A LEGISLATIVE REFORM PROPOSAL ON THE USE OF ARTIFICIAL INTELLIGENCE IN INTERNATIONAL COMMERCIAL TRANSACTIONS

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Abstract

Artificial intelligence (AI) systems are increasingly used in international trade to automate the formation, performance, pricing, and risk assessment of cross-border contracts. In November 2025, the Senate of the Republic of Uzbekistan approved a law establishing a legal definition of AI and general rules for its use, while a parallel initiative created a tax-free zone for AI and data-centre projects in the Republic of Karakalpakstan. However, the country's private-law framework – the Civil Code and the 2022 Law "On Electronic Commerce" – still lacks clear rules on AI-mediated transactions, the legal effect of autonomous digital agents, and the allocation of liability for AI-caused harm. This project proposes a targeted package of amendments: (1) introducing into the Civil Code the category of "transactions concluded with the use of artificial intelligence" and recognising autonomous digital expressions of will under defined conditions; (2) establishing proportionate, distributed liability among the developer, operator, and user of an AI system; and (3) amending the Law "On Electronic Commerce" to require transparency and the logging of AI-driven decisions. The proposals draw on international practice – the EU Artificial Intelligence Act, the UNCITRAL Model Law on Electronic Commerce, and OECD/WTO assessments of AI's effect on trade – and are intended to reduce legal uncertainty, strengthen investor confidence, and align Uzbekistan's private-law regime with the country's emerging public AI policy and its Karakalpakstan tax incentive regime.

Keywords: artificial intelligence; AI-mediated transactions; civil liability; private international law; electronic commerce; legislative reform; Civil Code of Uzbekistan; algorithmic transparency; cross-border trade; UNCITRAL Model Law.

Introduction

Artificial intelligence systems are being deployed with growing frequency in international trade to automate the conclusion, performance, pricing, and risk assessment of cross-border contracts. The Republic of Uzbekistan has taken two key steps in this area: in November 2025, the Senate approved a law regulating the application of AI technologies, which provides a legal definition of AI, establishes general rules for its use, and amends a number of information-related statutes (Senat.uz, 2025). In parallel, the government announced the creation of a tax-free zone in the Republic of Karakalpakstan for AI and data-centre projects, under which investors committing at least USD 100 million are granted exemption from taxes and customs duties until 2040 (UzDaily.uz, 2025). At the same time, the existing private-law framework – the Civil Code (Civil Code of the Republic of Uzbekistan [Part One], 1995) and the Law "On Electronic Commerce" in its 2022 redaction (Law of the Republic of Uzbekistan No. ZRU-792, 2022) – does not yet contain clear rules on transactions involving AI, the legal effect of autonomous digital agents, or the allocation of liability for harm caused by AI.

This project proposes a package of targeted amendments consisting of:

1.Introducing into the Civil Code the category of "transaction concluded with the use of artificial intelligence" and recognising autonomous digital expressions of will, subject to defined conditions;

2.Establishing proportionate, distributed liability among the developer, operator, and user of an AI system;

3.Amending the Law "On Electronic Commerce" to introduce requirements of transparency and event logging that record the actions and decisions of AI systems, including data sufficient to reconstruct the decision-making process.

The proposals are grounded in international practice (the EU Artificial Intelligence Act, UNCITRAL texts on electronic commerce, and OECD/WTO materials on the trade effects of AI), according to which appropriately regulated AI could increase global trade volumes by approximately 34–37% and global GDP by 12–13% by 2040, while reducing legal uncertainty in digital trade (World Trade Organization, 2025). The reform would strengthen confidence among foreign and domestic investors by establishing clear rules for concluding AI-mediated transactions and allocating the associated risks. An additional advantage lies in harmonising domestic regulation with international standards (the EU, Singapore, and the Republic of Korea), thereby lowering barriers to international trade. Moreover, legally established mechanisms of transparency, accountability, and evidentiary support would ensure the safe and predictable use of AI in cross-border commercial relations. The principal risks are that courts and regulators may be insufficiently prepared to apply the new rules, and that compliance with transparency and logging requirements may prove costly for small and medium-sized enterprises. These risks are proposed to be mitigated through a phased rollout of the reform and the creation of a regulatory sandbox within the Karakalpakstan AI development zone, where the new rules would be tested in a limited, controlled setting. This approach would make it possible to identify enforcement problems, refine the allocation of liability, assess the burden on business, and prepare methodological guidance before the law is introduced nationwide.

Problem statement

AI technologies are radically changing the way contracts are concluded and performed in international trade: autonomous systems are increasingly able to draft, negotiate, conclude, and administer commercial agreements with minimal human involvement. For Uzbekistan – a country intensifying its participation in global value chains and a party to the United Nations Convention on Contracts for the International Sale of Goods (CISG) – the question of legal readiness for AI-mediated trade has become strategically significant.

In November 2025, the Senate of the Republic of Uzbekistan approved a law regulating the use of AI technologies. The law establishes a legal definition of "artificial intelligence," sets the directions of state policy in this field, defines the powers of the competent authority, and introduces measures for the protection of personal data in the application of AI. In parallel, a tax-free zone for AI and data-centre projects was created in Karakalpakstan, under which foreign companies investing at least USD 100 million are granted full exemption from taxes and customs duties until 2040, while the State undertakes to provide infrastructure and preferential electricity tariffs. These measures demonstrate the political will to position Uzbekistan as a regional hub for AI-related investment.

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Nevertheless, the private-law level of regulation continues to lag behind. The Civil Code contains no rules on transactions concluded with the use of AI or on the legal status of automated agents; the Law "On Electronic Commerce," as amended in 2022, modernised the regime for electronic trade and recognised electronic transactions and automated actions, but does not distinguish between simple automation (the execution of pre-set instructions) and autonomous decision-making by AI systems. In practice, this leaves several key questions unanswered:

- Under what conditions is a transaction concluded by an AI agent deemed valid?
- How is a party's "intent," as expressed through an AI system, to be proven or contested?
- Who bears civil liability where an AI error causes loss to a counterparty?

This legal uncertainty diminishes the attractiveness of the jurisdiction to investors, particularly in the context of large-scale AI projects in Karakalpakstan.

AIMS AND SCOPE OF THE PROPOSED REFORM

The aim of this project is to translate a dissertation-level proposal on the legal regulation of AI in cross-border commercial relations into a **concrete legislative reform package** ready for consideration by the public authorities. The objectives of the reform are to:

- introduce into the Civil Code a narrowly defined concept of "transactions concluded with the use of artificial intelligence";
- recognise the legal effect of an autonomous digital expression of will, subject to defined safeguards;
- establish proportionate, distributed liability among the developer, operator, and user of AI in commercial relations;
- supplement the Law "On Electronic Commerce" with duties of transparency, logging, and accountability for AI systems used in electronic trade;
- align the proposed private-law amendments with the new framework AI law and with Karakalpakstan's tax regime.

The reform is deliberately confined to **civil and commercial relations** (B2B, B2C, electronic commerce, logistics, financial and related services) and does not purport to regulate every use of AI in public administration, criminal law, or other adjacent fields.

Proposed legislative amendments

Civil Code of the Republic of Uzbekistan

1. A new article: "Transactions Concluded with the Use of Artificial Intelligence"

It is proposed to introduce an article that would:

- define a transaction involving AI as a contract concluded or performed, in whole or in part, through a system capable of autonomous analysis and decision-making;
- provide that such a transaction is valid where the party:

i. has expressly consented to the use of AI,

ii. the AI system acted within its defined parameters, and

iii. logs of its decisions are maintained and preserved.

This approach builds on the principles of technological neutrality and functional equivalence enshrined in the UNCITRAL Model Law on Electronic Commerce (UNCITRAL, 1996), extending them from "electronic messages" to autonomous AI decisions.

2. Amendment on the expression of consent

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In the chapter on transactions and the expression of will, it should be established that a party's consent may be expressed through the actions of an authorised automated agent, including an AI system, by analogy with the approaches taken in the United States (the Uniform Electronic Transactions Act) (Uniform Electronic Transactions Act § 14, 1999) and Singapore (the Electronic Transactions Act) (Electronic Transactions Act 2010, 2025), both of which recognise the legal effect of automated message systems.

3. A new article on civil liability for harm caused by AI

It is proposed to establish distributed liability among:

• **the developer** – for design and algorithmic defects;

• **the operator/service provider** – for the deployment, configuration, and monitoring of the system;

• **the user/business** – for violations of operating instructions and misuse.

This model corresponds to EU initiatives on AI liability and to the discussions surrounding the framework AI law in the Republic of Korea, where a liability structure is already under development (Framework Act on the Development of Artificial Intelligence and the Creation of a Foundation for Trust, 2025).

Law of the Republic of Uzbekistan "On Electronic Commerce" (as amended in 2022)

The 2022 redaction of the Law introduced contemporary concepts of the electronic trading platform, the information intermediary, and the electronic transaction, and recognised the possibility of automated actions in the conclusion of transactions; however, it does not yet contain specific rules governing the use of AI in electronic commerce.

Accordingly, it is proposed to:

• supplement the definitions article with the terms *"transaction concluded with the use of AI"* and *"AI-based decision-support system"*;

• impose on operators of electronic platforms a duty of **algorithmic transparency** toward business users in high-stakes contexts (pricing, ranking, and access to key services);

• establish **mandatory logging** of AI decisions affecting the conclusion, modification, or termination of a contract, specifying a minimum retention period for such logs and allowing courts and the regulator to request them;

• recognise the evidentiary value of such logs in civil proceedings.

These amendments should be synchronised with the new AI law so that the private-law duties logically supplement, rather than duplicate, the general requirements applicable to AI.

International and economic rationale

The proposed reform aligns with current international trends:

The **EU Artificial Intelligence Act** – Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence (European Commission, 2024) – establishes a risk-based model of regulation, including obligations of transparency, logging, and documentation for high-risk AI systems, including those used in financial services and critical infrastructure.

The **UNCITRAL Model Law** on Electronic Commerce and the **CISG's** approach to technological neutrality together provide a conceptual basis for recognising the legal effect of electronic and automated actions (United Nations Convention on Contracts for the International Sale of Goods, 1980). UNCITRAL establishes that an electronic message may not be denied legal effect solely on account of its form, and introduces the principle of functional equivalence for written form, signature, and the original document, thereby setting a universal international standard that can consistently be extended to transactions involving artificial intelligence. The CISG, in turn, provides that a contract of sale need not be in writing and may be concluded by any means, including the conduct of the parties – in other words, the CISG recognises conduct indicating consent without specifying whether that conduct is human or automated.

The **OECD** and the **WTO** note that AI and digital trade are mutually reinforcing: according to WTO estimates, AI could increase the volume of world trade by up to 37% and substantially expand cross-border flows of digital services, provided compatible regulatory frameworks are in place (World Trade Organization, 2025).

For Uzbekistan, legal certainty in AI-mediated transactions is especially important against the backdrop of the new Karakalpakstan tax zone, since investors require not only fiscal incentives but also a predictable civil-law regime that determines the validity of AI transactions and the allocation of the associated risks.

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