



OPTIMISING FOOD PRODUCT IMPORTS THROUGH THE CUSTOMS PROCESSING REGIME

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ABSTRACT

This paper analyses the economic significance of the customs processing regime, its role in optimising food product imports, and the current practical challenges in its application. Based on the analysis, actionable proposals are developed to eliminate these obstacles and enhance the regime's effectiveness.

1. Introduction

The ongoing processes of global integration in the world economy not only ensure the openness of national markets but also bring to the forefront the issue of efficient and sustainable food imports (World Trade Organization, 2023). Today, every country is required to rationally organise its foreign trade policy and manage import and export operations in line with contemporary demands to provide its population with sufficient quantities of high-quality food products (Food and Agriculture Organization, 2024).

From this perspective, the customs processing regime emerges not only as a key instrument for developing foreign economic activity but also as a mechanism of great importance for the targeted and efficient optimisation of food imports (World Customs Organization, 2017). Under this regime, raw materials or semi-finished products are temporarily imported without customs duties, processed within a specified period, and then either exported as finished goods or sold on the domestic market in accordance with established procedures (Eurasian Economic Union, 2019).

The main advantages of using the customs processing regime include the rapid and efficient processing of imported raw materials, the full utilisation of domestic production capacities, a reduction in the cost of food products on the domestic market, an increase in exports of competitive finished goods to foreign markets, and a contribution to macroeconomic stability through increased national currency revenues (United Nations Conference on Trade and Development, 2022).

Currently, the Republic of Uzbekistan is actively expanding the use of the in-country processing regime to improve food supply, modernise production sectors, and broaden foreign economic ties (President of Uzbekistan, 2025). In particular, a number of benefits and favourable conditions have been created in this area through presidential decrees and Cabinet of Ministers resolutions (Cabinet of Ministers of Uzbekistan, 2023).

Specifically, Uzbekistan Presidential Decree No. PQ-20 of 22 January 2025, “On Additional Measures to Bring the Development of the Electrical Engineering Industry to a New Stage” dated 1 February 2025, the placement of products manufactured under the in-country processing regime into the same regime for further processing by subsequent manufacturers under industrial cooperation arrangements (President of Uzbekistan, 2025).

The mechanism of processing under cooperation arrangements demonstrates that it can support manufacturers, save them time and costs, increase production volumes, create new jobs, optimise imports, boost budget revenues, and enhance the competitiveness of goods (World Bank, 2023).

It is noteworthy that prior to the introduction of this cooperation procedure, the process of importing 1 tonne of wheat from Kazakhstan and producing biscuits involved considerable difficulties and additional costs. However, despite the fact that two years have passed since the introduction of the aforementioned procedure, not a single business entity has yet conducted operations under this framework (Customs Committee of Uzbekistan, 2024).

An analysis of current wheat and wheat flour imports and exports reveals that Kazakhstan accounts for the bulk of imports, while Afghanistan dominates exports (Table 1).

Table 1
Analysis of Wheat and Wheat Flour Imports and Exports (Tonnes)

Country	2022		2023		2024	
	Import	Export	Import	Export	Import	Export
WHEAT						
Kazakhstan	1,763,297.00	-	2,292,621.15	-	1,760,035.37	420.00
Afghanistan		8,030.22		27,280.59		16,862.01
Russia	21,726.75		17,051.64		13,329.85	
Serbia	24.00		20.00			
China			20.00			
Tajikistan						122,40
Kyrgyzstan						4,00
WHEAT FLOUR						
Afghanistan	-	950,342.05		1,189,309.15	-	1,117,534.86
Kazakhstan	411,366.01	-	541,332.87	-	422,655.25	188,00
Russia	15,851.94	-	26,529.49	-	43,636.21	-
Tajikistan	-	-	-	30.00	-	187.00
Turkmenistan	-	-	-	340.00	-	100.00
UAE	-	-	-	96.00	-	50.00
Kyrgyzstan	175.00	-	1,874.50	92.00	380.00	48.00
USA	49.90	3.00	79.95	-	121.08	-
Italy	76.62	-	53.17	-	57.90	-
Other	26.44	-	37.82	-	88.29	-

Note. Compiled by the author based on data from the electronic database of the Customs Committee of Uzbekistan (2024).

2. Current Problems of the Processing Regime

Bureaucratic barriers – excessive requirements for obtaining permits and multi-stage approval processes (Organisation for Economic Co-operation and Development, 2023).

Low level of digitalisation – insufficiently developed electronic document flow increases time and resource costs (Asian Development Bank, 2024).

Logistical and infrastructural issues – processing enterprises lack modern laboratory, storage, and transportation facilities (United Nations Development Programme, 2022).

Quality control and standards compliance – difficulties exist in meeting international quality and hygiene standards for food products (International Organization for Standardization, 2021; Codex Alimentarius Commission, 2023).

Table 2

SWOT Analysis of Optimizing Food Product Imports Through the Customs Processing Regime

Strengths	Weaknesses
<ul style="list-style-type: none"> - Possibility of importing raw materials and semi-finished products without customs duties. - Enhancement and development of domestic production capacities. - Reduction in domestic food prices. - Promotion of finished product exports and increased foreign currency earnings. - Creation of new jobs in the domestic labour market. 	<ul style="list-style-type: none"> - Complexity of the permit and document approval process. - Insufficient development of logistics and infrastructure. - Complexity of processing standards and certification requirements. - Excessive time expenditure due to underdeveloped electronic systems. - Shortage of experienced professionals and specialised expertise.
Opportunities	Threats
<ul style="list-style-type: none"> - Full digitalisation and automation of customs processes. - Establishment of special economic zones specialised in processing. - Implementation of quality systems aligned with international standards. - Expanding opportunities for domestic producers to enter global markets. - Sectoral support through state subsidies and tax incentives. 	<ul style="list-style-type: none"> - Volatility of international raw material prices. - Global logistics disruptions or delays. - Excessive prolongation of customs and sanitary inspections. - Inflow of cheap products from competitor countries. - Risk of import dependence due to natural disasters or global economic crises.

Note. Developed by the author based on the analysis conducted.

3. Conclusion and Recommendations

Based on the above analysis, the following recommendations are proposed:

Simplify the customs processing regime – automate permit issuance and control mechanisms (World Customs Organization, 2017; President of Uzbekistan, 2025).

Improve logistics infrastructure – establish specialised food logistics centres and modernise storage and transportation systems (United Nations Development Programme, 2022; Asian Development Bank, 2024).

Strengthen the quality and standards system – increase the number of internationally accredited laboratories (International Organization for Standardization, 2021; Codex Alimentarius Commission, 2023).

Organise regular meetings with business entities to explain the substance and implications of legislative changes (Organisation for Economic Co-operation and Development, 2023; World Bank, 2023).

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