



NAVIGATING THE LEGAL LANDSCAPE: SMART CONTRACT REGULATION IN UZBEKISTAN

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Abstract

Smart contracts, a cornerstone of blockchain technology, are revolutionizing how agreements are executed and enforced globally. In Uzbekistan, where technological innovation is rapidly gaining momentum, the legal framework surrounding smart contracts is of paramount importance. This article explores the legal regulation of smart contracts in Uzbekistan, highlighting key provisions, challenges, and opportunities for stakeholders. Through a comprehensive analysis of relevant laws, regulations, and emerging trends, it provides insights into the evolving landscape of smart contract adoption and regulation in the country.

Keywords

Smart contracts, blockchain technology, legal regulation, digital economy, decentralized agreements, contractual automation, emerging technologies.

Introduction:

In recent years, Uzbekistan has been making significant strides towards embracing digital transformation and fostering innovation across various sectors. Central to this endeavor is the adoption and regulation of emerging technologies such as blockchain, which underpins the concept of smart contracts. Smart contracts, self-executing agreements coded on blockchain platforms, offer efficiency, transparency, and security in contractual transactions. However, their legal status and regulatory framework in Uzbekistan require careful examination to ensure legal certainty and protect stakeholders' interests.

Legal Framework for Smart Contracts in Uzbekistan:

The legal regulation of smart contracts in Uzbekistan primarily falls within the ambit of existing laws governing electronic commerce, contracts, and information technology. The Law on Electronic Commerce, enacted in 2019, provides a foundation for recognizing electronic documents and signatures, laying the groundwork for the acceptance of smart contracts as legally binding instruments. Additionally, the Law on Electronic Document Management and the Law on Information and Communication Technologies contribute to the regulatory framework for digital transactions, albeit indirectly impacting smart contracts.

Challenges and Opportunities:

Despite the progressive legal framework, several challenges hinder the widespread adoption and regulation of smart contracts in Uzbekistan. One significant challenge is the lack of specific legislation addressing the unique features and complexities of smart contracts, leading to uncertainty regarding their enforceability and validity. Moreover, the nascent nature of blockchain technology and its integration into traditional legal frameworks pose challenges in terms of interpretation and application.[1]

However, these challenges also present opportunities for innovation and regulatory development. Recognizing the transformative potential of smart contracts, policymakers and stakeholders can collaborate

to establish clear legal standards and mechanisms for their use. [2] By leveraging international best practices and engaging with industry experts, Uzbekistan can position itself as a conducive environment for blockchain-based innovation, attracting investment and fostering economic growth.

International Perspectives and Comparative Analysis:

To inform its regulatory approach, Uzbekistan can draw insights from international experiences and regulatory frameworks governing smart contracts. Countries such as Switzerland, Estonia, and Singapore have emerged as pioneers in blockchain regulation, offering valuable lessons in balancing innovation with legal certainty. By studying these models and adapting them to its unique context, Uzbekistan can tailor its regulatory framework to promote responsible innovation and safeguard stakeholders' interests.[3]

In Uzbekistan, the legal regulation of smart contracts faces several challenges, which can be addressed through strategic solutions:

1. Lack of Specific Legislation:

Problem: The absence of dedicated legislation tailored to smart contracts leads to ambiguity regarding their legal status and enforceability. This uncertainty may deter stakeholders from utilizing smart contracts for transactions, hampering innovation and economic growth.

Solution: Uzbekistan can develop comprehensive legislation explicitly addressing smart contracts, clarifying their legal validity, enforceability, and potential liabilities. This legislation should consider the unique features of smart contracts, such as self-execution and immutability, while ensuring compatibility with existing legal frameworks.

2. Regulatory Uncertainty:

Problem: Rapid technological advancements often outpace regulatory developments, resulting in uncertainty regarding compliance requirements and regulatory oversight for smart contracts. This uncertainty can deter investors and businesses from embracing blockchain-based solutions.

Solution: Uzbekistan's regulatory agencies can collaborate with industry stakeholders to develop clear guidelines and regulatory frameworks specific to smart contracts. By fostering dialogue and transparency, regulators can provide clarity on compliance requirements, risk management, and consumer protection, thereby fostering trust and confidence in smart contract transactions.[4]

3. Technological Infrastructure:

Problem: The adoption of smart contracts relies on robust technological infrastructure, including reliable internet connectivity, digital identity solutions, and blockchain platforms. In Uzbekistan, infrastructure limitations may impede the widespread adoption of smart contracts, particularly in rural areas.[5]

Solution: The government and private sector can invest in upgrading digital infrastructure to support the deployment and utilization of smart contracts across the country. This includes expanding broadband connectivity, promoting digital literacy programs, and incentivizing the development of blockchain platforms tailored to local needs.

4. Legal Recognition and Enforcement:

Problem: Despite technological advancements, traditional legal systems may struggle to recognize and enforce smart contracts effectively. This raises concerns about the enforceability of smart contract provisions, dispute resolution mechanisms, and cross-border transactions.

Solution: Uzbekistan can establish mechanisms for recognizing and enforcing smart contracts within its legal system, such as through digital signatures, timestamping, and blockchain-based evidence. Additionally, the country can explore alternative dispute resolution mechanisms, including arbitration and smart contract escrow services, to facilitate efficient and transparent resolution of contractual disputes.[6]

5. Skills and Capacity Building:

Problem: The successful implementation of smart contracts requires a skilled workforce proficient in blockchain technology, programming, legal interpretation, and contract drafting. However, there may be a shortage of qualified professionals with expertise in these areas in Uzbekistan. [7]

Solution: Uzbekistan can invest in education and capacity-building initiatives to nurture a talent pool capable of developing, auditing, and managing smart contracts. This includes integrating blockchain and smart contract-related courses into educational curricula, providing training programs for legal professionals

and developers, and fostering collaboration between academia, industry, and government.[8]

By addressing these challenges and implementing strategic solutions, Uzbekistan can unlock the transformative potential of smart contracts, foster innovation, and accelerate its transition towards a digital economy powered by blockchain technology.

Conclusion:

The legal regulation of smart contracts in Uzbekistan is a dynamic and evolving field that requires proactive engagement from policymakers, legal experts, and industry stakeholders. While challenges exist in terms of legal clarity and regulatory certainty, there are also significant opportunities for innovation and economic development. By building upon existing legal frameworks, leveraging international experiences, and fostering collaboration between the public and private sectors, Uzbekistan can unlock the full potential of smart contracts and position itself as a hub for blockchain innovation in the region.

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