

## ARBITRATION AND MEDIATION AS EFFECTIVE TOOLS FOR RESOLVING CORPORATE DISPUTES IN UZBEKISTAN

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### Abstract

This thesis looks at how arbitration and mediation work as modern and alternative ways to solve corporate disputes in the Republic of Uzbekistan. It pays special attention to how important these methods are in a time of fast business growth, when traditional court processes can be too expensive, slow, and not flexible enough. The thesis also explains the main benefits of arbitration and mediation, such as being voluntary, private, fast, giving more control to the parties, and helping to keep good business relationships. A special focus is given to the role of the Tashkent International Arbitration Centre, which is an important institution helping to build a modern arbitration system in the country and promote international standards in solving business conflicts. The thesis shows that the development of arbitration and mediation in Uzbekistan helps make the legal system stronger, reduces the load on state courts, and creates a better environment for investors.

**Key words:** Corporate disputes, participants in corporate relations, alternative dispute resolution, court process, mediation, mediator, arbitration, arbitration center, arbitrator, arbitration agreement, confidentiality.

## O‘ZBEKISTONDA KORPORATIV NIZOLARNI HAL QILISHNING SAMARALI USULLARI SIFATIDA ARBITRAJ VA MEDIATSIYA

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### Annotatsiya

Tezisdan O‘zbekiston Respublikasida korporativ nizolarni hal etishning zamonaviy alternativ usullari sifatida arbitraj va mediasiyaning samaradorligi ko‘rib chiqiladi. Tadqiqotda ayniqsa tadbirkorlikning jadal rivojlanishi sharoitida ushbu tartib-

taomillarni qo‘llashning dolzarbligiga alohida e‘tibor qaratilgan, chunki an‘anaviy sud tartiblari ko‘pincha uzoq davom etadi va yetarli darajada moslashuvchan emas. Ushbu tezisda mediasiya va arbitrajning afzalliklari – ya‘ni ixtiyoriylik, maxfiylik, tezkorlik, tomonlarning mustaqilligi va biznes munosabatlarini saqlab qolish imkoniyati alohida ta‘kidlanadi. Shuningdek, Toshkent xalqaro arbitraj markazining mamlakatda zamonaviy arbitraj muhitini shakllantirish va korporativ nizolarni hal etishda xalqaro standartlarni ilgari surishdagi asosiy institut sifatidagi o‘rniga katta e‘tibor qaratilgan. Xulosa o‘rnida, arbitraj va mediasiya institutlarini rivojlantirish O‘zbekistonda huquqiy barqarorlikni mustahkamlashga, davlat sudlarining yukini kamaytirishga va investitsiyaviy muhitni yaxshilashga xizmat qilishi asoslab berilgan.

**Kalit so‘zlar:** Korporativ nizolar, korporativ munosabatlar ishtirokchilari, nizolarni alternativ hal etish, sud jarayoni, mediatsiya, mediator, arbitraj, arbitr, arbitraj kelishuvi, maxfiylik.

## **«АРБИТРАЖ И МЕДИАЦИЯ КАК ЭФФЕКТИВНЫЕ СПОСОБЫ РАЗРЕШЕНИЯ КОРПОРАТИВНЫХ СПОРОВ В УЗБЕКИСТАНЕ»**

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### **Аннотация**

В тезисе рассматривается эффективность арбитража и медиации как современных альтернативных методов разрешения корпоративных споров в Республике Узбекистан. Особое внимание уделяется актуальности применения данных процедур в условиях стремительного роста предпринимательства, когда традиционные судебные методы часто оказываются затратными, длительными и недостаточно гибкими. Отдельно рассматриваются преимущества медиации и арбитража, включая добровольность, конфиденциальность, оперативность, автономию сторон и сохранение деловых отношений. Значительное внимание уделено роли Ташкентского международного арбитражного центра как ключевого института в формировании современной арбитражной среды в стране и продвижении международных стандартов в разрешении корпоративных конфликтов. Тезис обосновывает, что развитие института арбитража и медиации в Узбекистане способствует укреплению правовой стабильности, снижению

нагрузки на государственные суды и формированию благоприятной инвестиционной среды.

**Ключевые слова:** Корпоративные споры, участники корпоративных отношений, альтернативное разрешение споров, судебный процесс, медиация, медиатор, арбитраж, арбитражный центр, арбитр, арбитражное соглашение, конфиденциальность.

With the development of the market economy in Uzbekistan and the active growth of business activities, the need for effective legal ways to solve corporate disputes is increasing. These disputes can happen in different situations, such as conflicts between founders, shareholders, or company managers.

Usually, the reasons for disputes include:

- Violations of the charter and corporate agreement;
- Abuse of power;
- Violation of shareholders' rights;
- Lack of trust in the management;
- False or incorrect reporting;
- Denial of access to information.

It is important to note that such disputes affect important business interests and can harm the company's stability or even lead to its closure.

According to the Economic Procedural Code of the Republic of Uzbekistan, corporate disputes are handled by economic courts. However, solving these conflicts in court can take a long time, cost a lot of money, and may not always bring good results. Also, the court cannot always help keep good relations between the parties, which is especially important in business. Because of this, alternative ways to resolve disputes are becoming more important.

As everyone knows, alternative dispute resolution means a group of legal procedures through which parties in conflict can solve their dispute without going to a state court. The main types of alternative dispute resolution are arbitration and mediation. It is important to say that these forms are different from court trials because they are based on agreement, quick results, and business needs. This is especially useful in corporate relations, where speed, privacy, and keeping partnerships are very valuable.

The practice of mediation in Uzbekistan started with the Law of the Republic of Uzbekistan «On Mediation» from July 3, 2018. This law defines the legal basis of the procedure, the role of the mediator, how mediation is done, and the legal power of the mediation agreement. According to this law, mediation is a procedure to solve a dispute

with the help of a neutral third person – a mediator – based on the voluntary agreement of the parties, to find a solution acceptable for both sides [1].

The law provides a flexible approach to mediation. It can be used:

- Before going to court;
- During the court process, until the final decision is made;
- After the court decision, during the enforcement stage.

According to the Law of the Republic of Uzbekistan «On Mediation», the parties can choose the mediator themselves, and decide on the conditions, rules, and length of the procedure. Usually, mediation takes up to 30 days, but this can be extended for another 30 days if both sides agree.

The Law of the Republic of Uzbekistan «On Mediation» clearly sets out the main principles of the process:

«Voluntariness» – the parties decide freely whether to use mediation, whether to continue the process, and they can leave it at any time;

«Confidentiality» – all information received during mediation cannot be shared or used in court without both parties agreeing;

«Neutrality and independence of the mediator» – the mediator cannot make decisions, give advice, or take sides;

«Equality of the parties» – both sides have equal rights to share their views and propose the terms of the agreement.

Along with mediation, arbitration is also becoming more important. Its main advantages – such as quick results, professional arbitrators, and confidentiality – make it an attractive way to resolve difficult corporate disputes. It is especially important that in recent decades arbitration has become one of the main ways to solve corporate disputes, especially in international business. This is because arbitration helps avoid state courts and gives parties the chance to choose a neutral place to resolve their conflict, especially in cases between residents of different countries [2].

A big step in developing arbitration was the adoption of the Law of the Republic of Uzbekistan «On International Commercial Arbitration» in February 2021. This law sets the rules for making an arbitration agreement, how to choose arbitrators, and how the arbitration process works.

According to the Law of the Republic of Uzbekistan «On International Commercial Arbitration», «Arbitration» is defined as a way to solve a dispute that can be done by a permanent arbitration institution or an arbitration court made for one specific case.

An «Arbitrator» is a person chosen by both sides to resolve the dispute under the arbitration procedure [3].

About the arbitration agreement – according to the Law of the Republic of Uzbekistan «On International Commercial Arbitration», the arbitration agreement is a contract where both parties agree to send all or some disputes to arbitration. The main condition for this agreement to be valid is that it must be in writing. The law also gives parties freedom to decide the main rules of the arbitration. For example, they can choose the number of arbitrators. If there is no agreement, the arbitration court will have three arbitrators by default. Also, each side has the right to challenge an arbitrator if they think the person may not be fair or independent [4]. This rule helps make sure the process is fair and trusted.

The law also talks about where the arbitration takes place and what language it uses. If the parties do not agree on this, the arbitration court will decide based on the situation. The parties can choose one or more languages for the process, which is especially important for international cases.

An important step for developing arbitration in Uzbekistan was the creation of the «Tashkent International Arbitration Centre» (TIAC) at the Chamber of Commerce and Industry of the Republic of Uzbekistan. This centre was created based on the Presidential Decree of the Republic of Uzbekistan «On measures for further development of alternative ways to resolve disputes» from June 17, 2020, № PP-4754 [5].

The main task of TIAC is to build a modern, clear, and effective arbitration system that follows the best international standards. This centre is made not only to provide high-quality arbitration for commercial disputes but also to create a good environment to attract foreign investors[6].

TIAC works under its own rules, which allow fast and effective resolution of cases, including corporate disputes[7]. The centre lets parties choose arbitrators from well-known national and international experts, uses modern digital tools, allows multi-language proceedings, and keeps high standards of fairness.

One of the main advantages of TIAC is that it focuses on business needs. Its rules allow for fast procedures, online participation, and confidentiality. This makes the centre a good choice for solving corporate disputes between residents and non-residents of Uzbekistan[8]. It is also important to say that TIAC actively works with international experts and institutions, bringing in the best arbitration practices from around the world.

So, arbitration in Uzbekistan is becoming a stable and trusted way to solve corporate disputes[9]. It helps improve legal certainty in business and reduces the load on state courts.

Based on everything said above, we can say that alternative ways to resolve corporate disputes – arbitration and mediation – have shown their usefulness in the business practice of Uzbekistan. Now let's list the benefits of arbitration and mediation in corporate disputes:

1. «Voluntariness and flexibility» – both methods are based on agreement, so the procedures can be adapted to each situation.
2. «Confidentiality» – very important for corporate cases with trade secrets. Arbitration and mediation help avoid publicity and reputation risks.
3. «Speed» – compared to state courts, arbitration and mediation resolve disputes faster, especially with fast-track procedures.
4. «Cost-effectiveness» – no state fees, lower costs for lawyers, and fewer expenses make these procedures more affordable.
5. «Keeping business relationships» – alternative dispute resolution helps reduce conflict, not make it worse, which is very important for long-term cooperation.

In conclusion, we can confidently say that arbitration and mediation, as alternative ways to solve corporate disputes, have become well-established in the legal practice of Uzbekistan. They have shown to be effective, flexible, and suitable for the needs of modern business.

«Mediation» is especially useful in corporate cases because it lets the parties come to a win-win solution with the help of a neutral person – the mediator. The Law of the Republic of Uzbekistan «On Mediation» gives the parties the right to choose the mediator, the time, and the rules, and most importantly, to do it in a confidential and trusting atmosphere. This is very important for companies where keeping the business relationship even after the conflict is essential. Because mediation is flexible, it can be used before, during, or after a court case[10].

«Arbitration», in turn, is a more formal but still fast and effective way to solve disputes. The parties choose the arbitrators, set the rules, and can be sure that the process is confidential. It is especially important that arbitration is suitable for international disputes where the parties are in different countries. The Law «On International Commercial Arbitration», adopted in Uzbekistan in February 2021, was a big step in growing the system. It clearly explains how the arbitration should work, what rights the parties have, and how the independence of arbitrators is protected.

It is also worth mentioning the creation of the «Tashkent International Arbitration Centre», which became an important platform for solving disputes using international standards. This centre already works with global organizations and helps build an arbitration system in Uzbekistan that meets world-level examples.

To sum up, arbitration and mediation really are effective tools for solving corporate disputes in Uzbekistan. They help businesses resolve problems quickly, flexibly, with less money, and without damaging their working relationships. Legal reforms in recent years, the creation of special centres, and the use of international experience are building a strong foundation for further development of these methods. All of this helps strengthen the business environment in the country, reduce the burden on courts, and increase trust between business partners.

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