REPUBLIC OF UZBEKISTAN

MINISTRY OF HIGHER AND SECONDARY SPECIALIZED EDUCATION

TASHKENT STATE UNIVERSITY OF ECONOMICS

INTERNATIONAL BUSINESS CONTRACTS

COURSE

(For Master's Level)

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In the present world that is dynamically evolving, every country emphasizes its high responsibility, defining its development path decisively. Independent Uzbekistan, in its historical journey and accumulated experience over the years, critically evaluates its achievements, analyzes the successes reached during the years of independence, and sets the important priorities of further democratization and rapid development of the country, taking into account modern requirements.

To achieve these goals, numerous effective projects are being implemented in our country. Significant improvements are being made in the system of training personnel. One of the considered successful projects is the transition to the

modular-credit system of higher education. A specific example of this is the module "International Business Contracts," which is taught at the master's level and contributes to the development of a comprehensive understanding of international business agreements.

This course, designed for the master's level, covers the modules "External Economic Activity (By Sectors and Types of Activity)" and "World Economy (By Regions and Types of Activity)," which are specifically tailored for the specialties of the respective fields.

ENTRY

In the present world, every country striving for progress places a high responsibility on itself and determines its development path decisively for the well-being and future of its people. Independent Uzbekistan, with its historical journey and accumulated experience over the years, critically evaluates its achievements during the years of independence. It analyzes the successes reached, explores the experiences gained, and sets clear objectives for further democratization and the accelerated development of the country, taking into account contemporary demands.

It is essential to emphasize that under the initiative of the President of the Republic of Uzbekistan, Sh. M. Mirziyoyev, comprehensive strategies and programs have been adopted to define the fate of the country in the near future. The 2017-2021 Action Strategy for the development of Uzbekistan, along with other important initiatives, aims to ensure a stable and balanced progress, establish a comprehensive and long-term system of goals and tasks, and regulate actions in a coordinated manner.

To liberalize foreign trade and create a prosperous market economy, customs duties rates for export payments have been halved within the past few years. Import duties for more than 8,000 types of goods essential for the domestic market have been significantly reduced, particularly those related to import of textile products (3,550 items) and excise taxes on 1,122 items, which have been set at zero rates.

It has to be said that in April 10, 2021, Uzbekistan also joined the Generalized System of Preferences Plus (GSP+) for exporting goods to the European Union. This provides extensive opportunities for exporting companies by allowing duty-free export of 6,200 types of goods to the European market.

It should be noted that one of the key stages of advancing the economy of any modern country is associated with its external economic activities.

The implemented economic reforms in the Republic of Uzbekistan aim to create the most straightforward mechanisms for enhancing the activities of business entities at the national and international levels. Integrating the national economy into external markets, deepening the processes of integration into global markets, and expanding the country's presence in global markets are among the goals. To achieve these objectives, aligning international business contracts with modern requirements becomes crucial.

The activities of enterprises, signing various agreements in accordance with contemporary demands, necessitate proficiency in the field of "International Business Contracts." This area is considered one of the most vital and complex issues in the business sector, as it addresses the need to operate based on modern requirements while minimizing errors in the signing of contracts.

The main purpose of teaching this subject is to familiarize students with the operational and legal aspects of international trade contracts and to understand the rules for signing contracts that contribute to the conclusion of contracts with a high level of reliability. The teaching of this subject aims to educate on the role of international contracts, their structural organization, and their nature in the national economy. Furthermore, it covers the regulation of international economic relations, terms and conditions of delivery, international contract accounting and standards.

The subject "International Business Contracts" is closely related to several other disciplines, including "International Economics", "International Transport Corridors", and "International Logistics".

UNIT I. INTERNATIONAL CONTRACTS AND THEIR TYPES

1.1. The Necessity and Purpose of Studying International Business Contracts

1.2. Basic Types of International Contracts

1.3. Understanding, Content, and Features of International Business Contracts

1.4. Fundamental Types of International Business Contracts

1.5. Structure and Procedure for Drafting International Business Contracts

1.1. The Necessity and Purpose of Studying International Business Contracts

In the context of the globalized and integrated conditions of the world economy, the external economic activity of any country is considered an essential organizational part of its overall economic policy. It plays a crucial role in the general economic well-being, expansion of trade relations among states, competitiveness improvement, and achieving absolute economic stability and capital reproduction between producers. In this regard, various economic and political measures have been taken to contribute to the growth of income, the broadening of trade relations, the increase of competition, the development of economic stability, and the efficient production of capital.

In recent years, Uzbekistan has undergone significant changes in its socio-economic life. Positive trends are observable in the active participation of entrepreneurs in national and international economic activities, the growth of the country's external trade turnover, and the acceleration of export-import operations. The positive conditions indicate the need for a comprehensive set of economic and

political measures aimed at strengthening national economic independence, expanding external markets integration, and contributing to global economic balance and capital reproduction.

Statistical data indicates that a significant portion of international contracts comprises export-import agreements. Notably, the transition from internal economic contracts within the framework of the former Soviet Union to external economic contracts is a remarkable development. This shift is observed in the increased number of contracts and their improved quality in the field of international business, driven by the current stable growth of the economy and the active participation of various manufacturers.

Given the growing importance of international contracts, it is crucial for businesses to understand the specific characteristics of these agreements. This understanding includes the legal aspects, the types of international contracts, and the mechanisms involved in their formation. Therefore, the study of the "International Business Contracts" subject becomes a necessity to meet the current demands and challenges of the international business environment.

Likewise, a contract is considered one of the oldest legal constructs. Moreover, a reliable contract, when viewed by the party creating the contract, includes the following conditions within itself:

First, it must serve the interest of the party creating the contract in a straightforward manner.

Second, it must not violate the regulations outlined in the current legal documents.

Third, the party creating the contract must have its interests legally and securely protected, ensuring a serious fulfillment of obligations by its counterpart.

Fourth, there should be no presence of any "hidden pitfalls" in the contract.

The requirements mentioned above, when fulfilled in the given circumstances, are considered a hedging in contractual relations entering into two parties involved.

The fulfillment of obligations by the parties involved in an international sales contract is standardized by the United Nations Convention on Contracts for the International Sale of Goods (CISG). This convention, adopted in Vienna, Austria in 1980, forms the basis for contracts made by trade organizations in various countries for the activities of individuals engaged in entrepreneurial activities in different states.

1.2. Main Types of International Contracts

Citizenship legal contracts are primarily designed to formalize property relationships. For example, a publishing contract, a work of art, movie scripts, and other contracts regulate citizenship relationships.

Such contracts indicate the rights and obligations of the parties, as well as the conditions for changing, without necessarily specifying liability for a breach, but also outlining non-property rights. For instance, the contract may specify whether the author can publish their work under their name or anonymously, whether they can make changes to the text, and more.

Contracts related to citizenship law may be one-sided or two-sided, depending on the distribution of rights and obligations among the parties involved.

In a one-sided contract, only one party is given rights, while the second party is only obliged. For example, in a loan agreement, the borrower has the right to demand the loan amount. In a two-sided contract, both parties have both rights and obligations. A sales contract is an example where the seller is obliged to deliver the goods, and the buyer is obligated to pay for them.

Currently, in the global trade context, there are various types of international contracts, including but not limited to:

- Sales contracts
- Freight contracts
- Licensing contracts for the use of intellectual property
- Storage contracts
- Commission contracts
- Shipping contracts
- Assignment contracts
- Transport expedition contracts
- Insurance contracts
- Credit contracts
- Gift contracts
- Alternative types of contracts in international trade offered by Islamic (partner) banking system (See: Chapter XI).

In accordance with the conventions adopted by the United Nations Commission on International Trade Law (UNCITRAL) and international organizations, a treaty governing the international sale of goods and services between active parties in two different countries is referred to as an international sales contract.

Table 1.2.1

The annual global trade in goods (in millions of US dollars)

№	Worldwide Trade by Sectors	2017	2018	2019
1	**Agricultural Products**	1,724,722	1,804,371	1,783,648
2	**Food and Beverage**	1,468,413	1,530,450	1,528,267
3	**Consumer Goods**	2,605,449	3,251,515	3,018,399
4	**Fuel**	1,948,122	2,523,878	2,309,828
5	**Manufactured Products**	11,998,513	12,999,515	12,746,656
6	**Iron and Metals**	415,609	470,283	417,796
7	**Chemical Products**	1,985,273	2,230,555	2,193,554
8	**Pharmaceuticals**	566,102	635,072	668,988
9	**Machinery and Transportation Equipment**	6,159,867	6,633,243	6,480,346
10	**Office and Telecommunication Devices**	1,910,937	2,074,547	1,998,066
11	**Electronic Bases (Servers) and Office Equipment**	623,591	697,847	599,727
12	**Telecommunication Devices**	644,317	658,462	700,245
13	**Microchips and Electronic Components**	643,029	718,239	698,093
14	**Transportation Equipment**	2,150,157	2,244,300	2,190,556
15	**Automobiles**	1,465,240	1,543,325	1,502,163

16	**Textile Products**	294,977	312,245	305,394
17	**Clothing and Apparel**	464,805	494,009	493,386
	Overall, on a global scale.	**17,739,937**	**19,472,401**	**18,932,952**

The statistical information on the international trade of goods for the years 2017-2019 in the table above reveals that the global trade in goods constitutes approximately 25% of the total international merchandise trade. Hence, the most frequently used type of international contracts, as indicated in the table above, is the sales contracts for goods.

International contracts are categorized based on their nature into the following types:

1) General contracts: These are agreements used in diplomatic relations between two states.

2) Special contracts: These are agreements used in economic relations between several states. Special contracts can further be classified into the following types:

a) Trade contracts

b) Tax contracts

c) Investment protection contracts – agreements related to the protection of capital investments and insurance contracts.

This lecture will delve into special contracts, focusing on international business contracts and their various types.

1.3. Understanding International Business Contracts: Scope, Content, and Characteristics

Explaining the concept of international trade agreements, especially international business contracts, involves considering various perspectives and presenting different aspects to provide a comprehensive understanding. In defining this concept, various approaches are employed to shed light on the diverse dimensions of international trade agreements. When referring to international trade agreements, it typically involves any agreement negotiated and established between at least two states within the context of commercial relations.

On the other hand, when discussing international trade agreements or transborder transactions, the focus shifts towards contracts involving multiple sovereign entities, considering the legal principles and rules of lex mercatoria governing commercial transactions in the international business sphere.

Distinguishing international business contracts from other agreements can be based on several factors:

- The involvement of participants from two or more countries.

- Explicit declaration of the commercial purpose within the contract.

- The articulation of rights and obligations within the contract.

- Adherence to international legal norms concerning the contract.

- Classification of objects within international trade agreements, such as goods, services, or works, considering the specific regulations and customs regimes relevant to them.

- Conducting accounting and financial transactions in international currency units (currency exchange).

For international business contracts to be legally binding, it is imperative that the contracting parties, typically business entities operating in different countries, recognize their status as legal entities capable of entering into agreements. Prior to engaging in contractual relationships, entities involved in the contract must establish themselves as legal entities, either as recognized business entities or through a specified legal form. Additionally, if the contract involves entities from different countries and is subject to the application of international legal norms, it qualifies as an international trade agreement.

The international trade system needs to undertake entrepreneurial activities, meaning engaging in activities such as selling goods, carrying out work, and providing services. It should aim to benefit itself in the future and be based on self-sufficiency and reliability. In the outcome of the trade, parties determine their primary goal based on their own activities. If the business activity is not entrepreneurial but rather characterized by consumption, in which case trading legal entities engaging in contractual relationships complicated by foreign elements enter into trade law agreements among themselves, not deriving benefits from the subject of the contract, but rather utilizing it for their own needs, then the rules and legal norms of international trade are not applicable to this agreement. This exception is also recognized in the Vienna Convention on Contracts for the International Sale of Goods of 1980, especially in its second article. Specifically, the Convention states that the objects of the sales contract, which are movable, are not used for personal, family, or household purposes.

The international trade system itself reveals the price for goods (works or services). The payment for the goods (works or services) is determined in international currency transactions. This means that the parties involved in international trade

may use different national currencies, and it is necessary for free conversion to be in place.

In determining the price in the contract, several methods and means can be utilized. For instance, in the initial contract during international trade operations, the absence of an agreement on the price does not invalidate the contract. Instead, additional agreements or specifying the price through methods such as the stock exchange rate or similar means are used to determine the price for the goods (works or services) in the contract.

Regarding international trade agreements, the Rules and Conventions adopted by international law, i.e., bilateral, multilateral international contracts, and Conventions and Treaties, are applied to regulate this field. In this context, it is essential to note that, in comparison to contracts within national borders, international trade subjects may be governed not only by international law but also by national laws stipulated in the contract or the rights determined in the contract.

The objects of international trade agreements, such as goods, works, and services, are characterized by crossing the borders of a state's territory in ordinary international sales contracts. In relation to this, during the clearance process and when documents are formalized, the rules of the "customs regime" are applied. Customs duties vary in different countries; these countries independently agree on the cooperation of these countries, international organizations, unions, and alliances, and this is reflected in the national regulations, contributing to harmonization.

This aspect can be explained in two situations: first, when the goods are brought from one state's territory to the territory of another state, creating a situation of crossing the state border; second, in the situation where goods imported or

exported from or to a particular territory are subject to additional payments, such as taxes and other similar additional payments, in addition to those imported or exported. It is crucial to emphasize the importance of the imposition of additional charges and similar supplementary payments for goods (works, services) imported or exported concerning borders and the application of specific supplementary charges.

International trade transactions are accounted for in foreign currencies. While a specific national currency is considered for one of the trading entities, the other may be accounted for in a foreign currency. However, it is crucial that the currency used for accounting is freely convertible and holds a certain value. Additionally, it should allow for free conversion.

1.4. Basic Types of International Business Contracts

In the international business operations, there are various types of trade agreements, and they play a significant role in organizing different social relationships in everyday life. Analyzing these agreements based on certain criteria and categorizing them into specific groups according to their general characteristics facilitates the development of knowledge in this field among scholars.

The primary types of external trade contracts include the following:

- Long-term (3-5 years) – Involving construction activities, establishing subsidiary companies abroad, and delivering durable goods on a regular basis.

- Single order – Pertaining to the quick exchange of goods between two partners.

- Temporary – Focused on delivering goods promptly.

- Special construction – Involving installation work, providing technical services, and delivering specific parts of the product.

Furthermore, in relation to the object, international trade contracts can be classified into the following categories:

- International trade contracts related to transferring ownership of goods.
- International trade contracts used in the utilization of property and assets.
- International trade contracts involved in providing services and labor.
- International trade contracts in the field of agency or representation.

As an example of international trade contracts related to transferring ownership of goods, we can consider the international sales contract. In this case, the seller, who acts as the supplier, transfers ownership of the goods to the buyer, who becomes the owner of the purchased property.

Typically, parties entering into transactions are one seller and the other buyer, but in the context of international business operations, situations may arise where the same party participates both as a seller and, at times, in a slightly altered and more complex capacity as a buyer. This dual role within the same contract is evident through various operations, making it convenient for one entity to engage in both selling and purchasing activities.

To simplify the distinction and facilitate ease of understanding, international trade transactions involving the transfer of ownership of goods can be categorized into the following types:

- Barter Contracts
- Countertrade Contracts in Buying (Import)

- Countertrade Contracts in Selling (Export)

- Barter Contracts Involving Mandatory Services in International Trade

In a barter (exchange) contract, each party obligates itself to deliver one commodity in exchange for another, and this arrangement is integral to the concept of transferring ownership of goods. In such transactions, each party assumes the role of both seller (obligated to deliver a commodity) and buyer (obligated to accept the delivery of another commodity).

It is essential to note that in a barter contract, the obligation to deliver and the obligation to accept delivery of a commodity are distinct for each party. While one party may act solely as the seller, the other acts exclusively as the buyer, unlike the countertrade contract where both parties may assume dual roles within the same contract.

In contrast to standard trade agreements, barter contracts in international trade involve the obligation to perform accounting procedures related to the exchange of goods without the need for monetary transactions. Both parties account for the delivery obligation in a barter contract based on the agreed-upon exchange of goods (the object of the contract) rather than a specific payment method.

In countertrade contracts, particularly those involving barter arrangements, each party engages in both selling and buying activities. The parties commit to selling one commodity to the other and, in turn, buying a different commodity. The entities participating in such contracts are referred to as "sellers" for the goods they sell and as "buyers" for the goods they purchase. The sellers are obliged to transfer ownership of the sold goods, while the buyers assume the obligation to pay for the acquired goods.

This type of contract requires each party to categorize the received goods as their property and then pass on the goods they have acquired. The uniqueness lies in the fact that, in these contracts, both parties engage in the transactions from their own perspectives, defining specific terms based on their needs. Furthermore, each party, in turn, transfers ownership of the acquired goods to another party, complying with the payment obligations specified in the contract.

It's crucial to emphasize that in countertrade agreements, payment for the acquired goods is typically settled through a separate payment arrangement, distinct from the exchange of goods. This means that for each acquired item, separate accounting procedures are implemented according to the terms stipulated in the contract.

In contracts where goods are acquired through compensation, the initial contract typically involves the production facilities, technologies, or services provided by the buyer. The object of the initial contract, for instance, a manufacturing plant or facility, is utilized by the seller to produce goods that will be supplied in the future. The party selling the goods is then obligated to return the manufactured products to the buyer, fulfilling the obligation to sell and compensating for the initially provided object.

In countertrade contracts involving barter or compensation, both parties assume the roles of sellers and buyers within the same contract. This dual role allows for flexibility in transactions, accommodating the needs and interests of both parties involved in the agreement.

The party that has utilized the specified means of production in the transaction usually reclaims the product manufactured on its own premises. The primary aim in such cases is typically to expand the market share of service lines, gain an advantageous position in the product market, instill confidence in the specific production process and its quality, and possibly establish exclusivity for related or niche products. Transactions based on service provision obligations, as stipulated in formal international business contracts, diverge formally from the perspective of buy-sell (purchase-sale) agreements. Their overall nature in both types of contracts may include the means of production of the subject of the preliminary contract, technologies, know-how, services, and the like.

A notable difference lies in contracts with service provision obligations, where one party is typically the "seller," and the second party is the "buyer" or "user."

1.5. Form and Order of Drafting International Business Contracts

Depending on the needs and demands of the participating parties in international trade, the party offering the contract usually forms its requirements based on the initial, preliminary, or the purchasing party's official demand. In other words, the structure of the contract is more influenced by the formal requirements of the side that provides more official requirements. Because after the formal requirements have been set by the second party, it sends a proposal to the first party. Whether to accept or reject this proposal is at the discretion of the first party. In situations where the contract is extensive, negotiations between the parties can be lengthy. In such cases, the resolution of challenges that have emerged during the negotiation process may be difficult.

It is necessary to acknowledge that it is possible to provide a separate definition for international commercial transactions regarding the "International Sale of Goods" based on the Vienna Convention. For example, the Russian scholar V.S.

Pozdnyakov defines international economic transactions as follows: "International economic transactions encompass a set of actions involving the export and import of goods, the provision of services, and the performance of organizational activities. It is subject to the rights and obligations of citizenship, allowing for the establishment, modification, and termination of these rights and obligations."

Methods of forming international commercial transactions are as follows:

- By means of offer and its acceptance;
- Based on sample agreements;
- By creating contracts based on standard terms (additional agreements);
- Through participation in tenders or auctions.

The principles of international commercial transactions and the content of Article 2.1 of the UNIDROIT Principles suggest that contracts can be structured based on the desires and intentions of the parties through offers and acceptances or other conditions relevant to contract formation.

It should be noted that international commercial transactions arise as a result of the mutual exchange of offers and acceptances. An offer is a proposal for the conclusion of an international transaction, made by the producing party to the importer in another country or to several individuals. Acceptance is the acceptance or approval of such proposals. Usually, the mutual agreement of offers and acceptances results in the formation of a contract. The offer is typically a commercial proposal made by one party to another country or several individuals, aiming to establish business relations or for specific trade purposes. Acceptance is the approval of such proposals.

It is customary to have clear negotiations between the parties through offers and acceptances. Because the mutual agreement between the two sides is crucial, discussions through open dialogue usually prevent the non-formulation of contracts. As a rule, there is a formal requirement or an offer presented by the first party to the second party. After the formal requirements are set by the second party, they send an offer to the first party. Whether to accept or reject this offer is at the discretion of the first party. In situations where the contract is extensive, negotiations between the parties can be lengthy. In such cases, resolving challenges that have emerged during the negotiation process may be difficult.

An offer is a proposal for the conclusion of a contract. Such offers can be made both by participants in tenders and separately, potentially involving legal and physical entities. Whether an offer can be revoked or not depends on the subject of the article, as we will discuss shortly. Let's also delve into the concept of an irrevocable offer.

According to Article 14 of the "United Nations Convention on Contracts for the International Sale of Goods," an offer is described as follows: "An offer is a proposal addressed to one or more specific persons with the intention to conclude a contract. It must be sufficiently definite and indicate the goods and expressly or implicitly fix or make provision for determining the quantity and the price."

According to the resolution of the Plenum of the Supreme Economic Court of the Republic of Uzbekistan dated December 18, 2009, No. 203, on "Some Issues of Applying the Norms of Civil Law Legislation Regulating the Conclusion, Amendment, and Termination of Civil Contracts," the process of contract formation involves two stages: the first stage is the offer, and the second stage is

the acceptance. The party making the offer is referred to as the offeror, while the party accepting the offer is considered the offeree.

In international trade practices, the term "counter-offer" (contra-offer) is present, and this term was first introduced in the 1980 Vienna Convention on the International Sale of Goods. A counter-offer (contra-offer) refers to additional or modified terms and conditions to the initial offer that can lead to substantial changes and amendments.

It is crucial to note that the concept of an irrevocable offer exists in international business operations. A counter-offer can render the original offer irrevocable, and any changes made to it may lead to significant alterations.

According to the provisions of the Convention, the following requirements must be met for the acceptance of an offer to come into force:

1. The offer becomes effective upon acceptance by the offeree (the party receiving the offer).

2. If the offer is not open for a specified period, the offeror (the party making the offer) may revoke it at any time before acceptance, unless the offeree has relied on the offer and incurred expenses in anticipation of the contract.

According to Article 17 of the Convention, if the offer is not open for acceptance, the offeror is bound by the offer until the offeree responds with a rejection. The offeror cannot revoke the offer once the offeree's acceptance response is dispatched.

As for acceptance, as per Article 18, Paragraph 1 of the 1980 Vienna Convention, "An acceptance of an offer becomes effective at the moment the indication of assent reaches the offeror. An acceptance is not effective if the indication of assent does not reach the offeror."

Under Article 367 of the Civil Code of the Republic of Uzbekistan, an offer is defined with the following rules: "A proposal addressed to one or more specific individuals and sufficiently definite to be the basis for concluding a contract is considered an offer. The essential terms of the contract must be indicated in the offer. The offer is binding on the offeror from the moment it is sent to the offeree until the offeree receives it."

If an offer is revoked before it reaches the offeree, or if it is withdrawn before the offeree receives it, the offer is considered not to have been made. The time limit for acceptance of an offer depends on various factors, such as the method of communication used. For instance, the Convention, under Article 20, specifies that the period for acceptance starts from the moment the offeror sends a telegram or dispatches a letter containing the offer. If no specific time is mentioned, the Convention implies a reasonable time for acceptance.

In the case of acceptance being sent late, the Convention provides rules regarding the time of dispatch, such as counting from the date of sending a telegram or, if the offer is dispatched by mail, from the date indicated on the envelope. Acceptance must reach the offeror within the specified time frame for it to be effective.

These provisions ensure that offers and acceptances are communicated effectively and that parties are bound by their intentions within a reasonable time frame.

According to Article 24 of the Convention, if acceptance of an offer or the indication of assent is communicated by an offeree through an instantaneous means of communication (oral or written), the acceptance is considered effective when it reaches the offeror.

As per Article 365, Part 1 of the Civil Code of the Republic of Uzbekistan, when an offeror sends an offer and the offeree accepts it, a contract is considered concluded from the moment of the offeree's acceptance.

If a specific acceptance period is indicated in the offer, the acceptance must be received within that timeframe. The contract is considered concluded when the offeree's acceptance is received within the specified period.

According to Article 373, Part 1 of the Civil Code of the Republic of Uzbekistan, in the case of written offers where no acceptance period is specified, the acceptance is effective if received within a reasonable time. If no specific acceptance period is designated, it is considered to be a reasonable time based on normal circumstances.

For acceptance to be effective, the offeree must perform the actions specified in the terms of the contract within the agreed-upon timeframe. These actions may include delivering goods, providing services, performing specified tasks, making payments, etc. If the law or the offer does not provide other procedures or requirements for acceptance, the offeree's actions in line with the terms of the contract will be considered as acceptance.

In the context of international trade transactions, compliance with national legal provisions by participating entities is crucial. Therefore, adherence to the established norms and recognition of the international legal framework play a significant role in ensuring the validity of contracts concluded through the use of electronic or written means of communication.

In states entering the continental legal system, even if there is no formal requirement for a written form of the contract, all contracts are formalized in writing. The mere fact that the contract is not in this form does not deny its true existence in the future.

However, according to Article 11 of the 1980 Vienna Convention on International Sale of Goods, a contract for the international sale of goods must be in writing or respond to another mandatory requirement. In this case, the freedom of form of the contract is recognized, and in the future, the parties prove the existence of the contract by the statements of witnesses or other evidence if the contract does not correspond to this form.

The form of the contract can also be confirmed by scholars among themselves. One group of scholars claims that an international trade contract consisting of written confirmations of both parties created between contracting parties falls into a written form and is confirmed by the approvals of both parties. Another group, in doctoral discussions, based on the freedom of the independence of the formation of the contract, believes that the contracting parties are equal in approving the terms of the contract in a written form and not in a written form.

Questions for observation:

1. What do you understand when we talk about international business agreements?

2. Go through the features of the contract.

3. Where is information about a partner taken for a concluded contract?

4. Tell me about your understanding of an offer.

5. What is a general offer?

6. What is the deadline for sending an acceptance according to the Vienna Convention and the national legislation?

7. Familiarize yourself with the types of international contracts.

II SECTION. INTERNATIONAL BUSINESS CONTRACTS AND THEIR ARRANGEMENT

2.1. Fundamental Rules for Signing Agreements

2.2. Structure of the Contract and Its Fundamental Conditions

2.3. Procedure for Officializing the Text of the Contract

2.4. Rules for Preparing Contract Documents

2.5. Execution Procedure of the Contract

2.6. Methods to Ensure Compliance with Obligations

2.7. Responsibility for Violation and Consequences of Contract Terms Breach

2.8. General Rules on Export-Import Contracts and Examples of International Business Contract Forms

2.1. Fundamental Rules for Signing Agreements

The activities of business entities are realized through the creation of contracts. In general, a contract is a document that, for the first time, embodies the interests of the parties involved and directs them towards mutually beneficial advantages. In its formation, adherence to a set of rules is crucial.

From an economic perspective, the central questions surrounding production are: What is being produced? For whom is it being produced? How is it being produced? Addressing these questions before commencing work is pivotal. Success, whether on a national or international level, starts with finding answers to these questions. Therefore, the first rule is to identify what the producer is

initiating, the purpose of their initiative, and ultimately, what they aim to achieve. Naturally, an entrepreneur aims to derive maximum economic benefit from the contract. To achieve this, the entrepreneur must clearly define what they are organizing and develop a mechanism to achieve their goals. Clear identification of tasks and the creation of an ideal model are essential steps in this process.

Ensuring the continuity of actions and determining the expected outcomes of collaborative efforts are essential. It is necessary to outline the estimated framework of a complex operation, dividing it into stages and durations, starting from the inception of the contract until its completion. Each phase requires a detailed understanding of what needs to be done and how it should be executed. Answering questions such as what, when, and how to implement each stage is crucial.

Calculating the degree of reliability is also vital. Subsequently, developing a clear understanding of the planned actions in each phase is necessary for future steps.

Before initiating any contract, the following aspects should be clarified:

- Who supplies the required equipment and materials?
- Who is responsible for delivering the equipment and materials to the site?
- Who maintains and repairs the building to the required standards?
- Who directly works with it?
- Who purchases the services?
- Who sells these services?
- Who finances the company?

Having a clear understanding of these aspects is crucial in effectively planning and executing any contract.

After addressing the aforementioned questions, the next step involves describing the terms of the contract, seeking advice from specialists, and preparing all necessary documents.

The second rule emphasizes the importance of developing a detailed project plan before proposing a contract for goods or services. It is crucial not to trust the counterparty blindly; instead, the contractor should act as the "Owner" of the contract. In this way, the contractor maximizes their benefits while protecting themselves from obligations that may not align with the terms of the contract. If the counterparty assumes the role of the "Owner," it is advisable to ensure that your requirements align with the existing contract terms. This helps in clearly articulating the achievement of the contractor's benefits.

The third rule involves not signing the contract until you receive a positive response from a knowledgeable legal professional. This is one of the most critical rules that every entrepreneur should follow. Its importance is akin to the "Golden Rule of Business."

(During the preparation, signing and execution of international business contracts can also be used alternative contracts such as Kafala contracts offered by Islamic (partner) banking system. (See Chapter XI))

2.2. Drafting the Contract and its Essential Terms

During the process of drafting a contract, the stages of the trade operation are divided into phases. The continuity of these phases is outlined from the time the contract is formulated until the participants fulfill their obligations. Details about who, what, where, and when will execute the actions are elaborated in detail.

In this context, seeking assistance from a legal professional or a consulting firm specializing in this field is crucial. A contract is a legal document with legal consequences, and legal implications must be considered. Legal professionals, depending on their expertise, may identify potential risks and provide insights into the legal consequences of each clause. They are typically familiar with the intricacies of legal norms and regulations and can guide parties to avoid legal pitfalls and, in general, safeguard against bankruptcy.

When negotiating the terms of a contract, its drafting confers legal aspects and protects it from possible legal consequences. Legal consultation ensures that all parties fulfill contractual obligations up to the required standard and provides robust protection against various misunderstandings. It's important to note that a legally sound contract protects the parties involved from overcommitting and ensures resilience against different contingencies.

Beyond this, the most fundamental requirement for contract drafting is its alignment with international trade regulations and the current legal documents of the state.

Sample contracts have been widely used in the process of drafting contracts. On the one hand, these templates streamline the contract drafting process. On the other hand, it's important to note that there is no one-size-fits-all contract. Due to various nuances, contexts, and legal frameworks, interpretations may vary.

Avoiding ambiguity and vagueness is crucial when drafting contracts. Every term, clause, even punctuation mark, holds significant legal importance. Each definition, term, or even a comma is considered seriously from a legal standpoint. If something seems unclear to you in a contract, it's imperative to seek advice from a professional: What does a specific term imply? Or, what is the significance of a particular phrase are questions that consultation can help clarify. Clarity, specificity, and the circumstances under which the contract will be executed are vital considerations. When it comes to defining terms, especially when it involves intricate issues and is subject to legal interpretation, both parties may provide their

perspectives. It is possible that a term is unambiguous initially but becomes problematic during the legal process, or it can evolve into a complex and unexpected situation.

Furthermore, the above-mentioned rules are significant when compiled. Ignoring them may lead to negative economic and legal consequences.

The structure of an international trade contract consists of terms, rights, and obligations of the parties. As mentioned earlier, international trade contracts have a specific structure. Examining the sections of the contract logically has proven effective. Adhering to the structure of a contract is essential for a thorough understanding of the international sale contract and facilitates the negotiation process.

An international business contract should consist of four essential parts:

1. Preamble Introduction
2. Subject of the Contract: Rights and Obligations of the Parties
3. Additional Terms of the Contract
4. Other Terms of the Contract

In addition to these general principles, the laws and regulations of the Republic of Uzbekistan highlight specific requirements for the formation and terms of export-import contracts. The overall structure of the contract, as depicted in the table above (2.2.1), includes details about the contract number, its execution date, and the parties involved. The contract's execution date plays a critical role in determining the legal consequences and the timeline for its enforcement.

It is important to note that Uzbekistan's Law "On International Contracts" emphasizes the language used in the contracts. According to Article 5 of this law,

the language of an international contract is the language chosen by the parties. In case of a discrepancy between the languages used by the state language and the language chosen by the parties, the state language prevails. This ensures clarity and authenticity in the interpretation of the contract.

In conclusion, understanding international business contracts requires consideration of additional rules, including those outlined in the Law "On International Contracts," which was adopted on November 22, 2018. The law emphasizes the use of the state language of Uzbekistan in international contracts, providing a legal basis for language preference and ensuring the authenticity and formal validity of the contract.

According to this rule, international contracts are drawn up in two languages. One of these languages is Uzbek, and the other is a foreign language chosen by the foreign partner. Choosing English as the foreign language is possible, as English is considered the most widely spoken language in the world. In our country, the primary part of banking operations is conducted in Russian, considering that Russian is used in the contractual part by most business entities, assuming they are considering the language used in the country's banks. An additional situation often encountered in practice is when a foreign partner, not understanding the Russian language, signs in their chosen language rather than in the part explained in Russian, and affixes their seal. This contract is accepted without objections in our country's banks and is directed towards financialization.

Table 2.2.1

Structure of the Sales Contract

3	Name of Contract Clause	Content
1.	**Introduction**	Contract Number, Place, and Date of Formation, Parties' Names
2.	**Contract Subject**	Product Name and Specifications
3.	**Delivery Standards**	Incoterms 2020
4.	**Price**	Unit of Measurement, Price Basis and Level, Strengthening Method
5.	**Payments**	Currency, Payment Terms, and Form
6.	**Quality**	Type, Quality, Measurements, Payment Method, and Marking
7.	**Weight Increase Procedure**	Special or Ordinary Order of Increasing Loads
8.	**Delivery-Acceptance**	Rules for Acceptance of Goods
9.	**Claims**	Claims Related to Quality, Quantity, Delivery Time and Rejection
10.	**Guarantees**	Guaranteed Implementation and Service Period
11.	**Penalties and Sanctions**	Penalties and Fines
12.	**Force Majeure**	Liberation from Contractual Obligations
13.	**Arbitration**	Procedure for Dispute Resolution, Arbitration Body

If the parties sign the contract at different times, it will be considered effective from the moment the last party signs. Moreover, the obligations will begin to be fulfilled from that point forward.

In many cases, the title of the contract is often indicated in the introductory section (sales contract, commission agreement, shipping contract, transportation services contract, etc.). This helps to identify the legal nature of the contractual relations and, consequently, to understand the essence of the contract without reading its entire text.

As emphasized, the contract begins with the preamble. In it, the complete legal names of the parties are stated, along with which party is the seller and which party is the buyer. The first page of the contract provides the registration number, place, and the date on which the contract was officially ratified. In this section, the appearance of the international trade contract, the basis for the terms of supplying goods, is briefly and efficiently utilized. The section titled "Object of the Contract" provides a brief description of the goods, with references to specific sections, and in this section, the technological specifications of the goods are provided along with their value.

Here, the necessity of indicating the unit of measurement and demonstrating it is essential. For instance, when dealing with heavy or bulky goods in the commerce of heavy-duty equipment, specifying the volume or weight becomes challenging. For instance, when transporting metals or cotton on a rail or by truck, the bulk may vary due to air humidity. Therefore, to address such issues, a certain percentage tolerance is given when indicating the volume or weight of the goods in the contract or, if not, the term "approximately" is used. Products that are used for a long period, such as machinery and technological equipment, are listed in units such as sets, kits, pairs, etc.

In contracts for supplying materials and tools for the repair of complex objects, besides inventories and materials for repair, the exporter may be obliged, as stated,

to provide tools, materials, and other goods outside of those used for repairs and maintenance.

In the process of describing the parties involved in the contract, the contract should specify the information listed in the state registry of the contracting parties, including their complete legal names, the official name of the company, and other relevant details. This involves designations such as "performer," "supplier," "lessor," "buyer," and includes the position, surname, first name, and patronymic of the person who signs the contract. If the individual acts under the power of attorney, this authority must be disclosed. In cases where a person acted based on a letter of guarantee, it is necessary to indicate this.

If an individual acts based on a power of attorney, it should be presented. In this case, if this person has previously signed the contract without having the legal right to do so, the objection to this action must be expressed, and if necessary, the party may cancel the responsibilities undertaken by the unauthorized signatory. For this purpose, it is necessary to verify the actual legal powers of the executor in signing the contract, which involves scrutinizing and verifying relevant documents that confirm the individual's authority, such as power of attorney and other confirming documents. These documents are usually specified in the corresponding section, and the company's internal regulations define the powers and responsibilities of each authorized person.

If a person acts based on trust, they must eventually become an entrepreneur. The Republic of Uzbekistan Citizenship Code outlines the following requirements for a power of attorney based on trust:

- A power of attorney issued by a legal entity must be signed by the head of the legal entity and affixed with the seal of the legal entity (Article 138, Clause 1).

- For a power of attorney issued by a legal entity based on state ownership to acquire or transfer money and other property rights, it must also be signed by the chief accountant of that legal entity (Article 138, Clause 2).

- The power of attorney may be granted for a period of up to three years. If the term is not specified, it is considered to be effective from the date of issuance and lasts for one year (Article 139, Clause 1).

- An undated power of attorney is not valid (Article 139, Clause 2).

The subject of the contract outlines the rights and obligations of the parties, the term and place for fulfilling obligations, and the procedure for fulfilling obligations. This section includes information about the name and complete description of the goods (work and services), their quality and quantity, assortment, measurements, models, packaging, country of origin, necessary information for product identification, and compliance with international and national standards.

Article 264 of the Civil Code of the Republic of Uzbekistan defines "compulsion-legal relations" as a legal relationship based on compulsion, where one person (debtor) is obligated to perform certain actions for the benefit of another person (creditor), such as transferring property, executing work, providing services, paying money, or obliging oneself to retain a specific action. The creditor, on the other hand, has the right to demand the fulfillment of their obligations from the debtor.

Compulsion arises within the framework of property relations according to the agreement of the parties. It involves two parties, and certain rights and obligations are enforced. Fulfilling the obligation triggers the compulsion. In the context of citizenship law, compulsion is defined as the act of performing actions for the benefit of someone specific. Compulsion in citizenship law is not about compelling

someone to act, but rather about the obligation to perform certain actions for the benefit of another.

The legal norms that regulate and determine obligations constitute the legal framework of compulsion. Obligations arise from agreements, and the parties involved in compulsion can be either creditors or debtors. The fulfillment of obligations must comply with the terms and requirements of the agreement. Changing the terms of the agreement or unilaterally altering the conditions is not permissible after the compulsion has been initiated. Legal documents and the terms specified within the agreement govern such cases.

If the period for fulfilling the obligation is not specified or the deadline for making a demand has been determined, the creditor has the right to demand performance, and the debtor is obliged to fulfill the obligation. The obligation to fulfill is established by law. In a contract, the creditor has the right to demand performance within a daily period starting from the day they made the demand.

If the place of fulfilling the obligation is not specified in the legal documents or the contract, the execution can take place in the following places:

- for obligations to transfer immovable property - in the place where the property is located;

- for obligations to deliver goods or other movable property - at the first delivery location specified in the contract;

- for obligations of debtors to creditors regarding the transfer of goods or other property outside the scope of regular business activities - in the place of preparation and storage of property (provided that the place of fulfillment is known to the creditor when the obligation arises);

- for the obligation of monetary payment - at the place where the creditor was at the time the obligation arose (if the creditor is a legal entity, then at its location). If the creditor has changed their place of residence or location until the time of performance of the obligation and has notified the debtor about it, the place of performance is changed accordingly, and all costs related to this change are borne by the creditor;

- for other obligations - at the place of residence of debtors, if the creditors are natural persons, or, if creditors are legal entities, at their location.

To ensure the fulfillment of obligations, the following methods can be applied:

- penalty (fine and penalty);

- claim;

- guarantee;

- execution;

- surety;

- advance payment of part of the money.

- Signatories to the contract, especially their official positions, must be clearly specified.

- The subject of the contract (the defined nature of the goods and services to be bought or sold, with additional details on its quality, often referencing international or national standards).

- Volume and delivery terms of the goods.

- Basic delivery terms (FOB, FAS, DDP, Franco, etc.).

- Pricing and the total amount of the contract.

- Guarantees, particularly in cases involving automobiles, machinery, and construction and installation work.

- Payment terms (e.g., bank transfer, letter of credit, collection, etc.).

- Sanctions and claims (penalties, complaints).

- Legal addresses, signatures, and seals of the parties involved.

Among these, key and essential terms include the basis of delivery and payment terms since they constitute a significant portion of the contract. For example, the pricing and transportation arrangements can significantly impact the execution of the contract. Properly defining and documenting these terms is crucial to avoid misunderstandings, errors, and difficulties in fulfilling the contract.

The Additional and Other Terms of the Contract. The additional terms of the contract include the following:

1. The nature of the goods (detailed and descriptive characteristics of the goods specified in the contract's subject);

2. Delivery and acceptance of goods;

3. Transportation terms;

4. Insurance;

5. Shipping documents;

6. Packaging and labeling;

7. Force majeure conditions;

8. Arbitration;

9. Additionally, other terms.

Force majeure conditions (uncontrollable force situations) must be clearly and precisely outlined in contracts.

The occurrence of situations during the execution of the contract may lead to unforeseen circumstances that cannot be anticipated at the time of contract formation, manifesting unexpectedly and potentially causing disruption. Such situations are referred to as force majeure conditions. These conditions typically include natural disasters, floods, earthquakes, epidemics, accidents, and similar events. When these situations arise, the fulfillment of the contract terms is usually entirely or partially suspended, and it may persist until the resolution or mitigation of the situation or its consequences.

In order to escape various liabilities, parties in contracts often specify in the agreement the conditions that would qualify as force majeure situations. The contract should include a stipulated timeframe (usually 3-5 days) within which the affected party must notify the other party about the impossibility of fulfilling obligations due to force majeure. Additionally, in international trade contracts, submitting confirmation documents confirming the occurrence of such situations is crucial. Since the resolution of such situations might take a long time, it is also essential for the parties involved to discuss the possibility of terminating the contract after a certain period. However, in doing so, they must clearly specify that neither party will claim compensation for any losses or demand the return of payments made during this period. This is important because, at times, when force majeure conditions occur in the exporter's country, importers have requested the refund of previously made payments.

One of the essential and additional provisions of an agreement is that if one party fails to fulfill any essential provisions, the other party may terminate the contract and demand compensation for the damages incurred from the non-performing party. Of course, in addition to the sections mentioned above, the parties may also

include other additional provisions based on their interests and preferences. For example, these may include provisions regarding the testing process of goods, the formalization procedure for technical documents related to the goods, the inability of the parties to transfer rights and obligations to a third party without consent, procedures for adding or amending terms in the contract, the legal addresses of the parties, and other similar provisions. Some construction and installation contracts may include a separate agreement for rights and obligations related to legal and mandatory provisions.

2.3. Procedure for formalizing the text of the agreement

According to current legislation, if both parties reach an agreement on all significant terms, the contract is considered concluded. The time of conclusion of the contract is determined by the time when the agreement in the agreed form is provided.

Contracts can be concluded in various ways, and the main ones are listed below and analyzed. However, the method of concluding an agreement depends on the discretion of the participants and the specific nature and characteristics of a particular agreement.

An agreement for the sale and purchase is the main commercial document that determines the rights and obligations of the participants in foreign trade operations, and it sets out the sequence of actions for the sale.

The mechanism for the implementation of the agreement is based on its composition, the volume of mutual obligations of the parties, payment terms, basis terms for delivery, terms of storage, technical conditions, and the imposition of sanctions for the violation of contractual positions. Thus, the mechanism of a foreign trade agreement means the totality of the structural elements of a foreign trade system and their compliance with the legal requirements agreed upon with counterparties.

According to the Civil Code, a contract is a bilateral or multilateral document. In the context of doctors, when we talk about a contract, it means the parties' establishment, modification, and termination of their rights and obligations. In the case of a sale and purchase agreement, at least two subjects participate, and in the opposite case, there is no agreement. An international sale and purchase agreement is a document in which the seller transfers ownership of the goods specified in the sales agreement to the buyer. The buyer, in turn, accepts the goods and pays for them.

The contracts can be formalized as follows:

- A term contract refers to the delivery of goods within a specified period, and the buyer has the right to terminate the contract if the term is violated.

- A long-term contract is structured for a period of 3-5 years or more.

- A special contract is designed for projects, installation works, technical services, conducting tests, and demonstrations.

- A framework contract establishes the essential terms that need to be further specified.

- A letter of intent indicates the buyer's intention to purchase goods without any binding obligations.

According to the provided format, written contracts are required for purchase and sale agreements. However, in international practice, many agreements are concluded orally, over the phone, through auctions, or on exchanges. Nevertheless, later, such verbal agreements must be confirmed with a written contract signed by both parties. From that point on, the obligations of the parties also come into effect.

In international trade, two-party contracts are common, so it is important to pay attention to their composition, structure, and implementation process.

There are various forms of international sales contracts:

- Single delivery contract: It is a temporary agreement based on the current negotiation that specifies the quantity of goods and their delivery within a defined period. The delivery of goods is carried out within the specified period, either once or several times. The contract is terminated upon the fulfillment of the specified obligations. Single delivery contracts can be short-term or long-term.

- Periodic delivery contracts: They refer to the regular delivery of a specified quantity of goods over a defined period (periodically). These contracts are applicable to short-term (usually 1 year) and long-term (5-10 years, sometimes even longer) periods.

The implementation of the two mentioned contracts can be both short-term and long-term. They are distinguished by the mutual relations of the contracting parties. In contracts for the supply of complete sets of equipment, the relationships between the exporter and the importer play a significant operational role. The complete sets of equipment are delivered in accordance with the specified terms and conditions, and their quality is fully guaranteed.

Payment terms in contracts are structured either as a settlement with money for the delivered goods or as a complete or partial settlement with goods. In the form of monetary settlement, payments are made in the agreed currency between the parties, and payment methods (cash, advance payment, credit) and forms of settlement (letter of credit, collection, bill of exchange, check) are carried out accordingly. Nowadays, there is a wide variety of payment methods. For example, if 30-50 per cent of the contract value is paid in advance, the remaining part can be settled through a letter of credit.

In addition to the mentioned points, an international sales contract has its own specific characteristics. It is a commercial agreement where the presence of a foreign element (a legal or physical entity from another country) is essential. In this type of contract, the seller is obliged to transfer ownership of the goods (property, merchandise) to the buyer. The buyer, in turn, accepts the goods and is obliged to pay for them. Such contracts are defined by Russian legal expert V.A. Musin as follows: "An international sales contract is a type of commercial contract where the transfer of ownership rights to goods is executed from one person to another."

The subject of an international sales contract is considered to be movable property. International trade includes various components such as machinery and spare parts, iron ore, oil, gas, consumer goods, and more. In recent years, the sale of machinery, equipment, and spare parts in complete sets has become predominant in international trade. This highlights the fact that in the international trade environment, different countries exercise control over the export and import of various goods and raw materials.

When it comes to the composition of an international sales contract, it should be noted that there are various forms of contracts that have evolved over several thousand years of international trade, resulting in their current standardized forms. Consequently, an international sales contract is to a considerable extent an established and conservative document that is still widely used today. Therefore, the contract is considered to be a traditional and conservative document, and if its form appears to be lengthy or outdated, there is no need to modify or simplify it.

The structure of an international trade contract, like any written contract, is typically composed of numbered clauses that define the terms of the contract, each addressing specific questions related to the execution of a particular international trade transaction. Such contracts in international trade usually consist of anywhere

from 11 to 151 clauses. The classic version of an international trade contract is structured based on the principle of "from general to specific." It first addresses general information and data (what, how much, in what quality, price, on what basis the goods are sold), and then includes clauses related to the execution of the transaction (delivery of goods, acceptance, payment terms, transportation terms, warranties and claims, arbitration, court, etc.).

2.4. Drafting the Contract Document

The majority of contracts in civil practice are bilateral agreements that include various transactions such as the sale and purchase of goods, lease agreements, production agreements, and other types of contracts, in addition to the purchase and sale contract mentioned earlier.

Contracts can be concluded collectively or individually according to the right to a claim or exclusively. In contracts concluded according to the right to a claim, one party receives money or rights in return for providing the service of the other party's property. For example, one party may be obliged to pay rent for temporarily using someone else's property. Such contracts, which are concluded according to the right to a claim, can include examples such as purchase and sale, delivery of goods, leasing, production, and other contracts mentioned above.

On the other hand, an exclusive contract involves the transfer or performance of property without the other party's right to benefit. For example, in a donation agreement, the owner of the property transfers it exclusively to another person. Contracts that allow the free use of property or interest-free loan agreements are also included in the group of freely concluded contracts.

Contracts are divided into conceptual and real contracts based on their drafting stage and content. The consensus and the intention of the parties to formalize the contract are essential in drafting the contract. The term "conceptual" is derived from the Latin word "consensus" and indicates the meaning of agreement. Examples of conceptual contracts in civil law include contracts such as sale and purchase, delivery of goods, production, and leasing. The majority of contracts in civil law fall into the group of conceptual contracts.

The term "real" is derived from the Latin word "res" and denotes the meaning of "thing." Real contracts can include examples such as loans, deposits, donations, and free use of property.

Contracts that benefit a third party are enforceable under general rules as contracts in favor of and for the benefit of third parties. In some cases, a contract can be concluded for the benefit of a third party. An example of a contract benefiting a third party is an insurance contract. The third party is not considered a party to the contract. However, if the laws or the contract itself do not provide otherwise, the third party can exercise their rights under the contract, starting from the moment the parties to the contract notify the debtor of the intention to use their rights or make changes to the contract.

If a contract stipulates the performance of obligations by a third party in relation to another party, the person who drafted the contract as well as the third party who benefits from it may demand the performance of the obligations.

Contracts can be divided into various types, including explicit contracts, implied contracts, and preliminary contracts (agreements).

When applying for an organization, any person who is selling goods, providing services, or performing tasks in the field of commercial transactions (such as retail sales, passenger transportation by public transport, telecommunications services, provision of electricity, medical services, hotel services, etc.) must not discriminate against another person in the formation of a contract, in accordance with the requirements of the law (except for cases provided for in legal documents).

The price of goods, works, and services, as well as the possibility of performing specific tasks related to other terms of the general contract, cannot be determined without concluding a public contract. When an organization concludes a public contract, the buyer has the opportunity to compel the organization to conclude a contract through a court.

If the form of the main contract is not specified in the preliminary contract or the form of the main contract is not clearly defined, it is concluded in written form. Ignoring the rules regarding the form of the preliminary contract leads to its lack of legal force. The preliminary contract should contain conditions that determine the

essential terms of the main contract. The preliminary contract specifies the period during which the parties are obliged to conclude the main contract. If such a period is not specified in the preliminary contract, the main contract must be concluded within one year from the date of conclusion of the preliminary contract.

The content of the contract is formed by its clauses (terms, requisites). If, according to the Civil Code, all important terms of the contract are agreed upon between the parties in a form that requires evidence, the contract is considered concluded.

The clauses of the contract are divided into standard and special terms. Standard terms are considered important or necessary for contracts governed by legislative documents, as well as terms that are considered necessary based on a party's request. Some contracts have specific important clauses defined by law. For example, as stated in Article 25 of the Regulations on the Export of Goods, if there are no clauses in the contract regarding the name, quantity, and quality of the goods to be delivered, the contract is considered not concluded.

The importance or insignificance of certain clauses (terms) is also determined by the nature of the contract. For example, to consider a sale and purchase contract as concluded, it is necessary for its two terms to be agreed upon: the item to be sold and the amount of money to be paid for it.

The terms that regulate the relationship based on the mandatory nature of the contractual provisions are determined by default rules established by the dispositive norms. Such terms are considered in accordance with the usual practice. For example, in a lease agreement, if a provision for monthly (current) repairs of the property is specified or not specified, it is allowed because this provision is indicated in the dispositive provision of the Civil Code.

Dispositive provisions deal with the mutual agreement on matters not regulated by general legal norms. For instance, the term regarding the duration of renovation of the leased property is considered as one of the dispositive provisions.

In certain types of contracts, it is possible to create and specify the formation and determination of some terms. In cases where specific terms are not referred to in the contract, the usual practices of the parties' relations are applied.

The structure of the contract is determined by Article 364 of the Civil Code, according to which, if the contract meets the requirement of reaching an agreement in terms of all essential conditions of the contract between the parties, the contract is considered concluded.

The structure of the contract is generally determined in two stages. The first stage is the proposal to conclude a contract, and the party making the offer to conclude a contract is called the offeror.

The second stage is the acceptance of the proposal to conclude a contract, and the party accepting the offer is called the offeree.

The general rules regarding the composition of the contract are provided in Articles 364-381 of the Civil Code. According to these rules, if the offer (offerta) regarding the conclusion of the contract requires a time limit for a response, in this case, the contract is considered concluded when the acceptance of the offer is received by the other party (acceptant).

The formation of the contract does not depend solely on the mutual agreement of the parties. The contract is a formalized agreement in the prescribed form. The form of contracts is determined by the rules set out in Article 366 of the Civil Code. If a specific form is not prescribed for certain types of contracts by law, the contract can be concluded in any form recognized for contracts.

A contract is considered concluded when it is notarized or registered with the state registry, taking into account the time when the contract is notarized or registered.

If the parties have agreed to conclude the contract in a particular form, even if such a form is not required by law for this type of contract, the contract is considered concluded from the moment it is expressed in the agreed form.

A written contract can be concluded by signing the document by the parties or by exchanging documents through mail, telegram, teletype, telephone, electronic communication, or any other means that provide confirmation of the receipt of documents.

An offer can be made to a specific person or persons. For example, advertising a product, offering one's services by sending an announcement is considered an offer directed to an indefinite number of persons.

The response indicating the acceptance of the offer is considered an acceptance. Acceptance becomes binding and irrevocable. If there is no customary practice or previous dealings established by law, this acceptance is not binding.

If the response to an offer is made in an informal manner without a specified deadline, and the accepting party (acceptor) notifies the offeror (offeror) of accepting the offer, a contract is considered to be formed.

If such an offer is made in written form, a contract is considered to be formed at the moment when the acceptance (acceptance) of the offer is received within a reasonable time period, which is usually determined by the normal course of events.

The acceptance of the offer does not constitute an acceptance of the terms of the contract other than those set out in the offer. Such a response constitutes a counteroffer, and a new offer is considered to be made at the same time as the acceptance.

Usually, it is necessary to indicate the place of signing in the contract. If the place of signing is not specified in the contract, the contract is considered to be concluded at the place of residence of the offeror or at the location of the legal entity.

The Civil Code establishes rules regarding the freedom of the parties in concluding contracts. Neither party is obliged to conclude a contract. However, in some cases, a mandatory contract may be concluded. In this case, it is necessary to notify the other party of the acceptance or of the objections to the acceptance within 30 days

from the date of receiving the offer or from the expiration of the acceptance period or based on other terms (if the party has added its objections to the draft contract).

However, if the conclusion of a contract is mandatory for the party making the offer, and if it accepts the offer on the basis of its own terms (together with the statement of objections to the draft contract), in this case, this party has the right to apply to the court within 30 days from the date of receiving the notification or from the expiration of the acceptance period to invalidate the discrepancies.

If the party bound by the conclusion of the contract fails to conclude it, the other party has the right to apply to the court with a demand to conclude the contract in accordance with the requirements of the contract. The party that has suffered losses due to the non-conclusion of the contract is entitled to compensation from the other party according to the established procedure.

The aforementioned procedure is considered the preferred option when choosing the specific form of contract conclusion. In particular, in the document called "contract" or "agreement," the parties specify all the terms and conditions of the commercial transaction. The greatest legal force of this procedure is that in case of its existence, the fact of concluding a contract cannot be disputed. This procedure allows for the voluntary conclusion of business contracts.

In practice, the following question arises: Can commercial trade activities (delivery of goods) be carried out based on a detailed list of terms rather than a contract? The presence of a detailed signed list of terms does not replace contractual relations. And it does not leave the place for the delivery contract to be vacant.

Form a contract based on the statement of intention. In general, a contract is a legal document that cannot fulfill any intentions on its own. However, by signing such a contract, individuals may assume certain obligations. According to the legislation of the Republic of Uzbekistan, negotiated agreements reached during the formation of a contract do not impose any rights and obligations on the parties involved. However, in recent times, various types of commercial documents have become more comprehensive in terms of specifying intentions. Therefore, in some cases, contractual documents may contain provisions regarding the intentions of the parties and may also serve as legal instruments with enforceable rights.

It has to be said that the current legislation also recognizes the concept of an implied contract. According to an implied contract, the parties are obligated to fulfill obligations regarding goods, completed work, and other matters in the future based on the terms established in the implied contract. In some cases, entrepreneurs may sign a statement of intention without realizing the legal rights and obligations they have assumed. If a party specified in an implied contract fails to initiate the contract, the opposing party may resort to legal action to establish a binding contract and, in some cases, seek compensation for damages resulting from the actions of the defaulting party.

Acceptance of the order for execution. It is also possible to form a contract by accepting an order for execution. The method of accepting a contract order may also involve its construction. This method is widely used, particularly in planned economies, where state procurement agencies and industrial production facilities have a significant role in delivering goods. It should be emphasized that the opportunities for independent entrepreneurship are limited in such conditions.

Currently, this method is widely used in the relations between leading organizations and their customers, especially in the provision of intermediary services. In particular, if the intermediary fails to notify the client of their objections to the order they received within the specified period in the contract, it may be considered that the intermediary has concluded the relevant part of the contract. However, there are also other options available in the contract for the provision of intermediary services.

In modern entrepreneurship, the following question often arises: can a contract be formed over the phone, and to what extent is a "gentleman's agreement" legally binding?

According to the general rule, if a document for a transaction does not specify a written or any other form, the oral form of that transaction is possible. Even if there is an intention to create a legal relationship between the parties, the transaction is considered valid. However, in cases where a simple verbal form is not fulfilled, the parties may be deprived of the protection of legal provisions, but in cases specified by law, the absence of a written form of the transaction leads to the non-existence of the transaction.

In other words, when it comes to contracts, general documents, or a collection of several related documents, if they do not have a written form, a verbal agreement is sufficient to establish the transaction, such as letters received from organizations, goods delivery or payment documents, etc. The verbal form is considered sufficient for contracts such as subway tokens, bus or tram tickets, and

similar services. Similarly, any transaction between individuals can be established through an oral agreement, but in the case of the Republic of Uzbekistan, contracts exceeding a certain amount specified in US dollars must be in written form.

The signing of a contract indicates its formal existence. According to the law, it is signed by the authorized representative of the company and bears the organization's seal. The seal of the company in the contract proves the authority of the person who signed the contract. However, the absence of a seal in the contract does not automatically invalidate it. According to current legal documents, the presence or absence of a seal in the contract is not directly related to its legal or non-legal nature. The "Uzbekistan Codes" give great importance to the "seals". Therefore, the absence of a seal on a contract signed by an unauthorized person does not make it legally valid, as the absence of a seal on the authorized person's signature indicates the absence of the contract's validity.

The signing of the contract indicates the intentions of the parties to create it. It establishes the rights, obligations, and responsibilities of the parties.

The international sales contract is considered one of the most important among other foreign trade contracts. The conclusion and implementation of such a contract form the main part of the foreign economic relations of the Republic of Uzbekistan. This type of contract is related to the mutual supply of goods or services, such as transportation, insurance, licensing, etc. Contracts concluded with foreign contractors or regulated by the legal norms of that country are carried out. The applicable law is enforced with the consent of both parties. In the legal systems of many countries, the parties that establish foreign trade transactions have complete freedom in choosing the management of the transaction according to the legal system of which country. However, there are several complexities in this regard, including various reservations in the applicable legal system.

2.5. Procedure for concluding an agreement

Contract execution method. The procedure for fulfilling the obligations of each party under the contract is subject to well-known regulatory rules.

Experience shows that the execution of a contract does not end with the completion of one action, for example, the sale of goods in a store. In most cases, the execution of a contract is a process, that is, a certain system of sequential actions. In the process under consideration, two main tasks can be distinguished.

Material basis for the execution of the contract. At this stage, two interrelated actions are performed: one party turns in the completed work, and the other party receives the completed work.

The procedure for fulfilling obligations is carried out in accordance with the requirements of current legislation.

Duration of the contract. If the contract specifies a date for its execution, it must be performed on that date. If the contract provides for a deadline for fulfilling an obligation, it can be fulfilled at any time within this period. As a general rule, a participant cannot fulfill an obligation ahead of schedule. However, if such a case is provided for by the parties in this agreement, with the consent of the alternative party or if this obligation arises from the essence of the obligation, the parties may fulfill the obligations ahead of schedule. Otherwise, the alternative party may not accept the work performed or, having accepted it, may recover money from the opposite party for damage caused as a result of failure to fulfill the obligation on time.

Place of performance of the contract. If the place of performance of the contract is not specified in the contract, as a general rule the obligation must be fulfilled in the territory of the receiving party.

However, there are some exceptions to these rules:

– The obligation to transfer real estate in exchange;
– The obligation to deliver the cargo to be delivered to the location of the first consignee;
– If the place where the entrepreneur produces or stores the goods is known to the buyer, the obligation is to deliver it there.

Negotiable price. The target contract is valued at the price agreed upon by the participants. After the conclusion of the contract, the price can be changed only if this is provided for in the contract.

Contract execution method. Method of execution – actions of the parties during the execution process in the manner established by the contract. As a general rule, if by agreement of the parties partial fulfillment of an obligation is not provided, then the obligation must be fulfilled once in full. The obligations of the parties under the agreement are fulfilled simultaneously. Again, unless otherwise stated in the contract. Therefore, when concluding a contract, the parties need to clearly and seriously determine how the obligations will be fulfilled.

Technical and legal requirements for the execution of the contract. The essence of this step is to check the quantity and quality of work performed and confirms it with official documents.

The person who accepted the work performed is obliged to present the relevant document to the opposite party. Only fulfillment of an obligation means

its termination for the creditor. In addition, if the creditor does not receive an official document of fulfillment of the obligation, he is considered legally a debtor, even if he has fully fulfilled his obligations.

Voluntary fulfillment of obligations must be confirmed by official documents, otherwise the obligations are considered unfulfilled.

Official documents confirming the fulfillment of obligations are:

a) Delivery of goods (works, services) - acceptance certificate;

b) A payment order certified by the bank confirming payment for goods (work, services);

c) A receipt from the transport organization addressed to the consignee regarding unloading of the goods;

d) A receipt for unloading the goods at the seller's warehouse;

f) Letter from the recipient;

f) Other documents and audiobooks.

Therefore, a participant in foreign economic activity must choose the right legislation for the transaction he is making, study it and plan it.

First, when agreeing on the terms of a contract with a foreign competitor, it is necessary to know the law that determines the procedure for its correct conclusion;

Second, if one of the parties does not fulfill the agreed terms of the contract, contrary to mandatory legal norms, they cannot be separated in court.

Third, when concluding a contract, it is impossible to foresee the events and circumstances that may occur and establish the appropriate conditions;

If a negative situation arising under the agreement is not provided for in the agreement, then it will be resolved through the conflict of laws of the specified country. However, in a number of cases, the conflict of laws rules of countries contradicts each other. In this case, the conflict is resolved through international conventions designed to unify norms (for example, the Hague Convention of 1955–1986).

When concluding a foreign trade agreement, the parties must determine their rights. In other words, it will be necessary to determine the law on the basis of which relations in a foreign trade agreement will be carried out or regulated. However, the terms of the transaction are implemented based on the consent of both parties. This choice of legislation is called the principle of autonomy. Many countries have introduced the principle of localization of contracts: in this case, the

parties have the opportunity to choose any law related to the contract they enter into. Based on the stated principle of autonomy, we can say that when concluding a foreign trade agreement, if the parties do not indicate which legislation they are guided by, then the parties having the following specific address act, are regulated and governed by the law of their country.

From a legal perspective, the terms of a contract can be divided into two categories: mandatory (essential) terms and additional terms. Mandatory terms are crucial provisions that are directly related to the performance of the contract and are essential to be expressly stated in the contract. If any of these terms are not expressed, the execution of the contract becomes difficult, and in some cases, it may be impossible to carry out. It is important to note that a standard external trade agreement is not considered complete solely based on mandatory terms. In this regard, it should be emphasized that a normal external trade agreement should include not only mandatory terms but also additional terms that can be mutually agreed upon during the execution process, taking into account all the nuances that may arise and including provisions that significantly restrict the execution of the contract.-=

2.6. Ways to ensure fulfillment of obligations

It is possible to indicate additional measures to ensure the performance of obligations by the debtor as an additional means of exerting financial influence on the creditor under the contract. They both encourage the debtor to fulfill their obligations and serve as a penalty for the creditor if they fail to fulfill their obligations under the contract or fail to fulfill them to the necessary extent.

Creditor - a party to the contract who has the right to demand the performance of obligations from another participant in the contract (debtor).

Debtor - a participant in the contract who is obliged to fulfill the obligations required by the contract from another participant (creditor).

There are four methods of ensuring the performance of obligations under current legislation:

1. Penalty

2. Suretyship (guarantee)

3. Pledge

4. Mortgage

A penalty can take four different forms. It is possible for the law or the contract to stipulate the following types of penalties:

1) Compensatory penalty.

According to general rules, if it is not specified in the contract, a compensatory penalty is imposed for the part where no penalty is specified.

PAYMENT = PENALTY (DAMAGE - PENALTY)

2) Sole penalty - in this case, a penalty is imposed without causing damage.

It is possible to include the sole penalty in the category of "pre-determined damage," in which case the parties agree in advance on the amount of damage caused by the failure to fulfill obligations or the failure to fulfill them to the necessary extent. In this case, it is necessary to prove that the debtor has not fulfilled the obligations and the amount of damage caused.

PAYMENT = PENALTY

3) Penalty - in this case, both a penalty and additional damage are imposed:

PAYMENT = PENALTY + DAMAGE

4) Alternative penalty - depending on the creditor's choice, a penalty is imposed or damage is incurred:

PAYMENT = PENALTY OR DAMAGE

From the standpoint of protecting the rights of entrepreneurs, the most convenient ones are penalties and sole penalties.

Paying the penalty does not release the debtor from their obligations. In addition, in the process of resolving disputes related to the imposition of the specified penalty, the arbitration court examines the relevant provisions of the contract.

It is necessary to formalize the agreement on the penalty in written form. The failure to formalize the agreement on the penalty in written form leads to the invalidity of the agreement on the penalty. Usually, such an agreement is formalized as one of the clauses of the contract and is included in the "Liability of the Parties" section of the contract.

Guarantee. A guarantee (guarantee) agreement is concluded between the creditor and the guarantor. Thanks to a surety (guarantee), the guarantor assumes responsibility for the full or partial fulfillment of the obligations of another person (debtor). If the debtor does not have funds (not only money, but also other property), if the joint liability of the guarantor and the debtor (joint and several guarantee) is not provided for in legal documents or an agreement, the guarantor is subsidiary (additional) to the creditor for the obligations of the debtor assumes responsibility.

The guarantor can be not only commercial organizations, but also non-profit organizations, for example, public and religious organizations, literary societies, charitable foundations, etc. Institutions that finance the owner, including budgetary organizations, can act as a guarantor, but in this case, the institution that owns the property with the right of operational management is liable for its obligations only with the funds it has, and in the event of their absence, it is enough that the responsibility for the obligations of the institution bears the corresponding property, which is assumed by the owner.

There may be several guarantors, unless otherwise provided by the surety agreement (guarantee), they are jointly and severally liable to the creditor. The guarantor is liable for all obligations instead of the debtor, unless otherwise provided by the guarantee agreement, including payment of fines and interest, compensation for losses, etc.

If the guarantor fulfills all obligations on behalf of the debtor, all rights of the creditor are transferred to him. The guarantor has the right to demand from the debtor the amount of money paid to him.

If the guarantor fulfills obligations to the creditor instead of the debtor, the creditor is obliged to transfer to the guarantor documents confirming the claims against the debtor and transfer the rights securing this claim.

If the debtor fulfills the obligation secured by the guarantee, the guarantee is terminated. The surety (guarantee) is also considered terminated if the creditor does not bring a claim against the guarantor after a year has passed after the obligation is due. If the period during which the obligation must be fulfilled is not specified or is determined by the moment of the demand, the surety (guarantee) is

terminated two years from the date of conclusion of the surety (guarantee) agreement.

A guarantee can be formalized by issuing a single document called a "Guarantee Agreement". However, in practice, especially in the banking industry, the guarantee is traditionally issued in the form of a letter of guarantee.

Letters of guarantee are used under one condition and have their own legal meaning - a letter of guarantee sent by the guarantor to the creditor is accepted by the creditor and he informs the guarantor in writing (letter, telegram, telephone) that he has received the letter of guarantee.

If the creditor does not notify the guarantor of his receipt of the letter of guarantee, the Arbitration Court will use the text of the agreement providing for the surety (guarantee). If the agreement between the creditor and the guarantor contains a reference to this letter of guarantee, then the corresponding contractual relationship regarding the guarantee is established between the guarantor and the creditor. In the absence of a reference to the letter of guarantee, there will be no basis to confirm the establishment of a contractual relationship between the creditor and the guarantor, and a surety agreement (surety) between the parties will not be concluded.

A guarantee (guarantee) can be executed by the guarantor by making a note in the agreement concluded between the creditor and the debtor, whose obligations are secured by the guarantor.

The surety agreement (guarantee) must contain the following information, such as what kind of agreement it is, for how long and what amount of money is guaranteed. Otherwise, the guarantee agreement cannot be considered valid.

(There are also the alternative types of guarantees through Kafalah contracts used in international trade contracts (See Chapter XI).)

Pledge. Thanks to the pledge, the creditor can recover the value of the pledged property from other creditors if the obligation secured by the pledge is not fulfilled. Pledge relations are regulated by the Law of the Republic of Uzbekistan dated May 1, 1998 No. 14-1 "On Pledge". Unless otherwise established by an arbitration or court decision, the creditor's claims are subject to offset against the value of the pledged property. The subject of the pledge includes objects, securities of the enterprise, property rights, as well as option property that can be pledged in accordance with the legislation of the Republic of Uzbekistan.

The agreement or legal documents may provide that the pledged property remains at the disposal of the pledger or is transferred to the pledgee.

Common joint property can only be mortgaged with the consent of the other owners.

The pledge agreement must be concluded in writing. The pledge agreement must contain conditions defining the type of pledge, the content of the claim secured by the pledge, its size, the deadline for fulfilling obligations, the composition and value of the pledged property, as well as other conditions.

The pledge clause may be included in the agreement creating the obligation secured by the pledge, or drawn up in the form of another separate document.

Moneylenders, *that are business entities* –are obliged:

- filling out the pledge registration book;

- make an entry in the book containing information about the type and subject of the pledge and the amount of the obligation provided for by the pledge, in the book within 10 days after the occurrence of the pledge;

- handing over the book to a voluntary interested person.

The pledger retains the right of ownership of the pledged property, unless otherwise provided by law or agreement. In this case, the property is transferred to the pledgee only if the debtor fails to fulfill the obligation secured by the pledge.

If the subject of the pledge is previously pledged property, it ensures the fulfillment of another obligation; the rights of the pledgee are retained in full. The students of the next pledger will be satisfied from the remaining valuation of the pledged item after satisfying the requirements of the previous pledgor.

The pledgee has the right to satisfy his claims, damage caused as a result of failure to fulfill the obligation on time, interest, and also, in the manner prescribed by law and the contract, a penalty in full in exchange for the pledged property.

Debt collection on pledged property is carried out by a court or arbitration decision, unless otherwise provided by law.

Payment of the pledged property as a fine is carried out on the basis of the civil procedural legislation of the Republic of Uzbekistan, unless otherwise provided by the contract.

Protection of property rights as a clause, one of the contracts means the amount of money that a participant transfers to another participant under a contract in exchange for payments due in order to prove the conclusion of the contract and ensure its performance.

The nutritional value of bone is manifested in two aspects:

- One party pays in advance part of the payments due to the counterparty under the agreement, thereby ensuring the actual fulfillment of obligations for the other party;

- if the party who gave the gift is responsible for failure to fulfill the contract, the gift remains with the other party; if the party who received the gift is guilty of failure to fulfill the contract, it will have to return the gift to the other party in double size.

A loan has a lot in common with an advance and prepayment. However, neither advance nor prepayments have a collateral function. They are made in exchange for payments to be made based on the contract.

The question arises of how to distinguish whether an advance payment in a business activity is an advance or a lump sum payment. Here the instructions contained in the contract are decisive.

State of the currency. If payment is made after delivery of the goods, inflation may reduce the negotiated purchase price over time. In this case, you can use the method of changing the price specified in the contract, which is widely used in foreign trade transactions.

When using this method, two currencies are specified in the price condition: the sum and the currency of the agreed country.

In the contract, the sum is tied to another, more stable currency, and the resulting price of final settlements is determined by the exchange rate of the base currency (for example, the dollar) in relation to the sum.

As a variation of the above method, a multicurrency addition can be used in the contract, according to which, when the exchange rate of the sum changes, the payment amount is recalculated on average in relation to several predetermined currencies.

2.7. Determination of liability and compensation for damages for violation of contract terms

As a general rule, a contract can be amended and terminated by agreement of the parties.

At the request of one of the parties, the agreement can be changed or terminated by the court only in the following cases:

- If the other party seriously violates the terms of the contract;
- FC, other legislation and in other cases provided for by the agreement;
- A breach of contract by one party that causes significant damage to the other party is a serious breach of contract.

If one of the parties refuses to fulfill the contract or partially refuses to comply with the law or the agreement of the parties, the contract is considered terminated and amended accordingly.

A significant change is that the parties, when they could have foreseen the situation, did not enter into an agreement at all or changed it so much that it could have been concluded on different terms.

An agreement to amend or terminate it must be concluded in the same form in which the agreement was drawn up, provided that no other procedure is provided for in legal documents, contracts or business practice.

One party can go to court only after receiving the refusal of the other party to propose to change or terminate the contract. Or, having not received a response within the period established by law in the contract, or in the absence of such a period within thirty days, he may apply to the court to amend or terminate the contract.

Penalties and damages, penalties are established for failure to fulfill contractual obligations or for fulfilling conditions not specified in it. In most cases, they are applied for late delivery of goods, if the quality and technical level of the goods contradict the terms of the contract, for failure to fulfill payment obligations or for late payment. Counterparties are a general rule of commercial relations, and penalties should be mandatory for the fulfillment of obligations with their size and calculation procedure. Unreasonable fines imposed by importers lead to retaliatory actions from exporters, such as increasing prices in commercial offers. In case of delay in delivery of goods, fines increase for each overdue period (hour, day, month) and create conditions for the defaulting party to take the necessary measures to correct the situation. Typically these penalties are limited to 5 or 10 per cent of the total amount of undelivered goods.

The method of calculating losses is agreed upon by the parties when concluding the contract, depending on the delay in fulfilling obligations or differences in the characteristics of the guaranteed product.

As stated in Article 25 of the Law of the Republic of Uzbekistan “On the legal basis for the activities of economic entities”, in cases of delay in delivery of goods, incomplete delivery, failure to perform work or failure to provide services, the supplier (Contractor) of the goods to the buyer (customer) pays a penalty in the amount of 0.5 per cent from the unfulfilled part of the obligation for each day, but the total amount of the penalty should not exceed 50 per cent of the price of the goods. not delivered, work not completed or services not provided. Payment of a penalty does not relieve the violating party from compensation for losses caused by late delivery of goods, incomplete delivery, failure to perform work or failure to perform services.

Also in Article 32 of this Law, the buyer (customer), in connection with late payment for delivered goods (work, services), is charged 0.4% of the amount of overdue payment for each day missed by the supplier, but not more than 50% of the amount of overdue payment. It is noted that a fine will be paid in the amount.

The conclusion that can be drawn from these two articles is that the amount of the penalty should not exceed 50% of the amount of damage caused by the breach of contract, as provided by national legislation.

The contract also specifies a limited amount of damages. In this case, if the damage exceeds the specified limit, he will have the opportunity to terminate the contract and take advantage of the specified guarantees, of course, if this is specified in the contract. The importer who receives the guarantee funds will use them to cover expenses incurred and losses incurred. The parties will always endeavor to limit their liability. Exporters try to avoid compensating themselves for indirect damage. The most guaranteed solution to such problems is insurance.

2.8. General rules of export-import contracts and examples of foreign trade contracts

Today, as a result of intensified efforts to increase the economic potential of the country, business entities receiving real income in the economic sphere by concluding export-import contracts, some changes and additions are being made to foreign trade activities and the legislation regulating it. Of course, changes and additions made in this area are directly related to the activities of legal services of government bodies and organizations, and are reflected in the conclusion of export-import contracts by legal services employees and the issuance of legal opinions to them.

Particularly, he monitors compliance with the established procedure for concluding, executing, amending and terminating contracts.

Also:

- makes proposals for the necessary execution of contracts concluded by government bodies and organizations, participates in the development of proposals for improving contractual relations;
- participates in the preparation of requests to protect the interests of a state body and organization and in the consideration of requests received by a state body and organization, monitors compliance with the procedure for submitting and considering requests to a state body and organization;
- checks the status of receivables and payables of government bodies and organizations together with relevant structures, takes measures to reduce their amount;
- Its activities can be seen in such areas as the conduct of litigation in disputes arising from contractual relations.

According to the Law “On Foreign Economic Activity”, it determines the rights of subjects of foreign economic activity. They have the following rights:

- independently determine forms of participation in foreign economic activity within the framework of legislation, attract other legal entities and

individuals to carry out foreign economic activity in accordance with the agreement;

- independent possession, use and appropriation of the results of foreign economic activity, including income in national and foreign currency, in accordance with the law.

In accordance with Article 8 of the Law, the obligation of subjects of foreign economic activity is to submit reports on foreign economic activity in the manner prescribed by law.

It is necessary to submit documents confirming the compliance of goods imported into the territory of the Republic of Uzbekistan with technical, pharmacological, sanitary, veterinary, phytosanitary, environmental standards and requirements established in Uzbekistan. According to the Law “On Foreign Economic Activity”, it determines the content of foreign trade activity. Foreign trade activity is entrepreneurial activity in the field of international trade in goods, works (services). Foreign trade activities are carried out through the export and import of goods works (services). Despite large-scale work to introduce modern market mechanisms and simplify the procedure for exporting a number of goods, there are still shortcomings that prevent an increase in the volume and variety of exports of fruits and vegetables.

The measures to further simplify the procedures for the export of fruit and vegetable products by supporting local exporters are considered in accordance with the Presidential Decree No. PQ-3377 dated November 6, 2017, titled "On Additional Measures to Support the Export of Fruit and Vegetable Products, Grapes, Melons, Including Processed Vegetables and Fruits" in the Republic of Uzbekistan. The decree aims to facilitate and encourage the production and export of fruit and vegetable products by implementing measures that enhance the activities of the relevant entities involved in the industry and stimulate their production.

In particular, more than 90 percent of the fruits and vegetables exported today are grown by small producers on subsidiary farms, including on private plots. These manufacturers are not able to export their products on their own, as they have to enter into contracts with foreign buyers and go through licensing procedures. Taking this into account, the decision of the head of state granted business entities the right to export fruits and vegetables on the basis of an invoice, without concluding an export contract, in compliance with the terms of payment and delivery, which is in line with international practice. The decision resolved another problematic issue related to the lack of a procedure for accounting by customs authorities of the natural loss of exported fruits and vegetables.

Unaccounted for natural loss led to the formation of unjustified receivables, as well as the imposition of a fine of up to 70% of uncollected foreign currency funds. Based on this, it was instructed to determine the norms of natural loss during

storage, transportation and sale of exported fruits and vegetables, as well as the procedure for making adjustments to its invoice value.

According to the Decree of the President of the Republic of Uzbekistan "On measures to further improve the procedure for considering tenders, projects, pre-project documentation and contracts" dated February 20, 2018 PQ-3550 at the expense of the State Budget of the Republic of Uzbekistan or the Fund for Reconstruction and Development of the Republic of Uzbekistan or the Republic of Uzbekistan Loans (debts) attracted (by the Government of the Republic of Uzbekistan) or under its guarantee (except for refinancing by commercial banks), as well as business entities with the state share in the authorized capital of more than 50 per cent and the state share in the authorized capital of more than 50 percent of import contracts financed by funds of legal entities that are part of business entities, amounting to more than 100,000 US dollars and concluded directly as a result of negotiations, the amount of which is more than 100,000 US dollars per contract. Projects and import contracts within the framework of the National Project Management Agency under the President of the Republic of Uzbekistan will be reviewed and registered as a comprehensive examination center.

EXPORT-IMPORT CHARTNOMASY SAMPLE

PRE-SALE AGREEMENT

(Regarding the sale of televisions)

2021 "__"_____ Tashkent city

In the spaces where the blanks appear, the text states the following:

1. " Seller" company, represented by [insert name of representative] through [charter/contract/decree and etc.] on one side, and "Buyer" referred to as [insert name of representative] on the other side, have agreed to the following terms and conditions in this agreement:

I. Subject of the Agreement

1.1. The subject of the agreement is defined as the goods produced by the "_____" company, being _____ (written in letters) units of _____-branded LCD televisions, between the two parties.

1.2. The warranty period for the goods is 3 (three) years. The warranty period starts from the moment the goods are delivered to the buyer and expires when the goods are sold.

1.3. The price of each television is _____ (written in letters) sum. The payment for the goods must be made at the time of signing the agreement.

1.4. If the goods are not used and their operational characteristics are preserved, and there is evidence that the buyer has purchased the goods, the buyer has the right to demand the exchange or return of the goods.

1.5. From the moment the buyer receives the goods, within one day, it is possible to exchange the purchased goods with the appropriate quality goods in terms of size, shape, volume, dimensions, color, package, and other characteristics. In cases where there is a difference in prices, the necessary accounting will be carried out with the seller. If the seller does not have the necessary goods for exchange, the buyer has the right to return the purchased goods to the seller and receive a refund of the paid amount.

1.6. The agreement is made in two copies, each having equal legal force.

II. Rights and Obligations of the Parties to the Agreement

2.1. Seller's rights:

- Payment for the sold goods;

- Timely acceptance of the goods;

- Fulfillment of the terms of the agreement in full;

- Compensation for damages caused by the buyer.

2.2. Seller's obligations:

- Provide the necessary and correct information about the goods according to legal documents or trade requirements that are applicable in retail trade;

- Transfer the goods to the buyer as property;

- Deliver the goods specified in the agreement;

- Deliver the specified quantity of goods as indicated in the agreement;

- Deliver goods of the specified quality as indicated in the agreement;

- Transfer the goods to third parties with all their rights;

- Deliver goods from the assortment specified in the agreement;

- Deliver the goods together with the relevant documents and certificates;

- Deliver all the specified goods in the agreement;

- Deliver the goods specified in the agreement in an intact or previously damaged condition;

- Store the goods until they are delivered to the buyer.

2.3. Buyer rights:

- Provide necessary and reliable information about goods in accordance with the requirements established by law or in retail trade;

- Examines the goods before concluding a contract, checks the properties of the goods in person or shows how to use the goods;

- Hand over purchased goods;

- Delivery of goods in the quantity specified in the contract;

- Delivery of goods of the quality specified in the contract;

- Delivery of goods is free from the rights of third parties;

- Supply of goods in the range specified in the contract;

- Demand the release of the goods along with things and relevant documents.

2.4. Buyer's responsibilities:

- Timely payment for purchased goods;

- Receiving goods on time;

- Full compliance with the terms of the contract;

- Compensation for damage caused to the seller;

- Payment of necessary expenses incurred by the seller for storing the goods.

The buyer is obliged to notify the seller within ten days of a violation of the terms of the contract regarding the quantity, assortment, quality, completeness, packaging and packing of the goods.

III. Responsibility under the contract

3.1. If the buyer is not given the opportunity to obtain information about the product directly at the point of sale or is not provided with the right to inspect the product, check the properties of the product or require demonstration of the use of the product, he is liable to the seller for compensation for damage caused to him by an unreasonable refusal to conclude a retail contract purchase and sale, has the right to demand, if the contract is concluded, to refuse to perform the contract within a reasonable time, to demand the return of the amount paid for the goods and compensation for damage.

The seller who did not allow the buyer to obtain relevant information about the goods is also responsible for defects that appeared in the goods after the goods were transferred to the buyer, if the buyer proves that these defects arose due to the fact that he did not have such information.

3.2. If the goods are delivered to the buyer without containers and packaging or are not placed in an appropriate container and not properly packaged, the buyer may require the seller to place and pack the goods in a container or replace the unsuitable container and packaging, or, instead of presenting these requirements, has the right to present the requirements of part one of clause 3.3 of the actual agreement.

3.3. According to Article 434 of the Civil Code of the Republic of Uzbekistan, when selling goods of inadequate quality to the buyer, if the defects were not identified at the time of concluding the contract, the buyer, at his own discretion:

- Replace a product of the same brand (model, article) of the corresponding quality level;
- Accordingly, recalculation of the purchase price, replacing it with a product of a different brand (model, article) of the appropriate quality;

- Eliminate the defects of the goods free of charge or cover the costs incurred by the buyer or a third party to eliminate the defects of the goods;
- Reduce the purchase price proportionally;
- Has the right to demand termination of the contract upon compensation of losses.

When returning to the buyer the amount of money paid for the goods, the seller does not have the right to withhold the amount by which the value of the goods has decreased due to full or partial use of the goods, loss of appearance of the goods or other similar circumstances.

3.4. If the seller fails to fulfill an obligation under the contract, compensation for damages and payment of the non-fulfillment of the obligation do not relieve the seller from the actual fulfillment of the obligation.

3.5. If the buyer does not inform the seller within ten days of a violation of the terms of the contract regarding the quantity, assortment, quality, completeness, packaging and packing of the goods, the seller is not responsible for the consequences arising from the violation.

IV. Force Majeure Circumstances

4.1. The Seller shall not be held responsible for the consequences arising from force majeure circumstances (unforeseeable events beyond the Seller's control that impede the fulfillment of obligations, such as power outages, accidental damages occurring during transportation of the goods, fire, water damage, and other similar circumstances).

V. Information about the parties

Seller:	Buyer:
Full Name: _____	Full Name: _____
Signature: _____	Signature: _____
Seal:	Seal:

Service agreement **№** **_____Service/(*Date*)**	**Договор на оказание услуг** **№** **_____Service/(*Дата*)**
_____ city __th __(month)_____ 20__ year.	город _____ __ __месяц_ __ 20_ г.
LLC " _____ ", hereinafter named “Contractor” in the person of General _____acting on the basis of the Charter (Uzbekistan) for one part and «_____» hereinafter named “Customer” in the person of Quality Manager _____ acting on the basis of Charter for the other part, have agreed as follows:	ООО «_____», именуемый в дальнейшем "Исполнитель", в лице Генерального Директора _____. (Узбекистан), действующего на основании устава, с одной стороны, и “_____” именуемый в дальнейшем "Заказчик", в лице Менеджера по качеству _____ действующего на основании Устава, с другой стороны, заключили настоящий договор о нижеследующем:
1. Subject of the contract	**1. Предмет договора**
1. The «Contractor» provides its services to the "Customer": 1.2 Types of services - Sorting - Definition of the validity of the product - The appointment of independent observer on the production line - Analysis of the problems in the production and etc. 1.3 The services are monthly and daily.	1. "Исполнитель" представляет свои услуги "Заказчику": 1.2 Виды услуг -Сортировка -Определение годности продукта -Назначение независимого набюдателя на данную линию производства. -Анализ проблем при производстве и т.д 1.3 Услуги являются ежемясячными и ежедневными.
2. Rights and obligations of the parties **2.1 Liabilities of the "Customer"**	**2.Права и обязанности сторон** **2.1 Обязанности "Заказчика"**
2.1.1 "Customer" shall inform the	2.1.1 "Заказчик" должен проинформировать "Исполнителя" о

"Contractor" about the defective part of the production via the phone or e-mail in an hour after reveal of such defect. 2.1.2 If necessary, "Customer" must provide information about its products or give other necessary information and instructions. 2.1.3 "Customer" shall inform in writing in case of changing of the legal form of organization, legal address, bank account details and other information of the "Customer". If necessary, an additional agreement about such changes should be drawn up. 2.1.4. If "Customer" wants the “Contractor” to participate as an observer of “Customer”, during the technological process on the production line, “Customer” must draw up all the documents necessary for such participation. 2.1.5 "Customer" must make the payment in accordance with clause 3.3. Article 3. 2,1.6 The "Customer" has the right to express claims for services rendered, to be resolved by negotiation or according to paragraph 4 of this agreement. **2.2 Liabilities of the "Contractor"** 2.2.1 "Contractor" renders services to the "Customer" against payment. 2.2.2 After receiving information from the “Customer” via e-mail or by telephone "Contactor" must make appropriate arrangements within the	дефектной детали производства посредством телефона или электронной почты после выявления дефекта в течении 1 часа . 2.1.2 При необходимости, "Заказчик" должен предоставить сведения о своих продуктах или предоставить другую необходимую информацию. 2.1.3 В случае изменения юридической формы организации, юридического адреса, банковских реквизитов и другой подобной информации "Заказчик" должен в письменной форме проинформировать “Исполнителя”. Если будет необходимо, то должно быть ***составлено дополнительное соглашение, отражающее подобные изменения. 2.1.4 Если "Заказчик" хочет чтобы “Исполнитель” участвовал как наблюдатель "Заказчика" при прохождении технологического процесса на производстве, то “Заказчик” должен оформить все необходимые документы для его участия. 2.1.5 "Заказчик" должен произвести оплату согласно пункта 3.3. статьи 3. 2.1.6 “Заказчик” имеет право выражать претензии **по оказываемым услугам,** которые будут разрешены путем переговоров или согласно пункту 4 настоящего договора. **2.2 Обязанности "Исполнителя"** 2.2.1 "Исполнитель" представляет услуги "Заказчику" после того, как "Заказчик" внесет предоплату.

terms of the Agreement. 2.2.3 "Contractor's" employee can act as an observer on the production line. 2.2.4 The observer shall have the right to become acquainted with the documents related to condition of the parts, but observer has no right to go beyond the scope of his power. 2.2.5 The observer should represent the information about the issues in the processes of production, to "Customer" in electronic form. 2.2.6 The "Contractor" should send daily service reports by email till the end of each working day. 2.2.7 All expenses relating to the services on the territory of the Republic of Uzbekistan will be covered by the "Contractor". 2.2.8 In case of early termination of the contract, payment is not refundable. 2.2.9. "Contractor" agrees to comply with all applicable laws and ordinances, including those relating to health and safety and shall comply with the applicable workplace safety policies and standards of the facility at which the work is performed.	2.2.2 После получения информации от "Заказчика" в виде электронной почты или по телефону "Исполнитель" должен принять все необходимые меры в рамках предмета настоящего договора. 2.2.3 Сотрудник от " Исполнителя " может выступать в качестве наблюдателя на линии производства. 2.2.4 Наблюдатель имеет право ознакомиться с документами, которые связаны с состоянием частей при этом у него нет права выходить за рамки своих полномочий. 2.2.5 Наблюдатель должен представлять информацию о проблемах в процессах производства «Заказчику" в электронном виде. 2.2.6 "Исполнитель" на ежедневные услуги должен отправлять отчеты по электронной почте к концу каждого рабочего дня. 2.2.7 Все расходы, касающиеся услуг на территории Республики Узбекистан, будут покрываться со стороны "Исполнителя". 2.2.8 В случае раннего расторжения договора, оплата возврату не подлежит. 2.2.9. "Исполнитель" обязуется выполнять в соответствии всех установленным законами и нормами работу, осуществляемую на указанной территории, где данная работа осуществляется, и обеспечить выполнения работу в соответствии стандартов и нормативов, которые относятся безопасности и здоровью в данной территории.
3. Contract Price and Settlement Terms. 3.1 The total cost of the service agreement comes to _____ (_____) US dollars. 3.2 All payments can be made by Bank	**3. Сумма Договора и Порядок**

transfer. The currency of payment is the US Dollar.

3.3 The “Customer” for the services indicated by the “Contractor” will make a payment in the form of a 100% advance payment in the amount of _____ (_____dollars) within 10 working days according to the Invoice provided by the Contractor and after the signing the “Act of the executed works” by both parties.

3.4 In cases which are not specified in the contract settlement will be made in the same manner strictly after signing the additional agreement.

4. Liabilities of the parties and arbitration.

4.1 The parties incur liability for failure to perform or improper performance of their obligations hereunder in accordance with the procedure established by the legislation. At that the limit of liability of the parties is limited to the sum of the contract.

4.2. “Contractor” shall indemnify and hold the “Customer”, and their respective representatives, employees, agents, customers, invitees, subsidiaries, affiliates, successors and assigns, harmless from and against all liabilities. It also claims, demands, losses, costs, damages and expenses of any nature or kind (including consequential and special damages, personal injury, property damages, lost profits, recall or other OEM field service action costs,

Расчетов.

3.1 Общая стоимость договора на услуги составляет _____ (_____) долларов США.

3.2 Все расчеты могут осуществляться банковским переводом. Валютой платежа является доллар США.

3.3 "Заказчик" на указанные “Исполнителем” услуги будет осуществлять платеж в виде 100% предоплаты в размере _____ (_____ долларов США) в течении 10 рабочих дней согласно Инвойса, предоставленного Исполнителем. и после подписания Акта выполненных работ обеими сторонами.

3.4 В случаях не предусмотренных данным соглашением, взаиморасчеты будут производиться в том же порядке строго после подписания дополнительного соглашения.

4. Ответственности сторон и арбитраж.

4.1 Стороны несут ответственность за неисполнение или ненадлежащее исполнение своих обязательств по настоящему договору в порядке, установленном действующим законодательством, при этом предел ответственности сторон ограничивается суммой договора.

4.2 "Исполнитель" должен возместить и при необходимости приостановить "Заказчика" и его соответствующих представителей, персонала, агентов, потребителей, посетителей, дочерних

production interruption costs, inspection, handling and reworking charges, professional as well as other legal fees, and other costs associated with Customer's administrative time, labor and materials) arising from or as a result of any acts, omissions or negligence of "Contractor" or of any of its subcontractors in connection with "Contractor's" performance of its obligations under this Agreement. No limitations on the Customer's rights or remedies in any of Contractor's documents shall operate to reduce or exclude such indemnification. 4.3. "Contractor" is responsible and agree to carry on responsibility to condition on pointed on 4.2 of existing agreement only in below cases. a) "Contractor" obligated to follow-up and perform the sorting and rework based on "Customer" provided instruction. **b)** Contractor" will sustain the "_____" assemble line with sorted and reworked by "Contractor's" parts (performed on condition 4.3. a) of existing agreement) until this parts confirmed from "_____" responsible SQE and pass the "_____" leakages testing equipment which is consigned to check contracted item. c) "Contractor" is not responsible to condition on pointed on 4.2 of existing agreement for the issues which will occur after the sales related to this product. 4.4 If the parties do not reach	компаний, аффинированных лиц, правопреемников, от потерь и других обязательств, рекламаций, требований, потерь, убытков, затрат, расходов любого характера или (включающий в себя последствий которые возникли при выполнении возложенных работ, повреждения, травмы, имущественные ущербы, потери доходов, возврат несоответствующей продукции или другие затраты смежных предприятий связанные с производством данной продукции, расходы связанные с остановкой линии, инспекции, координацией и ремонтных работ, затраты связанные с профессией и других легальных оплат, и других административных затрат относительно времени, рабочей силы и материалом) возникшей при результате некомпетентности действий и упущений "Исполнителя" или его субподрядчика связанного выполнения работы "Заказчика" обязанного согласно данного соглашения. Никакие ограничения на права "Потребителя" или средства правовой защиты в любой из документов "Исполнителя" не действуют, чтобы уменьшить или исключить такую компенсацию. 4.3. "Исполнитель" согласен и обязуется нести ответственность, указанный в пункте данного соглашения 4.2. исключительно в нижеуказанных случаях. а) "Исполнитель" обязуется следовать и выполнять сортировочные и ремонтные работы согласно инструкции предоставленной "Заказчика"

agreement, then such disputes and differences shall be settled in the Economic court in accordance with the current legislation of the Republic of Uzbekistan. 4.5 The place of dispute resolution is the city of _____.	б) "Исполнитель" обеспечивает сборочную линию "_____" сортированными и ремонтированными деталями (согласно условию пункта 4.3. а) настоящего соглашения) подтвержденными со стороны представителями качества "_____" и проверенными оборудованием предназначенной проверки утечку данной продукции. с) "Исполнитель" не несёт ответственность указанные в пункте 4.2. настоящего соглашения, которые возникли после продажи данной продукции. 4.4 Если стороны не смогут достигнуть соглашения, то такие споры и разногласия подлежат разрешению в Экономическом суде в соответствии с действующим законодательством Республики Узбекистан. 4.5. Местом решения споров является город _____.
5. Language of contract 5.1 This agreement is made in two copies in Russian and English that have equal legal force 5.2 In case of discrepancies between the texts of the Agreement in Russian and English languages, the text of the Agreement in Russian language has an advantage.	**5 Язык контракта** 5.1 Договор составляется в двух экземплярах на Русском и Английском языках, которые будут иметь одинаковую юридическую силу. 5.2 При возникновении разногласий между англоязычной и русскоязычной частями договора, преимущество имеет русскоязычная его часть.
6. Validity of the Contract 6.1 The contract comes into force from the moment of its signing by both parties and registration in accordance with the legislation of the Republic of Uzbekistan, and is also valid until the parties fully fulfill their obligations. 6.2. "Customer" may terminate the Agreement at any time upon providing Contractor with thirty (30) days prior written notice, and will release payment for sorting and rework completed by the “Contractor” before it receives a written notice.	**6. Срок действия контракта.** 6.1 Контракт вступает в силу с момента

7. Force Majeure 7.1 Force majeure are the events that occurred after the entry into force of this Agreement, regardless of the will of the Parties, and which were impossible to foresee at the time of signature of this agreement, these events may delay or impede the execution of all or part of the obligations under the contract. Force majeure is considered, in particular, next circumstances: war, mobilization, epidemic, fire, natural disasters, changes in legislation, which led to significant changes in the activities of one of the Parties. The above list is not comprehensive. Proper proof of action of force majeure is an information/certificate of the special authorized body. If the performance of obligations "is" postponed because of the actions of force majeure, the Party subjected to the action of force majeure shall notify in writing the other Party about the beginning of action of force majeure within a period not exceeding 10 (ten) working days. With the termination of the force majeure the Party experiencing the action shall notify about this the same way the other side. If a party fails to fulfill the requirements specified in this paragraph it loses the right to refer on such circumstances. **8. Additional conditions:** 8.1 In case if payment is delayed by the "Customer" for more than 10 days, in	его подписания обеими сторонами и регистрации в соответствии с законодательством Республики Узбекистан, также действует до полного исполнения сторонами своих обязательств. 6.2. "Заказчик" может расторгнуть данное соглашение в любое время на протяжении тридцати (30) дней на основании письменного оповещения "Исполнителя", при этом осуществит оплату на количество, которое "Исполнитель" выполнил до получения письменного уведомления. **7. Непреодолимая сила** 7.1 Непреодолимой силой являются события, наступившие после вступления в силу настоящего Договора независимо от воли Сторон, и которые невозможно было предусмотреть в момент подписания настоящего договора, эти события могут откладывать или препятствовать исполнению всех или части обязательств по договору. Непреодолимой силой считаются, в частности, следующие обстоятельства: война, мобилизация, эпидемия, пожар, природные катаклизмы, и изменения законодательства, приведшие к значительным изменениям деятельности одной из Сторон. Данный выше перечень не является исчерпывающим. Надлежащим доказательством действий непреодолимой силы является справка/свидетельство специального уполномоченного органа.

regard to the timeframes specified in paragraph 3.3 the "Contractor" has the right to suspend or deny provision of services under the Agreement. At that the sum to be paid will not be reduced. The days when service was suspended are excluded from the obligation of the “Contractor”.	Если исполнение обязательств должно быть отложено из-за действий непреодолимой силы, Сторона подвергшаяся действию непреодолимой силы, письменно извещает другую Сторону о дне начала действия непреодолимой силы в срок не превышающий 10 (десяти) рабочих дней.
8.2 This Agreement is drawn up in two original copies, one copy for each party.	С прекращением действия непреодолимой силы Сторона, подвергшаяся действию, извещает об этом таким же образом другую сторону. Если сторона не выполнит требования, оговоренные в данном пункте она теряет право ссылаться на ее действия.
8.3 The "Act of the executed works" must be signed by the parties after receiving an advance payment in the amount of 50% of the contract amount and the provision of services within 30 working days.	**8. Дополнительные условия:** 8.1 В случае задержки “Заказчиком” оплаты более чем на 10 дней, по отношению к срокам, оговоренным в пункте 3.3. настоящего Договора, “Исполнитель” имеет право приостановить или отказаться от оказания услуг по Договору, при этом предусмотренная к оплате “Заказчиком” сумма не уменьшается. Дни, в которые было приостановлено оказание услуг по Договору, исключаются из сроков по обязательствам “Исполнителя”.
8.4 Amendments and additions shall have legal force only if they are made in a written form, signed and sealed by representatives of both parties.	8.2 Настоящий договор составлен в двух подлинных экземплярах по каждому для Сторон.
9. Penalties (Fine) 9.1 In cases if the «Contractor» refuses or does not provide services except for the cases mentioned in paragraphs 7 and 8 of the present agreement, the «Contractor» must pay a fine in the amount of 0.01% of the amount of this contract for each day of not rendered services, but not more than 16% of the total amount of the contract.	8.3 Акт выполненных работ должен подписаться сторонами после получения предоплаты в размере 50 % суммы контракта и оказания услуг в течении 30 рабочих дней.
10.Addresses and Requisites of the Parties **Customer**	8.4 Изменения и дополнения обретают полную юридическую силу в том

Company: «

»

Address: Martinrea Fluid s.r.o. Priemyselna 1

900 21 Svaty Jur

Bank: SLOVENSKA SPORITELNA_____

Bank address: TOMASIKOVA 48

832 37

BRATISLAVA

Acc: ICO: 36 750 893, DIC: 2022709172

IC DPH: SK2000000000

SWIFT: GIBASKBX

Contractor

Company Address:

"_____

_____LLC"

_____

_____,

E REPUBLIC OF UZBEKISTAN,

TEL:

_____

_

Joint Stock Commercial Bank

«_____» Tashkent Branch.

Adress:_____

_____.

Tel: _____ факс

_____

Bank account number:

случае, если они сделаны в письменном виде, подписаны и скреплены печатью представителями обеих сторон.

9.Штрафные санкции

9.1 В случаях если «Исполнитель» отказывается или не предоставляет услуги за исключением случаев указанных в пунктах 7 и 8 настоящего договора, «Исполнитель» должен оплатить штраф в размере 0,01% от суммы настоящего контракта за каждый день не оказанных услуг, но не более 16% от общей суммы контракта.

10.Адресса и Реквизиты Сторон

Заказчик

Компания: «

»

Адрес: Martinrea Fluid s.r.o. Priemyselna 1 900 21 Svaty Jur

Банк: SLOVENSKA SPORITELNA

Адрес банка: TOMASIKOVA 48

832 37 BRATISLAVA

Счет: ICO: 36 750 893, DIC: 2022709172

IC DPH: SK2000000000

SWIFT: GIBASKBX

Исполнитель

Адрес компании:

ООО " _____ "

_____,

c/a 20208840005248880000 SWIFT: KACHUZ22 CORRESPONDENT BANK: **Raiffeisenbank International AG Vienna** **S.W.I.F.T. RZBAATWW** **# corr. Accounts : 70-55.067.540** **TELEX: 136989 RZB A** **IN WITNESS WHEREOF**, Parties have concluded and signed this Agreement through their duly authorized representatives on the date specified at the beginning. **From: "_____"** _____(signiture)_____ _ **Name: _____.** **Position: General Director** **From:** «_____» _____ **Name : _____** **Position: Quality Manager**	Республика Узбекистан **Тел: _____** **Банк:** АКБ «_____» филиал города Ташкент. **Адрес:** _____ _____, **Тел: _____ факс** **_____** **Номер банковского счёта:** в/сч **20208840005248880000** СВИФТ: KACHUZ22 БАНК КОРРЕСПОНДЕНТ **Raiffeisenbank International AG Vienna** СВИФТ: **RZBAATWW** **№ Кореспондентсого счёта : 70-55.067.540** **ТЕЛЕКС: 136989 RZB A** **В ПОДТВЕРЖДЕНИЕ ВЫШЕИЗЛОЖЕННОГО,** Стороны заключили и подписали настоящий договор через своих должным образом уполномоченных представителей в дату указанную в начале. **От: ООО "** **_____ "**

	_____(подпись)_____ **Имя:** _____ **Должность: Генеральный Директор** **От:** **«_____»** _____ **Имя:** _____ **Должность: Менеджер по качеству**

*In this example, some foreign banks, correspondent banks and SWIFT are given as examples and this is only given to give the student an idea.

EXAMPLE 2

PRODUCTION CONTRACT

Year 20___, "__"_____, Tashkent city

On the one hand, the responsible employee of the organization "_____" hereinafter referred to as the "Supplier-Seller," represented by _____, and on the other hand, (for example, an individual entrepreneur (IE)) _____, hereinafter referred to as the "Buyer," have agreed on the following terms and conditions:

I. Subject of the Agreement

1.1. The subject of this Agreement is the supply of sugar, produced by the organization "_____," in the amount of _____ tons, packed in

_____ (written in letters) bags, with each bag weighing _____ (written in letters) kilograms, between the Seller-Supplier and the Buyer. The Agreement is valid for a period of 1 (one) year.

1.2. The shelf life of the goods is 12 (twelve) months. The shelf life starts from the date of production of the goods.

1.3. The price of one kilogram of sugar is _____ (written in letters) soms. The total price is _____ soms.

The one-time cost of supplying the goods is _____ (written in letters) soms. The total cost is _____ soms.

The payment for the goods supplied and expenses related to the Agreement shall be made in the amount specified in the Agreement. The delivery of the goods is confirmed by _____.

1.4. The Agreement consists of two identical copies, each having equal legal force.

II. Order of Supplying Goods

2.1. The delivery of goods under this Agreement shall be carried out through the delivery order, which is sent to the Buyer by the Seller-Supplier via the delivery route.

2.2. The delivery schedule is attached as an appendix to the Agreement.

2.3. The goods should be delivered to the organization "_____" only by a truck designated for this purpose. The goods should be delivered in packages and cannot be returned to the Seller.

2.4. In case the Seller-Supplier fails to deliver the entire quantity of goods within a certain period, which is defined within the duration of the Agreement, the remaining quantity of goods should be delivered in the following period(s).

2.5. The Buyer has no right to refuse the acceptance of goods delivered after the expiration of the delivery period.

2.6. The Buyer must take all necessary measures to ensure the acceptance of the goods delivered in accordance with the Agreement.

After receiving the delivered goods, the Buyer should inspect them immediately. If any deficiencies related to the delivery are identified, the Buyer must promptly notify the Supplier-Seller in writing.

III. Rights and obligations of the parties to the contract

3.1. Seller's Rights:

- Payment of the price of goods sold;

- Receiving goods on time;

- Full compliance with the terms of the contract;

- Demand compensation for damage caused by the buyer.

In cases where the buyer does not accept the goods from the supplier-seller or refuses the goods without grounds established by law, the supplier-seller of the goods has the right to demand that the buyer pay the price of the goods.

3.2. Seller's responsibilities:

- Transfer ownership of the goods to the buyer;

- Delivery of goods stipulated by the contract;

- Delivery of goods in the quantity specified in the contract;

- Delivery of goods of the quality specified in the contract;

- Delivery of goods is free from any rights of third parties;

- Delivery of the goods specified in the contract to the buyer in containers or packaging;

- Preservation of the goods until they are delivered to the buyer.

3.3. Buyer rights:

- Hand over purchased goods;

- Delivery of goods in the quantity specified in the contract;

- Delivery of goods of the quality specified in the contract;

- Demand the delivery of goods free from the rights of third parties.

3.4. Buyer's responsibilities:

- Timely payment for purchased goods;

- Receiving goods on time;

- Full compliance with the terms of the contract;

- Compensation for damage caused to the seller.

The buyer is obliged to inform the seller within ten days of a violation of the terms of the contract regarding the quantity, quality, container and packaging of the goods.

IV. Responsibility under the contract

4.1. If the buyer is unable to obtain information about the goods at the place of sale according to its current condition, such as inspecting the goods, verifying their specifications, or demonstrating the use of the goods, or if the right to demand compensation from the seller for damages incurred due to the conclusion of the sale and purchase contract without the buyer's awareness of the defects of the goods, if the contract has been concluded, is not ensured, then the buyer has the right to demand reimbursement of the amount paid for the goods and compensation for damages within a reasonable period.

If the seller fails to provide the buyer with the opportunity to obtain relevant information about the goods before the purchase, including for any deficiencies found in the goods, and if the buyer proves that such deficiencies were not apparent to them, the seller is liable.

4.2. If the goods are delivered to the buyer without proper inspection or in an agreed quantity and in an agreed quality, or in a quantity and quality that does not meet the agreed requirements, the buyer has the right to demand the replacement of the goods with goods of proper quality or the correction of the quantity and quality, instead of enforcing the requirements specified in Section 4.3 of this contract.

4.3. In case of the sale of goods that are not of the agreed quality according to Article 434 of the Civil Code of the Republic of Uzbekistan, if the deficiencies of the goods were not specified at the time of concluding the contract, the buyer has the right, according to their preferences, to:

- Replace the goods with goods of the same brand (model, article) and proper quality;

- Replace the goods with goods of another brand (model, article) while adjusting the purchase price accordingly;

- Cover the expenses incurred for the elimination of deficiencies in the goods or the expenses incurred by the buyer or a third party for the elimination of deficiencies in the goods;

- Reduce the purchase price in proportion to the decrease in the purchase price;

- Demand the termination of the contract if the incurred damage is significant.

The buyer has the right to deduct the amount paid for the goods if the goods were fully or partially used or if the goods have deteriorated in value due to their condition, appearance, or other similar circumstances, by an amount corresponding to the decrease in the value of the goods.

4.4. If the seller fails to fulfill the obligations under the contract, the seller is not released from the obligation to compensate for damages and pay penalties.

4.5. If the buyer does not notify the seller within a reasonable period of time about the breach of the terms of the contract regarding the quantity, quality, type, and packaging of the goods, the seller is not liable for the consequences that may arise as a result of the breach of the terms.

4.6. In case of failure to deliver the goods in full or delay in delivery, a penalty in the form of a penalty is imposed. The amount of the penalty is 1% (one percent) of the total amount of the goods for each day until the fulfillment of the obligation for each undelivered or delayed delivery.

4.7. If one party seriously breaches the contract before its full or partial performance, the contract is considered to be seriously breached.

The contract is considered to be seriously breached in the following cases:

- Goods that do not meet the specified quality level and may not be accepted by the buyer within an acceptable period, facing challenges that prevent their acceptance by the buyer
- Violating the delivery deadlines for goods on several occasions.

V. Force majeure situations

The party responsible for delivering or selling the product is not liable for the consequences arising from force majeure situations (events beyond their control that significantly impede the fulfillment of obligations, such as unforeseen natural disasters occurring at the time of product delivery, deterioration of the product due to water damage in the buyer's possession, and other situations).

VI. Parties' details

Product supplier-seller: Buyer

Fullname _____	Fullname _____
Sign: _____	Sign: _____
Stamp:	Stamp:

Audit questions:

1. How is the contract formed?
2. What does the subject matter of the contract consist of?
3. Explain force majeure situations!
4. In which language is the contract text officially ratified?
5. Outline the procedure for contract execution!
6. Under what circumstances can the contract be modified or terminated?
7. What conditions ensure the fulfillment of obligations?

8. Who is responsible for the breach of contract terms?
9. Define the concept of consideration!
10. In which cases are payment methods outlined in the contract?
11. In what circumstances are the methods of delivering goods specified in the contract?

III SECTION. THE ROLE OF NEGOTIATIONS IN CREATING INTERNATIONAL BUSINESS CONTRACTS

3.1. Legal Foundations of Preparedness for Negotiations and the Right to Conduct Negotiations

3.2. Negotiation Culture and Delegations in Negotiations

3.3. Significance of the Negotiation Process and Time Management in Negotiations

3.4. Language and Rules of Conduct in Negotiations and Negotiation Sessions

3.1. Preparation procedures for Negotiations

In today's world, negotiations have become an integral part of the political, economic, and social life of society and businesses. In the present day, a significant portion of the population recognizes the practical necessity of negotiations in international relations and acknowledges the importance of mastering the art of negotiation.

Representatives of companies, by mutual consent, engage in international negotiations, contributing to cooperation, support, and development between international corporations. In such negotiations, foreign company representatives familiarize themselves with the policies of their respective countries, gather information about the country they represent, and exchange views on significant issues.

Therefore, each reception holds significant political importance for its participants and guests. During receptions, company representatives have the opportunity to acquire intriguing information that may engage their corporation's interests. Comparing the accuracy of the obtained information from various sources becomes possible. Describing the events that shape the distinctive policies of their companies to develop a coherent strategy is recognized as a crucial aspect of the

activities of corporate representatives, and it is highly valued in today's business environment.

In this context, the methods and forms of information gathering are given significant importance due to their direct impact on achieving analytical objectives. Additionally, utilizing reports prepared by company representatives becomes crucial in defining the external policies of the corporation. The diplomatic negotiations of international representatives reached their pinnacle in the conferences held in 1945 in the city of Potsdam in Germany and in the cities of Dumbarton Oaks in the United States. During the same year, the Charter of the United Nations was adopted at the San Francisco Conference organized in the USA.

At present, the activities of corporate representatives are mainly carried out in two forms: specific-purpose international conferences and sessions of international organizations. International conferences are sometimes referred to as assemblies (e.g., the European Security Council). Another significant gathering for corporate representatives is the annual sessions of international organizations. These include the United Nations General Assembly, along with numerous other events organized by various organizations such as the Economic and Social Council of the UN, UNESCO, UNICEF, and others.

To ensure the successful operation of international councils, assemblies, and organizations, it is essential for them to adhere to specific procedures, clear criteria, and regulations, regulating their activities. The Law of the Republic of Uzbekistan "On International Treaties of the Republic of Uzbekistan" (as amended on April 3, 2017) outlines the importance of conducting negotiations in the formation of international treaties in Articles 14, 15, and 16. The following are the provisions highlighted in these articles:

- Article 14: This article emphasizes the significance of conducting negotiations in the formation of international treaties.

- Article 15: It specifies the principles and procedures for negotiations in forming international treaties.

- Article 16: This article outlines the participation of representatives of the Republic of Uzbekistan in international negotiations and their responsibilities.

14. Decisions on Conducting Negotiations and Signing International Treaties of the Republic of Uzbekistan:

- Decisions on conducting negotiations and signing international treaties of the

the Republic of Uzbekistan shall be made as follows:

1) In relation to agreements signed on behalf of the Republic of Uzbekistan – by the President of the Republic of Uzbekistan;

2) In relation to agreements signed on behalf of the Government of the Republic of Uzbekistan – by the Cabinet of Ministers of the Republic of Uzbekistan;

3) In relation to international treaties of the Republic of Uzbekistan involving inter-agency matters – by mutual agreement of the Cabinet of Ministers of the Republic of Uzbekistan and the heads of relevant state bodies, in cases specified by other laws of the Republic of Uzbekistan.

15. Authority to Conduct Negotiations and Sign International Treaties of the Republic of Uzbekistan: - In accordance with the decisions made based on Article 14 of this Law, authorities to conduct negotiations and sign international treaties are officially approved by the Minister of Foreign Affairs of the Republic of Uzbekistan.

- The form of the authority is approved by the Ministry of Foreign Affairs of the Republic of Uzbekistan.

16. Conducting Negotiations and Signing International Treaties without Approval of Authorities:

- Negotiations and the signing of international treaties without the approval of authorities are considered invalid.

3.2. Negotiation Culture and Delegations in Negotiations:

Dealing with the political and social challenges through the path of peace, especially the mechanisms for its implementation, gained prominence after the Second World War. Negotiations primarily focus on addressing serious issues. If the resolution of existing problems is possible through legislation or other normative documents, there may not be a pressing need for negotiations. Negotiations are considered necessary mainly when there is a mutual benefit for both parties, and it is essential to discuss and make joint decisions.

In the realm of politics, negotiations can be utilized to discern the perspectives, goals, and beliefs of the parties involved, as was characteristic during the Cold War era. In some cases, negotiations can be employed to mitigate the conflicts arising from them.

Understanding the nature of negotiations is crucial for conducting successful talks. Negotiations, initially, are collaborative activities aimed at resolving issues. Typically involving two parties, the benefits for each party can either be mutually aligned or may not fully correspond. The balance of parity or disparity varies in each specific context. Different forms of negotiations exist, and they can generally be categorized into two major groups:

- Negotiations related to addressing crises and contentious situations;
- Negotiations conducted within the framework of collaboration.

In crisis and contentious situations, confrontational actions may arise during negotiations. This places a distinct responsibility on the participants in the negotiations. In such cases, third-party facilitators may be needed to assist the involved parties.

The word "Mediation" is derived from the Latin word "mediare," and it signifies facilitating, reconciling purposes. Mediation is a process where an impartial individual, known as a mediator, helps parties in dispute to reach a voluntary resolution by entering into open dialogue and eliminating a hostile situation.

The level to which negotiations take place, the extent of participation by companies, and whether negotiations occur once or are ongoing can vary. Multilateral negotiations tend to have a more complex structure. In such negotiations, reaching a mutually acceptable decision can be more challenging, and it is possible to identify three main stages of this process is possible:

- The preparation for negotiations,
- conducting them,
- Analyzing the outcomes of negotiations and implementing the achieved agreements.

The discussion, in fact, begins with the parties preparing for negotiations before entering into negotiations. The preparation for negotiations revolves around two main directions closely related to each other. These include preparing for external issues and the main part of negotiations, organizing issues, forming delegations, choosing negotiation venues, scheduling time, and other aspects of each session.

The dialogue conducted by company representatives during negotiations is considered the most challenging, complex, crucial, interesting, and beneficial

activity in practical terms. If company representatives are not familiar with the secrets of conducting a dialogue, the employee who does not contribute to mutually beneficial cooperation with his country in the country where he is located cannot be considered the representative of the company. This document outlines the activities of the company from all perspectives and summarizes them. The representatives of the company clarify the specific tasks of the discussions in terms of the external political program of the company, national interests, and the peculiarities of relations with foreign companies.

Company representatives pay attention to the following goals and directions in their negotiations:

- The negotiation aims to enhance political, economic, trade, cultural, and scientific relations between the company conducting the negotiations and the country where the negotiations are taking place or the host country.
- Presenting the external policies of one's own company.
- Enhancing friendly relations with the country where the negotiating company is located or where the company is established.- Clarifying the positions of the company or the country of establishment on all intriguing issues discussed during the negotiations.
- Gaining in-depth knowledge about the external and internal policies of the country where the negotiating company is located or where the company is established, understanding the political, economic, and other aspects emphasized in those regions, and acquiring information about the authorities and community leaders.
- Keeping the management center of the company constantly informed about measures and proposals aimed at developing multifaceted relations between the negotiating company or the country where the company is located and the country of establishment.

Negotiations may be guided by universal principles in their international legal aspect because the fundamental laws of many countries align with these principles.

There is no specific Convention regulating the institution of negotiations. However, the resolution titled "Principles and Rules for Conducting International Negotiations," adopted at the 83rd plenary session of the UN General Assembly on December 8, 1998, and effective since January 20, 1999, holds significant importance.

It's important to note that negotiations can take place in both oral and written forms.

The participants in the negotiation process, particularly those involved in conferences, hold significant importance, including the issue of who participates.

In international negotiations, the delegation's authority is explicitly defined, and it is typically assigned to the head of state, government, or the head of the foreign affairs organization. The composition of the delegation representing a country is clearly specified.

The key personnel of a conference include its chairperson, vice-chairpersons, rapporteurs for each committee, and the chairperson of the editorial committee. The selection or appointment of these individuals should adhere to the principle of overall geographic balance. The main organs of a conference consist of the plenary, the main committee, the editorial committee, the committee for the verification of credentials, main subcommittees, auxiliary bodies, and the secretariat.

In accordance with Article 3 of the 1961 Vienna Convention on Diplomatic Relations, the specific duties of embassies are as follows:

1. Accreditation of the Representative of the Accredited Mission:

2. Protection of the Interests of the Accredited Country and Its Citizens:

3. Conducting Negotiations with the Host Country:

4. Providing Information on Legal Conditions and Events:

5. Promoting Friendly Relations between the Two Countries: -

Regarding the "Principles and Rules for the Conduct of International Negotiations" resolution, the second point emphasizes the importance of negotiations being conducted in accordance with international law and considers the following guidelines:

- Negotiations should be conducted with a sense of vision.

- The importance of the issues under consideration for the countries involved and the vital importance of the issues to the life of the negotiating countries must be recognized.

- The goals of all negotiations should align with international legal norms and standards, including full compliance with Charter provisions.

- States need to adhere to mutually agreed-upon rules and regulations for conducting negotiations.
- States should actively contribute to maintaining a constructive environment during negotiations and promoting the development of cooperation. This includes avoiding any actions or behaviors that may hinder reaching a resolution through dialogue.
- In cases where negotiations stem from the original objectives, states should continue or conclude the negotiations.
- States must take all necessary measures to sustain and advance mutually acceptable and equitable actions for the ongoing progress of negotiations.

3.3. The Significance of Negotiation Processes and Time Management during Negotiations

Training employees in "Time Management" during negotiations is considered very important. During the conversation, checking the clock multiple times may be perceived as disrespectful. This action is usually interpreted as a sign to end the conversation. In some cases, discussions may start in conditions where participants have opposing political views. However, even if the conversation of corporate representatives, organized with skill, concludes with positive outcomes, it may not prevent the deterioration of relations. It is essential to be very cautious when providing feedback based on evaluations obtained from third parties during the preparation for and during the information exchange with the interlocutor.

It is necessary to clearly explain the content of the written communication. In certain situations, representatives of the company should adhere to the following procedures in their business activities: mention the full name and title of the interlocutor, specify the date of the conversation, its continuity, and the identity of the involved parties, and provide information about the translator's involvement.

Written communications between companies often have a long and extensive history. The form of this written communication, which is a type of external communication between companies, has a specific structure, reflecting the language and culture of the respective organization. The documents of this written communication become formal documents, and choosing the form of the document is of particular importance. The document should correspond to a certain tradition or ceremony, as this helps to express a positive attitude towards international business partners.

Article 5 of the Law of the Republic of Uzbekistan "On International Treaties of the Republic of Uzbekistan" (as amended on April 3, 2017) states that in the conclusion of international treaties and negotiations, confidence in the state languages, as well as their forms, is emphasized.

Article 5. Language of the Republic of Uzbekistan international treaty.

The language of the Republic of Uzbekistan international treaty is considered to be the state language of the Republic of Uzbekistan and, in negotiations with other contracting parties, may be chosen as the language of the treaty.

In cases negotiated with another contracting party, the language of the Republic of Uzbekistan international treaty may be chosen as another language. The language of the international treaty is specified in the text of the treaty, and its authenticity and legality are determined by the text of the treaty.

The issue of the language of contracts is a practical matter that reflects the uniqueness of each legal system. Each language embodies the peculiarities of its respective legal system, and terms or expressions used in contracts may be understood in various ways depending on the legal traditions of the relevant jurisdiction.

For example, in English, there are two distinct terms that convey obligations – "Responsibility" and "Liability." Two-sided contracts are typically drafted in both languages, with each text possessing equal force, precision, and reliability. In situations where there is a lack of correspondence between languages, the contract is usually prepared in three languages to address any inconsistencies.

All texts are considered authentic (in accordance with the original), but in cases of inconsistency, the third language takes precedence.

For instance, contracts between Uzbekistan and Kyrgyzstan are drafted in Uzbek, Kyrgyz, and Russian languages. All texts are considered authentic. According to legal norms, in cases of inconsistency, precedence is given to the Russian language.

In many multilateral contracts, the agreement is drafted in several languages. Universal conventions accepted by the United Nations are officially recognized in six languages: English, Arabic, Spanish, Chinese, Russian, and French.

The authenticity of the texts signifies their identical composition within the contract. Therefore, in accordance with the 1969 Vienna Convention on the Law of Treaties, in cases of inconsistency, "the text which best reconciles the object and purpose of the treaty shall be adopted" (Article 33, paragraph 4).

Despite facing various challenges associated with texts in different languages, the continuity of international legal universality encompasses the overall concept and norms of international law. This process not only pertains to the international legal system but is also crucial for the internal legal systems, emphasizing the interconnectedness of both.

The Vienna Conventions specifically address this issue, highlighting its importance not only in terms of the complexity of understanding but also its practical significance. The provision dedicated to this matter in the Conventions acknowledges the intricate nature of dealing with texts in various languages and emphasizes its significance not only in international legal practices but also in the domestic legal systems of states.

The term "official text" specifically denotes the concept of "official translation" for the purpose of clarification. These terms indicate that the contracts with specified authenticity have been translated into other languages. Such translations can be implemented by states, international organizations, or depositories in accordance with the Vienna Conventions (Article 77 of the 1969 Vienna Convention on the Law of Treaties).

For example, the 1949 Geneva Convention on the Protection of War Victims states: "The said convention is drafted in English and French. Both texts are considered authentic. The Federal Council of Switzerland provides official translations in Russian and Spanish..."

Translations made by participating states into their respective languages can also be considered official texts. The status of the official text aligns with the internal and external policies of the state. In exceptional cases, when differences arise

between the original text of the treaty and its translation, the interpretation is established. The state ratifies the official text, and this text is binding on all its authorities. However, this situation does not imply the invalidation of the original text.

During the continuation of the dialogue among company representatives, the specialized nature of wide-ranging global observations, intellectual capacity, foreign policy expertise, and expertise in political and professional matters becomes apparent.

Company representatives' discussions in this field are considered a significant part of the activity, organized in a dialogue style without relying on gathered information. Therefore, it is necessary for the company representative to have stored evidence in their memory. The following information must be known:

- Fundamental international treaties;

- The legal basis of relations with the country where the negotiating company is located;

- International relations, international law, the history of international law;

- Key moments in world history, the history of the negotiating company's country, world art history, and the history of the country where the negotiating company is located.

- The current state of the economy and art of their own country and the country where the negotiating company is located.

In these fields, there is no opportunity to establish relations with ignorant political leaders, company representatives, cultural figures, and scholars. When a company representative is summoned to the Ministry of Foreign Affairs or another institution and the proposed goal is not reported according to the extensive operation, the conversation is considered irrelevant. In such cases, serious diplomatic skill is necessary for a successful negotiation.

In conclusion, understanding the international legal terminology through the general "legal language" is crucial in the interaction of legal systems and laws within the state. The integration and convergence of legal systems with each other are progressing slowly, and the importance of extra efforts in using additional tools in international practice is increasing. This approach contributes to overcoming all challenges and achieving successful results without being discouraged by apparent difficulties.

3.4. Rules for the language of contracts and negotiations, as well as the conduct of negotiations.

The operation indicates that one of the factors ensuring the successfulness of negotiations is addressing specific issues and other concrete tasks in consultation with the country where the representative office is operating. Along with this, it is necessary to pay attention to the degree of involvement of bilateral and international relations. The representative, having information on a range of issues, should be well-prepared for negotiations. Moreover, during the negotiation process, maintaining delicacy and tactfulness is essential, along with safeguarding the interests of their own company.

Treating individuals with respect, attentiveness, empathy, and effective communication skills are considered essential qualities for a corporate representative. During any discussions, the corporate representative should refrain from criticizing the internal and external policies of the country where the company is located. It is crucial not to express negative opinions about the traditions and customs of the country, while showing respect for local practices and maintaining a neutral stance on individual personalities. Such criticism or expressing opinions during negotiations with the host country may negatively impact diplomatic relations. In international practice, a corporate representative who has expressed critical views in the manner highlighted above is often declared "persona non grata." It is not advisable for a corporate representative to criticize

the government of the country where they are operating or the governments of third countries during their diplomatic activities.

In some cases, representatives of opposition parties, not part of the government coalition, may abstain from criticizing the government by engaging in dialogue with corporate representatives. Sometimes, they may inquire about the corporate representative's opinions on the government's policies. A reasonable response to such questions is to avoid answering, given the sensitivity of the topic. It is crucial to maintain a cautious approach during interviews with journalists, as even if corporate representatives have not provided any information, the interview itself can be used as evidence.

In certain situations, conversation partners may suggest having an unofficial discussion with a corporate representative. This approach is often utilized to enhance the cordiality of the corporate representative. However, it is essential to remain cautious and not divulge any confidential information. Therefore, conversations should be bifurcated, and each party should share only the information that is relevant to their side of the discussion.

The discussion between the corporate representative and the foreign corporate delegate can be evaluated as a diplomatic initiative with political implications. This conversation serves as the basis for transmitting information to the headquarters and initiating necessary prompt actions both at the central office and within the represented corporation.

Richard Herock, the executive director of one of the major financial corporations in the United States, relies on his extensive long-term experience and highlights the necessity of adhering to ten principles during business negotiations for successful contract formation. Below are the ten principles explained in Richard H.'s words:

1. Be patient and attentive to the challenges and opinions of the opposing party in negotiations. The worst negotiators I've encountered rush the conversation and impose their demands, disregarding the concerns of the other side. The best negotiators, however, patiently listen to the underlying and relevant issues of the opposing party, understanding their main concerns and providing thoughtful responses. It is crucial to grasp the potential obstacles and anticipate where

compromises can be made. Avoid hasty conclusions and engage in meaningful dialogue.

2. Prepare for negotiations. Preparedness encompasses various aspects, such as:

Familiarize yourself with the other party entering negotiations by reviewing their website, press releases, articles written about them, and any relevant information. Gain insights into your counterpart's business and understand their perspective. Utilize search engines like Google and professional networking platforms like LinkedIn for this purpose.

- Research the person negotiating with you on behalf of the contracting company. Find out who they are and explore their interests by checking their biography on the company's website or conducting an internet search
- Familiarize yourself with similar contracts previously negotiated by your counterpart. Examine how these agreements are structured and review their terms.
- Conduct yourself professionally in negotiations and avoid being confrontational. No one enjoys doing business with someone who is overly aggressive or disrespectful. After the negotiations are complete, it may still be appropriate to engage with this person in future transactions or to maintain ongoing communication with the representative of the other party. Establishing long-term relationships is one of the primary goals in negotiations.

4. Understand the dynamics of the negotiation. Understanding the dynamics of negotiations is crucial in any business dealings. To do so, consider the following:

- For whom is the negotiation more critical?

- What time constraints does the other party face?

- Are there alternative options for the opposing party besides you?

- Does your price appeal to the opposing party? If so, initiative may be in your favor.

5. Develop the first version of the agreement. Almost every negotiation follows the basic principle that you (or your lawyers) should prepare the initial draft of the proposed contract. The other party is unlikely to appreciate extensive modifications to your document (unless it is inherently unfair), and therefore, by starting with terms you find favorable, you gain an upper hand in the battle. By doing so, you

avoid initiating negotiations with a proposal that the other party may never agree to.

6. Prepare for a 'poker game' and be ready to walk away. If the terms of the agreement are not favorable to you, be prepared to initiate a 'legal action.' Prepare market information to confirm why your proposed price is acceptable and if you are faced with an ultimatum that you cannot absolutely agree to, be ready to 'walk away.

7. Move away from the 'always giving' strategy. A year ago, the company I worked for was acquiring another. The CEO believed the current buyer was the ideal purchaser and wanted to negotiate with them. However, the buyer continued to demand new and unreasonable terms, while the CEO kept hoping that they would eventually agree to the terms. The buyer, on the other hand, continued to push for baseless demands, and the CEO kept hoping that they would eventually accept the terms.

Nine months had passed, and $1 million had been spent on legal fees, but the company had not yet reached an agreement. Later, I took negotiations into my own hands and presented the terms to the buyer, stating that if the price and conditions were not satisfactory, we were considering canceling the deal. In due course, the buyer, in an effort to reach an agreement, had incurred significant legal fees and spent management time, hoping to salvage the deal. By doing so, they accepted every aspect, including accepting the increase in the purchase price. We successfully closed the deal within 45 days. The key takeaway is that if you are willing to reject a deal, it puts pressure on the other party to make concessions.

8. Keep in mind that time can be the enemy of negotiations. Understand that the more time it takes to execute a deal, the more likely it is for something to go wrong that could lead to cancellation. Therefore, respond promptly, ask your lawyer to expedite document reviews, and hasten the signing of agreements. However, it's not just about rushing; it's about avoiding unnecessary delays in your negotiation process. Determine when time is working against you or when it might become an ally in the form of your opponent facing challenges.

9. Never be afraid to modify your deal, and, moreover, consider alternative options carefully. In many cases, having alternatives in your proposal expands your position in negotiations and provides the best decision-making basis for how to proceed. For instance, if you are contemplating selling your company, having several potential interested parties at the table is an excellent idea. Until you are

fully committed to the best terms and conditions, engaging in exclusive negotiations with a single party might be best avoided.

Consider that if you are looking to purchase products, lease an office, or secure credit for your business, having alternatives and being aware of its suitable competitors can be advantageous for you. Engaging in negotiations with two or more parties simultaneously allows you to frequently obtain better prices or more favorable terms within a relatively short time.

10. Don't stick to just one issue. Sometimes, resolving one problem by addressing it from a different angle or considering both sides can lead to better outcomes. Being flexible and proactive in addressing multiple issues is often key to success in negotiations. Occasionally, a creative solution may come to you after a heated phase in the negotiations.

11. Identify the ultimate decision-maker. Determine the individual who holds the authority to approve the final decision in the negotiations. Understanding the decision-making power of the person you are negotiating with is crucial. In a recent negotiation, I encountered a situation where the person I was conversing with was not empowered to make decisions and had limitations in approving certain terms. It became apparent that my negotiations with this individual were unproductive. I learned the importance of clarifying the decision-maker's authority early in the process. Therefore, in future negotiations, I will ensure to identify and engage with the key decision-maker from the start to streamline the decision-making process and avoid potential delays.

12. Never accept the initial offer. Rejecting the first offer from the other party is often a common practice. For instance, if you are selling your house and receive an offer, consider deliberating before responding with a 'no.' Buyers usually expect some negotiation, and rejecting the first offer may prompt them to come back with a higher price or better terms (especially if there are no other competing offers). Many buyers are willing to increase their offer by 5-15% or more in anticipation of counteroffers and subsequent negotiations. Facing counteroffers and engaging in a series of negotiations often results in both parties arriving at the most favorable agreement, leading to the successful closure of the deal.

13. Ask insightful questions during negotiations. Don't be afraid to ask numerous questions to your counterparts. Answers can provide valuable information for the negotiation process. Depending on the type of deal, you may consider asking the following:

- What is the best price or offer you can give us?.

- How do we trust that your product or service aligns with us?
- Who are your competitors? How do their products compare?
- Are there any additional charges associated with the purchase? (Especially relevant for car buyers, useful question to ask.
- How much time is required for the product to be operational?
- How does our collaboration benefit you?
- In pursuing your goal, do we lean towards standard contract forms or independent lawyers? How can we ensure this?

14. Prepare an intention letter or a memorandum to clarify your points of view on the main terms of the agreement. Often, creating an Intention Letter or a memorandum can be beneficial in accelerating the negotiation process, streamlining legal expenses, and ensuring the expeditious progress of the agreement. This formal document makes the negotiation clearer and more straightforward. For instance, intention letters are frequently prepared in conjunction with the merger and acquisition process and are used to facilitate and formalize negotiations (see: Initiating negotiations through an intention letter).

Here are some good examples that can help you in drafting such documents:

- Letter of Intent for a Subsidiary Company:
- Long-Term Lease Proposal for Office Spaces:
- Long-Term Capital Plan for the Company:
- Long-Term Investment Proposal from a Strategic Investor:
- Proposal for the Sale of the Company:
- Convenient Purchase Proposal for a Buyer:

15. Utilize the expertise of financial advisors and attorneys. If your project is large or complex, it's essential to have real-world experience that can assist you in negotiations and contract drafting. For instance, if you are selling your company, you may need the assistance of an investment banker who understands your industry and has connections with potential buyers. If you are involved in real estate transactions, a seasoned real estate attorney with a track record of successfully handling similar transactions is indispensable.

Audit questions:

1. What do you understand by multilateral and bilateral negotiations in political matters?

2. How is the subject matter of negotiations between companies organized?

3. What issues are involved in the organizational matters of discussions among company representatives?

4. Can you provide insights into the specific aspects of negotiations between companies?

5. Explain the procedure for conducting international conferences.

6. Discuss the concept of a mediator in international negotiations.

IV. INTERNATIONAL TRADE AGREEMENTS ON GOODS

4.1. Application of the legal procedure for international trade agreements on goods

4.2. 1980 Vienna Convention on Contracts for the International Sale of Goods

4.3. Rules for signing international business contracts under the Conventions of the United Nations

4.4. General principles on the responsibility of the seller and buyer in international trade of goods

4.1. Legal Regulation of International Trade Agreements on Goods

As emphasized in "*The Wealth of Nations*" written by Adam Smith in 1776, the transparency of international markets, the open economic and political policies of countries, and the simplicity of mutual trade are essential for the prosperity of nations. Additionally, this situation not only benefits the countries themselves but also contributes to the development of external trade competition. This idea has been recognized and acknowledged by economists from that time until the present day.

The international differentiation of goods, the progress of external economic activities, and, consequently, the solution of various issues and challenges are demanded in the global economic environment. From this perspective, the establishment of international legal regulations governing economic relations has started and been recognized as crucial.

International law has two main forms:

1. International Agreements

2. Decisions of International Organizations

When referring to international agreements, it includes conventions, concepts, resolutions, charters, acts, and others accepted by relevant bodies of the United Nations or other international organizations.

Decisions of international organizations are also considered a source of international trade law. For example, for states that are members of the European Union (EU), the decisions of the EU Council, and for UN member states, the decisions of the United Nations General Assembly (General Assembly of Heads of State, General Assembly of Government Heads) fall under this category of documents.

Regarding the breaches of international business contracts, these challenges are addressed through three distinct methods:

- Material-legal

- Collision

- International contractual

As emphasized above, considering the nature of international business contracts, these disputes are effectively addressed through material-legal, collisional, and international contractual methods.

Without considering the differences between the three methods, undoubtedly, the formulation and execution of international trade contracts involve a complex legal system that encompasses the interplay of international and national legal sources and interrelated norms. The method of bringing international trade contracts into material-legal order involves applying legal norms that can be implemented without seeking specific legal remedies, directly regulating contractual relations without resorting to particular legal proceedings.

Material-legal norms, in terms of their content, consist of similar rules and directly ensure the enforcement of international contractual relations, meaning these relations are regulated directly without the involvement of collision norms.

Material-legal norms contribute to ensuring stability in regulating economic and financial relations between states, identifying the legal status of physical and legal entities, and specifying the foundations of responsibility for legal violations committed by them. The clarity provided by material-legal norms in defining the rights and responsibilities of states and entities involved in international trade creates limitations in interpreting certain relationships.

Harmonizing the rules specific to material-legal norms in international contracts facilitates the systematic regulation of relationships in certain areas. Special conventions have been adopted to achieve such uniformity. For instance, the Convention on the Unification of Certain Rules for International Carriage by Air, signed in Warsaw in 1929, was aimed at harmonizing certain rules related to international air transport. This Convention was amended by a Protocol signed in The Hague on September 28, 1955. Uzbekistan acceded to these documents on December 27, 1996.

Laws of the Republic of Uzbekistan aimed at regulating relations with international legal significance and possessing material-legal importance in certain spheres of socio-economic life have been adopted. In this regard, the Law of the Republic of Uzbekistan dated May 26, 2000, on "Foreign Economic Activity of the Republic of Uzbekistan" has been enacted, encompassing general principles.

This law outlines the main directions of foreign economic activity, including international economic and financial cooperation, foreign trade, attraction of foreign investments, and regulation of foreign investment activities originating from the Republic of Uzbekistan. Article 2 of the law specifically emphasizes the coordination of the foreign economic activity of the Republic of Uzbekistan with its international agreements, aligning internal laws with the country's international contractual obligations.

As a result of the implementation of foreign economic activities, the rights and obligations stipulated in the contracts are realized in accordance with the established order.

In the absence of rules governing the resolution of disputes in the contract, the applicable law and the place where the resolution will take place shall be determined in accordance with the generally recognized norms of international private law (Article 30).

According to the Law of the Republic of Uzbekistan on the Central Bank adopted on November 11, 2019 (in its updated version), the Central Bank is authorized to conclude agreements on cooperation with national and foreign entities for the exchange of information related to the implementation of supervisory functions. This law ensures proper implementation of the monitoring functions of the Central Bank in collaboration with national and foreign organizations through the conclusion of relevant agreements.

The "On Investments and Investment Activities" Law adopted on December 25, 2019, contains provisions regarding the treatment of foreign elements. According to Article 2 of the law, if there are provisions in the international treaties of the Republic of Uzbekistan on investments and investment activities that differ from

the provisions stipulated in the legislation of the Republic of Uzbekistan, the provisions of the international treaties shall prevail.

1. "Oliy Majlis Information Bulletin of the Republic of Uzbekistan," 2000, Issues 5-6, Article 148.
2. Information on legal documents of the law database of the Republic of Uzbekistan, dated November 12, 2019, No. 03/19/582/4014.
3. Information on legal documents of the law database of the Republic of Uzbekistan, dated December 26, 2019, No. 03/19/598/4221.

In the context of legal relations regulated by the national laws mentioned above and considering their object, Uzbekistan's international treaties take precedence in regulating complex relationships with foreign elements through direct application of material-legal procedures.

In cases where national laws do not include specific provisions regarding such complex relationships, direct application may be possible if there are no separate rules in international treaties. In this regard, the priority of international treaties is recognized, and their direct application is considered in regulating relationships with foreign elements in international contracts.

The superiority of the material-legal method in regulating complex external trade relations with foreign elements can be explained as follows:

a) The material-legal method relies on specific legal norms formulated for the direct regulation of legal relations related to foreign trade transactions. This method is specifically designed to directly address and regulate legal relations associated with external trade transactions, taking into account their unique characteristics. It operates by establishing rules that are tailored to the particularities of these specific relationships and can comprehensively address and govern them directly.

In such a regulation, conflicts are resolved through the application of the collision rule, without direct reference to specific provisions consolidated in the laws of particular states. The resolution is primarily based on the direct application of material-legal norms. In some cases, this approach is used to establish general norms to regulate citizenship and other relationships comprehensively.

b) The superiority of material-legal norms is also reflected in the convenience for participants in foreign trade relations, as the application of the direct resolution method based on these norms provides clarity for them and the implementing authorities. It becomes clear in advance which norm serves as the basis for resolving a particular issue. For example, the Agreement on the Development and Strengthening of Cooperation in the Production of Enterprises and Organizations of the States Members of the Commonwealth of Independent States (CIS), signed in Ashgabat on December 23, 1993, and ratified by the Republic of Uzbekistan on May 6, 1994, establishes the general terms and conditions for the development and strengthening of cooperation.

This agreement has been in force for Uzbekistan since its ratification. The terms outlined in this agreement have been mutually agreed upon by the parties and are known in advance.

In this way, the resolution of relations between the parties to an agreement is carried out through the method of direct settlement, avoiding the use of the collision method.

v) In establishing legal regulations for the formation of substantive legal norms, the direct settlement method is applied in accordance with the rules of legal procedure, which is distinct from the collision method. This is preserved because it is based on the unilateral benefit of the agreement's content, including its legal rights and obligations, as well as the rules governing the relations of the parties, which are determined and defined in advance.

In settling disputes through the collision method, both parties cannot consistently take advantage of the same benefit. The resolution of such matters may be partially possible when established through the pathway of creating international treaties, but ultimately, reaching an agreement could be challenging, especially when conflicting laws in the internal legislations of two or more states come into play. For crucial economic issues, the method of settling disputes through the creation of international treaties provides a direct avenue for harmonizing legal norms, creating a foundation for the unimpeded application of substantive legal norms.

The application or impact of substantive legal norms does not necessarily depend on the volume or scope of collision norms in terms of material-legal regulations.

The legal system of the Romance-Germanic countries is evaluated as an institution of material law with respect to the term of legal proceedings. A similar assessment is given in the 12th section of the Uzbekistan Civil Code. The material legal norms of these countries on the issue of the duration of legal proceedings are taken into account, and compliance with the collision norms is considered in

relation to the deadlines for legal proceedings in accordance with the laws of Uzbekistan and foreign countries.

However, in the Anglo-Saxon legal systems, the issue of the duration of legal proceedings is not considered as a matter of material law but rather evaluated as a procedural institution. As a result of such evaluations, the issue of the duration of legal proceedings arises beyond the scope of collision norms and is considered within the jurisdictional discretion of the country overseeing the judicial process.

The issue of the duration of legal proceedings is considered as a procedural legal institution, and the question arises whether the application of the duration of legal proceedings is necessary in the Uzbekistan judiciary. According to Article 1183 of the Civil Code of the Republic of Uzbekistan, the legal provisions applicable for regulating the relevant relationship in the country are specified. Therefore, this article applies the collision norm, and the determination of the duration of legal proceedings is guided not only by the provisions in Chapter 12 of the Civil Code of the Republic of Uzbekistan but also by the relevant legal norms, including those from English legal standards.

In addition, the absence of legal standards harmonizing with the external trade field compels the utilization of collision norms, contributing to a positive impact on the international trade development.

The resolution of the United Nations General Assembly No. 2205 of December 17, 1966, titled "Concerning the International Trade of Various States," highlights the differences in the laws of various countries as one of the essential obstacles to the international trade development. It emphasizes the need to address the discrepancies between the national legal systems of different countries, proposing rules to mitigate these differences.

In the current conditions, many countries have taken the path of expanding the application of common international legal norms. However, the process of harmonization has its limitations, and there is no universal solution to address all issues in international socio-economic relations through the route of harmonization.

In many cases, using conflict of laws rules in international trade contracts has proven to be effective in providing successful outcomes. However, there are situations where the absence of applying conflict of laws rules also has its advantages, considering the specific characteristics of these relations.

The necessity of adopting a conflict of laws approach to resolve disputes can be justified in the following cases: first, to use it as an additional measure in the process of harmonizing substantive legal norms to address unresolved issues in contractual relations; second, to apply it as a fundamental principle in regulating

relations arising in specific areas of international cooperation; third, to employ it when difficulties arise in using and applying substantive legal norms due to certain reasons in the resolution of relations.

A conflict of laws norm typically addresses issues related to a specific foreign trade contract and refers to the substantive legal norms of the relevant legal system. However, it may not fully resolve the specific case until the end. Therefore, it is possible to conclude that due to the characteristic of referring to the legislative documents of the relevant state legal system, conflict of laws norms can be used in conjunction with other substantive legal norms, namely the legislative norms addressing the specific issue in question.

Conflict of laws norms are standards that indicate which state's law should be applied to citizenship, family, labor, and other legal relations at the international level. Such norms are part of the conflict of laws. In cases where legal relations arise, a court or another state authority decides which country's national law or foreign law should be applied to those legal relations. The 6th section of the Uzbekistan Civil Code outlines the general rules for applying international private law norms in relation to civil-legal relations. It addresses issues such as physical and legal persons, personal non-property rights, intellectual property, representation, time limits for claims, hereditary rights, and obligations arising from contracts and contracts outside the contract, establishing conflict of laws norms. According to them, if a natural person is a citizen of a particular country, the legal status of that person is considered based on the personal law of that country. In the case where a person is a citizen of two or more countries, the legal status for them is determined by the country with which the person has the closest connection, and their personal law is considered. A person who is not a citizen of any country and resides permanently in a particular country is considered subject to the legal system of that country in terms of personal law. The legal and civil capacities of an individual without citizenship are determined by their personal law. Foreign citizens and stateless persons in the Republic of Uzbekistan enjoy the same rights as citizens of the Republic of Uzbekistan in terms of citizenship rights. Cases specified in the laws of the Republic of Uzbekistan or in international treaties are exceptions to this rule (Civil Code, Articles 1168 and 1169).

Several arguments have been put forward in legal literature emphasizing the significance of conflict of laws for scholars. In particular, the views of I.S. Pereterski and S.B. Krylov’s emphasize that conflict of laws not only addresses specific issues but is also part of the legal system that regulates disputes together with the legal source appealed to. M. M. Boguslavsky emphasizes the importance of conflict of laws in modern international private law, indicating that this legal norm directs the subject to a specific legal system, not only regulating specific

legal relations but also assisting in the search for applicable law to resolve legal relationships in accordance with the established order.

M. M. Boguslavsky points out the specific place of conflict of laws in modern international private law, emphasizing that this legal norm not only refers to a particular legal system but also, in conjunction with this, highlights the most convenient way to find applicable law to regulate legal relationships.

However, there are opposing views to these opinions. G. K. Matveev has a distinct perspective, stating that "Conflict norms do not regulate complex civil relationships involving foreign elements because their function is to refer to a specific legal system. The subsequent regulation of these relationships is achieved through the rules of the legal system to which they refer."

According to general principles, the rights and obligations of international trade law subjects are determined in the contracts concluded and agreed upon by them, in accordance with the relevant legal system chosen by the parties.

In the relevant provisions of the Civil Code of the Republic of Uzbekistan, binding conflict rules for applying international private law norms to civil legal relations can be found. Specifically, the legal capacity of a legal entity (Article 1176), the law applicable to the place of making a contract (Article 1189), the law applicable to inheritance (Article 1187), and other provisions can be cited as examples.

It is possible to indicate the following general conflict rules applicable to relations related to the international sale of goods, which involve external trade transactions:

lex personalis – the personal law of citizenship, the national law of the legal entity, the law of the place of residence, or the local law governing the personal rights of participants in legal relationships;

lex rei sitate – the law of the location where the property is situated;

lex loci actus – the law of the place where the action occurs, and in the case of contracts – the legal and non-legal acts;

lex loci activitis – the law governing the conduct of the activity;

lex fori – the law of the forum deciding the case (jurisdiction or arbitration).

The use of national legal norms in resolving international trade disputes differs from the application of conflict norms in legal order. Conflict norms differ fundamentally because they take into account the specific characteristics of the legal systems of various countries. They are considered complex due to the need to apply them to relevant relationships, as they address the nuances of legal systems in different nations. According to the mechanism for applying conflict norms, it is

necessary to outline the two legal stages. First, in the initial stage, it is crucial to determine whether the conflict norm should be applied and whether there should be a reference to which state's law. This stage involves identifying ambiguity, legal classification, re-reference, and referring to the law of a third state. Once a positive resolution has been reached for the complex situation at hand, the second stage involves the application of the conflict norm by referring to the law. In this stage, it is possible to directly apply material norms or foreign legal norms.

4.2. Vienna Convention on Contracts for the International Sale of Goods (1980)

It is known that the regulation of international economic transactions, including international business contracts, is carried out through international contracts, international customs, and acts of international organizations. The "Convention on the Limitation Period in the International Sale of Goods" regarding the limitation periods for contracts related to the international sale of goods was signed in 1974 in New York. The Convention on the Limitation Period in the International Sale of Goods, also known as the "Vienna Convention on Contracts for the International Sale of Goods" in relation to the limitation periods for contracts involving the international sale of goods, was accepted by diplomats in 1980 during the international Vienna Convention. Simultaneously, an accompanying protocol containing rules on the limitation period was also signed. As a result, the convention on the limitation period from 1974 was aligned with the content of the 1980 international convention on contracts for the international sale of goods.

The Convention on Contracts for the International Sale of Goods, known as the Vienna Convention, was adopted on April 11, 1980, during the United Nations Conference on Contracts for the International Sale of Goods, with the participation of representatives from 62 countries. Subsequently, it came into force on January 1, 1988. The Vienna Convention was a significant step in the unification of international legal norms in the field of international trade. It should be distinguished from the 1964 Hague Conventions, namely the "International Sale of Goods" and "Formation of Contracts for the International Sale of Goods," which were the first and effective experiences in the international regulation of trade in goods. Currently, the Vienna Convention has been ratified by 85 countries. Uzbekistan, including, acceded to the Convention on August 30, 1996, by the decision of the Supreme Assembly (Oliy Majlis) of the Republic of Uzbekistan No. 294-I, and it entered into force for Uzbekistan on December 1, 1997. The Vienna Convention consists of 4 parts and includes 101 articles. The composition of the Convention is as follows:

i. Areas of Application and General Rules

ii. Rules for Formulating Contracts

iii. International Sale of Goods

iv. Final Provisions

According to the second part of Article 17 of the Constitution of Uzbekistan, which is the legal basis for independence, "The Republic may enter into alliances, form friendships, and join international organizations for the purpose of ensuring the high interests, prosperity, and security of the state, as well as entering and withdrawing from such organizations." This provision indicates that our republic's foreign policy is primarily aimed at organizing and ensuring the prosperous life and interests of the people. It also emphasizes the readiness of our state to establish relations with other states in pursuit of these goals. Such relations are not only of political significance but also carry economic importance. Cooperation between states in joint ventures, investment and credit exchange, international trade, and announcing grants for relevant projects is associated with conducting scientific research. These relations have economic significance, and the corresponding legal aspects are regulated through international private law and the main framework of international trade law.

In regulating trade relations, the Civil Code of the Republic of Uzbekistan holds particular significance. The Civil Code plays a crucial role in organizing social relations and ensures that its content does not contradict the legal norms of civil law. Alongside codified normative documents, legal sources of civil law include specific laws that regulate social relations falling within the scope of civil law, contributing to the organization of civil law subjects.

The international treaty, in contrast to internal acts, is a set of contractual provisions established between states. It represents an agreement on the content (i.e., the text) of the treaty between participating states, serving as legal obligations for them.

If the internal acts of a state do not require the creation of internal acts for the use of the treaty content, direct use of the international treaty standards is allowed. This situation may arise due to specific characteristics that do not allow direct use of the standards in the international treaties of the Republic of Uzbekistan, such as provisions in the treaty specifying changes to the internal legal documents by the participating states. International treaties of the Republic of Uzbekistan are related to several factors regarding the legal force.

1) Depending on the degree of acceptance of the treaty (intergovernmental, governmental, organizational);

2) According to the form of approval (ratification, acceptance, accession, and others);

3) According to the method of implementing the treaty (optional or mandatory).

International treaties of the Republic of Uzbekistan, for which approval has been granted by the Government of the Republic of Uzbekistan, Presidential decrees of the Republic of Uzbekistan, Government decisions of the Republic of Uzbekistan, as well as acts of the executive authorities have precedence over acts of lower authorities. International treaties of the Republic of Uzbekistan regulating civil relations are considered superior only to acts of the respective authority in relation to them.

The Russian legal scholar M.G. Rosenberg, in 1980, commented on Article 90 of the Vienna Convention on the International Sale of Goods (CISG), emphasizing that this Convention should not affect the execution of other international contracts involving the participating states.

Therefore, if the international business contract refers to the scope of the Vienna Convention and the bilateral or any cooperation agreement between the CIS countries, then this document is used.

Article 90 of the 1980 Vienna Convention and the Law of the Republic of Uzbekistan "On International Treaties" stipulate that the Republic of Uzbekistan's Civil Code confirms the concept of "international transaction" to refer exclusively to ratified agreements.

However, it should be emphasized that the interrelation of international contracts is not explicitly stated. For instance, in the Resolution of the Republic of Uzbekistan "On the Application of International Contracts to Arbitration Issues," it is explicitly emphasized: "The specific procedural act is considered in relation to the general act as an act that has specific local and general characteristics in the context of a bilateral international contract." In this way, a specific procedural act takes precedence over the general act.

In the Republic of Uzbekistan's Law 'On International Contracts,' the hierarchy of the legal force of international contracts is exclusively related to the legal force of international contracts in relation to the legal force of Uzbekistan's domestic acts. The fact that a ratified international contract takes precedence over the government's decision regarding the international contract does not imply superiority of the government over the international contract. This interpretation may extend to a broader scope in understanding the law.

Among the international contracts that Uzbekistan has entered into, those ratified directly possess the highest legal force. However, based on the Constitution of the Republic of Uzbekistan and the Law 'On International Contracts,' it can be stated that the legal hierarchy of international contract standards in relation to the standards of the laws of the Republic of Uzbekistan is guided by the principle that only internationally ratified and officially declared contracts in Uzbekistan are taken into account. The rule does not apply to international contracts in a form

other than ratification for execution, as they are not considered for application in the internal affairs of the state.

When international contracts are used, the participants and arbitrators find it necessary to explain them. In this context, the use of means of interpretation specified in the Vienna Convention on the Law of Treaties of 1969, primarily in international law, is considered essential (Articles 31-33). "The main means of interpretation are the direct text of the contract (including the heading, clauses, and annexes, as well as any documents and materials related to the contract). The subsequent private agreements between the parties to use or interpret the contract, known as the 'subsequent practice in the application of international law,' are considered the voluntary applicable standards of international law.

To determine the will of the parties, additional means of interpretation include referring to the preparatory documents and circumstances used in drafting the contract. It is possible to appeal to the documents and conditions prepared during the conclusion of the contract to clarify the intentions of the parties.

Many contracts governing civil-legal relations include rules on interpretation. For instance, in the Vienna Convention, Article 7(1) emphasizes the necessity of ensuring international fairness in interpreting the Convention and highlights its international character. It states, 'In the interpretation of this Convention, regard is to be had to its international character and to the need to promote uniformity in its application in the observance of good faith in international trade.' Similarly, in Article 6 of the 1988 Convention on International Financial Leasing and Article 4 of the 1988 Convention on International Bills of Exchange and International Promissory Notes, similar provisions are explicitly stated.

In explaining contracts in multiple languages and using them, certain issues may arise. In this regard, the following rules should be considered: the principle of using texts in various languages to the maximum extent and adhering to the principle of interpreting the general meaning expressed in various language texts. For instance, in Article 1 of the 1980 Vienna Convention, the expression 'place of business' should not be easily interpreted in plain English without considering the underlying intention. The result of explaining this concept could be the recognition of a company acting as a legal entity rather than focusing on individual rights, not the rights of objects of citizenship. It may be more appropriate to understand that it functions as an ongoing entity for the purpose of implementing a joint business rather than focusing on the rights of citizenship.

4.3. Rules for Signing International Business Contracts under the Conventions of the United Nations Commission on International Trade Law (UNCITRAL)

The United Nations Commission on International Trade Law (UNCITRAL) has been mandated to harmonize and unify international trade laws. The primary goal of unifying international trade laws is to streamline legal aspects in international trade and commercial relations. This aims to reduce complexities in legal matters concerning international trade and transactions. On December 17, 1966, the United Nations Commission on International Trade Law (UNCITRAL) was established by the United Nations General Assembly. UNCITRAL is the international organization responsible for the harmonization and unification of international trade law. The main purpose of this organization is to develop legal documents and concepts regulating the mutual trade and economic relations of its member states within the framework of the United Nations, as well as to unify international trade norms. The headquarters of UNCITRAL is located in Vienna, the capital of Austria. It consists of 36 member states from around the world, including several observer countries.

During its ongoing activities, UNCITRAL has produced numerous documents, including conventions, regulations, and model laws. Examples of these documents include:

- In 1974, the "Convention on the Limitation Period in the International Sale of Goods," known as the New York Convention, was adopted by the United Nations.

- In 1976, the "UNCITRAL Arbitration Rules" were developed.

- In 1978, the "Convention on the Carriage of Goods by Sea," also known as the Hamburg Convention, was established.

- In 1980, the "Convention on Contracts for the International Sale of Goods," commonly referred to as the Vienna Convention, was adopted.

- In 1985, the "UNCITRAL Model Law on International Commercial Arbitration" was introduced.

- In 1987, the "UNCITRAL Legal Guide on Drawing Up International Contracts for the Construction of Industrial Works" was established.

- In 2014, the "United Nations Convention on Transparency in Treaty-based Investor-State Arbitration," commonly known as the Mauritius Convention, addressing transparency in investor-state arbitration proceedings under international treaties, was adopted by the United Nations.

The Hamburg Rules, officially known as the "United Nations Convention on the Carriage of Goods by Sea," serve as the primary international legal document for the carriage of goods by sea. The Hamburg Rules, also referred to as the Hamburg Regulations, oversee international bills of lading.

The preparation of the only valid normative document controlling the international trade of goods was started in 1930 by UNIDRUA in Rome. After a long break caused by the situation caused by the Second World War, this project was revived in 1964 at the diplomatic conference in The Hague, and two Conventions "On the International Sale of Goods" and "On the Conclusion of Contracts on the International Sale of Goods" were adopted.

Following the signing of these two conventions, numerous constructive criticisms were expressed. In response to the identified shortcomings, UNCITRAL, with the objective of thoroughly revising these two important legal documents, made the decision to convene and undertake a comprehensive review. The aim was to explore potential modifications that could accommodate a broad acceptance from countries within different legal and socio-economic systems. As a result of these conducted studies, on April 11, 1980, the United Nations Diplomatic Conference adopted the Vienna Convention on Contracts for the International Sale of Goods. On January 31, 1988, four more countries became parties to the Convention, namely Austria, Mexico, Finland, and Sweden. The Convention is divided into four main parts. The first part encompasses the Convention's scope of application and general provisions. The second part consists of legal standards governing the formation of international contracts for the sale of goods on a global scale. The third part is dedicated to the rights and obligations of the seller and the buyer. The areas of application and general provisions of the Convention are covered in the first six articles of the Convention. The United Nations' international efforts in the field of the global sale of goods are outlined in these provisions.

The Convention addresses various fields of application and distinguishes between contracts for the sale of goods and contracts for the provision of services. For instance, in Article 3, it points out the distinction between contracts for the sale of goods and contracts for the provision of services. A contract for the supply of goods to be manufactured or produced, where the seller is obliged to provide materials necessary for the manufacture or production, is considered a sales contract until the required materials are provided by the buyer.

The various forms of international sales transactions are regulated and structured in accordance with specific legal and regulatory frameworks in most countries.

In several articles, such as Article 4, the Convention addresses issues related to the subject matter of the contract, including matters associated with the formation of the contract and the rights and obligations of the seller and the buyer arising from the contract. Specifically, the Convention does not provide detailed provisions regarding the time for the performance of the contract, the buyer's right to take delivery of the goods, or the seller's obligations in case of physical damage to the goods sold.

The Convention does not impose specific requirements on the form of the contract of sale. Particularly, Article 11 does not stipulate the necessity of a written acceptance for the formation of the contract. Additionally, if the formation of the contract requires it to be in writing, as per conflicting domestic laws, Article 29 clarifies that other means, such as canceling or modifying the contract based on the agreement of the parties, are not precluded unless the contract requires written form.

The second part of the Convention addresses several issues related to the formation of contracts through offer and acceptance. If the contract is concluded in this manner, it is considered formed after acceptance gains legal effectiveness, following the manifestation of assent to an offer.

In order for an offer to be effective in forming a contract, it must be addressed to one or more specific persons and be sufficiently definite. The offer becomes definite when it indicates the goods, quantity, and price, if those elements are included in the contract.

The buyer's obligations under the Convention are primarily governed by the terms of the contract between the buyer and the seller. The general obligations of the buyer, as outlined in the Convention, include the obligation to take delivery of the goods and pay the price as specified in the contract. Additionally, the Convention provides rules related to the buyer's obligations concerning the examination of the goods, the giving of notice in case of non-conformity, and the payment of the price. In summary, the buyer is generally obligated to fulfill the terms of the contract, including accepting and paying for the goods as agreed upon. The specific details of the buyer's obligations depend on the terms negotiated between the parties and the provisions of the contract they enter into.

In the Convention on the quality of the goods, it is clarified that there is a Regulation on the obligation of the buyer to check and review the goods. When the buyer notices the aspects of the goods that do not correspond to the contract, he must warn about this. After receiving the delayed goods, the buyer must write a written notice no later than two days.

Determining the quality of the goods in an international sales contract means providing a precise description of the characteristics of the goods based on the buyer's requirements. Selecting and describing the quality of the goods is carried out in accordance with the specifications and international trade practices, among other terms specified in the contract.

4.4 International Rules for the Sale of Goods: Responsibilities of the Seller and Buyer, as well as General Regulations on Liability.

If the terms of the contract are violated by the seller, it is determined in a manner related to its legal protection tools and obligations. The right of the seller is placed in correlation with the obligations of the buyer. This prevents the use and termination of the Convention.

The general structure of legal protection tools is considered in two cases. If all the specified terms of the contract are not fully implemented, the damaged party may demand compensation from the other party or require the cancellation of the contract. Similarly, when the buyer accepts a product that does not comply with the contract terms, he also has the right to demand a reduction in its price.

The development of international contracts requires knowledge of the specific features of internal contracts, as well as internal and external market relations. This helps to address the issues that often arise during the signing of international trade contracts for entrepreneurs engaged in international economic activities.

In the process of developing international standards, documents produced by the UN play an important role and serve as a guide for entrepreneurs and business people who often face questions in the signing of international trade contracts.

Intra-state issues, such as the internal market of most goods and the import-export of goods when sold abroad, are often unknown to the exporter or importer when engaging in international economic activities. Similarly, when it comes to international contracts, internal and external market relations, specific features of the business, and external market relations should be understood, which ultimately helps to address frequently encountered issues during the signing of international trade contracts for entrepreneurs engaged in international economic activities.

In the process of developing international standards, documents produced by the UN play an important role and serve as a guide for entrepreneurs and business people who often face questions in the signing of international trade contracts.

The majority of goods traded within a country, unlike most items involved in intra-state trade, are sold to foreign countries. In such transactions, the seller, known as the exporter, and the buyer, the importer, may not have previously engaged in business or have knowledge of each other's national legal systems. Similarly, exporters may face uncertainties, such as:

1. Is there a possibility of the buyer offering credit?
2. Is the information obtained from the buyer's references reliable?
3. Does the country have a policy to monitor its currency, and will it affect payments?
4. If permission is granted to make payments in the buyer's currency, what level of risk does this entail?
5. Even if obtaining risk-free payments from the buyer is anticipated, what challenges might arise?

These are important considerations for exporters involved in international trade.

1. Will the goods be delivered when the payments are made in advance?
2. Does the quantity and quality of the delivered goods comply with the terms of the contract?
3. Will the carrier deliver the goods with the specified packaging?
4. Are damages avoided during the transportation of goods?
5. Do we provide all necessary documents about the seller's goods for the buyer to obtain them from the customs?
6. Does the seller provide additional documents required for export control and import goods (e.g., certificates of origin, medical and other certificates) in accordance with the commodity prices of the export control and import control of the importing country?

7. What delays may occur in receiving or using the goods in the place of import?

If the parties are not acquainted with each other, this can sometimes lead to serious misunderstandings or even refusal to cooperate. For sellers and buyers in different countries, it is sometimes not possible to exchange goods for cash at the same time. Using international payment methods such as Letter of Credit, Documentary Collection, Bank Transfers, or other methods, establishing a documented trade transaction can mitigate these significant risks to the third party. Because the third party relies on specific knowledge and experiences, there may be opportunities to reduce the above-mentioned risks for them.

As a facilitating party, sometimes banks are considered as third parties. In the buyer's country, at least one or two banks are usually involved. Likewise, in the seller's country, at least one bank is involved. For example, in international freight operations, significant parties are usually considered. Thus, in external business contracts, participating parties can include:

1) Importer
2) Importer Bank
3) Exporter
4) Exporter Bank
5) Letter of Credit or Issuing Bank
6) Correspondent Bank
7) Insurer
8) Single Shipment Carrier

If the parties do not familiarize themselves with each other, it may be difficult to identify and assume certain risks, which could lead to serious consequences or even derail the deal. Sellers and buyers in different countries may not be able to simultaneously exchange goods for money. From international payment methods like Letters of Credit, documentary collections, bank transfers, and other methods,

several major risks may be assigned to the third party. This helps to reduce risks and liabilities, each side assumes specific risks and responsibilities for smaller parts.

Parties are bound by a series of contractual agreements, and unfortunately, not all participants are involved in all contracts. The contract may include:

- A contract between the seller and the buyer regarding the terms of the sale of goods or services;
- A consignment, meaning the carrier's receipt and a shipping contract;
- A letter of credit, meaning the obligation of the buyer's bank (or sometimes the seller's bank in the case of confirmed credits) to pay upon proof of shipment and delivery, and other examples.

All these documents are based on a contract between the seller and the buyer regarding the sale of goods or services. The buyer and seller are the participants in this contract, while banks and carriers do not directly participate. The seller delivers the goods according to the terms of the contract. The buyer must accept and pay the agreed price for the goods received.

In a documented sales transaction, the seller and buyer are located in different countries, and the transportation of goods is required. Therefore, international carriers' services are usually used. The seller or buyer arranges the shipping contract. The seller (or consignor according to the terms of the shipping contract) negotiates a contract with the carrier for the delivery of the goods to the location specified by the buyer (the consignee).

Furthermore, in international trade relations, there is another party involved, which is difficult to imagine without its services. This is the insurance activity, and insurance companies currently offer services of protecting any type of activity or property from various risks

Audit Questions:

1. What are the international essential documents when drafting international business contracts?
2. Tell me about the history of the United Nations Convention on Contracts for the International Sale of Goods related to the sale of goods!
3. The essence of an international sales contract under the UN conventions
4. What does the responsibility of the seller and the buyer entail in the context of international conventions?
5. Explain the general rules regarding responsibility!

CHAPTER V. INTERNATIONAL PAYMENT METHODS IN IMPLEMENTING INTERNATIONAL BUSINESS CONTRACTS

5.1. Organization of international accounting.

5.2. Types of international accounting.

5.3. Documentary credit method in international accounting.

5.4. Implementation of international accounting payments through the collection method.

5.5. Utilization of bank transfers, bills of exchange, and checks in international accounting.

5.1 Organization of international accounting

One of the important stages in implementing international business contracts is the accounting and settlement of payments. International accounting encompasses the monetary demands and obligations arising from economic activities between

various foreign entities and citizens, organized into a system for the collection and regulation of payments. In international accounting, banks primarily serve as the main facilitators, ensuring the movement of funds between their clients' accounts based on correspondent account numbers.

The majority of international accounting is conducted in non-cash, ledger-based systems.

Several factors influence the complex of international accounting:

- The state of goods and currency markets;
- The level and efficiency of state regulation of the management of goods, services, and investments;
- The status of payment balances and terms of external economic contracts;
- International regulations and practices;
- Specifics of banking operations;
- Currency legislation and others.

The subjects of international accounting include exporters, importers, and banks. They are involved in formalizing the movement of trade documents and the execution of financial transactions. International accounting adheres to international legal standards, where banking traditions and regulations hold significant importance. In the Republic of Uzbekistan, international accounting is an integral part of the content of currency, financial, and credit relations.

Firstly, the majority of accounting is carried out in a non-cash manner, involving the participation of banks. Secondly, such accounting is not always convenient for the user because it exposes them to the risk of receiving substandard goods or delayed supplies. Taking these factors into account, various methods such as bank transfers, documentary collections, letters of credit, checks, and payment cards are used to facilitate international accounting operations.

The correct form of international accounting ensures the successful execution of external trade operations, namely by reducing the number of payment-related disputes. Exporters benefit from receiving payment for the goods specified in the contract on time, while importers can efficiently utilize the available funds for their intended purposes. However, in many cases, failure to fulfill payment obligations or issues arising from goods not being delivered as specified in the contract can lead to the return of funds. Lack of financial transparency and attention to the economic status of foreign partners can pose significant challenges. Therefore, it is crucial for contractual parties to mitigate the risks associated with non-performance of contractual obligations by the counterparty.

International trade transactions facilitated by documentary evidence are complex yet reliable in the modern economy. Prior to the conclusion of a contract, both the buyer and the seller in international trade expect the seller to specify the general terms and payment conditions. For payment assurance, the seller may demand the execution of payment through a confirmed irrevocable letter of credit and provide detailed explanations about the required documents. The reason for including payment terms in the sales contract is that payment is considered to have been made not after the opening of the letter of credit and payment for the goods but after the documents themselves have been accepted. Therefore, it is essential to specify payment terms and record them in the contract. These terms are not just considered but explicitly stated in the contract.

Usually, the following documents are included in such documents:

1. Charter-party bill of lading (confirms the obligation to deliver goods only to the person indicated in the document by the shipper or carrier);
2. Invoice (contains information about the name, quantity, and price of goods);
3. Marine cargo insurance policy (required when goods are transported by sea);

4. Certificate of inspection of goods (issued by a trade inspection firm and confirms the receipt of goods of a specified type and quantity by the buyer's warehouse);
5. Export license or sanitary inspection certificate (confirms that the goods have passed inspection for export);
6. Certificate of origin of goods (used to assess tariffs, issued by the importing country's customs based on the rules applicable at the importer's country of goods arrival).

If the buyer agrees to make payment via a letter of credit, the buyer (payer or client) enters into an agreement with the buyer's bank to issue a letter of credit (credit) to the seller (beneficiary). A letter of credit is a bank's obligation to pay the contractual value if the documents specified in the letter of credit (as agreed in the sales contract) are presented to the bank. The bank executes this task until the letter of credit is issued, because the buyer's bank must comply with the terms of the letter of credit, and if it is a non-confirmed letter of credit, it must be executed until the letter of credit is received.

The basic issues of accounting in the national legal system of the Republic of Uzbekistan have been regulated in accordance with the norms of the Civil Code, and the Central Bank of the Republic of Uzbekistan has developed mechanisms for implementing non-cash accounting and has specified. According to it, the following forms of non-cash accounting are considered today:

1. issuing payment orders;
2. submission of payment requests;
3. accounting through letters of credit;
4. issuance of collection orders;
5. accounting through commercial bank checks;
6. accounting through memoranda;
7. accounting with plastic cards.

The Central Bank of the Republic of Uzbekistan has also established rules for implementing foreign currency accounting operations (Regulation No. 474 of July 5, 2000, approved by the Central Bank of the Republic of Uzbekistan, as well as the Ministry of Justice of the Republic of Uzbekistan, on August 17, 2000, No. 957, "Regulations for conducting cash foreign currency operations").

The authority to establish accounting rules has been delegated to the Central Bank of the Republic of Uzbekistan according to the law "On the Central Bank of the Republic of Uzbekistan".

5.2. Types of International Accounting

When we talk about the forms of accounting, it is not merely about legal concepts; it involves various document types, the order of document circulation, the transfer of funds to exporter accounts, and other critical aspects in the establishment and execution of international business contracts.

Research conducted by scholars indicates that on a daily basis, transactions in the global currency markets amount to nearly 1 trillion US dollars. Approximately 40% of these transactions involve the US dollar.

Globally, 90% of total currency exchange operations are conducted in five major currencies:

- United States Dollar (USD) – 40%
- Euro (EUR) – 30%
- Japanese Yen (JPY) – 15%
- British Pound Sterling (GBP) – 8-10%
- Swiss Franc (CHF) – 1-2%.

International accounting can be categorized into two main groups based on the nature of payments:

1. Documented payments:

- Confirmed letter of credit;
- All payments made through documentary collections.

2. Undocumented payments:
    - Payment orders;
    - Checks;
    - SWIFT.

In the classification of undocumented payments, reasonable conditions are applied to payment terms. If any accounting is carried out based on the three payment methods mentioned above, it falls under the category of undocumented international accounting.

The international accounting forms differ significantly, and when it comes to cash transactions, the accounting usually involves documents that require payment upon receipt of goods or sometimes payment after the goods are delivered.

It is important to note that the terms of payment can vary, and in some cases, payment terms may be negotiated, such as payment in advance, payment upon receipt, and open account transactions. Undocumented international accounting is conducted through the three main forms mentioned above: advance payment, payment upon receipt, and open account transactions.

Bookkeeping via Advance Payment

The method of bookkeeping through advance payment has significantly expanded in recent times and is widely utilized in various commercial contracts, including sales agreements. According to this payment method, the payment precedes the delivery of goods. In practical terms, this entails the buyer making the payment before the delivery of the goods, with the arrangement stipulating that the goods will be delivered and payment settled starting from a certain date (typically within 4-5 days). This accounting method is highly advantageous for the seller but entails

additional risks for the buyer, as situations may arise where the seller does not fulfill their obligations.

Credit Accounting (Deferred Payment)

Credit accounting, also known as deferred payment, typically involves trade credit (where the exporter extends credit to the importer) or advance payment by the importer to the exporter in import-export transactions. In such cases, bank credits are not considered deferred payments, as the buyer settles the payment in cash, but using funds obtained from banks or other credit institutions.

In export operations, accounting with cash is preferable as it allows for the quick conversion of received currency benefits, thereby enhancing operational efficiency and profitability. Import operations, on the other hand, often involve trade credit.

Another method of accounting in international transactions involves non-cash methods. In cashless accounting systems, plastic cards play a significant role. International plastic cards like American Express, Diners Club, Visa, and Mastercard are widely accepted and play a crucial role in international trade processes. Similarly, locally produced cards like UzCard for Uzbekistan citizens provide opportunities for transactions in foreign markets.

The adoption of payment cards has facilitated communication and transactions between trading firms and has significantly broadened the scope of accounting discussions. The use of payment cards has led to a reduction in the use of checkbooks. In international payment transactions, the use of cards has increased efficiency, allowing for the rapid entry of benefits in the received currency, thereby enhancing the profitability of operations. In contrast, the use of credit cards in purchasing provides additional advantages beyond cash and enhances the purchasing power of the buyer.

Due to technological advancements, cards are now equipped with additional magnetic information, enabling users to access funds quickly and easily through technological devices such as ATMs. These cards provide users with the opportunity to access their funds quickly and conveniently, facilitating accounting operations.

These cards also limit the risk of carrying large sums of cash and provide additional security during the purchase of goods. Moreover, the establishment and execution of accounting operations require the collaboration of the buyer with their bank, utilization of bank services, and adherence to certain timing requirements.

Some of these cards are also classified as credit cards, providing users with the opportunity to use bank credit for purchasing goods, including obtaining cash advances beyond cash on hand. The unique advantage of credit cards is the automatic extension of credit by the bank during purchases or cash withdrawals, with a specified amount allocated according to regulations. According to the rules, a credit line is also established. Debit cards grant individuals and businesses the right to use check and deposit accounts from financial institutions and banks. These cards are associated with specific firms (e.g., VISA or MasterCard) and can be used in commercial transactions and ATMs.

International cards and online payment systems have created a convenient way to facilitate international transactions and expand the scope of global commerce. One such example is the PayPal system, which has become the largest electronic payment system, serving as a major platform for users to manage their accounts, make purchases, send and receive money, and conduct transactions in various currencies. Since 2017, PayPal has registered over 200 million users from 202 countries, enabling transactions in 25 thousand different currencies.

In the global market, competitors in the trade sector heavily leverage trade credits, an essential component of international commerce. When considering the terms of

trade credit, various factors such as credit terms, interest rates, debt repayment, guarantees, and others are negotiated.

Trade credits can be short-term (up to one year), medium-term (up to five years), or long-term (exceeding five years). There are two main types of trade credits: open account credit and letter of credit.

Open account credit involves specifying credit terms in the contract, including the principal amount, interest rates, total payment amount, repayment terms, and payment schedule. Even if no additional documents are provided by the foreign buyer's bank or the exporting party, the primary debt and interest are transferred to the lending bank.

Letter of credit (L/C) is a mandatory written document. After delivering the exported goods to the importer's warehouse, the exporter issues a letter of credit, including necessary documents, to their bank. The importer obtains documents only from their bank after signing the bill. Bills with a term of one year are kept by the importer's bank, while bills with terms exceeding one year are sent to the exporter's bank.

Global economic crises or economic downturns in specific countries can pose risks that prevent payment fulfillment. For example, discriminatory measures, such as embargoes, boycotts, or restrictions on debt repayment, may be imposed, leading to potential political risks. To mitigate these economic and political risks, insurance should be considered as part of the financial terms of contracts.

Financial terms of contracts should ensure the following:

- Prompt receipt of foreign currency from the exporter
- Increase in profits due to reduced accounting expenses
- Clear definition of obligations for the importation of goods
- Acceleration of currency inflows

- Flexibility in obtaining credit from foreign partners

Various forms of bookkeeping are used in external trade, primarily for the benefit of the exporter. Payment methods include a 100% advance, letter of credit, documentary collection (incasso), and open account. In practice, international payments often rely on documentary collections and letters of credit. The advantage lies in the exporter benefiting upfront, while the importer only fulfills the payment after receiving and inspecting the goods.

Another type of international accounting is known as "collection" (incasso). In the documentary collection type referred to as "documentary incasso," the exporter's bank receives payment on behalf of the importer and transfers the payment amount to the exporter's account. Accounting for incasso is carried out according to the "Uniform Rules for Collections."

The mechanism of accounting for incasso is as follows: upon shipment of the goods, the exporter formalizes the documents and sends them to their bank, which then forwards them to the importer's bank. The importer's bank, in the case of an incasso order, either promptly transfers the specified currency amount or, based on payment credit terms, issues a quick acceptance bill of exchange. The importer's bank notifies the exporter's bank of the amount transferred to the correspondent account of the exporter's bank. Subsequently, the exporter's bank conducts accounting with the client.

Incasso operations are straightforward and ensure payment for the goods because payment occurs after the goods have been delivered to the importer. However, they are not without drawbacks, with the main issue being the time interval between the shipment of goods, document submission to the bank, and payment realization. As a result, there is a risk of non-payment due to currency fluctuations or changes in the importer's payment capabilities. To mitigate currency risks, contractual safeguards should be utilized. However, other types of risks may remain unresolved.

It is possible to expedite the handling of time risks through telegraphic methods. In 1973, the SWIFT international banking telecommunications system was established to access information related to international accounting.

SWIFT (Society for Worldwide Interbank Financial Telecommunications) is not designed to replace accounting systems but rather serves as a means of transmitting information and executing operations. SWIFT connects over 200 commercial banks worldwide. Each payment order is accompanied by a duplicate sent to the beneficiary's account. The bank specifies the presentation deadline for the amount transferred in the payment order (up to 15 days from the longest term). If the documents are not received within the specified period, they are returned to the organization's account, and the foreign bank's payer must submit an official request regarding the payment order. In the event of a breach of the specified deadline, the bank may withdraw the funds from the beneficiary's account and send an official request to the foreign bank's payer regarding the payment order.

Through this system, banks execute various types of operations, including:

- Transfer of funds
- Status of accounts in banks
- Confirmation of currency transactions
- Collection
- Letter of credit
- Accounting for valuable securities trading

Open account transactions are the most disadvantageous form of accounting for exporters, as they do not provide reliable guarantees. Open account transactions involve payment to the exporter's address within the agreed period, which occurs primarily after the goods and related documents have been sent. Open account transactions are used when goods are sold through intermediaries or consignments, and primarily in the import process, where large-volume goods are delivered for sale.

Bank transactions for the transfer of funds, repayment of loans, provision of advances, settlement of claims, and other financial operations are recorded in accounting, including non-cash operations.

Check-based accounting is also used in cases where funds are transferred through banks.

Advance payments are used in both export and import operations. Payment terms are executed based on the conditions specified in the payment agreement. Cash payments involve settling the payment based on the terms of the agreement after the buyer has purchased the goods and submitted confirming documents to the bank, indicating the cash payment obligation.

International cash payments are executed in four ways:

- Check
- Fund transfer
- Letter of credit
- Collection

The choice of accounting form is usually based on the preferences of external economic participants (see Articles 790-816 of the Uzbekistan Republic Tax Code).

International accounting involves documents processed specifically for financial and commercial transactions. Financial documents may include ordinary and bill of exchange, checks, and payment receipts. Commercial documents may include invoices, shipping or delivery confirmations, or other certificates confirming the origin, quality, or passage of goods.

A letter of credit is a financial instrument whereby the issuing bank obligates itself to pay the seller a specified amount upon presentation of documents as stipulated

in the letter of credit. To import and export goods, it is necessary to have letters of credit, as they are based on specific terms separate from other agreements.

The letter of credit format in international accounting is the most widely used worldwide. In addition to the above, according to the Decree of the President of the Republic of Uzbekistan dated April 20, 1994, "Measures to Ensure Currency Control over Export-Import Operations," one of the main forms of payment for export-import operations is a document-based letter of credit.

A document-based letter of credit obligates the issuing bank to fulfill the payment obligation for goods. This is the most beneficial form of accounting for the exporter because it ensures the reliability of payment and its rapid receipt. It protects the exporter from currency and political risks and facilitates the rapid receipt of payment. Conversely, for the importer, the benefits of a letter of credit are less significant because it requires securing the funds in the letter of credit and slows down the flow of funds. The costs associated with opening a letter of credit are usually borne by the importer. The commission fee paid to the bank for opening a letter of credit is usually higher than for collection.

The advantages of document-based letters of credit in accounting include:

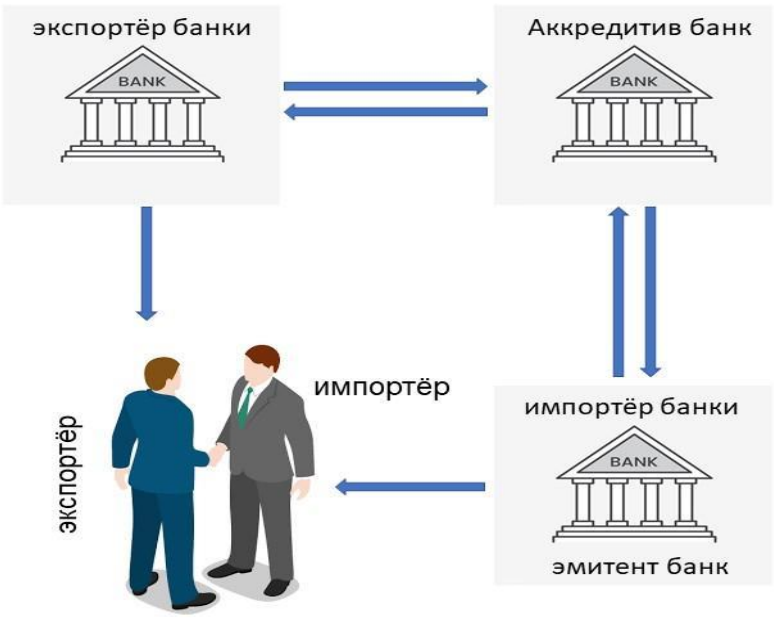
For importers:

- The use of confirmed letters of credit reduces the risks associated with non-performance of contractual obligations by the seller, thereby significantly mitigating potential risks.
- Payment is made only after the presentation of documents confirming the shipment of goods in the letter of credit.
- The existence of a letter of credit allows for full or partial deferment of payment until the agreed conditions are met.

For exporters:

- The payment is guaranteed when submitting documents in accordance with the terms of the letter of credit.
- Mitigates the production risk by canceling or modifying buyer orders in advance.
- Allows for the structuring of schedules with due consideration of one's own interests.
- Payment cannot be delayed even if the buyer raises any objections regarding the goods.

It should be emphasized that the letter of credit form in accounting is one of the rules ensuring the fulfillment of obligations for both exporters and importers. If documents confirming the fulfillment of obligations specified in the contract are presented within the agreed-upon timeframe, the bank is obliged to pay the specified amount to the seller.



5.3.1- picture "Participants in the Letter of Credit"

Accreditive arrangements and payment methods are closely scrutinized. Accreditive arrangements may be issued, not issued, confirmed, or unconfirmed in terms of their provision. Payment methods for accreditives include sight accreditives, acceptance accreditives, deferred payment accreditives, advance accreditives, and revolving accreditives.

A sight accreditative is one that can be modified or canceled by the issuing bank without prior notice to the payee. In other words, a sight accreditative can be changed or canceled by the bank based on the buyer's request. If partners express mutual trust through long-term business relationships, this type of accreditative is beneficial. Because, as stated above, the bank has the right to change or cancel it at any time according to the buyer's request, which does not incur additional costs or other consequences for the seller. Moreover, if it is not specified whether an accreditative is sight or not, it is automatically considered sight.

An unconfirmed accreditative refers to an accreditative that cannot be canceled without the consent of the payee. The bank or issuing bank may confirm an unconfirmed accreditative upon request for the execution of the accreditative operation. In this case, the service-providing bank notifies the buyer of the seller's request to confirm the unconfirmed accreditative. This condition notifies the buyer of the seller's obligation to pay according to the accreditative terms. An unconfirmed accreditative, especially one confirmed by the service-providing bank, is naturally not subject to change or cancellation without the consent of the beneficiary.

Accreditives may also involve advance payment, which is an additional conditional payment. This condition implies a special advantage for the exporter. In this case, the bank provides the buyer with the opportunity to make part of the accreditative payment in advance until the shipment of the goods subject to the accreditative. The commitment of the accreditative opener to the bank also indicates the reliability of this payment.

Generally, accreditives come in various forms during operation. The initial decision, namely the decision to select the form of the accreditative, is usually made during contract negotiations. Both parties examine the benefits of the accreditative and clearly specify its terms in the contract.

It is important to emphasize that, even after the opening of the accreditative, it is necessary to ensure its compliance with the terms specified in the contract. If any modifications are made that prevent the use of the accreditative, the seller should insist that the buyer align the accreditative terms with those specified in the contract. If the terms of the accreditative are not clearly defined, the bank may cancel its provision, and any requested modifications in the documents may not be accepted.

Contracts should be clear, mtually beneficial, consistent, and participatory. The form of accreditives in accounting is the most widely used in international trade. In the form of accreditives in accounting, the bank (issuing bank) actively managing the accreditative, together with the importer (importer), accepts documents specified in the accreditative from the account number of the importer (exporter) first, documents regarding the shipment of goods, and then documents confirming the shipment of the goods are accepted after the documents are submitted, and then the payment is made to its counterparty, namely the beneficiary. The issuing bank (buyer's bank) requests another bank located in the seller's country, and this bank participates in the accreditative process as a service-providing bank. It is this bank that works with the exporter, receives documents from the exporter, and processes the payment between the seller and the buyer. However, the service-providing bank fulfills its obligations to receive and verify documents not directly based on the accreditative, but rather based on appropriate instructions provided in correspondent relations with the issuing bank.

The understanding of the accreditative is mainly based on two methods: firstly, in the form of accounting; secondly, the beneficiary's obligation to the issuing bank is initially presented as a monetary obligation.

5.3.2- picture. The mechanism of operation in a letter of credi

The nature of the letter of credit operation unfolds as follows:

1. The seller (importer) initiates a request to their bank to open a letter of credit based on the terms of the sales contract. During this phase, documents confirming the delivery of goods, the amount of payment, and other conditions of the letter of credit are verified through negotiations.
2. The buyer's bank, having received the seller's instructions and after arranging the necessary funds, engages in communication with the seller's

bank (usually through correspondent banking relationships). The buyer's bank informs the seller's bank about the issuance of the letter of credit and provides information about the conditions of payment.

3. The buyer's bank notifies the seller about the opening of the letter of credit, specifying the terms and conditions, and submits the necessary documents to execute the first payment. It also sends a notice to the seller's bank about the issuance of the letter of credit and the conditions for its fulfillment.
4. The seller (exporter) ships the goods and presents the required documents (such as a bill of lading, shipping invoice) to their bank, which forwards these documents to the buyer's bank.
5. The buyer's bank checks the received documents against the terms of the letter of credit, prepares the payment, and debits the specified amount from the buyer's account.
6. The buyer's bank forwards the received documents to the advising bank (the bank providing services to the buyer), which, in turn, sends the documents to the buyer for goods receipt. In the case of a documentary credit for the import of goods into Uzbekistan, local banks participate as service providers. They issue documents such as bills of lading, insurance policies, and non-payment bills of exchange in favor of foreign banks, benefiting foreign sellers.

Transactions between foreign economic entities in the field of foreign trade and relationships between banks are regulated by the "Uniform Customs and Practice for Documentary Credits" (UCP) issued by the International Chamber of Commerce (ICC). The UCP-500 document, accepted in 1993 and implemented from January 1, 1994, serves as an international standard for documentary credits. It is widely used in commercial and financial transactions, providing a unified set of rules for banks and traders worldwide.

Accepting unified rules established by the International Chamber of Commerce as standards would have been incorrect. This is because the majority of the provisions

contained in them are often created by the International Chamber of Commerce. Periodically, a specialized working group within the International Chamber of Commerce revises the UCP, bringing them closer to international acts to some extent. Thus, they function as contractual terms. In this way, parties may deviate from the provisions stipulated in the rules, and when it comes to conducting transactions under a letter of credit, deviations from the standards of UCP-500 may be applied in various ways. However, the application of the rules is so wide that the provisions of UCP-500 are used by all banks without exception. The standard forms of recommended letters of credit by the International Chamber of Commerce, the electronic network of documents used by banks, including the SWIFT system, also have a positive impact. Using standardized rules for documentary credits contributes to the simplification of the delivery process and also takes into account some general terms. Unified rules for documentary credits specify the types of credits, their issuance and delivery procedures, as well as the obligations and responsibilities of banks. The terms for formalizing documents transmitted under letters of credit are detailed, and the classification of various transportation documents (bills of lading, bills of exchange, automobile, rail, transport documents related to shipping, insurance documents, etc.) is provided. In accordance with UCP-500, when the issuing bank grants authority to the negotiating bank to effect payment or to fulfill the letter of credit by other means, the issuing bank must indicate the amount of the funds. (Article 14, Section A). In addition, the issuing bank may request the negotiating bank to confirm the obligation under the letter of credit after obtaining its confirmation (Article 9, Section B). After confirming its confirmation, the bank is named as the confirming bank. After presenting the documents specified in the letter of credit, the bank is obliged to effect payment to it. The issuing bank, in turn, purchases the documents from the confirming bank, covering its expenses. According to UCP-500 (Article 10, Section A), the presence of the following instructions regarding the payment of the letter of credit and its execution should be noted:

1. the presentation of documents under the letter of credit and the implementation of payment;
2. the implementation of payment by extending the deadline;
3. by acceptance;
4. through negotiation. Payment of the letter of credit by presenting documents is the simplest method for the beneficiary to execute payment after submitting documents. Extending the deadline for payment by extending the documents is the payment of funds after a certain period has passed since the documents were submitted. Accepting payment through acceptance indicates the obligation of the bank to accept the bill of exchange submitted by the seller. Typically, the draft is submitted to the issuing bank. Later, the buyer may take such a draft to another bank, where he will withdraw the payment from the draft before its maturity.

When we talk about negotiations, it implies the authorization by a bank to undertake negotiations to obtain funds or secure the value of a project or document. It involves designating another bank as the executor or adding its consent to another bank, allowing it to add its confirmation, or requesting another bank to include its own acceptance or confirmation rights in the negotiation. In essence, the issuing bank grants the right to negotiate through documents such as bills of exchange.

If a bank, acting as the negotiator, accepts the responsibility of negotiating documents or adding its confirmation to another bank, it provides the right to the negotiating bank to negotiate using bills of exchange. This is often done by the issuing bank when the negotiating bank is authorized to execute payment or fulfill the letter of credit through acceptance. Beyond that, the issuing bank may grant the negotiating bank the authority to confirm the obligation on behalf of the issuing bank, which requires the negotiating bank to pay the amount instead (Article 14, Section A). The bank that confirms the obligation is then referred to as the confirming bank. After the presentation of documents specified in the letter of

credit, the bank is obligated to make the payment. The issuing bank, in turn, buys the documents from the confirming bank, covering its expenses.

According to UCP-500 (Article 10, Section A), the payment of the letter of credit and its execution should include the following instructions:

1. Implementation of payment by presenting documents under the letter of credit;
2. Implementation of payment by extending the deadline;
3. Through acceptance;
4. Through negotiation.

Payment by presenting documents is the simplest method for the beneficiary to execute payment after submitting documents. Extending the deadline for payment by extending the documents involves making the payment after a certain period has passed since the documents were submitted. Accepting payment through acceptance indicates the obligation of the bank to accept the bill of exchange submitted by the seller. Typically, the draft is submitted to the issuing bank. Later, the buyer may take such a draft to another bank, where he will withdraw the payment from the draft before its maturity.

In the context of the independent review of documents submitted under the letter of credit, it is essential that it takes place shortly after they have been presented and received. The beneficiary must ensure that the documents are checked without delay, and it is crucial for the issuing bank to perform this task within the business day. If discrepancies are found in the documents that have been accepted or paid, the bank's actions may affect its ongoing stability or inaction. For example, if discrepancies in the documents are discovered by the beneficiary after accepting and paying, the bank considers the payments made as reasonable expenses.

The duration for checking documents should not exceed the day when they were received and accepted. If the beneficiary has submitted documents that do not

comply or if the buyer has accepted and paid for such documents, the bank's actions may affect the ongoing stability or inaction. In some cases, the shortcomings in the documents received and accepted by the buyer may lead to the bank's actions becoming more hesitant or inactive.

The specific terms of documentary credits for independent examination of documents are detailed in the letter of credit. The banks operate based on the terms specified in the letter of credit when receiving payments, and the documentary credits related to them are implemented through the terms outlined in the letter of credit. If a discrepancy arises between the issuing bank and the buyer based on contractual agreements, for example, regarding changes in the transportation terms, the bank may declare its objection through a written request to amend the documentary credit agreement.

Russian legal scholar M.G. Rosenberg emphasizes that if a bank refuses to pay for documentary credits without sufficient reason, the seller has the right to take the following actions: a) Demand payment for the goods from the buyer based on the sales contract; moreover, the seller may demand compensation for damages if the bank refuses to pay for the goods on time; b) Submit a claim to the bank, specifying the relevant requirements associated with the obligation to pay for the goods under the documentary credit. By declaring a claim, the seller can recover the amount of damage based on the bank's failure to fulfill its obligations regarding the payment for the documentary credit.

International Documentary Credit Relations In addition to the acts of the International Chamber of Commerce, the subject of international legal regulation is related to the international legal order. Russian legal scholar G.Z. Mansurov divides international documentary credit relations into three groups:

1. International documentary credit relations governed by directly involved participants (for example, the Convention on Independent Guarantees and Standby Credits of 1995 by the UN);

2. Agreements subject to confirmation through an indication and governed by standardized rules (for example, the 1993 Agreement between the Government of the Russian Federation and the Government of the United States on the supply of agricultural products);
3. Contracts confirmed through the application of the standard form of accounting, coupled with the confirmation of the international letter of credit.

Thus, a letter of credit is not only a form of accounting but also a unique method of ensuring payment for goods. Specifically, when the letter of credit is confirmed. The letter of credit, when issued to an importer (buyer), ensures payment for goods delivered to the specified address and only complies with the terms of the delivery agreement. The standardized form of accounting has been recommended by the acts of state bodies and is also advised by international acts.

5.4. The international accounting payment in the form of incasso

Incasso is another widely used form of accounting in international economic contracts. The seller dispatches documents related to the goods (such as bills of lading, shipping documents, etc.) and the incasso instructions to their bank (the remitting bank). Accordingly, the bank receives payment from the buyer and places it into the seller's account, assuming the obligation to forward the documents required for completing the transaction.

To execute the instruction, the remitting bank directs the correspondent bank located in the buyer's country, which is the bank responsible for executing the incasso. The correspondent bank then delivers the documents to the buyer and forwards them only after receiving payment. Once the bank has obtained the payment for the documents, the buyer can collect the goods from the carrier. The incasso bank transfers the received funds to the remitting bank, which, in turn, credits them to the seller's account.

5.4.1- picture. Participants in Incasso

If business entities in the Republic of Uzbekistan participate as sellers, they submit documents related to incasso to one of the banks operating in the Republic of Uzbekistan. Later, it is forwarded to the servicing bank of the foreign buyer. In this case, the exporter receives payment from the foreign buyer through the banks of the Republic of Uzbekistan. For this, documents confirming the delivery of goods to the buyer's address are provided.

If a business entity of the Uzbekistan Republic participates as a buyer, in this case, the documents related to incasso are submitted to the bank serving the foreign seller by the foreign buyer. Subsequently, these documents are sent to the business entity operating in Uzbekistan Republic for servicing.

In contrast to a letter of credit, in the incasso method of accounting, neither the bank of the seller nor the bank of the buyer assumes the obligation to execute the payment and does not provide any guarantee. Banks only check the documents received for compliance but are not responsible for the payment. Their tasks are technical in nature. In other words, the bank only confirms that the buyer has paid

for the documents, and after receiving the payment, the bank transfers the documents to the seller.

The remitting bank operates on behalf of and on the account of its client. Typically, such relationships are outlined in the contract of assignment. In local literature, this process is often referred to as reassignment after rethinking incasso by the remitting bank. The remitting bank may require an advance payment to cover the expenses incurred to execute the incasso assignment. In turn, the amount spent by the remitting bank to execute the incasso assignment is paid by the buyer (authorized person).

An important difference from a letter of credit is that, in the incasso method of accounting, the buyer's bank, as well as the seller's bank, does not assume the obligation to execute the payment and does not provide any guarantee. Banks accept documents submitted for incasso for compliance but are not responsible for the payment. They are not involved in paying for the goods until the buyer has made the payment. Sometimes, in incasso, there are situations when the buyer pays for the delivered goods after some delay.

In addition to the buyer's obligation to pay, the buyer's bank, in the incasso method, also does not assume the obligation to transfer payment to the seller's bank for services rendered or for other documents. The bank will pay the funds to the seller only after receiving payment from the buyer, not earlier. Some banks may request an advance payment to cover the expenses incurred in executing the incasso assignment.

The incasso method provides a convenient mechanism for international trade, allowing the seller to send documents through banks to the buyer, ensuring that the buyer pays for the goods before receiving them.

To reiterate, the incasso form of accounting creates specific guarantees for both participants in the sales-purchase agreement:

- The buyer (importer), by providing documents confirming the delivery of goods to its address, ensures the execution of payment.
- The seller (exporter) also has a guarantee because the incasso-performing bank holds documents until the payment is completed.

In the incasso method of accounting, banks act as intermediaries between the parties involved. The buyer is not directly responsible for both the goods and the accounting. Unlike in letter of credit transactions, banks do not have the same level of commitment to sales-purchase agreement terms. If these terms are not reflected in the incasso assignment, they may not be enforceable. It is necessary to adhere to the specified instructions and the uniform rules for collections (URC-522) established by the International Chamber of Commerce. These rules are designed to govern various aspects of incasso operations.

The general scheme of incasso accounting, according to URC-522, consists of the following stages:

1. The seller (shipper) ships the goods and presents a collection order to its bank, known as the remitting bank.
2. The remitting bank reviews the documents submitted by the seller and forwards them, along with the incasso order, to the bank in the buyer's (importer's) country.
3. The incasso-performing bank receives the submitted documents and performs a check for compliance. If the bank acts as the representative of the seller, it may present the documents directly to the buyer (payer). Otherwise, the documents are sent to the buyer's bank for further processing.
4. Once the payment is received from the buyer, the incasso-performing bank delivers the documents to the buyer and sends the collected funds to the seller's (shipper's) bank.

It's important to note that URC-522 is utilized when parties explicitly agree to follow its provisions (Article 1). It provides a framework for various types of

incasso transactions, outlining the procedures, responsibilities, and general definitions related to incasso operations.

5.4.2-picture. Mechanism of operation in incasso

According to URC-522, payment can be made in local or foreign currency, depending on the specified order in the incasso instruction (Articles 17, 18). However, it is necessary to comply with the requirements of the currency legislation of the Republic of Uzbekistan. It is also possible to present a bill of exchange in incasso. In this case, the remitting bank, through its correspondent in the country of the seller, sends the documents related to the bill of exchange and the delivery of the goods to the incasso executing bank. The submission of documents such as "Documents against payment" or "Documents against acceptance" is required after the payment has been made through the bill of exchange (Article 7).

Before using the bill of exchange, the drawer (seller) endorses the bill to the bank's benefit, i.e., the "currency in incasso," "currency designated for acceptance," "to the order of the trusted person" are examples of such endorsements. The existence

of such endorsements enables the bank to present the bill for acceptance or payment.

The bank is obliged to settle all amounts received under the bill of exchange. Thus, when using a bill of exchange, accounting transactions related to incasso require compliance with the legal provisions of bills of exchange.

Regarding the connection of incasso with the sales contract, the main terms of the contract are included in the incasso instructions. Banks are not responsible for the completeness, accuracy, precision, legal force, or financial condition of the parties involved, the description of the goods listed in these documents, the quantity, condition, delivery, price, or availability of the goods, as well as the financial situation of the consignors, consignees, forwarders, carriers, insurance companies, and other interested parties (Article 13).

Banks must identify the authenticity of the documents submitted in the incasso instructions only by external signs and inform the party submitting the incasso instructions about the absence of any documents required for incasso or discrepancies in the submitted documents (Article 12). Banks should also warn the party submitting the incasso instructions about the inability of the exporter (shipper) to fulfill their obligations as indicated in the incasso instructions.

The type of incasso accounting involves the participation of two correspondent banks. One of these banks incassos the exporter's bank, while the other incassos the importer's bank. After the exporter delivers the goods, the incasso executing bank sends the documents specified in the contract to the incasso bank in the country. (Documentary incasso).

The incasso executing bank, in turn, submits the received documents to the bank of the payer for verification. If the documents meet the requirements, they are accepted (accepted), and a notice is sent to the importer's bank about the payment.

The bank then forwards the documents related to the payment to the exporter's incasso bank (previously accepted incasso).

Subsequent accepted incasso is also possible. In this case, the incasso executing bank receives the documents, verifies their correctness, sends the money to the exporter's account, informs the importer's bank about the transaction, and sends the documents to them. The importer's bank checks the received documents and, if they comply with the requirements, confirms the payment (acceptance).

5.5. Using BankT ransfers, Bills of Exchange, and Checks in International Accounting

Bank transfers are the most convenient method for processing international trade payments. The importer's bank sends the funds for the goods to the correspondent bank of the exporter (foreign partner) in the importer's country. As emphasized above, using bank transfers is the most convenient method, but it introduces an initial level of risk for the importer as it entails a degree of trust in the exporter to deliver the goods and not take the payment without providing the goods in return.

Bank transfers are a type of bank transaction in accounting, where a payment instruction is transmitted from one bank to another via telegraph, mail, or other means. Such instructions include bank drafts, checks, and other payment instruments specifying the exact amount to be paid to the beneficiary and directed to correspondent banks.

Payment instructions are primarily prepared by the remitter at the bank. Requests are accepted at the bank once they are registered. Based on the information provided in the request, the bank prepares a payment instruction for the foreign bank regarding the currency transfer. Additionally, payment instructions are sent to the beneficiary, either in physical or electronic form, specifying a precise amount to be paid to the payee's account or another bank.

F one-time delivery of goods, payment of commissions, payment of annual interest, and other ongoing transactions between counterparties. If cooperation with foreign partners is ongoing, the use of other forms of accounting, aimed at increasing payment security, may be appropriate.

International bank transfers are governed by international banking practices and regulations, as well as national legislation. In Uzbekistan, this area is regulated by Article 45, Paragraph 2 of the Civil Code, as well as acts of the Central Bank of Uzbekistan.

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In accounting for international bank transfers, from the moment the buyer delivers the goods, the following steps are taken until the payment is received:

- The buyer compiles the documents specified in the contract and sends them to the seller.
- The buyer waits for the documents to be received via mail for completeness.
- The buyer accepts the documents, verifies their compliance with the contract terms, and applies to their bank for payment based on the invoice provided.
- The buyer's bank notifies the seller's bank of the transfer of funds.
- The seller's bank informs the seller of the receipt of funds to their account.

These steps outline the process of accounting for bank transfers in international trade transactions.

In international trade, expediting payments is not discouraging for buyers, as it optimizes the use of working capital. Therefore, specifying certain periods for the buyer to make payments is in line with the goal of this accounting system. This system does not provide a guarantee for the payment of money for the delivered goods. Therefore, in such cases, it is mandatory to submit a financial guarantee letter explaining the conditions for the payment of money for the goods specified in the contract. Consequently, in these situations, banks are the most reliable, as they take on the obligation to fulfill the payment terms specified in the contract.

The Republic of Uzbekistan often employs international bank transfers (accounting for payments with payment orders) in its dealings with foreign counterparts. The payment order is a document sent by the bank to its correspondent based on the request of the buyer (payer) according to the terms of the contract, indicating the specified amount to be paid to the foreign seller (beneficiary). In this regard, it is necessary to determine the method of aggregating the amount paid to the paying bank in the payment order. Additionally, it is possible for payment conditions, such as the presentation of specified documents or letters of credit, to be included in the payment order.

In the Republic of Uzbekistan, according to Article 33 of the Law "On Payments and Payment Systems," a payment document is drawn up or electronically formatted as a result of payments and is executed based on it. The following payment documents are used in the implementation of payments in the territory of the Republic of Uzbekistan:

- Payment order;
- Payment request;
- Collection order;
- Memorial order;

- Letter of credit application;
- Import and export cash payment documents.

The forms, mandatory requisites, and other requirements for payment documents, as well as the specifics of using electronic payment tools, are determined by the Central Bank. Accordingly, the Central Bank of the Republic of Uzbekistan, under the Ministry of Justice, introduced a new edition of the Regulation "On Cashless Accounting in the Republic of Uzbekistan" on April 13, 2020, under No. 3229.

In this context, the memorial order is a cashless payment document widely used by banks for the following purposes:

- In bank operations related to customer accounts;
- In accounting for bank services;
- In internal bank operations;
- When partially paying in payment documents;
- In cases of unresolved situations in accounting operations;
- When collecting overdue amounts from customers in accordance with the contract specified in the agreement between the bank and the customer;
- When correcting errors in accounting records;
- In the absence of events in physical entities (individual entrepreneurs and legal entities, excluding small farms to recover funds in writing, if this requirement is stipulated in the contract between the bank and the client;
- In other situations where the bank accounts for payment documents.

Thus, according to the Regulation "On Cashless Accounting in the Republic of Uzbekistan," the memorial order is a document that is generated or electronically formatted, and after the payment is made, it is submitted together with the bank's daily documents to the bank's accounting.

Payment Order: A payment document that specifies the amount to be transferred from the client's account to the recipient's account in favor of the payee, used in the banking sector.

Payment Request: A payment document created by the payer, indicating the amount to be paid from their account, considered as a payment request.

Collection Order: A payment document where the bank deducts funds from the payer's account without communication for the benefit of the payee.

Letter of Credit Application: A payment document used for requesting the bank to debit the amount specified in the contract from the issuer's account for accounting purposes.

In the context of bookkeeping operations, a merchant may initiate a bookkeeping operation, sending a request to the bank to transfer a certain amount from their account to the seller's account for the merchant's benefit. To execute this operation, the corresponding bank located in the country of the buyer sends a request to the correspondent bank of the seller's bank, transferring the specified amount. It is obligatory for the bank to send requests to other banks to execute the operation. The third party is informed of the execution through a service contract (not for the benefit of the third party). Therefore, the third party involved in the operation cannot claim the right to request the transferred amount until the payment is executed.

In Uzbekistan, banks facilitate the processing of payment orders to the advantage of local sellers and foreign buyers. Various methods can be used to execute bank operations. If the payment is to be advantageous for exporters from Uzbekistan, the bank payment can be executed in two ways:

1. The foreign bank transfers the payment amount to the "NOSTRO" account of the bank in Uzbekistan.

2. The foreign bank grants the right to the bank in Uzbekistan to debit the payment amount from the "LORO" account opened by the foreign bank at the bank in Uzbekistan.

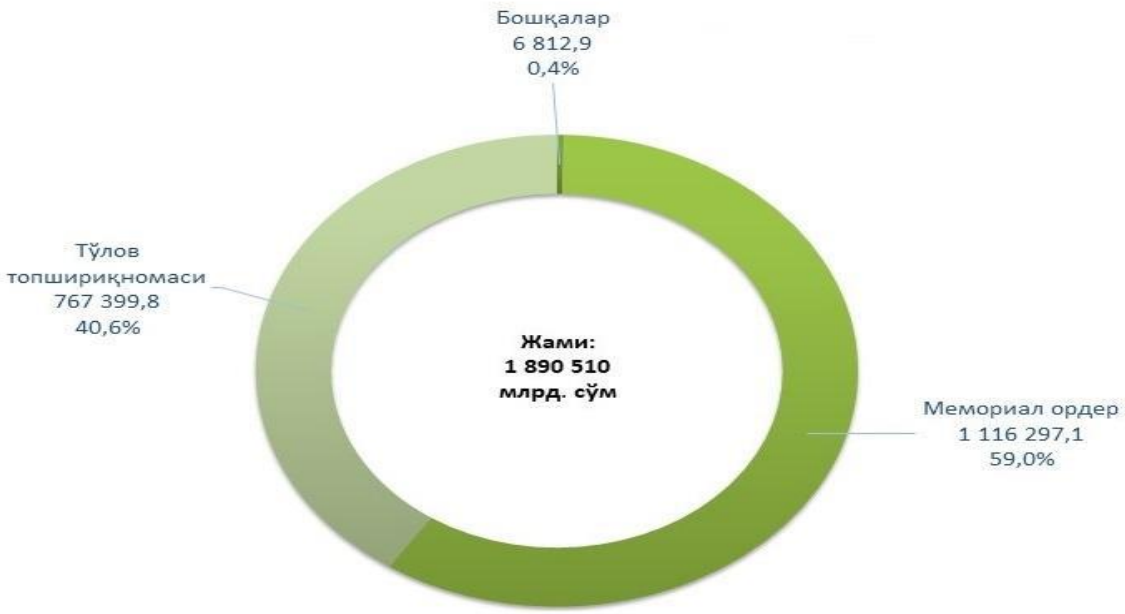
"NOSTRO" Account: The term used for correspondent bank accounts in foreign banks, where reciprocal payments are recorded.

"LORO" Account: A correspondent account opened by a local bank on behalf of a foreign bank for international accounting.

The United Nations Commission on International Trade Law (UNCITRAL) recommended a model law for the national legal system in 1992, regarding international credit transfers. The law focuses on the concept of "credit transfer." According to this law, the bank receiving the payment order (receiving bank) executes the payment for the benefit of the recipient (beneficiary) from its own account, not from the account of the bank issuing the payment order. The recipient bank later transfers the received amount to the account specified by the issuing bank or another bank account, depending on the agreement. The legal nature of the third-party beneficiary to request the transferred amount is not recognized unless agreed otherwise. UNCITRAL recommends resolving conflicts with the national legislation of states. Therefore, the rights and obligations arising from the payment order depend on the legal relationship and agreements between the parties, and if there is no agreement, the bank of the payer must comply with the legislation of the state.

With the help of payment orders, the electronic form of reporting in accounting is expanding significantly. Specifically, parties to sales contracts can extend payment orders through electronic communication channels. In this regard, the SWIFT system, as well as the legal guide "Electronic Transfer of Money" issued by UNCITRAL in 1987, are utilized.

The following diagram depicts the statistics of transactions between banks for the year 2020, compiled by the Central Bank of the Republic of Uzbekistan. According to this data, the majority of bank transactions correspond to memorial orders and payment orders.



5.5.1-picture. The amount of bank transactions for the year 2020 in Uzbekistan.

Similarly, in international payments, the use of bills of exchange is a common practice, and sometimes it becomes necessary, as this method is considered one of the most convenient ways to settle payments in foreign trade.

BILL OF EXCHANGE (German Wechsel - exchange) is an official document that specifies the obligation to pay a certain amount of money at a specified date, a valuable paper. A bill of exchange serves as a universal means for payment, credit, and settlement, particularly in international trade.

The use of bills of exchange in delaying payments is usually carried out through the process of endorsing the bill. In foreign trade, a significant portion of documentary credits, such as letters of credit, is settled through bills of exchange. Most buyers may not have sufficient funds to pay for the goods upfront. Therefore, after the seller delivers the goods and provides the necessary documents, such as a bill of exchange, the buyer's bank processes the payment and debits the buyer's account. The buyer's bank then presents the documents and the bill of exchange to the seller's bank for payment. If the bill has not been prepaid, the buyer's bank pays the amount to the seller's bank.

In this process, the buyer receives the bill of exchange and offers it for acceptance or payment at a later date. The buyer may wait for the agreed-upon period and then present it to the accepting bank or sell it to another party before maturity. The buyer's bank, upon accepting the bill, may record it in their books as a liability until it matures.

In addition to straightforward transactions, bills of exchange are also used in international trade for more complex arrangements. For example, UCP-500 rules state that the use of bills of exchange in settling documentary credits requires certain procedures, and in some cases, a bill of exchange may not be used for payment directly.

There are various types of endorsements for bills of exchange, including **blank**, **named**, **restrictive**, and **restrictive** endorsements. Each type serves different purposes, ensuring flexibility and security in transactions.

In cases where a ***blank endorsement*** is used, the person holding the check in their hand places their signature on the back of the check. In the case of an ***endorsement with the name written***, the person signs on the designated space and the check becomes associated with the individual whose name is specified. When a ***special*** endorsement is used, the check is endorsed to another person at the specified location, indicating the purpose of handing over the check and enabling the

recipient to cash it. If the check owner wants to ensure the security of the check before its payment and wants to limit the possibilities of someone else endorsing the check, they can write the words "aylantirilmasin" (do not negotiate) in the check text. Additionally, this check becomes non-negotiable in transactions.

It's important to note that banks play a crucial role in monitoring and verifying the use of checks. In this regard, attention should be paid to both sides of the check (the face and the back) to provide comprehensive information. The face contains details such as the drawer, the amount, the paper, appearance, date, signature, seal, and transit code. The back side, on the other hand, is examined for endorsements: who is the drawer, personal information to the bank, specific markings - questions seeking answers.

In summary, bills of exchange are a versatile instrument in international trade, providing a flexible and secure means of settling transactions. The process involves careful consideration of the details, including the use of endorsements, to ensure a smooth and transparent payment process.

Audit questions:

1. Discuss the forms of international accounting!
2. Discuss the standardized rules of the Uniform Rules for Collections (URC) for international trade!
3. How does a bank execute an incasso transaction?
4. Within the forms of international accounting, which is the most convenient for an exporter?
5. How are international contracts formed regarding letters of credit?
6. Can you explain the different types of letters of credit? (Please describe each one).
7. What issues may arise between the seller and the buyer in executing international transactions?

8. What parties are involved in international transactions, and what issues may arise among them?
9. How are international transactions conducted, and what aspects should be considered by the parties involved?
10. When implementing a transaction with trade documents, what is the process of verification during the settlement stage?
11. Within the forms of international accounting, which is the most convenient for an importer?

Chapter VI. International financial lease contracts

6.1. Description of the International Financial Leasing Agreement 6.2. UNIDROIT and UNCITRAL Conventions on International Financial Leasing 6.3. Rights and Obligations of Parties in the International Financial Leasing Agreement 6.4. Collision Issues in the International Financial Leasing Agreement

6.1. Description of the International Financial Leasing Agreement The international financial leasing agreement plays a crucial role in resolving financial matters favourably for business entities engaged in entrepreneurial activities, offering opportunities with its positive features recognized globally. Analyzing the historical development stages of leasing relationships reveals the significant impact of the leasing market on the progress and advancement of economically developed states.

Leasing is a convenient form of capital acquisition for businesses. It involves a long-term lease that provides the opportunity to purchase the leased asset at the end of the lease period. On one hand, it is quite similar to a straightforward lease, but there are distinct differences between them. **Leasing** is a service. For example, a farmer looking to lease a tractor approaches a company that provides leasing services. In turn, the company purchases the tractor on its own funds and leases it to the customer for a specified period. After the designated lease period ends, the right to ownership of the tractor directly transfers to the lessee.

Leasing is a distinct type of financial lease. In this arrangement, the lessor acquires ownership of the specified property outlined in the leasing agreement, and then leases it to the lessee. Subsequently, the lessee is granted the right to ownership and usage for a period exceeding 12 months ("On Leasing" Article 2, Part 1).

According to the principles of the international convention, leasing is considered as a contractual form of attracting investment into the economy of the participating state. In this context, the international leasing activity ensures the legal protection

of the property rights of the parties involved. In the convention signed in Moscow, if the national legislation of the participating state does not provide for alternative scenarios, the nationalisation or requisitioning of the leased property is not possible.

Therefore, the convention provides assurance to the participating states that they will benefit from the leasing agreement and transfer other financial resources abroad.

When regulating international financial leasing relations, it is essential to adhere to the legal norms of the participating states, as well as have a significant impact on the legislation on contracts, currency, and taxation. Since these situations cannot be ignored, the economic nature of international financial leasing may be compromised.

Currently, countries with specific laws regulating leasing activities join the group of states. Leasing relations in Uzbekistan are regulated by the Civil Code of the Republic of Uzbekistan (Articles 587-599) and the legal norms of the "On Leasing" law dated April 14, 1999.

Each leasing agreement has its unique characteristics and terms that differentiate it from other agreements. According to Article 587 of the Civil Code of the Republic of Uzbekistan, "the lessor (leasing provider) and the lessee (leasing recipient) agree on the obligation of the third party (seller) to sell the property to the lessee, the lessor is obligated to pay the leasing payments to the lessor for this."

Leasing agreements and rental agreements, while both considered as types of lease contracts, differ in their unique characteristics. Particularly, leasing subjects, which include all risks related to equipment and technologies, are transferred to the lessee's responsibility in a leasing agreement. This principle is stipulated in both national leasing legislation and international leasing regulations. Article 19 of the Law of the Republic of Uzbekistan "On Leasing" specifically outlines various risks associated with the leasing subject, such as its loss (destruction), accidental damage, deterioration, and temporary loss of value, which are addressed in the leasing agreement in a specified manner.

The lessee assumes responsibility for any potential loss or damage to the leasing subject during the lease term, and the leasing agreement outlines the lessee's obligation to promptly inform the lessor of any incidents related to the leasing subject.

The leasing subject is intended for business purposes only in a leasing agreement. If the lessee uses the leased property not for business activities but for personal needs, the leasing agreement loses its unique characteristics and becomes similar to a standard rental agreement.

Even though a leasing agreement is recognized in legislation and theory as one type of lease, it differs from other leasing agreements based on its unique characteristics. Distinguishing features of a leasing agreement can be observed in the following situations:

- The lessee (the one obtaining the lease) chooses the subject of the agreement and the seller.

- It is used solely for entrepreneurial purposes.

- The lessee takes possession and uses the leased property without paying the entire cost.

- Upon the expiration of the agreement term, the leased property becomes the lessee's ownership.

Additionally, there are substantial differences between a leasing agreement and a credit transaction. These distinctions are outlined in the table below.

6.1.1-table.

Financial leasing and differences between credit transactions

	Leasing	**Credit**
Parties involved	Leasing is implemented through a tripartite agreement (seller, lessee, lessor) or a bilateral agreement (lessee - lessor).	A credit is structured based on a bilateral agreement (borrower - lender).
Who is considered the owner?	During the term of the agreement, the lessee is considered the owner, and they have the option to return the property at any time.	After the purchase, the owner of the acquired property is currently accounted for as a company, a properly organized entrepreneur, or an individual person.
Payments	- Leasing payments (leasing interest and principal); - Insurance premiums; - Initial payment (constituting 20-30% of the asset's value).	- Credit payments (credit interests, principal, insurance); - Possibility of an initial payment not being required.
Who pays for the ownership rights?	The right of use belongs to the lessee in leasing, and the asset is reflected on their balance sheet, constituting an item of property.	The asset is currently registered under the name of the lessee's company, indicating that it is subject to

	Leasing	Credit
		taxation.

The agreement between parties and the terms and conditions agreed upon and incorporated into the contract shape the content of the leasing agreement [20].

According to the subject matter, the content and form of the leasing agreement are based on general norms used in determining the terms. While we have emphasized that the leasing agreement is considered one type of lease agreement, the unique features of the agreement, which have been developed by researchers, also affect the content of the agreement[21].

According to the degree of legal provision for leasing relationships, countries can be assigned to three main groups: those with specific laws governing leasing agreements (Western European countries such as France, Belgium, Italy); those with specific legal documents supporting leasing transactions (common law countries like England, Australia, New Zealand); and those without specific legislation (USA, Germany).

The leasing agreement (English "lease," "leasing" - rental) can be utilized as follows: an individual or entity in need of using equipment or services but lacking funds to purchase approaches a leasing company to request the acquisition of the necessary equipment. The leasing company (the lessor) purchases the required equipment and leases it to the individual or entity making the request (the lessee) for an extended period.

After fulfilling all payments in the leasing agreement, it is noteworthy that the acquisition of the leased assets is possible. According to the rules, significant assets such as marine and aviation fleets can be transferred through leasing. The lessor may not directly benefit from the leased property; their main obligation is to finance the acquisition of the object being leased. This type of leasing is referred to as "financial leasing." Another key goal of leasing is to optimize the timing of paying for the purchased asset.

Additionally, the advantages of a leasing agreement include:

- The need for initial capital is closely related to the expansion of production capabilities. Typically, in a leasing agreement, the lessor is required to fully provide the lessee with equipment upfront. There is no requirement to make all leasing payments at once; this allows the lessee to enhance production capacity, acquire valuable assets, and expand the manufacturing base without the immediate financial burden, providing an opportunity to increase working capital for production, asset acquisition, and capacity expansion;
- From the perspective of purchasing equipment for companies on credit, acquiring ownership through a leasing agreement is more convenient, as the leased property itself serves as collateral based on its inherent value;

- Leasing terms can be structured for a more extended period compared to credit agreements, making it possible to have a longer-term arrangement. Therefore, the amount of periodic payments in leasing, whether continuous or temporary, tends to be lower, resulting in reduced expenses for the lessee. This instills confidence in the lessee regarding the precise execution of the leasing agreement;
- Indeed, leasing carries a lower risk in terms of both the emotional and physical wear and tear of the asset for the lessee. This is because the property is acquired specifically for temporary use without the need for a full purchase, minimizing concerns about the long-term condition of the asset;
- If there is a different situation specified in the leasing agreement, the leased property will be reflected in the balance of the lessor. In this case, it does not affect the lessee's assets, and the tax payable for the leased property is exempted, as it is considered part of the lessor's balance;
- Leasing payments are based on the purchase price of the leased product, and accordingly, they reduce the taxable income for the lessee;
- The leasing producer will have additional opportunities to sell its products;
- The leasing monopoly performs the financial intermediary function between the leasing property producer and the leasing recipient, benefiting from it;
- Moreover, the state also becomes a beneficiary, as the possibility of production within its territory increases, the amount of taxes contributing to the budget rises, new job opportunities are created, and it enables the reduction of unemployment in society;

In Uzbekistan, buildings, structures, equipment, vehicles, and other movable and immovable properties used in entrepreneurial activities can be leased as leasing objects, according to the Law of the Republic of Uzbekistan dated April 14, 1999, No. 756-I "On Leasing.

Additionally, according to Uzbekistan legislation, it is not possible to lease land plots, natural objects (such as fields or lakes), and property that is subject to special treatment by the state or property that cannot be freely transferred by law (such as buildings, cultural heritage sites).

6.2 UNIDRUA and CIS (Commonwealth of Independent States) conventions on international financial leasing

Leasing agreements concluded by traders in various countries are referred to as international leasing. The primary regulators of international leasing are the national legislation of each country and international conventions and acts adopted at the international level.

Initially, in addressing issues related to international financial leasing, the "Convention on International Financial Leasing" adopted by UNIDRUA in Ottawa in 1988 is utilized."

UNIDRUA - The International Institute for the Unification of Private Law (French: Institut international pour l'unification du droit privé) is an international institution for the harmonization of private law, producing international norms for the unification of commercial law for states and international organizations. The organization was founded in 1926 in Italy by the League of Nations. At that time, it was part of the League's structure. UNIDRUA became independent from the League in 1940 when it adopted its own statutes[22].

During its activity, UNIDRUA has developed various conventions, model laws, and legal norms, and the following documents are among them:

- 1956 Geneva Convention on the "International Carriage of Goods by Road"
- 1973 Geneva Convention on the "International Transport of Goods by Road"
- 1973 Washington Convention on the "Recognition of Wills as regards the Formalities of the International Law"
- 1976 Geneva Convention on the "Carriage of Goods by Inland Waterways"
- 1983 Geneva Convention on "Representation in the Sale of Goods"
- 1988 Ottawa Convention on "International Financial Leasing"
- 1988 Ottawa Convention on "International Factoring"
- 1995 Convention on "Civil Aspects of International Abduction of Children

- 2001 Cape Town Convention on "International Interests in Mobile Equipment"

- 2001 Protocol to the Cape Town Convention on "Aircraft Equipment"

- 2007 Protocol on "Railway Rolling Stock to the Convention on International Interests in Mobile Equipment"

- 2009 Convention on "Substantive Rules for Intermediated Securities"

- 2002 Law on "Franchise Regulation"

- 2008 UNIDROIT Model Law on "Leasing."

As a result of the flourishing development of leasing relationships, various countries have incorporated the terms of these agreements into their laws, leading to the emergence of collisions in the international arena in the implementation of leasing contracts. Addressing these collisions and finding their solution have become one of the responsibilities entrusted to international legal scholars. This has led to efforts to harmonize the leasing legislation of different countries and take actions to resolve the legal conflicts.

As a positive outcome of these efforts, the UNIDROIT Convention on International Financial Leasing was signed on May 28, 1988, in Ottawa. The convention was initially signed by five countries: Ghana, Guinea, Nigeria, Tanzania, and the Philippines. The convention was open for acceptance by other states, and by May 1, 1995, it had been ratified by 55 countries, including France and Italy, who joined the Ottawa Convention.

The mentioned convention is considered to have practical significance as an international document regulating international leasing relationships with its comprehensive set of collision norms. The convention provides a definition of financial leasing on an international scale, outlines its characteristics, essential aspects, and specifies the rights and obligations of the parties involved in the leasing agreement. The foundation of the leasing relationship between the lessor and lessee is constituted by the leasing agreement, which is based on the terms of the convention.

In accordance with this agreement, the third party, typically the seller, assigns their claim to the lessor, and in an informed manner, the lessor then delivers the leased object to the lessee based on the leasing agreement. The leasing

agreement, in turn, imposes certain obligations on the lessor concerning the buyer. The norms of the convention are formulated, taking into account various legal systems, as it is designed to be applicable globally. This is due to the convention being developed with consideration for the national leasing laws, as its creation is aimed at harmonizing international leasing regulations.

According to Article 1, Clause 2 of the UNIDROIT Convention, a financial leasing agreement has the following features:

a) The lessee selects and approves the equipment and the supplier of the equipment;

b) The purchase of the equipment is carried out based on the leasing agreement, which must be structured between the supplier, lessee, and lessor;

c) The temporary payments required under the leasing agreement should be calculated considering the depreciation of the equipment in a manner that takes into account its value.

Based on Article 3 of the Convention, if the trading companies of the lessor and lessee are located in different countries, the procedure for utilization and its enforcement are specified as follows:

- The trading company of the lessor, which provides the leased property, is considered to be located in the country where it has established its place of business.

- The leasing contract, including the delivery agreement, is governed by the law of one of the countries with which it has a legal connection.

When determining the international nature of the leasing, attention should be paid to its starting point. To establish the internationality of the transaction, it is essential to consider the locations of the parties involved in different countries. In the international agreement, it is crucial that one of the parties, either the seller, the lessor, or the lessee, is located in one of the participating countries, and their agreement involves legal relationships with the relevant legal rights.

Additionally, due to the absence of a consistent definition in the legal systems of all countries regarding the leasing transaction, legal scholars have yet to reach a unanimous consensus. Therefore, some scholars refer to the leasing agreement as a "hybrid mechanism" that regulates contractual relationships.[23]

International financial leasing has seen significant development primarily among major and sectoral companies, subsidiaries, and large multinational corporations

with intertwined economic and financial interests. Currently, the legal regulation of financial leasing is based on two types of legal norms: firstly, on unified norms established in legal international contracts; and secondly, on collision and national legal norms that rely on national legal norms applicable to international financial leasing participants.

Some norms of the convention have a dispositive nature, meaning they depend on the will of the parties involved. However, the convention also includes rules with imperative force. The Ottawa Convention is applied to physical and legal entities engaged in entrepreneurial activities in various countries as both lessors and lessees. In this case, it is necessary to respond to the following requirements: trading companies of the lessor and lessee, which are located in different countries, should conclude a mutual agreement, and the preliminary purchase and sale agreement, as well as the leasing agreement, should comply with the laws of the countries that have concluded a mutual agreement. According to Article 3, Clause 2 of the Convention, if one or both of the parties have multiple businesses operating in various countries, the convention applies concerning the primary trading company's location. The rules of the convention are applicable even if the leased object is an inseparable part of the leased property or its composition. The application of the convention depends on the rights and legal consequences concerning the leased object or a part of it and the rights and legal consequences of individuals who have a possessory right or a right to use the leased property, considering the laws of the country where the leased property is located.

The participation in leasing, involving the lessor, lessee, and the carrier, is commonly regulated through a tripartite agreement, providing a broad framework for cooperation.

According to the opinion of the Russian lawyer E.V. Kabatov, the authors of the Convention have based the document on the following principles:

a) Consider leasing as an independent legal institution;

b) Examine the leasing agreement in two aspects: viewing it as a sales contract and a direct leasing agreement in the form of a tripartite transaction.

The Convention among the CIS countries on "Financial Leasing" signed in Moscow on November 25, 1998, holds a significant place in the unification of international law. This convention was developed based on the general principles recognized in the "Agreement on Economic Cooperation" of May 28, 1998, and the provisions of the UNIDROIT Convention on "International Financial Leasing" dated May 28, 1988.

The Convention covers several types of leasing, including operating, return, compensated, and barter leasing. Moreover, it details the obligations of the parties. In contrast to the UNIDROIT Convention, the CIS convention emphasizes the obligations related to the transfer of the leased object by the lessor and the acceptance of the leasing subject by the lessee. It also addresses issues related to insurance and other matters. The obligations of supplying the leasing subject (Articles 7 and 8) and ensuring the timely delivery (Article 9) resonate strongly with the provisions of the Vienna Convention on the International Sale of Goods.

The UNIDROIT Convention also includes a set of conflict rules:

a) The form and the rights and obligations of the parties to the leasing agreement are determined by the national legislation of the state where the agreement is concluded, as well as by the Convention (Article 6).

b) If there is no agreement between the parties on the applicable law regarding the rights and obligations arising from the leasing agreement, the law of the state where the lessor is established, located, or has its main business activities is used (Article 6). It is worth noting that the conflict rules in this convention are not well-defined. The determination of the law applicable to the rights and obligations of the parties may lead to competition between various conflict factors.

Since the accession of the UNIDROIT Convention, it can be used in conjunction with the UNIDROIT Convention. According to the provisions of the conventions (specifically, Articles 16 and 17), they can complement each other in the implementation of international contracts. If the scope of influence of the conventions overlaps, the use of the UNIDROIT Convention is prioritized, as emphasized in the introductory clause of the UNIDROIT Convention, which draws on the rules of the UNIDROIT Convention.

6.3 International financial leasing agreement participant’s rights and liabilities

The Ottawa Convention on International Financial Leasing, adopted by UNIDROIT in 1988, consists of 3 parts and contains 25 articles. Uzbekistan Regular international cargo transportation, i.e. acceded to the Ottawa Convention in 2000 based on the resolution "On the accession of the Republic of Uzbekistan to the Convention of the International Institute for the Unification of Private Law (UNIDROIT) on International Financial Leasing" of the Oliy Majlis of the Republic of Uzbekistan, dated May 26, 2000, No. 84-II.

The rights and obligations of international financial leasing participants are outlined in the Ottawa Convention from Part 2, Article 7 to Article 14. Specifically, Article 12 of the convention, in its first part, explains the consequences if the conditions for delivering the leased object are violated. If the

leased objects are not delivered, delayed, or if the terms of the leasing agreement are not adhered to, the following explanations apply:

a) The lessee has the right to cancel the leasing agreement if the leased object is not delivered on time or if there is a breach of the leasing agreement (by the lessor).

b) The lessor, after obtaining the lessee's approval for the conditions specified in the leasing agreement, has the right to purchase the leased object from the lessee, provided that the lessee consents to the sale by adhering to the terms of the leasing agreement.

Article 13, Part 2 of the mentioned convention explains the situations in which the lessee, if violating the terms of using the leased object in multiple ways, may be subject to actions by the lessor. For instance:

a) The lessor has the right to reclaim ownership rights over the equipment.

b) The lessor (from the lessee) can demand compensation for the damages incurred, in accordance with the terms of the lease agreement, and related to the rental conditions.

One of the lessee's fundamental rights is the right to independently choose the leased object and its seller. This right is a crucial part of the components of leasing and is intertwined with traditional leasing and purchase agreements. By exercising this right, the lessee initiates the leasing process by selecting the leasing object and its seller.

Furthermore, another fundamental right of the lessee is the right to ownership of the leased object upon payment of all leasing payments and upon expiration of the lease agreement term.

In the Republic of Uzbekistan, the Law "On Leasing" was adopted on October 29, 1998. The law received a negative assessment due to its inconsistency with the general system of regulating leasing relations according to a few criteria. Consequently, serious amendments and additions were made to the law on January 29, 2002.

For instance, according to Article 10, Part 1 of the first amendment to the law (dated October 29, 1998), "The rights and obligations of participants of the leasing agreement, except for the international leasing agreement, are regulated by civil legislation standards." Furthermore, the resolution of the Supreme Council of the Republic of Uzbekistan dated May 26, 2000, No. 84-II, "On accession of the Republic of Uzbekistan to the UNIDROIT Convention on the harmonization of the international leasing law," emphasizes that "The rights and obligations of

participants of international leasing agreements are regulated in accordance with international legal standards that do not contradict national legal standards." If we apply a direct definition, the law does not admit international contracts to the category of leasing agreements and partially restricts the application of the Convention to international leasing.

The provisions of this law did not have a specific meaning because international agreements, such as the UNIDROIT Convention, the law of the Republic of Uzbekistan, are applied in all cases where their influence is relevant. Therefore, in the first amendment of the law, references to the Convention were included.

Apart from the above obligations, with the consent of both parties in the leasing agreement, the lessee may fulfill the following obligations:

- Paying all taxes, duties, mandatory payments, and other expenses related to the use or operation of the leased asset in a timely manner. If the lessee fails to fulfill these obligations, the lessor has the right to pay these expenses in full or in part and add the corresponding amount to the lessee, or recover it from the lessee;

- Implementing all necessary and required measures in accordance with the legislation on safety, fire safety, and industrial sanitation during the entire period of ownership and use of the leased object;

- Acquiring within its discretion all property and equipment necessary for the operation of the leased object, not transferring them to third parties, and not moving them from the location specified in the lease agreement without the prior written consent of the lessor;

- Informing the lessor immediately about any accidents, events of a legal or administrative nature, or any other circumstances that may affect the rights and interests of the lessor or lessee in connection with the leasing agreement;

- Obtaining loans, appealing to other debts, and subleasing the leased asset only with the written permission of the lessor.

In his research titled "The Content of Leasing Agreements and Improvement of the Legal Basis for Its Application," PhD Sh.T. Bozorov concludes the following rights and obligations of the parties to a leasing agreement, distinct to leasing and differing from a regular lease agreement:

- The lessor's obligation to acquire the exact leasing object from the seller designated by the lessee. Upon leasing, the lessee accepts the property available with the lessor;

- The lessee's obligation to accept the leasing object from the lessor. In the lease agreement, there is no third party involved, and the leased property is accepted directly from the lessor by the lessee;

- The lessee's joint liability with the lessor concerning the sold-purchased agreement. Upon leasing, the lessee does not have any rights against the seller of the property acquired for leasing;

- The lessee's right to purchase the leasing object if the third-party possession condition specified in the agreement remains unmet. In leasing, the lessee is not granted such a right according to the law.

6.4. Collision Issues in International Financial Leasing Agreements

The development of leasing relations internationally has led to conflicts arising due to the difference in laws of various countries. To resolve these conflicts and harmonize national leasing legislations, a working group was formed at the UNIDROIT Institute for the Unification of Private Law in Rome in 1974. This group aimed to create a uniform set of rules for leasing contracts worldwide.

The group held its second session in February 1979, focusing on collecting materials about leasing practices, national legal foundations, and the legal nature of leasing. The third session, in October 1980, aimed to discuss the necessity of unifying leasing contracts globally, the measures to achieve this, and how the Convention should address the various issues concerning leasing contract.

The locations of the leasing provider and the lessee have been accepted as fundamental elements of the agreement. To consider this contract as international, their locations needed to be different countries. In this case, the lessee's location is evaluated as a second-tier factor because the leasing agreement is still considered a negotiation between the lessor and the user. When it comes to standardization, the authors of the project have defined their work as a ***sui generis*** (unique type) document, emphasizing the independent legal nature of leasing[24].

After the initial stages of the Convention project, it became apparent that creating a document directly applicable to the actions of the participants, taking into account the interests and conditions of the leasing parties, was challenging. The diverse interests of the leasing participants necessitated a general outline that could be filled in according to the choices and specific terms of the parties.

The document's preparation involved collaboration from industrial leasing associations outside the working group, such as Lease Europe (European Federation of Leasing Companies), the Hague Conference on Private International Law, the Banking Federation of the International Chamber of Commerce, and the Economic Cooperation and Development Organization. In May 1981, a symposium on "Harmonization of International Leasing Legislation" was held in New York, jointly organized by the American Law Institute and the American Bar Association. Another symposium took place in Zurich in November of the same year, organized in collaboration with the Swiss Industrial Leasing Association.

Working on the Convention continued, and by March 1984, during the fourth session of the working group at UNIDROIT, it was decided to form a Governmental Experts Committee to finalize the work. The Committee needed to convene for three sessions (1985, 1986, and 1987 in Rome) to complete the text of the document. The final text of the International Financial Leasing Convention was presented and accepted at a diplomatic conference held in Ottawa on May 28, 1988. This marked the end of a prolonged process that spanned 14 years since the start of the project.

Article 3 of the 1988 Convention provides for the manner in which the business corporations of the lessee and lessor, situated in different states, are to determine their place of business. According to this provision:

- If the business corporation supplying the leasing property is situated in one of the contracting states, it is deemed to have its place of business there.
- The leasing contract, including the contract for the supply of goods, is governed by the national law of one of the contracting states that is chosen by mutual agreement.

Legal Status of the Leased Property in Uzbekistan

The Uzbekistan Civil Code, in its Article 1181, outlines the legal status of the leased property, specifying that the form of the leasing contract is determined by the law of the country where the leasing property is located. Furthermore, any agreements related to real estate are governed by the law of the country where the real estate is registered in the state registry.

The legal perspective regarding the form and utilization of the leasing contract may vary according to international norms, especially the conflict norms. While the Uzbekistan Civil Code addresses the issue of legal application concerning the form of the leasing contract, it also recognizes the parties' freedom to choose the applicable law based on their agreement.

Uzbekistan Civil Code Article 1190 and Application of Leasing Contracts

According to Article 1190 of the Uzbekistan Civil Code, in cases where the parties fail to reach an agreement, the law applicable to the leasing contract must be determined. In the absence of an agreement between the parties, the utilization of the leasing contract is subject to the law that is in collision with the law of the leasing recipient. This provision addresses the potential conflict of laws issue when parties do not expressly agree on the applicable law for the leasing contract.

When determining the law applicable to an international leasing contract, it is essential to consider the rules outlined in the UNIDROIT Convention. The national legislation becomes subsidiary in cases where there is a conflict with the rules specified in the UNIDROIT Convention concerning the time of choosing the applicable law.

Furthermore, when categorizing leasing contracts into two types – sales-purchase and lease agreements – and dealing with conflicting provisions, it is crucial to address the mandatory status issue during the classification. This is particularly important in cases where the two agreements are subject to conflicting regulations.

To clarify the international nature of leasing, attention should be paid to its starting point. In determining the international character of a lease, it is necessary to consider the diverse locations of the participants in different countries. It is a requirement in international agreements that either the lessor, lessee, or the subject of the lease is located in one or more specific countries. Importantly, the involvement of the same country in the convention, establishing a direct contractual relationship between the contracting states, must be in accordance with the laws of the states that have concluded the leasing agreement.

The situation related to the insolvency of the leasing service user needs to be clearly addressed in the international convention. In this way, the drafters of the Convention have significantly elaborated on the responsibility of the lessor towards notifying and respecting the rights of third parties. In the event that the

user belongs to a group of third parties and becomes bankrupt, a bankruptcy manager, as well as creditors of the second party, may be involved.

A serious consideration was required to resolve the issue of the current legislation regarding the requirements for notification. In the initial stages of document preparation, the drafters identified that authors are compelled by the principle of lex rei sitae, as most often, this concerns immovable property not as much as property tied to a specific territory but rather property easily and frequently movable from one state to another (for example, construction equipment). To address issues of property ownership rights and the precedence of the rights of third parties, it was decided correctly that the user's primary corporation is subject to the legislation of the country where it is located.

In the legal system of the Republic of Uzbekistan, one type of leasing contract is recognized as a lease agreement (Civil Code, Article 34, Section 6). Therefore, in the context of an international leasing contract involving the Republic of Uzbekistan, if the terms of the parties are not contradictory, the rights of the lessee will be applicable. When applying the laws of the Republic of Uzbekistan, it is possible to appeal in accordance with the established procedure in the Civil Code to the standards of leasing and the general rules on leasing stipulated in the Law "On Leasing."

Due to the fact that the provisions related to the delivery of leased goods in the UNIDROIT Convention have not been addressed, the elimination of this deficiency is necessary through national legislation, where possible. Currently, efforts are being made to address this deficiency through the 1988 UNIDROIT Convention on Financial Leasing.

In this case, the question arises: based on the principles of collision norms, does the legislation of the Republic of Uzbekistan apply to the entire international leasing transaction, including agreements for the delivery of leased goods, or is it applied only to direct leasing agreements? In this context, the legal position depends on how the agreement is classified. If leasing is considered as a comprehensive three-party transaction, then the rights governed by the leasing agreement are applied to the agreement for the delivery of leased goods. If the delivery agreement and the leasing agreement are two separate independent transactions, then the rights related to the delivery would need to be expressly specified independently, in accordance with the legal jurisdiction of the seller's country.

If the issue regarding applicable law arises in a foreign context, it further complicates matters. This is because the legal nature of leasing varies with the legislation and practice of different countries. In such cases, the agreement may be recognized as a form of leasing or rental, depending on the legal framework and

whether it is accepted as a lease agreement, a sales agreement, or an independent contract.

In choosing the applicable law during the determination of the rights governed by the leasing agreement, especially concerning the UNIDROIT Convention rules, it is essential to consider the subsidiary application of national legislation. When categorizing leasing into two agreements – a sales contract and a lease agreement in substance, the crucial issue of the mandatory status arises when these agreements are subject to separate conflict rules.

However, categorizing international leasing into two agreements - a sales contract and a lease agreement in substance - does not allow for the application of the rules of the Vienna Convention on International Sale of Goods of 1980. This conclusion confirms that, according to the leasing agreement, the fact of recognizing certain rights in relation to the seller, even if the participant is not a party to the sales contract, is also confirmed. Moreover, the rules of the 1980 Vienna Convention are not applicable to agreements for the delivery of leased goods under leasing contracts.

There are also the alternative types of international leasing agreements according to rules of Ijara contracts (See Chapter XI)

Control questions:

1. Categorize international leasing as a combination of two contracts!

2. How does the UNIDROIT Convention address the delivery of leased equipment?

3. Elaborate on the conflict issues in international leasing agreements!

4. How is leasing defined as an activity in the CIS Convention?

5. In case of overlapping terms between UNIDROIT and the CIS Convention, which one takes precedence?

VII SECTION. ISSUES OF TRADE IN INTERNATIONAL ECONOMIC RELATIONS.

7.1. General Characteristics of International Freight Transport Contracts

7.2. International Seaborne Freight Transport Contracts

7.3. International Freight Transport Contracts by Air, Road, Rail, and Intermodal Transport.

7.1. General Characteristics of International Freight Transport Contracts

In international scholarly literature, the term "International Trade Contracts" is often used interchangeably with "Delivery Contracts." Additionally, a delivery contract is defined as follows:

a) Contracts for the transfer of ownership rights to goods.

b) Contracts concluded by a commercial organization with parties located in various countries.

This specification does not exclude international trade contracts, but rather indicates the presence of the term "delivery" in an external trade contract. International freight transport is regulated by various legal norms:

1) Regulations governing freight transport under the national laws of various states;

2) International (unified) norms regulating freight transport in international transactions;

3) International collision (unified) norms governing international transactions.

It is possible to categorize internal legal documents applicable to international shipments into five general groups:

- General legal documents;

- Legal documents related to transportation;

- Documents specifically designed for the regulation of international transit;

- Documents considered in international contracts of carriage;

- Documents necessary for the facilitation of international trade transactions.

Special normative legal documents regulating international transportation, similar to those in many foreign countries, have been adopted in Uzbekistan.

- Air Code of the Republic of Uzbekistan (1993),

- Civil Code of the Republic of Uzbekistan (1997),

- Law "On Road Transport" (1998),

- Law "On Railway Transport" (1998),

- Law "On Automobile Roads" (1992),

- Law "On Road Traffic Safety" (1999),

- Law "On Transit of Special Cargo and Military Formations" (2001).

The international transport has a distinctive feature that it operates between two or more countries. Along with this, "For the international transport to be considered as such, it is not required that the territory of two or more states be crossed in obtaining the cargo, but the actual loading and unloading of the cargo (it is not a condition to cross the border of a foreign state)" is demanded. For instance, if the cargo is loaded or unloaded before crossing the border, it is not considered international transport. The key is that the loading and unloading places specified in the contract are in different countries.

An international transport contract is considered as an external economic contract: the carriage is carried out in a foreign country, and the foreign element characterizes the process of movement, forming the nature of the transport activity.

Many conventions on carriage terms use the term "Unification" in their titles. Unification is the general term for reaching a common agreement. In legislation, unification means the creation of unified rules that a state should follow in regulating a range of social relations, particularly those related to international trade, in an orderly manner. A. L. Makovsky emphasizes: "The main content of the obligations imposed on states towards each other in international contracts for the unification of laws is the obligation of each participating state to ensure the legal order of the specified relations in the contract in the specified manner."

In addition to transport conventions, there is another group of international contracts - agreements on the general principles of cooperation between countries in transport matters. This group includes trade agreements, contracts on trade and navigation, as well as agreements on cooperation in a specific field of transport. They mainly address the regulation of transportation activities between states and incorporate general rules of a cooperative nature.

National legislation in the field of international transport is used as a supportive tool for international agreements. In other words, when there are no specific regulations in a national law regarding the convention on the means of transport or the convention itself has not been implemented domestically (its opposing norms), it may be applied in international transport contracts.

In traditional or Incoterms standards, there are various methods of delivering goods in trade. The fundamentals of delivery involve choosing a specific mode of transport and allocating responsibilities between the parties involved in the contract for the shipment of goods.

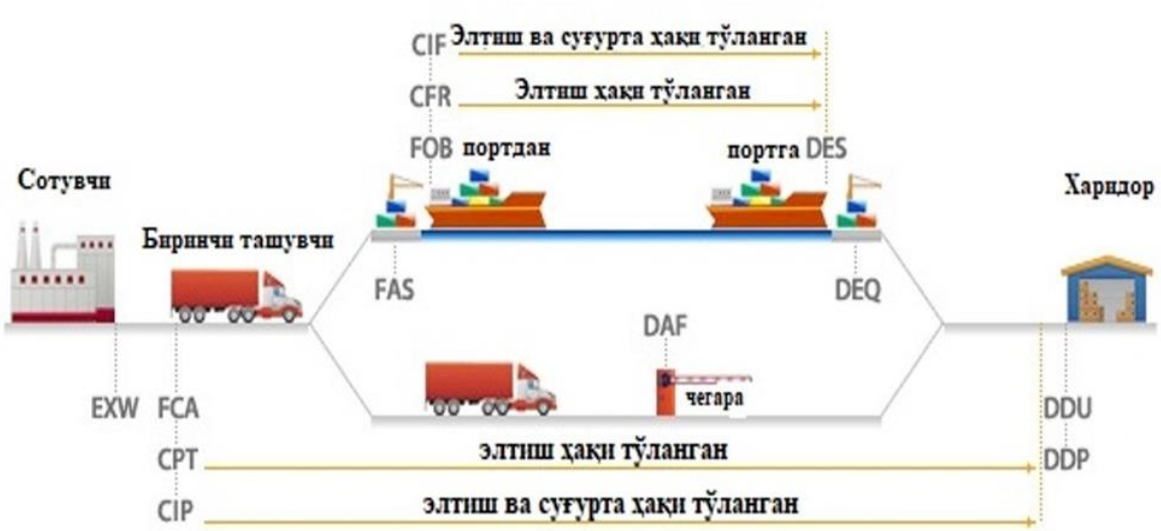
In early 1936, the International Chamber of Commerce (ICC) introduced a set of international rules for the interpretation of trade terms, commonly known as Incoterms® 1936 (International Commercial TERMS).

Incoterms is an international standard document that includes a list of widely used trade terms and their definitions for external supply contract negotiations. It has been published in the form of a dictionary with comprehensive explanations for the most commonly used terms in international trade agreements.

The stages of the evolution of Incoterms:

- 1953: Introduction of rail transport
- 1967: Inadequate provisions were amended
- 1974: Heating appliances in air consignments
- 1980: Surge in container traffic
- 1990: Comprehensive review
- 2000: Amendments to textile officializations
- 2010: Considerations on the modern trade landscape
- 2020: Looking ahead

The Incoterms 2000 standards have been used in international trade until recent times. It has been in effect for more than a year since its adoption. The terms of this model are illustrated in the following diagram.



7.1.1 - Diagram. Operating Principles of Incoterms 2000 Standards

In the formation of buy-sell contracts in business operations, the use of Incoterms is described with the following characteristics:

1. From a legal perspective, this document has a facultative or advisory nature. Therefore, parties to the contract need to refer to this document in the agreement, making specific references to it if they wish to incorporate it into their contractual relationship. If any provision of Incoterms is not expressly chosen by the parties, a neutral approach is taken in the agreement to avoid any discrepancies in interpretation. However, in some countries, even if the trade terms in Incoterms are not expressly referred to and incorporated into the contract, they may still be applicable in practice. It is essential to pay attention to this aspect when executing transactions.

It is important to note that if the contract explicitly defines trade terms differently or provides explanations other than those in Incoterms, the terms of the contract will prevail and hold primary significance.

2. Incoterms rules generally have a comprehensive nature, addressing various issues and providing a framework for agreements, decisions, or proposals. In this context, it is essential to clearly define and elaborate on the mutual responsibilities in the relevant sections of the sales contract, along with any necessary details.

3. Parties to the contract may incorporate any terms or conditions beyond Incoterms in the sales contract. For instance, recommendations provided by the International Chamber of Commerce in previous publications (such as those in 1936, 1953, 1976, 1980, 1990, 2000, 2010, and 2020) may also be utilized in addition to Incoterms to express and implement various terms and conditions. However, in this case, it is necessary to clearly specify and document all clauses of the contract in writing. This type of contract is drafted with the intention of facilitating a versatile (customized) explanation of the contract terms. This is because elaborating the terms provides additional expenses. In the first instance, it helps to distribute the obligations and is related to expenditure on transportation.

4. When completing the documentation of commercial invoices in accordance with the Incoterms for adoption in all countries worldwide, under the "Terms of Delivery" section, it is required to fill in the basic terms of the contract according to the classification accepted by the International Chamber of Commerce (ICC). On top of this, the valuation of goods, meaning the price of the goods as per the contract, is used in determining the invoice. The degree and structure of this valuation are based on the basis of delivery.

5. The use of trade terms in various trade networks and regions worldwide not only explains these terms but also influences the distribution of obligations between contracting countries based on the characteristics and customs of the contracting states. Therefore, during the negotiation of the contract, it is required that both

parties inform each other about the regional trade customs. In situations where specific rules are to be explained in the relevant sections of the contract, it is necessary for both parties to clarify them.

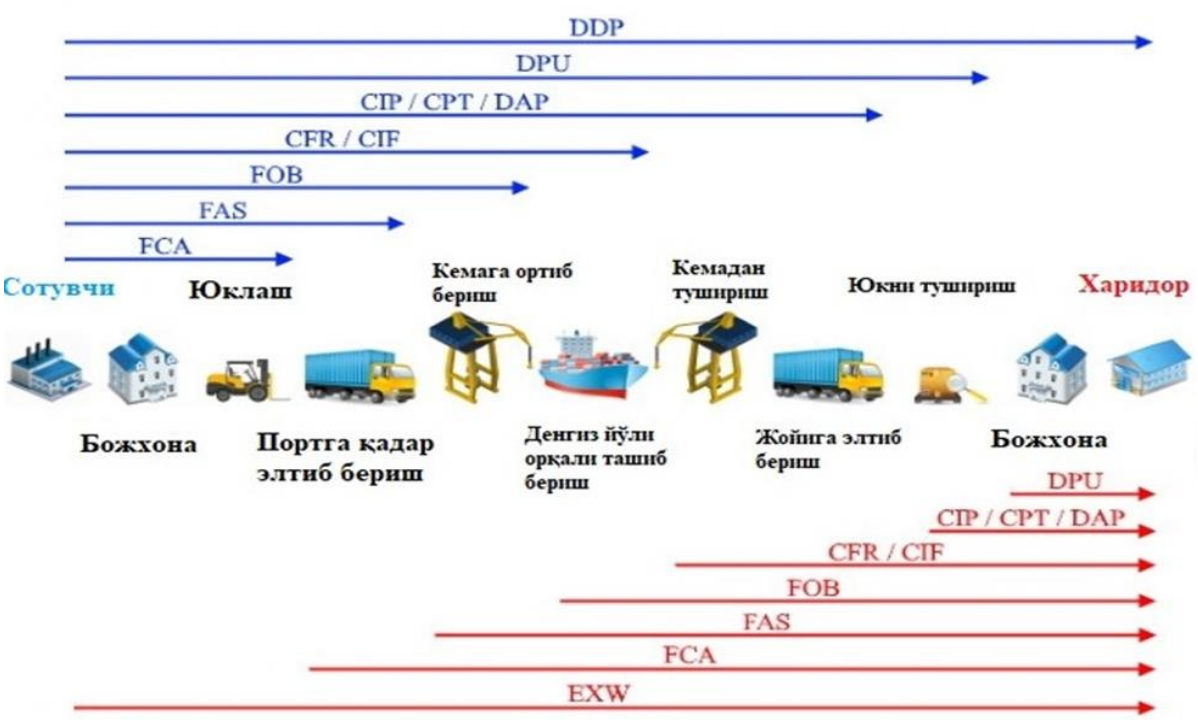
After the creation of these standards, in 2010, the International Chamber of Commerce (ICC) released the new revision of Incoterms called Incoterms 2010, which came into effect a year later. In 2020, the latest revision of Incoterms, as of now, was developed and put into practice. The Incoterms 2020 rules remain largely unchanged compared to the 2010 version. The primary differences between Incoterms 2020 and Incoterms 2010 can be summarized as follows:

- DAT term is now called DPU. When using Incoterms 2010, there were often ambiguities between DAT and DAP terms. The main difference was the point at which the risk transferred from the seller to the buyer. According to DAT terms, the responsibility for the goods ended when they were delivered to a specific terminal. In its turn, DAP terms highlight the seller's responsibility to deliver the goods prior to unloading, and now, under DPU terms, it allows the seller to use any place for delivering the goods.

- FCA delivery terms have changed. Now, when using FCA terms, it is possible for the seller and the buyer to specify an additional clause in the contract. In this clause, the responsibility for presenting the consignment with on-board bills of lading to the buyer is assigned to the seller.

- The amount of insurance has changed in CIP. The updated CIP delivery terms obligate the seller to insure the goods at 110% of their value. Depending on the mutual agreement between the seller and the buyer, the distribution of this amount may be subject to negotiation.

Below is a diagram depicting the newly adopted regulations.



7.1.2 - Illustration. The operating principle of Incoterms 2020 standards.

In particular, the "F" group (FCA, FAS, FOB) involves obligations related to organizing transportation for the buyer, while the "C" group terms (CFR, CIF, CPT, CIP) involve obligations for the seller. Accordingly, transportation costs are initially covered by the buyer, and then, in the second case, they are covered by the seller (the brief description of the "F" group in Incoterms implies that the main carriage is unpaid, and the "C" group implies that the main carriage is paid). Firstly, as emphasized before, in countries with sufficient facilities to provide sea transportation, it may be preferable to choose either CFR or CIF. If such facilities are available at the buyer's location, choosing FAS or FOB might be suitable according to the intended purpose.

Another primary purpose of the international convention is to determine the responsibility for the carrier in the field of liability for the cargo through which the circumstances of non-delivery of the cargo on time can be identified. In most international contracts, the carrier's liability for non-delivery of the cargo is determined by the declared value of the cargo. If the value of the cargo is not declared, the liability is determined based on a certain amount, which is specified in gold francs. The conversion to the national currency must follow a specific scheme: the value of gold in francs does not represent its actual value but rather its content in the national currency.

7.2. International Seaborne Freight Transport Contracts

Currently, six types of transportation are commonly used worldwide for the carriage of goods: maritime, rail, road, inland waterway, air, and pipeline transport.

These types of transportation are divided into the following groups:

- water (sea, river)

- land (rail, road, pipeline)

- air (aviation)

the movement of goods between specified ports according to a schedule, is carried out in accordance with the documents for cargo transportation. The carrier does not charter a vessel (in other words, does not rent it). The shipper submits a proposal to the carrier with the offer to transport the cargo at the specified freight rate. After the agreement, the carrier accepts the cargo and issues a receipt to the shipper stating "received the cargo under certain conditions." This receipt is considered a bill of lading. With the passage of time, the bill of lading initiates the process of transferring the goods, and the act of transferring the bill of lading is seen as the commencement of delivering the goods. In this way, the bill of lading transforms into a valuable document, confirming property rights.

In maritime and river transport, there are minimums for cargo carriage, and according to the Maritime Code, two types of carriage contracts are used. According to the first type of contract, the carrier (owner of the cargo) and the shipper (owner of the vessel) enter into a charter party agreement with each other. The subject of the contract is a sea or river vessel. This contract is called a charter, and it is specified with the cargo referred to as the charter.

The charter party for sea transport is regulated by international standards. Charter parties are primarily used in the freight of various types of cargo between different ports worldwide, and they specify the terms of transportation based on the nature and dimensions of the cargo involved.

The forms of charters are discussed and approved at international conferences of maritime organizations. All charters are divided into 12 groups.

The second type of shipping contract is a charter party known as a "charter." A charter is a necessary document for pre-booking sea and river vessels. The Charter Party primarily serves in transporting major cargoes through regular routes.

Delivery terms are the fundamental conditions of an international trade transaction. It specifies the obligations of the seller and the buyer in the execution of the contract. This term is called the "basis of the contract" because it sets the foundation for the agreement, including the valuation of the goods, the initial point, and the distribution of costs related to delivering the goods.

The content of the positions forming the basis of offering and executing international sales contracts is regulated and specified through a series of standardized documents.

This is primarily the 1980 "United Nations Convention on Contracts for the International Sale of Goods (Vienna Convention)." This document has been signed by nearly 50 countries, including Russia, Belarus, Ukraine, Estonia, Lithuania, Moldova, and others. The convention, in part, elaborates on the delivery of goods, issuance of documents, acceptance and receipt of the goods by the buyer, and includes a range of other rules that enter into the basis of the contract.

Some countries have national legislation that regulates the terms of international sales contracts. For example, in the Republic of Uzbekistan, several rules related to the basis of delivery are regulated by the Part II of the Civil Code. In this regard, a fundamental rule has been established emphasizing the freedom of parties to contract and determine its terms, including the basis of the contract, according to the will of the parties, for the first time in the history of legal entities.

In this context, Article 7 of the Republic of Uzbekistan's Civil Code recognizes the universally recognized principles and norms of international law and forms an integral part of the country's legal system governing international contracts.

The relations between the parties in the international contract, including those related to the basis of delivery, are governed by trade customs or business practices, as specified in the sales habits and practices.

Article 9 of the 1980 Vienna Convention establishes the meaning of practices. Here, in part, the parties have identified and linked to each other in any practices and mutual relations, which are set out and connected through operations.

In the Republic of Uzbekistan, as in Part I of the SCC (Standard Contractual Clauses), the use of customary practices in the relations between the parties is possible. However, in this regard, in Article 5, if such practices contradict laws or mandatory rules of the contract applicable to the parties to the contract, it explains that they are not effective. In the world of international trade, the rules for explaining the terms of trade are widely used. They clarify the meanings of the terms and are developed by the International Chamber of Commerce to standardize and unify the contracts of participants from different countries for the purpose of facilitating their understanding and implementation.

In 1921, according to the initiative of the International Law Association, the Hague Rules regarding bills of lading were established. In the diplomatic conferences of Brussels in 1922, 1923, and 1924, they were recommended for international adoption in the measurement of tonnage. These rules included a series of checks that the Shipper cannot avoid. It was related to the effectiveness of the bill of

lading in facilitating the departure of the cargo by sea, handling during transit, and storage over time in a standard form. In 1968, the Hague Rules were reconsidered in Brussels, and the Hague-Visby Rules were introduced. These rules were accepted by various countries, including the United Kingdom, Belgium, Denmark, Ecuador, Egypt, Finland, France, Germany, Lebanon, the Netherlands, Norway, Poland, Singapore, Spain, Sri Lanka, Sweden, Switzerland, Syria, and others. The Hague-Visby Rules were amended in 1978 and renamed the "Hamburg Rules" by the United Nations Commission on International Trade Law (UNCITRAL). These rules were prepared by UNCITRAL and adopted on March 30, 1978, during a UN conference in The Hague.

As emphasized above, various documents are used in international sea transport, such as shipping instructions, a sea waybill, a bill of lading, a stowage plan, and others. However, only the bill of lading is subject to the highest degree of international unification. In 1924, a Brussels Convention was established by a group of countries to unify a set of rules regarding the bill of lading. Sometimes, this convention is also referred to as the Hague Rules. In 1968, the Brussels Convention was amended and became known as the Brussels Protocol, and the Visby Rules (which were initially established in 1921 during the International Law Association conference in The Hague, Netherlands, and thus also referred to as the Hague Rules) were again modified. The term "Visby" originated from the capital of Gotland, Sweden. Together with the protocol, it is referred to as the "Hague-Visby Rules." The convention involves the participation of more than 70 countries, including major maritime nations like the United States, the United Kingdom, and others.

Similarly, the Hamburg Rules specify the following:

- The use of all maritime cargo carriage agreements;

- Carrier's responsibility for the cargo throughout the entire voyage at his discretion;

- Waiver of the carrier's liability exception for navigation errors;

- Maximum limits of carrier's liability for the cargo.

Bill of Lading (B/L) - a valuable document issued by the shipper or its agent (carrier), containing the terms of the cargo carriage agreement, the name of the consignee, the specific characteristics of the cargo, the destination where it is to be received, and serving as a representative document for obtaining the cargo, often assigned to a specific person for collection.

As stated, a bill of lading is considered a transportation (shipping) document that confirms the issuance of a cargo carriage agreement in maritime transport,

acknowledges receipt of the cargo by the carrier, and serves as evidence of the cargo being delivered.

The 1924 Convention "Convention relating to the Unification of Certain Rules Relating to Bills of Lading," which aimed at the unification of certain rules regarding bills of lading, could be referred to when discussing the regulation of bills of lading. Historically, some countries (such as Sweden, France, Denmark) have stipulated in their legislation the obligation for the captain of the ship to officially endorse the bill of lading. This has been done for various purposes, including financial reasons and the oversight of state authorities over export and import activities.

The bill of lading serves three main functions:

- it confirms that the cargo has been received for shipment by the carrier (shipper or loader). It serves as a receipt for the specified quantity and condition of the goods loaded at the designated place for carriage and acknowledges that the cargo has been received for carriage to the destination, evidenced by a signed document provided by the carrier or its agent.

- It serves as a document of title, allowing the owner of the original bill of lading to claim and take possession of the goods specified in the bill of lading. This implies that only the person indicated on the bill of lading or the party to whom the bill of lading is presented has the right to demand delivery of the goods from the carrier and has the right to take possession of the specified goods. The act of selling the goods specified in the bill of lading while they are still in transit and before reaching the destination requires the consent or authorization of the owner of the goods.

- It indicates the validity of the contract for the transportation of goods by sea. With the presentation of the shipping document under this contract, the obligation to deliver the goods is established, meaning that this document is the sole evidence of the validity of the contract for transporting the goods by sea between the shipper and the carrier.

They specify various types of bills of lading, such as named consignment, order bill of lading, and delivered bill of lading, depending on whether the name of the consignee is indicated, the bill is transferable, or the goods are delivered.

The through or combined bill of lading, also known as an intermodal bill of lading, confirms the existence of a contract for the transportation of goods from one place to another with separate stages, and at least one of these stages must involve sea transit. With this arrangement, the shipping carrier who issues the document takes responsibility for transporting the cargo through the entire journey, and the shipper, who presents the document, assumes liability for the shipment.

The bill of lading is written in three main forms: "named" (indicating the consignee), "to order," and "bearer." The document does not contain additional information or marks indicating the damaged condition of the goods or their location. The bill of lading specifies the amount of payment related to the consignee, the delivery time and place, the number of document copies, as well as the original. The bill of lading is signed by the captain of the ship or the representative appointed by the shipper.

The bill of lading is included in the set of documents submitted to the consignee for accounting purposes in international trade agreements.

Consignment notes can be either simple or complex. The simple ones are used for transporting goods from one point to another with additional handling at intermediate points. The complex ones, on the other hand, are used when various modes of transport are involved, such as in containerized shipping. In this case, the first carrier takes responsibility for the consignment until it reaches the designated point where the consignee takes over.

When officially endorsing a maritime bill of lading for export cargoes, the condition of "clean on board" is specified, in accordance with the requirements of the letter of credit and established practices. The bank or the buyer accepts only a "clean bill of lading" for payment. If a bill of lading is not issued or accepted by the shipper, the parties may negotiate a shipping agreement formally endorsed with the note's name. This document, endorsed with a note, is often used in continuous shipments to cover necessary places for transporting small batches of cargo.

In addition to the condition of providing the entire cargo for shipment, sea freight contracts can also be structured with the condition of providing specific locations for cargo consolidation.

Thus, the completeness and content of the sea freight contract, as well as its obligations and rights, are proven by formal documents such as charter parties, bills of lading, and other written instruments.

According to the terms of the charter, freight can be paid in several ways:

- Payment is made upon the signing of the freight bill of lading, and it is not subject to refund due to the non-delivery or non-acceptance of the cargo.

- Freight is paid in three installments: upon the signing of the freight bill of lading, a portion of the freight is deducted to cover insurance premiums, and the remaining portion is paid after the cargo has been delivered.

- Payment for unloading the cargo is made once the unloading process is completed. Usually, 90% of the total amount is paid when unloading begins, and the remaining 10% is paid after unloading all the cargo.

- Freight is paid in advance, and there is a specific condition regarding this in the bill of lading. This rule is commonly used in regular and scheduled shipments.

On April 26, 2013, the Head of the Uzbekistan Automobile and River Transport Agency approved the decision of the Cabinet of Ministers of the Republic of Uzbekistan dated February 25, 1997, No. 106. The Regulations on Freight Transportation by River Transport in Uzbekistan, approved by the Charter of the Internal Water Transport Agency of the Republic of Uzbekistan and the Resolution No. 118 dated March 10, 2004 (Collection of Legislative Acts of the Republic of Uzbekistan, 2004, No. 10, Article 120), as well as the Decree No. 76 "On Approval of the Rules for Freight Transportation by River Transport" adopted by the Ministry of Justice of the Republic of Uzbekistan on June 13, 2013 (registration number 2468).

The mentioned Regulations were approved by the Resolution No. 106 of the Cabinet of Ministers of the Republic of Uzbekistan dated February 25, 1997, and were in accordance with the Charter of the Internal Water Transport Agency of the Republic of Uzbekistan and the Resolution No. 118 dated March 10, 2004 (Collection of Legislative Acts of the Republic of Uzbekistan, 2004, No. 10, Article 120). These regulations define the order of freight transportation by river transport in Uzbekistan.

<table>
<tr><td colspan="2"></td><td colspan="2">____-сонли коносамент</td></tr>
<tr><td colspan="2">Юк олувчи
Consignee</td><td colspan="2">Bill of Lading №____</td></tr>
<tr><td>Кема эгаси
Owner</td><td>Байроқ
Flag</td><td colspan="2">____-ХАБАР-ДАЛОЛАТНОМА
STATEMENT-NOTICE №____</td></tr>
<tr><td>Кема
Vessel</td><td>Юклаш порти
Port of loading</td><td colspan="2">Тахлаш жойи
Storage</td></tr>
<tr><td>Тушириш порти
Port of discharge</td><td>Сана
Data</td><td colspan="2"></td></tr>
<tr><td>Маркаси ва рақамлари
Marks & №</td><td>Юк номи
Description of goods</td><td>Юк ўрни сони
Number of packages</td><td>Коносамент бўйича вазни
Weight by Bill of Lading</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="2">Хабар-далолатномани тузиш сабаби:
Reasons for drawing up this Statement-Notice:</td><td>Юк ўрни сони
Number of packages</td><td>Вазни
Weight</td></tr>
<tr><td colspan="2">коносамент бўйича: ортиқ ёки етишмайди
Surplus or Shortage: according to Bill of Lading
ҳақиқий туширилгани
actually discharged
етишмайди/ортиқ
shortage/surplus
юк ўрни рақами
№ of packages</td><td></td><td></td></tr>
<tr><td colspan="2">Юкни ёки ўрамларини сингани, шикаст етказилгани
Breakage and damage of goods or packing, careless
ёки бузилгани, нотўғри ёки эҳтиётсизлик билан
or defective packing or loading or separation,
юкланган ёки сепарация, оқиши ва ҳ. к.
leakage etc., with regard to:</td><td></td><td></td></tr>
<tr><td colspan="4">Аниқланган шикастланиш ёки носозлик таснифи, сабаби ва ҳ.к. аниқ кўрсатилсин.
Describe in details the type, cause, etc. of detected damages or defects:
<table><tr><td>Имзолар
Signed by</td><td>Порт вакили
Representative of the port</td></tr><tr><td>Тузилган жойи ва санаси
Place & date of issue</td><td>Кема капитани
Master of the ship</td></tr><tr><td>Нусхалар сони
Number of copies</td><td>Божхона органи инспектори
Representative of the custom</td></tr></table></td></tr>
</table>

Foreign trade contracts are also concluded for commercial purposes. If the execution of the contract is carried out in installments within the specified time in the international sales contract, such a contract is referred to as an "international installment sales contract." In this case, both the terms "international sales contract" and "foreign trade installment delivery" can be used interchangeably.

The transportation by sea and river is carried out in the following cases:

- Loading and unloading various types of containers;

- Transporting bulk materials, metal products, and other essential cargoes;

- Transporting oversized cargoes;

- Organizing export-import shipments;

- Providing services for handling cargo at ports;

- Forming and distributing loads;

- Transshipping cargo onto trucks and railway transport.

Movements and activities in cities and international routes are organized in coordination with the Road Safety Administration of the Ministry of Internal Affairs of the Republic of Uzbekistan, and schedules are approved by the Uzbekistan Automobile and River Transport Agency.

In international shipping, various ports, artificial and natural canals, rivers, and sea routes, as well as a combination of cargo vessels, are utilized. Below are descriptions of different forms of international water transport commonly used:

“Rhine Forest”

Monrovia 1999, a self-propelled barge.

"Baco-Liner 1," EMDHen 1997,

A self-propelled barge.

"Alianca Brasil,"

Rio de Janeiro 1996, container carrier.

"Bunga Raya Satu," Malaysia

1998, container carrier.

"Cape North,"

Monrovia 1999, container carrier.

"Glasgow Maersk," London 2000,

container carrier.

"Rostock Senator," 1997, self-propelled barge.

"Wyhe Rotterdam," Rostock Hamburg 2000, Container carrier.

"Haritusa," Panama 1993, Bulk carrier.

"Heckert Oldendorff," Liberia 1983, Bulk carrier.

"Grand Cherie," Panama 2000, Bulk carrier.

"Great Harmony," Panama 1999, Bulk carrier.

"Savaill" Panhama 1992

"Hamer imalaya" Limassol

"Ornbay" Monrovia 1999

“Pacific” Groningen

General Cargo Carrier	1990 Refrigerated	Refrigerated	1999 Refrigerated

"Southern Juice" Nassau 1998 Refrigerated

"Fairload" Rotterdam 1997 Heavy cargo carrier

"Fairload" Rotterdam 1997 Heavy cargo carrier

"Hamburg" Nassau 1995 Pharom

7.2.1-image. Internationally used forms of water transport

7.3. Contracts for international air, road, rail and intermodal transportation

Currently, the national airline company "Uzbekistan Havo Yollari" has a strong position in the international air transport market. During the years of independence, the reforms carried out in this regard made it possible to raise the industry to a new level in terms of quality.

In order to ensure the international transportation of goods, the cargo and freight manifest of air transport, freight invoice, freight forwarder's certificate of cargo transportation, notification of cargo arrival, application for shipment of cargo and other documents are drawn up.

As mentioned above, the issue of which means of transport is important during the conclusion of the contract. To find an answer to this question, it is necessary to analyze the following factors:

- type of cargo;
- distance and transportation route;
- time factor;
- cost of transportation.

Delivery of goods in foreign trade contracts is carried out by multimodal transportation.

Multimodal transportation includes the following features:

- Development of an individual transport scheme that is more profitable in accordance with the cost, time and reliability of delivery;

- Combined export of cargo by various means of transport (by rail, sea or river, road and air transport);

- Delivery of cargo based on the principle of "Door to door" (warehouse to warehouse), that is, from the warehouse of the sender to the warehouse of the receiver;

- Transportation of cargo on planes;

- Delivery by air requiring separate transportation conditions;

- Delivery of cargo to the plane;

- Provision of complex services on the plane for cargo handling;

UPS (USA), FedEx (USA) and DHL (Germany) are the world's leading customers in air transportation. In 2020, the revenue from air transport in the world exceeded 110 billion US dollars, and in the first quarter of 2021 it exceeded 123 billion US dollars. The aviation sector itself suffered 83% financial and economic losses due to COVID-19.[1]

According to Article 8 of the Law of the Republic of Uzbekistan "On Motor Transport" adopted in 1998, "International transportation of passengers, luggage and cargo by car, including transit transportation, is carried out through international and transit roads open for transit communication in accordance with the legislation of the Republic of Uzbekistan and international agreements."

Vehicles are divided into passenger vehicles, cargo vehicles and special vehicles.

Passenger vehicles include buses, minibuses, cars, passenger trailers and semi-trailers.

Freight vehicles include trucks, pick-up trucks, trailers and semi-trailers. According to their constructional aspects and the purposes for which they are used, cargo vehicles are divided into general and special vehicles.

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1 https://www.statista.com/topics/7347/air-cargo-industry-worldwide/

The category of special vehicles includes cars, trailers and semi-trailers (fire engines, compressor vehicles, cranes, sweepers and garbage trucks, etc.) designed for various special tasks, more non-transport tasks.

Transportation by car is divided into city, suburban, intercity and international transportation.

Urban transportation includes transportation within the boundaries of a city or urban settlement.

Suburban transportation includes transportation that takes place outside the boundaries of a city or urban settlement up to fifty kilometers.

Intercity transportation includes transportation that is carried out at a distance of more than fifty kilometers from the borders of a city or urban settlement, as well as transportation that is carried out in the territory of two or more regions of the Republic of Uzbekistan, regardless of the distance of the route.

International transportation includes transportation outside the state border of the Republic of Uzbekistan or outside the state border, regardless of the distance of the route.

International transportation of passengers, luggage and goods by car, including transit transportation, is carried out on international and transit roads open to traffic in accordance with the legislation of the Republic of Uzbekistan and international agreements.

State regulation of motor transport activities is carried out by means of certification, licensing, taxation, formation of tariffs for transportation of social importance, implementation of a unified scientific and technical policy, as well as in other forms provided for by legislation.

State management of motor transport is carried out by state institutions authorized by the Cabinet of Ministers of the Republic of Uzbekistan to manage motor transport, as well as by local institutions of state power.

State power and administrative institutions have no right to interfere in the economic activities of carriers, as well as to engage their operational service employees in other work, except for the cases provided for by law.

It should be noted that the terms of transport in foreign trade contracts are of great practical importance. Because transport acts as the main link between the seller and the buyer.

Cargo transportation by international car is carried out in the following cases:

- 82 cubic meters. m. from 120 cubic m. transportation by trucks of up to;

- Lifting bulky and heavy loads; carrying out loading and unloading operations

The ultimate goal of freight forwarding is to deliver goods to their destination on time and in good condition.

When drawing up foreign trade contracts, the parties must specify the following when considering the issue of loading cargo:

- what are the basic terms of delivery of the goods, how are the obligations of the seller and the buyer in ensuring the delivery of the goods distributed in this regard;

- how the communication between the seller and the buyer is carried out during the delivery of goods (notification);

- what means of transport is used for the delivery of goods and what documents accompany the transport contract.

The agreement on the road transport of goods and the basic terms of international road transport were signed in 1996. Road transport is regulated by the Convention on the International Carriage of Goods by Road. Uzbekistan is a member of this Convention.

The contract of carriage is drawn up in 4 or more copies depending on the direction of carriage. The consignment note is signed by the consignor and the carrier. The structure of the cargo was developed by the International Road Transport Union. At the specified point - when presenting the cargo, the consignee must mark the acceptance and sign the 3rd and 4th copies of the consignment note. If a shortage or damage is found, a mark is placed on the 2nd, 3rd and 4th copies of each consignment note and confirmed by the signature of the consignee and the carrier.

Another efficient and cheap way to transport goods internationally is to use railways. Loading of cargo by wagon, container and platform transport of any form is called international rail transport.

Coordination of transportation by railway in different directions is carried out in the following form:

Preparation of additional plans, issuance of permission telegrams, formalization of transportation documents;

Delivery of railway transport to the customer's warehouse or organization of delivery of railway transport to the place of loading;

Monitoring the departure of cargo and providing information about it;

Receiving cargo at the designated station and delivering it to the consumer's warehouse;

Payment of railway freight rates.

Contract of international railway carriage of goods. International railway transport is carried out on the basis of bilateral and multilateral agreements signed by the relevant ministries of the participants of the interstate agreement. Transportation is carried out on the basis of a single transport document - international and SMGS baggage.

This is regulated by the agreement on correct railway freight connections between the railways of Eastern European and Asian countries. AIRFT(Agreement on International Rail Freight Transport, Agreement of Carriage by International Railways, originally developed in 1951, the latest version was issued in 2017) is a contract of carriage of goods consisting of five pages.

Sheet 1 - is considered a consignment note, it accompanies the cargo to the specified stop, it is given to the receiver of the cargo together with sheet 5;

Sheet 2 – road report. The specified load goes with the load to the station and stays there;

Sheet 3 - a duplicate of the consignment note. The cargo is given to the shipper after the contract of carriage is concluded;

Sheet 4 – cargo release sheet. The load cooperates to the designated stop and remains there;

Sheet 5 - a sheet indicating the arrival of the cargo. The cargo is accompanied to the designated station and is given to the consignee together with the 1st sheet.

The consignor is not marked with a bold line on the face of each sheet and, if necessary, also fills in box 99 on sheet 4 (the consignor's marks are not necessary for railways). Other boxes on all sheets, boxes on the consignment note are filled by the railway, a piece consignment note is written on each wagon shipment.

The total length of railways around the world is 13 million km, 3.1 million in Europe and Turkey, Asia-Oceania-Middle East 3.5 mln. km[2]. CRRC Corporation (China), which operates in the field of railways, had a revenue of 17.72 billion USD in 2020. This year, the French company "Alstom" made 8.2 bln. Euro, Canadian company "Bombardier" 15.76 billion. The US dollar and the US company "Union Pacific" earned 21.7 billion US dollars[3].

One of the important reasons for the development of this version of trade terms was the transportation of goods in international trade using enlarged cargo areas. First of all, these were new ways of organizing cargo transportation using containers, as well as delivery - intermodal and mixed cargo transportation. Such cargo transportation has created the need to develop cargo transportation conditions that will allow full implementation of the advantage of their use.

International mixed (combined, multimodal) means transport carried out using various types of transport - sea, air, road, railway. They can be carried out both on the basis of one transport document (that is, in direct mixed transport) and on the basis of different documents (indirect mixed transport). The first option is preferable, because the person issuing the transport document is responsible for the transportation of the cargo along the entire route.

The development of multimodal transport was facilitated by such a factor as the spread of container transport.

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2 https://www.lexology.com/search

3 https://www.statista.com/statistics/263543/global-performance-in-rail-freight-services-by-region/

First, the use of containers significantly reduces the time spent on loading and unloading operations and reduces the cost of reloading. Secondly, the carrier, as a rule, does not have the opportunity to check the contents of the container. As a result, his responsibility for the safety of the goods is no longer excluded.

When carrying out multimodal transportation, the carrier can freely transfer the container with goods to another carrier, which, when receiving the container, is guided only by the external condition of the container, without "deepening" its contents[4].

Transportation of passengers and luggage in road transport is carried out in the event of the existence of agreements (contracts) concluded on the provision of services in passenger transport on regular routes based on the relevant license and tender results.

In the order form (order), in the transportation contract, the customer must indicate the destination, the route, the stopping place, information about the transported goods, the surname, first name, patronymic of the person responsible for transportation, and the period of the vehicle's stay with the customer.

In 1980, the UN Convention on the International Multimodal Carriage of Goods was adopted and the Hamburg Rules of 1978 were the basis for its development. The scope of the Convention applies to multimodal transport contracts, if the place of acceptance by the operator for transportation of goods or the place of its delivery is located in two different countries (Article 2). If a multimodal transport contract falls within the scope of the Convention, its provisions are binding on such contract. Nothing in the Convention affects the right of the carrier to choose multimodal transport and means of transport carried out in separate stages by different types of transport (Article 3). The Convention also does not prohibit the application of another transport convention or national legislation, and does not affect the right of a State Party to regulate multimodal transport operations at the national level (Articles 4, 30).

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The Convention provides for the number of a multimodal transport operator that concludes a multimodal transport contract on its own behalf or on behalf of the carrier or carriers. According to the contract, the operator undertakes to perform or ensure the performance of international multimodal transport for the payment of cargo (Article 1). At the same time, he does not act as an agent, but as a party to the contract, and it is he who takes responsibility for the performance of the contract.

After receiving the goods for transportation, the operator must issue to the consignor a signed multimodal transport document, which can be negotiable at the choice of the consignor, that is, it can have title or non-negotiable (Articles 5-6). The document contains information about the cargo (nature, quantity, external condition), the name of the sender. If the document is non-returnable, then the place and date of receiving the cargo by the receiver, the operator and the place of its delivery, the delivery period (if agreed), freight charges, the route, the types of transport used, etc. will be stated (Articles 7, 8).

In 1992, the United Nations Trade Development Organization (UNCTAD) and the International Chamber of Commerce (ICC) developed new rules for the Multimodal Transport Act. These rules are more flexible than the liability regime provided by the Hamburg Rules and the Hague-Visby Rules, making them useful for many countries[5].

Control questions:

1. Talk about air freight!
2. Talk about trucking!
3. Talk about shipping by sea and river!
4. Talk about rail transport!
5. Talk about multimodal transportation!

5 *Goode R.* Op. cit. - P. 1088-1089

Chapter VIII. ISSUE OF INSURANCE IN INTERNATIONAL ECONOMIC RELATIONS

8.1. General rules of insurance in foreign trade

8.2. Types of international insurance contracts

8.3. Terms and conditions of the insurance contract and the procedure for its conclusion

8.4. Business Insurance Rules

8.5. International cargo insurance

8.1. General rules of insurance in foreign trade

Any type of modern foreign economic relations cannot be imagined without insurance. Internationally recognized conventions and norms are used to regulate special types of foreign economic relations. But in the implementation of international economic relations, it is not possible to consider the issue of insurance through a single universally recognized norm. In the international framework, the issue of insurance is considered separately for each type of foreign economic activity. For example, the "Insurance Act for the Carriage of Goods by Sea" was developed by the Parliament of the United Kingdom as early as 1906. In 2015, a new modern version of this act was developed and adopted. This act regulates insurance relations arising accidentally in modern maritime transport. No international unified norms have been adopted for the regulation of medical, business or other types of modern insurance.

The issue of insurance in international economic relations is a type of liability with global coverage, which provides the insured with compensation for several types of material damage anywhere in the world. This type of insurance is often used by trans-national companies, international corporations, international partners or local companies that have contracts with partners.

Insurance companies operating at the international level have norms that do not conflict with the laws of the state in which insurance cases are formalized, and operate on the basis of these rules.

Article 3 of the Law of the Republic of Uzbekistan "On Insurance Activities" adopted on April 5, 2002 states the following points: means protection of the interests of individuals by paying insurance compensation (insurance money) in accordance with the insurance contract".

Modern foreign trade, international business contracts and international delivery of goods, especially sea transportation, cannot exist without insurance. In many cases, insurance contracts have become an integral part of commercial transactions. Whose account is to be recovered for damage caused to the insured activity or object is settled through negotiations during the conclusion of transactions.

According to the rules of insurance activity in foreign economic activity, there are general rules that apply to any type of traditional insurance. Accordingly, the insurance company does not undertake to pay the amount specified in the insurance in some cases. For example:

Insurance company

- confiscation,
- capture,
- whip,
- shall be exempted from liability for any loss arising from any attempt to prohibit or withhold and other such actions and their consequences.

Also insurers

- civil war,
- revolution,
- armed exit,
- rebellion,
- civil conflicts
- will also not be responsible for losses caused by acts of piracy.

The above-mentioned provisions are introduced into the national legislation on the basis of internationally recognized, unified norms. For example, one of the international insurance rules is that the insurance company does not cover losses

related to piracy, sabotage, civil war. Because control of situations related to war and calculation of their damage is a specific function of the countries where the war center is located. Obligations of insurance companies do not allow to cover such losses incurred in unstable situations.

8.2. Types of international insurance contracts

Thus, depending on the international insurance situation, we can divide the types of global insurance into the following:

1. International medical insurance

- Global health insurance
- Global crew health insurance
- Global Mission Health Insurance

Global Medical Insurance (Global Medical Insurance) is a type of medical insurance provided for individuals and families traveling around the world or engaged in business activities abroad.

Global Crew Medical Insurance (Global Crew Medical Insurance) is a worldwide medical insurance program for ship captains. This program provides comprehensive medical insurance for the ship's crew and entire staff.

Global Mission Medical Insurance (Global Mission Medical Insurance) - This is a worldwide medical insurance program for missionaries, which is offered to individuals working in various fields around the world.

2. International business insurance

- Currency risk insurance
- Insurance of foreign investments

Currency risk means the consequences of foreign economic operations and the economic results of participants of foreign economic relations that may arise as a result of changes in exchange rates. All subjects of international economic operations: state, trade and industrial companies or other legal entities and individuals may face currency risk.

Importers and exporters are exposed to currency risk when conducting foreign trade operations. If the exporter trades his goods with an extension of the

payment period and the currency of the importing country or a third country is taken as currency, he is exposed to currency risk. Insurance companies operating at the international level are engaged in full or partial insurance of such situations.

Also, in international business insurance, the type "Small business insurance" is often found. General liability insurance focuses on covering small businesses for the costs of responding to a claim alleging property damage or personal injury.

In this type of insurance, the insurance company helps to pay the following:

- Medical expenses of the client, for example, if the client is injured in the course of the insurer's business activity;

- Repair of damage (for example, expenses for repairing a damaged wall) accidentally caused by an employee of the insurer while working at the customer's house;

- Legal expenses for the protection of the interests of the insurer in court proceedings;

- Judgments and settlements from customer lawsuits

In some cases, the insurance company assumes responsibility for insuring the income of enterprises. For example in terms of ownership:

- Fire damage

- Theft

- Wind damage or damage from natural disasters

- Electronic vandalism

Electronic vandalism insurance is optional coverage that helps protect the insured during electronic attacks. For example, as a result of an attack on an insurer's business website, it will hinder the development of the business. This coverage helps cover the resulting loss of income.

- Professional mistakes

- Workers' compensation claims. also

Taxes. For example, the insured's small business suffers a loss that forces him to temporarily close the business rather than pay tax bills. Insurance business insurance can help cover just such expenses for a business.

Employee wages. For example, an insured may have several employees who need to be paid when business operations are temporarily suspended for various reasons. Business income insurance helps cover these payroll costs.

Lost profit. For example, when an insured's business is forced to close during the holidays, that business can suffer significant financial losses. This type of insurance helps cover lost income.

Advertising. For example, say you owe advertising fees to the company that built your new ad campaign. However, you recently had to close the operation to cover the losses. Your business income insurance will help cover these advertising costs until you open your business and start making a profit again. Advertising costs may also arise if you need to relocate your business after recovering damages.

Mortgage or lease. For example, say you leased the building where your restaurant is located. After a fire destroys parts of your restaurant, you need to rebuild it. This is expected to take several weeks. Your business insurance can help cover the associated costs.

1. Cyber insurance is a system of insurance against various cyber-attacks around the world, and is an insurance service against losses caused to accounts and electronic platforms of individuals and legal entities.

2. Construction insurance is a broad classification of insurance policies that provide protection for construction projects. In fact, the term "construction insurance" usually refers to insurance related to construction projects, but this type of insurance is not a true form of insurance.

Some types of construction insurance are not required by international law, but many construction contracts require contractors to purchase insurance for the

projects they describe. Subcontractors who work directly with homeowners generally do not require insurance for the projects they undertake. But local organizations, such as large organizations such as universities, often require contractors and commercial developers to carry insurance policies designed to cover the various non-insurable aspects of the project when contracting major construction projects. At the international level, there are the following types of construction insurance:

- Fire insurance
- Insurance against natural disasters
- Insurance against vandalism

1. Cargo insurance

- Container insurance
- Marine insurance

Containers are a very important invention that makes the transportation of goods by sea, along with other modes of transportation, much easier. Unfortunately, sometimes some of the containers can get submerged. Often, this is due to improper packing of cargo, poor placement of containers, or parametric vibration (vibration that occurs only in container ships, causing strong deviations to the side of the ship). Such situations may cause containers to fall off the ship in case of more severe weather conditions. Unfortunately, such accidents happen all too often.

Importers often wonder if a Cargo Container is worth insuring. In addition, they forgo the option of container insurance or forget about it to save money. But in many cases, carriers may be afraid of the risk and may not agree to accept and deliver the goods without insurance. Container insurance, on the other hand, can be very beneficial and save cargo owners from financial losses.

Container Insurance - Container insurance terms known as "total loss" cover only the damage caused by container damage and the cost of preserving the container and preventing or mitigating the damage, according to the insurance terms, is paid out of the total loss value of the container. Costs for repairing

containers (except in the case of a general breakdown) are not covered under this insurance condition. In other cases, these two condition types are similar.

Insurance prices are determined differently among different insurance companies. According to some companies, the cost of goods insurance is usually approximately 0.15% of the total value of the goods and services on the invoice or the price of the goods on the sea freight invoice.

In the case of rail transportation, insurance costs are 0.08% of the value of the goods specified in the invoice.

It should also be noted that insurance companies have a minimum order rate. For example, if the minimum insurance rate is set by the company as 35 USD, even if 0.15% of the invoice is calculated to be less than 35 USD, the minimum price for cargo insurance is 35 USD.

In general, most cargo insurance covers the following aspects:

- From complete destruction. Physical and general losses
- Full Equipment Cover (FEC). Restoration and maintenance costs
- Elimination of damages
- Third party liability
- Reimbursement of the residual value of the equipment

At this point, it is appropriate to define the concept of "Third Party Liability". Sometimes accidents can happen, even when you take all the necessary precautions to prevent them, and they often lead to lawsuits with serious financial consequences. But such litigation can be costly for an importer or exporter. Halaro's "Third Party Liability" type covers liability and litigation costs in such unforeseen circumstances.

Therefore, joint container insurance may not cover certain conditions:

- Mysterious disappearances
- Insolvency
- Disruption of mechanical or electrical networks
- Defects in design or manufacturing and packaging
- Depreciation expired, materially obsolete containers

- Irregular service

Marine insurance is a type of insurance that covers the loss of cargo on the sea route or damage caused during transportation on ships, cargo ships, terminals and other water vehicles. The "Marine Insurance Act", adopted by the Parliament of the United Kingdom in 1906, was considered the international legal norm of this type of insurance. This act was drafted by Sir Mackenzie Dalzell Chalmers, a member of the English Parliament who drafted the 1893 "Trade in Goods Act". In 2015, the "New Procedure of Commercial and Marine Insurance Legislation" developed on the basis of this law was introduced.

6. Travel insurance is a type of insurance that covers international tourists. Travel insurance is insurance that covers damage that may occur during a trip or vacation. It can cover a variety of situations, such as medical bills in a foreign country, lost or stolen luggage, cancellation of flight and hotel reservations, and damages such as rental cars. There is a type of travel insurance called "Travel Accident Insurance", which is a type of insurance that covers damage caused by an accident while traveling domestically or internationally. This type of insurance can cover a single trip or multiple trips within a specified period, depending on the insurance policy.

The Insurer shall be exempted from liability for loss arising from seizure, prohibition or detention and their consequences and any attempt to do so. In accordance with the provisions of this condition, the insurer shall not be liable for damages caused by acts of war or acts of war, whether announced or not.

The insurance shall also not be liable for losses due to civil war, revolution, armed uprising, insurrection, civil strife and acts of piracy.

International insurance companies focus on two aspects of insurance. The first is the area where the insurance relationship is valid, and the insured is not covered for travel losses in all countries of the world. Internationally operating insurance companies can cover damages and losses in their designated territory. The second is the insurance period, which is also an important component. Therefore, the insurance contract is valid for a certain period.

7. Alternative types of insurance Takaful and Re-takaful offered by Islamic (partner) banking system ().

8.3. Terms and conditions of the insurance contract and the procedure for its conclusion

According to international and national legislation, the insurance contract must be concluded in writing. Failure to comply with this requirement will render the contract invalid.

An insurance contract can be concluded by drawing up a single document or by the insurer handing over the insurance policy (certificate, receipt) signed by the insurer, containing the terms of the insurance contract, to the insured in accordance with his written or oral application. In this case, the policyholder's agreement to conclude a contract according to the terms proposed by the insurer consists of receiving documents from the insurer and paying the insurance premium.

When concluding a contract, the insurer has the right to use the standard forms of the insurance contract (insurance policy) developed by him for certain types of insurance. Below we can see different forms of insurance of foreign economic relations:

When concluding a property insurance contract, an agreement must be reached between the policyholder and the insurer on the following:

- about certain property or other property interest that is the object of insurance;

- about the nature of the insured event (insurance event) whose occurrence is likely to occur;

- about the amount of insurance money;

- on the procedure for determining the amount of insurance compensation (if the contract stipulates that it can be paid in a small amount from the insurance money);

- about the amount of the insurance premium and its payment terms;

- on the validity period of the contract.

When concluding a personal insurance contract, an agreement must be reached between the policyholder and the insurer on the following:

- about the insured person;
- about the nature of the insured event (insured event) with the probability that it will occur in the life of the insured person;
- about the amount of insurance money;
- about the amount of the insurance premium and its payment terms;
- on the validity period of the contract.

According to the agreement of the parties, other conditions may be included in the contract. If the insurance contract includes conditions that worsen the condition of the policyholder, the insured person or the interested citizen compared to the provisions established by the law, the relevant provisions of the law shall be applied instead of these conditions of the contract.

Also, as mentioned above, in the case of cargo transit transportation insurance, the type of "Responsibility condition for all risks" does not cover the loss of total risks. These conditions exclude coverage for the following damages:

- cargo damage caused by various military operations;
- radiation risk;
- injury caused by coldness of the insurer or his representatives,
- gross violation of cargo transportation and storage rules (fire or explosion),
- placement near explosive substances due to failure to notify the insurer,
- cargo damage by gnawing insects,

There is a clear list of damages that must be covered in the terms of partial accident liability. Naturally, the liability of the insurer is also taken into account here. All risks not covered by the “all risks” clause under this provision are also excluded from liability here.

Conforms to the conditions with liability for an accident except for accidents listed without liability for injuries. The difference is that under the last condition, the insurer is under normal conditions only responsible for the complete

destruction of the cargo or its part. The carrier is liable only if an accident occurs with the intermediary.

Insurance policy is a document that confirms the conclusion of the insurance contract and expresses the obligation to pay the monetary value (insurance compensation) determined by the condition of the insurers and the terms of the given contract. It includes:

- the names of the subjects of the insurance contract;

- determination of insurance interests;

- a list of insurance cases in which the insurer is obliged to pay compensation to the policyholder in the event of an incident;

- amount of insurance funds;

- the beginning and completion of insurance relations to subjects;

- for the period of indemnification and the failure of the insurer himself

- includes responsibility.

No transfer of rights and interests under the policy or transfer of the amount due under the insurance shall be made or recognized without the written consent signed by the insurer or its representative. In case of sale of the container, the insurance is canceled from the date of sale. If the insurance contract is canceled by the insurer, a share equal to the net premium share will be returned. If the contract is canceled by the insurer, the premium agreed upon by the parties will be returned.

Article 27 of the Law of the Republic of Uzbekistan "On Insurance Activities" adopted on April 5, 2002 describes the activities of foreign insurance organizations.

According to the law, foreign insurance organizations can become founders (participants) of legal entities - professional participants of the insurance market in accordance with the procedure established by law.

Foreign insurance organizations have the right to carry out reinsurance in the territory of the Republic of Uzbekistan, as well as insurance of civil liability of the owners of vehicles and other self-propelled machines and mechanisms leaving the territory of the Republic of Uzbekistan. Such insurance contracts are concluded through insurers and insurance intermediaries who are residents of the Republic of Uzbekistan.

8.4. Business Insurance Rules

It is known that enterprises participating in international trade, whether they are TNCs or smaller foreign enterprises, while operating in a country other than their own country, have no choice but to make sure that they have ratified the country's investment environment, national legislation, and internationally recognized norms of the country. From this point of view, business insurance means first of all investments, then small business and currency risk insurance. Any investor entering a foreign country with his own funds should first of all consider the issue of insurance.

Investment insurance may be provided by private insurance companies or export credit agencies. Article 27 of the Law of the Republic of Uzbekistan "On Insurance Activities" adopted on April 5, 2002 describes the activities of foreign insurance organizations.

According to the law, foreign insurance organizations can become founders (participants) of legal entities - professional participants of the insurance market in accordance with the procedure established by law.

Foreign insurance organizations have the right to carry out reinsurance in the territory of the Republic of Uzbekistan, as well as insurance of civil liability of the owners of vehicles and other self-propelled machines and mechanisms leaving the territory of the Republic of Uzbekistan. Such insurance contracts are concluded through insurers and insurance intermediaries who are residents of the Republic of Uzbekistan.

In particular, "Uzbekinvest" national export-import insurance company was established in order to provide insurance protection to Uzbek exporters in the markets of products and services in our country. "UZBEKINVESTINTERNATIONAL" JSC provides its insurance services in the fields of foreign investment and trade insurance, based on international principles of political risk insurance.

Foreign investment insurance is insurance protection of the economic interests of national exporters by an insurance company against political, commercial and business risks that prevent the fulfillment of contractual obligations accepted by foreign partners abroad. Therefore, comprehensive insurance protects the property and personal interests of foreign investors investing in the country's economy.

Also, this form of insurance covers events such as confiscation, nationalization or expropriation of the investor's fixed assets or working capital abroad. Under the expanded rates, investment insurance will be able to cover war, civil war, strikes, riots, terrorism, regulatory changes, currency fluctuations, business interruption and leased equipment defaults, unlike other types of insurance.

Currency risk means a possible change in foreign economic operations and economic activity results of foreign economic participants as a result of exchange rate changes. In the process of globalization and integration of the world economy, all subjects of international economic operations: states, currency funds, trade and industrial companies, other legal entities and individuals may face currency risk.

Importers and exporters are exposed to currency risk when conducting foreign trade operations. If the exporter trades his goods with an extension of the payment period and the currency of the importing country or a third country is taken as currency, he is exposed to currency risk. If the exporter does not recoup the costs he incurred against his national currency when the exchange rate falls, he will not make a profit and will suffer a huge loss. Thus, for the exporter, a decrease in the exchange rate against the national currency during the contract signing and payment period is a currency risk. This period is available regardless of whether or

not extension of the payment period is provided for in the implementation of any type of foreign trade and credit operations. It follows that almost all foreign trade transactions carried out in the world are subject to currency risk.

Currency risk (risk) for importers When buying goods, currency risk occurs if the price is set in foreign currency and increases compared to the national currency. In this case, more local currency is spent on the purchased goods.

It is known that entrepreneurs plan the final results of their work as far into the future as possible. That is why, in the practice of western corporations, the time calculation for currency risk is not taken by the corporation on the day of the decision to enter into a transaction.

Currency risk should be considered as a risk that appears in operations on the placement of foreign currency funds. Banks and their customers, as well as the state, can suffer from this type of currency risk. According to the content of operations on the placement of foreign currency funds, it has the character of a loan.

All of the above-mentioned points allow to explain the currency risk as follows: currency risk is the risk of an unpleasant revaluation of foreign exchange rates against the national currency as a result of foreign trade, credit, foreign exchange transactions and storage of foreign currency funds, or the risk of currency loss.

Types of currency risks (risks). So far, we have considered the concept of currency risk in relation to one economic transaction. If the members of foreign economic relations carry out many operations denominated in foreign currency with demand and obligation, they risk not on the entire volume of operations, but on the open currency position.

An open currency position is associated with currency risk, resulting in additional profit or loss for banks. Therefore, in most countries, the size of the open currency position is determined by the state financial authorities.

Conditions for the emergence of currency risk may lead to losses of specific currency transactions, primarily related to foreign trade and credit transactions.

It is necessary to include such currency risks in the first type, more precisely, such losses are called cash currency losses.

The second type of currency risk is currency risk, which is not directly related to foreign trade transactions, but appears in the revaluation of assets and liabilities of the firm's balance sheet.

The two types of currency risk are reflected differently. The first type of foreign exchange risk causes the results of specific foreign trade operations to deviate from the planned ones. From an accounting point of view, these types of deviations are not reflected in the financial statements, no matter how they exist. Only the analytical accounting system can be used to account for the first type of currency risk.

The second type of currency risk is directly reflected in accounting. Therefore, it can be called an accounting of losses.

The above analysis is applied as follows. If the company keeps foreign currency funds on the balance sheet in a foreign economic bank, then every week a new copy of the company's assets will be reassessed. Differences between exchange rates are directly and indirectly included in the profit and loss account. Currency loss of cash losses is of great practical importance as a factor affecting foreign trade operations.

From this point of view, there is a need to insure currency risk. There are two strategies for insuring currency risk: speculation and profit loss.

Currency risk insurance refers to decisions and measures aimed at the loss of the results of international economic operations due to changes in exchange rates.

The purpose of currency risk insurance is to record the results of international economic transactions at the time of signing, or at least to limit the possibility of changes in these results.

Some firms never insure currency risk, seeing currency volatility as a part of modern international trade, thus treating uncertainty in the currency risk plan as a normal risk on their part. The second strategy of companies is to cover everything regardless of the exchange rate outlook.

The presence of the risk of missed profits, and the other two strategies - certainty and price holding - tend to combine favorable opportunities. Most banks support open currency positions in order to increase the interest of foreign trade operations, refusing to insure one hundred percent currency risk. Knowingly refraining from currency risk on an open currency position is called currency speculation.

An example of failed currency speculation is the Herstatt Bank, a German bank that, during 1973 and 1974, made bad bets against the dollar when the US dollar experienced significant volatility, and by June 1974 had lost 44 million German francs against capital. In 1987, the Japanese bank "Dai-Ichi Kangyo Bank" lost 36.5 mln. lost an amount equal to US dollars. In 1985, another Japanese bank, The Fuji Bank, also fell victim to currency risk losses. Also, the banks of Switzerland, which is the country of the leading financial banks in the world, were not spared from such losses. The failure of the Union Bank of Switzerland in 1982 can be the reason for this.

Control questions:

1. Talk about liability insurance!
2. Talk about the procedure of marine cargo insurance!
3. Talk about business insurance arrangements around the world!
4. Talk about metal categories in the insurance policy!
5. How does construction insurance cover vandalism and other damages?
6. What types of insurance do you know in international economic relations?

CHAPTER IX. INTERNATIONAL REGULATION OF BUSINESS CONTRACTS

9.1. International agreements and international traditions

9.2. International e-commerce

9.3. The role of International Chamber of Commerce arbitration and UNIDRUA principles in resolving international business contract disputes

9.1. International business agreements and international traditions

To regulate foreign economic transactions, bilateral agreements on trade and economic cooperation (trade agreements, friendship, trade and navigation agreements, etc.), agreements on the free trade regime, agreements regulating certain types of obligations (Vienna Convention on International Trade in Goods Convention, Convention on International Financial Leasing, etc.) have been developed and these types of agreements are valid worldwide.

An international trade agreement is defined as a type of international agreement as follows: "Determining the rights and obligations of states regarding trade and economic relations between countries, the legal order of economic relations in general, sea navigation, commercial transport, transit, as well as the activities of individuals and legal entities of one country in the territory of another country is a defining document. "[6]

Among trade contracts, it is possible to distinguish types from the most general ones (trade and sailing contracts, other trade contracts) to those concluded for a specific purpose (contracts on product delivery, product circulation and payments, clearing contracts, trade conventions). The last ones mentioned are of particular importance, because they contain clauses such as agreed product delivery conditions, billing terms, procedures, product list, which directly affect the economic interests of some participants of civil law relations. However, in essence, such contracts regulate the exact product cycle in very few cases. They determine the scope of action of individuals and legal entities at the national level (the general legal order of agreements between individuals and legal entities of the

6 V.A. Kanashevsky. Foreign economic transactions. Legal regulation. Moscow. 2005. Art: 274

states that are parties to the agreement). Also, foreign economic transactions should not conflict with accepted international trade agreements. L.A. Lunst describes "Trade contracts and agreements as a source of law regulating foreign trade agreements", and states that "They define interstate obligations on foreign trade, and foreign trade agreements create civil-legal relations."[7]

At the same time, the independence of the civil-legal obligations of the parties acting within the framework of the intergovernmental agreement is emphasized. For example, obligations in inter-governmental and inter-departmental agreements and obligations in civil-legal agreements (contracts) concluded by economic entities are recognized by everyone as having an independent nature. The rights and obligations arising from the agreements concluded between the states belong to the states, which are taking measures to ensure the fulfillment of the civil-legal obligations arising from these agreements by economic entities at the level of their ability.

These agreements have a direct regulatory impact on domestic civil-legal relations and foreign economic transactions.

For example, if we consider some clauses of the GATT, it is observed that this document is based on the following basic rules:

1. To provide the most favorable treatment for all participating countries with respect to import and export customs fees and charges, import and export remittances, and all import and export regulatory rules and formalities. Any advantage, favor, or privilege provided by the Contracting Party to any product developed in the Voluntary State and intended for the Voluntary State shall be transferred promptly and unconditionally to a similar product developed in the territory of any other Contracting Party or intended for the other Contracting Party. need

2. To provide the same opportunity applied to goods developed abroad and domestic goods. Internal taxes or other types of voluntary internal payments

7 V.A. Kanashevsky. Foreign economic transactions. Legal regulation. Moscow. 2005. Article: 279

applied directly or indirectly to goods developed in the territory of one of the contracting parties and imported into the territory of the other contracting party should not exceed the taxes and fees imposed directly or indirectly on domestic goods. In relation to these goods, no less than the procedure provided for the laws, regulations and requirements applicable to the sale, offer for sale, purchase, transportation, distribution or use of the corresponding national goods in the domestic market should be applied.

3. Abandonment of quantitative regulatory measures. The contracting parties may not establish or maintain any internal quantitative regulation and directly or indirectly require the replacement of a certain part (share) of any goods with goods obtained from domestic sources.

4. Abandonment of export subsidy policy.

In addition to national legislation and international agreements, sources of regulation of foreign economic agreements include international customs, trade customs and habits. In the theory of law, "traditions" mean moral rules of a general nature, which have arisen due to these real relationships and have become a habit as a result of many repetitions.

Intra-state customs are customs that have arisen and are practiced within the jurisdiction of one state. Customs regulate foreign economic agreements when it is necessary to apply national law to the relationship.

International customs are customs formed in relations between states, which are sources of international public law and regulate interstate relations. All the main rules of international law: independence of states, territorial integrity, inviolability of borders, the obligation to fulfill contracts, etc. - were previously formed as a tradition. All recognized rules and norms of international law are part of the legal system. Rules of interstate relations, prohibition of violation of rights of foreign participants, respect of human rights, prohibition of unjustified deprivation of property are important in regulation of foreign economic agreements.

The definition of international custom is given in Article 38 of the Statute of the UN International Court of Justice. According to it, international custom is a rule recognized as a legal norm and proven by common experience.

International legal regulators of civil relations include all recognized rules and norms of international law, except for international treaties.

All recognized norms of international law are the rules recognized as "legal norms" by the international community of states. Such norms mainly serve as a legal regulatory tool in interstate relations. Their role in regulating foreign economic agreements and other civil relations is limited. L.A. Lunst said: "It is possible to refer to the international tradition as a source of law in only a few cases related to the application of conflicting laws. The role of international custom in conflicting, conflicting law, except for some cases, is limited by the norms arising from the basis of state sovereignty[8].

L. N. Galenskaya said, "The general rules of international law have the highest legal force in international relations, they are characterized by strictness, they appear as a legislative aspect, as a system-creating factor, and can be the basis for making a decision on a specific case. For example, in private international law, the prohibition of the use of force or the use of force takes a different position. If economic blockade, boycott, embargo, detention (imprisonment) of sea vessels, etc. are used as measures of economic pressure in public international law, then in private international law this is coercion. Legal relations resulting from the use of force are not considered valid. Another rule of international law is the rule of non-interference in internal affairs, which obliges states not to establish their control over foreign legal entities and individuals existing on their national territory," he says[9].

8 V.A. Kanashevsky. Foreign economic transactions. Legal regulation. Moscow. 2005. Art: 295

9 Encyclopedia of International Organizations / Author: S. V. Bakhin; edited by L. N. Galenskoy, S. A. Malinina. - St. Petersburg: Publishing House of the Law Faculty of St. Petersburg University, 2003. Art: 38

International trade custom is a rule of conduct with a general feature, which has become a habit as a result of many repetitions in the practice of international trade among businessmen.

Two conditions are necessary for a rule to be classified as an international trade custom:

1) International trade has certain general characteristics;

2) State consent to this practice (more precisely, to the rules of conduct arising on its basis). Unlike state-created customs, which are a source of public international law, international trade customs are recognized by states.

The freedom to determine the rights and obligations of the parties to foreign economic agreements under national legislation and international agreements, and the development of the contractual conditions recorded before them. Due to the fact that the contractual forms related to the mutual cooperation of businessmen from different countries were repeated several times, it led to the formation of standard conditions of transactions.

If in domestic trade these standard conditions of transactions are usually reflected in regulatory acts, domestic customs that strengthen the main types of transactions, and in court cases, then in the field of international trade, this task was fulfilled from the beginning by international trade customs, rules of conduct, regardless of whether they were recorded in a written act or not. Such unwritten rules formed in international trade made the process of concluding contracts and their execution much easier. For example, by specifying the FOB (Free on board) condition of incoterms, the parties are exempted from the obligation to record all the main components covered by this concept of cargo delivery in the contract.

The only disadvantage of using trade customs is their verbal form. This leads to different interpretations of them. The International Chamber of Commerce (ICC) is responsible for collecting existing international trade customs and practices related to cargo delivery concepts and systematizing them for uniform interpretation.

XSP was formed in 1920, today it includes many national chambers of commerce (in particular, the chamber of commerce is a member of the international chamber of commerce). It was taken over by a non-governmental organization of business circles, uniting thousands of commercial associations and associations (ICC headquarters - Paris, France). At the beginning, in 1923, ICC published "Trade terms", a collection of information about trade customs and practices related to cargo delivery concepts adopted in various countries (subsequent editions - in 1929 and 1953). On the basis of the mentioned information, Incoterms (International commercial terms) of 1936 - international rules on the interpretation of trade concepts were prepared and published in order to explain the concepts of cargo delivery. The emergence of further revised clauses of INCOTERMS is related to the development of trade relations.

Trade customs, including international trade customs, normative acts, international agreements, and all recognized rules and norms of international law are a source of law in our country.

The international agreements in which Uzbekistan participates can also use international trade customs. For example, in accordance with Article 8 of the European Convention on Foreign Trade Arbitration, when resolving a dispute, Arbitrators will act on the basis of contract clauses and trade customs.

Maritime law often refers to international trade customs. Some trade traditions have been around for a long time (for example, the tradition of carrying part of the cargo on deck when trading in firewood). For example, in one case heard by an American court, a cargo owner claimed damages for the loss of two containers due to being transported on deck. The bill of lading did not specify where the cargo would actually be loaded, and the shipowner noted that New York harbor has a custom that allows containers to be carried on deck even if there is no agreement with the shipper. The court noted that the carrier did not breach the contract by placing the cargo containers on the deck of a vessel specially built for such cargo.

The burden of proving the existence of customs lies with the party in interest. For example, in another case, the court recognized that large containers could be

transported on deck without an agreement because the carrier provided substantial evidence that there were compatible customs at the Italian port of loading.

The rule of binding is common to both international trade customs and other voluntary sources of law. Customs is also defined by all recognition. At the same time, the verbal form characteristic of traditions prevents them from being interpreted in a general way and using traditions in a general way. Not to mention the process of proving that legends exist. In order to determine its essence, the parties have to turn to literary sources in most cases.

In order for a legal standard to be used correctly and generally, it should be stated in writing. In this case, the written (in the legal sense) form means that the rule is recorded in writing in some official source (law, convention, etc.). Therefore, the recording of the rule in a non-official document is not considered a written form (for example, in a private collection). In this sense, stating the simple rule in Incoterms does not mean that it has a written form in the legal sense.

One of the ways to resolve various possible disputes in the interpretation of international trade customs is to clarify its nature in a particular foreign economic contract. However, the most convenient way for the parties is to use the interpretation of trade customs provided by the ICC.

As mentioned above, ICC deals with collection and systematization of customs. Records customs in written collections, including Incoterms. Such collections do not have independent legal force, customs are used only if there is a reference in the contract. These acts are called trade customs. The main feature of these is that the rules contained in customs are included in the wishes of customs if they meet the interests of the contracting parties.

The term of delivery of goods means the time when the seller must hand over the goods to the buyer or to the person acting on behalf of the buyer according to his order. This situation is agreed in advance in international sales contracts and occupies an important place in the contracts. Contracts usually indicate a calendar, terms of delivery, but this does not mean that a single date is indicated. In most cases, monthly, quarterly, half-yearly or annual deadlines are set as delivery

periods, and this can be expressed as follows: "The goods must be delivered to FAS in lichters in the first half of 2003." It goes without saying that the seller can deliver the cargo to the light carrier in the period from January 1 to June 30, 2003.

In international trade, when the word "immediately" is used, the goods must be delivered within two weeks, and when the word "as soon as possible" is used, the seller must take all measures to deliver the goods within a very short period of time. Further expressions can also be used: "as soon as it is ready", "as soon as the navigation opens", "...as soon as it is collected in tons of batches", etc. Within the period specified in the contract, the seller must inform the buyer about the production of the goods, and the buyer, in turn, must inform about the delivery dates. Such cases may also be provided for in the contract.

Delivery dates are the calendar days for delivery of the goods to the geographic location specified by the seller in the contract. In most cases, geographical points are established through basic terms in the contract. For example, the contract might say, "Delivery date is September 3, 2003, FOB Bandar Abbas." This means that the goods must be delivered on board the ship at the port of Bandar Abbas by September 3, 2003, and the date of delivery of the goods must be indicated on the sea bill of lading.

When setting delivery dates, in most cases, separate phrases are included in the contract: "Delivery before the deadline can be carried out only with the written consent of the buyer." The right to early delivery is emphasized, because it is also associated with early payment, and the money may not be found.

In contrast to the delivery period, the period of delivery of the goods should be considered from the time when they were placed at the disposal of the buyer. The date depends on the method of delivery of the goods and can be determined as follows:

1. It is related to the date of the document issued by the transport organization accepted for the delivery of the goods.

2. When the cargo is accepted for shipment, it is related to the date of the receipt of the transport-forwarding company.

3. If the buyer fails to deliver the goods on time and the seller changes his right to deposit the goods in the warehouse at the buyer's expense and risk, it is related to the date of the warehouse certificate.

4. The buyer's commission and the seller's representative sign the acceptance-handover deed and it is related to the date on which the buyer is issued a certificate of ownership.

5. The end, which does not give the opportunity to use the entire series of goods (equipment), is related to the date of signing the acceptance-handover document by the buyer's commission and the seller's representative after the delivery of the series.

9.2. International e-commerce

E-commerce helps companies to make their internal operations more efficient and flexible, to enter into closer relations with suppliers, to respond more quickly to the demands and expectations of customers, on the one hand, companies have the opportunity to choose suppliers regardless of their geographical location, and on the other hand, have the opportunity to enter the global market with their goods and services.

The essence of electronic commerce consists of various forms of transactions carried out through the Internet and other electronic means of communication.

The UNCITRAL (UN Commission on International Trade Law) Model Law on Electronic Commerce (approved by UN General Assembly Resolution 16.12.1996) regulates the basic rules applicable to commercial activities and the dissemination of any information in digital or similar form. Its field of application is very wide, and it is connected with the broad interpretation of the concept of "trade".

Internet commerce is electronic commerce that is limited to the use of the Internet computer network.

B2B trade and purchase systems. Electronic trade and commercial systems in the B2B sector are aimed at maintaining relations between the supplier and the

consumer, and are directed to solving the issues of sales and material and technical supply.

In the process of goods movement, five types of economic entities participate and form a producer-distributor-dealer-retailer-buyer chain. In this chain, the participation of the first and the last is a must.

The relationship between each pair in this chain has its own characteristics in the formation of e-commerce.

For a manufacturing company that wants to take advantage of e-commerce, it is necessary to identify the critical link in the business process and start applying electronic tools to it. First of all, the automation of heavy continuous processes that take up a lot of employees' time, that is, taking orders; it is necessary to take into account such things as agreeing terms, other forms of commercial information exchange. A manufacturing company can use modern information technologies to implement electronic sales methods in the work of sales departments. In this case, the sales information system should be integrated with the production planning and delivery organization systems for maximum economic efficiency.

The most common electronic trading systems of this type are:[10]

1. Procurement management systems;
2. Full cycle performance systems with suppliers;
3. Sales management systems;
4. Full cycle work systems with customers;
5. Network (vertical) electronic trading platforms;
6. Electronic markets and multi-sectoral electronic trading platforms.

An integrated enterprise resource management system is needed to attach them to enterprise resource processes.

The main processes of e-commerce in the B2B sector:

Registration: Buyers and sellers register from the system, i.e. show their details, then get a unique ID and password. As a rule, at the stage of registration, a

10 Yuracov A.V. "Electronic commerce". M: "Delo". 2003.

contract is concluded between the participant of the trading system and its provider, which provides for the implementation of the payment service on the basis of the agreed terms and conditions of trading established in the system. The contract is fully concluded at the stage of registration.

Posting information: Users post information about the need for a product or its supply in the relevant sections using the system catalog.

Searching for information: It is done by manually searching the catalog tree or by automatically providing the required product characteristics (name, retail price, etc.) and retrieving a list of them. A more effective way to receive information is to subscribe based on the delivery of information by e-mail. In this case, the user provides the necessary product characteristics, and the necessary information is sent to him at each change of the catalog (appearance or disappearance of the product according to the given characteristic).

Buying a product: three different options can be used: finding a suitable offer from the catalog, participating in sales posted by sellers, and posting one's own sale for purchase. In the last option, the buyer (customer) invites the potential seller (supplier) to receive a batch of products based on certain conditions (implementation period, minimum and target price, other conditions) within an unlimited (open sale) or limited (closed sale) range through the means of the electronic trading system. And then (after a given time has passed or the required indicators have been achieved) it chooses the best offer based on its point of view.

Product sale: It is carried out in options similar to the purchase process.

Identifying the parties to the transaction: After completing the trade or other processes of the terms of the transaction agreement, the parties receive each other's coordinates through the electronic trading system.

Structure of the transaction: it is carried out electronically using electronic calculating-machine technologies.

Ensuring guarantees of execution of contractual obligations: It is implemented on the basis of existing traditional economic mechanisms, the only difference is that the documents confirming the transaction will be in electronic form. In

addition, there are ways to reduce the risk of making a deal, for example, published rating and analysis of views, exclusion of unknown counterparties from the ranks of trading system participants.

Information about the company, product (service) catalogs, price lists and application forms are placed on the pages of Internet showcases. Company news, additional information about manufacturers, tips, analytical comments, etc. can be published in the online showcase.

Despite the complexity of the implementation of a relatively complex system of Internet trade, it is an Internet store covering various business processes. Activities such as selection of goods, registration of orders, execution of mutual calculations, monitoring of order execution, sale of information goods or provision of information services - delivery by means of electronic communication networks are carried out.

In the conditions of globalization in the world, foreign migration, international trade and capital movement, tourism, foreign investments, IT (Information Technologies) development affect the economic growth rates of countries. Including, as a result of the reforms implemented in the new Uzbekistan, openness, development of international economic and political relations created opportunities for modernization, technical and technological re-equipment of industrial sectors in our country. An example of this is the increase in the volume of foreign trade of our country. Many expressions such as "Electronic government", "Electronic management", "Telecommunications", "Internet", "Website" have become an integral part of our life. IT covers every aspect of our daily life.

The conclusions of the World Bank's research entitled "Digital Dividends" show how relevant and important the digital economy is in the development of countries' economies[11]. In particular, a 10 percent increase in internet speed leads to an increase in the country's GDP. In developed countries, this figure is 1.21 percent, while in developing countries it is 1.38

11 Gulyamov S.S. Blockchain technologies in the digital economy. Tashkent. M. 2019. p. 28

percent. So, if the internet speed increases twice, the GDP can increase by 13-14 per cent.

The decree No PF-5308 of the President of the Republic of Uzbekistan dated January 22, 2018 "On the State Programme for the Implementation of the Action Strategy in Five Priority Areas of the Development of the Republic of Uzbekistan in 2017-2021", December 13, 2018 "Digital Economy, Electronic Government, and Information in Public Administration of the Republic of Uzbekistan" , as well as, Decree No. PF-5598, dated February 19, 2018, "On Additional Measures for the Implementation of Information Technologies and Communications" No. PF-5349, dated November 21, 2018, "On Further Improvement of the Digital Infrastructure on modernization measures" No. PQ-4022, dated May 7, 2018 "On additional measures to improve mechanisms for introducing innovations in economic sectors and fields" No. PQ-3698, dated June 5, 2018 “On higher education institutions”.

This thesis research serves to a certain extent in the implementation of the tasks defined in the decisions PQ-3775 "on additional measures to increase the quality of education and ensure their active participation in large-scale reforms implemented in the country" and other regulatory legal documents related to this activity.

In the conditions of globalization of the world economy and technological development, it is difficult to imagine the economic development of Uzbekistan without the digital economy. According to research, it is estimated that by 2022, a quarter of the global GDP will be in the digital sector. However, according to the international information and communication technology development index, Uzbekistan ranks 103 out of more than 170 countries. Therefore, active transition to the digital economy will be one of the most important tasks in the next 5 years. Digital technologies not only increase the quality of products and services, but also reduce excess costs. At the same time, they are also an effective tool in eliminating the scourge of corruption, which worries and bothers me the most. We all need to understand this deeply. It is possible to widely introduce digital technologies in state and community management, and in the social sphere, to increase efficiency, in a word, to dramatically improve people's lives. It should be noted that some elements of the digital economy are already successfully operating in the life of our

country. In particular, taking into account the mass transfer of documents and communications to digital means, authorization of electronic signatures, communication with the state is also being transferred to electronic platforms.

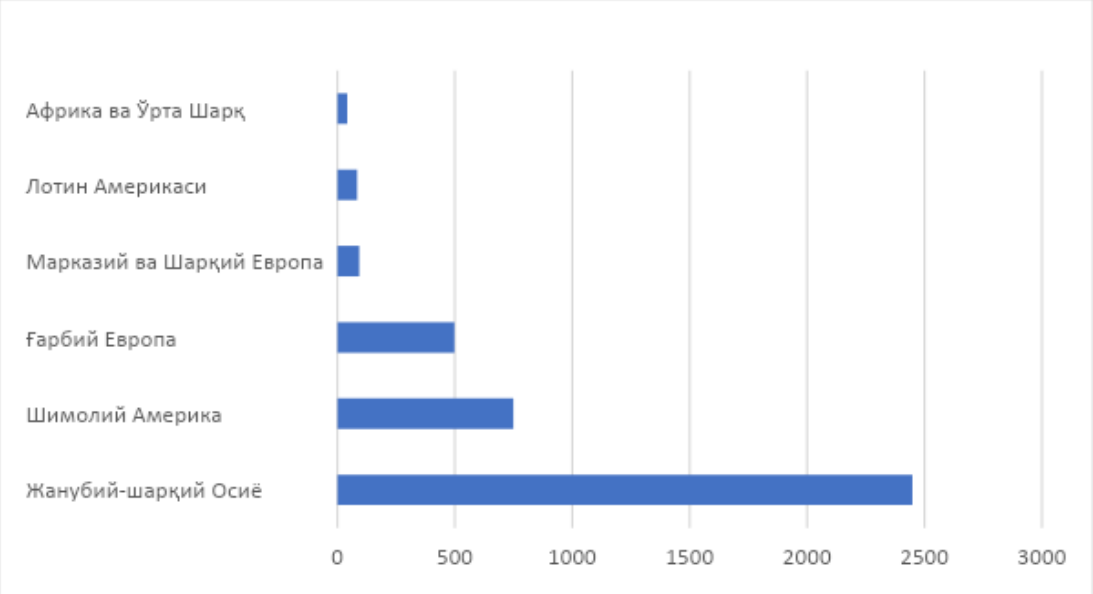

Figure 9.3.1. Electronic trade volume by regions in 2020 (billion US dollars)[43]

According to UN Secretary-General António Guterres, "the digital economy can create new risks, including threats to cyber security, facilitation of illegal economic activities, and violations of privacy." Making new decisions requires collaborative action by governments, civil society, academic groups, the scientific community, and the technology sector."

9.3. The role of International Chamber of Commerce arbitration and UNIDRUA principles in resolving international business contract disputes

When concluding agreements on foreign economic activity, it should be taken into account that communication is being established between entities belonging to different legal systems, and that differences between these systems may lead to certain disputes in the future, and guidelines for their elimination should be determined.

Contracts in the field of foreign economic activity should be drawn up in written form, usually on the basis of model contracts, upon mutual agreement of the parties. The most used contracts in foreign economic activity are sales, product delivery, contract, cargo transportation, license, mediation contracts. The content of such contracts consists of its composition, scope of mutual obligations of the parties, terms of payment, terms of delivery, terms of insurance, terms of technical equipment, liability sanctions for breaching the terms of the contract.

In contracts (especially in sales contracts) it is necessary to use "Trade terms" (for example, Incoterms, CIF, FOB, etc.), which are included in international practice and are widely used.

The contract should detail the responsibilities of the parties, dispute resolution procedures and other important features.

Import and export contracts must be registered and taken into account in the authorized bodies of the state.

Forms and procedures for settlement of international trade and economic contracts shall be determined in the contract by mutual agreement of the parties to the contract. In practice, more currencies may not match the currency of the commodity price. Therefore, the contract specifies which money market exchange rate will be used for payment. In this case, such forms as bank transfer, collection, documentary letter of credit are widely used.

The settlement of disputes arising from contractual relations related to foreign economic activity shall be resolved on the basis of a specific national legal system or by using international means, as determined by the parties. In the cases of disputes regarding foreign economic activity contracts concluded with subjects of the Republic of Uzbekistan, consideration by the economic courts of the Republic of Uzbekistan is reflected in the norms of the Economic Procedural Code of the Republic of Uzbekistan.

In international practice, there is a system of international arbitration bodies that resolve such disputes. The contract may choose one of these arbitrators or any other arbitral tribunal for the resolution of disputes. In practice, **arbitration under the Stockholm Chamber of Commerce, the Court of Arbitration under the International Chamber of Commerce in Paris, and the London International Court of Arbitration are more commonly used in dispute resolution**.

"On the procedure for the execution of documents of commercial courts, which are important in the resolution of disputes in our republic, and which provide that decisions of commercial, economic and arbitration courts of the Commonwealth of Independent States and other countries, decisions of arbitration and arbitration courts of foreign countries are included in the executive documents of commercial courts "guideline was also adopted. According to this document, decisions made by arbitration courts of other countries are also executed in accordance with the procedure established by law.

Objects of foreign economic activity are tradeable or exchangeable goods (works, services), any property, including securities, currencies and currency values, electricity, thermal energy and other types of energy, vehicles, intellectual property objects.

According to the Law of the Republic of Uzbekistan "On Foreign Economic Activity", it is established that natural persons can also be subjects of foreign economic activity in our country, and they establish mutually beneficial economic relations with legal and natural persons of foreign countries and international organizations, which significantly affects the filling of the consumer market of our country. It is the law that individuals must be registered as individual entrepreneurs in order to operate as subjects of foreign economic activity specified in documents. It is forbidden to engage in such activities without the state registration.

State bodies and their officials do not have the right to interfere in the activities of subjects of foreign economic activity, which are carried out in accordance with the laws. In the event that the state bodies of the Republic of Uzbekistan adopt documents that violate the rights of subjects of foreign economic activity established by this law, the damage caused to them shall be compensated in accordance with the law. Subjects of foreign economic activity have the right to receive non-confidential information related to their rights and interests in the field of foreign economic activity from state bodies in accordance with the procedure established by law.

The International Commercial Arbitration Court was established on September 6, 2010 under the Chamber of Commerce and Industry of the Republic of Uzbekistan. The Regulations and Rules of the International Commercial Arbitration Court were developed and approved at the Chamber of Commerce and Industry of the Republic of Uzbekistan. Economic disputes involving foreign business entities and local business entities may be considered at the International Commercial Arbitration Court at the Chamber of Commerce and Industry of the Republic of Uzbekistan. In case of disputes related to the International Commercial Arbitration Court, it is possible to apply to the International Commercial Arbitration Court at the Chamber of Commerce and Industry of the Republic of Uzbekistan. For applications, you can contact the "Department of Legal Expertise and Legal Protection of Entrepreneurship" of the Chamber of Commerce and Industry of the Republic of Uzbekistan.

Among the acts regulating foreign economic agreements are the provisions of International Commercial Agreements developed by UNIDRUA in 1994. The rules of UNIDRUA are not an international agreement, they do not require states to join

it, they have a recommendatory nature. According to the preamble of the rules, it establishes general norms for international commercial contracts.

They can be used in the following cases:

1. If the parties have agreed that the contract will be governed by these provisions;

2. If the parties have agreed that the contract will be governed by "general rules of law", "customs and customs of international trade" or similar regulations;

3. To make a decision on the issue that arises when it is not possible to determine the appropriate standard of applicable law;

4. To interpret and supplement internationally unified legal documents (No. 229/1996, decision of June 5, 1997);

5. In serving as a model for national and international legislation.

The rules derive from the priority of the strict norms of applicable law (national, international) over the clauses in the rules.

The analysis of this document shows that most of its clauses are "similar" to the clauses of the Vienna Convention, and seem to be a kind of "continuation" of the Convention. However, the scope of the provisions is much wider than that of the Convention, as the provisions can be applied not only to commercial contracts, but also to services and other types of contracts.

The main essence of the rules can be divided into the following points:

1. The freedom of the parties to enter into a contract and determine the conditions;

2. The obligation of the contract and its modification or cancellation is carried out only on the basis of the terms of the contract or the agreement of the parties;

3. The right of the parties, except for the cases mentioned in the rules, to always cancel its clauses and change their effect; 4) adoption of a decision in accordance with its general rules on issues for which the solution is not indicated in the rules;

4. The parties should act according to the standards of halal and business practice in international trade;

5. Being bound by trade customs and traditions of the parties, as well as voluntary experience established in mutual relations.

One type of documents is actively used in international trade. Among them, the "General Conditions for the Export of Machinery Equipment" developed by the UN Economic Commission for Europe, the "Guide to International Trade Agreements", as well as other (more than 30) types of agreements for various types of agreements can be highlighted. .

The use of one type of documents simplifies the process of concluding a foreign economic transaction for the parties. The reference of the parties to a document implies the inclusion of its clauses in the terms of the agreement.

Earlier, model contracts were used to conclude contracts. On the one hand, it facilitates the process of concluding a contract. On the other hand, it is known that there is no universal agreement. This leads to the breakdown of relationships due to various misunderstandings, conflicts, and conflicts. Each individual case requires a unique approach, regardless of how long the parties have been doing business or how well they know each other.

Control questions:

1. How to resolve disputes through arbitration and court?

2. What are the basic terms of delivery?

3. Tell us about the delivery time of the goods!

4. Talk about the history and development of e-commerce!

5. Which international courts and arbitrations do you know that are active in resolving international trade disputes?

CHAPTER X. THE ROLE OF INTERNATIONAL BUSINESS CONTRACTS IN THE UZBEKISTAN ECONOMY

10.1. The role of international business contracts in the economy of Uzbekistan

10.2. The importance of contracts in the context of economic liberalization and the procedure for registration of import and export contracts.

10.1. International business in the economy of Uzbekistan

Place of contracts

On the legal basis of the activity of economic entities, as well as the decision of the Cabinet of Ministers of the Republic of Uzbekistan No. 280 of August 13, 1996 "On measures to ensure export-import transactions based on barter", on December 2, 2000, the Law No. 989 on the formalization of foreign trade contracts was adopted. According to this law, these contracts are registered and formalized by the Ministry of Foreign Economic Relations, Investment and Trade of the Republic of Uzbekistan.

In the Ministry of Foreign Economic Relations, Investments and Trade of the Republic of Uzbekistan contracts for the export of goods listed in Annex 1 of the Decision of the Council of Ministers of the Republic of Uzbekistan No. 280 of August 13, 1996 are registered and formalized. Goods not included in this appendix may be concluded in barter contracts concluded for the export of goods by the decision of the council of ministers of the Republic of Karakalpakstan and the governors of the city of Tashkent and the region. In addition, it is possible that the contracts of economic entities provided for by the legislation of the Republic of Uzbekistan may not be registered in the TIAISV and its subordinate bodies. The contract concluded on the basis of barter envisages the mandatory sale of the imported goods and the bank guarantee issued against it, as well as the received currency amount to the authorized bank in the prescribed manner.

Regulation of foreign economic relations of the Republic of Uzbekistan is carried out on the basis of bilateral government agreements and legal documents.

The Ministry of Foreign Trade of the Republic of Uzbekistan is the legal successor of the Ministry of Foreign Economic Relations, Investments and Trade of the Republic of Uzbekistan in terms of its obligations and agreements, including international obligations and agreements.

The main rules of state regulation of foreign trade activities in the Republic of Uzbekistan are as follows:

- foreign trade policy — a component of the foreign policy of the Republic of Uzbekistan;

- integrity of the state regulation of foreign trade activities and the control system over its implementation;
- the integrity of the export control policy implemented in order to fulfill the state tasks of ensuring national security, political, economic and military interests, as well as the international obligations of the Republic of Uzbekistan to prevent the export of weapons of mass destruction and other most dangerous types of weapons;
- integrity of the customs territory of the Republic of Uzbekistan;
- priority of economic measures of state regulation of foreign trade activity;
- equality of foreign trade participants and their non-discrimination;
- state protection of rights and legal interests of foreign trade participants;
- exclusion of undue interference of the state and its bodies in foreign trade activities, harming its participants and the economy of the Republic of Uzbekistan in general.

10.2. The importance of contracts in the context of economic liberalization and the procedure for registration of import and export contracts

In the conditions of economic liberalization, the following documents must be submitted for registration and formalization of foreign trade agreements in the TIAISV of the Republic of Uzbekistan:

- Application.

- Original and copy of the contract.

- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan (copy) or international agreement (copy).

- Tender form with supporting documents (official requirements, commercial proposal, pricing, etc.).

In the regional divisions of TIAISV, contracts are executed by submitting the following documents:

- Application.

- Original and copy of the contract.

- Decision of the council of ministers of the Republic of Karakalpakstan and the Tashkent city and regional authorities (copy).

- Tender form with supporting documents (official requirements, commercial offer, price list, etc.).

For the contract to be registered:

- the terms of the contract must comply with the general rules of international trade, the current legislation and regulatory acts of the Republic of Uzbekistan, as well as the obligations of the Republic of Uzbekistan to international organizations and other countries;

- the prices indicated in the contract must correspond to the world market conjuncture;

- it is necessary to pay attention to the equivalence of the value of incoming and outgoing goods;

- it is necessary to submit all necessary documents package mentioned above.

Registration and formalization of the contract is carried out within 10 working days from the date of receipt of the application to the external TIAISV. Contracts, in which the expert report on the quality, quantity and price level of the goods is submitted by the consulting companies that carry out the pre-loading inspection of the goods, are registered and formalized in the TIAISV within 2 working days from the date of receipt of the documents. Contracts resubmitted after the reprimand in the conclusion of TIAISV will be formalized within 5 working days.

Additions and changes to the contract will be implemented by TIAISV within 7 working days. Positively assessed contracts are registered in the designated contract registration book, a certificate of its registration is issued, and each page of the original copy of the contract is stamped and signed by authorized persons of TIAISV. The validity period of the issued certificate is the same as the period of the contract.

If the contract is found to be negative, a conclusion is written on it and all the reasons for non-certification are indicated. The summary is written by authorized persons of TIAISV and sent to the applicant. Contracts registered and formalized in TIAISV are also registered by the bank, given an identification number and stamped and signed by authorized persons of the bank. Finally, it is registered at the customs office of the Republic of Uzbekistan, and its registration is stamped and signed by the authorized persons of the customs office. The contracts returned for processing are reflected in the specified book of TIAISV. Cancellation of the certificate issued by TIAISV is carried out at the request of the Central Bank and the Customs House in some cases.

The following can be considered the main reasons for not signing the contract:

- Inconsistency of the terms of the contract with the internationally accepted laws and regulations of the Republic of Uzbekistan (it should be clearly indicated which regulatory document is not in accordance with it or which article it contradicts);

- At the time of signing the contract, the prices of the relevant goods exceeded or fell below the prices in the world markets;

- Purchase or sale of morally and physically outdated, economically inefficient equipment and technology by economic entities;

- Purchase or sale of environmentally harmful goods;

- Purchase or sale of medicines not listed in the state register or not authorized by the Ministry of Health of the Republic of Uzbekistan;

- Absence of the order of the Council of Ministers of the Republic of Uzbekistan on the sale or purchase of specific goods.

- Lack of permission of the State Veterinary General Directorate of Agriculture and Dairying of the Republic of Uzbekistan (indicating the number and date of the contract, the quantity, name, and origin of the supplied goods) for the sale or purchase of meat and dairy products.

In general, the regulatory factors of the state are divided into two according to their nature: Definition and non-definition.

Indefinite methods are divided into quantitative and hidden protectionism methods. Certain factors of trade policy are used to limit more imports or to increase exports. The classification of trade policy factors is presented in the table below:

Methods	**Trade policy factors**	**Preferential regulation**
Definition	**Customs duties**	Import
	Customs quotas	Import
Indefinite Quantitative	**Quotation**	Import
	Licensing	Export-Import
	Optional restrictions	Export
Hidden	State procurement	Import
	Local components	Import

	Demand for provision	Import
	Technical barriers	Import
	Taxes and Fees	Import
Financial	Subsidies	Export
	Lending	Export
	Dumping	Export

Source: Information of TIAISV "Newsletter".

Regulation of foreign economic relations of the Republic of Uzbekistan is carried out on the basis of bilateral government agreements and legal documents.

The Decree of the President of the Republic of Uzbekistan "On measures to improve the management system in the field of foreign trade" dated April 13, 2017 also created a mechanism for the implementation of large-scale reforms in this field.

With this decree, it was emphasized that the Ministry of Foreign Trade of the Republic of Uzbekistan is considered the legal successor of the Ministry of Foreign Economic Relations, Investments and Trade of the Republic of Uzbekistan in terms of its obligations and contracts, including international obligations and agreements, and a number of functions of this ministry were determined:

- development and implementation of a unified state policy in the field of foreign trade activities;

-to conduct comprehensive marketing research of world markets, to assist in the implementation of export potential development programs of the Republic of Uzbekistan, to develop and implement practical measures to strengthen and develop the competitiveness of high-value-added products produced in the Republic of Uzbekistan, taking into account the needs of foreign markets ;

- systematic analysis of the types of products produced by business entities, determining the level of competitiveness in foreign markets, forming the appropriate database;

- to support the export of goods, works and services, to help expand and strengthen the trade cooperation of the Republic of Uzbekistan with foreign countries, to

provide favorable conditions for the export of goods, works and services produced in the Republic of Uzbekistan to foreign markets, to develop activities aimed at diversifying sales markets, and implementation;

- provide practical assistance to business entities in searching for and choosing reliable foreign trade partners, as well as to local enterprises' participation in tenders, international trade and industrial exhibitions, fairs and other such events held in foreign countries;

- in-depth analysis of the size and composition of imported goods (works, services), production of finished products, components and materials that replace imports based on local raw materials, and development of proposals for their localization, to improve the quality of products produced in our country participation in concept and program development;

- participation in the formation of the parameters of the main indicators of foreign trade and improvement of the customs and tariff policy of the Republic of Uzbekistan, development of proposals for the liberalization of foreign trade;

- coordination of activities related to the implementation of state policy in the field of foreign trade of goods (works and services), including specific goods and industrial products, as well as the application of measures of tariff and notary management in foreign trade;

- making proposals on the implementation of state regulation measures of foreign economic activity;

- Development and implementation of measures for the development of the foreign trade infrastructure of the Republic of Uzbekistan, in particular, the development of transit potential, logistics and transport corridors.

On January ,28 th in accordance with the Decree of the President of the Republic of Uzbekistan Shavkat Mirziyoyev, No 5643 "On measures to improve the management system in the field of investment and foreign trade", the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan was established by adding the State Committee on Investments of the Republic of Uzbekistan and the Ministry of Foreign Trade.

The Ministry coordinates the state's foreign investment, first of all direct investment attraction, implements the state's unified investment policy in cooperation with international financial institutions (management offices) and financial organizations belonging to foreign governments, as well as the unified state in the field of foreign trade and international economic cooperation.

The Ministry of Investments and Foreign Trade of the Republic of Uzbekistan implements the following main strategic tasks and directions:

- Coordinating the development of the state development program and investment program, as well as sectoral and regional investment programs, and implementing the state's unified investment policy to ensure effective implementation;

- coordination of work on attracting foreign investment, mutual effective cooperation with international economic and financial institutions, financial organizations belonging to foreign governments in a bilateral and multilateral format;

- coordination of the activities of state bodies and organizations, permanent representatives of the Republic of Uzbekistan in international and foreign financial and economic institutions, as well as with the employees of the Ministry of Foreign Affairs dealing with issues of foreign economic activity in the institutions of the Republic of Uzbekistan in foreign countries;

- Participation in the preparation, agreement and signing of international agreements on investment cooperation issues of the Republic of Uzbekistan;

- Ensuring constant reciprocal communication with investors, supporting regions and local companies in attracting investments, organizing the development of investment proposals;

- Implementation of a unified state policy in foreign trade, export support, ensuring the effective functioning of national systems, coordinating the activities of state bodies and organizations in the field of foreign trade regulation;

- coordination of activities related to the application of tariff and non-tariff regulatory measures in trade, as well as improvement of electronic trade;

- To expand and strengthen the trade cooperation of the Republic of Uzbekistan with foreign countries, to support the export of goods, works and services;

- Coordination of the process of becoming a member of the World Trade Organization of the Republic of Uzbekistan and cooperation with other multilateral economic organizations;

- coordination of issues of regulation of wholesale and exchange trades, analysis and monitoring of the market situation and conducting marketing research and analysis of information about the prices of goods;

- promotion of issues of development of foreign trade infrastructures, including increasing the level of transit opportunities, further improvement of logistics and transport corridors, as well as diversification of export routes.

Also, the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan conducts statistics and data analysis of export-import operations of our country.

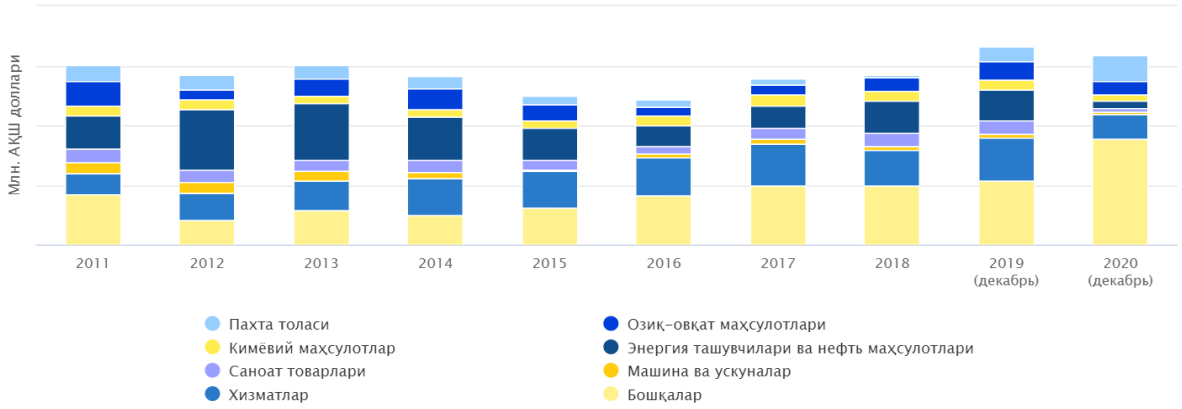

Figure 10.2.1. Export dynamics of the Republic of Uzbekistan

In January-February 2020, the foreign trade turnover of the republic was 5.9 billion dollar and decreased by 3% compared to the same indicator last year.

During the reporting period, the export volume was 2.6 billion amounted to 115.1 million dollars compared to last year or 4% less.

The balance is negative 600 mln. amounted to a dollar.

Most of the products exported from the republic are the following products:

- precious and semi-precious metals and stones - 1.04 billion dollars (39.6%);

- services - 464.2 (17.6%);

- energy carriers and oil products - 253.6 mln. dollars (9.6%);

- textile products - 368.6 mln. dollars (14%);

- food products - 100.6 mln. dollars (3.8%);

- non-ferrous metals and products made from them - 117.7 million dollars. (4.5%);

- chemical products and articles made from them - 55.5 million dollars. (2.1%);

- ferrous metals and products made from them - 349.6 million dollars. (2%).

Figure 10.2.2. Import dynamics of the Republic of Uzbekistan

In January-February 2020, the foreign trade turnover of the republic amounted to 5 billion 920 million dollars and decreased by 3.1% compared to the corresponding period of the previous year.

The negative balance of foreign trade amounted to 657 million dollars.

The composition of the republic's imports:

-import of products - 88% or 2 billion 905 million dollars (decrease of 4.7%);

- import of services -12% or $384 million (22.2% increase).

- The high growth of imports is related to the import of imported products to increase production capacity in order to modernize the industrial sector on a large scale. In particular, most of the products imported into the republic correspond to the following:

- machines and transport equipment (including spare parts and components) - 1 billion 245 million dollars (+ 2.7%);

- industrial products - 497 million dollars (- 9.0%);

- chemicals and similar products - $378 million (+3.7%);

- food products - 174 million dollars (- 28.9%);

- food products, excluding fuel - 201 million dollars (+ 45.1%);

- energy sources, oil and oil products - 157 million dollars (- 8.8%);

- live animals and feed for them - 29 million dollars (- 24.9%);

- vegetable and animal oils - 36 million dollars (- 32.0%);

- beverages and tobacco products - 5 million dollars (- 27.9%);

- various finished products and other products - 182 million dollars.

Control questions:

1. Export-import operations in Uzbekistan are regulated by which authorized bodies?

2. How are tariff and notary methods used in the regulation of foreign trade?

3. How to register and formalize a business contract?

4. How does our country's membership of the WTO and EOII affect the export-import practice?

Chapter XI. Alternative types of contracts in international trade offered by Islamic (partner) banking system.

11.1.Alternative Islamic (partner) banking contracts in international trade .

11.2. Musharaka, Murabaha and Mudaraba contracts in international trade.

11.3. Salam and Istisnaa contracts in international trade. Advance payment for future deliveries and custom production contracts.

11.4. Alternative types of guarantees and trade representation in international contracts: Wakala and Kafalah contracts.

11.5. Ijara contracts as an alternative types of international leasing agreements.

11.6. Alternative types of insurance Takaful and Re-takaful offered by Islamic (partner) banking system in international trade.

Alternative Islamic (partner) banking contracts in international trade. In international trade some other alternative types of contracts can also be used. Among such contracts are those offered within the framework of Islamic banks and Islamic (partnership) economy. Sometimes such contracts are called partnership contracts, since in essence the parties to the contracts act as partners. Each of them is usually interested in the benefit of both their own and their partner.

Islamic banking employs several contracts that comply with Islamic (partnership) law principles, especially in the context of international trade. Here are some of the key contracts used:

1. Murabaha (Cost-Plus Financing):

• A sales contract where the seller discloses the cost and profit margin to the buyer. It is commonly used for financing goods in international trade, where the bank purchases goods and sells them to the customer at a marked-up price.

2. Mudarabah (Profit-Sharing):

• A partnership where one party provides capital (rab al-mal) and the other provides expertise and management (mudarib). Profits are shared according to a

pre-agreed ratio, while losses are borne by the capital provider. This can be used in trade financing.

3. Musharakah (Joint Venture):

• A partnership where all parties contribute capital and share profits and losses according to their equity participation. This contract can be used for joint ventures in international trade projects.

4. Ijara (Leasing):

• An Islamic leasing contract where the bank buys an asset and leases it to the customer for a specified period. This is often used for equipment financing in international trade.

5. Istisna (Manufacturing Contract):

• A contract for manufacturing goods that are not yet produced. The buyer places an order for a specific product, and payment can be made in advance or at delivery. This is useful in international trade for financing the production of goods.

6. Salam (Forward Sale):

• A contract where payment is made in advance for goods that will be delivered at a future date. This is particularly useful for agricultural products and commodities in international trade.

7. Takaful (Islamic Insurance):

• A cooperative system of Islamic insurance where participants contribute to a common fund to provide mutual financial assistance in case of loss or damage. Takaful can be tailored for international trade risks.

8. Kafalah (Guarantee):

• A contract where one party guarantees the obligation of another party, often used to facilitate trade finance by providing assurance to lenders or suppliers.

9. Wakalah (Agency):

• A contract where one party acts as an agent on behalf of another, often used in trade finance arrangements to facilitate transactions and manage funds.

These contracts are designed to ensure that all transactions are conducted in a manner that adheres to Islamic principles, avoiding elements such as interest (riba), excessive uncertainty (gharar), and unethical practices. They provide a framework for conducting international trade while maintaining compliance with Islamic (partner) banking rules.

Contracts offered within the framework of the Islamic economy cannot be used and concluded for purposes contrary to the principles of Islamic morality and ethics and prohibited in Islamic law, namely for organizing gambling, smoking, porc meat production, alcohol industry, etc.

11.2.Musharaka, Murabaha and Mudaraba contracts in international trade.

a) Musharaka contracts in international trade. One of the series of contracts used in international trade as an alternative type of contract is a Musharaka contract, which is used in Islamic bank partnership banking.

Musharaka - These are contracts and a model of interaction between two or more parties to participate in various business projects with the aim of making a profit in the Islamic (partnership) economic model. In such cooperation, the parties can contribute agreed amounts or values to the project and bear joint responsibility in the event of a loss of the project within the framework of their shares. The profit is divided between the parties in pre-agreed proportions, but the party that participates only in investments and does not participate in the execution of work cannot receive income greater than its share of investments in the project.

Under this contract, two or more parties can participate, for example, in a project for the import or export of goods. This contract implies joint participation in an import or export operation of two or more parties. For example, a company and the bank servicing it enter into a contract, under which the company provides 20 per cent of the amount of the import contract and the bank provides interest with the condition of participating in the profit to be received.

The contract amount for payment in this way can be formed from the capital of the company itself and the bank, as well as other participants, or, for example, one party contributes 30 per cent of the contract amount, and the other party 70 per

cent.

The profit received as a result of import or export of goods is divided between both parties by agreement.These participants agree in advance on the amount of their share in the profit they receive as a result of import-export operation and their exact share in the profit will be specified. For example, 40 per cent and 60 per cent or something else.

There is an important aspect in Musharaka contracts, according to which if one of the partners does not participate in the execution of the work, but only provides financing, then the share of such a participant cannot be more than his share of investment in the project. Thus, if the bank or financial institution does not participate in the project management and work on the project, then the share they receive from the profit should not be more than what they invested in the project in proportion. So, the party that participates with its finances, but does not participate in the execution of work in the enterprise can only receive an amount equal to or less than its share in the financing of this export or import contract or project. For example, if a bank gave an amount equal to 30 per cent of the total amount of the export contract and does not participate in the project management and execution of work on this project, but only provides financing, then in case of receiving profits, it cannot receive more than 30 per cent of the amount of the profit received.

In terms of structure, a Musharaka contract may be identical to other contracts and contains information about the parties of the contract, the subject of the contract, the contract amount and payment options, liability and rights of the parties, information about force majeure circumstances and general conditions and a number of other points.

The Musharaka contract can be used in both import and export transactions so that the company receives from the bank the necessary amount of money to pay for the purchase of products under the import contract, or for pre-export preparation of products which will be prepared for export.Accordingly, after receiving the goods and selling them already in the domestic market, or exporting the goods and selling them to a foreign company, the bank and the exporting company participate in dividing the profit received. The share of the profit for each party will be in accordance with the previously agreed upon and in accordance with the above rule.

Key Principles and Conditions of Musharaka Contract

Musharaka is an Islamic finance concept that refers to a joint partnership where all partners contribute capital and share profits and losses according to their respective

contributions. Here are the main principles and conditions of a Musharaka contract:

1. Joint Contribution: All partners must contribute capital to the venture. The contributions can be in the form of cash, assets, or services.

2. Profit Sharing: Profits generated from the business are shared among partners based on a pre-agreed ratio, which does not necessarily have to be proportional to their capital contributions.

3. Loss Sharing: Losses are shared in proportion to each partner's capital contribution. This principle ensures fairness and equity among partners.

4. Management Rights: All partners typically have the right to participate in the management of the business unless otherwise agreed. However, one partner may be appointed as the manager with specific responsibilities.

5. Transparency and Disclosure: Partners must maintain transparency regarding the financial status of the business and provide regular updates to each other.

6. Compliance with Islamic (partner) banking rules: The business activities must comply with Islamic law, meaning that they should not involve any forbidden activities such as gambling or alcohol or porc meat production etc.

Main conditions of the Musharaka contract:

1. Clear Agreement: The terms of the Musharaka contract must be clearly defined, including the purpose of the partnership, capital contributions, profit-sharing ratios, and management responsibilities.

2. Defined Duration: The contract should specify the duration of the partnership, whether it is for a fixed term or indefinite.

3. Exit Strategy: The contract should outline the procedure for partners to exit the partnership, including how assets will be valued and distributed upon dissolution.

4. Legal Framework: The Musharaka contract should comply with local laws and regulations in addition to Islamic principles to ensure enforceability.

5. No Speculative Activities: The business activities must not involve excessive risk or speculation, aligning with Islamic finance principles that discourage gharar (uncertainty).

6. Mutual Consent: All partners must agree to the terms of the contract voluntarily without coercion.

By adhering to these principles and conditions, a Musharaka contract can provide a fair and equitable framework for partnerships in Islamic finance, promoting cooperation and mutual benefit among partners.

In short, we can outline the **sequence of actions in this contract as follows** outlining the key components and processes involved in this Islamic (partner) financing structure:

1. Starting of Musharaka contract.

- Initiation of the Musharaka contract.

2. Parties Involved

- Investor A
- Investor B

3. Capital Contribution

- Investor A contributes capital (Amount A)
- Investor B contributes capital (Amount B)

4. Business Activity

- Joint business venture or project is identified.

5. Profit Sharing Agreement

- Define profit-sharing ratio (e.g., 50/50, 60/40).

6. Loss Sharing Agreement

- Define loss-sharing ratio based on capital contribution.

7. Operational Management

- Decide who will manage the business (both parties or one).

8. Duration of Contract

- Specify the duration of the Musharaka agreement.

9. Termination Conditions

- Outline conditions for ending the partnership.

10. Distribution of Profits

- Profits are distributed according to the agreed ratio.

11. End of the Musharaka agreement.

Musharakah contracts can be used also in export-import operations and represent

another good alternative for supporting foreign trade activities of firms, companies and farms.

In export operations, the Musharaka contract can be used to finance pre-export preparation of goods, to carry out the necessary work on product certification, product packaging, product calibration, for example, for agricultural goods and to obtain the necessary permits, if such documents and work are required by the export contract. In addition, part of the funds can be used to pay for transportation and delivery of the goods to the destination, if in accordance with the Incoterms, delivery is carried out at the expense of the supplier or seller.

In cases where funds are needed to prepare the product for export and its packaging, labeling and certification, two or more parties may participate and jointly carry out the pre-export activities of the enterprise. After the delivery of the goods, the profit for this project or contract is calculated and the parties receive their share in the profit in accordance with their agreements. Under such a contract, the exporting company, for example, can provide 30 per cent of the financing and receive the remaining 70 per cent from the bank under the Musharaka contract. With the money received, the company can purchase goods in local market or produce it and prepare for export and formalize the export. After the export operation is carried out and payment is received from abroad for this delivery, the bank and the client, i.e. the company, divide the profit received under this export contract between themselves.

The same Musharakah contract can be used not only for individual deliveries of one commodity or under one contract, but also for larger projects, such as the export of goods from industrial enterprises, agricultural producers or even the export of services. Musharakah contract allows firms and private entrepreneurs to receive the necessary cash or necessary funds to fulfill their contractual obligations to help establish the export of the enterprise's products.

It should be emphasized that in Musharakah contracts both parties participate in both profits and possible losses. Thus, if an export or import operation turns out to be unprofitable or foreign trade activity for a certain period turns out to be unprofitable, then the parties also share this loss among themselves in proportion to their share in the project. In the above example, the bank that invested 70 per cent of the funds takes on 70 per cent of the resulting loss. The bank's client firm also takes on the loss, but in the amount of 30 per cent of the resulting loss, in accordance with its share of the investment. Therefore, before starting to finance a project, the bank usually carefully studies the provided business plan. In our example of export or import of goods, if it finds this business plan credible, then it begins to invest in this project.

After the completion of the cooperation, the firm and the bank, in order to complete their cooperation in the form of Musharaka, can make a decision to divide the remaining assets in the form of cash, machines and tools among themselves in accordance with their shares in the capital investment. If there is a profit on this project, then this profit will be distributed in pre-agreed shares between the parties. Also, the parties to the Musharaka contract can decide, after the completion of the project, to divide among themselves and not sell the assets (machines, transport, equipment) after an appropriate assessment of their value at the time of completion of the Musharaka contract. As it was stated above, such a contract will necessarily indicate the share of each of the parties in the investment and possibly also the type of investment depending on whether it is an investment in cash or an investment in property.

An important aspect in Musharaka contracts is that they cannot contain clauses with conditions on the right of one of the parties to receive a fixed profit or payments regardless of the results and profitability of the project.

Also, no party can be guaranteed a full return of the invested funds, without taking into account the real consequences of investment activities on this project.

In Musharaka contracts, each party is obliged to pay possible losses in proportion to the size of its investment participation in the project. As an example, of using Musharaka scheme in contracts: "Yulduz" company produces products - motor oils and intends to export products to European countries. The minimum quantity of delivery is one 20-ton container of motor oils in cardboard boxes and on pallets. Products must be certified for sale on the European market and have labeling in local European languages. To form an export delivery of one container of motor oils for cars, as well as for product certification and labeling and other expenses related to export delivery to European countries, "Yulduz" company has financial resources equal to only 20% of the delivery amount ($ 20,000). In this regard, this company applies to the bank for financing this project within the framework of contractual Musharaka.The partner (Islamic) bank acts as the second party to such a contract and provides 80% of the contract amount - 80,000 dollars, to be precise.The aforementioned money will be used to purchase the necessary raw materials, as well as to manufacture products, to carry out certification work, testing in laboratories, packaging and labelling in accordance with the requirements of European partners. Indicators are also placed in the packaging and the necessary markings for the consumer in the European market is made after receiving the aforementioned amount of money. A corresponding contract will be prepared and signed with a foreign company, as well as the terms of export delivery of these products will be specified. After this, the contract for the amount of 100,000 dollars will be executed, one container of motor oils will be delivered,

and after receiving funds in the current account of the company "Yulduz", the income from this delivery will be divided between the company and the bank.

When concluding a contract for foreign trade activities, the parties may agree on a condition under which one of the parties makes investments in the form of cash, and the other party invests a certain amount in the form of goods or equipment. In such cases, these goods or equipment must be appropriately valued to determine the partner's share in the project.

b) Mudaraba contracts in international trade. Another type of partner banking contract is the Mudaraba contract.

Mudaraba contracts - These are contracts and a model of interaction between the parties to participate in various business projects in order to make a profit in the Islamic (partnership) economic model. In such cooperation, one party invests finances in a business project, and the other party performs work and manages the business project. The parties divide the profit received according to pre-agreed proportions. In the event of an unprofitable business project, the entire amount of losses is paid by the investor. The second party, accordingly, does not receive any payment or compensation for the work performed within the framework of this project and participation in this business project.

This contract can also be used in trade with foreign countries in import operations or export operations, including as a cross-border contract. For example, such a contract can be offered for joint business projects for the purchase, packaging, labeling and calibration of goods and their subsequent sale abroad in the markets of other countries.

Main Uses of Mudaraba Contract in International Trade for Import and Export of Goods

The Mudaraba contract is a unique financial arrangement in Islamic finance that can be effectively utilized in international trade. Here are the main applications of Mudaraba in the context of importing and exporting goods:

1. Investment Partnership:

• Mudaraba allows investors (rabb-ul-mal) to provide capital to entrepreneurs (mudarib) who manage the business. This partnership can be particularly useful for funding import and export operations without violating Islamic (partner) banking principles.

2. Risk Sharing:

• The Mudaraba structure inherently involves risk-sharing between the capital provider and the entrepreneur. This can help mitigate risks associated with international trade, such as market fluctuations and political instability.

3. Funding Export Activities:

• Exporters can use Mudaraba contracts to secure funding for production and logistics costs. Investors provide capital, and profits from sales are shared based on pre-agreed ratios.

4. Facilitating Imports:

• Importers can leverage Mudaraba to finance the purchase of goods from foreign suppliers. The capital provider supports the import process, and profits from resale are shared accordingly.

5. Market Expansion:

• Mudaraba contracts can help businesses expand into new international markets by providing the necessary funds for market entry, allowing them to explore new opportunities without significant upfront investment.

6. Product Development:

• Companies can use Mudaraba to finance the development of new products or services for export. Investors can support innovation while sharing in the potential profits.

7. Working Capital Management:

• Mudaraba can be used to manage working capital needs for businesses engaged in international trade, ensuring sufficient liquidity for day-to-day operations.

8. Trade Finance:

• The Mudaraba structure can serve as a form of trade finance, enabling businesses to obtain the necessary funds for purchasing inventory or raw materials from abroad.

9. Supply Chain Financing:

• Importers and exporters can utilize Mudaraba contracts to finance their supply chains, ensuring that they have the necessary resources to fulfill orders and meet customer demands.

10. Compliance with Islamic Finance Principles:

• Businesses looking for financing options compliant with Islamic (partner) banking rules can utilize Mudaraba contracts, making it suitable for companies operating in Muslim-majority countries or those seeking ethical financing solutions.

By employing Mudaraba contracts, businesses involved in international trade can access capital, share risks, and enhance their operational capabilities while adhering to Islamic finance principles.

Key Principles and Conditions of Mudaraba Contract

Mudaraba is a partnership contract in Islamic finance where one party provides capital (the investor or "rabb-ul-mal") and the other party provides expertise and management (the entrepreneur or "mudarib"). The profits generated from the venture are shared according to a pre-agreed ratio, while losses are borne solely by the capital provider. Here are the main principles and conditions of a Mudaraba contract:

Key Principles

1. Capital Contribution: The investor provides the capital necessary for the business venture, while the entrepreneur contributes their skills and expertise.

2. Profit Sharing: Profits generated from the investment are shared between the investor and the entrepreneur according to a pre-agreed ratio. This ratio must be determined before the contract is executed.

3. Loss Bearing: Losses are borne exclusively by the investor, as they are the ones providing the capital. The entrepreneur does not incur any financial loss but may lose their time and effort.

4. No Fixed Return: The return on investment is not predetermined. Instead, it is based on the actual profits generated by the business.

5. Business Activity: The Mudaraba contract must involve permissible (halal) business activities, in accordance with Islamic law.

Conditions

1. Written Agreement: The terms of the Mudaraba contract should be documented in writing, clearly outlining the roles, profit-sharing ratios, and responsibilities of each party.

2. Defined Purpose: The purpose of the investment must be clearly defined, including the nature of the business and its objectives.

3. Mutual Consent: Both parties must voluntarily agree to the terms of the contract without any coercion or undue pressure.

4. Expertise of Mudarib: The entrepreneur must have the necessary skills and experience to manage the investment effectively.

5. Transparency and Reporting: The entrepreneur is required to provide regular reports on the performance of the business and its financial status to the investor.

6. Duration of Contract: The duration of the Mudaraba should be specified in the agreement, indicating when the investment will be evaluated or concluded.

7. Permissibility of Activities: All business activities undertaken under Mudaraba must comply with Islamic (partner) banking principles and should not involve prohibited (haram) activities. By adhering to these principles and conditions, a Mudaraba contract can facilitate ethical investment and entrepreneurship within the framework of Islamic finance, promoting economic growth while respecting Islamic (partner) banking guidelines.

The main difference between Mudaraba contracts is that one of the parties fully provides the financial amount necessary for the implementation of the project and the second party carries out all the work that is necessary for this project.

The direct execution of work, including project management, drawing up work plans and other necessary issues is decided by the second party, which has not invested financial resources in the project. Accordingly, both parties and the party financing the business project and performing all the work on it are interested in making a profit from the project. Such a contract can be concluded for a certain period or for the implementation of a specific business project.

The division of profits and income received between the parties is carried out by prior agreement: for example, 50 to 50% or 60 to 40%, or 30 to 70% or some other way.

In this case, both the financing party and the party performing the work on the project can receive a sum greater than the other party receives.

In the above example, for example, the financing party (the bank) can receive 70% of the income from the project, and the party performing all the work (the company) can receive 30% of the total profit from the project.

Or vice versa, the parties may agree in such a way that the party performing the work (the company) can receive 70% of the income received, and the remaining 30% of the income will be given to the financing party (for example, the bank).

Another distinctive feature of Mudaraba contracts and contracts is that in the event of incuring losses under a project or under a contract, the entire amount of losses is fully paid by the party which financed the project (the bank).

The second party that performed the work on the project (the company), even if losses are incurred, is not liable for these financial losses of this project.

The company that participated with its skills, abilities and work experience and directly performed the work, in turn, cannot claim any payment for this period of the project and, accordingly, also leaves the project with losses. But these losses will be in the form of work performed that ultimately remained unpaid. The losses of the party of the participant who performed all the work on the project under the Mudaraba contract will be considered to be his lost time and the volume of work that he was not paid for.

In terms of structure, like other contracts, Mudaraba contracts also consist of basic parts like the subject of the contract, the terms of the contract, the terms of payment and delivery of the goods, the contract amount and payment options, liability and rights of the parties, information about force majeure circumstances and general conditions and a number of other points.

The attractiveness of Mudaraba contracts and their positive side is that with the help of such contracts, cooperation can be carried out between financial organizations (banks) and specialists, artisans, as well as firms with know-how for the production of products and their subsequent sale, including for export. A firm with technologies and personnel can apply to a financing organization (bank) within the framework of cooperation under Mudaraba contracts, being confident that as a result of such cooperation, either receive additional income, or even in the

event of an unprofitable project, will not have new financial debts.

For the financing party (bank), the attractiveness of Mudaraba contracts is that

it can use its financial resources in a new project after analyzing the business plan, and in case of profitability of the project can receive a larger amount of profit on the project. In case of unprofitability of the project, this loss will be the result of calculated risks.

During international trade, Mudaraba contracts can be used in cases where one party is involved with its skills, knowledge and experience in carrying out, for example, export activities and selling certain goods in foreign markets. And the second party provides finance and funds for the preparation of the contract, for securing the contract, for appropriate packaging, labeling and calibration of goods before export. Thus, through a Mudaraba contract, a joint venture can be created between a financing organization (bank) and firms or individuals to implement a project to export goods to the market of foreign countries.

In import operations, the purchase of goods in foreign markets and their import, and then the sale of these goods in the local market can be arranged in the same way.

Accordingly, the profit received after this is divided between the parties within the framework of those agreements that had been made before the start of the project.

As it was mentioned above, the Mudaraba contract is distinguished by the very property that, for example, one party (the financing party, the bank), after calculating the business project and analyzing its prospects, agrees to finance, for example, a project to establish a certain product and, in case of success, receives a profit. The second party (the company), without risking any financial resources, participates in the project with its knowledge, skills and abilities, know-how in the procurement of products, their labeling, packaging and certification and the performance of other work for export shipment and also receives a profit as a full-fledged partner in the project.

The following is an example of using of Mudaraba contracts within the framework of cross-border trade, the Konditerka1 company, which has experience in opening confectionery shops in the local market, decides to open its branch in the border region of a neighboring state, at a distance of 50 km from the border. Since this is the territory of a neighboring state, all transactions under this project are foreign trade, mainly export.

To open a branch of a confectionery shop and produce and sell products, obtain the necessary permits, as well as purchase raw materials and materials and packaging and establish the sales process, the company needs additional financing.

The company has know-how, knowledge of confectionery manufacturing technology, has the necessary specialists to establish production of products in a new branch, but does not have the financial resources to independently implement this project. For these reasons, Konditerka1 Company applies to the bank with a proposal for cooperation within the framework of the Mudaraba contract and requests the necessary financing for opening and starting work in its new foreign branch.

After studying the business plan and project features, the partner bank (Islamic) agrees to finance the project. It allocates the necessary $50,000 for this project. The Konditerka1 company uses these funds to organize all the necessary work, send specialists, train local personnel, begin production and open a company store to sell products near the place where confectionery products are baked on the territory of another state.

The company exports some of the raw materials and components for the production of confectionery products in this workshop on the border on the territory of another state directly from its warehouses, thereby also carrying out an export supply.

After the start of production and sales of products and the receipt of profit, the company and the bank, based on the results of monthly, quarterly and other reports, divide this profit between themselves in pre-agreed proportions (30%-70% or 50% and 50% or as previously agreed)

c) Murabaha contracts in international trade. Another contract offered within the framework of Islamic banking is a Murabaha contract.

Murabaha contracts - These are contracts in the Islamic (partnership) economic concept and a model of interaction between the financing party (bank) and the client (company), according to which, at the request of the company, a financial organization, for example a bank, buys some goods or equipment, and then resells this product with its markup to the same client. Sometimes such goods are sold to the client with the condition of payment in installments.

Most of the contracts that are usually used by banks when financing projects are precisely the contracts operating under the Murabaha scheme.

The Murabaha contract can be used to finance the purchase of raw materials, and possibly even equipment, machines and tools and other goods ordered by the client.

Key Principles and Conditions of Murabaha Contract

Murabaha is an Islamic finance contract characterized by the sale of goods at a profit margin. It involves a seller disclosing the cost of the goods and the profit margin to the buyer. Here are the main principles and conditions of a Murabaha contract:

1. Cost Transparency: The seller must disclose the actual cost of the goods to the buyer, ensuring transparency in the transaction.

2. Profit Margin: The profit margin must be agreed upon by both parties before the sale is finalized. This margin is added to the cost price to determine the selling price.

3. Asset-Based Financing: Murabaha is tied to tangible assets or goods. The financing should be for the purchase of specific goods rather than cash or speculative investments.

4. No Speculative Transactions: The contract must avoid excessive uncertainty (gharar) and speculation, adhering to Islamic finance principles.

5. Payment Terms: The payment terms can be immediate or deferred, but they must be clearly defined in the contract.

6. Ownership Transfer: Ownership of the goods must be transferred to the buyer before any resale, ensuring that the seller retains ownership during the selling process.

Conditions

1. Written Agreement: The terms of the Murabaha contract should be documented in writing, outlining the cost, profit margin, payment terms, and description of the goods.

2. Description of Goods: The goods being sold must be clearly described, including their quantity, quality, and specifications.

3. Legal Compliance: The contract must comply with local laws and regulations and in addition with Islamic (partner) banking rules to ensure enforceability.

4. Mutual Consent: Both parties must voluntarily agree to the terms of the contract without coercion.

5. No Hidden Charges: There should be no hidden fees or charges in addition to the agreed-upon profit margin.

6. Delivery of Goods: The seller is responsible for delivering the goods to the buyer as per the agreed terms, ensuring that they meet the specified quality and quantity.

By adhering to these principles and conditions, a Murabaha contract can provide a compliant framework for financing in Islamic finance, facilitating trade and commerce while respecting with Islamic (partner) banking rules guidelines.

In short, we can outline the sequence of actions in this contract as follows outlining the key components and processes involved in this Islamic financing structure:

1. Start of the Murabaha contract.

- Initiation of the Murabaha contract.

2. Parties Involved

- Buyer
- Seller (Financial Institution)

3. Request for Financing

- Buyer requests financing for a specific asset or commodity.

4. Asset Identification

- Seller identifies the asset to be purchased.

5. Purchase Price Agreement

- Seller purchases the asset from the supplier at the cost price.

6. Mark-up Agreement

- Seller adds a predetermined profit margin (mark-up) to the cost price.

7. Total Selling Price

- Total selling price is agreed upon (Cost Price + Mark-up).

8. Payment Terms Agreement

- Define payment terms (lump sum, installments, etc.).

9. Transfer of Ownership

- Seller transfers ownership of the asset to the Buyer.

10. Payment by Buyer

- Buyer makes payments according to agreed terms.

11. End of the Murabaha contract.

In essence, the Murabaha contract is an agreement when a company applies to a partner (Islamic) bank and requests financing under such a scheme, in which the Bank (or its representative) purchases a certain product at one price and then resells the same product to the client with the addition of its markup, at a higher price. Usually, the payment for the product by the client is also made in installments according to the payment terms.

The bank purchases the product on behalf of the company and then, having purchased the product and already being the actual owner of the product, resells this product to this company, charging a certain margin on this product. This margin amount is negotiated between the parties.

In terms of structure, like other contracts, Murabaha contracts also consist of basic parts like the subject of the contract, the terms of the contract, the terms of payment and delivery of the goods, the contract amount and payment options, liability and rights of the parties, information about force majeure circumstances and general conditions and a number of other points.

The attractiveness of the Murabaha contract is that the financing party bears almost no financial risks in the project, but only purchases goods according to certain characteristics and resells them to the client (company) with its markup and payment terms, possibly in installments for a certain period.

For the company, the attractiveness of Murabaha contracts is that with additional finances provided by the bank, the company can plan and purchase products, raw materials and materials in large quantities and, accordingly, ask suppliers for discounts on these goods and supplies.

In addition, since the goods are paid for by the bank, and are initially purchased for the bank, and then resold to the company (client) with a markup, this company gets the opportunity to pay off the debt to the bank in installments for these delivered goods.

Thus, the company has the opportunity to timely purchase raw materials for the production of goods, and possibly equipment and the necessary tools.

Main Uses of Murabaha Contract in International Trade for Import and Export of Goods

Murabaha is a popular Islamic finance contract that involves the sale of goods at a profit margin agreed upon by both parties. Here are the main applications of Murabaha in the context of importing and exporting goods:

1. Financing Imports:

• Importers can use Murabaha contracts to finance the purchase of goods from foreign suppliers. The financial institution buys the goods and sells them to the importer at a marked-up price, allowing the importer to pay in installments.

2. Export Financing:

• Exporters can utilize Murabaha to secure funding for producing goods intended for export. The financial institution provides capital to purchase raw materials, and the exporter repays the amount with a profit margin.

3. Working Capital Management:

• Businesses engaged in international trade can use Murabaha to manage their working capital needs, ensuring they have sufficient liquidity to operate effectively.

4. Inventory Financing:

• Companies can finance their inventory through Murabaha contracts, allowing them to purchase and hold stock without immediate full payment, thus easing cash flow constraints.

5. Supply Chain Financing:

• Murabaha can facilitate supply chain financing by enabling importers and exporters to acquire necessary goods and materials on credit, with repayment structured over time.

6. Equipment Financing:

• Businesses can use Murabaha to finance the purchase of equipment or machinery needed for production or logistics in international trade, spreading the cost over a period.

7. Trade Credit:

• Murabaha contracts can serve as a form of trade credit, providing businesses with the ability to buy goods now and pay later, which is essential for maintaining operations in international markets.

8. Risk Mitigation:

• By using Murabaha, businesses can mitigate financial risks associated with price fluctuations in international markets, as the cost is agreed upon upfront.

9. Compliance with Islamic (patner) Finance Principles:

• Murabaha provides compliant financing option with Islamic (patner) Finance Principles for businesses involved in international trade, appealing to those operating in Muslim-majority countries or seeking ethical financing solutions.

10. Facilitating Market Entry:

• New businesses looking to enter international markets can use Murabaha to finance initial purchases and establish their presence without significant upfront capital investment.

By leveraging Murabaha contracts, businesses involved in international trade can access necessary financing while adhering to Islamic finance principles, facilitating smoother import and export operations.

In the context of international trade agreements, the use of the Murabaha contract may represent the following types of cooperation. For example, a certain company regularly imports and purchases components or raw materials abroad for the production of its products. But due to the limited finances, it purchases these products in small batches and, accordingly, at a higher price. Starting cooperation with a partner (Islamic) bank, this company instructs the bank under the Murabaha contract. Under this contract, the bank, on its own behalf, purchases the same names of components, raw materials and materials, and then resells them to the client (company) with a certain markup agreed upon by the parties.

The bank can also purchase goods on behalf of the client abroad and, having received the finished goods, resell them to the company (client). The company (client), accordingly, after receiving the goods and their customs clearance for use on the domestic market, pays the bank for these goods gradually over several months or years. After completing this transaction, the parties can restart a similar transaction for the purchase of goods. There may also, of course, be parallel transactions within one or more Murabaha contracts, where the bank finances the purchases and resells the goods with its own margin to the local recipient client. It is necessary to pay attention that we are talking about the fact that the bank can resell this product in the company even before the moment.

In export operations, a company, for example, trading for export, applies to a financial institution in a partner (Islamic) bank with a proposal for cooperation within the framework of the Murabaha agreement. In such cooperation, the bank can purchase goods on the domestic market or from one or several domestic suppliers on the local market and then resell these goods with a markup to the exporter company with the condition of payment for the goods upon receipt of export proceeds.

The exporter company, having received these goods from the bank, forms the required quantity of export supplies, for example, one or several containers for its

foreign buyers and agrees with them on delivery dates. Accordingly, due to the fact that the bank purchases products on the local market and resells them to the exporting company with its markup, this company can also plan its deliveries to foreign partners and the receipt of export revenue without worrying about the availability and sufficiency of its own financial resources.

Usually, the incoming revenue is transferred to a current account opened in the same bank and, accordingly, after receiving the amount of export revenue under these contracts, the bank retains its share of the financial resources under the Murabaha agreement, and credits the rest to the client's (company's) account.

11.3. Salam and Istisnaa contracts in international trade. Advance payment for future deliveries and custom production contracts.

a).Salam contracts in International Trade.

Among the contracts used in Islamic banking, two contracts can be distinguished that can also be used to sell goods to foreign countries. These contracts are somewhat unusual in their essence. According to the general rules that exist in Islamic banking, selling goods that are not available and in the possession of the seller is not allowed. Meanwhile, these two types of contracts, **the Salam contract and the Istisna contract**, allow for the conclusion of transactions for the purchase and sale of goods even before the actual appearance of these goods in the possession of the seller.

Salam Contracts - These are contracts in the Islamic (partnership) economic model, under which purchase and sale transactions are concluded for goods that will be available in the future (for example, in the fall) and the contract is paid in advance (for example, in the spring). Usually, such contracts are concluded for the purchase and sale of homogeneous agricultural goods, such as wheat, barley, corn and others.

The Salam contract has the following features:

1. At the time of signing the contract, the goods must not be with the seller, otherwise this transaction will be simply a sale and purchase transaction.

2. The entire amount for the contract must be transferred immediately after signing the contract and partial payment under the Salam contract or payment in installments is not allowed.

Very often, the Salam contract is used to purchase agricultural goods. It is also

important that these goods have homogeneous (uniform) properties, that is, in large quantities, so that they can be found on the market and from other sellers at the time of delivery. Examples of such goods can be wheat, barley, corn, apples and other fruits of certain varieties.

The Salam contract cannot be concluded for goods that are not identical, for example, for meat products, for the harvest of a specific garden or field, since it is in this garden or farm that, due to some natural phenomena, the harvest may be in a smaller quantity, or may not be obtained at all. In such cases, the seller will not be able to deliver the goods, including export deliveries, under the contract within the agreed timeframe and in the agreed quantities. Therefore, when concluding a Salam contract, it is implied that if the seller did not have a harvest this year or received less harvest, so that he could buy these goods on the market from other farmers and agricultural producers and make a contractual delivery. The requirement for homogeneity of goods for which a Salam contract can be concluded is precisely this.

Key Principles and Conditions of Salam Contract

Salam is an Islamic finance contract primarily used for agricultural products and involves advance payment for goods to be delivered at a future date. Here are the main principles and conditions of a Salam contract:

1. Advance Payment: The buyer pays the full price of the goods in advance at the time of the contract, which distinguishes Salam from traditional sales.

2. Future Delivery: The goods must be delivered at a specified future date, ensuring that the seller has time to produce or procure the items.

3. Identifiable Goods: The goods to be delivered must be clearly defined and specified in terms of quantity, quality, and other relevant characteristics.

4. Permissibility of Goods: The goods involved in the Salam contract must be halal (permissible) under Islamic law and should not involve any prohibited (haram) items.

5. Risk Management: The risk of loss or damage to the goods is typically borne by the seller until delivery, as they are responsible for producing or procuring the goods.

Conditions of Salam contract:

1. Written Agreement: The Salam contract should be documented in writing, detailing the terms, including price, quantity, quality, and delivery date.

2. Specification of Goods: The goods must be precisely described to avoid ambiguity, including their type, grade, and any relevant standards.

3. Delivery Date: The contract must specify a clear delivery date or timeframe within which the goods will be delivered.

4. Full Payment: The buyer must pay the full amount at the time of the contract's conclusion, ensuring that the seller has the necessary funds to produce or acquire the goods.

5. No Speculation: Salam contracts should not involve speculation or excessive uncertainty (gharar), which is prohibited in Islamic finance.

6. Capacity to Deliver: The seller must have the capacity and capability to deliver the specified goods by the agreed-upon date.

7. Mutual Consent: Both parties must willingly agree to the terms of the Salam contract without coercion or undue pressure.

By adhering to these principles and conditions, a Salam contract facilitates ethical financing arrangements that support producers while ensuring compliance with principles of Islamic finance.

In short, we can outline the sequence of actions in this contract as follows:

1. Start Salam contract.
   • Initiation of the Salam contract.

2. Parties Involved

   • Seller (Producer)

   • Buyer (Financial Institution or Investor)

3. Request for Salam Financing

   • Buyer requests financing for future delivery of goods.

4. Goods Specification

   • Buyer specifies the goods to be produced (type, quantity, quality).

5. Agreement on Price

   • Seller and Buyer agree on the price to be paid in advance.

6. Advance Payment

   • Buyer makes full payment in advance for the goods.

7. Production Phase

   • Seller produces the specified goods.

8. Delivery Schedule Agreement

- Agree on the delivery date and logistics.

9. Delivery of Goods

- Seller delivers the goods to the Buyer on the agreed date.

10. End of Salam contract.

An example of such cooperation may be the conclusion of a Salam contract between a chain of stores abroad and a farm within the country.This chain of stores, located in another country, can conclude such a contract for the supply of agricultural products, thus providing itself with more competitive prices for the products of agricultural producers, and can also plan its purchases, make advance payments for goods that will be delivered later within the agreed time frame. Thus, the buyer will be guaranteed supplies and the purchase prices of the goods will be predictable.

In terms of structure, like other contracts, Salam contracts also consist of basic parts like the subject of the contract, the terms of the contract, the terms of payment and delivery of the goods, the contract amount and payment options, liability and rights of the parties, information about force majeure circumstances and general conditions and a number of other points.

The attractiveness of Salam contracts for the buyer, for example for such a chain of grocery supermarkets, is precisely that by pre-concluding contracts for the supply of the necessary agricultural products, it will have the opportunity to obtain stable supplies of vegetables and fruits, for example, in the autumn and winter months. In addition, the price at which this agricultural product is purchased may be attractive to the buyer, since when purchasing goods several months before delivery and pre-paying for such a purchase, the buyer may be given special discounts from the selling prices for the goods supplied under this Salam export contract.

The attractiveness of Salam contracts for the seller is that he can receive funds

under the contract in advance in full and use these funds to purchase all the necessary equipment for processing the fields and growing and harvesting the crop, purchase the necessary seeds and fertilizers, pay wages to employees of the agricultural enterprise on time and pay other expenses of the farm.

The second attraction for the agricultural producer in the Salam contract is that he can forecast his sales, plan his sales and have certain guarantees of the saleability of the grown agricultural products.

In addition, the implementation of export and purchase and sale under the Salam contract becomes the reason for even greater focus on the needs of the client-buyer, respectively, those goods and agricultural products that are in demand will be grown, goods are processed and packaged and labeled for successful sale on the buyer's shelves.

Main Uses of Salam Contract in International Trade for Import and Export of Goods

The Salam contract, a type of forward sale in Islamic finance, has several applications in international trade, particularly in the import and export of goods. Here are some of the main uses:

1. Advance Payment for Future Delivery:

• Salam allows buyers to make an advance payment for goods that will be delivered at a future date. This is particularly useful in agricultural products where the seller can finance production costs.

2. Risk Mitigation:

• By securing a Salam contract, sellers can mitigate risks associated with price fluctuations in the market. This ensures that they receive a fixed price for their goods regardless of market changes.

3. Facilitating Trade in Agricultural Products:

• Salam is commonly used in the agricultural sector, enabling farmers to receive upfront capital to grow crops while guaranteeing buyers a supply of goods at harvest time.

4. Enhancing Cash Flow:

• For exporters, Salam contracts improve cash flow by providing immediate funds to manage operational costs, allowing them to invest in production or expand their business.

5. Long-term Supply Agreements:

• Salam contracts can establish long-term supply agreements between parties, ensuring a consistent flow of goods over time, which is beneficial for both producers and buyers.

6. Market Stability:

• By using Salam contracts, businesses can contribute to market stability by locking in prices and reducing the volatility associated with supply and demand fluctuations.

7. Compliance with Islamic Finance Principles:

• Salam contracts adhere to Islamic finance principles, making them suitable for businesses operating in Muslim-majority countries or those seeking compliant financing options with Islamic (partner) banking rules.

8. Encouraging Investment in Emerging Markets:

• The structure of Salam contracts can attract investors to emerging markets by providing a secure method for financing trade without the risks associated with conventional loans.

9. Facilitating Export financing:

• Exporters can use Salam contracts to secure financing from financial institutions based on future sales, thus enhancing their ability to compete in international markets.

10. Quality Assurance:

• The contract can stipulate quality standards for the goods to be delivered, ensuring that buyers receive products that meet their requirements.

By leveraging Salam contracts in these ways, businesses engaged in international trade can enhance their operational efficiency, secure financing, and navigate the complexities of global markets effectively.

In foreign trade activities, the above named Salam contract for example can be used, in which a chain of stores abroad can conclude a supply contract, or rather an export contract for the supply of agricultural products from a country to export to a foreign state.

Such an agreement can be concluded for groups of goods, for example, carrots, watermelons and other vegetables and fruits, with the condition of delivery in certain months of the summer or autumn of each year or in another period agreed upon by the parties.

The parties also agree on the volumes of products to be delivered. For the preliminary purchase of the harvest, the chain of stores makes an advance payment under the Total international trade transfer schemes and pays the entire amount of the contract to the agricultural producer.

A paid export contract Salam will help the Seller to focus on the quality of the product, its availability at the time of delivery, protection from pests, the purchase

of appropriate high-quality fertilizer and seeds, and later on the delivery of products within the agreed calendar dates.

In addition, having cash at their disposal, the farmer or the Seller-exporter can, by agreement with the buyer, plant high-quality seeds in their fields, focusing on the harvest of certain varieties and calibers based on the requests of the buyer-importer.

For example, if the buyer needs tomatoes or other vegetables of a certain small caliber, then some part of the Seller's fields can be allocated for sowing seeds of exactly this variety and caliber to obtain the necessary agricultural products under the terms of delivery. If the buyer requires vegetables and fruits of some early varieties, accordingly, by agreement between the parties, the Seller-exporter can focus on growing precisely these early varieties of vegetables and fruits.

In general, the use of Salam contracts, including in international trade, can lead to significant benefits for both parties, the buyer and the seller. When importing products, the Salam contract can also be used to purchase products from foreign suppliers and purchase their agricultural products at an early stage, so that the price that will ultimately be obtained is more competitive.

Since several months before the harvest of a particular fruit or vegetable, sellers are usually ready and willing to provide discounts and concessions in pricing for the goods sold.

According to the Salam contract schemes, Islamic banks offer, it will be possible to build a supply chain of agricultural producers from the fields to the shelves of foreign stores. The goal of such cooperation may be the result that by coordinating the positions of the parties and their wishes, the seller-exporter and the buyer-importer could, for example, build a fairly effective scheme for trading agricultural products in foreign markets. Export-oriented can be the selection of types of fruits and vegetables for planting, growing and harvesting, then packing the harvested crop in packaging options acceptable to the buyer by type, weight, volume and quantity, for example, boxes of 3-5 kg or in a set of 10-12 pieces in plastic or wooden boxes, etc.

Next, knowing the approximate time when the crop will be ready for harvesting and shipment for export, the parties can build a logistics chain for sending for export, taking into account refrigeration and other necessary equipment, with subsequent display of this product on the shelves of foreign markets.

b). Istisna Contracts in International Trade.

There is also another contract that is used in Islamic banking schemes. This contract is called Istisna - production to order and has certain similar characteristics with the Salam contract.

Istisna Contracts - These are contracts in the Islamic (partnership) economic model, under which the purchase and sale of goods that are not available at the time of the conclusion of the contract is allowed, with the condition of production to order according to certain and pre-agreed characteristics. Payment under such a contract can be made in parts or in installments.

As mentioned above, in Islamic (partnership) economy, it is not allowed to sell those goods that are not available and not in the possession of the seller. However, these two contracts: the Istisna Contract and the above-mentioned Salam Contract are an exception. Under them, the parties can enter into purchase and sale transactions even for such goods that are not available or not in the possession of the seller at the time of the transaction. While the Salam contract is more used for the sale of agricultural products, the Istisna Contract is used for production to order.

Such goods may include textiles, products of factories and plants, as well as products of construction companies, and various products that can be manufactured according to existing drawings and standard characteristics. The Istisna contract specifies the delivery date of the goods. In addition, the characteristics of the goods are precisely specified and described.

Key Principles and Conditions of Istisna Contract

Istisna is an Islamic finance contract used for manufacturing goods and involves a buyer placing an order for goods to be manufactured or constructed in the future. Here are the main principles and conditions of an Istisna contract:

1. Manufacturing or Construction: Istisna is specifically designed for goods that are manufactured or constructed, distinguishing it from other types of contracts.

2. Future Delivery: The goods must be delivered at a specified future date, allowing the manufacturer or builder time to produce or construct the items.

3. Defined Specifications: The goods must be clearly specified in terms of quality, quantity, and other relevant characteristics to avoid ambiguity.

4. Payment Terms: Payment can be structured in various ways, including full payment in advance, partial payment at different stages, or payment upon delivery.

5. Risk Management: The risk of loss or damage to the goods typically remains with the manufacturer until delivery is completed.

Conditions

1. Written Agreement: The Istisna contract should be documented in writing, detailing the terms, including specifications, price, and delivery schedule.

2. Clear Specifications: The goods must be precisely described to ensure that both parties have a mutual understanding of what is to be produced.

3. Delivery Date: The contract must specify a clear delivery date or timeframe within which the goods will be delivered.

4. Capacity to Produce: The manufacturer must have the capability and resources to produce the specified goods within the agreed timeframe.

5. Mutual Consent: Both parties must willingly agree to the terms of the Istisna contract without coercion or undue pressure.

6. Compliance with Islamic (partner) banking rulesh: The goods being manufactured must be halal (permissible) under Islamic law and should not involve any prohibited (haram) items.

7. No Speculation: The contract should avoid excessive uncertainty (gharar) and speculation, which are prohibited in Islamic finance.

By adhering to these principles and conditions, an Istisna contract facilitates ethical financing arrangements for manufacturing and construction projects while ensuring compliance with Islamic (partner) banking rulesh principles in Islamic finance.

In short, we can outline the sequence of actions in this contract as follows:

1. Start Istisna contract

- Initiation of the Istisna contract.

2. Parties Involved

- Manufacturer (Seller)

- Buyer (Client)

3. Request for Istisna Financing

- Buyer requests the manufacture of specific goods.

4. Goods Specification

- Buyer specifies the goods (type, quantity, quality, and delivery date).

5. Agreement on Price

• Manufacturer and Buyer agree on the price and payment terms.

6. Payment Terms

• Determine whether payment is made in advance, in installments, or upon delivery.

7. Manufacturing Phase

• Manufacturer starts the production of the specified goods.

8. Quality Assurance

• Quality checks are conducted during the manufacturing process.

9. Delivery Schedule Agreement

• Agree on the delivery date and logistics for the goods.

10. Delivery of Goods

• Manufacturer delivers the finished goods to the Buyer.

11. Final Payment (if applicable)

• Buyer makes any remaining payments as per the agreed terms.

12. End of the Istisna contract.

An important feature of Istisna contacts is that payment for products under such contracts can be made in stages and in installments. It should also be mentioned that under Istisna contracts, the seller is obliged to use only its own raw materials and supplies for the production of the product. If the customer's raw materials are used in the production, such a contract does not comply with the principles of the Istisna contract. In this regard, Istisna contracts can be used to finance infrastructure projects, as well as projects for the production of technical parts for equipment, spare parts for transport, tools, etc.Under an Istisna contract, the seller, having received a certain advance payment or part of the contract payment, can begin to manufacture products and deliver them to the buyer in certain batches and parts.

In terms of structure, like other contracts, Įstisna contracts also consist of basic parts like the subject of the contract, the terms of the contract, the terms of payment and delivery of the goods, the contract amount and payment options, liability and rights of the parties, information about force majeure circumstances and general conditions and a number of other points.

The attractiveness of the Istisna contract for the seller is that the seller can produce products for which there is demand by receiving preliminary orders for these products. The goods are produced according to the agreed data, the size, volume, color and characteristics that are in demand in this case in the person of a specific client. Thus, the seller can forecast his sales and plan his production.

For the party that buys goods under the Istisna contract, the attractiveness of this contract is precisely in the fact that the goods can be ordered according to certain characteristics, standard sizes, taking into account the light range and sizes that are required or in demand.

In addition, in Istisna contracts, unlike the Salam contract, a one-time payment of the entire amount of delivery under the contract is not required.

Therefore, the customer can pay for part of the products that are ready for shipment, and pay for the other part, which has not yet been manufactured or released, later and even in installments. As can be seen from the properties of the Istisna contract, such a contract can be used, among other things, for the release of products under its own trademark. As is known, this is a marketing ploy that is used by many large companies to release goods to order from a third-party

manufacturer under their own trademark and product labels.

Such business cooperation can also be carried out within the framework of Istisna contracts.

Main Uses of Istisna Contract in International Trade for Import and Export of Goods

The Istisna contract is a significant financial instrument in Islamic finance, particularly useful in international trade. Here are the main applications of Istisna in the context of importing and exporting goods:

1. Manufacturing Financing:

• Istisna allows manufacturers to receive financing for the production of goods before they are completed. This is particularly beneficial for industries with high production costs, such as construction and heavy manufacturing.

2. Custom Orders:

• The Istisna contract is ideal for custom-made products, where buyers can specify their requirements, and manufacturers can produce goods according to those specifications.

3. Cash Flow Management:

• By securing payments in stages (advance payment and upon delivery), businesses can manage their cash flow more effectively, ensuring they have the necessary funds throughout the production process.

4. Risk Sharing:

• Istisna facilitates risk-sharing between buyers and sellers, as both parties agree on the terms of production and delivery, reducing uncertainties related to cost overruns or delays.

5. Long-term Supply Agreements:

• Companies can establish long-term relationships with suppliers through Istisna contracts, ensuring a consistent supply of goods over time, which is crucial for maintaining operations.

6. Infrastructure Projects:

• Istisna is widely used in large-scale infrastructure projects (like roads, bridges, and buildings) where upfront financing is necessary for construction materials and labor.

7. Compliance with Islamic Finance Principles:

• Businesses seeking Islamic (partner) banking-compliant financing options can utilize Istisna contracts to engage in trade without violating Islamic law, making it suitable for Muslim-majority countries.

8. Facilitating Export loan:

• Exporters can use Istisna contracts to secure loan based on future sales, allowing them to invest in production and compete effectively in international markets.

9. Quality Assurance:

• The contract can include specific quality standards and timelines for delivery, ensuring that the buyer receives goods that meet their expectations.

10. Enhancing Market Competitiveness:

• By utilizing Istisna contracts, companies can improve their competitive edge in global markets by offering tailored products and ensuring timely delivery. By leveraging Istisna contracts, businesses involved in international trade can enhance operational efficiency, secure necessary financing, and navigate the complexities of global commerce effectively.

So, in international trade, Istisna contracts can be used to procure the required quantity of goods according to the characteristics and requirements required for the market of a foreign country. For example, this could be an order for the release of products taking into account the requirements of the importing country. A well-known example is that in the markets of certain countries, chargers and sockets from household appliances may have their own specifics that are different from the country of manufacture and differ in detachable or some auxiliary parts.

In these cases, under the Istisna contract, the importing company, i.e. a foreign company, can order a certain quantity of goods with the appropriate characteristics and dimensions from the manufacturer's factory on the local market so that they can be sold on the market of a foreign country. The Istisna contract allows you to procure and send products for export, possibly even in small batches, in order to study the market on the territory of another country. And later, based on the sales volume of a particular product, continue cooperation specifically in the production of these frequently sold goods

11.4. Ijara contracts as an alternative types of international leasing agreements.

Among international economic contracts offered by Islamic (partner) banking there are also equipment lease or rental contracts which are called Ijarah contracts. The essence of the international Ijarah contract is that when firms located in different countries can lease or vice versa receive lease of this or that equipment, vehicles and machinery, through the appropriate execution of contracts with the terms of lease or rental contracts. The Ijarah contract has its own distinctive features due to which it can be said that it is not completely identical to standard lease or rental contracts.

Ijarah contracts - These are contracts in the Islamic (partnership) economic concept

on rental relationships between the financing party (bank) and the client (company). Rental payments for machinery, equipment or vehicles under such a contract are paid only for the period when they were in working condition suitable for use by the lessee.Thus, under Ijarah contracts, the leased item must be in the possession of the lessor for the entire period of cooperation.

Key Principles and Conditions of Ijara Contract

Ijara is an Islamic (partner) finance contract that resembles leasing. In an Ijara agreement, one party (the lessor) provides an asset for use to another party (the lessee) in exchange for rental payments. The ownership of the asset remains with the lessor, while the lessee has the right to use it for a specified period. Here are the main principles and conditions of an Ijara contract:

1. Asset Ownership: The lessor must own the asset being leased. The ownership of the asset remains with the lessor throughout the lease period.

2. Use of Asset: The lessee is granted the right to use the asset for a specified period, as outlined in the contract.

3. Fixed Rental Payments: The rental payments must be predetermined and agreed upon by both parties before the contract is executed.

4. No Profit from Asset: The lessor cannot derive profit from the asset beyond the agreed rental payments. Any additional benefits or profits from using the asset belong to the lessee.

5. Maintenance Responsibilities: The lessor is generally responsible for major maintenance and repairs of the asset, while the lessee is responsible for day-to-day maintenance and proper usage.

Main conditions of Ijara Contract

1. Written Agreement: The terms of the Ijara contract should be documented in writing, clearly outlining the responsibilities, rental amount, duration, and conditions of use.

2. Defined Asset: The asset being leased must be clearly identified and described in the contract, including its specifications and condition.

3. Permissibility of Asset: The asset must be permissible (halal) under Islamic law and should not involve any prohibited (haram) activities.

4. Mutual Consent: Both parties must voluntarily agree to the terms of the contract without any coercion or undue pressure.

5. Duration of Lease: The duration of the lease must be specified in the agreement, indicating when the lease will commence and when it will terminate.

6. Termination Conditions: The contract should outline conditions under which either party can terminate the lease, including any penalties or consequences.

7. Insurance and Liability: The agreement should specify who is responsible for insuring the asset and handling liability issues during the lease period.

By adhering to these principles and conditions, an Ijara contract can facilitate ethical leasing arrangements within the framework of Islamic finance, ensuring compliance with Islamic (partner) banking principles while promoting fair business practices.

In these contracts, the accuracy of the definition of the leased items, the lease term and the accuracy of the formulation of the obligations of each of the parties are also important.

It is also important in Ijarah lease contracts that the leased item, vehicle, tool or equipment must be in working order for the entire lease period.

The costs of maintaining the rented or leased items in working order are paid by the lessor.It should also be taken into account that if there are delays in paying the lease payments, Ijarah contracts do not allow any penalties or fines to be charged. This condition is necessary to maintain the predictability and immutability of the lease contract amount.

In practice, in international trade, as was already mentioned above, Ijarah contracts can be used for international leasing.

An example could be the performance of some tender work, when a large list of equipment is brought to a certain country, for example, tractors or excavators for the construction of irrigation structures or road construction work. Such equipment will be imported temporarily into the country and used under the conditions of temporary import in line with customs regulations. After the contract is fulfilled, this equipment usually must be re-exported outside the country.

In such conditions of temporary import, the foreign company is also the owner of this equipment, for example, excavators, trucks, bulldozers and other machines.

To perform such work, an international Ijarah contract can also be used, under which companies located in one country lease their equipment to companies that carry out road construction projects in the territory of another country. Thus, the construction company and can effectively use not only its own equipment, but also equipment provided under the international Ijarah contract.

If the leased equipment is damaged or become inoperative due to the fault of the lessee, of course the amount of repair of this equipment is paid by the lessee. But the payment for the repair of the equipment and its maintenance in working condition is paid by the lessor. If the equipment that was leased did not work for some period due to factory defects or other technical reasons, not due to the fault of the lessee, then for this period the lessee may not pay the lease payments.

As is known, in standard leasing agreements a payment calendar is approved with reference to certain dates and the amount of payments is approved regardless of whether the leased item is in working condition or not. Sometimes such a leased item may be inoperative due to a factory defect or other technical reasons beyond the control of the lessee.

Despite this, under a standard leasing agreement, the lessee company is obliged to pay all lease payments on time, in accordance with the approved payment calendar. And the fact that the lease recipient may not have been able to use the equipment for several months due to a manufacturing defect will not be taken into account in the issue of timely lease payments.

The attractiveness of Ijarah agreements, in this regard, is precisely in the fact that tenants under an Ijarah agreement are obliged to pay only for the period when the equipment or machinery was in working order.

In terms of structure, like other contracts, Ijarah contracts also consist of basic parts like the subject of the contract, the terms of the contract, the terms of payment and delivery of the goods, the contract amount and payment options, liability and rights of the parties, information about force majeure circumstances and general conditions and a number of other points.

Ijarah agreements may stipulate the areas of application of the leased equipment. For example, it is not allowed to use this equipment in those objects and for purposes that are prohibited in Islamic law, namely for organizing gambling, smoking, alcohol industry, etc.

As an example, we can cite the following option for cooperation within the framework of the international Ijarah contract and cooperation in equipment rental: The companies "Motors 2" and "Romashka" conclude and sign an international Ijarah contract. The company "Motors 2" is a foreign company and within the framework of this contract leases to the company "Romashka" equipment: excavators, a bulldozer and trucks in the amount of 10 pieces each. A total of 30 pieces of equipment and vehicles. The rental period is 2 years. This equipment is used to fulfill the contract won by the company "Romashka" for the construction of an irrigation canal, as well as a roadbed to this canal and asphalt for this road. During the repair period, the main repairs are carried out by the company "Motors 2", since it is the lessor under the Ijarah contract. At the end of the rental period, the equipment will remain in the possession of the lessor, and the lessee, i.e. the company "Romashka", can buy this equipment at a market price. However, this company is not obligated to buy this equipment.

11.5. Alternative types of guarantees and trade representation in international contracts: Wakala and Kafalah contracts.

The Use of Wakalah Contract in International Trade and Import-Export Operations. Wakalah is an essential contract in Islamic (partner) finance system that plays a significant role in facilitating international trade and import-export operations. Derived from the Arabic word "wakil," which means "agent," the wakalah contract allows one party to act on behalf of another in various transactions. This paper explores the principles of the wakalah contract, its applications in international trade, and its impact on import-export operations.

Wakalah is a contractual arrangement where one party (the principal) appoints another party (the agent) to perform specific tasks or manage certain affairs on their behalf. The agent acts in the best interest of the principal and is usually compensated for their services. In Islamic finance, wakalah contracts are used to ensure compliance with Islamic (partner) finance system, as they do not involve interest (riba) and promote ethical business practices.

Key Principles and Conditions of Wakalah Contract

Wakalah is an Islamic finance contract in which one party (the principal) appoints another party (the agent) to perform a specific task or service on their behalf. Here are the main principles and conditions of a Wakalah contract:

1. Agency Relationship: Wakalah establishes a clear agency relationship where the agent acts on behalf of the principal, with the authority to undertake specific actions.

2. Defined Scope of Work: The tasks or services to be performed by the agent must be clearly defined and agreed upon by both parties.

3. Compensation: The agent is entitled to a fee or commission for their services, which should be specified in the contract.

4. Transparency: The contract should promote transparency between the principal and the agent, ensuring that all terms and conditions are clearly communicated.

5. Trust and Good Faith: The relationship is based on trust, and the agent is expected to act in the best interest of the principal, exercising due diligence and care.

Main conditions of Wakalah Contracts:

1. Written Agreement: While a Wakalah contract can be verbal, it is advisable to document it in writing to avoid misunderstandings and disputes.

2. Clear Authority: The scope of authority granted to the agent must be explicitly stated, including any limitations on their powers.

3. Consent of Both Parties: The contract must be entered into voluntarily by both the principal and the agent, without any coercion.

4. Compliance with Islamic (partner) finance system: The activities undertaken by the agent must comply with Islamic law and should not involve any prohibited activities like gambling, production of alcohol, tobacco products, pork meat etc.

5. Accountability: The agent must keep accurate records of their actions on behalf of the principal and report back as required.

6. Termination Clause: The contract should include provisions for termination by either party under certain conditions, ensuring that both parties have an exit strategy.

By adhering to these principles and conditions, a Wakalah contract facilitates ethical agency relationships, ensuring compliance with Islamic (partner) finance principles while promoting mutual benefit for both parties involved.

In short, we can outline the **sequence of actions in this contract as follows** outlining the key components and processes involved in Wakalah contract structure:

1. Start: Initiation of the process of Wakalah contract .

2. Principal Identifies Need for Agency: The principal recognizes the need for an agent to perform specific tasks.

3. Principal Selects Agent: The principal chooses a qualified agent based on expertise and trustworthiness.

4. Draft Wakalah Contract: A formal agreement is drafted outlining the terms of the wakalah.

5. Define Roles and Responsibilities: Clearly define what tasks the agent will perform on behalf of the principal.

6. Specify Compensation Structure: Outline how the agent will be compensated for their services.

7. Contract Signing by Both Parties: Both the principal and agent sign the contract to formalize the agreement.

8. Agent Performs Tasks on Behalf of Principal: The agent executes the agreed-upon tasks.

9. Agent Reports Progress to Principal: The agent keeps the principal informed about the progress and any issues.

10. Principal Reviews Performance: The principal evaluates the agent's performance based on agreed metrics.

11. Completion of Tasks: Once tasks are completed, the principal reviews the outcomes.

12. Settlement of Compensation: The principal compensates the agent as per the contract terms.

13. End: Conclusion of the wakalah contract process.

Applications of Wakalah in International Trade

1. Facilitating Agency Relationships:

In international trade, businesses often require local agents to navigate foreign markets. The wakalah contract formalizes this relationship, allowing agents to represent exporters or importers in negotiations, marketing, and logistics. This

arrangement helps businesses establish a presence in new markets while leveraging local expertise.

2. Managing Financial Transactions:

Wakalah can also be used to manage financial transactions in international trade. Financial institutions may act as agents to facilitate trade financing, where they handle payments, collections, and other financial services on behalf of their clients. This streamlines the payment process and reduces the risks associated with cross-border transactions.

3. Enhancing Trust and Transparency:

The wakalah contract promotes trust between trading partners by clearly defining the roles and responsibilities of each party. This transparency helps mitigate disputes and misunderstandings, which are common in international trade. When parties have confidence in their agreements, they are more likely to engage in long-term business relationships.

4. Supporting Logistics and Supply Chain Management:

In import-export operations, managing logistics is crucial for timely delivery and customer satisfaction. Wakalah contracts can be utilized to appoint logistics providers or freight forwarders as agents who handle shipping, customs clearance, and delivery processes. This delegation allows businesses to focus on core activities while ensuring efficient supply chain management.

Impact on Import-Export Operations

1. Increased Market Access:

The use of wakalah contracts enables businesses to enter new markets more effectively. By appointing local agents who understand the cultural and regulatory landscape, companies can navigate challenges and seize opportunities that would otherwise be difficult to access.

2. Improved Operational Efficiency:

Wakalah enhances operational efficiency by allowing businesses to delegate specific tasks to qualified agents. This delegation frees up resources and time for companies to concentrate on strategic initiatives, ultimately leading to better performance in import-export operations.

3. Promotion of Ethical Practices:

The principles underlying wakalah align with ethical business practices promoted by Islamic finance. By ensuring that agents act in the best interest of their principals and adhere to Islamic (partner) finance system principles, wakalah fosters a culture of integrity and accountability in international trade.

The wakalah contract is a vital instrument in international trade and import-export operations. By facilitating agency relationships, managing financial transactions, enhancing trust, and supporting logistics, wakalah provides a framework that benefits both exporters and importers. As global trade continues to evolve, the application of wakalah is likely to expand, promoting ethical practices and fostering sustainable business relationships across borders. Through its effective use, wakalah contributes to the overall growth and stability of international trade networks, making it an indispensable tool for businesses operating in the global marketplace.

Main Uses of Wakalah Contract in International Trade for Import and Export of Goods

The Wakalah contract is a significant tool in international trade, particularly in the import and export of goods. Here are some of the main applications:

1. Agency Representation:

• Wakalah allows one party (the agent) to act on behalf of another (the principal) in conducting trade transactions. This is useful for exporters and importers who may not have a local presence in the foreign market.

2. Facilitating Transactions:

• The Wakalah contract can facilitate transactions by providing a clear framework for the responsibilities and obligations of each party, ensuring smoother dealings between buyers and sellers.

3. Trade Financing:

• It can be used to secure financing for international trade operations. Financial institutions may provide funding based on the Wakalah agreement, as it outlines the roles and responsibilities of the parties involved.

4. Risk Management:

• By using Wakalah, businesses can manage risks associated with international trade, including credit risk and performance risk. The agent can ensure that the transaction is executed as per the agreement, reducing potential losses.

5. Compliance with Local Laws:

• In many jurisdictions, local regulations may require specific forms of representation for foreign businesses. The Wakalah contract helps comply with these legal requirements while facilitating trade.

6. Logistics and Supply Chain Management:

• Wakalah can be utilized for logistics purposes, where the agent manages the transportation and delivery of goods on behalf of the principal, ensuring timely and efficient supply chain operations.

7. Negotiation of Terms:

• Agents can negotiate better terms on behalf of exporters or importers, leveraging their local market knowledge and relationships to secure favorable deals.

8. Market Entry Strategy:

• For businesses looking to enter new markets, Wakalah provides a way to engage local agents who understand the market dynamics, consumer behavior, and regulatory environment.

9. Performance Monitoring:

• The contract allows for monitoring the performance of agents in executing trade transactions, ensuring that they meet agreed-upon standards and deliverables.

10. Dispute Resolution. Wakalah contracts often include provisions for resolving disputes between parties, providing a structured approach to handling conflicts that may arise during trade transactions. By utilizing Wakalah contracts in these ways, businesses involved in international trade can enhance their operational efficiency, build strong partnerships, and navigate complex market landscapes more effectively.

Kafalah Contracts in International Trade and Import-Export Operations

Kafalah, an Islamic finance contract, plays a significant role in facilitating international trade and

import-export operations. Rooted in Islamic (partner) banking rules, kafalah serves as a guarantee or surety that enhances trust and reduces risk in commercial transactions. This paper explores the principles of the kafalah contract, its applications in international trade, and its impact on import-export operations.

Understanding Kafalah. Kafalah is defined as a contractual agreement wherein one party (the guarantor) agrees to assume the responsibility for the financial obligations of another party (the debtor) in case of default. This contract is based on mutual consent and aims to provide security to the parties financing the business project. In Islamic (partner) finance system, kafalah is essential as it allows businesses to engage in transactions without the involvement of interest (riba), aligning with Islamic (partner) banking principles.

Key Principles and Conditions of Kafala Contract

Kafala is a type of guarantee or suretyship in Islamic finance, where one party (the guarantor) agrees to take responsibility for the obligations or debts of another party (the debtor) in the event of default. Here are the main principles and conditions of a Kafala contract:

1. Guarantee Relationship: Kafala establishes a relationship where the guarantor provides a guarantee for the obligations of the debtor, ensuring that the sides financing the business project

areprotected against potential default.

2. Consent: All parties involved (the sides financing the business projector, debtor, and guarantor) must consent to the terms of the Kafala agreement, establishing mutual agreement and understanding.

3. Defined Obligations: The specific obligations or debts being guaranteed must be clearly defined in the contract to avoid ambiguity.

4. Trust and Good Faith: The relationship is built on trust, and the guarantor is expected to act in good faith, fulfilling their responsibilities if the debtor defaults.

5. Compliance with Islamic (partner) banking rules : The Kafala contract must comply with Islamic banking rules, ensuring that the underlying obligations do not involve any prohibited any prohibited activities like gambling, production of alcohol, tobacco products, pork meat etc.

Main conditions of Kafala contracts.

1. Written Agreement: While Kafala can be verbal, it is recommended to document the agreement in writing to prevent disputes and ensure clarity.

2. Clear Terms: The terms of the guarantee, including the scope and limits of the guarantor's responsibility, must be explicitly stated.

3. Capacity: The guarantor must have the legal capacity to enter into the contract and provide the guarantee.

4. No Unjust Enrichment: The guarantor should not benefit unjustly from the arrangement; any fees or compensation should be fair and agreed upon.

5. Duration: The duration of the guarantee should be specified, including any conditions under which it may be renewed or terminated.

6. Notification: The sides financing the business project should notify the guarantor in case of default by the debtor, allowing the guarantor to fulfill their obligations.

By adhering to these principles and conditions, a Kafala contract provides a framework for secure financial transactions in Islamic finance, ensuring that all parties are protected while complying with with Islamic (partner) banking principles.

In short, we can outline the sequence of actions in this contract as follows outlining the key components and processes involved in the **Kafala contract**

1. Start of the **Kafala contract**: Initiation of the process.

2. Principal Identifies Need for Guarantee: The principal recognizes the need for a guarantee for a specific obligation.

3. Principal Selects Guarantor: The principal chooses a reliable guarantor who agrees to provide the guarantee.

4. Draft Kafala Contract: A formal agreement is drafted outlining the terms of the kafala.

5. Define Roles and Responsibilities: Clearly define the roles of the principal, guarantor, and debtor.

6. Specify Terms of Guarantee: Outline the specific obligations being guaranteed and any conditions attached.

7. Contract Signing by Both Parties: Both the principal and guarantor sign the contract to formalize the agreement.

8. Guarantor Provides Guarantee to Principal: The guarantor officially provides the guarantee as per the contract.

9. Principal Engages Third Party (Debtor): The principal enters into an agreement with the debtor whose obligations are being guaranteed.

10. Debtor Fulfills Obligations: The debtor carries out their obligations as outlined in their agreement with the principal.

11. Guarantor Monitors Compliance: The guarantor oversees the debtor's compliance with their obligations.

12. Completion of Obligations: The obligations are completed by the debtor, fulfilling the conditions of the kafala.

13. Settlement of Claims (if any): If there are any claims due to non-compliance, they are settled according to the contract terms.

14. End: Conclusion of the kafala contract process.

Main Uses of Kafala Contract in International Trade for Import and Export of Goods

The Kafala contract can play a significant role in international trade, particularly in the import and export of goods. Here are some of the main applications:

1. Trade Financing:

• Kafala can be used as a guarantee for trade financing, where a bank or financial institution provides funding to an importer or exporter based on the assurance provided by a guarantor. This helps facilitate transactions by reducing the risk for lenders.

2. Financing Risk Mitigation:

• Exporters can use Kafala to mitigate risks related with financing when dealing with foreign buyers. By securing a guarantee from a reputable local entity, exporters can be more confident in receiving payment, even if the buyer defaults.

3. Performance Guarantees:

• In contracts involving the delivery of goods, Kafala can serve as a performance guarantee, ensuring that the exporter fulfills their obligations. If the exporter fails to deliver the goods as agreed, the guarantor is responsible for compensating the buyer.

4. Customs Clearance:

• Kafala may be utilized to facilitate customs clearance for imported goods. A local guarantor can assure customs authorities that duties and taxes will be paid, expediting the import process.

5. Supplier Relationships:

• Importers can leverage Kafala contracts to build trust with suppliers. By providing a guarantee, importers can negotiate better terms or secure larger orders, knowing that their obligations are backed by a reliable guarantor.

6. Joint Ventures and Partnerships:

• In joint ventures or partnerships involving international trade, Kafala can be used to guarantee the obligations of one party to another, ensuring that all parties meet their commitments and fostering collaboration.

7. Insurance Against Non-Payment:

• Kafala acts as a form of insurance against non-payment in international transactions. If a buyer defaults on payment, the guarantor will step in to cover the debt, providing security for exporters.

8. Compliance with Local Regulations:

• In some jurisdictions, local laws may require guarantees for certain types of trade transactions. Kafala contracts can help businesses comply with these regulations while facilitating smoother trade operations.

9. Facilitating L\C:

• Kafala can complement letters of credit (L\C) by providing additional security for banks involved in international trade financing. This can enhance the credibility of the transaction and reduce risks associated with cross-border trade.By utilizing Kafala contracts in these ways, businesses engaged in international trade can enhance their security, build trust with partners, and facilitate smoother transactions, ultimately contributing to more efficient import and export processes.

Thus, we can emphasize the following important aspects of the use of this contract in international trade:

1. Facilitating financing Transactions:

In international trade, exporters often require guarantees to mitigate risks associated with foreign buyers. Kafalah provides a framework where banks or financial institutions act as guarantors, assuring exporters that they will receive payment even if the buyer defaults. This assurance enables exporters to engage with new markets and clients with reduced financial risk.

2. Enhancing Trust Between Parties:

The use of kafalah fosters trust between trading partners. In international trade, where parties may not have established relationships, the presence of a guarantor can convince sellers of the financial viability of buyers. This trust is crucial for negotiating favorable terms and conditions in contracts.

3. Supporting Import Financing:

Importers often face challenges in securing financing due to the inherent risks associated with international transactions. By employing kafalah, importers can obtain necessary funds from banks or financial institutions that are willing to provide loans backed by guarantees. This support enables businesses to maintain liquidity and manage cash flow effectively.

4. Mitigating Risks in Complex Transactions:

International trade often involves complex transactions with multiple parties and jurisdictions. Kafalah can simplify these transactions by providing a clear guarantee framework that delineates responsibilities and obligations. This clarity helps reduce disputes and enhances the overall efficiency of trade operations.

Possible impact of Kafala Contract on Import-Export Operations:

1. Increased Access to Markets:

The availability of kafalah contracts encourages businesses to explore new markets. With the assurance of guaranteed payments, exporters are more willing to engage with buyers from different countries, leading to increased trade volumes and diversification of markets.

2. Improved Financial Stability:

Kafalah contributes to the financial stability of both exporters and importers. By reducing the risk of non-payment, businesses can plan their operations more effectively, manage inventory levels, and invest in growth opportunities without the constant fear of financial loss.

3. Promotion of Ethical Business Practices: The principles underlying kafalah align with ethical business practices promoted by Islamic finance. By avoiding interest-based transactions and fostering cooperative relationships, kafalah encourages a more sustainable and responsible approach to international trade.

In conclusion we can say, that the kafalah contract serves as a vital instrument in international trade and import-export operations. By providing guarantees that mitigate risks, enhance trust, and facilitate financing transactions, kafalah supports businesses in navigating the complexities of global commerce. As more companies recognize the benefits of Islamic finance principles, the utilization of kafalah is likely to grow, fostering a more equitable and sustainable trading environment. Through its application, kafalah not only strengthens individual transactions but also contributes to the overall growth and stability of international trade networks.

11.6. Alternative types of insurance Takaful and Re-takaful offered by Islamic (partner) banking system in international trade.

Specifics of insurance and reinsurance of transactions within the framework of Takaful and Re-takaful contracts. In international trade, as is well known, options for cargo transportation insurance, cargo insurance and other types of insurance are widely used. However, conventional insurance does not meet the requirements of contracts under Islamic banking schemes, under which goods can be exported or imported. In this regard, a type of insurance is used that is compiled in accordance with the principles of Islamic economics and this type of insurance is called Takaful insurance. This word itself can be translated as: "providing mutual guarantees").

Takaful insurance - This is a special type of mutual insurance in accordance with the Islamic (partnership) economic concept, according to which the contributions of the policyholders are divided into voluntary donations to a fund from which the insurance damage of the participants is paid. Part of the funds of the policyholders is invested by the management company in various projects with subsequent payment of dividends in case of profit.

In short, we can outline the sequence of actions in this contract as follows outlining the key components and processes involved in Takaful insurance contract:

1. Starting of the Takaful insurance contract.

- Initiation of the Takaful insurance contract.

2. Parties Involved

- Takaful Operator
- Participants (Policyholders)

3. Contribution Payment

- Participants pay contributions (premiums) into the Takaful fund.

4. Pooling of Funds

- Contributions are pooled together in a common fund.

5. Risk Sharing

- The pooled funds are used to share risks among participants.

6. Investment of Funds

- Takaful Operator invests the funds investments in compliant with Islamic (partner) banking rules.

7. Claims Assessment

- Claims are submitted by participants in case of loss or damage.

8. Claims Approval Process

- Takaful Operator assesses and approves claims based on the terms.

9. Claims Payout

• Approved claims are paid out to participants from the Takaful fund.

10. Surplus Distribution

• Any surplus from the fund is distributed among participants or retained for future claims.

11. Renewal of Contributions

• Participants renew their contributions at the end of the term.

12. End of Takaful insurance contract.

In international trade, such insurance can be applied with the consent of both parties. Such insurance may also be offered by clients from Muslim countries and Southeast Asian countries, where this type of insurance is very developed and it can also be used in international trade with foreign countries. Such insurance conditions may be offered when exporting or importing goods.

In terms of structure, like other contracts, Takaful insurance contracts also consist of basic parts like the subject of the contract, the terms of the contract, the terms of payment and delivery of the goods, the contract amount and payment options, liability and rights of the parties, information about force majeure circumstances and general conditions and a number of other points.

The peculiarity of takaful insurance is that companies and organizations which participate in the insurance project, conclude a mutual agreement, according to which the funds contributed by them as insurance payments are used in two directions. The first is a voluntary donation of part of the amount to a certain mutual assistance fund by all participants of the insurance.

In case of occurrence of insurance cases, it is from this fund that payment is made for repairs and restoration, for example, of vehicles and for payments for an insured case.

Under takaful insurance contracts, the other part of the payment is accepted by the operator company, which manages the takaful project for subsequent investment and investment in a particular project. Based on the results of such investment activities, the participants divide the fund among themselves.

It has to be said that such investment will not guarantee any income. However, in the case of competent investment and receipt of certain income, the company can pay dividends to participants at the end of the investment period.

In this regard, the difference between takaful insurance and conventional insurance is as follows: With conventional insurance, insurance payments for a certain year are paid by the policyholder to the insurance company. If an insured event does not occur by the end of the year, this money is not returned in any amount to the policyholder; it remains as income for the insurance company.

If an insured event occurs, the insurer company pays the damages. In the takaful insurance option, the amounts contributed by the policyholders are divided into two parts: The first part is contributed as a voluntary donation to a special donation fund, from which all payments for possible insurance events are paid. Thus, payments for insurance events are made not at the expense of the company managing the insurance under the takaful scheme, but from the accounts of a special fund where the donors contributed money.

The second part of the policyholder's payments is transferred to the takaful insurance operator company for the purpose of further investment in some projects. Based on the results of such investment, if income was received, the policyholders can also receive certain dividends.

As in conventional insurance, there are reinsurance options for options and terms of contracts that comply with the principles of Islamic banking, which is called re-takaful. **Re-takaful** - These are reinsurance contracts for policyholders who enter into Takaful insurance contracts in accordance with the Islamic (partnership) economic concept.

Here is a textual representation of the sequence of re-Takaful insurance contract.

1. Start of re-Takaful insurance contract.
   - Initiation of the re-Takaful insurance contract.

2. Primary Takaful Operator
   - The initial Takaful operator that provides coverage to participants.

3. Participants of re-Takaful insurance contract.

• Policyholders who contribute to the primary Takaful fund.

4. Contributions Payment in re-Takaful insurance contract.

• Participants pay contributions (premiums) into the primary Takaful fund.

5. Pooling of Funds of re-Takaful insurance contract.

• Contributions are pooled together in a common fund.

6. Risk Assessment in re-Takaful insurance contract.

• Primary Takaful Operator assesses risks and determines coverage.

7. Risk Retention in re-Takaful insurance contract.

• Primary Takaful Operator retains a portion of the risk.

8. Re-Takaful Arrangement

• Primary Takaful Operator cedes a portion of the risk to the re-Takaful operator.

9. Re-Takaful Operator

• The entity that provides reinsurance coverage in accordance with Islamic (partner) banking principles.

10. Re-Takaful Premium Payment

• Primary Takaful Operator pays a premium to the re-Takaful operator for coverage.

11. Claims Process in re-Takaful insurance contract.

• If a claim arises, the primary Takaful Operator assesses and pays claims to participants.

12. Claims Cession in re-Takaful insurance contract.

• The primary Takaful Operator submits relevant claims to the re-Takaful operator for recovery.

13. Claims Settlement in re-Takaful insurance contract.

• The re-Takaful operator reimburses the primary Takaful operator for their share of the claims.

14. Surplus Distribution in re-Takaful insurance contract.

• Any surplus from the re-Takaful fund is distributed according to agreed terms.

15. End of re-Takaful insurance contract.

Questions for observation:

1. What are the features of the partnership (Islamic) concept of contracts?

2. What alternative types of contracts can you name and what are their features?

3. Are potential losses under a Musharaka contract borne by one party or (both) by all parties.

4. Can a party participating in a Musharaka contract only by investing without participating in the execution of the work receive a profit greater in percentage terms than its share of investment in the project?

5. Under a Mudaraba contract, are all parties obliged to invest finances and property in the project?

6. Give an example of using a Mudaraba contract.

7. What is the difference between Murabaha contracts and Musharaka contracts?

8. Does the financing party under a Murabaha contract risk its own funds?

9. Is it possible to use a Murabaha contract in import or export activities.

10. Is it obligatory under a Salam contract to pay the entire contract amount at once.

11. Can any goods be the subject of a Salam contract or not?

12. What is the appeal of Salam contracts for financing the export activities of farmers' products?

13. Can export deliveries under an Istisna contract be paid in installments or in installments?

14. What is the difference between Ijarah contracts and standard leasing contracts.

15.What are the features of the Wakala contracts and how can it be used in export activities?

16. How the Kafala contracts may be used in international trade what are the distinctive features of such contracts?

17. How can the Takaful insurance be used in international trade?

18. What are re-Takaful contracts and how are they may be used in cargo insurance for the delivery of goods and international trade?

GLOSSARY

A notice is a message from one of the contracting parties to the other party. Bank notes are widely used in international settlements. The issuing bank informs the beneficiary about the opening of a letter of credit in his favor and the procedure for its execution.

Autonomous trade law is a set of customs, principles, and terms related to international trade, which are used "autonomously" to a certain extent from international agreements. It is one of the sources of international trade law.

Share (certificate of stock) is a security document confirming participation in a joint-stock company, testifying that it is the owner of a share in the property of this company. There are ordinary and preferred (non-voting) shares.

Acceptance - the acceptance of the offeror's proposal for the conclusion of the contract. The acceptance must also be clear and clearly express the acceptor's consent to the conclusion of the contract.

Arbitration note - the rules regarding which court or in what order the disputes that may arise in the future will be resolved in accordance with the mutual agreement during the conclusion of the trade agreement. The existence of an arbitration clause allows you to decide in which body the dispute will be heard.

Auction is a trade institution that is specially organized and operates as a legal entity, and organizes public and public auctions.

Bank guarantee - according to which the bank undertakes to pay the specified amount to the specified party under the conditions specified in this document.

A bank draft is a draft in favor of a third party. It is given by one bank to another or by a department of a bank to the central department or to another department of the same bank.

Barter operation is the exchange of a certain amount of goods of one or different types for other goods or goods corresponding to the value of the price.

A customs union is a simplified tariff policy of two or more countries towards each other and third countries.

The customs tariff is a list of ordered goods that shows the amount of tax collected by the state when the flow of goods crosses the border.

Customs documents - issued for transporting goods across the customs border. These documents include: customs declaration, import and currency licenses, certificate of origin of goods, consular invoice, transit documents, veterinary, sanitary and quarantine certificates, etc.

Customs declaration is the main customs document and consists of the application of the person handling the cargo. This document is presented to the customs office by the person handling the cargo when importing or exporting goods.

Beneficiary - the person who opens a letter of credit in his favor, that is, the party who sells the product (executor, service provider). Payment for delivered goods can be made by opening a letter of credit.

Exchange is a legal entity that creates conditions for trading of exchange goods by organizing and conducting public and open exchange trading at a predetermined place and at a specific time, based on established rules.

Stock transaction - a contract of sale registered on the Stock Exchange in relation to stock trading.

The form of agreements is an expression of the freedom of the parties to the agreement. Its participants can decide how the deal will be structured. However, according to the national laws of most countries (for example, Article 107 of the Civil Code of the Republic of Uzbekistan), the criteria for the conclusion of agreements in written form have been established, and failure to fulfill this requirement may lead to difficulties in the protection of rights, even in cases where witnesses have confirmed.

The World Trade Organization (WTO) was established on January 1, 1995 in order to liberalize international trade and regulate the trade and political relations of member states.

Currency is a legally established monetary instrument (national currency) of a certain country, world reserve money in the form of the currency of one or more leading countries, international currency units used in multilateral calculations by members of the International Monetary Fund and the European Monetary System.

Warrant (Warrant) - a security confirming that a person has the right of the pledgee to certain goods placed in a warehouse and stored there.

A promissory note is a security that confirms the indebtedness of a certain person, and upon the arrival of the period specified in it, the person issuing the promissory note undertakes to pay the corresponding amount to the holder of the promissory note without any conditions. Common and negotiable promissory notes are widely used.

GATT – General Agreement on Trade and Tariffs. An international act on trade and tariff issues that unites countries that agree to adhere to established principles in conducting foreign trade operations.

The United Nations Conference on Trade and Development (UNCTAD) is a special institution within the UN system.

The mode of creating the most favorable conditions in trade is a preferential order of trade operations established by agreement between countries.

The United Nations Conference on Industrial Development (UNCIDO) is a special institution within the UN system.

Direct investments are capital investments that provide the right to control the object of investment together with profit.

The balance of payments is a systematic recording of the results of economic transactions of all residents of a country with all other countries for a certain period of time (usually a year).

Freedom of trade means the possibility of unlimited access of foreign goods to the national market in decision-making on foreign trade issues.

Ijarah contracts - These are contracts in the Islamic (partnership) economic concept on rental relationships between the financing party (bank) and the client (company). Rental payments for machinery, equipment or vehicles under such a contract are paid only for the period when they were in working condition suitable for use by the lessee.

Islamic bank - a financial organization providing banking services within the framework of the Islamic economic concept and in accordance with the norms and rules of Sharia and Islamic ethics.

Islamic (partner) banking - These are banking services in accordance with the rules of Sharia and Islamic ethics. It is part of the Islamic economy together with Islamic financial relations and insurance

Islamic (partnership) economic - Trade, economic and property relations corresponding to the rules of the economic concept and trade ethics in Islam

Istisna Contracts - These are contracts in the Islamic (partnership) economic model, under which the purchase and sale of goods that are not available at the time of the conclusion of the contract is allowed, with the condition of production to order according to certain and pre-agreed characteristics. Payment under such a contract can be made in parts or in installments.

Kafalah contracts - Kafalah is defined as a contractual agreement wherein one party (the guarantor) agrees to assume the responsibility for the financial obligations of another party (the debtor) in case of default. This contract is based on mutual consent and aims to provide security to the parties financing the business project. In Islamic (partner) finance system, kafalah is essential as it allows businesses to engage in transactions without the involvement of interest (riba), aligning with Islamic (partner) banking principles. Kafalah is defined as a contractual agreement wherein one party (the guarantor) agrees to assume the responsibility for the financial obligations of another party (the debtor) in case of default. This contract is based on mutual consent and aims to provide security to the parties financing the business project. In Islamic (partner) finance system, kafalah is essential as it allows businesses to engage in transactions without the involvement of interest (riba), aligning with Islamic (partner) banking principles.

Mudaraba - These are contracts and a model of interaction between the parties to participate in various business projects in order to make a profit in the Islamic (partnership) economic model. In such cooperation, one party invests finances in a business project, and the other party performs work and manages the business project. The parties divide the profit received according to pre-agreed proportions. In the event of an unprofitable business project, the entire amount of losses is paid by the investor. The second party, accordingly, does not receive any payment or compensation for the work performed within the framework of this project and participation in this business project.

Murabaha - These are contracts in the Islamic (partnership) economic concept and a model of interaction between the financing party (bank) and the client (company), according to which, at the request of the company, a financial organization, for example a bank, buys some goods or equipment, and then resells this product with its markup to the same client. Sometimes such goods are sold to the client with the condition of payment in installments.

Musharaka - These are contracts and a model of interaction between two or more parties to participate in various business projects with the aim of making a profit in

the Islamic (partnership) economic model. In such cooperation, the parties can contribute agreed amounts or values to the project and bear joint responsibility in the event of a loss of the project within the framework of their shares. The profit is divided between the parties in pre-agreed proportions, but the party that participates only in investments and does not participate in the execution of work cannot receive income greater than its share of investments in the project.

Protectionism is the intervention of the state in foreign economic and foreign trade activities, the implementation of various discounts on foreign goods in order to support national production.

Quantitative restrictions are limits aimed at limiting direct imports and exports. Two main types of quantitative restrictions are used in modern trade policy practice. These are: continence and licensed procedure.

Classification can be understood as the division of an international commercial agreement into sales and exchange of goods agreements.

Re-export is an operation that involves the export and sale of goods previously imported into the country without processing.

Reimport operations are essentially export operations that have not taken place, meaning the re-importation of goods that were previously exported to the country. They include returns of goods rejected by the buyer, not sold at auction, and not sold through consignment warehouses.

Re-takaful - These are reinsurance contracts for policyholders who enter into Takaful insurance contracts in accordance with the Islamic (partnership) economic concept

Salam Contracts - These are contracts in the Islamic (partnership) economic model, under which purchase and sale transactions are concluded for goods that will be available in the future (for example, in the fall) and the contract is paid in advance (for example, in the spring). Usually, such contracts are concluded for the purchase and sale of homogeneous agricultural goods, such as wheat, barley, corn and others.

Takaful insurance - This is a special type of mutual insurance in accordance with the Islamic (partnership) economic concept, according to which the contributions of the policyholders are divided into voluntary donations to a fund from which the insurance damage of the participants is paid. Part of the funds of the policyholders is invested by the management company in various projects with subsequent

payment of dividends in case of profit.

Consignment contract - the principal (consignant) takes the goods to the warehouse of the agent (consignor) for their subsequent sale in the consignor's market. The consignee owns the goods until they are sold.

Oferta - includes all the main terms of the future transaction, these are the name, quantity, quality price of goods, terms of delivery, terms of delivery, terms of payment, container and packaging, order of acceptance and delivery, general terms of delivery.

The balance of payments is a general indicator that allows to analyze the state of the country's foreign economic relations and all their connections.

Goods and accounting documents - this group of documents describes the goods in terms of price, quality and quantity. The seller issues the documents on his form, and the buyer makes the payment based on these documents.

An important billing document is the commercial invoice. It contains the demand of the seller to the buyer for the payment of the amount specified in the invoice, due for the delivered goods. Usually, bills are printed in 4-5 copies. The purpose of this is to present them to different organizations. Therefore, the number of copies for which the invoice must be executed must be specified in the contract. Accounts can be divided into the following types according to the functions they perform: invoice, special account, primarily account.

An invoice is usually issued with the goods when they are shipped to the buyer. An invoice includes two documents: a document indicating the amount of money to be paid for the goods and a bill of lading sent with the goods. In many countries, at the request of the customs authorities, the invoice is written on approved forms. Such invoices are at the same time a certificate of origin of the goods and are attached to the goods.

A bill-specification combines bill and specification details. It shows the price for a unit of goods by type and variety, as well as the total price of the entire batch of goods. It is written when there are goods of different assortment in one batch. Sometimes the account specification is also called a specialized account.

Homogeneity of goods - This is the homogeneity of goods, when in the absence of, for example, a harvest, the supplier under the contract can buy the same goods from other sellers and suppliers on the market and fulfill his obligation to deliver.

Preliminary invoice - confirms the deliveries made by the expert, but does not always constitute a claim for payment. Often it is written in cases where the goods are received in the country of destination or in installments. This document contains information about the number and price of the batch of goods. After receiving the goods or after the delivery of the whole lot, the seller writes an invoice, according to which the final payment is made.

A pro forma invoice is a document that, like an invoice, contains information about the price and quality of a batch of goods, but it is not considered a billing document, because it does not contain a demand for payment of the amount indicated on it. Without performing the main function of the payment document, the pro forma invoice at the same time performs all other functions of the invoice. If the pro forma invoice has an indication of the price of each type and variety of goods, it is called a specialized pro forma invoice. A pro forma invoice is written for goods that have been loaded but not yet sold, or vice versa for goods that have been sold but not yet loaded. Often, this account is written when delivering goods to consignment, exhibitions, fairs, auctions. A pro forma account can also serve as a project. Under this project, the importer can get acquainted with the basic information about the goods he wants to buy, the calculation procedure and determine the amount of expenses.

Documents describing the quantity of goods or a batch of goods include specifications, technical documents, packing slips.

Specification - includes a list of the assortment of goods included in this batch, which indicates the number and type of goods, its type and model for each location. When concluding the contract, the specification is supplemented with an appendix, which presents the range of planned execution. And when the contract is executed, the specification usually completes the invoice for the delivered goods of different types and names.

Technical documentation is required for the delivery of equipment and durable technical consumables and is necessary to ensure their timely installation and proper use. These documents include passports, forms and images of products, instructions for assembly and use, various schemes, drawings, etc. The list of necessary technical documents is usually specified in the standard or technical conditions. Technical documents are prepared in the language of the buyer's country or in another language according to the instructions of the buyer.

Wakalah contracts - Wakalah is a contractual arrangement where one party (the principal) appoints another party (the agent) to perform specific tasks or manage certain affairs on their behalf. The agent acts in the best interest of the principal and is usually compensated for their services. In Islamic finance, wakalah contracts are used to ensure compliance with Islamic (partner) finance system, as they do not involve interest (riba) and promote ethical business practices.

Packing list - contains a list of all types and varieties of goods that are located at each place of goods. The packing slip is placed in the package in such a way that the buyer can easily find it and contains information about each variety and packing number (location).

When mechanical and technical products are delivered unassembled and with several items of goods, the exporter usually issues a document called a packing slip. This document contains a list of parts, networks, assemblies of the whole machine, packed in several places, with the location of each one. A batch record is drawn up by the preparing entity until the entire batch of goods is loaded. According to this order, the recipient of the goods carries out assembly and assembly work.

Among the documents testifying to the quality of the delivered goods, it is possible to include a quality certificate, a warranty obligation, a test report, and a permit to load and ship.

A quality certificate is a certificate confirming the quality of the delivered goods and their compliance with the terms of the contract. It provides a description of the goods or shows that the quality of the goods meets certain standards or the technical conditions of the order. The quality certificate is issued by the relevant authorities, state bodies, chambers of commerce, but in some cases, it can also be issued by the manufacturing company.

The test report is drawn up by the seller together with the buyer's representative after full tests have been conducted at the seller's facility on a pre-arranged day and time. The report describes in detail the results of the tests, showing that the manufactured product meets the conditions of the order. If the terms of the contract specify acceptance-handover after testing the goods in the exporter's country, then the parties sign the acceptance-handover document based on the test report.

The shipment permit is issued by the buyer's representative after testing the acceptance equipment at the supplier's facility to determine whether the goods conform to the terms of the order. The shipment authorization will contain the contractual delivery date, the date of completion and the date of testing, indicating

that the goods can be shipped to the specified country in accordance with the instructions of the buyer's representative.

Documents on payment-bank operations. Settlements between the parties to the transaction are carried out in the form agreed upon in the contract, in which the bank of both the seller and the buyer, sometimes a third country, is used. Each stage of these payments is documented, and payment documents generally consist of an order for the implementation of a certain form of payment or a report of the bank on the completion of the client's order.

An application for opening a commodity letter of credit is a document in which an order is given to open a letter of credit for the payment of the value of goods under the conditions specified in this document.

A commodity letter of credit is an agreement between the payer and his bank, in which the bank undertakes to open a commodity letter of credit. According to this letter of credit, the beneficiary is required to confirm or account for the drafts after payment, under certain conditions and upon presentation of the agreed documents, as well as to receive, confirm and account for the drafts if the condition is mentioned in the document. Letters of credit may vary in their terms; all the terms of the letter of credit are recorded in it and must correspond to the terms of the contract.

Notice of receipt of documents for payment under the commodity letter of credit is a document stating that the bank has accepted the documents for payment under the commodity letter of credit.

Notice of payment under the goods letter of credit is a document that informs the bank about the payment under the goods letter of credit.

Notice of debt collection - a document that informs about the transfer of bank debt collection. It provides detailed information and methods of using the funds.

A transferable will is a document issued or signed in accordance with applicable laws. It involves an implicit demand made by one person to another. This requirement consists in demanding payment of a certain amount of money to the person specified in the document or according to his order, or to the person presenting this document, as soon as the document is presented, or on a clearly defined date or on the date specified in the document itself.

The customs declaration is the main customs document and consists of the application of the person handling the cargo. This document is presented to the customs office by the person handling the cargo when importing or exporting

goods. The customs declaration is submitted to the customs within the period established by the law, this period can be from one day to two weeks from the day of receipt of the goods at the customs.

A contract is a documentation of an agreement on the sale of tangible goods in accordance with international commercial practice.

Terms of payment - it determines the currency of payment, the method and the order of calculation for the delivered goods, the list of documents to be submitted for payment, protection measures against unjustified delay of payment or other violations of the payment terms of the contract.

Shipping documents are documents drawn up in connection with the loading of goods (usually they are listed in the contract).

Notice of debt collection - a document that informs about the transfer of bank debt collection. It provides detailed information and methods of sending funds.

Bank guarantee - according to which the bank undertakes to pay the specified amount to the specified party under the conditions specified in this document.

A bank draft is a draft in favor of a third party. It is given by one bank to another or by a department of a bank to the central department or to another department of the same bank.

Deed of transfer is a document issued or signed in accordance with applicable laws. It contains a request made by one person to another and must be fulfilled without words.

An export license includes permission to export the goods specified in it within a certain period of time.

An import license authorizes the export of a limited quantity of the goods specified in it or an unlimited quantity of such goods during the period mentioned in this document.

A consular invoice is a document prepared by the exporter in his country and presented to the diplomatic mission of the importer, which is presented after the payment of the consular fee and then presented by the importer in connection with the importation of the goods specified in the invoice.

Shipping application is a document sent by the supplier of goods to the carrier requesting to reserve a place for the cargo, indicating the desired vehicle, the time of shipment of the cargo, and so on.

Shipping Instructions – contains detailed information about the cargo and the exporter's requirements regarding its transportation.

Delivery permit is a document issued by the buyer, which authorizes the shipment of goods after receiving notification from the seller that the goods are ready for shipment.

Loading permit - by means of this document, the seller or the consignee informs the consignee that the goods have been shipped.

A bill of lading is a document issued by the ship owner to the shipper confirming that the cargo has been accepted for transportation by sea.

A loading order is a document containing a list of operations and detailed instructions for their execution, usually drawn up by the shipper or consignee on the letterhead of a transport-forwarding company based on the conditions of delivery.

Investment is the use of all financial, material and other assets that are temporarily surplus at the disposal of an entity to another entity for future economic benefit.

Financial investments are investments that include domestic and foreign currencies, deposits in banks, certificates of deposit, shares, bonds, bonds and other securities and assets equivalent to them.

Tangible investments are investments that include fixed assets, that is, buildings, equipment, structures, communications and other types of assets and liabilities of the main production assets.

Intellectual (intellectual) investments - investments in the form of property rights consist of investments in the form of intellectual labor and investments in the form of using natural resources.

Investment policy is a set of measures related to ensuring the rights and privileges of investors, as well as directing the main funds belonging to economic sectors to expanded reproduction, ensuring the taxation mechanism and financial and credit policy.

Investment climate is an environment that reflects how investors spend their money, how they assess how favorable or unfavorable conditions are for capital investment in a particular country, including ideology and politics, economy and culture.

Insurance is the obligation of legal entities and individuals to pay for the damage caused by an accident to the insured person for a certain fee.

Insurance premium is the payment that an insurer receives for insurance (assuming liability for alleged damage or loss of a vessel); the amount of the insurance premium is obtained by multiplying the amount of the premium by the amount of insurance specified in the insurance contract and not exceeding the amount of the current value at the time of insurance.

CAF contracts - the English word means cost and freight, according to the delivery CAF contract, the seller must conclude a contract of sea transportation at his own expense to the destination specified in the contract and take the cargo to the ship.

Insurance policy is a document issued by the insurer and confirming the insurance contract.

Insurance certificate is a document issued by the insurance company to the insured, which confirms that the insurance has been transferred and the policy has been issued.

Insurance declaration (border) is a document in which the insured gives his insurer detailed information about individual shipments affected by the contract concluded between the parties.

A cover note is a document by which the insured informs the insurer that his insurance instructions (made by the insurance agent in favor of the insured) have been fulfilled.

The World Bank is a multilateral lending organization composed of five interrelated institutions.

A common market is a form of economic integration that ensures the free movement of factors of production across national borders.

The World Trade Organization is an independent interstate organization that forms the institutional and legal basis of international trade.

Franchising is the use of the trademark, trademark and other attributes of one company by another larger or parent company.

The International Monetary Fund (IMF) is a large intergovernmental monetary and financial organization, which, as a specialized institution of the UN, performs regulatory, advisory and financial-credit tasks.

International economic relations — a system of economic relations between countries and regions, with the participation of international organizations and corporations.

International production cooperation - cooperation of national economic complexes for the purpose of mutual complementation of production stages and their coordination.

Specialization of international production is a form of distribution between countries, in which there is a differentiation of national productions engaged in the production of one type of products in excess of their domestic consumption.

Export quota is the ratio (in percentages) of the country's export contribution to its gross domestic product (GDP).

An embargo is a complete ban on trade with a particular country or group of countries.

Free economic zones - such a territory of the country where goods imported here are considered outside the national customs jurisdiction, therefore exempt from customs control and taxation, that is, it forms part of the national economy, where a system of special privileges and incentives is used, which is not used in other regions of the country. .

A free trade zone is a preferential zone, within which customs and quantitative restrictions-free trade procedures are observed.

Gross domestic product (GDP) is the final value of goods and services produced in a country during a certain period (usually a year).

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