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The 2025 Chinese Arbitration Law Revision: Advantages and pitfalls

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Abstract

The 2025 revision of China's Arbitration Law constitutes the most comprehensive reform since its original enactment, aiming to modernize the arbitration framework and enhance China's global competitiveness. Drawing on over thirty years of judicial and institutional experience, the new law introduces a formal definition of the "seat of arbitration" (Article 81), adopting a three-tiered approach—party agreement, arbitration rules, and tribunal determination—closely aligned with the UNCITRAL Model Law and resolving prior ambiguities regarding award validity and nationality. Article 86 permits foreign arbitration institutions to establish branches in designated free trade zones, fostering international cooperation. The principle of Kompetenz-kompetenz is codified (Article 31), granting tribunals the authority to rule on their own jurisdiction. However, courts retain concurrent and prevailing jurisdiction in simultaneous challenges, reflecting a partial alignment with international norms. Article 45 introduces a statutory obligation for arbitrators to disclose circumstances affecting impartiality, harmonizing Chinese law with international standards. Ad hoc arbitration is recognized for the first time (Article 82), but its scope is narrowly limited to foreign-related maritime disputes and certain free trade zone cases, indicating a cautious legislative approach. Online arbitration is codified (Article 11), ensuring procedural efficiency and legal certainty. Collectively, these reforms bring China closer to international best practices, increasing its attractiveness to foreign users, though notable differences—especially strong judicial supervision—remain

Keywords

Arbitration Law, Revision 2025, China, International Arbitration

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I. INTRODUCTION

Arbitration in the People's Republic of China (hereinafter 'China') is nothing new nor unknown. Promulgated in 1994, the Arbitration Law of China was the first law to systematically regulate the arbitration system in China. However, since the enactment of the Arbitration Law in 1995, the development in the field of arbitration worldwide, and also particularly in China, has been immense, with profound changes in its laws and institutions. Nonetheless, for nearly three decades, the Arbitration Law in China was left largely untouched, with only minor amendments made in 2009 and 2017, respectively, to ensure its coherence with other relevant laws. Therefore, the need for revision and amendment was more than obvious.

The work was arduous, including e.g. the issuance of the Draft Amendment to the Arbitration Law on July 30, 2021 by the Ministry of Justice and the first (on November 4, 2024) and second (on May 1, 2025) amendment draft issued by the Standing Committee of the National People's Congress (hereinafter: SCNPC) with fiercely discussion among scholars and practitioners in China as some proposals had given rise to controversies and generated criticism.

That serious work to amend the Arbitration Law which took various years, finally bear fruit on September 12, 2025, when the 17th Session of the Standing Committee of the 14th National People's Congress reviewed and passed the revised Arbitration Law of the People's Republic of China (hereinafter Arbitration Law (2025)) and with the subsequent promulgation by the President of PRC the new law will take effect on March 1, 2026.

This revision represents the most comprehensive and significant overhaul since the law's inception, aiming to modernize China's arbitration system and enhance its credibility and competitiveness. The revision of the Arbitration Law aims to include in the legislation the vast experience that has been forged in Chinese arbitration practice and judicial review by courts. These includes over 30 years of practice from 285 arbitration institutions in China, (Wang, 2025) as well as the experience repeatedly tested and accumulated by Chinese courts in handling cases concerning the determination of the validity of arbitration agreements, (see Guiding Case No. 196, at par. 15), setting aside arbitral awards (see case Beijing Zhongtai Yuesheng Culture Development v. Guangdong Dadi Cinema, at par.7), refusing enforcement of arbitral awards (see case Beijing Hesheng North China Real Estate Development v. China Construction Fourth Engineering Division, at par. 4), and recognizing and enforcing foreign arbitral awards under the New York Convention. (case Global Transit Trading v. Ningbo Haitian Holding Group)

Also, the revision introduces limited institutional innovations. While innovations are beneficial for sustaining the rapid development of the arbitration sector in China, overly radical changes could potentially trigger more problems and destabilize that fragile system. Therefore, most of the deliberated considerations in this revision focused on the level of institutional innovation. For instance, questions such as whether to introduce ad hoc arbitration and whether to allow foreign arbitration institutions to establish branches in China have been addressed in this amendment.

The main focus of this article is to present amendments introduced to the Chinese Arbitration Law and its impact on Foreign Users. This article is divided into seven parts. After the introduction (first part), it presents the newly adopted Arbitration Law (2025), explaining, discussing, and assessing its most important changes in subsequent parts: seat of arbitration - second part, third part – competence-competence, fourth part – arbitrator disclosure obligations, fifth part – ad hoc, and sixth part - online arbitration. In the seventh part, we present and comment on all other relevant amendments that were introduced in the 2025 revision, and we present conclusions. Also, in this article, we decided to include passages of relevant Chinese court decisions or law in extenso, as many times those deliberations or sources are difficult to reach for foreign readers.

II. SEAT OF ARBITRATION

From the perspective of arbitral legislation in various countries and relevant provisions of international treaties, the primary criterion for determining the nationality of an arbitral award is the seat of arbitration, followed by the procedural law governing the arbitration.

But the Chinese Arbitration Law (1994) did not explicitly define the seat of arbitration, leaving such an important issue not sufficiently defined within the normative act, therefore allowing this concept to be extensively discussed and interpreted. In this part, it will be briefly presented how the seat of arbitration was interpreted before the recent amendment and what was introduced in the 2025 revision. There was a practice which can be traced in three relevant sources: first, in the judicial

Fecha de envío: 01/11/2025

Fecha de aceptación: 02/12/2025

reviews of arbitral cases; second, in relevant Chinese laws, interpretations, or notices; and third, in the rules of various Chinese Arbitration Institutions.

A. Judicial Review of Arbitral Cases

As early as 2004, in the case concerning German Company Shipplin International Co., Ltd. v. Wuxi Woke General Engineering Rubber Co., Ltd., the Supreme People's Court addressed the issue of the seat of arbitration and determined that the Arbitration Law of the People's Republic of China is applicable for reviewing the validity of the arbitration clause. The Court stated that :

"In the absence of an agreement by the parties on the governing law for determining the validity of the arbitration clause, according to the general principles for determining the governing law for arbitration clauses, the law of the seat of arbitration should apply. That is, in this case, Chinese law should be applied to determine the validity of the arbitration clause involved." Consequently, based on the dispute resolution clause in the contract – "Arbitration: 15.3 ICC Rules, Shanghai shall apply" (par. 3)

Subsequently, in the case of Anhui Longdeli Packaging Printing Co., Ltd. v. BP Agnati S.R.L., the validity of the applicable arbitration agreement was recognized by the Supreme People's Court. The Supreme People's Court stated:

"The arbitration clause in this case stipulates that any dispute arising from or in connection with this contract shall be submitted to the International Court of Arbitration of the International Chamber of Commerce and shall be finally settled by one or more arbitrators appointed in accordance with the Rules of Arbitration of the International Chamber of Commerce. The place of jurisdiction is Shanghai, China, and the arbitration shall be conducted in English. Therefore, the Arbitration Law of the People's Republic of China should be applied to review the validity of this arbitration agreement." (par. 2-3)

Furthermore, in the Reply of the Supreme People's Court on the Issue of the Validity of the Arbitration Clause in the Dispute over Sales Contract between Ningbo Beilun Licheng Lubricant Oil Co., Ltd. and Farmavinci S.p.A., the Court held that the arbitration clause, which stated "Any and all disputes or differences arising between the parties hereto shall be settled by arbitration in Beijing, the award rendered by the ICC Court of Arbitration shall be final and binding on both parties. The arbitration tribunal shall apply the laws of the People's Republic of China, and the language of arbitration shall be Chinese," constituted a situation where "the arbitral institution can be determined according to the agreed arbitration rules." In this case, based on the provision "the seat of arbitration is Beijing," the Supreme People's Court determined that the nationality of the arbitral award should be judged according to the provisions of the Arbitration Law of the People's Republic of China. In other words, arbitration clauses where parties agree to ICC or SIAC arbitration in Beijing, Shanghai, or Shenzhen have been recognized as valid.

B. Relevant Chinese Laws, Interpretations, or Notices

Not only do Chinese courts, via their judicial review, assess the seat of arbitration, but they may also pronounce themselves through Interpretations and Notices (Moser, 2006, pp. 283-287). The 2006 Supreme People's Court's Interpretation on Several Issues Concerning the Application of the Arbitration Law first introduced the concept of 'seat of arbitration' when clarifying:

"The review of the validity of a foreign-related arbitration agreement shall be governed by the law agreed upon by the parties; if the parties have not agreed on the applicable law but have agreed on the seat of arbitration, the law of the seat of arbitration shall apply; if the parties have not agreed on the applicable law nor on the seat of arbitration, or the agreement on the seat of arbitration is unclear, the law of the forum shall apply." (Judicial Interpretation No. 7 of 2006, Supreme People's Court, Article 16)

Subsequently, Article 18 of the revised 2010 Law of the Application of Law for Foreign-related Civil Relations of the People's Republic of China also employed the concept of "seat of arbitration."

Additionally, in the Notice on Issues Concerning the Enforcement of Hong Kong Arbitral Awards in the Mainland, [2009] No. 415, the Supreme People's Court stated:

"Where a party applies to a people's Court for enforcement of an ad hoc arbitral award made in the Hong Kong Special

Fecha de envío: 01/11/2025

Fecha de aceptación: 02/12/2025

Administrative Region, or an arbitral award made in the Hong Kong Special Administrative Region by a foreign arbitral institution such as the International Court of Arbitration of the ICC, the people's Court shall review the case in accordance with the provisions of the Arrangement. If none of the circumstances set forth in Article 7 of the Arrangement exists, the arbitral award may be enforced in the Mainland."

This notice reaffirmed that Chinese courts determine the nationality of an arbitral award based on the seat of arbitration, not the location of the arbitral institution.

C. The Rules of Various Chinese Arbitration Institutions

Apart from Chinese courts, various Chinese arbitration institutions also address the issue of the seat of arbitration. An increasing number of Chinese arbitration institutions have placed great emphasis on introducing international arbitration systems when revising their rules, such as the "seat of arbitration," "interim measures," "early dismissal of claims", "emergency arbitrator," and "third-party funding," thereby enhancing the competitiveness of their arbitration rules and user preference. Currently, multiple Chinese arbitration institutions, including Shanghai Arbitration Commission, Shanghai International Economic and Trade Arbitration Commission, Shenzhen Court of International Arbitration, Guangzhou Arbitration Commission, and Xi'an Arbitration Commission, have introduced provisions related to the "seat of arbitration" even before the revision of the Chinese Arbitration Law. For example, the China International Economic and Trade Arbitration Commission introduced provisions on the "seat of arbitration" as early as in its 2005 Arbitration Rules, while the Beijing Arbitration Commission did that in its 2015 Arbitration Rules.

Article 31 of the China International Economic and Trade Arbitration Commission Arbitration Rules (2005) provides:

(1) If the parties have agreed in writing on the arbitration place, such agreement shall prevail. (2) If the parties have not agreed on the arbitration place, the location of the arbitration commission or its branch shall be the arbitration place. (3) The arbitration award shall be deemed to have been made at the arbitration place.

Article 26 of the Beijing Arbitration Commission on Arbitration Rules (2015) provides:

(1) Unless otherwise agreed by the parties, the place where the Commission is located shall be the place of arbitration. The Commission may also determine another place as the place of arbitration based on the specific circumstances of the case. (2) The award of the arbitration shall be deemed to have been made at the place of arbitration.

D. New Amendments and Their Importance for Foreign Related Disputes

Finally, the Arbitration Law (2025) introduced article 81, where clearly the 'seat of arbitration' has been defined, although it was done under Chapter VII of the Arbitration Law (2025), and therefore it refers only to Foreign-Related Arbitration:

"The parties may agree on the seat of arbitration in writing. Unless the parties have otherwise agreed on the applicable law of the arbitration procedure, the seat of arbitration shall serve as the basis for determining the applicable law of the arbitration proceedings and the Court with jurisdiction. An arbitration award is deemed to have been rendered at the seat of the arbitration.

If the parties have not agreed on the seat of arbitration or have agreed ambiguously, the seat of arbitration shall be determined in accordance with the arbitration rules agreed upon by the parties; if the rules of arbitration are silent, the arbitration tribunal shall determine the seat of arbitration based on the circumstances of the case and the principle of facilitating dispute resolution." (Article 81 of the Arbitration Law 2025)

This provision brings the Chinese system closer to international practice and puts an end to the ambiguity that for years generated uncertainty about the validity of awards issued in China under the administration of foreign institutions. It is noticeable that the wording of Article 81 is similar to Article 20(1) of the UNCITRAL Model Law. And therefore, finally, China adopted a three-step test, which is commonly recognised in international practice as well as the courts' repeated judicial practice in China. (Gao 2018) To determine the seat of arbitration, the first step is to look into the party agreement; if that is absent, the second step is to refer to the arbitration rules, and in the absence of such rules, the tribunal exercises its power to determine a seat of arbitration.

Also, the amendment of 2025 includes Article 86 of the Arbitration Law article 86, which allows international arbitration institutions to set up offices or branches in China's free trade zones. This move, together with clarification regarding the

Fecha de envío: 01/11/2025

Fecha de aceptación: 02/12/2025

seat of arbitration, strengthens China's international profile as an arbitration forum and encourages cooperation with organizations that already operate in China, like the International Chamber of Commerce (ICC) or the Singapore International Arbitration Centre (SIAC).

Based on past practical experience, the addition of provisions regarding the "seat of arbitration" in this revision of the Arbitration Law resolves, on one hand, the issue of the nationality of awards rendered by foreign arbitration institutions within mainland China. On the other hand, it aligns Chinese arbitration with international arbitration practices and also elucidates the legal effects of the seat of arbitration: unless the parties have agreed otherwise on the law applicable to the arbitral proceedings, the seat of arbitration serves as the basis for determining the law applicable to the arbitral proceedings and the Court with judicial jurisdiction.

III. KOMPETENZ-KOMPETENZ

The revised Arbitration Law (2025) also introduces the principle of Kompetenz-kompetenz (arbitral tribunal's competence to rule on its own jurisdiction), changing the previous rule where only arbitration institutions and courts had the power to decide on arbitration jurisdiction, thereby granting the arbitral tribunal greater autonomy. Prior to this, to grant the arbitral tribunal the power to decide on jurisdiction after its formation, Chinese arbitration institutions stipulated in their rules: "After the arbitral tribunal is formed, the arbitration institution authorizes the arbitral tribunal to decide on jurisdictional issues."(Article 13 of the "Xi'an Arbitration Commission Arbitration Rules (2023)) However, in practice, such provisions did not fully resolve the issue of the arbitral tribunal's Kompetenz-kompetenz. This new revision explicitly addresses this issue, establishing the arbitral tribunal's power to rule on its own jurisdiction. Newly added Article 31 of the Arbitration Law (2025) stipulates:

"Where a party challenges the validity of the arbitration agreement, the party may request the arbitral institution or arbitration tribunal to make a decision or apply to the people's Court for a ruling. If one party requests the arbitral institution or arbitration tribunal to make a decision and the other party applies to the people's Court for a ruling, the people's Court shall enter a ruling.

A party's challenge to the validity of the arbitration agreement shall be raised prior to the arbitration tribunal's first hearing."

However, the inclusion of article 31 may be misleading as this is not a typical competence-competence standard, as, for example, set out in article 16 (3) of the UNCITRAL Model Law. International standard of competence-competence usually allows for the parties to resort to the Court after the decision rendered by the tribunal, giving the primacy to the tribunal's jurisdiction and allowing Court's intervention only in limited situations.

Parties retain the right to seek a ruling from a Chinese court on the same issue that is under consideration in an arbitral proceeding (Fu, 2022, p. 276). Importantly, if concurrent applications are made both to the tribunal (or institution) and the Court, in such a case, the matter still shall be determined by the Court. Therefore, it is important for foreigners to understand that under the new Arbitration Law (2025), the judicial interference into the arbitration proceedings is still possible.

IV. ARBITRATOR DISCLOSURE OBLIGATIONS

Although the 1994 Arbitration Law did not stipulate arbitrator disclosure, over the past 30-plus years of practice, Chinese arbitration institutions have gradually accumulated experience through arbitration practice, by formulating Arbitrator Management Regulations, Code of Conduct for Arbitrators, or incorporating disclosure provisions into their arbitration rules, requiring arbitrators to fully disclose information concerning potential conflicts of interest.

However, in practice, the lack of a clear indication about disclosure obligation for arbitrators in the Arbitration Law (1994) leads to various interpretations.

First, there might be issues regarding the Court's recognition of the validity of internally formulated Arbitrator Management

Fecha de envío: 01/11/2025

Fecha de aceptación: 02/12/2025

Regulations by arbitration institutions. If an arbitrator violates specific disclosure provisions within these regulations, does it necessarily constitute a violation of statutory procedures, raising parties' concerns regarding due process? For instance, in a case where a party applied to the Shenzhen Intermediate People's Court in Guangdong Province to set aside an award rendered by CIETAC, the Court held:

"The arbitrator's failure to disclose this matter (the affiliation and business dealings between the unit where the arbitrator worked and the agent of one party in this case) violates Article 7 of CIETAC's Regulations on the Examination of Arbitrator Conduct and Item 3, Article 34 of the Arbitration Law. This award violates statutory procedures and shall be set aside." (see case Shenzhen Qianhai Huashi Mobile Internet v. Guangdong Zhongke Baiyun New Industry Venture Capital Fund at par.14)

However, this ruling sparked debate within the arbitration community. One view holds that if an arbitrator fails to disclose information that should have been disclosed, which may affect the impartiality of the award, it can be deemed a violation of statutory procedures, and the internal regulations of the arbitration institution should serve as the basis for the Court's review. For example, in case Beijing Xichuang Investment Management v. Zhao Yuanxian, the Beijing Fourth Intermediate People's Court stated that CIETAC's Regulations on the Examination of Arbitrator Conduct of the China International Economic and Trade Arbitration Commission is not a basis for reviewing whether the arbitration procedure violates the legal procedure.

Another view argues that since the Chinese Arbitration Law does not stipulate the duty of arbitrator disclosure, arbitration institutions may incorporate this into their internal standards for assessing arbitrator conduct. (Lin 2020, p. 69) These conduct assessments are not arbitration rules formulated by the institution based on authorization under the Arbitration Law, but are internal norms. And therefore, it is inappropriate to deem a violation of these internal assessment rules as a violation of statutory procedure.

Secondly, some Chinese arbitration institutions have clearly specified the categories of information that arbitrators should disclose in their arbitration rules. For example, Article 32 of the Shenzhen International Arbitration Court Arbitration Rules stipulates:

"(1) An arbitrator shall, upon being appointed, sign a Declaration of Impartiality and Independence. (2) The arbitrator shall disclose in the declaration any circumstances likely to give rise to justifiable doubts as to his/her impartiality or independence. (3) If, in the course of the arbitral proceedings, circumstances arise that need to be disclosed, the arbitrator shall promptly disclose them in writing."

Similarly, Article 32 of the Xi'an Arbitration Commission Arbitration Rules states:

"(1) Upon acceptance of nomination or appointment, an arbitrator shall sign a Statement of Impartiality and Independence and disclose any fact or circumstance likely to give rise to justifiable doubts as to his/her impartiality or independence. (2) In the course of the arbitral proceedings, an arbitrator shall immediately disclose in writing any new circumstance that may give rise to justifiable doubts as to his/her impartiality or independence. (3) A party shall submit a written opinion on whether to challenge the arbitrator within 10 days from receiving the arbitrator's written disclosure. (4) If a party fails to challenge the arbitrator within the time limit prescribed in paragraph (3), it may not subsequently challenge the arbitrator on the basis of the matters disclosed."

Furthermore, some Chinese arbitration institutions directly reference the IBA Guidelines on Conflicts of Interest in International Arbitration (hereinafter IBA Guidelines) as a guide for reviewing whether arbitrators have actively fulfilled their disclosure obligations. For instance, Article 35 of the Shanghai International Economic and Trade Arbitration Commission Arbitration Rules provides:

"(1) An arbitrator, upon accepting nomination or appointment, shall sign a statement and, in accordance with the laws and

Fecha de envío: 01/11/2025

Fecha de aceptación: 02/12/2025

regulations applicable to the arbitral proceedings, disclose in writing to the Arbitration Commission any facts or circumstances likely to give rise to justifiable doubts as to his/her impartiality or independence. The Secretariat shall transmit such disclosure to the parties. When disclosing information, the arbitrator may refer to the IBA Guidelines on Conflicts of Interest in International Arbitration or other guiding documents designated by the Arbitration Commission."

In fact, as early as 2021, the Beijing Fourth Intermediate People's Court, in a judicial review of the arbitral case Civil Special Procedure No. 726 of 2021, recognized the soft law effect of the IBA Guidelines (case Machinery Company v. Technology Company). In this case, a party applied to the Court to set aside the ICC Award No. 24375/PTA, arguing that the sole arbitrator, without notifying the parties, applied to the ICC Court for an extension, exceeding the original deadline by over two months. During this period, the sole arbitrator and the opposing party's legal counsel participated in the same event organized by "Women In Arbitration" on October 9, 2020. Additionally, the sole arbitrator was invited, and the opposing party's legal counsel both had commentary articles published in the book Guide to the CIETAC Arbitration Rules. The Court, in its review, stated:

"The IBA Guidelines on Conflicts of Interest are guidelines concerning arbitrator disclosure in international arbitration. Although not mandatory, they are often used as an important reference by arbitration institutions when determining issues of arbitrator conflicts of interest and are one of the famous 'soft laws' in international arbitration. Both parties, in their application to set aside the arbitral award and their defense, cited the IBA Guidelines on Conflicts of Interest, indicating that both parties acknowledged referring to the provisions of the IBA Guidelines to determine whether the arbitrator in this case failed to disclose circumstances that should have been disclosed. Article 4.3.4 of Part II 'Practical Application of the General Standards' of the IBA Guidelines stipulates 'The arbitrator and another arbitrator, or counsel for one of the parties, have within the past three years served together as arbitrators or as co-counsel; or the arbitrator and another arbitrator, or counsel for one of the parties, have within the past three years acted or are acting as speaker, moderator, or organizer at the same conference, seminar, or working group of a professional, social, or charitable organization.' This provision falls under the Green List of the IBA Guidelines, representing matters that do not require disclosure. Therefore, the sole arbitrator and the agent in this case having participated in the same conference, seminar, or lecture falls within the Green List of the IBA Guidelines and does not constitute a matter requiring disclosure by the sole arbitrator involved." (par. 135)

Thus, in Chinese arbitration practice, there has already been rich experience regarding arbitrators' disclosure obligations. These practices have, to varying degrees, filled the gap left by the absence of such provisions in the Arbitration Law (1994). Commendably, although the revision process of the Chinese Arbitration Law was tumultuous with intense debates within the arbitration community, the newly added clause on the arbitrator's active disclosure obligation, from the first draft to the third draft submitted to the Standing Committee of the National People's Congress for deliberation, faced no challenges or doubts. This demonstrates that the arbitrator disclosure system has been widely accepted by the arbitration community.

For that reason, the inclusion of obligations in article 45 of the Arbitration Law (2025) which contains an explicit obligation for arbitrators to disclose any circumstances that might give rise to "reasonable doubts" regarding their independence or impartiality, finally finish all ambiguity in the previous practice and establish a clear standard under Chinese statutory law, which is much aligned with international standards set up in e.g. IBA Guidelines or UNCITRAL Model Law (article 12).

V. AD HOC ARBITRATION

The New amended Arbitration Law (2025), for the first time in history, includes a reference to ad hoc arbitration in that statute. Under Article 82, ad hoc arbitration is permitted in relation to foreign-related maritime disputes and foreign-related disputes arising between enterprises formed and registered in a certain pilot free trade zone.

Novelty in Arbitration Law does not mean that ad hoc arbitration was totally absent from the Chinese arbitral system. On December 30, 2016, the Supreme People's Court issued the Several Opinions on Providing Judicial Services and Safeguards

Fecha de envío: 01/11/2025

Fecha de aceptación: 02/12/2025

for the Construction of Pilot Free Trade Zones, stipulating that arbitration agreements between enterprises registered within the Pilot Free Trade Zone, agreeing in article 9 to arbitrate relevant disputes at a specific location within the mainland, according to specific arbitration rules, and by specific personnel, may be deemed valid. Also on July 30, 2021, the Ministry of Justice published the Arbitration Law (Revised Draft for Comments), Articles 91 to 93 of which proposed concepts conforming to ad hoc arbitration. Concurrently, Shanghai subsequently issued the Shanghai Regulations on Promoting the Construction of an International Commercial Arbitration Centre and the Shanghai Measures for Promoting Foreign-Related Commercial and Maritime Ad Hoc Arbitration, which also provided a relatively detailed institutional framework for the implementation of ad hoc arbitration.

From the perspective of ad hoc arbitration rules, there have already been numerous practices in mainland China, such as the Hengqin Pilot Free Trade Zone Ad Hoc Arbitration Rules released by the Zhuhai International Arbitration Court, the China Maritime Law Association Ad Hoc Arbitration Rules and China Maritime Law Association Ad Hoc Arbitration Service Rules released by the China Maritime Law Association, and the Hainan International Arbitration Court Rules for Assisting Ad Hoc Arbitration (Trial) released by the Hainan International Arbitration Court.

Therefore, the inclusion of ad hoc arbitration into the Arbitration Law (2025) was no surprise and rather expected evolution. This revision of the Arbitration Law clarifies that for foreign-related maritime disputes or foreign-related disputes arising between enterprises registered in areas such as Pilot Free Trade Zones, the Hainan Free Trade Port, and other areas designated by the State Council and approved by the State, the parties may, outside of arbitration institutions, choose to have an arbitral tribunal composed of persons meeting the conditions stipulated in the Arbitration Law and conduct arbitration according to agreed arbitration rules. It also establishes a filing system for such arbitration, specifying that the arbitral tribunal shall, within three working days of its constitution, file with the arbitration association the names of the parties, the seat of arbitration, the composition of the arbitral tribunal, and the arbitration rules. Furthermore, provisions for preservation measures in such arbitration are added, clarifying that where a party applies for property preservation, evidence preservation, or requests an order for a specific act or prohibition of a specific act by the other party, the arbitral tribunal shall submit the party's application to the people's Court in accordance with the law, and the people's Court shall handle it promptly according to the law.

At a press conference held by the Chinese Ministry of Justice in 2025 to introduce the revised Arbitration Law, Yang Xiangbin, Director of the Public Legal Services Administration of the Ministry of Justice, provided an in-depth interpretation of this system:

"Prior to this, our arbitration system primarily established a single model of institutional arbitration. Therefore, in this revision, to facilitate more parties in foreign-related cases choosing to arbitrate in China, we have added a special arbitration system with Chinese characteristics, based on learning from ad hoc arbitration practices abroad. The aim is to enhance the inclusiveness of China's arbitration system and promote the integration of foreign-related arbitration cases with internationally accepted rules."

He also mentioned that China's arbitration started relatively late, and the ability and awareness of parties to use arbitration to resolve disputes are generally still developing. Therefore, compared to the traditional model of institutional arbitration, in China, conducting special arbitration requires corresponding exploration and practice. Starting in 2016, the Ministry of Justice and the Supreme People's Court successively piloted special arbitration in relevant Pilot Free Trade Zones. Localizations like Shanghai and Hainan also actively explored this system through local legislation. These pilots have laid the practical foundation for constructing the special arbitration system in this legislation.

Inclusion of ad hoc arbitration can be perceived as a move in the right direction in the Chinese legal system. In this regard, Shen Hongyu, Head of the Fourth Civil Division of the Supreme People's Court, stated at the Ministry of Justice press conference:

Fecha de envío: 01/11/2025

Fecha de aceptación: 02/12/2025

"The Supreme People's Court will, focusing on the newly established systems - namely the seat of arbitration system and the special arbitration system - promptly clarify the competent courts for special arbitration in Pilot Free Trade Zones and the Hainan Free Trade Port, as well as for awards rendered by foreign arbitration institutions in China. It will strengthen support for and supervision over judicial review cases involving foreign-related arbitration. Meanwhile, people's courts at all levels must abide by international treaty obligations, recognize and enforce foreign arbitral awards in accordance with bilateral judicial assistance agreements and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention), and actively foster a judiciary environment friendly to international arbitration."

However, this is just a very tiny first step, as ad hoc arbitration was limited just to two enumerated situations. Such narrow applicability of ad hoc arbitration means that it will still remain largely unavailable for most foreign-related disputes and domestic cases. Especially, that previously published in the 2021 Draft and the 1st Draft allowed for ad hoc arbitration in a much broader category of 'foreign-related cases'. (see Arbitration Law, Revised Draft for Comments, Article 91). Therefore, the amendment in 2025 is rather cautious and restrictive in comparison to previous proposals and expectations of the international arbitration community. But for sure, this is just the beginning of the history of ad hoc arbitration in China, and such a special arbitration system will be closely looked at, assessed, and maybe developed.

There are still various issues that need to be clarified. First, whether parties can formulate their own arbitration rules that meet their needs for use in ad hoc arbitration. Second, if parties are unable to appoint arbitrators or disputes arise regarding arbitrator challenges, who will assist the parties in completing the appointment and deciding on the challenge? Third, parties need to file information with the 'arbitration association,' but it needs clarification whether this refers to the China Arbitration Association or the arbitration associations in various provinces and cities recognized by the Chinese government. Fourth, whether it is permitted for parties to agree that a non-profit company, other than a permanent Chinese arbitration institution, provides procedural support for ad hoc arbitration cases seems not explicitly addressed.

To conclude, inclusion of ad hoc arbitration is a step forward; however, there is still a need to clarify various issues related to the special arbitration. Also, what is much anticipated by the international community is to broaden its application beyond just two narrow possibilities under Article 82.

VI. ONLINE ARBITRATION

Online arbitration is a new phenomenon and trend in international arbitration practice in recent years (Fach, 2023), and this revision of the Chinese Arbitration Law also pays significant attention to this issue. (Arbitration Law (2025) article 11) From a practical perspective, with the rapid development of China's internet economy in recent years, arbitration institutions in mainland China have been actively promoting online arbitration, establishing case management information systems, implementing online and intelligent arbitration, and achieving coordinated online and offline development. This has significantly saved parties' time and costs, enhanced service efficiency, and made arbitration more convenient and efficient. According to statistics, in 2024, 93 arbitration institutions in mainland China handled online arbitration cases, with a total amount in dispute exceeding RMB 300 billion. Furthermore, some Chinese arbitration institutions have made excellent explorations and practices in the rules, service processes, security safeguards, and technical standards for online arbitration.

However, in practice, although arbitration institutions provided for online arbitration through their rules, before the law was revised in 2025 to confirm online arbitration, the lack of such regulations in the Arbitration Law allows for different views to persist in practice.

One view held that online arbitration or the application of information network technology in arbitration activities could only proceed with the agreement of both parties, reflecting the principle of party autonomy in arbitration.

Another view argued that once arbitration proceedings commence, situations inevitably arise where one party desires a

Fecha de envío: 01/11/2025

Fecha de aceptación: 02/12/2025

swift conclusion and the other seeks to delay the process. If a party maliciously delays the proceedings and refuses to agree to online arbitration (and most respondents tend to delay), then the provisions for online arbitration might become ineffective. Faced with this issue, Chinese arbitration institutions tended to support the latter view, believing that the soul of arbitration lies not only in party autonomy but also in efficiency.

The new Article 11 of the Arbitration Law (2025) resolves the tension between these differing views by explicitly confirming online arbitration through legislation: "Arbitration activities may be conducted online through information networks, unless a party explicitly objects. Online arbitration activities conducted through information networks have the same legal effect as offline arbitration activities."

The significance of this provision is twofold: first, it clarifies the legal effect of online arbitration, eliminating the uncertainty regarding the legal validity of online arbitral awards, as the Arbitration Law (1994) lacked provisions on online arbitration. This provides a solid legal foundation for promoting the development of online arbitration. Second, it specifies the procedural requirements for online arbitration, establishing online arbitration as the default method, with an exception for explicit objection by a party. This better ensures procedural efficiency while still respecting party autonomy.

VII. OTHER AMENDMENTS AND FINAL COMMENTS

The above changes were not the only ones introduced in the Arbitration Law (2025). In this part, other relevant changes will be discussed altogether.

In general, the revision of 2025 will surely enforce transparency within Chinese arbitration law, closing the gap between Chinese and international standards. For example, it will be a legal requirement for arbitration institutions to publish annual management reports, statutes, a list of arbitrators, procedural rules, fees, and other key information. Also, under Article 25, the China Arbitration Association was created as a self-regulatory organization of arbitral institutions that will supervise arbitral institutions and their members, staff, and arbitrators in arbitration activities.

What still remains different from international arbitration (see, for example, Article 17 of the UNCITRAL Model Law) is the lack of power of arbitral tribunals seated in mainland China to grant interim measures, such as freezing orders, injunctions, or evidence preservation. Revision hasn't gone so far, and still, such power to grant interim measures in support of arbitration remains exclusively in the hands of local courts (see Articles 39 and 58 of the Arbitration Law (2025)).

Another relevant change was to shorten the time limits for setting aside an award from six months to only three months (see article 72 of the Arbitration Law (2025)).

Also, the new Arbitration Law (2025) explicitly supports Chinese arbitration institutions establishing operational branches abroad to conduct arbitration activities. Over the past five years, Chinese arbitration institutions have handled approximately 16,000 foreign-related arbitration cases, with a total amount in dispute of about RMB 730 billion. The fact that these awards are recognized and enforced worldwide indicates that Chinese arbitration institutions are becoming more and more attractive for foreign users.

Another novelty introduced in Article 86, based on the needs of economic and social development and opening-up of the Chinese arbitration system toward international standards, allows foreign arbitration institutions to establish business branches in areas such as State Council-approved Pilot Free Trade Zones and the Hainan Free Trade Port to conduct foreign-related arbitration activities in accordance with relevant state regulations. This should be seen together with article 22, which explicitly allows an arbitral institution to appoint arbitrators from among overseas persons with special knowledge in the fields of law, economy and trade, maritime affairs, science and technology.

To conclude, the 2025 revision is expected to make Chinese arbitration more appealing to foreign users by reducing legal uncertainty, aligning procedures with international expectations, and facilitating cross-border cooperation. The reforms

Fecha de envío: 01/11/2025

Fecha de aceptación: 02/12/2025

support the participation of leading global arbitral institutions in the Chinese market and encourage the development of online and ad hoc arbitration, albeit within a limited scope.

All of the above-discussed changes in the Arbitration Law in China bring the Chinese system closer to international standards, allowing Chinese arbitration institutions to compete with institutions abroad, making arbitration in China more appealing for foreigners. But still, many substantial differences exist and were not overcome by the amendment in 2025, with an especially much stronger role of domestic courts than in the foreign procedure. The continued strong role of domestic courts and the limited availability of ad hoc arbitration may temper the full internationalization of China's arbitration (Claros, 2012).

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Fecha de envío: 01/11/2025

Fecha de aceptación: 02/12/2025

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