

## **LEGAL REGIME OF SMART CONTRACTS IN FOREIGN ECONOMIC ACTIVITY**

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**ABSTRACT:** In this article, the author analyses the importance of smart contracts in foreign economic activity, their advantages and disadvantages, as well as the legal regime. Smart contracts are a promising area of study of international private law issues, based on block chain technology, which is a decentralized system of distributed notebooks consisting of a chain of computers connected to a single server. Block chain technology gives participants in smart contracts a unique opportunity to exchange property values without intermediaries such as banks, notaries, agents, guarantors and more. The process of gradual formation of the legal framework for the regulation of smart contracts in foreign countries continue

**Keywords:** *foreign economic activity, smart contract, agreement, international regulation, legal regime, cross-border agreement, block chain technology, international arbitration.*

In the current process of integration, there is no doubt that the scale of foreign economic relations between the countries is growing rapidly. After all, the economic development of any country is closely linked with an active foreign economic policy. In particular, foreign trade relations include trade in goods, works and services, intellectual property, cryptocurrencies and the absolute rights to information. It is understood that they enter into trade relations on the basis of norms. Also, in accordance with the Law of the Republic of Uzbekistan "On Foreign Economic Activity", foreign economic activity means mutually beneficial economic relations of legal entities and individuals of the Republic of Uzbekistan with legal entities and individuals of foreign countries, as well as international organizations. activities aimed at installation and development. In particular, the order and conditions of foreign trade relations, the content of foreign trade relations, the issues of "smart contracts" and their effective implementation in foreign trade relations and, most importantly, their legal regime are the top priorities. It is worth noting that the Covid-19 pandemic marked the beginning of a new era in contractual relations, in particular the emphasis on a simplified form of contracting using standardized terms, expanding

the possibilities of concluding contracts in the mass market by minimizing human participation in negotiations and reducing transaction costs. As a result, first of all, we should note in the example of "smart contracts" that new types of direct contracts are emerging through electronic means without human intervention.

It should be noted that the rapid development of digital technologies in the modern world, in turn, has a positive impact on foreign economic relations between countries. In other words, the development of information is rapidly entering every aspect of society, especially the economic relations of states. As a result, contractual relations in foreign economic activity have been radically improved and expanded. In particular, in the current information age in the field of foreign economic activity, a new type of modern contracts, the term Smart Contract, has emerged and is rapidly gaining popularity. Indeed, in the advanced information age, these types of smart contracts are a requirement of the times. It should be noted that when a smart contract is translated from English, it means a computer algorithm designed to create, manage and provide ownership of something, and it includes functions and data located at a specific address in the blockchain. That is, a smart contract is a computer program that monitors and executes obligations, in which the parties set the terms of the agreement and sanctions for non-compliance, put electronic digital signatures.

The smart contract independently determines that everything is done, completes the transaction and decides on what is required, such as giving money, shares, real estate, imposing fines or penalties on the participants, blocking access to the assets, and so on. In other words, since smart contracts include both software and legal processes, "smart contracts" are smart contracts in which at least one of these parties is not an individual, and is fully structured and enforced, automated, electronic contracts based on pre-created software and algorithms that evaluate actions using artificial intelligence sufficient to be considered sufficient to achieve the author's goals, creating copyright along with a contractual relationship in the creator.

Foreign economic relations, agreements and negotiations are also carried out remotely online through information technology. In addition, the introduction of digitalization and financial technology is radically changing the current situation in the economies and financial markets of many countries around the world. Thanks to innovations and modern infrastructure, many operations that used to require personal involvement and time, are now able to be carried out in a very short period of time due to advanced developments in the information world. This possibility also applies to agreements in international private-legal



relations, the conclusion of various agreements, the most modern form of which is undoubtedly Smart Contracts.

Smart contracts are a promising area of study of international private law issues, based on block chain technology, which is a decentralized system of distributed notebooks consisting of a chain of computers connected to a single server. Block chain technology gives participants in smart contracts a unique opportunity to exchange property values without intermediaries such as banks, notaries, agents, guarantors and more. The process of gradual formation of the legal framework for the regulation of smart contracts in foreign countries continues.

Special commissions consisting of leading programmers and lawyers are being formed to address issues of compliance of information technologies with current legislation. Basically, the development of new legal frameworks for smart contracts is related to the need to protect the interests of the largest investors in the field of cryptocurrency circulation. The smart deal, in turn, provides access to goods delivered in real time.

In case of violation of the quality requirements of the goods, a computer program connected to the block chain platform will automatically delete the customer's electronic account. However, all of these technological possibilities should have a solid legal basis only at the stage of formation. First of all, it is important to follow the rules in force when concluding smart contracts on Internet platforms, to develop uniform rules for conducting trade between the participants of foreign economic activity through the conclusion of smart contracts.

The main problem facing the parties to a cross-border agreement is mistrust of the counterparty. Block chain technology, based on which smart contracts work, eliminates the disadvantages when delivering goods. In turn, this type of agreement has a number of advantages, the most important of which is that all rights are protected. After all, in Smart contracts (agreements), the contract in which the obligations and rights are concluded is attached to the set of appropriate codes and codes. In other words, the principle of interest plays an important role in accordance with the provisions of international agreements on the conclusion of contracts on the basis of a structured, digital format. In particular, smart contracts are self-executing, and the contract and its conclusion take place in a virtual environment - a block chain. The smart contract also automatically calculates the allowable circumstances and their consequences. If, in this case, the contract is terminated in cases where the party violates the



counterparty. Also, another advantage of smart contracts is that the rules for executing smart contracts cannot be changed after everyone has agreed.

Smart contracts are created using programming languages, as a result of which potential conflicts are minimized, while possible contract rules are limited within strict algorithms at the level of their program codes. It should be noted that the “languages” of the smarts are very different from the contract language in which contracts are made. That is, his choice of programming language depends on the technology you want to use to create smart contracts. Projects involve the use of a language that corresponds to a specific language, based on distributed notebook technology. As mentioned above, smart contract languages are platforms created on a specific topic that have specific “shapes” and are radically different from traditional contract languages. The contract is concluded in full paper or electronic form, after which all clauses of the contract are transferred to the smart contract for the subsequent protection and storage of data in block chain chains; The contract will be in the form of a complete computer program.

Today, the number of such contracts is growing, they are fully concluded as smart contracts, but some inconveniences should be noted. Consequently, one of them is the impossibility of negotiation and the complexity of the process of changing reasonable terms. That is, compliance with the terms of Smart Contracts, often specified in smart contracts, depends on the information contained in third-party information systems.

It should be noted that the popularity of smart contracts also raises concerns about their use, as well as the issue of dispute resolution. Because the relationship between the legal regulation of smart contracts is controversial, there is still no basis for their legal regulation. And this, in turn, is explained by the fact that the field of smart contracts is developing. However, given the tremendous pace of development in this area, it is necessary to develop a regulatory framework for smart contracts. One of the most important issues is the compliance of smart contracts with the rules of the form of civil law agreement and strengthening the legislation on the conclusion and implementation of this contract, their legal regulation, in particular, what tools for dispute resolution apply to smart contracts. That is, smart contracts as a new form of contractual relationship require the development of new models of alternative dispute resolution.

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