

STRENGTHENING THE LEGAL STATUS OF INVESTORS IN UZBEKISTAN THROUGH IMPROVING DISPUTE RESOLUTION MECHANISMS

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Abstract

The legal status of foreign investors plays an important role in the process of attracting and retaining foreign investments in the economy of any state. The article examines dispute resolution mechanisms relating to investors in the Republic of Uzbekistan, with an emphasis on arbitration and mediation of conflict resolution. Both international legal instruments and national legislative innovations aimed at improving the investment climate in the country are considered. The focus is on how strengthening dispute resolution mechanisms helps protect investors' rights and promotes their confidence in the Uzbek economy. The article also offers recommendations for improving national arbitration legislation taking into account international standards.

Keywords: legal status of investors, investment disputes, arbitration, mediation, investment climate, Uzbekistan, international law, investment protection.

Introduction

The attraction of foreign direct investments (FDI) is one of the key factors of economic growth. To ensure that investments flow into the country, it is crucial to establish a favorable investment climate, which includes the protection of the rights and legitimate interests of investors. One of the mechanisms for protecting investors' rights is the resolution of disputes through international arbitration institutions. Uzbekistan, as a country actively reforming its legal system, is making efforts to strengthen the legal status of foreign investors by improving dispute resolution mechanisms [1].

Problem. Despite reforms, the existing mechanisms for resolving disputes in Uzbekistan still face several challenges, such as an insufficient legal framework for effective arbitration, a lack of adequate experience with international arbitration institutions, and issues regarding trust from foreign investors.

The objective of the study is to analyze the current mechanisms for resolving investment disputes in Uzbekistan and to propose ways to improve them in order to enhance the legal protection of foreign investors.

Methods

A mixed methodological approach combining qualitative and quantitative data analysis was used for the study. The legislation of Uzbekistan in the field of arbitration and investor



protection was analyzed, including the Law "On International Commercial Arbitration" and the Law "On Investments and Investment Activities" of the Republic of Uzbekistan. International agreements joined by Uzbekistan, including the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID) and the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, were studied. Specific cases of investment arbitrations involving Uzbekistan, including proceedings within the ICSID framework, were analyzed.

Data were collected from various sources, including legal documents, government reports, academic articles, and interviews with legal experts and investors. Qualitative data were thematically analyzed to identify key issues and trends, while quantitative data provided statistical support for the findings. These methods allow for a comprehensive assessment of the role of investment arbitrations in attracting investments and ensuring the legal protection of foreign investors in Uzbekistan.

Results

Uzbekistan is a party to several international treaties related to the protection of foreign investments, including the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID) and bilateral investment treaties (BITs). These treaties grant foreign investors access to arbitration mechanisms for resolving disputes with the state [2].

The analysis shows that Uzbekistan's participation in international agreements on investment protection is an important step towards creating a favorable investment climate. However, the issue lies in the fact that the application of these mechanisms within the national legal system remains insufficiently effective, which requires improvements in the legislative and institutional framework.

Investment arbitrations provide investors with an independent platform for resolving disputes related to their investments without the need to resort to national courts, which may be subject to state pressure [3]. In this context, Uzbekistan is striving to ensure that foreign investors have equal access to justice and that their rights are protected through arbitration mechanisms.

The study revealed that the legal protection of foreign investors in Uzbekistan has significantly strengthened in recent years. Uzbekistan has joined major international conventions, such as the New York Convention and the ICSID Convention, allowing international arbitration awards to be recognized in the country. At the same time, several legislative innovations have been introduced at the national level, such as the adoption of the Law "On International Commercial Arbitration," which regulates arbitration proceedings in Uzbekistan.

Main Changes Include:

- Uzbekistan's accession to the New York Convention has improved the mechanism for enforcing international arbitral awards in the country, creating favorable conditions for investors.
- The establishment of the Tashkent International Arbitration Center (TIAC) as an independent platform for resolving international commercial disputes [4].
- The introduction of legislation promoting the use of mediation as an alternative to arbitration.



Despite these advancements, challenges remain, including the lack of stable legal enforcement practices for certain investment arbitrations and the need for further training of arbitration professionals.

Discussion

Effective dispute resolution is a critical factor influencing the investment climate. Investment arbitration plays a key role in ensuring the legal protection of investors and reducing investment risks [5]. Arbitration mechanisms allow for greater attraction of foreign investments, as investors feel protected in the event of conflicts with the state [6].

Investment Arbitration as an Investor Protection Tool. Arbitration provides a neutral platform for resolving disputes between states and investors, which significantly enhances foreign investors' trust in the country's legal system. Uzbekistan actively uses this tool to improve its investment climate.

National Context. In Uzbekistan, considerable attention is being given to the creation of national arbitration institutions, such as the Tashkent International Arbitration Center (TIAC). However, to increase their effectiveness, not only must their technical infrastructure be improved, but also international cooperation with reputable arbitration institutions, such as the International Court of Arbitration (ICC) or the London Court of International Arbitration (LCIA), must be strengthened [7].

Need for Reform. An important aspect of improving Uzbekistan's legal framework is further simplifying arbitration procedures and enhancing investor protection by signing bilateral investment treaties (BITs) that include provisions for international arbitration.

To improve Uzbekistan's investment climate, it is essential to ensure the effective application of international arbitration mechanisms and create conditions for swift and fair dispute resolution [8].

To strengthen the investment climate, a series of reforms is necessary:

- Adoption of legislation regulating the recognition and enforcement of international arbitral awards [9].
- Establishment of specialized arbitration centers in Uzbekistan that meet international standards.
- Increasing the qualifications of judges and lawyers in international investment law and arbitration [10].

Arbitration awards significantly impact a state's investment policy. In some cases, the state is forced to review its approaches to foreign investment regulation due to arbitral decisions [11].

This highlights the importance of interaction between Uzbekistan's legal system and international arbitration to ensure a fair balance between the interests of the state and investors.

Conclusion

Investment arbitration plays a vital role in creating a favorable investment climate in Uzbekistan, ensuring the protection of foreign investors' rights, and creating conditions for attracting capital. Despite existing issues, such as underdeveloped legislation and a dependent judicial system, arbitration remains an important tool for dispute resolution.



To improve the situation, reforms aimed at enhancing Uzbekistan's legislative and institutional arbitration framework are necessary. Strengthening the independence of arbitration mechanisms, increasing the qualifications of professionals, and creating favorable conditions for investors will allow the country to increase its attractiveness to foreign capital and accelerate economic development.

Improving dispute resolution mechanisms in Uzbekistan is a key element in creating a favorable investment climate. Despite significant progress, the country faces several challenges, such as the need for further reforms to the national legal framework, training specialists, and strengthening international cooperation. Enhancing the effectiveness of arbitration institutions and integrating Uzbekistan into the global arbitration system will boost investor confidence and allow the country to attract more foreign investment.

Recommendations:

1. Strengthen the role of the Tashkent International Arbitration Center (TIAC) through international cooperation.
2. Develop training programs for lawyers and arbitrators specializing in international arbitration.
3. Conclude more bilateral investment treaties with provisions for international arbitration.

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