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Customs-Tariff Mechanisms for Regulating the Import of Harmful Food Products and Goods of Uncertain Origin

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Abstract: *The article analyzes two directions of regulating food product imports — the application of excise tax on products harmful to public health and the introduction of differentiated customs duties on goods of undetermined origin. The economic foundations of applying excise tax to products harmful to public health are explained based on Pigou's tax theory, and its importance in limiting consumption and increasing budget revenues is shown. Additionally, the abolition of the practice of applying double duties related to certificates of origin and the introduction of a differentiated additional duty mechanism in its place are assessed from the perspective of harmonization with international trade rules. The analyses were conducted within the framework of Article 289 of the Tax Code of the Republic of Uzbekistan, relevant norms of the Customs Code, and Law No. ORQ-1097. The results show that the harmonious application of tariff and tax instruments in regulating food imports serves to protect public health, support local production, and strengthen state budget revenues.*

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1. Introduction

Regulating the import of food products is one of the important directions for any state in ensuring food security, maintaining internal market stability, and meeting the needs of the population. In recent years, the growing global demand for food products, global climate change, instability of the geopolitical situation, and disruptions in logistics chains have prompted many countries to seek effective regulatory mechanisms in this area. In such conditions, customs-tariff instruments perform not only the function of generating state budget revenues, but also strategic tasks such as purposefully directing import flows, supporting local production, and protecting public health.

In the Republic of Uzbekistan as well, special attention is being paid to regulating the import of food products, and consistent reforms are being implemented in this regard. In particular, the Law "On Food Security" adopted on February 3, 2025, the Decree No. PF-36 of February 16, 2024, and the Decree No. PF-16 of January 30, 2025, set tasks for strengthening tariff and non-tariff regulation mechanisms in imports, protecting the internal market, and stabilizing customs duty revenues to the state budget. At the same time, Uzbekistan's process of joining the World Trade Organization requires paying special attention to the regulatory function of customs duties alongside their fiscal function.

This article analyzes two pressing directions of regulating food product imports — the application of excise tax on products that have a negative impact on public health, and the introduction of differentiated customs duties on goods whose country of origin is not clearly determined. These directions, on the one hand, aim to limit the consumption of products harmful to health and protect public health, and on the other hand, ensure the elimination of uncertainties related to rules of origin and harmonization with international trade rules.

The study explains the economic foundations of excise tax within the framework of Pigou's tax theory, and assesses the abolition of the practice related to certificates of origin and the introduction of a differentiated additional duty mechanism based on international experience and national legislation. The purpose of the article is to determine the effectiveness of customs-tariff mechanisms in these two directions and to reveal their role in ensuring food security.

2. Materials And Methods

This scientific article used official statistical data from the Customs Committee under the Ministry of Economy and Finance of the Republic of Uzbekistan, the National Statistics Agency, the Ministry of Agriculture, and the Ministry of Health for the period 2021–2025. The research materials included an analysis of import operations of chips and frozen fries under HS codes (2005, 2004), the dynamics of customs duty and excise tax revenues, a comparative analysis of customs duty practices related to certificates of origin, as well as data on the customs-tariff policies and excise tax practices of the European Union, the United States, Hungary, Colombia, and ASEAN countries. During the analysis, the norms of Articles 300¹ and 366 of the Customs Code, Article 289 of the Tax Code, and Law No. ORQ-1097 were studied using the legal-normative analysis method.

The research methodology is based on statistical analysis, comparative analysis, normative-legal analysis, and structural analysis methods. Additionally, using a systematic approach, induction, and deduction methods, the current state of excise tax and differentiated customs duties in food product imports was analyzed based on international experience, and the possibilities of their application in the conditions of Uzbekistan were thoroughly studied.

3. Results

Over the past five years, food product imports in Uzbekistan have shown a stable growth trend in both volume and value. According to the results of 2025, a total of 7.2 million tons of food products worth 4.7 billion US dollars were imported into the country, which represents an increase of 41 percent in physical volume and 74 percent in value compared to 2021. In the import geography, Kazakhstan (62%), Russia (11%), and Brazil (9%) occupy leading positions, with these three countries accounting for 82 percent of total imports. In the import structure, grain products (28%), vegetable oils (19%), sugar (14%), and meat (12%) hold the main share. The following table analyzes the main indicators of food product imports in our country for the period 2021–2025, such as statistical value, physical volume of goods, customs duties, and fiscal volume.

Table 1

Analysis of the dynamics of the main indicators of agricultural and food product imports in the Republic of Uzbekistan for 2021–2025

Period	Import value (billion USD)	Physical volume (thousand tons)	Customs duties (trillion soums)	Fiscal burden (%)
2021	2,7	5,1	3,6	12,7
2022	3,5	5,4	4,5	10,9
2023	3,8	6,3	5,6	12,2
2024	3,8	6,3	6,8	14,1
2025	4,7	7,2	7,9	12,9

Source: Compiled by the author based on foreign trade statistics data of the Customs Committee of the Republic of Uzbekistan.

Customs duties are an important source of state budget revenues, consisting of import duty, export duty, excise tax, value-added tax, and customs fees. In the early years of independence, import duty rates were relatively high, with the average arithmetic rate amounting to 15.31% in 2002. However, as a result of the process of joining the World Trade Organization and the policy of liberalizing foreign trade, this indicator was gradually reduced, falling to 7.9% by 2025.

Nevertheless, the amount of funds collected from customs duties increased significantly. In particular, although duty rates in the 2010s were much higher than today, the total amount collected from customs duties was only 2.5 trillion soums, while by 2025 this figure exceeded 76 trillion soums. This growth is explained by the expansion of import volumes, the digitalization of customs administration, and the broadening of the tax base.

Excise tax is a type of tax applied by the state to certain goods and services, primarily applied to luxury goods, as well as products and services that have a negative impact on public health, the environment, or social stability [1]. One of the main functions of this tax is to improve public health. For example, the excise tax applied to tobacco and alcohol products helps reduce their consumption and eliminate public health problems in society. Food products, particularly potato chips and frozen fries, contain high levels of salt and fats, which can harm the human body. According to the recommendation of the World Health Organization, the daily salt intake norm for a person should not exceed 5 grams, and the fat norm should not exceed 10 grams per 10 kg of body weight. According to data, 100 grams of chips contain on average 2.5 grams of salt (50% of the daily norm) and 30 grams of fat (25–30% of the daily norm) [2].

Considering that excise tax is also levied on products that are harmful to human health to a certain extent, it is possible to introduce excise tax on certain types of food products imported into our country, including potato chips and frozen fries (potato chips (HS code 200520) and frozen fries (HS code 200410). Below, the import volume of these products for 2021–2025 is presented (Figure 1).

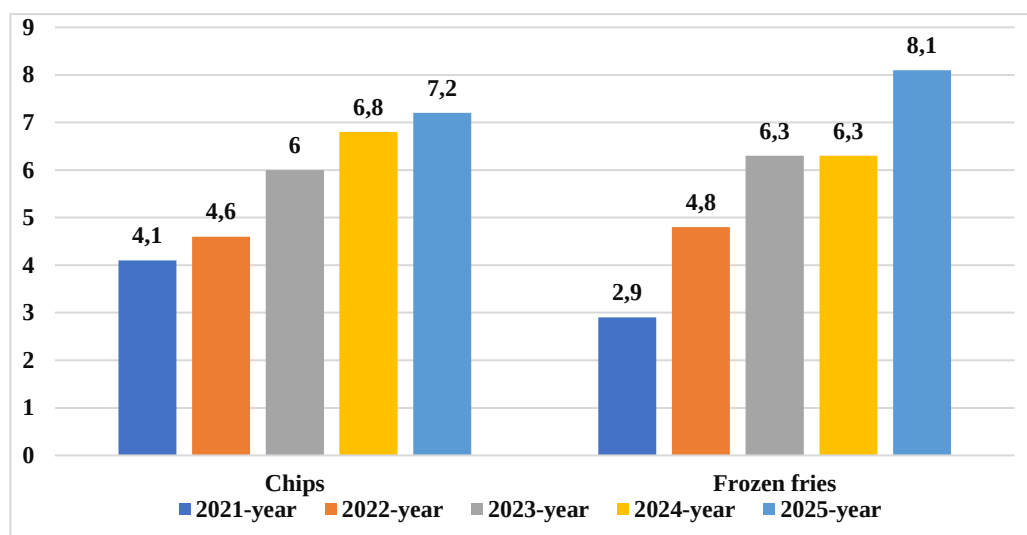


Figure 1. Imports of chips and frozen fries in 2021–2025 (thousand tons)

Source: Compiled by the author based on foreign trade statistics data of the Customs Committee of the Republic of Uzbekistan.

During the analyzed years, potato chip imports increased from 4.1 thousand tons to 7.2 thousand tons (by 75%), while frozen fries imports increased from 2.9 thousand tons to 8.1 thousand tons (by 179%). This indicates the growing demand for fast-food products and the need to introduce excise tax on these products [3]. The proposed excise tax is based on the "Pigou tax" principle put forward by economist Arthur Cecil Pigou. In his work "The Economics of Welfare" (1920), Pigou argued that the government can correct market failures through taxes in order to eliminate negative externalities [4]. Health problems such as obesity and cardiovascular diseases arising from chip consumption create additional costs for society. The proposed excise tax serves to reduce these negative externalities.

In international practice as well, there is experience in reducing the consumption of food products harmful to health by introducing excise tax on them. For example, in the United Kingdom, a tax of 3.5 euros is levied per 1 kg of chips, while in Norway it is 1 euro. According to Article 289 of the Tax Code of the Republic of Uzbekistan, from April 1, 2026, an excise tax of 15,000 soums per kilogram was introduced on chip products. As a result, along with reducing childhood obesity and cardiovascular diseases, an additional 90 billion soums in revenue is expected for the state budget [5].

Below, we can observe the growth of preferences granted to these products in 2021–2025 (Figure 2).

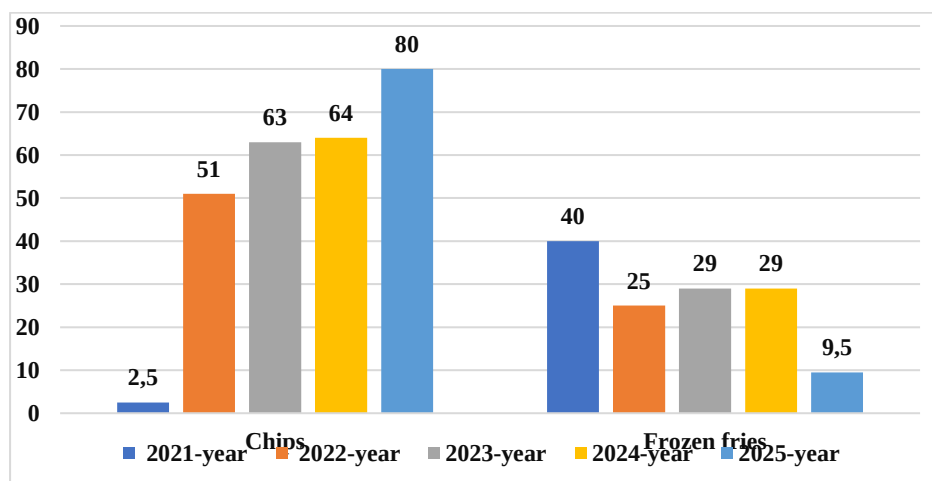


Figure 2. Preferences granted to imported potato chips and fries in 2021–2025 (in billion soums)

Source: Compiled by the author based on foreign trade statistics data of the Customs Committee of the Republic of Uzbekistan.

By Decree No. PF-41 of the President of the Republic of Uzbekistan dated March 23, 2023, the import duty on potato chips, frozen fries, and oils containing trans fats was set at a zero rate until January 1, 2027. As a result of this preference, in 2025 a total of approximately 90 billion soums in customs duties was forgone on these products.

For information, in 2025, potato chip exports amounted to 186 tons (351 thousand US dollars). This figure decreased by 695 tons or 85% compared to 2024. For comparison, in 2022, exports of this product amounted to 1.1 thousand tons (642 thousand US dollars). Geographically, chip products were delivered to a total of 8 countries (2 countries in 2022), with the main buyers being Tajikistan (98 tons), Singapore (29 tons), Korea (21 tons), Kyrgyzstan (17 tons), and Kazakhstan (12 tons). Frozen fries exports amounted to 44 tons (71 thousand US dollars), directed only to Tajikistan (this product was not exported in 2024).

As for the issue of goods of undetermined origin, the complication of global supply chains and multi-stage processing operations are making it increasingly difficult to determine the actual country of origin of goods. Food products often move across several countries, are processed, and repackaged, which casts doubt on the reliability of certificates of origin of goods [6]. According to the procedure previously in force in Uzbekistan, when a certificate of origin of a food product was absent or doubts arose about the accuracy of the information therein, the import duty rate was applied at double the rate to the imported goods. Although this mechanism was initially introduced to prevent the illegal entry of goods of undetermined origin, in practice it complicated the activities of business entities, artificially prolonged customs clearance procedures, and contradicted international trade rules, in particular the requirements of the WTO Trade Facilitation Agreement [7].

Based on the proposal developed as a result of the research, this practice of doubling was abolished by Law No. ORQ-1097 of the Republic of Uzbekistan adopted on November 27, 2025 [8]. Additionally, under this Law, Article 300¹ of the Customs Code provides for the collection of a differentiated additional duty on goods produced in countries where

the most-favored-nation regime is not envisaged in trade-economic relations, or on goods whose country of production is undetermined, depending on the ad valorem rate of the import duty [9]. Currently, Uzbekistan conducts trade relations with 47 countries on the basis of the most-favored-nation regime. According to official statistical data, 95 percent of Uzbekistan's imports come from WTO member countries, of which 61.4 percent are countries to which the most-favored-nation regime is applied, and 32.3 percent are free trade zone partners. Only 6.3 percent of goods are of unknown origin [10].

When introducing these measures, it is advisable to apply a step-by-step approach, maintain macroeconomic balance, and conduct monitoring of economic indicators at each stage [11].

4. Discussion

The annually in Uzbekistan. The share of enterprises in Fergana, Namangan, and Surkhandarya regions and Tashkent city amounts to 99 percent.

Foreign doctors and nutritionists have stated that consuming potato chips can cause metabolic disorders, excess weight gain, diabetes, cardiovascular diseases, sexual weakness, and the development of tumors that cause cancer.[14]

For information, 100 grams of chips contain on average 2.5 grams of salt (50% of the daily norm) and 30 grams of fat (25–30% of the daily norm).

Based on this, the consumption of chips has been declared prohibited or restricted by this international organization. Also, 40 percent of the world's population is overweight. This figure stands at 50 percent in Uzbekistan, and the population's salt intake averages 15 grams per day.

Additionally, in foreign experience regarding limiting the consumption of harmful food products, non-tariff measures such as restricting their advertising are also applied.

For information, in order to reduce the consumption of products with high salt, sugar, and fat content in our country, Decree No. PF-6099 of the President of the Republic of Uzbekistan was adopted on October 30, 2020, which tasked the development of a draft law envisaging restrictions on advertising of these products. However, to date, no relevant amendments have been made to the Law "On Advertising".

The draft state program for 2024 envisaged the approval of a "Healthy Nutrition Strategy" to promote a healthy lifestyle among the population. In particular, these include restricting the advertising of products with high trans fats, sugar, and salt content, primarily on children's TV channels and in street advertising, as well as requiring food manufacturers to indicate the content of trans fats, sugar, and salt on product packaging.

According to the data of the Agency for Technical Regulation under the Cabinet of Ministers of the Republic of Uzbekistan, the use of various substitutes or falsification of products with other substances in food production is becoming widespread today. In particular, in 2025, 13 cases were identified where products were found non-compliant due to the use of fat substitutes in milk, yogurt, butter, cream, and condensed milk products.

The conducted analyses show that in recent years, imports of fruit and vegetable products, especially citrus fruits and potato chips, have increased significantly in our country. In parallel with the growth in import volume, collected customs duties have decreased, and the amount of granted preferences has sharply increased. This situation gives rise to the need to improve instruments such as seasonal duties and excise tax in order to support local producers and reduce dependence on imports. In particular, the growing import of products harmful to health, such as potato chips and frozen fries, necessitates the introduction of excise tax on them. At the same time, the process of joining the World Trade Organization poses the urgent task of developing effective mechanisms for protecting the domestic market within the framework of international requirements.[15]

The uncertainty of the current rules regarding goods whose actual country of origin is undetermined or doubtful leads to different interpretations in customs practice. This problem can be solved by differentiating additional duty rates. Within the framework of the "most-favored-nation regime" envisaged in current legislation, preferential rates are applied to goods produced, but food products of unclear origin have the opportunity to improperly benefit from these preferences. Therefore, the proposal to collect an additional customs duty of 5 percent as an experiment on goods with an ad valorem rate of up to 10 percent has practical significance. This approach, on the one hand, limits the use of the preferential regime through improper certification, and on the other hand, allows additional revenue to be obtained for the budget. Similar mechanisms are also applied in international experience: in the European Union, maximum tariff rates are applied to "goods that cannot prove their origin," while in ASEAN countries, different rates are set for goods with and without a certificate of origin.

Mitigating measures related to certification problems is the second important direction. According to the procedure previously in force in Uzbekistan, when a certificate of origin of a food product was absent or doubts arose about the accuracy of the information therein, the import duty rate was applied at double the rate to the imported goods. Although this mechanism was initially introduced to prevent the illegal entry of goods of undetermined origin, in practice it complicated the activities of business entities, artificially prolonged customs clearance procedures, and the obligation to pay an additional 100 percent duty in many cases made import operations economically unprofitable. Furthermore, such strict measures contradicted international trade rules, in particular the requirements of the WTO Trade Facilitation Agreement. Based on the proposal developed as a result of the research, this practice of doubling was abolished by Law No. ORQ-1097 of the Republic of Uzbekistan adopted on November 27, 2025.

Currently, in such cases, the ad valorem rate of the import duty is applied at the amount specified in the customs tariff, which serves to simplify customs clearance, reduce legal uncertainties for importers, and harmonize the legislation of Uzbekistan with WTO requirements. Additionally, under this Law, Article 300¹ of the Customs Code provides for the collection of a differentiated additional duty on goods produced in countries where the most-favored-nation regime is not envisaged in trade-economic relations, or on goods whose country of production is undetermined, depending on the ad valorem rate of the import duty. Currently, Uzbekistan conducts trade relations with 47 countries on the basis of the most-favored-nation regime. According to official statistical data, 95

percent of Uzbekistan's imports come from WTO member countries, of which 61.4 percent are countries to which the most-favored-nation regime is applied, and 32.3 percent are free trade zone partners. Only 6.3 percent of goods are of unknown origin.

The new mechanism creates an additional regulatory tool for goods of undetermined origin. This approach does not contradict WTO rules, since the most-favored-nation regime is mandatory among WTO members, while in relations with non-member countries, states have the right to determine their policy independently. Additionally, price volatility in the food products market is high, and goods of undetermined origin can often be offered at low prices. This creates unfair competition for local producers. Through the additional duty mechanism, the entry of such goods into the domestic market is regulated.

These reforms being implemented in our country serve to improve the customs duty system in food product imports and allow achieving a number of strategic results. In particular, by harmonizing rules of origin with international standards and introducing a differentiated tariff policy, along with expanding import geography, simplifying and accelerating customs clearance procedures, and accelerating Uzbekistan's process of joining the World Trade Organization, the opportunity is created for an additional approximately 77 billion soums to enter the state budget in 2026. This forecast was calculated based on the volume of goods of unknown origin accounting for 6.3 percent of Uzbekistan's imports, their ad valorem rates, and the additional duty rate of 5 percent. This indicator is approximate and may vary by year depending on changes in import volume and product structure. At the same time, through additional duty mechanisms, it is expected to achieve positive results such as protecting local producers from unfair competition, ensuring domestic market stability, and increasing state budget revenues.

5. Conclusion

As a result of the scientific research conducted on the prospects for improving customs duties in the import of certain types of food products, the following important conclusions were formulated and recommendations were developed:

It is proposed to introduce an excise tax of 15,000 soums per kilogram on products that are thinly sliced or reduced to a thin form, fried or dried, packaged in consumer packaging, and containing potato or additives giving its taste (chips). This measure, along with reducing childhood obesity and cardiovascular diseases, will serve to generate an additional 90 billion soums in revenue for the state budget.

The proposal to abolish the practice of applying double the import duty to goods when a certificate of origin of food products is absent or when doubts arise about the accuracy of this certificate and (or) the information indicated therein was substantiated. As a result, administrative barriers related to certificates of origin of goods were eliminated, which served to simplify customs clearance procedures.

The collection of an additional customs duty of 5 % on goods with an ad valorem rate of up to 10 %, in addition to the customs tariff, was substantiated for food products produced in countries where the most-favored-nation regime is not envisaged in trade-economic relations, or for food products of undetermined origin. As a result, it is forecast that the opportunity will be created to regulate the flow of imported products into our country and to harmonize with WTO requirements.

It is advisable to develop and popularize the production and consumption of local fruit chips instead of potato chips and frozen fries.

It is proposed to introduce relevant amendments to the Law "On Advertising" regarding the restriction or prohibition of advertising of harmful food products.

The above recommendations serve to strengthen economic security by reducing dependence on imports, protecting public health, stimulating local production, and harmonizing with WTO requirements. In particular, the introduction of excise tax on chip products, along with limiting the consumption of harmful food products, has a positive effect on forming a healthy lifestyle among the population. The application of differentiated duties on goods of undetermined origin, on the other hand, regulates import flows and protects local producers from unfair competition. Additionally, the elimination of administrative barriers related to certification simplifies customs clearance procedures and improves the business environment. The development of national fruit chip production and the introduction of advertising restrictions, while supporting the import substitution policy, serve to strengthen public health in the long term.

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