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THE EVOLUTION OF TRADE LAW IN CENTRAL ASIA: HARMONIZING LOCAL REGULATIONS WITH INTERNATIONAL STANDARDS

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ABSTRACT

This article explores the evolution, challenges, and opportunities within the trade law frameworks of Central Asian countries, focusing on harmonizing regional policies with international standards. It shows the important changes in trade policy after independence, starting with a historical review from the Silk Road era to post-Soviet transformations. Through a study of pertinent literature and an examination of national trade laws, the research finds important legal and regulatory issues, such as contradictory legislation and enforcement gaps. Through the incorporation of knowledge from effective global models, such as the WTO and UNCITRAL frameworks, the research highlights the development, difficulties, and opportunities. A roadmap for greater economic integration and sustainable development is provided by the thesis's practical policy proposals, which are intended to bring Central Asian trade legislation into line with international standards while maintaining regional sovereignty.

ЭВОЛЮЦИЯ ТОРГОВОГО ПРАВА В ЦЕНТРАЛЬНОЙ АЗИИ: ГАРМОНИЗАЦИЯ МЕСТНЫХ РЕГЛАМЕНТОВ С МЕЖДУНАРОДНЫМИ СТАНДАРТАМИ

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ABSTRACT

В данной статье рассматриваются эволюция, вызовы и возможности в рамках торгово-правовых рамок стран Центральной Азии, с акцентом на гармонизацию региональной политики с международными стандартами. Он показывает важные изменения в торговой политике после обретения независимости, начиная с исторического обзора эпохи Шелкового пути до постсоветских преобразований. Изучая соответствующую литературу и



мировой рынок, торговые соглашения, налоги, тарифы.

национальные торговые законы, исследование выявляет важные правовые и нормативные вопросы, такие как противоречивое законодательство и пробелы в исполнении. Благодаря включению знаний из эффективных глобальных моделей, таких как ВТО и ЮНСИТРАЛ, в исследовании выделяются развитие, трудности и возможности. Дорожная карта для дальнейшей экономической интеграции и устойчивого развития представлена практическими политическими предложениями диссертации, направленными на приведение торгового законодательства Центральной Азии в соответствие с международными стандартами при сохранении регионального суверенитета.

MARKAZIY OSIYODA SAVDO HUQUQINING RIVOJLANISHI: MAHALLIY QOIDALARNI XALQARO STANDARTLAR BILAN UYG'UNLASHTIRISH

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JST, UNSITRAL yo'riqnomalari, lokal qonunchgilikni tartibga solish, Markaziy Osiyo, jahon bozori, savdo bitimlari, soliqlar, tariflar.

ABSTRACT

Ushbu maqola Markaziy Osiyo mamlakatlarining savdo huquqi doirasidagi evolyutsiyasi, muammolari va imkoniyatlarini o'rganadi, mintaqaviy siyosatni xalqaro standartlarga muvofiqlashtirishga e'tibor qaratadi. Unda mustaqillikdan so'ng savdo siyosatidagi muhim o'zgarishlar ko'rsatilgan bo'lib, Ipak yo'li davridan sovetlardan keyingi o'zgarishlargacha bo'lgan tarixiy sarhisobdan boshlangan. Tegishli adabiyotlarni o'rganish va milliy savdo qonunlarini ko'rib chiqish orqali tadqiqot qarama-qarshi qonunchilik va ijro etish bo'shliqlari kabi muhim huquqiy va me'yoriy masalalarni aniqlaydi. JST va UNSITRAL kabi samarali global modellardan olingan bilimlarni jaib qilish orqali tadqiqot rivojlanish, qiyinchiliklar va imkoniyatlarni yoritib beradi. Mintaqaviy suverenitetni saqlab qolgan holda Markaziy Osiyo savdo qonunchiliginini xalqaro standartlarga muvofiqlashtirishga qaratilgan amaliy siyosiy takliflar dissertatsiyaning iqtisodiy integratsiya va barqaror rivojlanish yo'l xaritasini ta'minlaydi.

In Central Asia, balancing regional trade laws with global norms is a hard task that stems from the historical, political, and economic complexity of the area. The flexible and market-oriented tenets of international trade standards like those set by the WTO and UNCITRAL sometimes clash with the legacy of Soviet-era legal systems, which were marked by strict and centralized rules. The adoption of unified international norms is made more difficult by the



notable differences in the institutional capacity and economic development of Central Asian nations, such as Tajikistan, Turkmenistan, Kyrgyzstan, Uzbekistan, and Kazakhstan. Furthermore, competing domestic laws and regulations among surrounding nations impede regional collaboration and lead to trade inefficiencies. Even when international norms are legally embraced, the efficacy of legislative changes is limited by weak enforcement mechanisms, which worsen these problems.

The impact of international trade agreements on domestic law. Domestic law is greatly impacted by international trade agreements, which force nations to modify their legal systems to comply with international norms and commitments. Such agreements, such as bilateral trade treaties or those under the WTO, need improvements in areas like intellectual property rights, tariffs, customs processes, and dispute resolution procedures for Central Asian countries. By bringing domestic laws into line with international standards, these modifications frequently encourage legal certainty and draw in foreign investment. The effects are not always favorable, though, since the quick ratification of international accords may put pressure on homegrown sectors that would find it difficult to compete in a market with more liberalized trade. Furthermore, putting these accords into practice can be difficult for nations with weak institutional capabilities, which can result in gaps in compliance and enforcement.

In the pre-Soviet era, Central Asia's trade was characterized by informal practices, local norms, and customary law. The Silk Road served as a key artery of economic activity, connecting Asia, the Middle East, and Europe. Trade relations were managed through barter systems, oral agreements, and local dispute resolution mechanisms led by community leaders or religious authorities. This reliance on informal systems made trade inherently flexible but also vulnerable to inconsistencies and exploitation. The lack of a codified legal framework meant that merchants depended heavily on trust and the stability of local political structures. Empires that dominated the region, such as the Persian, Mongol, and Timurid empires, played a role in shaping trade dynamics by imposing taxes and tariffs, though these measures were often inconsistent and subject to political whims. Despite these challenges, the Silk Road established Central Asia as a crucial economic bridge between major civilizations.

The dissolution of the Soviet Union in 1991 marked a significant turning point for the newly independent countries of Central Asia, including Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. These nations embarked on a challenging transition from centralized, command-driven economies to market-based systems, which required substantial reforms and the establishment of new legal and regulatory frameworks[1]. According to Sébastien Peyrouse and Gaël Raballand, Central Asian space is occupied by other geopolitical actors whose ambitions and interests largely diverge from western ambitions [2]. Prior to independence, the economic ties between the Central Asian Republics and the Russian Federation were overwhelming, with the majority of trade flows occurring within the Soviet Union. However, the collapse of the Soviet system disrupted these established trade links, leading to macroeconomic instability, inflation, and shortages of essential goods [3]. In the aftermath, the Central Asian countries sought to diversify their economic partners and integrate into the global trade network.



This process of harmonizing local trade regulations with international standards has been a complex and ongoing endeavor, requiring the navigation of various legal, political, and economic obstacles. For example, the region's comparative advantage in natural resource-based exports, coupled with a lack of regional integration and effective trade-facilitating policies, has contributed to the uneven development of trade patterns and the persistence of trade barriers. Kurmanalieva and Parpievs' research was one of the first studies that fundamentally showed major factors behind the changes in Central Asia's trade patterns and estimate their relative importance. We show that Central Asian countries' actual trade exceeded their potential trade, indicating that they tend to overtrade given their geographic location and level of development. In particular, actual trade of Turkmenistan, Tajikistan and Kazakhstan exceeded that of their potential on average about three times. Kyrgyzstan and Uzbekistan also tended to overtrade, but by much lesser margin. In contrast, with the exception of Tajikistan, all Central Asian countries' actual trade within the region has been below predicted trade, suggesting the existence of large untapped potential for trade creation in the region.

In a study by Liu Jiangsu, it is about energy diplomacy in Central Asia, the use of external energy markets through international investment has become an important strategy to address energy risks and optimize energy distribution. With its significant geographical location and diverse resources, Central Asia has attracted the attention of the international community and has become a place for foreign investment. However, the risk of corruption is a major concern for foreign investors, especially in the energy sector. As a respondent, the share of corruption in international investment arbitration with five Central Asian countries is up to 75% in the energy sector. In these situations, choosing Central Asia as a place to invest is a decision made after considering both opportunities and risks for resource-intensive investments[4].

Today's Central Asian legal system is a complicated fusion of autonomous reforms and post-Soviet adaptations, with each nation forging its own course to enact legislation that promotes both internal and foreign trade. The five main countries in the region — Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—have developed their trade laws in very diverse ways, reflecting differences in their political environments and degrees of integration with international trade systems.

Uzbekistan's trade laws must undergo significant revisions as part of the WTO accession process in order to conform to international standards, such as those pertaining to intellectual property, market access, and tariff reductions. With a focus on streamlining customs processes, lowering non-tariff barriers, and promoting transparency in trade-related rules, recent legal reforms in Uzbekistan show a shift toward liberalization. Despite these efforts, difficulties still exist, especially with regard to enforcement and getting past opposition to lessening government influence over important economic sectors. On the other hand, Kazakhstan, which joined the WTO in 2015, has made great progress in changing its trade regulations to draw in foreign capital and ease commerce. In addition to introducing contemporary techniques like computerized customs systems and trade facilitation measures, Kazakhstan's legislative framework places a strong emphasis on adherence to international accords. However, enforcement is still uneven, and persistent protectionist inclinations



continue to create obstacles for some industries. Kyrgyzstan was one of the first countries in the area to implement trade liberalization measures after joining the WTO in 1998[5]. Its legal system complies with several international norms, especially when it comes to trade facilitation and tariff reduction. But its potential is still being hampered by ineffective enforcement procedures and inefficient bureaucracy whereas, the economic policies of Tajikistan and Turkmenistan are more insular and center on protectionism and political control.

One of the main problems related to these countries is landlockedness.

Landlocked countries are heavily dependent on their political relations with transit countries. If there is conflict, whether military or diplomatic, between a landlocked country and its transit neighbors, the latter can easily block borders or set up regulatory impediments to trade. Even where there is no direct conflict, landlocked countries are vulnerable to the political vagaries of their neighbors.

In the Central Asia, It is crucial to note legislative innovations such the incorporation of Islamic legal ideas into the codified system of Roman law, which is being utilized in legislative regulation (*for example, The Civil Code in the Kyrgyz Republic now has 57 articles[6] on the application of financial and business operations based on the principles of Islamic law*).

Central Asia's present trade law system depicts a region undergoing transformation, with notable differences in the breadth and speed of reforms across its member nations. Although Kyrgyzstan, Kazakhstan, and Uzbekistan have made significant attempts to bring their legal systems into compliance with international norms, issues with enforcement, regional unity, and the legacy of Soviet-era institutions still exist. These challenges are aggravated by the absence of unified standards, inconsistent rules, and the delayed adaption to global trade trends.

The benefits of joining the WTO are based solely on economic benefits. That is, the ability of countries to exchange goods with each other without any restrictions and to maximize the implementation of new technologies, their development, introduction into large and small businesses and the maximization of their benefits.. It takes different times for all countries to join this organization. For example, 8-10 or 10-15 or 15-20 years (the record is that the Kyrgyz Republic joined in 1998 in 2 years and 10 months. The longest period was Russia, which joined the WTO in almost 20 years).

It has a positive effect on employment, that is, it improves it. The openness of many countries helps people to work in other countries and increase their income. However, these opportunities, these things are not all there in every country. If there is no production, natural resources, intellectual knowledge and economic growth in a particular country, there will be no change. For example, even though the Kyrgyz Republic has been a member of the World Trade Organization for 24 years, there is still no sign of a prosperous life.

In June 2024, Decree No. 85 of the President of the Republic of Uzbekistan was signed on Further acceleration of market reforms and next measures to harmonize the national legislation of Uzbekistan with the agreements of the World Trade Organization[7]. According to this decree, it is planned to abolish subsidies and preferences, as well as ineffective tax and customs privileges provided to support exports from January 1, 2025, as well as to take support measures that do not contradict WTO rules. In addition, it is planned to unify excise



duties on certain goods, equalize freight rates by rail, and reduce monopolies. These measures will serve to strengthen competition in agriculture, energy, telecommunications, and other economic sectors and strengthen the principle of – equal conditions for all|| in accordance with WTO requirements.

However, an interesting aspect of the story is that this does not mean that Uzbekistan has completely abandoned subsidies. The Ministry of Economy and Finance of Uzbekistan has published a draft Budget for 2025–2027[8]. The draft analyzes the implementation of the 2024 budget and notes that 28.9 trillion soums are expected to be spent on subsidies this year. This figure is 9.1 percent of state budget expenditures. In particular, a total of 16.2 trillion soums are planned to be allocated to support the energy sector by the end of the year. In 2025, a total of 28.3 trillion soums are planned to be allocated from the state budget in subsidies, which will be directed to support such sectors as socio-economic development, transport and communications, export promotion, agriculture, and employment. This amount will be equal to 8.2 percent of state budget revenues.

The comparative analysis underscores the significant gaps between Central Asia's trade laws and international standards, driven by historical legacies, institutional weaknesses, and varying levels of reform commitment. While countries like Kazakhstan have demonstrated the potential benefits of alignment, others, such as Uzbekistan, are still navigating the complex process of legal and policy reform. A concerted strategy involving regional collaboration, capacity-building programs, and ongoing political commitment will be needed to address these disparities. Central Asian countries may improve their economic integration, draw in investment, and compete more successfully in international markets by bringing their trade rules into compliance with international norms. To guarantee that changes strike a balance between international commitments and domestic economic interests, these objectives will need to be carefully managed.

Harmonizing trade laws in Central Asia with international standards is both a challenge and an opportunity for regional economic development. The legacy of divergent legal systems, rooted in post-Soviet transitions, has created inconsistencies in trade regulations that hinder regional integration and global competitiveness. However, the increasing engagement of Central Asian nations with international frameworks, such as the WTO, and initiatives like China's Belt and Road Initiative, signal a willingness to adapt. The comparative analysis of trade practices highlights the potential benefits of aligning with global standards, including enhanced market access, legal certainty, and sustainable economic growth. Despite these opportunities, obstacles such as enforcement gaps, conflicting regulations, and political sensitivities persist, underscoring the need for a balanced approach that preserves regional autonomy while embracing international norms.

Recommendations

1. Central Asian countries should prioritize incremental alignment with WTO rules and UNCITRAL guidelines, addressing key areas such as trade facilitation, dispute resolution, and e-commerce regulation.
2. Countries should actively participate in global trade agreements to secure better terms for market access, while ensuring that domestic industries are adequately prepared for competition.



3. Modernizing trade laws to accommodate digital trade and e-commerce is essential for competitiveness in the global market, particularly for small and medium-sized enterprises in the region.

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