

DOI: <https://doi.org/10.36719/2789-6919/57/33-39>

Kamal Shamkhalzadeh

Baku State University

<https://orcid.org/0009-0000-3846-364X>

shamkhalzadekamal@gmail.com

International Commercial Arbitration in Azerbaijan: The Country's Potential as a Regional Hub

Abstract

This article analyzes the development of international commercial arbitration in Azerbaijan and the country's potential to become a regional arbitration center. The article focuses on the fundamental principles of international arbitration, the legal framework, and legal norms related to international law. It emphasizes that Azerbaijan's geographical and strategic location increases the importance of arbitration for resolving trade and investment disputes in the region. The aim is to analyze Azerbaijan's potential to become an international arbitration center and present the challenges and development perspectives in this area. The scientific novelty of the article lies in its presentation of legal and institutional recommendations to strengthen Azerbaijan's position in the field of international arbitration. Its practical significance lies in strengthening the country's place in the international legal system and creating conditions for faster resolution of investment and trade disputes. Azerbaijan's transformation into an international arbitration center will contribute to the improvement of the legal environment and the development of the economy in the region.

Keywords: *International commercial arbitration in Azerbaijan, regional arbitration center, legal framework, strategic position, international law, commercial disputes, arbitration awards*

Kamal Şamxalzađe

Bakı Dövlət Universiteti

<https://orcid.org/0009-0000-3846-364X>

shamkhalzadekamal@gmail.com

Azərbaycanda beynəlxalq kommərsiya arbitrajı: ölkənin regional mərkəzə çevrilmə potensialı

Xülasə

Bu məqalədə Azərbaycanada beynəlxalq kommərsiya arbitrajının inkişafı və ölkənin regional arbitraj mərkəzinə çevrilmə potensialı təhlil edilir. Məqalədə beynəlxalq arbitrajın fundamental prinsiplərinə, hüquqi çərçivəyə və beynəlxalq hüquqla bağlı hüquqi normalara diqqət yetirilir. Burada vurğulanır ki, Azərbaycanın coğrafi və strateji mövqeyi regionda ticarət və investisiya mübahisələrinin həlli üçün arbitrajın əhəmiyyətini artırır. Məqsəd Azərbaycanın beynəlxalq arbitraj mərkəzinə çevrilmə potensialını təhlil etmək və bu sahədəki çətinlikləri və inkişaf perspektivlərini təqdim etməkdir. Məqalənin elmi yeniliyi beynəlxalq arbitraj sahəsində Azərbaycanın mövqeyini gücləndirmək üçün hüquqi və institusional tövsiyələrin təqdim edilməsindən ibarətdir. Onun praktik əhəmiyyəti ölkənin beynəlxalq hüquq sistemindəki yerini möhkəmləndirməkdə və investisiya və ticarət mübahisələrinin daha sürətli həlli üçün şərait yaratmaqdadır. Azərbaycanın beynəlxalq arbitraj mərkəzinə çevrilməsi regionda hüquqi mühitin yaxşılaşdırılmasına və iqtisadiyyatın inkişafına töhfə verəcəkdir.

Açar sözlər: *Azərbaycanda beynəlxalq kommərsiya arbitrajı, regional arbitraj mərkəzi, hüquqi çərçivə, strateji yer, beynəlxalq hüquq, kommərsiya mübahisələri, arbitraj qərarları*

Introduction

International commercial arbitration is an indispensable mechanism in the global business world that accelerates the resolution of disputes and provides legal independence to the parties. With the ever-growing international economy, the importance of this field is increasing, and the parties to a dispute prefer to resolve their disputes in a faster, more profitable, and impartial environment. Procedures in state courts can often be lengthy, and the enforcement of court decisions can sometimes cause difficulties in other countries; therefore, international arbitration is more attractive than other solutions in terms of both legal independence and international recognition. Azerbaijan's role in international commercial arbitration can be significant at the international level, particularly in connection with its economic development and geopolitical position. This article will comprehensively address Azerbaijan's position in the field of international commercial arbitration, the country's potential as a regional arbitration center, and the challenges related to the development of this field.

Research

The legal basis of international commercial arbitration and world experience. International commercial arbitration is a dispute resolution mechanism compatible with the legal systems of different countries. The main advantages of arbitration are:

1. Arbitration allows parties to resolve their disputes outside the courts of their own countries; thus, parties reach a legal decision without prejudice to each other's legal systems.
2. Arbitration processes are much faster than state courts because parties can better manage the procedure and make more flexible decisions.
3. Arbitration courts consist of independent and impartial individuals. Therefore, the resolution of the dispute is subject to minimal political influence.
4. Thanks to the implementation of the New York Convention, arbitration awards are recognized and enforced in more than 160 countries worldwide. This is the main reason why arbitration holds an important place in international trade (Born, 2020).

Azerbaijan's legal infrastructure in the field of international commercial arbitration is mainly based on the UNCITRAL Model Law and the New York Convention. The "Arbitration Law," in force since 1999, makes Azerbaijan one of the countries with a suitable legal system for international arbitration. This law, taking into account the basic principles of international arbitration, guarantees the rights of both parties and the independence of arbitration courts. The regulation of arbitration matters in Azerbaijan creates legal conditions for resolving disputes and fosters the development of international trade relations and foreign investments.

Furthermore, Azerbaijan is a party to the New York Convention. This ensures the recognition and enforcement of international arbitration awards in Azerbaijan. The Convention stipulates that arbitration has legal consequences in the international arena and is mutually recognized between countries. This feature allows for faster resolution of disputes related to international trade and investment (UNCITRAL, 2006).

Institutional structure of International Commercial Arbitration. The Baku Arbitration Center (BAC) is one of the key institutions playing a crucial role in the development of international commercial arbitration in Azerbaijan. Operating since 2025, the Center is managed by experienced arbitrators and international law experts. The Baku Arbitration Center provides a platform aimed at the swift and fair resolution of disputes. The main objective of the Center is to resolve international trade and investment disputes outside of state courts, in an impartial environment.

The establishment of the Baku Arbitration Center strengthens Azerbaijan's position in the field of international arbitration. The center offers dispute resolution services to both domestic and foreign companies, ensuring that disputes are resolved by independent and impartial arbitrators. Organizing the center in accordance with international arbitration principles aligns Azerbaijan's legal system with international standards and adds value to the country's economy.

One of the most important institutions operating in Azerbaijan for the resolution of international trade disputes is the Azerbaijan International Trade Tribunal (AICM). This tribunal serves to resolve

international trade and investment disputes effectively and quickly, strengthening the country's position in the field of international law. The purpose of establishing the AICM is to ensure the independent and fair resolution of trade and investment disputes in Azerbaijan in accordance with internationally accepted principles of law (International Arbitration, 2025).

The AICM, in close cooperation with the Ministry of Justice of the Republic of Azerbaijan and the State Customs Committee, resolves disputes arising from both domestic and international trade agreements fairly and independently. Based on international legal standards, the tribunal creates conditions for the swift resolution of disputes. Transparency, high-quality legal services, and the involvement of experienced specialists are at the forefront of the tribunal's work.

AICM decisions are similar to those of international arbitration centers and are also recognized and enforced worldwide in accordance with the requirements of the New York Convention. This is a step towards making Azerbaijan an influential country in the field of international law and trade. The Court resolves disputes solely on the basis of international law and trade legislation, which further strengthens the local economy's position in international trade volume.

The AICM has a broad team of experts and lawyers in the fields of international trade law, investment law, energy law, and corporate law. These experts ensure the impartial and objective resolution of disputes, as well as supporting the faster and more effective implementation of dispute resolution tailored to the needs of the parties. As an independent institution, the AICM's activities provide legal assurance and confidence to parties from different countries during dispute resolution (Farzaliyeva, 2022).

The AICM's activities are not limited to resolving international trade disputes; they are also closely related to Azerbaijan's trade policy, increasing foreign investment, and accelerating economic development. The stable legal environment provided by the Court helps Azerbaijan increase its trade relations in the international arena. The AICM also ensures Azerbaijan's recognition as a reliable partner in the international trade environment.

With the development of the AICM's activities, Azerbaijan is further strengthening its potential to become a regional trade hub. This means aligning Azerbaijan's legal and economic structures with internationally accepted requirements and expanding the job market for international law specialists.

The structure of the AICM, its experience in resolving international disputes, and its operation in accordance with the principles of international law make it attractive not only for domestic disputes but also for international investment and trade disputes. This court functions as an objective and transparent instrument in resolving disputes in international trade and economic relations.

For the development and more effective implementation of international trade law in Azerbaijan, training international arbitration specialists in law schools is of great importance. Improving education in international trade and arbitration at law schools in Azerbaijan will ensure the training of lawyers who meet modern legal standards. These specialists can work both at the AICM and other international arbitration institutions, contributing to the strengthening of the international arbitration system (Mirzayev, 2019).

As the volume of energy, infrastructure, and trade projects increases today, disputes related to these projects are also expected to rise. Such disputes are closely linked to the role of international arbitration in the modern economy. Azerbaijan's geographical location significantly enhances its position on the East-West trade route and strengthens the demand for international commercial arbitration. Geopolitical relations between East and West, energy exports, the use of transit routes, and various regional economic projects provide a strong impetus for Azerbaijan to become a significant center for international arbitration.

Azerbaijan is also one of the most important trade transit points of the Silk Road. This location makes Azerbaijan's role even more important, especially for resolving increasing trade disputes between major economic powers such as China and the European Union. At the same time, considering Azerbaijan's relations with the South Caucasus region and Central Asia, Azerbaijan becomes an attractive center for resolving disputes arising in these regions through arbitration.

The opening of trade routes not only increases economic relations but also increases the need for resolving regional disputes and international arbitration. Azerbaijan's strategic geographical location, coupled with the interaction of businesses and governments from various countries, reveals its potential to become one of the most important arbitration centers in the region (Beynəlxalq Kommersiya Arbitrajı haqqında UNCITRAL Model Qanunu, 2024).

The increasing demand for the resolution of international trade disputes in Azerbaijan is progressing in parallel with the development of the country's investment climate. Increased competition and breaches of contract in investment and trade sectors are increasing the need for dispute resolution through arbitration. Azerbaijan's strength in this area also stems from its economic development in line with international standards. Therefore, in addition to being an international arbitration center, Azerbaijan will also serve to resolve trade and investment disputes independently, transparently, and quickly (Moses, 2008).

Azerbaijan's development as a regional center in the field of international arbitration is not only dependent on domestic legal developments but is also closely linked to regional cooperation and economic relations. Azerbaijan's relations with Türkiyə, Russia, Iran, Georgia, and Central Asian countries further strengthen regional trade and investment ties. Establishing reciprocal international arbitration relationships with these countries holds great potential for Azerbaijan to become a reliable and authoritative regional center for resolving international trade disputes.

Azerbaijan should focus on economic cooperation with Türkiyə, Russia, and Iran, and also offer cooperation in the field of international arbitration. This cooperation would benefit Azerbaijan's development as an international arbitration center, as well as strengthen its unifying role in East-West trade relations. At the same time, strong ties between Azerbaijan and Georgia make the country a logistics hub with direct access to both Eastern and Western markets. Offering international arbitration services between these regions increases demand for the impartial and legal resolution of trade disputes (Arbitraj və mülki iddia icraatı: beynəlxalq qaydalar və Azərbaycan qanunvericiliyi, 2024).

To strengthen its position in international trade and arbitration, Azerbaijan should cooperate with international trade organizations and economic blocs. Cooperation with organizations such as the European Union, the Asian Development Bank, and the International Trade Centre (ITC) could provide Azerbaijan with broader access to the international arbitration market. This cooperation would not only improve the legal environment but also facilitate the application of internationally accepted arbitration principles for resolving trade disputes in Azerbaijan (Aliyev & Ismayilzadeh, 2019).

Further broader cooperation will strengthen Azerbaijan's relations with international trade organizations and other economic blocs. These partnerships will also ensure that Azerbaijan's legal framework is aligned with international standards and will bring new investment opportunities to the country's economy.

The great potential for the development of international arbitration in Azerbaijan is based on close ties not only with regional but also with global markets. Expanding existing ties with international organizations such as the United Nations (UN) and the International Chamber of Commerce (ICC) will enable Azerbaijan to join the global arbitration network. This will also allow the country to gain a more reliable position in the global economy as an international arbitration center.

Challenges and development prospects. Azerbaijan faces several significant challenges in strengthening its position in the field of international commercial arbitration and becoming a regional arbitration hub. These challenges not only affect the legal and economic infrastructure but also the necessary steps to ensure the independent and fair resolution of international trade and investment disputes. This section will address the main challenges affecting the development of international commercial arbitration in Azerbaijan and the strategic steps that can be taken in response to these challenges (Introduction to the New Arbitration Law in Azerbaijan, 2024).

One of the biggest challenges to the development of international commercial arbitration in Azerbaijan is the training of experienced arbitrators. The field of arbitration requires specialized

training, extensive experience, and expert knowledge. When forming an arbitration panel, it is crucial to ensure an independent and impartial decision. This is only possible with experienced experts possessing in-depth legal knowledge. The lack of experienced experts in this field in Azerbaijan could weaken the country's position in the international arbitration system. The lack of international experience among local arbitrators can create difficulties in the international recognition and acceptance of decisions.

For the qualified and effective implementation of international arbitration, the training of arbitrators is of paramount importance. To this end, it is necessary to train specialists in international arbitration at law faculties in Azerbaijan. Increasing the number of international arbitration courses will allow specialists to gain experience in legal theory and practice. At the same time, sharing experienced arbitrators among local lawyers and law students through local law faculties and training programs will contribute to the development of this field within the country. It would also be beneficial for foreign experts with international experience to teach in Azerbaijan and encourage the exchange of experience in this field (Azerbaijan Adopts a New Law on Arbitration, 2024).

The training of experienced arbitrators will also encourage the participation of local rights holders in international arbitration, resulting in an increase in the number of internationally recognized arbitrators in the country and further strengthening its position in the international legal system. As part of this process, the development of arbitration schools and specialized training programs for arbitration specialists in Azerbaijan is crucial.

Further improving the legal infrastructure is important for the development of international commercial arbitration in Azerbaijan. A properly functioning and transparent legal system is a prerequisite for the effective implementation of international arbitration. The recognition of international arbitration awards requires the implementation of comprehensive legal procedures regarding how the dispute resolution process works. Further refinement of the legal framework for the development of this area should ensure that arbitration awards are readily accepted by domestic courts.

The existence of arbitration legislation, procedural rules, and transactional mechanisms is essential for the effective implementation of international arbitration. Azerbaijan should develop its domestic legal system to further enhance international arbitration in accordance with the UNCITRAL Model Code and the New York Convention. Azerbaijan should establish a legal infrastructure that conforms to international standards and create procedural rules to improve international trade relations with its citizens. Strengthening the system for the recognition and enforcement of international arbitration awards by domestic courts is crucial. This requires strengthening legal relations within the country and facilitating the enforcement of international arbitration awards. Strengthening institutions providing arbitration services and creating new arbitration platforms will ensure more efficient dispute resolution.

The functioning of the international arbitration field in accordance with the legal infrastructure will provide legal security for both domestic and foreign companies and further enhance Azerbaijan's ability to resolve international trade disputes. International arbitration legislation will ensure greater acceptance of the Azerbaijani legal system in the international community (Recognition and enforcement of foreign arbitral awards in Azerbaijan and related practice, 2024).

Close cooperation with international organizations is important for greater recognition of international arbitration in Azerbaijan and for strengthening the country's position on the world stage. Cooperation with international organizations and arbitration institutions in the field of international arbitration can ensure the international recognition of the Azerbaijani legal system. At the same time, this cooperation will strengthen Azerbaijan's position in the international trade and investment environment and attract new investment opportunities.

The following strategies can be implemented to promote and develop international arbitration in Azerbaijan:

➤ Azerbaijan should strengthen its relations with international organizations such as the International Chamber of Commerce (ICC), the Asian Development Bank (ADB), and the European Union, and actively participate in international arbitration networks.

➤ Legal processes should be improved in Azerbaijan to ensure the international recognition of arbitration awards issued under the New York Convention and other international conventions.

➤ Azerbaijan's efforts to develop international arbitration will help attract foreign investment and accelerate economic development in the region. Cooperation between the state and the private sector will be a key factor in achieving greater international recognition in this field (Azərbaycan Respublikası "Arbitraj haqqında" Qanun, 2024).

International recognition of arbitration in Azerbaijan will strengthen the country's position in the global economy and lead to new trade relations and investment flows. Azerbaijan's development as an international arbitration center will contribute not only to the country's economy but also to regional and international legal systems.

Conclusion

The development of international commercial arbitration in Azerbaijan has the potential to strengthen the country's position in international law and economics and to act as a regional center. Strengthening institutions such as the Baku Arbitration Center and the Azerbaijan International Commercial Court, training experienced arbitrators, and pursuing international recognition processes are important steps towards Azerbaijan becoming a regional arbitration center. Azerbaijan's geopolitical location and legal infrastructure create favorable conditions for realizing this potential.

References

1. Aliyev, A. & Ismayilzadə, T. (2019). *Recognition and Enforcement of Foreign Arbitral Awards in the Republic of Azerbaijan*. Transnational Dispute Management. <https://www.transnational-dispute-management.com/journal-advance-publication-article.asp>
2. *Arbitraj və mülki iddia icraatı: beynəlxalq qaydalar və Azərbaycan qanunvericiliyi*. (2024). https://www.aem.az/uploads/files/2024-10/1728290271_qedim-diyar-6_9-49-61.pdf
3. *Azerbaijan Adopts a New Law on Arbitration*. (2024). Wolters Kluwer Arbitration Blog. <https://legalblogs.wolterskluwer.com/arbitration-blog/azerbaijan-adopts-a-new-law-on-arbitration>
4. *Azərbaycan Respublikası "Arbitraj haqqında" Qanun*. (2024). <https://old.newyorkconvention.org/11165/web/files/document/2/1/21346.pdf>
5. *Beynəlxalq Kommersiya Arbitraji haqqında UNCITRAL Model Qanunu*. (2024). <https://www.techlaw.az/article/beynəlxalq-kommersiya-arbitraji-haqqında-uncitral-model-qanunu>
6. Born, G. (2020). *International Commercial Arbitration*. Kluwer Law International.
7. Born, G. B. (2021). *International Commercial Arbitration (3rd ed.)*. Kluwer Law International. Redfern and Hunter on International Arbitration.
8. Farzaliyeva, U. (2022). Law Governing Arbitration Agreements: Excerpts from the Azerbaijani Legislation. *Baku State University Law Review*, 8(2), 232–250. https://bsulawreview.org/wp-content/uploads/2022/09/8BSULawRev2.6.pdf?utm_source=chatgpt.com
9. *International Arbitration*. (2025). Wikipedia. https://en.wikipedia.org/wiki/International_arbitration
10. *Introduction to the New Arbitration Law in Azerbaijan*. Legalize.az (2024). <https://legalize.az/az/blog/introduction-to-the-new-arbitration-law-in-azerbaijan>

11. Mirzayev, R. (2019). *Legislation and Practice of Commercial Arbitration in Azerbaijan*. Kluwer Arbitration Blog. <https://legalblogs.wolterskluwer.com/arbitration-blog/legislation-and-practice-of-commercial-arbitration-in-azerbaijan/>
12. Moses, L. M. (2008). *Introduction to International Commercial Arbitration*. Cambridge University Press. <https://doi.org/10.1017/CBO9780511819216.003>
13. *Recognition and enforcement of foreign arbitral awards in Azerbaijan and related practice*. (2024). <https://www.lexology.com/library/detail.aspx?g=eb37c8c1-4e8b-4fd5-bb6c-35c714d10ba3>
14. UNCITRAL. (2006). *UNCITRAL Model Law on International Commercial Arbitration*. United Nations Commission on International Trade Law. https://uncitral.un.org/pdf/english/texts/arbitration/ml-arb/06-54671_Ebook.pdf
15. United Nations Commission on International Trade Law. (2006). *UNCITRAL model law on international commercial arbitration (1985), with amendments as adopted in 2006*. <https://uncitral.un.org>
16. University of Nottingham. (2026). *International commercial arbitration bibliography*. Retrieved April 15, 2026, from <https://notts.rl.talis.com>

Received: 10.01.2026

Approved: 14.04.2026