

INTERNATIONAL CONFERENCE ON LAW, GOVERNANCE AND SOCIAL TRANSFORMATION

SCIENCE
ZONE



VOL 1. N 1
2025

COMPARATIVE ANALYSIS OF B2B SUPPLY CONTRACT BREACH: UZBEKISTAN VS GERMANY

Akhunova Oysha Mukhammadjonovna

Oishaahunova@gmail.com

ABSTRACT

This paper provides a comparative analysis of the legal frameworks governing breaches of business-to-business (B2B) supply contracts in Uzbekistan and Germany. Drawing on statutory codes, judicial interpretations, and expert commentaries, the study examines key aspects including statutory foundations, principles of breach liability, available remedies, limitations on liability, and contract interpretation and enforcement. Both jurisdictions emphasize freedom of contract, good faith, and compensatory remedies, yet differ in structural approaches—Uzbekistan's Civil Code offers specific provisions for supply contracts, while Germany's relies on general civil and commercial codes supplemented by case law. The analysis highlights similarities in fault-based liability and buyer notification duties, alongside differences in judicial scrutiny of standard terms. Implications for international commercial practice are discussed, underscoring the alignment with global norms like the CISG.

KEYWORDS

B2B supply contracts, contract breach, Uzbekistan Civil Code, German BGB/HGB, remedies, liability limitations

Comparative Analysis of B2B Supply Contract Breach: Uzbekistan vs Germany

Statutory Frameworks in Uzbekistan and Germany

The legal frameworks for B2B supply contracts in Uzbekistan and Germany are rooted in their respective civil codes, reflecting civil law traditions that prioritize codified rules while allowing contractual autonomy. In Uzbekistan, the primary governance stems from the Civil Code of 1996, as amended, which designates "supply contracts" (*dostavka*) as a specialized subset of sales agreements exclusively between business entities (Civil Code of the Republic of Uzbekistan, 1996). Chapter 30 of Part Two outlines specific obligations for suppliers and buyers, covering aspects such as delivery procedures, essential terms like quantity and quality, and default rules for business transactions (Articles 437–456) (Civil Code of the Republic of Uzbekistan, 1996). These are complemented by general contract principles in the Law on the Contractual Legal Base of Activity of Business Entities (1998), which reinforces party equality and freedom to negotiate terms, subject to legal constraints (Hermann, 2024). This structure delineates B2B supply from consumer sales, emphasizing commercial use and providing tailored mechanisms for long-term agreements (Civil Code of the Republic of Uzbekistan, 1996). In contrast, Germany's framework integrates the Civil Code (*Bürgerliches Gesetzbuch*, BGB) for general obligations and sales (Sections 433–453), where sellers must deliver defect-free goods and buyers accept and pay, without a distinct "supply contract" category for B2B dealings (CMS Law, n.d.). The Commercial Code (*Handelsgesetzbuch*, HGB) modifies this for merchants, notably through Section 377, mandating prompt inspection and defect notification to preserve warranty claims (CMS Law, n.d.). While the CISG applies to international sales (United Nations, 1980), domestic B2B transactions primarily follow BGB/HGB, relying on mercantile customs (Lexology, 2015). Comparatively, Uzbekistan's explicit codification for B2B supply offers granular guidance, fostering predictability in enterprise dealings, whereas Germany's generalist approach demands greater reliance on negotiated terms and judicial interpretation to adapt to commercial contexts (Civil Code of the Republic of Uzbekistan, 1996; CMS Law, n.d.).

Key Legal Principles Governing Breach of Contract

Core principles of performance, good faith, and liability underpin breach handling in both jurisdictions, aligning with civil law emphases on fairness and economic restoration. Both impose duties of proper execution and good faith: Uzbekistan's Civil Code Article 307(3) mandates honest conduct in all contract phases (Turcomat, n.d.), while Germany's Section 242 BGB embeds Treu und Glauben, implying ancillary obligations like cooperation and influencing interpretations (CMS Law, n.d.). Liability is generally fault-based, with Uzbekistan's Article 333 requiring proof of negligence or intent, excusable only by force majeure—defined stringently for business breaches as extraordinary events, excluding mere resource shortages (Warnath Group, 2024). Similarly, Germany's Section 280 BGB presumes fault, shifting the burden to the breacher for exoneration, though sales conformity imposes strict seller obligations irrespective of fault for warranties, with fault relevant mainly for damages (CMS Law, n.d.). Compensation principles aim for full restoration: Uzbekistan's Article 14 covers actual damages and lost profits under normal conditions (Hermann, 2024), echoing Germany's Sections 252 and 280 BGB, which include foreseeable lost profits without punitive elements (Osborne Clarke, n.d.). Mitigation is required in both, reducing awards for unreasonable inaction (Warnath Group, 2024; CMS Law, n.d.). Overall, shared doctrines of fault, good faith, and compensatory damages prevail, but Uzbekistan's detailed business-specific exemptions contrast with Germany's case-law-driven foreseeability tests (Hermann, 2024; Lexology, 2015).

Remedies Available to the Aggrieved Party

Remedies for B2B supply breaches in Uzbekistan and Germany encompass specific performance, damages, termination, and cure options, designed to uphold bargains while enabling efficient resolution. Specific performance is prioritized: Uzbekistan's Article 436 allows compelled delivery even post-damages (Civil Code of the Republic of Uzbekistan, 1996), akin to Germany's Section 241 BGB, though excused if impossible or disproportionate (Section 275) (Warnath Group, 2024). Damages compensate comprehensively, with Uzbekistan's Article 456 providing cover-transaction or market-price formulas for price differences post-termination (Civil Code of the Republic of

Uzbekistan, 1996), mirroring Germany's expectation damages under Sections 280–281, cumulative with other remedies (CMS Law, n.d.). Termination requires fundamental breaches: Uzbekistan's "unilateral refusal" under Article 455 for irremediable defects or repeated delays (Civil Code of the Republic of Uzbekistan, 1996), parallels Germany's Rücktritt (Section 323), often after a grace period unless the breach is severe (CMS Law, n.d.). For defects, both favor seller cure—Germany's Nacherfüllung (Sections 437–441) precedes rescission or reduction (CMS Law, n.d.), while Uzbekistan's Article 451 mandates prompt replacement before alternatives like repair or price reduction (Civil Code of the Republic of Uzbekistan, 1996). Contractual penalties are enforceable: Uzbekistan's neustoyka (Article 454) supplements performance (Civil Code of the Republic of Uzbekistan, 1996), and Germany's Vertragsstrafe is valid if reasonable (Section 343) (Lexology, 2015). These remedies balance enforcement and flexibility, with Uzbekistan's codification drawing from CISG influences for objectivity (United Nations, 1980; Civil Code of the Republic of Uzbekistan, 1996).

Limitation of Liability and Exclusion Clauses

Limitations on liability in B2B contracts are permissible in both systems but constrained by public policy, ensuring accountability for severe faults. Uzbekistan upholds freedom to limit liability except for intentional breaches, void under Article 333(3) (Warnath Group, 2024), allowing exclusions of consequential losses absent regulatory bars (Hermann, 2024). Germany similarly voids preemptive exclusions for intent (CMS Law, n.d.), extending protections via Sections 305–309 BGB for standard terms, invalidating clauses on gross negligence, injury, or essential duties even in B2B (Lexology, 2015). Negotiated clauses enjoy broader enforceability, often capping at contract value or excluding indirect losses except for gross fault (Lexology, 2015). Both prohibit fraud exemptions, but Germany's aggressive AGB scrutiny contrasts Uzbekistan's rarer interventions, fostering risk allocation while safeguarding equity (Hermann, 2024; CMS Law, n.d.).

Interpretation and Enforcement of B2B Supply Contracts

Contract interpretation in Uzbekistan and Germany blends literalism with purposive analysis, informed by good faith and context. Uzbekistan's Article

363 interprets terms literally, resolving ambiguities via overall purpose, negotiations, and customs (Warnath Group, 2024), akin to Germany's Section 157 BGB, emphasizing reasonable intent under Treu und Glauben (CMS Law, n.d.). Enforcement relies on courts—Uzbekistan's economic courts for commercial disputes, enabling specific performance or damages (Civil Code of the Republic of Uzbekistan, 1996), paralleled by Germany's bailiff-executed judgments (CMS Law, n.d.). Buyer duties are stringent: Germany's Section 377 HGB demands immediate defect notice (CMS Law, n.d.), matching Uzbekistan's Article 416, with exceptions for seller knowledge (Civil Code of the Republic of Uzbekistan, 1996). Standard terms face German fairness review (Lexology, 2015), less so in Uzbekistan unless illegal (Hermann, 2024). Arbitration and statutory interest (e.g., Uzbekistan's late-payment interest; Germany's Section 288) bolster enforcement (Civil Code of the Republic of Uzbekistan, 1996; CMS Law, n.d.). Similarities in diligence requirements promote certainty, while differences in term scrutiny reflect varying interventionism, upholding contract sanctity with equity safeguards (Lexology, 2015; Civil Code of the Republic of Uzbekistan, 1996).

REFERENCES

Civil Code of the Republic of Uzbekistan. (1996). Part Two.
<https://invest-in-uzbekistan.org/en/zakonodatelstvo/grazhdanskij-kodeks-respubliki-uzbekistan-chast-vtoraya-29-avgusta-1996-g/>

CMS Law. (n.d.). Warranty law in supply contracts in Germany. CMS Expert Guides.

<https://cms.law/en/int/expert-guides/cms-expert-guide-to-warranties-in-supply-contracts/germany>

Hermann, G. (2024). GILS commercial contracts: Uzbekistan. GRATA International.

<https://gratanet.com/publications/gils-commercial-contracts-uzbekistan>

Law on the Contractual Legal Base of Activity of Business Entities, No. 670-I. (1998). Republic of Uzbekistan.

Lexology. (2015). Commercial contracts in Germany.
<https://www.lexology.com/library/detail.aspx?g=d5c0938b-9b4f-4f25-a69e-6da0e03dc6a3>

Osborne Clarke. (n.d.). Contract law fundamentals: How the position differs across Europe.

<https://www.osborneclarke.com/insights/contract-law-fundamentals-how-position-differs-across-europe>

Turcomat. (n.d.). View of the principle of good faith in civil law.

<https://turcomat.org/index.php/turkbilmat/article/view/615/415>

United Nations. (1980). Convention on contracts for the international sale of goods.

https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/19-09951_e_ebook.pdf

Warnath Group. (2024). UZB-45055.

https://www.warnathgroup.com/wp-content/uploads/2024/09/F245977222_UZB-45055.pdf