerhouse in the manufacturing sectors of automobiles, ships, household appliances, industrial robots, machine tools, and fisheries. Additionally, Japan has established robust trade relations with a wide array of countries worldwide.

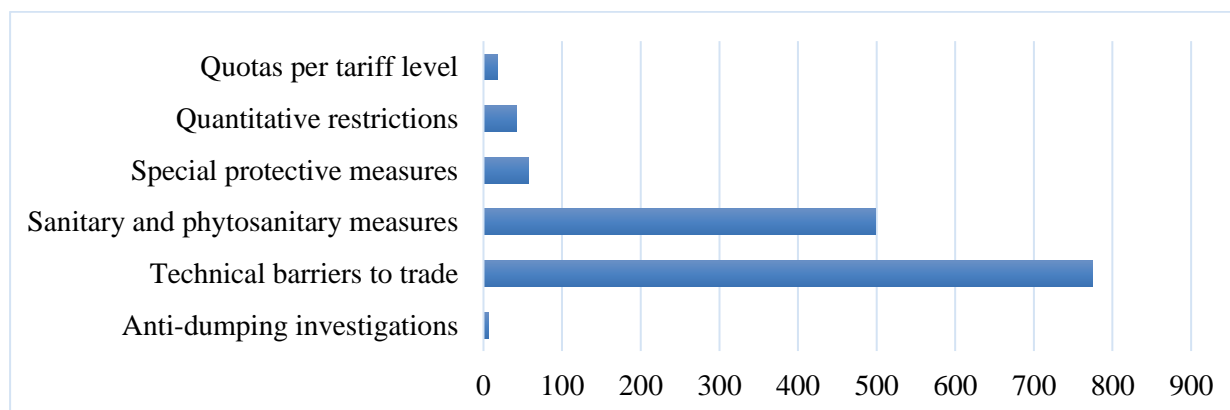


Figure 3. Japan's non-tariff measures applied to countries in international trade, in units

Japan applies a total of 1,397 non-tariff measures in its international trade relations. Within this total, 775 measures consist of technical trade barriers, and 498 measures pertain to sanitary and phytosanitary regulations, highlighting the Japanese government's strong emphasis on the quality of imported products. Additionally, Japan implements 57 special protection measures, 42 quantitative restrictions, 18 tariff rate quotas, and 7 anti-dumping inspections. The significant number of non-tariff measures utilized by Japan in international trade suggests that these measures may have played a role in enhancing Japan's export potential while regulating its imports.

Conclusion: In conclusion, the significance of contemporary state regulations in foreign trade is evident in addressing challenges arising from globalization and technological advancements. Although conventional approaches like tariffs and quotas remain in practice, emerging methods such as non-tariff barriers, free trade agreements, export regulations, and digital trade guidelines are gaining prominence. By leveraging a blend of these strategies, governments can foster economic development while safeguarding their domestic industries and national security interests.

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