

LEGAL ASPECTS AND PROSPECTS FOR IMPROVING DIGITAL COMMERCE

Rozmetova Asal Anvarzoda

master's student Tashkent state university of law
asalrozmetova11@gmail.com

Abstract: Digital commerce has become a key driver of economic growth and social transformation worldwide. For developing countries such as Uzbekistan, it presents new opportunities for entrepreneurship, job creation, and integration into global markets. This article explores the key legal aspects of e-commerce, including the legal status of electronic contracts, digital signatures, and the regulation of online platforms. Special attention is given to the reforms in Uzbekistan: the “Digital Uzbekistan – 2030” strategy, the development of digital infrastructure, support for local marketplaces, and integration into international e-commerce networks. The article also examines challenges in implementing legislation, digital literacy, consumer trust, and international cooperation. It emphasizes the need for balanced legal policies and institutional development to successfully implement digital commerce in a transitional economy.

Keywords: digital commerce, e-commerce, electronic contract, Uzbekistan, digital transformation, legal regulation, online platforms, digital signature, consumer trust, international trade, UNCITRAL, WTO, e-commerce infrastructure.

Розметова Асал Анварзода

студентка магистратуры
Ташкентский государственный
юридический университет

Аннотация: Цифровая торговля стала важнейшим двигателем экономического роста и социальной трансформации во всём мире. Для развивающихся стран, таких как Узбекистан, она открывает новые возможности для предпринимательства, создания рабочих мест и интеграции в глобальные рынки. В статье рассматриваются ключевые правовые аспекты электронной коммерции, включая правовой статус электронных договоров, цифровые подписи и регулирование онлайн-платформ. Особое внимание уделяется реформам в Узбекистане: стратегия «Цифровой Узбекистан – 2030», развитие цифровой инфраструктуры, поддержка локальных маркетплейсов и интеграция в

международные e-commerce сети. Также анализируются проблемы реализации законодательства, цифровой грамотности, доверия потребителей и международного сотрудничества. Работа подчёркивает необходимость сбалансированной правовой политики и институционального развития для успешного внедрения цифровой торговли в переходной экономике.

Ключевые слова: цифровая торговля, электронная коммерция, электронный контракт, Узбекистан, цифровая трансформация, правовое регулирование, онлайн-платформы, цифровая подпись, доверие потребителей, международная торговля, UNCITRAL, WTO, инфраструктура e-commerce.

Digital commerce – the buying and selling of goods and services through electronic platforms – has become a powerful driver of economic growth and social change. In 2021 alone, 2.3 billion people shopped online (a 68% increase from 2017), and e-commerce sales across 43 major economies reached nearly \$27 trillion in 2022, up 10% from the previous year [1]. This explosive growth, accelerated by global digitalization and the COVID-19 pandemic, underscores the importance of online trade as an integral part of the global economy. For developing countries, digital commerce offers immense opportunities for entrepreneurship, job creation, and inclusion into global markets [1].

At the heart of digital commerce lies the basic question of how traditional contract law applies online. An electronic contract – whether formed by clicking an “I Agree” button or exchanging emails – must typically satisfy the same legal requirements as a paper contract (offer, acceptance, intent, consideration). Many jurisdictions have updated their laws to recognize electronic contracts and records as functionally equivalent to their paper counterparts. The principle of “functional equivalence”, championed by the United Nations Commission on International Trade Law (UNCITRAL), ensures that a contract or signature is not denied legal effect solely because it is in electronic form [2]. For example, Uzbekistan’s recent Law on Electronic Commerce explicitly allows online contracts and grants them the same legal status as paper documents, reflecting this global principle. To facilitate electronic contracting, laws often clarify that electronic messages can satisfy any “writing” or “signature” requirements, as long as they are accessible for later reference and reliably linked to the signer.

Digital signatures (a subset of electronic signatures that use encryption for authentication) play a crucial role in verifying parties’ identities and securing online agreements. Many countries have enacted legal frameworks for digital signatures, again influenced by UNCITRAL’s Model Law on Electronic Signatures (2001) [2].

Another fundamental legal aspect is the regulation of online platforms – the marketplaces, app stores, social networks, and other intermediaries that host digital transactions. A key question is the extent to which these platforms should be held liable for illegal or harmful activities that occur on them, such as the sale of counterfeit goods, fraud, or the posting of unlawful content. Early e-commerce law often treated platforms as neutral conduits: for example, the EU’s e-Commerce Directive (2000) provided safe harbor immunity to intermediaries for user-supplied content, so long as they had no active role and removed illegal content upon notice. Similarly, in the United States, Section 230 of the Communications Decency Act shields online services from liability for most user content. However, with the massive growth of platform-based commerce, there is a global trend toward increasing platform accountability [3].

In the case of Uzbekistan, Uzbekistan provides a compelling case study of how a country can modernize its legal framework to foster digital commerce while grappling with practical challenges. As a transitioning economy with ambitious digital development goals, Uzbekistan has in recent years introduced significant legal reforms in e-commerce, identified new opportunities for growth and inclusion, and confronted various implementation challenges on the path to a robust digital marketplace.

The reforms are part of a broader government vision to harness e-commerce for economic development. The Digital Uzbekistan-2030 Strategy, adopted in 2020, lays out plans to expand nationwide broadband access, digitize public services, and cultivate IT talent. By improving infrastructure – for example, extending fiber-optic networks and achieving near-universal mobile internet coverage – the government is reducing barriers for online business. Indeed, as of January 2023, Uzbekistan had about 31 million internet users (out of ~36 million population), thanks to rapid growth in mobile connectivity [4]. E-commerce has been growing at an impressive pace: in 2021, Uzbekistan’s e-commerce market revenue was estimated at \$1.39 billion. Although this was only around 3.9% of total consumer spending (low by global standards), the sector is projected to expand almost 19% annually through 2025 [4]. Local businesses and entrepreneurs are increasingly moving online, selling electronics, fashion, furniture and more – categories which Uzbek consumers have eagerly purchased via e-commerce (electronics comprised ~31% of online purchases, fashion ~29%). The government has actively encouraged this migration to digital markets. A notable initiative was the launch of the National Online Trading Platform (Unisavdo) by the state postal service in March 2021. This platform allows entrepreneurs to auction products online, with the postal service providing delivery and acting as guarantor of transactions. The state has invested in expanding logistics centers for e-commerce

(from 4 centers in 2021 to a planned 30 by 2025) and massively increasing the number of products and merchants on the platform [4]. Another opportunity seized is integration with global e-commerce networks: the Uzbekistan Export Promotion Agency partnered with Alibaba in 2020 to create a “Made in Uzbekistan” portal on Alibaba.com, helping hundreds of local firms reach international buyers. In 2023, it was even announced that Alibaba would open a regional center in Namangan, Uzbekistan [4] – a sign of the country’s growing attractiveness in digital trade. Over 50 online marketplaces now operate in Uzbekistan; domestic platforms like Uzum Market have become very popular, handling over a million orders a month [5]. According to government figures, these marketplaces currently have an annual turnover of about \$300 million and are projected to reach \$1 billion by 2027. The overall e-commerce market volume grew from an estimated \$201 million in 2021 to \$543 million in 2023, a nearly three-fold increase in two years [5].

Despite the positive outlook, Uzbekistan faces several challenges in fully realizing the benefits of digital commerce. One challenge is infrastructure and access, though improving, still lags in certain areas. Internet speeds in Uzbekistan are below global averages (mobile internet ranked 112th globally in 2023 and rural areas have had lower 4G coverage (43% of the population as of 2019, though increasing). The government is investing heavily to close these gaps (e.g. extending fiber network to every town, aiming for 100% high-speed coverage by 203), but until complete, some citizens and small businesses will remain offline or with limited connectivity, thus excluded from e-commerce. Another challenge lies in enforcing and operationalizing the new laws and regulations. Passing modern e-commerce legislation is only the first step; implementing it requires awareness, institutional capacity, and sometimes-cultural change. For instance, the requirement that foreign e-commerce platforms register locally by 2025 will need effective administration – ensuring that global companies either incorporate or cease operations by the deadline, and that new local entities comply with consumer protection and data rules. There is a risk that overly stringent local requirements could deter international investment or limit Uzbek consumers’ access to foreign marketplaces; thus, regulators must balance enforcement with openness. Additionally, consumer trust and digital literacy need strengthening. Many Uzbeks are first-time online shoppers and may be wary due to fear of frauds or lack of familiarity. Building trust will require visible enforcement of consumer rights (e.g. penalties for fraud, easy dispute resolution) and public education on the protections available. The introduction of escrow services and the legal requirement for seller transparency are positive steps, but consumers must be made aware of these safeguards.

Another area for improvement is the integration of Uzbekistan's e-commerce with global markets. Efforts like the Alibaba partnership and discussions to join the WTO's Information Technology Agreement hint at a desire to plug into global value chains. Yet, Uzbekistan is not currently part of the WTO's e-commerce JSI negotiations (it is a WTO observer on that matter), and its laws on cross-border data flows are relatively strict. Harmonizing standards with international frameworks (for example, considering accession to the UNCITRAL Electronic Communications Convention or aligning with Eurasian Economic Union e-commerce regulations if it moves toward that bloc) could enhance cross-border trade. Implementation of international logistics standards and customs facilitation (like *de minimis* rules for low-value shipments) will also help Uzbek small sellers reach foreign customers. Finally, capacity building is needed for institutions and businesses. The WTO discussions in 2025 underscored that developing countries benefit from training in how to construct and enforce e-commerce laws [6]. Uzbekistan's judiciary, consumer protection agencies, and trade officials might similarly require updated skills and knowledge to handle e-commerce disputes, cybersecurity incidents, and international cooperation requests. On the business side, small enterprises may need support to digitalize operations and comply with new legal requirements (for example, retaining e-documentation, or following advertising rules online).

Looking ahead, Uzbekistan's prospects in digital commerce are bright if these challenges are managed. Practical reforms that could further improve the landscape include: updating consumer protection law to specifically address online shopping (for instance, clear return/refund rights, and joining ICPEN for cross-border fraud cooperation), strengthening cybersecurity frameworks to protect e-commerce infrastructure from attacks, and fostering competition in the digital marketplace, so that no single platform monopolizes the market, keeping it open for new entrants. The authorities might also consider streamlining taxation for e-commerce – simplifying VAT and import duties for online transactions – to encourage more participation and foreign investment. Uzbekistan's experience illustrates the importance of a holistic approach: legal reforms must go hand in hand with infrastructure upgrades, education, and international engagement. By continuing on this path, Uzbekistan can leverage digital commerce as a pillar of its development, connecting its vibrant entrepreneurial population with the global digital economy.

In conclusion, digital commerce has transformed from a novel convenience into a central component of modern trade, bringing with it both tremendous opportunities and intricate legal challenges.

The case of Uzbekistan demonstrates both the progress and the practical difficulties in improving digital commerce through legal reform. Uzbekistan has proactively updated its laws to create an enabling legal environment for e-commerce – recognizing online contracts, instituting consumer protections, legalizing new digital services like escrow, and safeguarding personal data [7]. These steps, combined with investments in infrastructure and skills, have spurred rapid growth in the sector, suggesting that sound policy can unlock the potential of digital markets in emerging economies [11]. However, Uzbekistan also faces implementation challenges common to many countries: bridging the urban-rural digital divide, ensuring that laws on paper translate to enforcement on the ground, and balancing openness with regulation. The Uzbek experience underscores that legal improvement is an ongoing process requiring adjustments and stakeholder engagement [12].

What practical reforms and future directions can be suggested moving forward? Continuous modernization of the legal framework is essential. Governments should periodically review e-commerce laws to address new technologies (such as AI-driven commerce, Internet of Things transactions, and digital currencies in payments) and new threats (like sophisticated cyber fraud). For example, adopting legal provisions for automated contracts and smart contracts, as UNCITRAL's latest model law provides [2], can preempt uncertainties as AI plays a bigger role in commercial decision-making. Harmonization with international standards is another important direction. Countries could align their electronic transactions laws with UNCITRAL texts, seek adequacy or mutual recognition agreements in data protection, and join emerging plurilateral agreements on e-commerce to ensure their businesses operate in a predictable international environment. In practical terms, Uzbekistan and similar countries might consider joining the WTO Information Technology Agreement (to reduce tariffs on ICT goods) and the eventual WTO digital trade agreement, while also engaging in regional digital market initiatives [8] (for instance, a Central Asian digital economy cooperation platform) to facilitate cross-border e-commerce in their neighborhood.

From a regulatory practice perspective, strengthening institutions and cooperation will improve outcomes. Creating dedicated e-commerce or digital economy units within ministries can help coordinate policy and respond quickly to market developments [9]. Training judges, arbitrators, and consumer protection officials in digital commerce issues will ensure that disputes are resolved efficiently and fairly – whether it's an online fraud case or a contract breach involving an overseas seller. Internationally, sharing best practices (as WTO members discussed with a possible compendium [6] and technical assistance (such as UNCTAD's eTrade Readiness Assessments) should

be expanded, so that all countries have the knowledge to implement effective legal measures [10].

Another critical area is empowering users and businesses through awareness. Even the best laws mean little if users do not know their rights or businesses their obligations. Finally, the future of digital commerce law will likely involve tackling new frontiers where technology and commerce intersect. Issues such as the legal status of digital assets (NFTs, cryptocurrencies used in commerce), the regulation of market-dominant tech firms to prevent anti-competitive practices in online marketplaces (many jurisdictions are enacting digital competition laws), and the ethics of algorithmic pricing or AI recommendation systems will demand attention. Ensuring that the digital marketplace remains fair, inclusive, and safe will be an evolving challenge.

By continually refining laws in line with technological innovation and societal values, and by fostering international consensus on key norms, we can create an environment where digital commerce thrives – driving economic growth and innovation – while upholding the rights and interests of all participants. The journey is ongoing, but with each legal update, capacity-building initiative, or international agreement, we move closer to a seamless and trusted global digital marketplace that benefit everyone.

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