
CHAMBERS GLOBAL PRACTICE GUIDES

Dispute Resolution 2026

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comparative analysis from top-ranked lawyers

**China: Law and Practice
& Trends and Developments**
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Fangda Partners



CHINA

Law and Practice

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tion practices covering the Mainland, Hong Kong and beyond, with nearly 50 partners and more than 220 associates in its seven offices. Its specialists form integrated teams, as required, with lawyers in the firm's market-leading corporate, finance, transactional and investment practices. Its knowledge spans many industries and sectors, including banking, energy, financial services, healthcare, manufacturing, media, pharmaceuticals, real estate, retail, technology, mining and natural resources, and telecommunications.

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1. Dispute Resolution Methods

1.1 Main Dispute Resolution Methods

In China, litigation and arbitration represent the predominant and mainstream mechanisms for commercial dispute resolution.

In recent years, driven by strong governmental support and promotion, alternative dispute resolution (ADR) procedures – centred on settlement and mediation as the core dispute resolution tools – have gradually gained popularity in China. Such procedures include, but are not limited to, court-annexed mediation, mediation within arbitral proceedings, and independent mediation conducted by commercial mediation institutions. Also see **4.1 ADR Procedures**.

1.2 Choice of Dispute Resolution Method Litigation

Due to the relatively lower associated costs, court proceedings represent the most prevalent and mainstream means of commercial dispute resolution.

Arbitration

As arbitral procedures place greater emphasis on party autonomy and contractual arrangements compared to litigation, and are subject to statutory confidentiality requirements, parties to commercial disputes involving substantial amounts in controversy or requiring confidentiality typically agree to resolve disputes through arbitration.

ADR Procedures

Courts and arbitral tribunals typically organise mediation concurrently during litigation and arbitration proceedings; however, currently independent commercial mediation procedures remain relatively uncommon in China.

Labour Dispute Cases

The law requires parties to first undergo labour arbitration as a mandatory prerequisite before filing a lawsuit with the court. In disputes involving personal status relationships such as marriage and succession, the law provides that any arbitration agreement entered into by the parties is invalid, and such disputes may only be resolved through litigation.

1.3 Key Dispute Resolution Trends

At present, the key development trend of dispute resolution mechanisms in China is moving toward greater diversification.

- With the implementation of the newly revised Arbitration Law in 2025 and the further improvement of the judicial framework supporting arbitration, arbitration is becoming the preferred dispute resolution mechanism for an increasing number of civil and commercial entities.
- ADR procedures, as informal legal processes, are also gradually gaining wider acceptance among various parties. In particular, China will formally implement the Commercial Mediation Regulations on 1 May 2026, filling a gap in the legal framework for commercial mediation.

2. Litigation

2.1 Limitation Periods

For claims seeking performance, the statute of limitations applies. The general limitation period for civil and commercial disputes is three years, commencing from the date when the right-holder knew or should have known that its rights had been infringed, and may be interrupted and will recommence upon the occurrence of circumstances such as the assertion of rights by the right-holder.

For claims involving the exercise of rights, such as the termination or rescission of a contract, a statutory time limit for the exercise of such rights applies. This is a fixed statutory period within which certain rights must be exercised, and its duration varies depending on the nature of the right. For example, unless otherwise provided by law or agreed by the parties, a right-holder must exercise its right to rescind a contract within one year from the date on which it knew or should have known of the grounds for rescission; otherwise, such right shall be extinguished.

For declaratory claims, the statute of limitations does not apply. Under PRC law, for claims such as those seeking confirmation of property ownership or the validity of legal relationships, the relevant limitation provisions do not apply, and a party may seek judicial confirmation of such rights at any time.

2.2 Court Structure

The PRC court system is structured into four hierarchical levels corresponding to administrative divisions. From the lowest to the highest, these are: Primary People's Courts at the district/county level, Intermediate People's Courts at the municipal level, Higher People's Courts at the provincial level, and the Supreme People's Court at the national level.

With respect to specific types of disputes such as finance, maritime affairs and intellectual property, China has established specialised courts in certain administrative regions. Such courts are generally at the level of Intermediate People's Courts and exercise specialised jurisdiction over specific types of disputes in accordance with the law.

2.3 Pre-Action Conduct

In China, courts typically require mediation prior to formal adjudication in divorce cases. Additionally, for certain types of disputes involving relatively minor controversies, such as private lending disputes, some courts mandate compulsory pre-filing mediation before a case is formally accepted and docketed. In practice, given that parties often have substantial disagreements on factual and legal issues, such compulsory pre-filing mediation procedures are largely perfunctory.

In arbitration practice, parties frequently stipulate in their arbitration clauses that negotiation or mediation shall serve as a condition precedent to arbitration. In such circumstances, if a party fails to comply with such pre-arbitration requirements prior to initiating arbitration, this may be considered by the adjudicative body when assessing the jurisdiction of the arbitral tribunal and the procedural validity of the arbitration.

2.4 Stages of Court Proceedings

Main Stages of Court Proceedings

PRC courts operate under a two-instance system in terms of which the second instance is final. For civil and commercial disputes, court proceedings typically encompass various stages, including first-instance trial, appeal and, in some cases, retrial.

In general, parties must pursue remedies sequentially through the court hierarchy; that is, they must file an appeal or apply for retrial with the next higher-level court. Additionally, where a party raises an objection to the jurisdiction of the court that accepted the case, jurisdictional challenges may arise at both the first and second instance levels.

In retrial proceedings, depending on whether the court proceeds to substantive adjudication, the process may be further divided into two procedural stages: a preliminary examination stage and a substantive retrial stage.

Duration of Court Proceedings at Different Stages

Under the Civil Procedure Law and related regulations, the statutory time limits for domestic civil cases are six months for first-instance proceedings and three months for second-instance proceedings; however,

such time limits may be extended upon special application by the presiding judge. In practice, depending on the complexity and circumstances of the case, court proceedings typically last from several months to several years.

For foreign-related civil and commercial cases, courts are not subject to statutory time limits. In practice, such cases may take several months longer than domestic cases.

2.5 Confidentiality

PRC courts adjudicate civil and commercial disputes on the principle of open trials.

Non-public trials may be conducted only upon court determination in cases involving special circumstances such as state secrets, trade secrets or personal privacy. For instance, cases involving family status relationships such as divorce are generally not open to the public.

In practice, parties frequently submit applications for non-public trials on broadly construed grounds based on special strategic considerations. PRC courts typically do not conduct substantive review of whether a case genuinely involves trade secrets or other excepted circumstances, resulting in a substantial number of cases that do not actually fall within the statutory exceptions ultimately being adjudicated in non-public proceedings.

2.6 Interim Relief

Under PRC law, the interim relief that parties may apply for either before the court accepts a case or during the litigation proceedings includes three categories: property preservation, conduct preservation and evidence preservation, specifically as follows.

- Property preservation – refers to temporary control measures imposed by the People’s Court on property to prevent a party from transferring assets and to ensure effective enforcement of the prevailing party’s rights.
- Conduct preservation – designed to prevent other damages to a party; during litigation proceedings, the court may order the opposing party to take or refrain from taking certain actions.

- Evidence preservation – where evidence may be destroyed or become difficult to obtain in the future, a party may apply to the People’s Court for preservation of evidence during the litigation process; the People’s Court may also take preservation measures on its own initiative.

Overall, property preservation is widely used in Chinese litigation practice and is not limited to any specific type of case. Conduct preservation is typically supported by courts only in specific types of cases, such as intellectual property disputes and defamation claims. Evidence preservation is relatively less frequently applied for and utilised.

2.7 Final Relief

Under PRC law, there are three categories of claims for final relief: performance claims, declaratory claims and constitutive claims, specifically as follows.

- Performance claims – represent the most common form of relief in commercial litigation, whereby the court orders the defendant to perform specific obligations, which may be enforced through court enforcement procedures.
- Declaratory claims – the court confirms the existence or non-existence of a legal relationship between the parties. While such judgments are not directly enforceable, they serve to confirm the parties’ rights.
- Constitutive claims – through a court judgment, an existing legal relationship is altered or extinguished, typically involving the exercise of specific legal rights by the litigants. For example, a plaintiff may file an action seeking to rescind the contract.

2.8 Damages

Compensatory Damages

Under PRC law, the principle of compensatory damages governs loss recovery, whereby the amount of damages is premised on indemnifying actual losses. Courts typically ascertain the amount of actual losses by evaluating the factual evidence presented by both parties.

Liquidated Damages

Where the parties have stipulated a liquidated damages clause, courts may also reference the agreed

liquidated damages amount in assessing the extent of losses; however, if the liquidated damages fall below the actual losses or excessively exceed the actual losses, the court shall adjust the compensation amount in accordance with the actual losses.

Damages Assessment

Where losses involve complex facts that are heavily disputed between the parties, rendering the court unable to make a direct determination based on the evidence presented, PRC courts will typically initiate judicial appraisal procedures, and render a neutral and objective determination of the loss amount based on the expert opinions provided by professional appraisal institutions.

3. Arbitration

3.1 Prevalence

Prevalence of Arbitration

In China, arbitration is a widely utilised mechanism for resolving commercial disputes. On 1 March 2026, China commenced implementation of the newly revised Arbitration Law, in response to the growing demand for arbitration as a means of dispute resolution in practice.

Disputes Commonly Referred to Arbitration

The categories of disputes most frequently submitted to arbitration include disputes arising from sales contracts, loan contracts, lease contracts, construction project contracts, technology contracts, financial and securities matters and intellectual property contracts, among others.

3.2 Restrictions on Use of Arbitration

In China, arbitrable disputes are limited to contract disputes and other property rights disputes between parties of equal standing. The following disputes may not be submitted to arbitration.

- Personal rights disputes, which include disputes concerning marriage, adoption, guardianship, maintenance and succession.
- Administrative disputes that are required to be handled by administrative organs in accordance with the law.

- Labour dispute arbitration, arbitration of disputes concerning rural land contracting and sports arbitration are governed by separate legal provisions and are not subject to the rules governing commercial arbitration.

3.3 Advantages of Arbitration

Compared to litigation proceedings, the principal advantages of arbitration as a dispute resolution mechanism are as follows.

- Procedural flexibility and respect for party autonomy – parties are at liberty to freely choose the arbitral institution, arbitrators, seat of arbitration, language of arbitration and arbitral procedural rules.
- Confidentiality – arbitration proceeds on the principle of non-public hearings, which serves to protect the trade secrets and commercial reputation of parties to commercial disputes.
- Specialisation – for disputes in specific industries, such as complex technology agreement disputes and customised equipment contract disputes, parties may select arbitrators with specialised expertise in the relevant industry, thereby facilitating the professional and efficient resolution of disputes.

3.4 Disadvantages of Arbitration

Reliance on Courts for Interim Measures

In arbitrations conducted in mainland China, the arbitral tribunal itself lacks the authority to issue orders for the preservation of assets, evidence or conduct; such matters must be referred to the courts through the arbitral institution. However, there are variations in the speed with which local courts respond to applications for interim measures in arbitration. See **3.10 Relief** regarding restrictions on a tribunal's power to grant interim relief and the related practice progress.

Cost Considerations

Depending on the specific arbitral institution and the amount in dispute, arbitration fees may, in some cases, exceed court filing fees.

3.5 Arbitral Institutions

Currently, there are 285 arbitration institutions throughout China. Based on annual caseload and the

aggregate value of disputes accepted, four arbitral institutions rank at the forefront.

- China International Economic and Trade Arbitration Commission (CIETAC) – has its headquarters in Beijing, as well as sub-commissions and arbitration centres established in Shenzhen, Shanghai, Chongqing, Hong Kong, Hangzhou and other locations. CIETAC leads the nation in the aggregate value of disputes accepted.
- Beijing Arbitration Commission/Beijing International Arbitration Center (BAC) – based in Beijing, the BAC accepted over 10,000 cases in 2025.
- Shanghai International Economic and Trade Arbitration Commission (SHIAC) – based in Shanghai, SHIAC serves as a prominent arbitration institution in the Yangtze River Delta region.
- Shenzhen Court of International Arbitration (SCIA) – based in Shenzhen, SCIA ranks among the national leaders in terms of caseload volume.

3.6 Length of Proceedings

Duration of Arbitral Proceedings

The duration of arbitral proceedings depends on factors including the applicable procedural rules, the type and complexity of the dispute and the timing of the arbitration institution's acceptance of the case. According to the arbitration rules of mainstream arbitral institutions, ordinary proceedings in domestic arbitration cases can generally be concluded within four-to-six months following the constitution of the arbitral tribunal, while expedited proceedings may be shortened to within two-to-three months following tribunal constitution.

Duration of Foreign-Related Arbitration Proceedings

The overall process for foreign-related arbitration cases is typically longer, as such matters may involve the ascertainment of foreign law, cross-border evidence collection and other circumstances.

Extension of Arbitration Proceedings

In practice, arbitral institutions may, depending on the circumstances of the case, extend the time limit for rendering the award by one month to several months.

3.7 Regulation of Arbitration

The principal laws and judicial interpretations governing judicial supervision of arbitration include:

- Arbitration Law of the People's Republic of China (2025 Revision);
- Civil Procedure Law of the People's Republic of China (2023 Amendment);
- Interpretations on Several Issues Concerning the Application of the Arbitration Law of the People's Republic of China (Interpretation No 7 [2006] of the Supreme People's Court);
- Interpretations of the Supreme People's Court on the Application of the Civil Procedure Law of the People's Republic of China (Interpretation No 11 [2022] of the Supreme People's Court);
- Provisions of the Supreme People's Court on Several Issues Concerning the Judicial Review of Arbitration Cases (Interpretation No 22 [2017] of the Supreme People's Court);
- Provisions of the Supreme People's Court on Several Issues Concerning the Enforcement of Arbitral Awards by People's Courts (Interpretation No 5 [2018] of the Supreme People's Court); and
- Provisions of the Supreme People's Court on the Reporting and Review System for Judicial Review of Arbitration Cases (Interpretation No 21 [2021] of the Supreme People's Court).

3.8 Court Powers

PRC courts possess the powers to support arbitration in the following principal respects.

- Granting interim measures or enforcing arbitral tribunal decisions on interim measure – prior to or during arbitral proceedings, courts may, upon applications forwarded by arbitral institutions, order the adoption of property preservation, evidence preservation and conduct preservation measures. In addition to accepting interim measure applications submitted by parties through arbitral institutions, courts may also affirm and enforce interim measure decisions rendered by arbitral tribunals.
- Assisting in investigation and evidence collection – courts may assist in investigation and evidence collection upon application by arbitral tribunals. In December 2023, a Primary People's Court in Shanghai handled the first case nationwide in

which a court issued an investigation order upon application by an arbitral institution.

- Enforcing arbitral awards – courts may enforce effective domestic arbitral awards and recognise and enforce valid international arbitral awards.

3.9 Court Intervention

Absent an application by a party to an arbitration case, courts generally will not intervene in arbitration proceedings on their own initiative. Common circumstances in which courts may intervene include the following.

- Determining the validity of an arbitration agreement – a party may apply to the court to confirm the validity of an arbitration agreement prior to the first hearing of the arbitral tribunal. The court has the authority to find an arbitration agreement invalid. Common grounds for invalidity include:
 - (a) the arbitration agreement is ambiguous and the parties are unable to reach a consensus;
 - (b) the matters agreed to be arbitrated exceed the scope of arbitrable disputes as provided by law;
 - (c) the party entering into the agreement lacks or has limited civil capacity; or
 - (d) one party employed duress during the formation of the agreement.
- Setting aside an arbitral award – within three months from the date of receipt of the award, a party may apply to the Intermediate People's Court at the place where the arbitral institution is located to set aside the award. The court has the authority to either set aside the arbitral award or remand the matter for re-arbitration.
- Refusing (recognition and) enforcement of an (international) arbitral award – a party may request the court to refuse (recognition and) enforcement of the (international) arbitral award on statutory grounds, and the court has the authority to issue a ruling refusing (recognition and) enforcement.

3.10 Relief

Types of Relief Available in Arbitration

- Monetary relief – claims for the payment of damages, liquidated damages, contract price and other monetary sums.

- Specific performance – claims requiring the continued performance of contractual obligations, such as delivery of goods or completion of registration formalities.
- Declaratory relief – confirmation of rights or legal relationships, such as a declaration that a contract is valid or invalid.

Interim Measures Issued by Arbitral Tribunals

- Currently, Chinese legislation does not empower arbitral tribunals to grant interim measures. While the arbitration rules of leading Chinese institutions now permit tribunals to issue such measures, their enforcement ultimately remains contingent upon court recognition.
- In October 2024, an arbitral tribunal of the Beijing Arbitration Commission (BAC), upon application by a party, issued a decision on interim measures, which was subsequently recognised and enforced by the Beijing Fourth Intermediate People's Court through preservation measures, constituting the first case nationwide in which an interim measure decision by an arbitral tribunal obtained judicial enforcement.

4. Other ADR Methods

4.1 ADR Procedures

- Mediation by courts and arbitral tribunals in litigation and arbitration proceedings – the Civil Procedure Law, Arbitration Law and the arbitration rules of major arbitration institutions all contain explicit provisions regarding the mediation system conducted by courts and arbitral tribunals, as well as the legal effect of mediation awards issued by these adjudicatory bodies.
- Independent mediation by commercial mediation organisations – the Commercial Mediation Regulations officially took effect on 1 May 2026, serving as domestic legislation to implement the Singapore Convention on Mediation. These regulations clearly stipulate the procedures for commercial mediation activities conducted by commercial mediation organisations within China, as well as the validity and judicial recognition of final mediation agreements. Currently, commercial mediation organisations have been established in many regions

across China, and this new ADR procedure is still in the process of practical development.

- People's mediation system – PRC law also provides for a people's mediation system led by People's Mediation Committees; however, in practice, it is rarely applied to commercial disputes.

4.2 Requirements to Engage in ADR

- Mediation conducted by the adjudicative body in litigation and arbitration proceedings – there are no mandatory formal requirements. All parties may spontaneously engage in settlement negotiations during litigation or arbitral proceedings, or may apply to the court or arbitral tribunal for mediation. Provided that the disputing parties ultimately reach a settlement agreement, the court or arbitral tribunal may, based on such settlement agreement, issue a mediation document possessing the same legal effect as a judgment or arbitral award.
- Independent mediation by commercial mediation organisations – pursuant to the relevant provisions of the Commercial Mediation Regulations, independent mediation proceedings conducted by commercial mediation organisations are premised on the mutual consent of both parties to participate in the mediation process. If this formal requirement is not satisfied, the commercial mediation organisations lacks jurisdiction over the dispute.

4.3 Impact of ADR

- Mediation conducted by the adjudicative body in litigation and arbitration proceedings – as these ADR procedures are inherently embedded within litigation or arbitral proceedings, the initiation of mediation does not affect the parties' right to ultimately resolve the dispute through litigation or arbitration.
- Independent mediation by commercial mediation organisations – if the parties fail to reach a final settlement agreement under the auspices of a commercial mediation organisation, the mediation proceedings shall terminate, and the parties remain entitled to ultimately resolve the dispute through litigation or arbitration. However, factual admissions made by the parties during the mediation proceedings may affect the court's or arbitral tribunal's determination of the relevant facts in subsequent formal legal proceedings.

4.4 Timing of ADR

Occurrence of ADR Procedures

ADR procedures involving settlement and mediation typically occur where the disputing parties have relatively minor disagreements on factual and legal issues. Where the parties lack consensus, they will usually resort directly to litigation or arbitration proceedings to resolve the dispute.

ADR Procedures and Limitation Periods

A party's initiation of ADR procedures to assert its rights produces the legal effect of interrupting the statute of limitations, which shall be recalculated from such point in time.

4.5 Confidentiality

Mediation Conducted by the Adjudicative Body in Litigation and Arbitration Proceedings

With respect to court mediation in litigation, the mediation process shall, in principle, not be conducted in public, unless the parties agree otherwise. Mediation agreements shall not be made public, save for exceptional circumstances where disclosure is deemed necessary for the protection of the state interest, the public interest or the lawful rights and interests of others.

With respect to mediation in arbitration proceedings, given that arbitration itself is conducted in private generally, both the mediation process and the resulting mediation agreement shall remain confidential (unless the parties agree to a public proceeding and no state secrets are involved).

Independent Mediation by Commercial Mediation Organisations

Pursuant to the relevant provisions of the Commercial Mediation Regulations, commercial mediation shall be conducted in private, unless the parties agree to public mediation and the matter does not involve special circumstances such as state secrets, third-party trade secrets or personal privacy.

4.6 Costs

Because ADR procedures place greater emphasis on the mutual agreement of the disputing parties than formal legal proceedings, the allocation of costs is typically determined through negotiation between the parties.

4.7 Courts and ADR

People's Courts at all levels, including the Supreme People's Court, attach great importance to, encourage and support parties in resolving disputes through ADR procedures. The Supreme People's Court has repeatedly issued judicial policy documents emphasising "priority to mediation", stressing the use of the mediation system to resolve social conflicts, restore relationships between parties and achieve social harmony.

5. Costs, Fees and Funding

5.1 Legal Fees

Under PRC law, attorney fee regulation adopts a dual-track system combining government-guided pricing and market-adjusted pricing.

- Market-adjusted pricing – currently, most commercial legal services are subject to market-adjusted pricing, with fees determined through negotiation between the law firm and the client. Fee structures include hourly rate, fixed fee, percentage fee and contingency fee arrangements.
- Government-guided pricing – for a limited number of criminal defence cases, certain civil litigation cases involving people's livelihood and vulnerable groups, administrative litigation and state compensation cases, government-guided pricing remains in effect.

5.2 Third-Party Funding

There are currently no express legal provisions in mainland China prohibiting third-party funding. In practice, the position differs between litigation and arbitration.

- In commercial arbitration cases, the rules of major Chinese arbitration institutions and judicial practice have generally recognised the validity of third-party funding. In a November 2022 decision, the Beijing Fourth Intermediate People's Court confirmed that current laws do not prohibit third-party funding in arbitration. When determining whether a third-party funding arrangement constitutes grounds for setting aside an arbitral award, key considerations include whether the arrangement violates

applicable laws or arbitration rules, and whether it impairs the impartial adjudication of the case. The arbitration rules of major institutions, including the CIETAC and the BAC, currently regulate third-party funding, with the key requirement being that parties must promptly disclose such arrangements.

- In litigation cases, courts adopt a relatively more cautious stance toward third-party funding. In a May 2022 decision, the Shanghai No 2 Intermediate People's Court held that a third-party funding agreement in litigation was invalid, primarily on the grounds that such agreements undermine public order and good morals. Third-party funding in Chinese litigation remains at an early stage of development.

5.3 Contingency Fee Arrangement

Contingency fee arrangements are permitted under PRC law but are subject to strict restrictions.

- Scope of application – contingency fee arrangements are primarily applicable to civil and commercial cases involving property rights and interests. Such arrangements are prohibited in the following categories of cases: criminal cases; administrative litigation cases; state compensation cases; collective litigation cases; marriage and succession cases; and cases involving claims for social insurance benefits, minimum living security benefits, alimony, child support, spousal support, survivor's benefits, relief payments, work-related injury compensation and labour remuneration.
- Maximum fee limits – contingency fee rates are capped by reference to the amount in dispute, with the maximum fee not exceeding 6% to 18% of the claim value.

5.4 Insurance

Property Preservation Liability Insurance

The most common legal expense insurance in China is property preservation liability insurance for litigation and arbitration. Under this coverage, if wrongful property preservation by the insured causes losses to the opposing party (respondent), and the opposing party subsequently brings a tort claim resulting in a judgment against the insured, the insurer will indemnify the insured within the policy limits.

Other Types of Insurance

Other types of litigation and arbitration expense insurance – such as case acceptance fee insurance and insurance products covering mediation and other ADR mechanisms – are currently offered by only a limited number of insurers in China and remain relatively undeveloped.

5.5 Costs

In China, the recoverability of dispute resolution costs depends on the category of costs involved.

- Court filing fees – these are typically borne by the losing party, or apportioned among the parties based on the outcome of the ruling.
- Attorney's fees – in litigation, courts generally do not award attorney's fees unless expressly provided by law (such as in intellectual property infringement cases or cases involving online infringement of personal rights) or expressly agreed upon in a contract. In arbitration, tribunals often award the prevailing party its reasonable and actual attorney's fees.
- Preservation fees and expert witness fees – these are generally borne by the losing party, or apportioned among the parties based on the outcome of the proceedings.

5.6 Assessment of Costs

Courts typically consider the following factors when allocating costs.

- Outcome of the case – the degree of success is the primary factor in determining the allocation of costs.
- Conduct of the parties – whether either party has acted in bad faith, including deliberate delay of proceedings or abuse of procedural rights.
- Reasonableness and necessity of costs – whether attorney's fees are reasonable in light of local fee standards, and whether costs for preservation measures or judicial appraisals were truly necessary.

6. Interim Remedies

6.1 Availability of Interim Relief

The principal types of interim relief available from PRC courts include three categories: property preservation, conduct preservation and evidence preservation. See 2.6 Interim Relief for details.

6.2 Interim Relief to Support Arbitration and ADR

Courts will grant interim relief in support of arbitration. Under PRC law, parties may, either before commencing arbitration or during arbitral proceedings, submit preservation applications to the court through the arbitral institution. If the court is satisfied that the relevant conditions are met, it will grant the requested preservation measures in accordance with the law.

Existing legislation has no explicit provisions on interim relief in ADR mechanisms.

6.3 Timing of Applications for Interim Relief Pre-Litigation/Pre-Arbitration

In urgent circumstances where failure to immediately seek preservation would cause irreparable harm to its lawful interests, a party may file a preservation application before instituting litigation or applying for arbitration. However, if the applicant fails to file a lawsuit or apply for arbitration within 30 days after the court has adopted preservation measures, the court shall lift the preservation. In practice, for pre-litigation or pre-arbitration preservation, courts typically require the applicant to submit evidence demonstrating the urgency and necessity of preservation, such as proof that the respondent is transferring assets or evading debts.

During Litigation/Arbitration

After litigation proceedings have commenced, the applicant may submit the preservation application to the court, usually concurrently with the filing of the case acceptance documents. In arbitration proceedings, the applicant must submit the preservation application to the arbitral institution, which will then forward it to the court; the court does not directly accept preservation applications submitted by applicants in arbitration cases.

6.4 Security for Costs

In China, court and arbitration fees must be paid in advance by the plaintiff or applicant; the other party may not apply for security for costs.

6.5 Interim Injunctions

Interim Injunctions (Conduct Preservation)

Parties may apply for interim injunctions (conduct preservation). In intellectual property litigation, the application of interim injunctions is relatively widespread. In other types of cases, the number of instances in which courts grant such relief is comparatively limited.

Factors for Granting Interim Injunctions

Courts typically grant interim injunctions where the following conditions are satisfied:

- the applicant is able to provide prima facie evidence demonstrating that its rights have been or are about to be infringed;
- the circumstances are urgent, and failure to immediately grant relief would cause irreparable harm to its lawful interests;
- the harm caused to the applicant if relief is not granted would exceed the harm to the respondent if it is granted; and
- the granting of such relief would not be contrary to the public interest.

6.6 Summary Judgment

In China, there exists no “summary judgment” procedure as understood in the common law tradition. For cases where the facts are clear, the rights and obligations are well-defined, and the controversy is not substantial, the court may apply summary procedures, which feature a shorter adjudication period and more streamlined trial formalities.

7. Mass Claims and Class Actions

7.1 Procedural Mechanisms

In China, class actions are referred to as representative actions, which are divided into ordinary representative actions and special representative actions.

Ordinary Representative Actions

Where one party to a joint action involves a large number of persons, PRC law permits the parties to elect representatives to conduct the litigation. The litigation conduct of the representatives is binding upon the parties they represent. Ordinary representative actions adopt the rule of “opt-in”. That is, eligible plaintiffs must affirmatively register with the court to join the lawsuit, and silence or inaction constitutes a decision not to participate and leaves the plaintiffs free to pursue a separate action.

Special Representative Actions

These apply primarily in the securities field. Generally, 50 or more investors may entrust an investor protection institution to participate in the litigation as the representative. Special representative actions adopt the rule of “opt-out”. That is, the investor protection institution acting as representative will directly register the eligible litigants based on the list confirmed by the securities registration and clearing institution. All eligible litigants on the list are deemed to have joined the action unless they explicitly declare their intention to opt out.

7.2 Standing Requirements

Standing to Initiate an Ordinary Representative Action

The number of plaintiffs must exceed ten, and the number of representatives shall be between two and five.

Standing to Participate in an Ordinary Representative Action

For representative actions where the number of plaintiffs is unascertainable at the time of filing, the court may issue a public notice, directing eligible litigants to register with the court within a specified period. An eligible litigant who registers with the court shall provide proof of the legal relationship with the opposing party and the damage suffered. If such proof cannot be furnished, the court shall deny the registration, and the eligible litigant may file a separate action.

7.3 Relief

The primary type of relief available in class actions is monetary damages. Taking the most common form, special representative actions in the securities field

as an example, the amount of compensation is typically calculated based on the investors' actual losses, including the loss from the difference in investment value, commissions, stamp duty and related expenses.

7.4 Class Actions, Mass Claims and Arbitration

In China, class actions and mass claims are uncommon in commercial arbitration. This is primarily because arbitration is based on a voluntary arbitration agreement between the parties, whereas mass claims typically involve a large number of unascertainable potential litigants, making it difficult to include all such potential litigants in the arbitral process through a pre-existing arbitration agreement.

In China, collective labour arbitration is more common.

7.5 Trends

The Normalisation of Representative Actions in Securities Disputes

In 2025, three special representative actions were initiated in the securities field, namely, Misho Ecology, Jin Tong Ling and Jinzhou Port, bringing the cumulative total of special representative actions in China to five. Additionally, multiple ordinary representative actions were newly filed in 2025, including those involving Huatie, Tunghsu Optoelectronic, Topcare and East Group.

The Expansion of Representative Actions From the Financial and Securities Field to Other Areas Such as Consumer Rights Protection

In 2025, courts across China explored pathways for resolving mass consumer disputes through representative actions, efficiently resolving numerous disputes involving prepaid consumer rights protection.

8. Evidence

8.1 Disclosure

Production of Documentary Evidence

PRC law has incorporated discovery rules from common law systems. Both the Civil Procedure Law and the arbitration rules of mainstream arbitration institu-

tions provide for a system of orders to produce documentary evidence. That is, a party may apply to the court or arbitral tribunal to produce documentary evidence, and the adjudicative body may issue a ruling or order requiring the opposing party to submit the relevant documentary evidence. The opposing party has a duty to submit such evidence; refusal to do so may result in adverse factual findings against the non-compliant party.

Parameters of the Duty of Disclosure

The scope of documentary evidence that a party may be requested to disclose is limited to documents that are actually controlled by the party and are relevant and material to the facts to be proven and the outcome of the case.

Practice

In practice, the actual application of this tool is very limited, typically occurring only occasionally in foreign-related arbitration cases administered by Chinese arbitration institutions.

In litigation proceedings, courts generally require parties to submit documentary evidence based on the inquisitorial system. While a refusal to submit evidence may affect the judge's inner conviction, it is less common for the court to directly draw adverse inferences regarding the facts asserted by the opposing party.

8.2 Privilege

PRC law does not expressly provide for a system of evidentiary privilege. Communications between a party and their attorney are not statutorily exempt from the disclosure of documentary evidence.

The arbitration rules of mainstream arbitration institutions do address these matters. For example, the CIETAC Guidelines on Evidence provide that a request for the production of documents may be dismissed if the production "may result in violation of the applicable laws or professional ethics". There are no further detailed rules on this matter.

8.3 Confidentiality

PRC law does not expressly provide for the exemption of confidential evidence from the disclosure of documentary evidence.

The arbitration rules of mainstream arbitration institutions do address related matters. For example, the CIETAC Guidelines on Evidence provide that a request for the production of documents may be dismissed if the production “may result in the divulgence of state secrets, trade secrets or technological secrets”. There are no further detailed rules on this matter.

8.4 Witness Evidence

Under PRC law, a witness should submit their written witness statement prior to the hearing and is subject to cross-examination by the disputing parties during the hearing. PRC law does not provide for witness depositions procedures.

8.5 Expert Evidence

Expert Report

Under PRC law, a party may submit an expert report on specific issues to support its claims.

Scope of Selected Experts

There are no statutory restrictions limiting the pool from which a party may select an expert, provided the expert possesses specialised knowledge relevant to the specific issue.

Expert's Duties

The report provided by the expert witness shall be limited to expressing opinions on specialised issues, and the statements made shall be as objective and unbiased as possible.

9. Enforcement

9.1 Enforcement of Judgments

Procedures for Having a Foreign Judgment Recognised and Enforced

A party may apply to a competent Intermediate People's Court at the place where the party subject to enforcement is domiciled or where its property is located for recognition and enforcement of a foreign judgment. After reviewing the application materials and hearing from both parties, the court may issue a ruling recognising and enforcing the judgment. Either party may apply to the next higher court for reconsideration (limited to one instance). Once the ruling recognising and enforcing the judgment becomes

final and effective, the case will be transferred to the court's enforcement department for compulsory enforcement.

Scope of Recognisable and Enforceable Foreign Judgments

Foreign judgments may be recognised and enforced where they are rendered by courts in jurisdictions that have entered into a treaty with China, or where recognition is permitted on the basis of reciprocity.

9.2 Enforcement of Arbitral Awards

Awards Rendered by Arbitration Institutions in Mainland China (Excluding Hong Kong, Macau and Taiwan)

The claimant may directly apply for compulsory enforcement of the effective award to the Intermediate People's Court at the place of domicile of the party subject to enforcement or the location of the property.

Awards Rendered by Arbitration Institutions outside Mainland China or in Hong Kong, Macau and Taiwan

The arbitration claimant may apply to a competent Intermediate People's Court at the place of domicile of the respondent or the location of the property for recognition and enforcement of the award. As China is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “New York Convention”), effective awards rendered in the territory of a contracting state to the New York Convention may be recognised and enforced by PRC courts.

9.3 Length of Time

Enforcement of Domestic Court Judgments and Arbitral Awards

The duration of enforcement proceedings largely depends on the nature and status of the judgment debtor's assets. PRC law provides that enforcement cases should be concluded within six months from the date of filing, subject to extension under exceptional circumstances. In practice, however, due to the heavy caseload, enforcement proceedings may last from several months to several years.

Recognition and Enforcement of Foreign Court Judgments and Arbitral Awards

As recognition is a prerequisite to enforcement, and the recognition procedure is not subject to statutory time limits, the overall duration of recognition and enforcement proceedings for foreign judgments and arbitral awards is difficult to predict. In addition, such cases are subject to a reporting mechanism to the Supreme People's Court, which may further extend the timeline.

9.4 Grounds for Resisting Enforcement

Under the Civil Procedure Law and the New York Convention, a respondent may raise various defences against the recognition and enforcement of a foreign judgment or award, including:

- the foreign body lacked jurisdiction over the disputed matter;
- there were serious procedural defects in the foreign proceedings;
- a PRC court has already rendered a judgment or ruling on the same dispute, or has already recognised a judgment or award from a third jurisdiction;
- the foreign judgment or award violates the fundamental principles of PRC law or public policy; and
- the foreign judgment or award is not final and binding.

Separately, in relation to the enforcement process itself, the judgment debtor may also raise an objection to the lawfulness of the court's enforcement actions. For example, if the enforcement court takes enforcement measures such as attachment against leviable property exceeding the amount in dispute, the judgment debtor may initiate objection proceedings.

10. Dispute Resolution and AI

10.1 Regulation

Currently, there is no dedicated or systematic body of laws and regulations in China specifically governing the use of artificial intelligence in dispute resolution. The Supreme People's Court, in its Outline of the Sixth Five-Year Reform Plan for People's Courts (2024–2028), proposed “fully leveraging the role of artificial intelligence technology in assisting case

handling, streamlining routine affairs, preventing and controlling risks, and facilitating litigation”, setting the overall direction for the integration of artificial intelligence into the dispute resolution landscape.

10.2 Impact

Assisting Judges in Case Handling

Artificial intelligence is used in similar case retrieval, generation of routine judicial documents, and transcription of hearing records, thereby enhancing judicial efficiency.

Unifying Application of Law

Through big data analysis, artificial intelligence assists judges in referencing adjudication outcomes in similar cases, which helps promote consistency in adjudicative standards across different cases.

Assisting Construction of Smart Courts

As of 2025, courts across China have begun implementing a unified online case handling system, which facilitates the aggregation and analysis of judicial data and promotes the development of Smart Courts.

10.3 Future

Local courts across China have already commenced using artificial intelligence to enhance trial efficiency. For instance, in cities such as Nantong, Suzhou, and Yangzhou in Jiangsu Province, courts have been advancing the construction of Smart Courts since late 2024, with small-scale deployment of artificial intelligence assistants. These tools assist courts in extracting salient information from case files prior to hearings, summarising case outlines and drafting judgments post-hearing, thereby improving trial efficiency.

Artificial intelligence can effectively enhance case-handling efficiency and reduce the operational costs of the judiciary. It is therefore anticipated that both adjudicative bodies and litigants will have strong incentives to further adopt artificial intelligence-driven solutions.

Meanwhile, considering the potential for bias in artificial intelligence algorithms, the Supreme People's Court explicitly stated in its 2025 Work Report (delivered in March 2026) the requirement to “develop AI-assisted

adjudication systems steadily and prudently”. The court reaffirmed that artificial intelligence must maintain its auxiliary role, stressing that judicial accountability rests solely with the judge. This indicates that the application of artificial intelligence must proceed under regulatory guidance to ensure that technology consistently serves the judiciary without replacing the independent judgement of human judges.

Overall, artificial intelligence in China’s dispute resolution is expected to continue developing in the direction of greater efficiency while remaining anchored within a regulatory-led framework. Its promotion and application will be closely linked to the state’s investment in judicial digitalisation.

Trends and Developments

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Fangda Partners was founded in 1993 and is a leading full-service law firm with approximately 800 lawyers across offices in Beijing, Guangzhou, Hong Kong, Nanjing, Shanghai, Shenzhen and Singapore. The firm adopts a one-firm approach, providing integrated legal services across all practice areas and locations. Recognised as the firm of choice for complex and high-stakes legal matters, Fangda advises major domestic and international companies on both transactions and disputes. Fangda is widely acknowledged as having one of the leading dispute resolu-

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On 12 September 2025, the Standing Committee of the National People's Congress deliberated and adopted the Amended Arbitration Law of the People's Republic of China (the "New Arbitration Law"), which came into effect on 1 March 2026.

This amendment marks the first comprehensive revision of China's Arbitration Law since its implementation in 1995. It systematically summarises 30 years of arbitration practice experience and theoretical achievements, draws on internationally accepted arbitration rules, and introduces significant institutional improvements in areas such as foreign-related arbitration, arbitration support and safeguards, and judicial supervision of arbitration. The amendment has enhanced the credibility, international competitiveness and attractiveness of China's arbitration, signifying that China's arbitration system and industry has entered a brand-new stage.

Establishment of Online Arbitration Mechanism for the First Time

In recent years, with the rapid development of the digital economy, many Chinese arbitration institutions have established online case management systems and have increasingly adopted online arbitration mechanisms including online case filing, electronic service and online hearings. In 2024, 93 arbitration institutions in China handled online arbitration cases with a total disputed amount of approximately CNY300 billion. Online arbitration has now become a common feature of arbitration practice in China.

Article 11 of the New Arbitration Law introduces provisions on online arbitration for the first time and formally recognises the legal validity of online arbitration at the legislative level. It is closely aligned with the broader trend of digitalisation in commercial dispute resolution and with existing arbitration practice. It also facilitates foreign parties' participation in arbitration proceedings in China and provides an important legal framework for the development of foreign-related arbitration.

Notably, the amendment adopts an "implied consent" approach, stipulating that arbitration activities may be conducted online via information networks unless the parties expressly object. It is expected that Arbitration institutions are likely to refine their online arbitration rules in light of the New Arbitration Law in the future.

Establishment of the Concept of Seat of Arbitration for the First Time

The "seat of arbitration" is a fundamental concept in the field of international arbitration, as it directly determines the law applicable to arbitration proceedings, the nationality of arbitral awards, and the courts with supervisory jurisdiction.

China's former Arbitration Law did not expressly recognise the concept of the "seat of arbitration". Long-standing judicial practice treated the "location of the arbitration institution" as the "seat of arbitration", which created significant uncertainty in set-aside and enforcement proceedings involving awards rendered by foreign arbitral institutions in China. Although the Supreme People's Court introduced the concept of the "seat of arbitration" in 2021 through the Minutes

of the National Symposium on Foreign-Related Commercial and Maritime Trial Work of Courts, its legal effect was limited, as it did not have the status of formal legislation.

The New Arbitration Law codifies the approach reflected in the aforementioned judicial documents and, for the first time, establishes the concept of the “seat of arbitration”. It formally clarifies the criteria for determining the seat of arbitration and related rules at the legislative level. Parties now enjoy the autonomy to select the seat of arbitration, thereby clarifying the applicable procedural law and the competent court for judicial review. This development significantly enhances the stability and predictability of arbitration proceedings and arbitral awards.

The provisions on the “seat of arbitration” in the New Arbitration Law is largely consistent with internationally accepted standards, including the UNCITRAL Model Law on International Commercial Arbitration and the New York Convention. It is expected to promote greater alignment between China’s domestic arbitration regime and international arbitration practice, enhancing the attractiveness and competitiveness of China as a venue for foreign-related arbitration.

Establishment of the Ad Hoc Arbitration (Special Arbitration) System for the First Time

Arbitration is generally divided into institutional arbitration and ad hoc arbitration. Compared with institutional arbitration, which is conducted under established institutional rules and administrative frameworks, ad hoc arbitration serves as a complement by offering greater flexibility and confidentiality. It effectively fills the gaps left by institutional arbitration, and affords parties greater control over the arbitration proceedings to meet the personalised dispute resolution needs of special commercial transactions.

China’s previous Arbitration Law did not provide for ad hoc arbitration. However, since 2016, China has successively issued a series of instruments, such as the Opinions of the Supreme People’s Court on Providing Judicial Guarantee for the Construction of Pilot Free Trade Zones, the Several Provisions of Hainan Free Trade Port on the Development of International Commercial Arbitration, and the Measures of Shang-

hai Municipality for Promoting Ad hoc Arbitration in Foreign-related Commercial and Maritime Fields. These measures initiated pilot programmes for ad hoc arbitration in pilot free trade zones, Shanghai and the Hainan Free Trade Port.

Building on the practical experience of ad hoc arbitration from these pilot programmes, Article 82 of the New Arbitration Law introduces ad hoc arbitration (special arbitration) at the legislative level for the first time. This development aligns with internationally accepted arbitration rules, responds to the practical needs of arbitration practice, expands the range of dispute resolution options available to parties, and significantly enhances the flexibility and professionalism of China’s arbitration system.

Notably, the New Arbitration Law adopts a prudent attitude of “gradual opening-up” towards ad hoc arbitration, resulting in a framework with distinct Chinese characteristics. First, the scope of ad hoc arbitration is limited to foreign-related maritime disputes and foreign-related disputes involving enterprises in designated regions. Second, an ad hoc arbitral tribunal is required to file relevant case information with the Arbitration Association within three working days of its constitution. This institutional framework reflects China’s careful balance between openness and standardisation in ad hoc arbitration, safeguarding the impartiality of arbitration while enhancing the inclusiveness of the arbitration system.

That said, the specific rules, procedures and supporting mechanisms for ad hoc arbitration remain to be clarified. Important issues, such as the scope of institutional support for ad hoc arbitration, the role and authority of the Arbitration Association in ad hoc arbitration, and mechanisms for resolving procedural deadlocks in ad hoc arbitration, have not yet been addressed in detail, and will require further research and exploration through future legislation and judicial practice.

Strengthening Judicial Support for Arbitration Support for conduct preservation in arbitration

Conduct preservation refers to measures whereby a party requests the court to order the opposing party to take or refrain from taking certain actions. Such

measures help prevent the expansion of losses to parties and avoid situations where an arbitral award may become unenforceable.

China's previous Arbitration Law only provided for property preservation and evidence preservation in arbitration, without addressing conduct preservation. Article 39 of the New Arbitration Law now formally introduces conduct preservation, providing a clearer legal basis for parties seeking such relief. This development enhances the availability and effectiveness of remedies for parties and further promotes the acceptance and credibility of commercial arbitration as a dispute resolution mechanism.

Support for pre-arbitration preservation

China's previous Arbitration Law did not provide for preservation measures prior to the commencement of arbitration.

Articles 39 and 58 of the New Arbitration Law now expressly introduce pre-arbitration preservation, enabling parties to seek more timely and effective judicial protection in urgent circumstances. This greatly enhances the effectiveness of the preservation regime and better protects the legitimate rights and interests of arbitration parties.

Support for evidence investigation and collection by arbitral tribunals

China's previous Arbitration Law only provided in principle that arbitral tribunals have the power to collect evidence on their own, but did not specify the procedures or scope of such powers for investigation and collection of evidence. In judicial practice, most administrative authorities did not recognise requests for investigation assistance issued directly by arbitral institutions.

In recent years, several High People's Courts in China – such as those in Shanghai and Guangdong – have sought to address this issue by introducing mechanisms such as investigation orders for arbitration. Under these mechanisms, arbitration institutions may apply to the court for an investigation order, which parties may then use to obtain relevant evidence.

Article 55 of the New Arbitration Law now provides that arbitral tribunals have the right to request relevant authorities to assist in investigation and collection of evidence in accordance with the laws and regulations. This represents the first legislative recognition of such assistance and provides a legal basis for arbitral institutions to seek co-operation from administrative and judicial authorities, thereby alleviating practical difficulties in investigating and collecting evidence.

However, the relevant provisions of the New Arbitration Law remain relatively general. Key issues, such as the specific procedures for assisting in evidence investigation and collection, the legal consequences of non-cooperation, and whether arbitral institutions may directly approach administrative authorities or must first seek a court-issued investigation order, remain unresolved and will require further clarification through future legislation and judicial practice.

Improving Judicial Supervision of Arbitration

The setting aside of arbitral awards constitutes a key mechanism of judicial supervision and a crucial safeguard for ensuring the integrity of arbitration. Article 72 of the New Arbitration Law shortens the time limit for applying to set aside an arbitral award from six months to three months. This amendment is intended to encourage parties to exercise their remedial rights in a timely manner, while also enhancing the finality and stability of arbitration awards and improving the overall credibility and efficiency of the arbitration system. In addition, the revised time limit for setting aside arbitration awards is consistent with the UNCITRAL Model Law on International Commercial Arbitration, thereby promoting greater alignment between China's arbitration legislation and internationally accepted standards.

Encouraging Arbitration Institutions to “Go Global” and “Bring In”

In recent years, China has encouraged domestic arbitration institutions to establish overseas branches and to develop into internationally competitive arbitration institutions with Chinese characteristics. Against this background, several leading domestic arbitration institutions are accelerating their internationalisation efforts. For example, the China International Economic and Trade Arbitration Commission (CIETAC)

has established the CIETAC Hong Kong Arbitration Center, CIETAC North American Arbitration Center and CIETAC European Arbitration Center overseas, and has become one of the leading permanent commercial arbitration institutions worldwide. The Beijing International Arbitration Commission (BIAC) and the Shanghai Arbitration Commission (SHAC) have also taken important steps toward internationalisation by establishing the BIAC Hong Kong Center and SHAC European Hub respectively in 2025, respectively.

At the same time, China also actively supports foreign arbitration institutions in establishing branches in China, with a view to enhancing the quality of foreign-related arbitration and further improving the business environment. In 2023, the Korean Commercial Arbitration Board (KCAB) established its Shanghai Center, becoming the first foreign arbitration institution to set up an operational presence in Shanghai. In the same year, the World Intellectual Property Organization Arbitration and Mediation Center (WIPO AMC) established its Shanghai Center, becoming the first arbitration institution of an international organisation to establish operational presence in China.

Article 86 of the New Arbitration Law further promotes this “going global” and “bringing in” approach. For the first time, it provides a legislative basis for Chinese arbitration institutions to establish overseas offices, and allows foreign arbitration institutions to establish business operations in designated areas such as pilot free trade zones and the Hainan Free Trade Port. In addition, the New Arbitration Law has uniformly replaced the term “arbitration commission” with the broader term “arbitration institution”, thereby enhancing inclusiveness towards different organisational forms (such as “courts of arbitration”) and further providing an institutional framework for the introduction of foreign arbitration institutions.

The New Arbitration Law represents a major milestone in the development of China’s arbitration system with Chinese characteristics. It addresses a number of key issues arising from judicial practice, such as online arbitration, ad hoc arbitration and interim measures, and reflects the system’s increasing emphasis on innovation, inclusiveness and procedural fairness.

By aligning with international trends in arbitration, the New Arbitration Law enhances the international competitiveness of China’s arbitration system. It is expected to promote further digitalisation, specialisation and internationalisation of arbitration in China, and to contribute to the development of a more stable, efficient and transparent arbitration and legal environment. In doing so, it offers a distinct Chinese approach to international commercial dispute resolution.

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