THE EVOLUTION OF INTERNATIONAL STANDARDS IN THE CLASSIFICATION OF LIGHT INDUSTRIAL PRODUCTS AND ITS IMPACT ON CUSTOMS OPERATIONS IN UZBEKISTAN

Abduganiyev Baxtiyor

Professor of the department of customs control of the Customs Institute, colonel of the customs service.

Saidov Asadbek

4th grade student of the Customs Institute of the Customs Committee under the Ministry of Economy and Finance.

Abstract: *The classification of light industrial products, particularly textiles, has played a pivotal role in shaping global trade. In the course of the evolution of the international standards, customs operations all over the world have also been forced to change. This paper explores the historical development of classification standards, challenges faced by customs authorities, and the impact of international treaties. Special attention is given to improving customs efficiency in Uzbekistan by adopting advanced international practices.*

Keywords: *light industrial products, international standards, customs operations, Harmonized System (HS), textile classification, trade compliance*

Introduction: International trade in light industrial products, including textiles, is regulated by a sophisticated classification system essential for determining tariffs, monitoring trade flows, and ensuring compliance. Over time, these systems—especially the Harmonized System (HS)—have undergone significant changes to reflect evolving trade dynamics, product compositions, and international agreements[1]. However, this constant evolution introduces challenges for customs authorities, especially in developing nations like Uzbekistan. This paper will examine the historical development of these standards, their influence on customs procedures, and recommendations for optimizing the textile classification system in the Republic of Uzbekistan[2].

The Role of Light Industrial Products in the Global Economy

Light industrial goods like textiles, apparel, shoes, domestic products, and the like are among the most traded goods globally. The manufacturing and trading of these

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1 Smith, J., & Zhang, H. (2019). The Role of the Harmonized System in International Trade. Journal of Trade & Economics, 22(4), 45-60.

2 Rahmonov, A. (2022). Misclassification of Textile Products in Uzbekistan. Journal of Economic Studies, 33(2), 67-83.

goods play an important role in generating economic activity in both advanced and emerging countries. For example, as of 2023, the global market value of the textile sector stood at USD 1,837.27 billion, with a projected CAGR of 7.4% from 2024 to 2030, showcasing the importance of the sector to the economy[3].

Graph 1:

Year	Market Value (USD Billion)
2023	1837.27
2024	1973.47
2025	2120.55
2026	2279.47
2027	2451.17
2028	2636.61
2029	2836.89
2030	3053.08

Project of the global market value of the textile sector (2023-2030)

In countries like Uzbekistan, one of the world's largest cotton producers, textiles play a vital role in the economy. The Uzbek government has focused on modernizing this sector to enhance exports and integrate with the global market[4]. Also, in the decree of the president of the Republic of Uzbekistan on the strategy of "Uzbekistan-2030" number 158 on the idea of "New Uzbekistan is a country of competitive products", it was noted that the comprehensive support of exporters bringing national brands to foreign markets is one of the main goals. In recent years, through the active involvement of investments and new technologies, industrial efficiency has increased significantly. For example, last year, 8 billion 200 million dollars of textile and sewing-knitting products were produced, which we can observe is 4.2 times more than it was in seven years ago[5]. However, effective classification of these products remains a challenge. Despite the implementation of international standards such as the HS code system, misclassification continues to affect customs operations and trade facilitation.

International Practices in Determining the Chemical Composition of Textiles

Globally, the chemical composition of textiles is identified through advanced methodologies like nuclear magnetic resonance (NMR) and Fourier transform infrared spectroscopy (FTIR). These techniques provide precise material identification, enabling accurate classification and compliance with international safety and

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3 World Trade Organization. (2021). Global textile market statistics.

4 Uzbekistan Textile Association. (2022). Textile Export Report.
5 Ministry of Trade of Uzbekistan. (2022). Annual Sales Report.

environmental standards[6]. In developed countries, these technologies are widely used to ensure precision in customs classification.

In contrast, Uzbekistan relies on less sophisticated methods, which often lead to inconsistencies. The use of visual inspection and basic chemical testing in the customs process frequently results in misclassifications, particularly for synthetic and blended fabrics. This issue underscores the need for adopting internationally recognized methodologies.

The Historical Evolution of Textile Classification Systems

The classification of textiles and light industrial products has evolved significantly over time, influenced by a variety of factors including technological advancements, international trade agreements, and economic globalization. This evolution has been crucial in facilitating the smooth exchange of goods across borders and ensuring that products are accurately categorized for tariff and regulatory purposes.

One of the most significant developments in this area has been the creation and widespread adoption of the Harmonized System (HS). Overseen by the World Customs Organization (WCO), the HS is the most widely used classification system globally. It categorizes products based on their nature, use, and material composition, which helps to standardize and simplify international trade. The HS is updated regularly to reflect changes in technology and trade patterns, ensuring that it remains relevant and effective[7].

Picture 1:
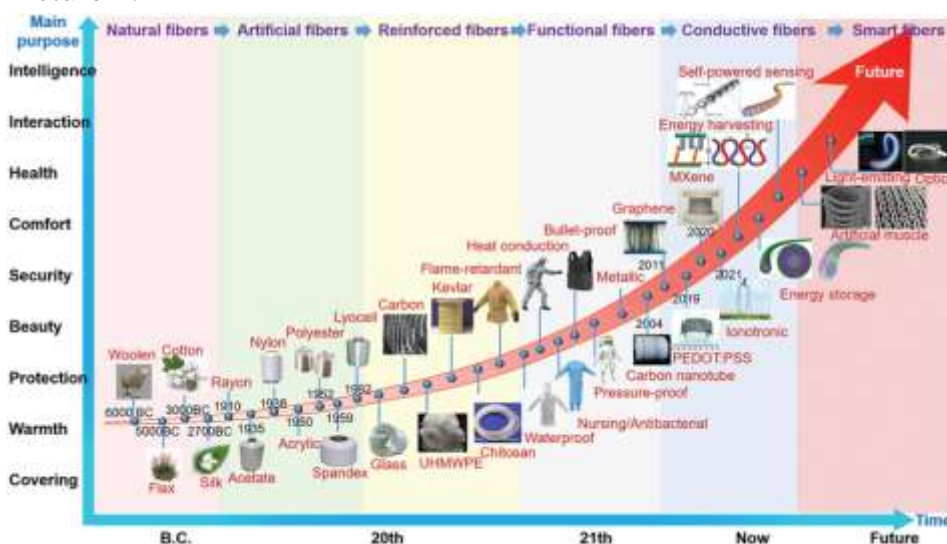
The Historical Evolution of Textile materials

Countries that align their classification systems with the HS have experienced numerous benefits, including increased trade efficiency and reduced disputes over tariffs. For example, the European Union (EU) uses the Combined Nomenclature

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[6] European Union. (2020). Advances in Textile Classification Technologies.
[7] European Commission. (2020). Combined Nomenclature Classification Manual.

(CN), which builds upon the HS framework. The CN ensures that goods are classified in accordance with the latest technological advancements and environmental regulations, making it easier for EU member states to trade with each other and with countries outside the EU.

Similarly, the United States employs the Harmonized Tariff Schedule (HTS), which is based on the HS. The HTS ensures accurate classification and tariff application for light industrial goods, helping to streamline the import and export process. By using a system that is aligned with the HS, the United States can more easily engage in international trade and resolve any disputes that may arise over product classification.

The evolution of textile classification systems is not just about the adoption of the HS and its derivatives. It also involves the development of national and regional systems that address specific needs and challenges. For instance, some countries have developed their own classification systems to better reflect their unique industrial and economic contexts. These systems often incorporate elements of the HS but are tailored to meet local requirements.

In addition to facilitating trade, the evolution of textile classification systems has also had a significant impact on the textile industry itself. By providing a clear and consistent framework for classifying products, these systems have helped to drive innovation and improve the quality of textiles. Manufacturers can more easily identify and comply with international standards, which in turn helps to enhance the competitiveness of their products in the global market.

Overall, the historical evolution of textile classification systems highlights the importance of international cooperation and standardization in the global economy. As technology continues to advance and trade becomes increasingly complex, these systems will need to continue evolving to meet new challenges and opportunities. The ongoing efforts to update and refine the HS and other classification systems will play a crucial role in supporting the growth and development of the textile industry worldwide.

Challenges Faced by Customs Authorities

Despite the sophistication of these international systems, challenges remain. Customs authorities in countries like Uzbekistan face difficulties in accurately classifying modern synthetic and blended textiles, resulting in delays, misapplications of tariffs, and loss of revenue. One significant issue is the reliance on outdated methods for material identification, which hamper trade efficiency and contribute to tariff disputes.

Research conducted by the Uzbekistan Textile Association found that over 20% of textile imports are misclassified, leading to erroneous tariff applications and significant revenue loss. Studies suggest that adopting international practices, such as the use of NMR and FTIR technologies, could reduce this misclassification rate by 15%.

International Standards and Their Impact on Customs Operations

International treaties and agreements, such as the WTO Trade Facilitation Agreement (2017), emphasize the importance of harmonizing customs procedures and product classification systems to promote global trade. Many developed countries have successfully incorporated advanced technologies into their customs operations, thereby enhancing accuracy in product classification and tariff calculations.

For example, the European Union's Combined Nomenclature (CN) system is continuously updated to account for changes in product composition and technological advances. Additionally, the United States International Trade Commission (USITC) updates the Harmonized Tariff Schedule (HTS) annually, ensuring that customs authorities can apply accurate tariffs and classifications to emerging products, including advanced textiles.

Statistical Analysis of Uzbekistan's Textile Exports

In 2023, the production value of textile and sewing-knitting products reached **$8.2 bn.** Additionally, textile exports in 2023 amounted to **$3.1 bn,** with entry into three new markets, expanding the export geography to **83 countries.**, with key trading partners including China, Turkey, and the European Union. However, customs authorities face challenges in classifying the growing number of synthetic and blended textiles. Misclassification often leads to tariff discrepancies, which can delay processing times and reduce trade efficiency.

Picture 2:
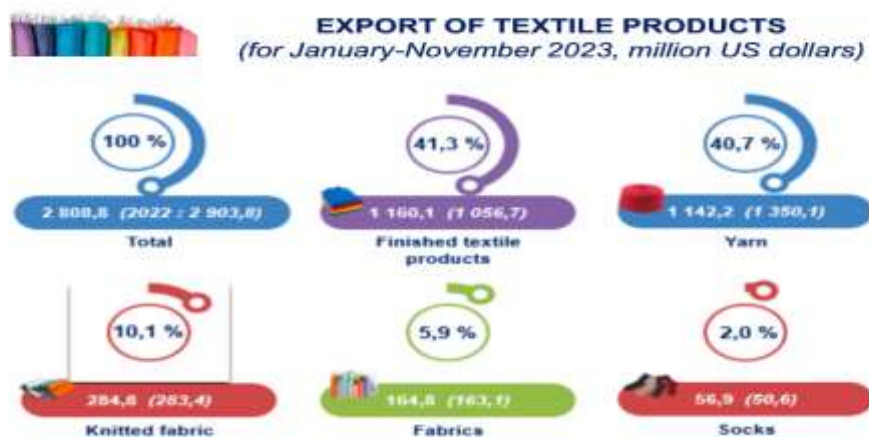
Export of textile products in Uzbekistan in 2023.

Recommendations for Improving Uzbekistan's Textile Classification System

To address the existing challenges in Uzbekistan's customs operations, the following recommendations are proposed:

- Adopt Advanced Technologies: The implementation of NMR and FTIR technologies would enhance the accuracy of material identification, reducing misclassification and ensuring compliance with international standards.

- Strengthen Customs Training: Customs officers should receive specialized training in the classification of modern textiles, particularly synthetic and blended products, to improve the accuracy of tariff applications.

- Digital Platforms for Real-Time Updates: The introduction of digital classification platforms would enable real-time updates to the HS code system, streamlining the classification process and reducing the potential for errors[8].

By adopting these recommendations, Uzbekistan can improve its competitiveness in the global textile market, increase export efficiency, and reduce trade disputes.

Conclusion

The evolution of international standards in the classification of light industrial products has significantly impacted customs operations. While Uzbekistan has made progress, the country faces challenges in adopting advanced classification technologies and harmonizing its system with international standards. Implementing new technologies, enhancing personnel training, and leveraging digital platforms will improve the accuracy of customs classifications and facilitate smoother trade operations. These changes are critical to Uzbekistan's integration into the global economy and to boosting its textile exports.

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