

Arbitration Over Litigation in Uzbekistan: Advantages

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Abstract: Arbitration has steadily gained prominence in Uzbekistan as a reliable method of Alternative Dispute Resolution (ADR). Reflecting international practices, arbitration offers numerous advantages, such as flexibility and autonomy, confidentiality, expertise of arbitrators, enforceability of awards, and cost and time efficiency.¹

In essence, arbitration is straightforward. Parties select a person or persons—the arbitrator(s)—whose expertise or judgment they trust to resolve their differences in a private forum. After presenting their arguments and evidence, the arbitrator renders a binding decision. Parties in Uzbekistan can use arbitration for various disputes, except for administrative, labor, and family issues.²

Keywords: arbitration, ADR, autonomy, labor.

Flexibility and Autonomy

Arbitration offers significant flexibility, as parties maintain control over many aspects of the process. According to Article 15 of law of the Republic of Uzbekistan on arbitration courts, parties can choose arbitrators from the list of a permanent arbitration institution or agree on any arbitrator they prefer in temporary arbitration. Additionally, Article 25 allows parties to determine the procedural rules for the arbitration, provided they align with Uzbekistan's laws.

Even the venue can be mutually decided, as stipulated by Article 26, unlike litigation, which typically takes place in the respondent's jurisdiction under Article 33 of the Civil Procedure Code. Furthermore, Article 27 ensures parties can agree on the language of the procedure, an option not commonly available in traditional courts.

Confidentiality

Confidentiality is a cornerstone of arbitration. Article 28 of law of the Republic of Uzbekistan on arbitration courts prohibits arbitrators from disclosing information obtained during the proceedings without the parties' consent. Moreover, arbitrators cannot be summoned as witnesses regarding this information.

The private nature of arbitration means disputes remain out of the public eye. Unlike court proceedings, which are generally public, arbitration allows parties to resolve sensitive matters discreetly. This ensures their disputes stay hidden from public scrutiny and competitors, preserving reputations and business interests. Additionally, the absence of external interferences often facilitates a faster and more amicable resolution.

¹ International Chamber of Commerce (ICC), 'Why Choose Arbitration?' <https://iccwbo.org> accessed 2 May 2025.

² Law of the Republic of Uzbekistan on Arbitration Courts 2007, s2

Expertise of Arbitrators

One of arbitration's unique advantages is the ability to select arbitrators with specific expertise. This is especially beneficial in technical or specialized disputes where judicial knowledge may be insufficient.

For example, in construction disputes, arbitrators with engineering or architectural expertise can provide better insights. Countries like New Zealand have embraced arbitration in the construction sector, where contracts such as NZS 3910 include clauses requiring disputes to be resolved through arbitration.³ Similarly, Uzbekistan can benefit from industry-specific arbitration, making it an ideal choice for sectors like construction, technology, and energy.

Enforceability of Awards

The enforceability of arbitral awards adds significant value to arbitration. Domestically, Article 50 of law of the Republic of Uzbekistan on arbitration courts ensures awards are enforceable, either voluntarily or compulsorily under the law of the Republic of Uzbekistan "on the execution of judicial acts and acts of other bodies" (Article 5).

Internationally, Uzbekistan's accession to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1996) is a game-changer. Awards rendered in Uzbekistan are enforceable in over 160 member countries, and Uzbekistan reciprocates by enforcing foreign arbitral awards.

This is particularly advantageous for businesses engaged in international transactions. For instance, a company operating in Uzbekistan can trust that an arbitral award will be enforceable in major economic hubs like Germany, China, or the United States. Such global enforceability enhances Uzbekistan's attractiveness as a destination for international arbitration.

Cost and Time Efficiency

Cost and time efficiency are key factors driving businesses toward arbitration. Arbitration proceedings are often quicker than litigation because parties can control the schedule and avoid the rigid timelines of overcrowded court systems. For example, arbitration avoids the procedural formalities of pre-trial motions and appeals, resulting in faster resolutions—often within months rather than years.

From a cost perspective, while arbitration may involve upfront expenses for arbitrators, it can ultimately be more economical. Specialized arbitrators require less time to understand complex technical issues, saving costs that would otherwise arise from educating a judge or jury. Moreover, the streamlined procedures in arbitration reduce administrative and legal fees, making it an efficient choice for businesses.

Conclusion

With Uzbekistan's evolving arbitration framework, parties have a viable alternative to traditional litigation. Arbitration's flexibility, confidentiality, expertise, enforceability of awards, and cost and time efficiency make it an excellent choice for resolving disputes. Although arbitration has its own limitations, such as the potential for high initial costs or limited appeal options, its advantages often outweigh these concerns for many businesses. As arbitration continues to develop, it holds the potential to become the preferred dispute resolution method in Uzbekistan and beyond.

Bibliography

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