

PANORAMIC NEXT

Dispute Resolution

CHINA

LEXOLOGY



Dispute Resolution

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Contributing Editors

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Seladore Legal

Panoramic Next: Dispute Resolution is an engaging interview-style exploration of the global litigation, arbitration and alternative dispute resolution (ADR) landscape. Leading dispute resolution specialists offer their insights into the most prominent market and case law trends; practical considerations surrounding the choice of dispute resolution method; incisive commentary on recent judicial treatment of common contractual clauses; and more.

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China

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THE INSIDE TRACK

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ABOUT

Nan Xing (Nancy Nan) is a partner at Anjie Broad Law Firm. She is also an expert of ICC International Trade and State Aid Task Force. Her opinions have been adopted by the EU Foreign Subsidies Regulation. She is qualified to practise law in China. Ms Nan handles various international and domestic disputes, with particular expertise in commercial, transactional, corporate, contractual, investment and automotive industry-related matters. She also provides extensive advice to international and Chinese clients, covering the automotive, energy and artificial intelligence industries, corporate law, securities law, civil law, data protection, international investment, international trade, arbitration law and civil procedure law. She previously served as legal counsel for Tesla, Inc in China, providing strong support for Tesla, Inc.'s business development in China. She is fluent in both Chinese and English. Her outstanding performance has been recognised by ICC China and Tesla, Inc. Tesla, Inc expressed its gratitude to Ms Nan for her exceptional resilience and dedication, which has significantly contributed to the work of the business team.

Q&A

WHAT ARE THE MOST POPULAR DISPUTE RESOLUTION METHODS FOR CLIENTS IN YOUR JURISDICTION? IS THERE A CLEAR PREFERENCE FOR A PARTICULAR METHOD IN COMMERCIAL DISPUTES? WHAT IS THE BALANCE BETWEEN LITIGATION AND ARBITRATION? WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF THE MOST POPULAR DISPUTE RESOLUTION METHODS?

In China, litigation is the most common dispute resolution method used by clients. According to the 2024 National Courts Judicial Statistics Bulletin (issue 4, 2025) issued by the Supreme People's Court of China, in 2024, courts nationwide accepted 46,018,318 cases and concluded 45,418,910 cases. Of these, 20,698,649 were civil cases, with 20,438,201 concluded. According to the 2025 work report published by the China International Economic and Trade Arbitration Commission (CIETAC), CIETAC accepted 5,736 new cases, with a total disputed amount of 228.6 billion yuan. Of these, 806 were foreign-related cases and 4,930 were domestic cases. In commercial disputes, different clients often show different dispute resolution preferences for different cases. Many foreign companies we serve tend to choose arbitration to resolve disputes for agreements between large partners. Many state-owned enterprises prefer litigation to resolve disputes. Generally speaking, litigation focuses more on public power and is mandatory and procedural, while arbitration focuses more on credibility and is contractual, autonomous and quasi-judicial. Litigation cases in China are heard by judges. Judges have legal professional qualifications. In arbitration cases, the parties can choose arbitrators. Arbitrators can be legal professionals or experts in business or other fields. The initiation of litigation procedures focuses more on the court's protection of the right to sue and examines whether the prosecution materials meet the relevant legal requirements. The initiation of arbitration procedures is generally simpler than litigation procedures. Arbitration cases are highly confidential, and usually the arbitration tribunal does not hear cases in public. Litigation cases are the opposite. According to the relevant provisions of the current Chinese Civil Procedure Law, the People's Court shall hear civil cases in public,

except for those involving state secrets, personal privacy or otherwise provided by law. Arbitration is a final decision and is highly efficient. Litigation cases are finalised after two trials. If the case is highly controversial, it may also involve a retrial procedure, which greatly prolongs the trial time. Arbitration is also more flexible than litigation in terms of procedures. The parties can freely choose the arbitration institution, arbitrators, arbitration place and arbitration language, and many specific procedural issues, such as evidence and cross-examination, reply period, etc, can be agreed upon, and they can also communicate with the arbitration institution and arbitrators. The litigation case procedure needs to be strictly carried out by the relevant provisions of the Chinese Civil Procedure Law. Both arbitration and litigation are authoritative and enforceable. However, there are differences in extraterritorial enforcement. According to the relevant provisions of the Chinese Civil Procedure Law, if the person to be enforced or his or her property is not within the territory of the People's Republic of China, the parties may directly apply to the foreign court with jurisdiction for recognition and enforcement of the judgment or ruling made by the people's court, or the people's court may request recognition and enforcement of the foreign court in accordance with the provisions of international treaties concluded or participated in by the People's Republic of China or on the principle of reciprocity. China is a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Member countries mutually recognise and enforce arbitration awards made by the arbitration institutions of the other country. Therefore, compared with litigation judgments, arbitration awards are more convenient in terms of recognition and enforcement abroad.

ARE THERE ANY RECENT TRENDS IN THE FORMULATION OF APPLICABLE LAW CLAUSES AND DISPUTE RESOLUTION CLAUSES IN YOUR JURISDICTION? WHAT IS CONTRIBUTING TO THOSE TRENDS? HOW IS THE LEGAL PROFESSION IN YOUR JURISDICTION KEEPING UP WITH THESE TRENDS AND CLIENTS' PREFERENCES?

In China, in recent years, more and more clients have chosen to stipulate the applicable law clauses and dispute resolution clauses in their contracts, especially in foreign-related civil relations. The increasing maturity of China's legislation and judicial system in recent years has contributed to this trend. The Law of the People's Republic of China on the Application of Law to Foreign-Related Civil Relations came into effect on 1 April 2011. Article 41 of the law stipulates that "the parties may agree to choose the law applicable to the contract. If the parties do not choose, the law of the habitual residence of the party whose performance obligations best reflect the characteristics of the contract or other laws that have the closest connection with the contract shall apply." Article 18 of the law stipulates that "the parties may agree to choose the law applicable to the arbitration agreement. If the parties do not choose, the law of the location of the arbitration institution or the law of the place of arbitration shall apply." In addition, the Interpretation of the Supreme People's Court on the Application of the Civil Procedure Law of the People's Republic of China (Revised in 2022) came into effect on 10 April 2022. Article 529 stipulates that parties to foreign-related contracts or other property rights disputes may, by written agreement, choose the jurisdiction of a foreign court at the defendant's place of residence, the place of performance of the contract, the place of signing of the contract, the plaintiff's place of residence, the location of the subject matter, the place of infringement, and other places that have actual connection with the dispute. According to articles 34 and 273 of the Civil Procedure Law (revised in 2021), parties may not agree to choose a foreign court for a case that falls under the exclusive jurisdiction of the courts of the People's Republic of China, except for arbitration. The Interpretation of the Supreme

People's Court on Several Issues Concerning the Application of International Treaties and International Customs in the Trial of Foreign-Related Civil and Commercial Cases (effective 1 January 2024) stipulates that when people's courts hear foreign-related civil and commercial cases governed by the Maritime Law of the People's Republic of China, the "Negotiable Instruments Law of the People's Republic of China, the Civil Aviation Law of the People's Republic of China, and the Maritime Traffic Safety Law of the People's Republic of China, and where the application of international treaties is involved, the relevant provisions of the aforementioned laws shall apply respectively. When people's courts hear other foreign-related civil and commercial cases outside the scope of the aforementioned laws, and where the application of international treaties is involved, the provisions of the aforementioned laws shall be used by analogy. Where international treaties contain provisions different from those of the laws of the People's Republic of China, the provisions of the international treaties shall apply, except for those clauses on which the People's Republic of China has made reservations. The Interpretation of the Supreme People's Court on Several Issues Concerning the Implementation of the Arbitration Law of the People's Republic of China (revised in 2008) came into effect on 16 December 2008. Article 16 of the Interpretation stipulates that "the validity of a foreign-related arbitration agreement shall be subject to the law agreed upon by the parties; if the parties have not agreed on the applicable law but have agreed on the place of arbitration, the law of the place of arbitration shall apply; if the parties have not agreed on the applicable law and the place of arbitration or the place of arbitration is unclear, the law of the place of the court shall apply." The provisions of the applicable law clause and dispute resolution clause in the contract are conducive to quickly determining which country's law is applicable, as well as the institutional and procedural requirements for handling disputes, in the case of disputes, and avoiding disputes. In China, the drafting of applicable law clauses and dispute resolution clauses, and related consultations, are becoming an increasingly important task for dispute resolution lawyers to better serve clients and meet their needs.

HOW COMPETITIVE IS THE LEGAL MARKET IN COMMERCIAL CONTENTIOUS MATTERS IN YOUR JURISDICTION? HAVE THERE BEEN RECENT CHANGES AFFECTING DISPUTES LAWYERS IN YOUR JURISDICTION? HOW IS THE TREND TOWARDS "NICHE" OR SPECIALIST LITIGATION FIRMS REFLECTED IN YOUR JURISDICTION?

With the increase in the number of lawyers, the Chinese legal market is becoming increasingly competitive in commercial litigation. Against the backdrop of the rise and continuous development of the internet, Internet + Law type legal service companies have gradually emerged. The application of big data, blockchain, artificial intelligence and other technologies in the field of legal services has made great progress. In recent years, "niche" or professional litigation law firms have developed. At present, the internationalisation of legal services is becoming increasingly obvious. Many projects, such as disputes and related projects involving the support of Chinese companies to develop international business, often require professionals in multiple fields to complete them together. Therefore, large law firms with a professional division of labour and complete categories are often more competitive.

WHAT HAVE BEEN THE MOST SIGNIFICANT (BY VALUE OR IMPACT) RECENT COURT CASES AND LITIGATION TOPICS IN YOUR JURISDICTION?

On 23 April 2026, the Supreme People's Court of China released its Top Ten Cases of 2025 published in the People's Court Daily, including: the Handan junior high school student murdering a classmate case; the Ming family criminal gang case; the Yu Huaying child trafficking case; the Datong engagement rape case in Shanxi; a case involving a minor urinating in a hot pot, a case of infringement; the first case in China where an IVF baby received death benefits for work-related injuries; a case of a tattoo parlour illegally tattooing minors, an employee being fired for closing their eyes for three minutes after working more than eight hours continuously; an enforcement case involving a bank's Ningbo branch and Gulou sub-branch against a Hainan industrial company and a Ningbo import and export company; and a public interest litigation case involving the organisation of illegal crossings of the Qinling Mountains' core protected area.

Among these cases, the enforcement case of the Ningbo Intermediate People's Court of Zhejiang Province against the Hainan industrial company involved a target amount of over 1.6 billion yuan. The collateral was 7,765.3 mu of forest rights under the name of the company located in Lingshui Li Autonomous County, Hainan Province. The Ningbo Intermediate People's Court publicly auctioned the land and the company won the bid with the highest price. However, the relocation of the forest land involved in the case reached a stalemate. The Ningbo Intermediate People's Court repeatedly visited Lingshui to post eviction notices, conduct site visits and interviews, and carry out a comprehensive investigation. Based on the actual situation, it formulated an eviction plan and contingency plans. After multiple communications with the buyer and considering the tenant's actual demands, the Ningbo Intermediate People's Court developed a phased eviction, batch transfer and categorised compensation plan based on the fruit's growth cycle. This fully protected the tenant's legitimate rights and interests, removing obstacles to the smooth overall delivery of the forest land. Subsequently, the forest land was successfully delivered and the tenant received compensation in accordance with the law.

WHAT ARE CLIENTS' ATTITUDES TOWARDS LITIGATION IN YOUR NATIONAL COURTS? HOW DO CLIENTS PERCEIVE THE COST, DURATION AND THE CERTAINTY OF THE LEGAL PROCESS? HOW DOES THIS COMPARE WITH ATTITUDES TO ARBITRAL PROCEEDINGS IN YOUR JURISDICTION?

In China, litigation costs are relatively lower than arbitration costs, litigation procedures are often longer than arbitration procedures, and there is a second instance system and trial supervision system in the litigation procedure, which is relatively certain. For clients who are concerned about litigation costs and the protection of supervision procedures, they are more inclined to resolve disputes through litigation. For clients who are more concerned about case trial efficiency, procedural flexibility (such as the expectation of participating in the selection of arbitration personnel and related trial procedures), confidentiality and cross-border enforceability, especially in foreign-related cases, clients are often more willing to choose arbitration to resolve disputes.

DISCUSS ANY NOTABLE RECENT OR UPCOMING REFORMS OR INITIATIVES AFFECTING COURT PROCEEDINGS IN YOUR JURISDICTION.

In 2023, China amended its Civil Procedure Law. The new Civil Procedure Law will take effect on 1 January 2024. In relation to foreign-related civil and commercial cases, note the following major reforms and measures to:

- further improve the jurisdiction of foreign-related civil and commercial cases:
 - expand the scope of foreign-related jurisdiction and add connection points and catch-all clauses. The new Civil Procedure Law of the People's Republic of China stipulates that due to foreign-related civil disputes, if a lawsuit other than personal relationship is filed against a defendant who does not reside in the territory of the People's Republic of China, if the place where the contract is signed, the place where the contract is performed, the location of the subject matter of the lawsuit, the location of the property that can be seized, the place of the tort, or the domicile of the representative office is located in the territory of the People's Republic of China, the people's court at the place where the contract is signed, the place where the contract is performed, the location of the subject matter of the lawsuit, the location of the property that can be seized, the place of the tort, or the domicile of the representative office may have jurisdiction. In addition to the provisions of the preceding paragraph, if a foreign-related civil dispute has other appropriate connections with the People's Republic of China, it may be under the jurisdiction of the people's court;
 - add a new agreement jurisdiction clause; and
 - add a new response jurisdiction clause;
- add new types of exclusive jurisdiction situations: the new Civil Procedure Law stipulates that the following civil cases shall be under the exclusive jurisdiction of the people's courts:
 - lawsuits arising from disputes over the establishment, dissolution or liquidation of legal persons or other organisations established within the territory of the People's Republic of China, and the validity of resolutions made by such legal persons or other organisations;
 - lawsuits arising from disputes concerning the validity of intellectual property rights reviewed and granted within the territory of the People's Republic of China; and
 - lawsuits arising from disputes arising from the performance of Sino-foreign joint venture contracts, Sino-foreign cooperative venture contracts, and Sino-foreign cooperative exploration and development of natural resources contracts within the territory of the People's Republic of China;
- properly coordinate conflicts of jurisdiction in international civil and commercial litigation:
- respect the right of the parties to initiate parallel litigation. The new Civil Procedure Law of the People's Republic of China stipulates that if one party files a lawsuit in a foreign court and the other party files a lawsuit in a people's court, or if one party files a lawsuit in both a foreign court and a people's court for the same dispute, the people's court may accept the case if it has jurisdiction by this law. If the parties enter into an exclusive jurisdiction agreement to choose a foreign court for jurisdiction and it does not violate the provisions of this law on exclusive jurisdiction and does not involve the sovereignty, security or social public interests of the People's Republic

of China, the people's court may rule not to accept the case; if it has already been accepted, it shall rule to dismiss the lawsuit;

- respect the effectiveness of the exclusive jurisdiction agreement;
 - clarify the rules for handling parallel litigation; and
 - add the principle of inconvenient jurisdiction and add relief clauses;
- enrich the means of foreign-related service and shorten the time for service by public announcement. In terms of the objects of service, the "sole proprietorship" and "branch" established by the recipient in China are added as the objects of service, and the applicable circumstances of alternative service between relevant natural persons and legal persons, or unincorporated organisations are added. In terms of the means of service, electronic service and other methods agreed upon by the recipient are added. In terms of the time for service by public announcement, the previous three months are shortened to 60 days;
 - add provisions for overseas investigation and evidence collection. The new Civil Procedure Law of the People's Republic of China stipulates that if the evidence that a party applies to the people's court for investigation and collection is located outside the territory of the People's Republic of China, the people's court may investigate and collect evidence by the methods stipulated in the international treaties concluded or jointly participated in by the country where the evidence is located and the People's Republic of China, or through diplomatic channels. If the laws of the country where the evidence is located do not prohibit it, the people's court may use the following methods to investigate and collect evidence:
 - for parties and witnesses who are nationals of the People's Republic of China, the embassy or consulate of the People's Republic of China in the country where the parties and witnesses are located may be entrusted to collect evidence on their behalf;
 - with the consent of both parties, evidence may be collected through instant messaging tools; and
 - evidence may be collected by other methods agreed by both parties;
 - further improve the rules for the recognition and enforcement of foreign court judgments. The new Civil Procedure Law of the People's Republic of China clarifies the five circumstances in which recognition and enforcement are not granted, clarifies the criteria for determining whether a foreign court has no jurisdiction, clarifies the impact on domestic parallel litigation, and clarifies the remedies for dissatisfaction with the ruling;
 - further improve the rules for recognising and enforcing foreign arbitration awards. The new Civil Procedure Law of the People's Republic of China stipulates that if an arbitration award that has legal effect and is made outside the territory of the People's Republic of China needs to be recognised and enforced by the people's court, the parties may directly apply to the intermediate people's court at the place of residence of the person to be enforced or the place where his property is located. If the place of residence of the person to be enforced or his or her property is not within the territory of the People's Republic of China, the parties may apply to the intermediate people's court at the place of residence of the applicant or at a place

that has an appropriate connection with the dispute being ruled. The people's court shall handle it by international treaties concluded or acceded to by the People's Republic of China or on the principle of reciprocity; and

- introduce new rules on foreign state immunity.

WHAT HAVE BEEN THE MOST SIGNIFICANT (BY VALUE OR IMPACT) RECENT TRENDS IN ARBITRAL PROCEEDINGS IN YOUR JURISDICTION?

On 12 September 2025, China revised the Arbitration Law of the People's Republic of China. The new Arbitration Law will take effect on 1 March 2026. The main revisions are as follows.

Provisions for online arbitration

Article 11 of the new Arbitration Law stipulates that arbitration activities may be conducted online through information networks, unless the parties expressly disagree. Arbitration activities conducted online through information networks have the same legal effect as offline arbitration activities.

Arbitration institution instead of arbitration commission

Article 13 of the new Arbitration Law stipulates that arbitration institutions may be established in municipalities directly under the central government and cities where the people's governments of provinces and autonomous regions are located, or in other prefecture-level cities as needed, without being established according to administrative divisions. Arbitration institutions are uniformly established by the people's governments of the cities mentioned in the preceding paragraph, in conjunction with relevant departments and chambers of commerce, and are public interest non-profit legal persons.

Revised provisions regarding arbitration agreements

Article 27 of the new Arbitration Law adds: "If one party claims the existence of an arbitration agreement when applying for arbitration, and the other party does not deny it before the first hearing, the existence of an arbitration agreement shall be deemed to exist between the parties upon presentation and recording by the arbitral tribunal."

Article 30 of the new Arbitration Law is revised to: "An arbitration agreement exists independently. Whether a contract is established, modified, ineffective, terminated, rescinded, or invalid does not affect the validity of the arbitration agreement. The arbitral tribunal has the right to confirm the validity of the contract."

Arbitrators and arbitral tribunals

To article 21 is added: "Arbitrators appointed by arbitration institutions shall be fair and upright, possess good professional qualities, be diligent and responsible, honest and upright, and adhere to professional ethics."

A qualified "prosecutor" can also apply to become an arbitrator.

Where laws such as the Law of the People's Republic of China on Supervisory Officials, the Law of the People's Republic of China on Judges, and the Law of the People's Republic of China on Prosecutors stipulate that public officials may not concurrently serve as arbitrators, those provisions shall apply; other public officials concurrently serving as arbitrators shall comply with relevant regulations. Arbitration institutions may appoint arbitrators from overseas individuals with specialised knowledge in law, economics and trade, maritime affairs, science and technology, etc.

Arbitrators who are no longer qualified to serve as arbitrators due to dismissal from public office, revocation of their lawyer's licence, or revocation of their senior professional title shall be removed from the arbitration institution.

Article 43 stipulates that if the parties agree that the arbitral tribunal shall consist of three arbitrators, each party shall select or entrust the head of the arbitration institution to appoint one arbitrator according to the procedures determined by the arbitration rules; the third arbitrator shall be jointly selected by the parties, or may be jointly entrusted by the parties to the head of the arbitration institution to appoint according to the procedures determined by the arbitration rules. If the parties agree that the third arbitrator shall be jointly selected by the arbitrators they have each selected, their agreement shall prevail. The third arbitrator is the presiding arbitrator. Where the parties agree that an arbitrator shall form the arbitral tribunal, the arbitrator shall be jointly selected by the parties, or may be jointly entrusted by the parties to be appointed by the head of the arbitration institution in accordance with the procedures established by the arbitration rules.

Property preservation, expert evaluation and evidence preservation

Article 39 stipulates that if one party's actions or other reasons may make the award difficult to enforce or cause other damage to the party, the party may apply for property preservation, request an order to the other party to perform certain acts, or prohibit such acts. When a party applies for preservation, the arbitration institution shall submit the party's application to the People's Court in accordance with the relevant provisions of the Civil Procedure Law of the People's Republic of China, and the People's Court shall handle it promptly in accordance with the law. In urgent circumstances, the parties to the arbitration agreement may apply to the People's Court for property preservation, request an order to the other party to perform certain acts, or prohibit such acts, in accordance with the relevant provisions of the Civil Procedure Law of the People's Republic of China, before applying for arbitration. When a party applies for preservation, the People's Court shall handle it promptly in accordance with the law. If the application is erroneous, the applicant shall compensate the respondent for the losses suffered due to the preservation.

Article 56 stipulates that the parties may apply to the arbitral tribunal for expert evaluation on specialised issues concerning the ascertainment of facts. If the arbitral tribunal, upon application by a party or at its own discretion, deems an expert assessment necessary for specialised issues, it may appoint an expert agreed upon by the parties or designated by the arbitral tribunal. Upon request by a party or the arbitral tribunal, and upon notification by the arbitral tribunal, the expert shall attend the hearing. With the permission of the arbitral tribunal, a party may question the expert.

Article 58 stipulates that in cases where evidence may be lost or difficult to obtain later, a party may apply for evidence preservation. When a party applies for evidence preservation,

the arbitral institution shall submit the party's application to the basic-level people's court in the place where the evidence is located, and the people's court shall handle it promptly according to law. In urgent circumstances, parties to an arbitration agreement may apply to the people's court for evidence preservation in accordance with the relevant provisions of the Civil Procedure Law of the People's Republic of China before applying for arbitration. When a party applies for evidence preservation, the people's court shall handle it promptly according to law.

Written disclosure by arbitrators

Article 45 stipulates that if an arbitrator presents circumstances that may cause reasonable doubt among the parties regarding their independence and impartiality, the arbitrator shall promptly disclose this in writing to the arbitral institution. The arbitral institution shall notify the parties in writing of the arbitrator's written disclosure and the composition of the arbitral tribunal.

Circumstances under which an arbitration request should be rejected

Article 61 stipulates that if the arbitral tribunal discovers that a party unilaterally fabricated basic facts to apply for arbitration, or that the parties colluded maliciously to attempt to infringe upon national interests, public interests, or the legitimate rights and interests of others through arbitration, the arbitral tribunal shall reject the arbitration request.

Settlement of arbitration awards

Article 72 stipulates that a party applying for the settlement of an award shall do so within three months from the date of receipt of the award.

Article 74 stipulates that after accepting an application for the settlement of an award, if the People's Court deems it appropriate for the arbitration tribunal to conduct a re-arbitration, it shall notify the arbitration tribunal to conduct a re-arbitration within a certain period and rule to suspend the settlement procedure. If the arbitration tribunal initiates a re-arbitration, the People's Court shall rule to terminate the settlement procedure. If the arbitration tribunal refuses to conduct a re-arbitration, the People's Court shall rule to resume the settlement procedure.

Enforcement

Article 76 stipulates that if the respondent provides evidence proving that the award falls under one of the circumstances stipulated in article 71, paragraph 1 of this Law (the statutory grounds for applying for the settlement of an award), the People's Court, after review and verification by a collegial panel, shall rule that the award is not enforceable. If a people's court determines that enforcing an award would violate the public interest, it shall rule that the award is not enforceable.

Place of arbitration and ad hoc arbitration

Article 81 stipulates that the parties may agree in writing on the place of arbitration. Unless the parties agree otherwise on the applicable law for the arbitration proceedings, the place of arbitration shall be the basis for determining the applicable law and the court with jurisdiction. An arbitral award shall be deemed to have been made in the place of arbitration. If the parties have not agreed on the place of arbitration or the agreement is unclear, the place of arbitration shall be determined according to the arbitration rules agreed upon by the parties; if the arbitration rules do not provide for a place, the arbitral tribunal shall determine the place of arbitration based on the circumstances of the case and in accordance with the principle of facilitating dispute resolution.

Article 82 stipulates that for foreign-related maritime disputes or foreign-related disputes between enterprises established and registered in free trade zones, the Hainan Free Trade Port, and other areas stipulated by the State Council, if the parties agree in writing to arbitration, they may choose to have the disputed matter conducted by an arbitration institution; alternatively, they may choose the People's Republic of China as the place of arbitration, with an arbitral tribunal composed of persons meeting the conditions stipulated in this Law conducting the arbitration in accordance with the agreed arbitration rules. The arbitral tribunal shall, within three working days of its formation, file the names of the parties, the place of arbitration, the composition of the arbitral tribunal and the arbitration rules with the arbitration association.

Recognition and enforcement of foreign arbitral awards

Article 85 stipulates that for legally effective arbitral awards made within the territory of the People's Republic of China, if a party requests enforcement of the award and the respondent or its property is not within the territory of the People's Republic of China, the party may directly apply to a competent foreign court for recognition and enforcement.

Article 88 stipulates that for legally effective arbitral awards made outside the territory of the People's Republic of China, if a people's court is required to recognise and enforce the award, the party may directly apply to the intermediate people's court at the place of residence of the respondent or the location of its property. If the domicile of the judgment debtor or the property of the judgment debtor is not located within the territory of the People's Republic of China, the parties may apply to the intermediate people's court at the domicile of the applicant or in a place with appropriate connection to the dispute in which the award is being made. The people's court shall handle the case in accordance with international treaties concluded or acceded to by the People's Republic of China, or in accordance with the principle of reciprocity. If a foreign arbitration institution restricts or discriminates against the legitimate rights and interests of citizens, legal persons and other organisations of the People's Republic of China, the relevant institutions of the People's Republic of China have the right to apply the principle of reciprocity to citizens, enterprises and other organisations of that country.

WHAT ARE THE MOST SIGNIFICANT RECENT DEVELOPMENTS IN ARBITRATION IN YOUR JURISDICTION?

The innovation of artificial intelligence technology has had an important impact on many aspects, such as case management and trial efficiency. For example: case allocation, arbitrator matching, trial cycle optimisation, standardised documents, trial records and

real-time translation, etc; party information identification and verification, electronic processing and archiving of evidence, case information collection and proofreading, document delivery, etc. Emerging industries and technological innovations have given rise to new types of disputes, such as virtual asset disputes, artificial intelligence intellectual property disputes, new energy disputes and data disputes, etc. Arbitration institutions in Beijing, Shanghai, Guangzhou, Shenzhen and Hong Kong are currently at the forefront in terms of case volume, dispute amount, strategic layout, institutional innovation and international reputation. In recent years, several leading institutions have started to shift from "local dominance" to "global network". In recent years, Chinese arbitration institutions have continued to participate deeply in global governance, and have increasingly carried out extensive international exchanges and cooperation through various channels, such as participating in and hosting high-quality and high-level international conferences, exchange visits and participating in rule-making.

HOW POPULAR IS ADR (EG, MEDIATION, EXPERT NEGOTIATION) AS AN ALTERNATIVE TO LITIGATION AND ARBITRATION IN YOUR JURISDICTION? WHAT ARE THE CURRENT ADR TRENDS? DO PARTICULAR COMMERCIAL SECTORS PREFER OR AVOID ADR? WHY?

In China, ADR is very popular as an alternative to litigation and arbitration.

On 30 May 2025, the signing ceremony of the International Mediation Institute's Convention on the Establishment of an International Mediation Institute was held in Hong Kong, China. This is the world's first intergovernmental legal organisation dedicated to resolving international disputes through mediation.

The main types of mediation in China include People's mediation, court mediation, administrative mediation and arbitration mediation. According to the data released by the Supreme People's Court's 2024 National Court Judicial Statistics Bulletin, in 2024, Chinese courts received 18.24 million civil first-instance cases, closed 17.96 million cases and mediated 4.91 million cases.

Other institutions also have mediation agencies. For example, in 1987, the China Council for the Promotion of International Trade Mediation Centre was established with the approval of the State Council, and its secretariat is located in the Commercial Law Centre. Based on the important strategic position of the Guangdong-Hong Kong-Macao Greater Bay Area, the China Council for the Promotion of International Trade Mediation Centre has set up a special Greater Bay Area Centre.

Commercial mediation, with its unique advantages of autonomy, flexibility and maintaining business relationships, is increasingly becoming the preferred choice of international commercial entities and plays an important role in promoting the healthy development of international economic and trade.

WHAT IS THE POSITION IN RELATION TO LITIGATION FUNDING IN YOUR JURISDICTION? IS FUNDING AVAILABLE? HAVE THERE BEEN ANY SIGNIFICANT DEVELOPMENTS IN THIS AREA IN YOUR JURISDICTION?

China has not yet formed a real litigation financing market. A minority who pay attention to the foreign litigation financing market have introduced the litigation financing model into China. In 2022, the Shanghai Second Intermediate People's Court concluded the

first litigation financing case and ruled that the litigation investment agreement in this case was invalid. The first instance court held that the contract involved in this case violated the principle of public order and good morals, which was manifested in the impact on the public's perception of litigation, which in turn affected people's litigation behaviour and would lead to other problems. At the same time, the performance of the contract hindered the normal civil litigation order and had an adverse impact on maintaining social public order, so it should be deemed invalid. The second instance court upheld the original judgment. Some reasoning was added: first, the transaction model of the Litigation Investment Cooperation Agreement has financial attributes pointing to the emerging non-real economy field, and its effectiveness should be carefully determined; second, the litigation investment party and the litigation agent in the Litigation Investment Cooperation Agreement are highly related, lacking interest isolation settings, and hindering the realisation and protection of the basic principles of the litigation agency system. The Litigation Investment Cooperation Agreement excessively controls the litigation behaviour of Company B and infringes on the litigation freedom of Company B. The Litigation Investment Cooperation Agreement sets confidentiality clauses, information is not disclosed and endangers the litigation order. The transaction model stipulated in the Litigation Investment Cooperation Agreement conflicts with the ultimate value of judicial activities, which in turn leads to its violation of good customs.

The Inside Track

WHAT IS THE MOST INTERESTING DISPUTE YOU HAVE WORKED ON RECENTLY AND WHY?

I am representing a client in a divorce case with a foreigner who was married in Las Vegas, USA, and a dispute over the division of their properties in South Korea, mainland China, Hong Kong, the United States, Singapore, Japan, Malaysia, Cyprus and other countries and regions around the world. The case involves laws from many countries around the world, and covers issues in many legal fields such as private international law, litigation, marriage law, company law, real estate law and trusts. This not only requires our lawyers to conduct strategic and in-depth research on the legal provisions and related fields of many countries, but also requires the coordination and management of lawyers from many countries.

WHAT DO YOU CONSIDER TO HAVE BEEN THE MOST SIGNIFICANT LEGAL DEVELOPMENT OR CHANGE IN YOUR JURISDICTION OF THE PAST 10 YEARS?

I believe that the development of artificial intelligence technology and the internationalisation of legal services are the most important developments and changes in the past 10 years. Now, online hearings and electronic services are very common. Many places have set up Internet courts, and online hearings are their main trial mode, which has greatly improved the trial efficiency of related types of cases. Electronic service is timely, effective, clean, and environmentally friendly. On the other hand, the world is intertwined and developing together. Chinese arbitration institutions have taken on more and more foreign-related cases. Many Chinese companies go abroad to conduct business, and many foreign companies develop business in China. The trend of internationalisation of legal

services is obvious, and more and more lawyers provide legal services for foreign-related businesses.

WHAT KEY CHANGES DO YOU FORESEE IN RELATION TO DISPUTE RESOLUTION IN THE NEAR FUTURE ARISING OUT OF TECHNOLOGICAL CHANGES?

I believe that the development of artificial intelligence technology will continue to have a profound impact on dispute resolution procedures. Online hearings will be increasingly used in litigation and arbitration. Artificial intelligence technology will play a very important role in case management, analysis, document writing assistance, court record and translation, delivery and other fields. It will also greatly improve the efficiency of case trials, promote the reduction of arbitration and litigation costs, and the increase of arbitration and litigation cases, so that disputes can be resolved better and faster.

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