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# THE REGULATION OF INTERNATIONAL COMMERCIAL ARBITRATION AND LOCAL ARBITRATION UNDER THE LEGISLATION OF THE REPUBLIC OF UZBEKISTAN

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## Abstract

In modern cross-border commerce, arbitration has become one of the most reliable mechanisms for resolving commercial disputes. Within the legal system of the Republic of Uzbekistan, international arbitration is regulated primarily by the Law of the Republic of Uzbekistan “On International Commercial Arbitration” (2021).<sup>1</sup> The provisions of this Law apply to international commercial arbitration subject to the international treaties binding upon the Republic of Uzbekistan.<sup>2</sup>

## Introduction

The Law is largely based on the UNCITRAL Model Law and establishes a contemporary legal framework governing the validity of arbitration agreements, the constitution of arbitral tribunals, arbitral procedure, and the recognition and enforcement of arbitral awards.<sup>3</sup>

An arbitration is considered “international” in Uzbekistan not because of the name of the arbitral institution, but due to the presence of a foreign element — for example, where the parties are located in different states, contractual obligations are performed abroad, or foreign investment is involved.<sup>1</sup>

Domestic arbitration is regulated separately by the Law of the Republic of Uzbekistan “On Arbitration Courts” (2006).<sup>4</sup> This Law governs the establishment and functioning of domestic arbitral tribunals within Uzbekistan. Thus, arbitration proceedings in Uzbekistan are governed by two principal legislative acts:

- the Law “On Arbitration Courts,” applicable to domestic disputes;<sup>4</sup>



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• the Law “On International Commercial Arbitration,” applicable to disputes containing a foreign element.<sup>1</sup>

Under Uzbek legislation, parties to commercial transactions are generally free to submit disputes to arbitration, provided that:

1. A valid written arbitration agreement exists;<sup>1</sup>
2. The dispute is arbitrable (i.e., commercial in nature);<sup>5</sup>
3. The agreement does not contradict mandatory public policy norms.<sup>6</sup>

International disputes may therefore be administered:

- by arbitral institutions operating in Uzbekistan, such as the Tashkent International Arbitration Centre (TIAC);<sup>7</sup>
- by foreign arbitral institutions;
- or by ad hoc tribunals constituted by agreement of the parties.

The designation of an arbitral institution as “international” is not decisive. What matters is the presence of a foreign element and the intended place of enforcement.<sup>1</sup>

A central advantage of arbitration is enforceability. Uzbekistan acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) in 1996.<sup>8</sup> The Convention establishes a uniform regime for recognition and enforcement of foreign arbitral awards in more than 170 jurisdictions worldwide.

In Uzbekistan, recognition and enforcement of arbitral awards are governed by:

- the Economic Procedural Code of the Republic of Uzbekistan;<sup>9</sup>
- the Civil Procedural Code of the Republic of Uzbekistan;<sup>10</sup>
- and the Law “On International Commercial Arbitration.”<sup>11</sup>

Applications for recognition and enforcement are considered by the competent economic or civil courts in accordance with procedural legislation, subject to judicial review standards developed in national practice.<sup>11</sup>

Unlike foreign court judgments — which may require bilateral treaties or proof of reciprocity — arbitral awards benefit from the New York Convention regime.<sup>8</sup> This significantly enhances predictability in cross-border enforcement. In international commercial contracts involving Uzbek entities, parties frequently encounter jurisdictional concerns. Each party may prefer litigation



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before its own national courts. Arbitration offers a neutral and flexible alternative.

Under Uzbek legislation, arbitration ensures:

#### Party Autonomy

The parties may determine:

- the seat of arbitration;
- the applicable substantive law;
- the language of proceedings;
- the number and qualifications of arbitrators;
- the procedural rules.<sup>1</sup>

This autonomy distinguishes arbitration from state court proceedings, where procedural rules and language are determined by national legislation.

#### Industry Expertise

Arbitrators may be selected based on professional expertise in construction, energy, banking, information technology, or other sectors. This reduces the risk of technically inconsistent decisions in complex disputes.

#### Procedural Efficiency

Arbitral proceedings may be conducted in person or remotely. The legislation of Uzbekistan recognizes modern procedural tools, including electronic communications.<sup>1</sup>

However, not all disputes are arbitrable. Under Uzbek law, arbitration generally applies to:

- contractual commercial disputes;
- investment-related disputes (subject to applicable legislation);
- corporate and trade-related conflicts, within statutory limits.<sup>15</sup>

Family disputes, criminal matters, and certain public law disputes remain within the exclusive jurisdiction of state courts.<sup>6</sup>

When concluding cross-border contracts, Uzbek businesses should carefully draft dispute resolution clauses. Key considerations include:

1. Location of the counterparty's assets;
2. The seat of arbitration;
3. Clear reference to institutional arbitration rules;
4. Language of proceedings;



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#### 5. Governing substantive law.

Improper drafting may lead to jurisdictional uncertainty or enforcement difficulties.

As Uzbekistan continues integration into the global economic system, arbitration plays an increasingly important role in strengthening investor confidence and legal predictability. Institutions such as the Chamber of Commerce and Industry of the Republic of Uzbekistan actively support the development of arbitration mechanisms, including through TIAC.<sup>7</sup>

In practice, foreign investors frequently insist on arbitration clauses in contracts with Uzbek counterparties. This reflects international commercial standards rather than distrust in domestic courts.

#### **Conclusion**

Under the legislation of the Republic of Uzbekistan, international arbitration constitutes a legally recognized and modern mechanism for resolving commercial disputes.

The international character of arbitration depends not on the name of the arbitral institution, but on:

- the presence of a cross-border element;
- the existence of a valid arbitration agreement;
- and the place where enforcement of the award is sought.

Given Uzbekistan's accession to the New York Convention and the adoption of contemporary arbitration legislation, arbitration has become one of the most effective legal instruments for resolving international commercial disputes involving Uzbek entities.



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