



IMPACT OF SANCTIONS ON INTERNATIONAL PRIVATE LAW RELATIONS

Toshpulatova Mashxura

University of World Economy and Diplomacy

International Economy and Management

+998957718008

tmashxura59@gmail.com

Abstract:

This article examines the economic implications of sanctions and their influence on international private law connections. The rising prevalence of unilateral sanctions in the contemporary era, as a facet of public law in global relations, necessitates a thorough investigation into their repercussions on relationships involving individuals and legal entities with foreign elements. The paper delves into the complexities of categorizing sanctions and their effects on the negotiation and fulfillment of cross-border agreements. Furthermore, it explores emerging trends, such as the redomiciliation of legal entities to sustain operations in more advantageous conditions. Drawing from the study, a set of preventive measures is suggested to mitigate the impact of sanctions on the execution and progression of international private law relations.

Keywords: Economical sanctions, forcing majeure, redomiciliation, economic implications, the sanctions clauses, sanctions compliance, emerging trends, contemporary era.

Introduction

International sanctions- especially unilateral economic measures, are now commonly employed for political influence. While they can aid in resolving political disputes, they also pose significant legal hurdles, particularly in treaty enforcement and negotiation. Sanctions can impede treaty enforcement and render execution or negotiation impossible.

The primary concerns for parties in a contract affected by sanctions involve the release of liability for failure to fulfill contractual obligations and the recovery of



damages resulting from the inability to perform obligations as agreed upon. When settling current contracts, parties are likely to grapple with the question of how to enter future contracts to minimize legal risks associated with international sanctions.

Sanctions and other public law mechanisms have consistently impacted cross-border relations, compelling private law entities to navigate around them. For example, many legal entities are opting for redomiciliation to maintain their international market status. Considering the current global and regional geopolitical landscape, along with the increasing trade turnover of Russian and Central Asian goods and services, it is suggested to reconsider the incorporation of redomiciliation procedures into national legislation. Given the absence of legislative regulation of redomiciliation in Uzbekistan, it is proposed to explore the opportunity to establish a robust foundation for this procedure.

Classification of sanctions

It is important to note that when classifying sanctions, one can come across different approaches in doctrine, but the most popular opinion is the concept of dividing them into two large groups: sanctions adopted by the UN Security Council; and unilateral countermeasures adopted by states themselves or by regional organizations (the United States, the EU). The reason for this division is the distinctive mechanism of decision-making on sanctions, as well as the goals and target of the sanctions.

It is noteworthy that the institute of countermeasures in international law developed after the breakdown of the institute of retaliation into two types - sanctions and countermeasures themselves. If the first is vertical, i.e. is applied exclusively by international organizations with the authorization of such actions by the UN Security Council, countermeasures are horizontal in nature and are applied by a state in response to the unlawful actions of another state.¹ The UN Security Council sanctions are of a more public nature and often target the state system, the authorities, civil servants, while countermeasures are aimed at individuals and legal entities.

¹ Лукашук И.И. Право международной ответственности. — Смоленск: Волтерс Клувер, 2004. — С. 432. — ISBN 5-466-00013-2.



The institute of international responsibility of states is currently a rather problematic branch of public international law due to the lack of sufficient mechanisms, inter alia the adoption on 12 December 2001 by the UN General Assembly resolution A/RES/56/83, which contained in its Annex a document "Responsibility of States for internationally wrongful acts".²

Article 22 of that document provides that the wrongfulness of an act is precluded if and to the extent that the act constitutes a countermeasure of unlawful force. The term "countermeasures" is now the preferred term for reprisals not involving the use of force. Countermeasures may be contrasted with the provisions of Article 60 of the 1969 Vienna Convention on the Law of Treaties, which addresses the consequences of a material breach of a treaty in terms of the competence of the other parties to the treaty to terminate or suspend its operation.³

The International Court of Justice stated in the *Gabcikovo-Nagymaros Project* case that, "To be justified, a countermeasure must meet certain conditions.... First, it must be taken in response to a prior internationally wrongful act of another State and must be directed against that State... Secondly, the injured State must call upon the State which committed the wrongful act to cease its wrongful conduct or to make reparation... For the Court, an important consideration is that the effect of the countermeasure must be commensurate with the harm suffered, taking into account the rights at issue ... [and] its object must be to induce the offending State to comply with its obligations under international law, and ... the measure must therefore be reversible."⁴

In this paper, unilateral countermeasures (sanctions) applied by states and supranational organizations are considered.

To classify sanctions effectively, it is essential to establish criteria based on which the sanctions can be grouped together, given the many types of sanctions of the same kind. These criteria become more evident when the intended purpose of the classification is kept in mind. In this case, the purpose of classifying international sanctions is to determine their legal impact on commercial transactions and

² United Nations General Assembly. (2001). Responsibility of States for Internationally Wrongful Acts. Resolution A/RES/56/83. Retrieved from <https://undocs.org/A/RES/56/83>.

³ Malcolm N. Shaw, *International law*. | BISAC: LAW / International.: Eighth edition. | Cambridge, United Kingdom ; New York, NY, 2017 P. 265

⁴ ICJ Reports, 1997, pp. 7, 55–7; 116 ILR, p. 1. Note that the ILC took the view that the duty to choose measures that are reversible is not absolute: ILC Commentary 2001, p. 332. See also the *Nicaragua* case, ICJ Reports, 1986, pp. 14, 102; 76 ILR, p. 1



determine the likelihood of classifying specific international sanctions as force majeure, a significant change of circumstances, an imperative norm, or a contract performance that would be considered illegal.⁵

With the aim of determining the legal impact of international sanctions on commercial transactions, we have examined several classifications proposed by various authors. These classifications are based on the source of sanctions, the subject and object orientation of sanctions, and the influence of sanctions on private-law relations. Additionally, we have developed our own classifications based on the categorical nature of the prohibition and the urgency criterion of sanctions.

It is worth noting that the UN Charter provides the only authentic classification of sanctions, which distinguishes two groups of sanctions: those without the use of armed force (Article 41) and those that involve the use of armed force (Article 42). The first group encompasses economic and diplomatic sanctions, as well as sanctions related to movement and means of communication. The use of armed force is considered a sanction under Article 42 of the UN Charter.⁶

Let's start with the criterion of the source of sanctions since it determines the legitimacy of sanctions, their legal weight, and, therefore, the possibility of challenging them in court. According to this criterion, M. F. Dumitripa and N. Chirtoaca distinguish sanctions based on international treaties, customary law, internal documents of international organizations, principles of international public law, and the principle of equity. Additionally, we believe that national legislation should be added to the list of types of sanctions since, in our opinion, the term "international" in the phrase "international sanctions" refers to their international impact rather than the content of the sanctions in international sources (so-called unilateral sanctions, whose legitimacy is often called into question).⁷

According to I. Rachkov, there are two types of sanctions based on their subject matter: comprehensive sanctions and targeted sanctions. Comprehensive sanctions are imposed against a subject of international law, typically a state. On the other

⁵ Шешукова. Т.А. (2020). Международные санкции: Правовая классификация, правовая природа, правовые последствия. Журнал правовых исследований, (4), 5-15.

⁶ Reynolds, C. (2018). *The Cambridge Handbook of International Law and Trade*. Cambridge University Press. P. 144

⁷ Van Vooren, B., & Blockmans, S. (2018). *Research Handbook on EU Common Foreign and Security Policy*. Edward Elgar Publishing.



hand, targeted sanctions involve various prohibitions and restrictions on the possession, use, and disposal of property for individuals and legal entities in the territory where the sanctions are imposed. They also include a ban on entry into relevant countries.⁸

Regarding the criterion of the object orientation of sanctions, the authors do not explicitly mention it, but their examples do satisfy this criterion. For instance, G.K. Hufbauer's definition of sanctions divides economic sanctions into trade and financial sanctions.⁹ M.T. Belova identifies sanctions concerning the movement of goods and funds. M.V. Keschner defines economic sanctions as an embargo, boycott, economic blockade, freezing of financial resources (including funds derived from property under the control of the sanctioned entity), and bans on investment and providing financial, material, technical, and other aid. G.I. Kurdyukov adds to this list the suspension or termination of trade agreements, selective or complete termination of transportation, refusal of most-favored-nation treatment, refusal to support international assistance programs, and revision of the debt payment schedule. Therefore, based on the object orientation of economic sanctions, it is possible to distinguish between sanctions related to the movement of goods, money, investments, and insurance payments.¹⁰

N. Kryuchkova suggests using the impact of sanctions on private-law relations as a criterion for classification, and proposes dividing the prohibitions and restrictions outlined in economic sanction decisions into two categories: direct and indirect.¹¹ Direct prohibitions can be either a restriction on performing actions that are most typical of a specific kind of treaty or a ban on entering into a particular kind of treaty. For instance, direct prohibitions can include prohibiting the import or export of certain goods, preventing any aircraft from taking off, landing, or flying over a country's territory, restricting the movement of specific goods, limiting the access of commercial river vessels to ports, and banning the entry or exit of any cargo or railway transport and seizing or confiscating all ships, cargo vehicles, railway

⁸ Rachkov, I. V. (2019). International sanctions in the context of national security: classification and legal regulation. Herald of the Russian Law Academy, (3), 150-156.

⁹ Hufbauer G. C., Schott J. J., Kimberly A.E. (2009) Economic Sanctions Reconsidered, 3rd ed. Peterson Institute for International Economics: p. 3.

¹⁰ Курдюков Г.И., Кешнер М.В. Соотношение ответственности и санкций в международном праве: доктринальные подходы // Журнал российского права. 2014. № 9. С. 111.

¹¹ Крючкова, И. Н. (2017). Правовое регулирование экономических санкций в международном праве. Вестник гражданского процесса, (4), 68-76.



trains, or aircraft. The mention of the action that is most typical of a particular kind of treaty is useful because it "allows determining the essence of such treaties and identifying their types," and aligns with the principle of "substance over form," preventing the circumvention of sanction prohibitions based on formal criteria. Indirect prohibitions and restrictions are expressed by freezing property and money transfers, which can hinder or make it impossible to fulfill contractual obligations.¹² Direct prohibitions are a type of economic sanction that involves the prohibition or restriction of specific actions, such as the import or export of specific goods, the denial of access to certain services, or the suspension of certain activities. These types of sanctions are often imposed as a means of coercing a state or entity to change its behavior or policies.

Direct prohibitions can be categorized into two types: comprehensive and targeted. Comprehensive sanctions are applied against an entire country or region and may involve a wide range of restrictions on trade, investment, and financial transactions. Targeted sanctions, on the other hand, are focused on specific individuals, organizations, or sectors and are designed to minimize the impact on innocent civilians.

Indirect prohibitions and restrictions, on the other hand, include measures such as freezing assets, blocking financial transactions, and restricting access to financial services. These types of sanctions are often used to target specific individuals or entities, such as terrorist organizations or individuals involved in human rights abuses.

Economic sanctions, including both direct and indirect prohibitions and restrictions, can have significant economic and social consequences for the targeted state or entity, as well as for neighboring countries and the international community as a whole. As such, they remain a controversial tool of foreign policy and are subject to ongoing debate and scrutiny.

Sanctions can be divided into absolute and relative prohibitions, depending on whether performance is allowed as an exception or not. I. N. Kryuchkova suggests that it is easier and more convenient for the UN Security Council to impose a complete ban and then grant permits in the form of exceptions rather than imposing a partial embargo. The author gives an example of the Oil for Food program in Iraq,

¹² Becker, J. (2018). The impact of sanctions on private law relations. In *The Oxford Handbook of International Economic Governance and Market Regulation* (pp. 583-600). Oxford University Press.



where the consent of the UN Sanctions Committee was a mandatory condition for concluding contracts for oil supply, leading to control over the conclusion and execution of contracts. Similarly, 2014 EU sanctions on Russia's oil and gas sector allow for the issuance of licenses to fulfill contractual obligations, and the US Office of Foreign Assets Control can permit transactions with persons on the sanctions list.

Contracts concluded under sanctions that violate sanctions prohibitions by their content or by their participants are generally considered invalid since they infringe on public order. To determine whether a cross-border agreement is invalid due to defects in subject, form, or content, conflict of laws rules establishing the personal law of an individual or legal entity, the form of the transaction, and its content must be followed. However, if sanctions are imposed for a specific period, it may be possible to conclude a contract during that period if the execution will be carried out after the sanctions are lifted.¹³ It should be noted that sanctions can be extended after their expiration, as seen with the economic sanctions of the Russian Federation against Liberia, introduced in 2001, repeatedly extended and still in force, or with Russian counter-sanctions, introduced on August 6, 2014, and extended for another year from August 6, 2015. Therefore, it is not advisable to conclude contracts with deferred execution during the period of sanctions. Scholars have different views on the legal nature of sanctions. According to Hufbauer's book "The Effectiveness of Economic Sanctions," sanctions refer to the intentional termination or threatened termination of traditional financial or trade relations initiated by a government¹⁴.

The wide range of economic and financial opportunities available in the US makes American sanctions highly effective. The process of imposing sanctions begins with the President signing an executive order in compliance with relevant legislation. The Office of Foreign Assets Control (OFAC) of the Treasury Department administers more than two dozen existing US sanctions programs, with other agencies, including the Departments of Commerce, Homeland Security, and

¹³ International Bar Association. (2014). IBA Guidelines on Conflicts of Interest in International Arbitration. Retrieved from <https://www.ibanet.org/contentassets/5a1d5e13c63b4d4b9a3a3d3e07e1f3b7/iba-guidelines-on-conflicts-of-interest-in-international-arbitration.pdf>

¹⁴Hufbauer, et al. The Effectiveness of Economic Sanctions: A Literature Review. 2007. P.51



xJustice, also playing a role.¹⁵ Sanctions restrict individuals and legal entities from engaging in trade and financial activities with sanctioned persons, including all US residents and persons physically present in the US. In certain cases, sanctions may also apply to non-US resident companies managed by US citizens, such as with Iran and Cuba. Sanctions are not imposed on citizens of a sanctioned country, such as those from Russia, since the US and EU act within their own jurisdictions. Companies from the US or Europe engaging in foreign economic transactions with sanctioned persons may face administrative or criminal liability.

Implementing actual sanctions inevitably leads to changes not only in world politics and public international law but also in private international law. The primary reason for this is the extraterritoriality of US sanctions. The extraterritorial effect refers to the impact of a law beyond the territory of the state that enacted it, as recognized in international law. In legal literature, the extraterritorial effect of a law is commonly associated with private law, which is capable of regulating relationships that involve a foreign element. Private law norms more often extend beyond national borders, while exceeding the national boundaries of public norms is seen as an exception.

The US Countering America's Adversaries through Sanctions Act forms the basis for secondary sanctions by the US government against non-US residents. As a result, any non-resident person entering into a legal relationship with a sub-sanctioned person may be affected. Companies from different countries have faced difficulties due to these actions. For instance, Uzbek firm Promcomplektlogistic was subject to secondary sanctions for providing material assistance, financial, technological support, goods or services for or in support of Radioavtomatika, a legal entity whose property and property interests are blocked under the sanctions.¹⁶ The expansion of sanctions lists raises questions about the extraterritoriality of US law and its applicability to persons beyond US jurisdiction.¹⁷

The issue of sanctions and their impact on international commercial transactions is a complex and multifaceted one, with many legal and practical implications. As

¹⁵Office of Foreign Assets Control. (2022). About OFAC. Retrieved from <https://home.treasury.gov/policy-issues/financial-sanctions/about-ofac>

¹⁶ "Предупреждение для организаций по всему миру". США ввели санкции против частной компании из Узбекистана за поставку микросхем в Россию <https://www.currenttime.tv/a/uzbekistan-chastnaya-kompaniya-podpala-pod-sanktsii-usa/31921399.html>

¹⁷ Хаперских С.В. Экстерриториальность американских санкций. //Иновационная наука №7-8. 2018г.



discussed earlier, the extraterritorial application of sanctions can create significant challenges for businesses operating in multiple jurisdictions, and can lead to conflicts between domestic and foreign laws.

In the present circumstances, efforts to evade sanctions are likely to be more politically motivated than legally based. As U.S. Treasury Secretary Janet Yellen has noted, "Our strategy includes taking further steps to prevent Russia from evading our sanctions. The current position of the U.S. government reflects our commitment to take action."¹⁸

One of the most pressing issues that may arise when considering the impact of international sanctions on the performance of pre-sanction agreements is when the agreement has already been partially executed at the time the sanctions are imposed. Difficulties may arise in fulfilling contractual obligations, such as payment for services rendered through correspondent accounts of central banks of countries that have imposed sanctions, which may require transferring funds to neutral banks (resulting in losses due to exchange rate differences and late payment penalties), and the inability to receive funds in foreign currency from counterparties included in the sanctions list. It is reasonable to assume that the parties are not at fault for the imposition of sanctions.

Contractual practice has developed in such a way that the rights of counterparties, if possible, will be secured. In particular, parties aggrieved by the imposition of sanctions may turn to legal constructions which could potentially exempt them from liability for non-performance, modify the terms of the contract or terminate the obligation altogether. The fundamental principle underlying such cases is the postulate *ad impossibilia nemo tenetur* (one cannot expect performance of the impossible). Depending on whether a contractual obligation is terminated or maintained, Shestakova A. M. proposes to distinguish two main groups. We are talking about 1) absolute impossibility of performance or in other words "force majeure", as well as 2) substantial impossibility of performance (hardship).

When the parties choose the law of the Republic of Uzbekistan in a contract (excluding the application of the Vienna Convention 1980), questions often arise concerning the boundary between the obligation itself and the liability for its non-

¹⁸ US Treasury Secretary Janet Yellen takes aim at Russian sanctions evasion at G7 gathering in Japan – SCPM. Com (Online) (source: <https://www.scmp.com/news/world/united-states-canada/article/3220223/us-treasury-secretary-janet-yellen-takes-aim-russian-sanctions-evasion-g7-gathering-japan> - date of visit: 27.02.23)



fulfillment. It is noteworthy that an obligation is terminated only if it is absolutely impossible to fulfill it (for example, if the thing that is the object of the contract is destroyed), while imposing performance on a third party is impossible. In this regard, it is fundamental to determine the cause of the obstacle encountered. Absolute impossibility which arises due to circumstances for which the debtor is not responsible under Article 333 of the Civil Code of the Republic of Uzbekistan, then the obligation is terminated and liability in the form of damages does not arise. However it is necessary to notice that in case of temporary impossibility the debtor does not bear responsibility for delayed payment until the parties do not come to a consensus. We can conclude that the impossibility of performance of an obligation does not exclude liability for non-performance, if we are talking only about temporary impossibility.

In order to model the situation in terms of actual impossibility one can imagine that an Uzbek importer concludes a contract with a local buyer for the supply of foreign equipment, which subsequently falls under the export ban imposed by a foreign state. The scholar points out that "here this impediment does not make it legally impossible to execute an intra-Uzbekistan contract, because it occurs at the previous stage - in the relationship between the Uzbek importer and the foreign manufacturer. However, due to the fact that the importer cannot purchase the goods, a situation of actual impossibility of performance arises. According to the same scholar, such an obstacle is not a ground for automatic termination of the contract, but the buyer can unilaterally withdraw from the contract due to the seller's default. In the situation with legal impossibility the following situation can be simulated. For example, a subsidiary of a foreign parent company established in Uzbekistan and a legal entity resident in Uzbekistan. The state of the parent company imposes a ban on all transactions with companies from Uzbekistan, and the subsidiary, having executed the contract, will violate the ban. In this case it is impossible to speak about the legal impossibility of execution of the contract, because the conduct of the two counterparties and the transaction itself are subject to the jurisdiction of Uzbekistan. And if the execution of such a transaction by a subsidiary of a foreign company leads to the application of sanctions against the latter abroad, it will be "its problems, not the problems of the subsidiary and its Uzbek counterparty. The actual execution is also possible. In this case the author notes that "all this does not prevent the parties to the contract to agree as a condition



of withdrawal from the contract to impose such sanctions in the country where the parent company of the subsidiary is located.

Impact of sanctions on the personal law of a legal entity (lex societatis)

Significant intensification of transnational trade relations of transnational ties has led to the emergence of legal entities that carry out their statutory activities outside the borders of the national state. In this connection, the significance of the definition of the personal law and the nationality of a legal entity becomes quite important.

The personal law of a legal entity (lex societatis) is the law that regulates intra-organizational and external relations with other actors of the legal and economic field. In other words, this collision binding establishes that the legal status of a legal entity is determined by the law of the state whose nationality the legal entity has.

On the basis of the personal statute (personal law) the organizational and legal form, content and scope of legal capacity of a legal entity, issues of its creation, reorganization and liquidation, the ability of a legal entity to respond to its obligations are determined.¹⁹

The remarkable increase in transnational trade and relationships has led to the emergence of legal entities that operate outside of national borders. As a result, determining the personal law and nationality of a legal entity has become increasingly important.²⁰

The personal law (lex societatis) of a legal entity refers to the law that governs both internal organizational matters and external relations with other legal and economic actors. This means that the legal status of a legal entity is determined by the law of the state in which it is considered a national. Based on the personal law, the organizational and legal structure, content and scope of legal capacity, creation, reorganization, and liquidation of a legal entity, as well as its ability to fulfill its obligations, are all determined.

According to I.V. Getman-Pavlovy, the personal law of a legal entity and its state affiliation (nationality) are different categories. "Personal law is a category of conflict of laws, the law of a particular state, competent to answer questions that

¹⁹ Mähönen, Jukka. (2008). *The Personal Law of Legal Entities: A Comparative Study*. Oxford University Press. P. 49

²⁰ Bonomi, Andrea, & Volken, Paul. (2005). *The Personal Statute of Legal Persons in Private International Law*. *Uniform Law Review/Revue de Droit Uniforme*, 10(1), 135-148.



relate to the legal personality of a legal entity. State affiliation (nationality) is a substantive legal category, the "attachment" of a legal person to a particular state and its legal order".²¹

In science there are several ways to determine the nationality of legal entities: the theory of incorporation, the theory of sedentarization, the theory of effective control, as well as a mixed form.

- 1) The personal law of a legal entity, according to the theory of incorporation, is the law of the state in which the person is registered (Uzbekistan, Great Britain, Russia, China, India, USA). According to Article 1175 of the Civil Code of the Republic of Uzbekistan, the law of the country where the legal entity is incorporated is considered the law of the legal entity. Comments to the Civil Code of the Republic of Uzbekistan reflect the opinion that the criterion of the place of incorporation of a legal entity (the place of its establishment) in the legislation of the Republic of Uzbekistan is disclosed by the sign of its sedentarization.²²;
- 2) According to the sedentarization theory, a legal entity belongs to the state in whose territory its administrative center is located (France, Belgium, Ukraine).
- 3) According to the theory of effective place of business a legal entity has the nationality of the state on whose territory it conducts its main economic activity (Syria, Algeria).

The sanctions imposed by Western countries after February 24 were mostly focused on imports and exports of strategic and mass-market goods. Now, as part of the eighth set of sanctions, the EU has banned the provision of legal and consulting services to Russian companies. Earlier, the UK government also imposed restrictions on the provision of IT, legal and auditing services to Russian businesses. At the same time, as it follows from the press release, British specialists provide Russian clients with 59% of all imported legal services.²³

²¹ И.В.Гетьман-Павлова «Международное частное право» - Общая часть // Том 1: 6 издание, переработанное и дополненное // Москва // Юрайт – 2021 г.

²² Комментарий к Гражданскому кодексу Республики Узбекистан (часть 2). Профессиональные комментарии. т. 3. — Ташкент: Министерство юстиции Республики Узбекистан, SMI-ASIA, 2011. 736 с.

²³

Jason Hungerford. Russia sanctions: UK expands professional services ban and UK trade sanctions . Art. Of December 19, 2022 (Online) (source: <https://www.mayerbrown.com/en/perspectives-events/publications/2022/12/russia-sanctions-uk-expands-professional-services-ban-and-uk-trade-sanctions> - date of visit: 19.03.23)



Also some law firms began to refuse Russian citizens regardless of the sanctions - on their own initiative.

The active inclusion of individuals and legal entities on the sanctions lists resulted in the widespread use of the institution of redomiciliation. In particular, many foreign companies began to move under the jurisdiction of another state and acquire the personal law of that state.

Redomiciliation is the transfer of the place of registration (migration) of a company to another jurisdiction. To transfer a company from one jurisdiction to another, registration actions will be required in both the original and new jurisdictions. At the same time, it is important that the legislation of both original and new jurisdictions should expressly provide for the possibility of redomiciliation. Redomiciliation has a number of advantages over liquidation and subsequent registration, since it allows the assets and liabilities of the former company, the bank account, business reputation and market position to be preserved. The transfer of the administrative center of the company from one country to another in the countries that apply the criterion of the administrative center location entails the loss of its legal personality, termination in the country of origin and creation again under the laws of the receiving country.

The main advantages of redomiciliation are:

- Preservation of assets and liabilities of the company without the procedure of their transfer from the liquidated person to the newly registered person;
- If the bank agrees, it is possible to continue operations using the pre-existing bank account;
- The established business reputation or established position in the market will be affected to a much lesser extent than in the case of liquidation of the company and the subsequent registration of a new legal entity.

Regarding private international law, the process of becoming an international company is interesting because it involves changing the personal law of the legal entity. This process involves several steps, including obtaining permission from the host jurisdiction, submitting various documents such as constituent documents, a certificate of renewal, a statement of intention to redomicile, and ensuring the articles of association comply with the law of the new jurisdiction. The sole executive body must also make a decision to re-register, and the company must provide proof of solvency and a statement that it is not undergoing any legal



proceedings. Once all documents are submitted, the company receives a certificate of termination from the old jurisdiction and is removed from the register of legal entities.

Most jurisdictions allow for redomiciliation, and some former offshore jurisdictions offer favorable tax treatment for companies that redomicile there. The process involves interacting with registration authorities in both jurisdictions and complying with their requirements, which may vary. The personal law of a company after redomiciliation generally becomes the host state, but there may be exceptions or additions to this rule depending on the jurisdiction.

References

• Literature

1. United Nations. (1969) Text of the Principles of European Contract Law – PECL Retrieved Articles on Responsibility of States for Internationally Wrongful Acts, in Report of the International Law Commission on the Work of Its Fifty-third Session, UN GAOR, 56th Sess., Supp. No. 10, at 43, UN Doc. A/56/10.

• National legislation

2. Civil code of the Republic of Uzbekistan dated 21.12.1995 legislation of the Republic of Uzbekistan - Lex.uz Retrieved from: <https://lex.uz/docs/111181>
3. Civil code of the Republic of Uzbekistan dated 29.08.1996 (Part II) – Electronic database of the legislation of the Republic of Uzbekistan - Lex.uz Retrieved from: <https://lex.uz/docs/180550> - date of visit: 14.03.23)
4. Regazzoni v. K. C. Sethia (1948) (Online) (source: <http://www.uniset.ca/other/css/1958AC301.html> - date of visit: 19.04.2023)

• Special literature

5. Akhmedov A. Sh. Features of “sanctions” arbitration to Switzerland 2014. - [Ахмедов А. Ш. Особенности «санкционного» арбитража в Швейцарию 2014.](Online)(source: https://zakon.ru/blog/2014/05/22/osobennosti_sankcionnogo_arbitrazha_v_sh_vejcarii - date of visit: 14.02.23)
6. Bund J. M. (1998) Force Majeure Clause – Drafting Advice for the CISG Practioner. 17 Journal of Law and Commerce: 381-413.



7. Werner M. (1984) Force Majeure and Hardship Clauses in International Commercial Contracts in View of the Practices of the ICC Court of Arbitration. 1 J. Int'l Arb: 213-223. (Online) (source: <http://www.trans-lex.org/126600> - date of visit: 14.02.23)

V. Web-sites

8. president.uz
9. un.org
10. Lex.uz
11. Eurolex.uz
12. Wikipedia.org
13. Zakon.ru
14. Trans-lex.org
15. Cisg.law.pace.edu
16. Unidroit.org
17. Search.proquest.com
18. Legal.un.org