PANORAMIC

DISPUTE RESOLUTION

China

LEXOLOGY

Dispute Resolution

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LITIGATION

Court system

What is the structure of the civil court system?

In China, the people's courts are judicial organs exercising judicial power on behalf of the state. In accordance with the Organic Law of the People's Courts, the people's courts are divided into:

- the Supreme People's Court;
- local people's courts at various levels; and
- specialised people's courts.

Local people's courts at various levels are divided into high people's courts, intermediate people's courts and primary people's courts. Specialised courts in China currently include military courts, railway transportation courts, maritime courts, financial courts, intellectual property courts and internet courts.

China implements a court system characterised by four levels and two instances of trials.

'Four levels' refers to the four levels of courts divided based on their descending order of power, namely:

- the Supreme People's Court, located in Beijing, the premier appellate forum and court of last resort, which mostly hears cross-provincial cases;
- high people's courts, mostly at the level of provinces, autonomous regions and special municipalities;
- intermediate people's courts, mostly at the level of prefectures and municipalities; and
- primary people's courts, at level of autonomous counties, towns and municipal districts.

'Two instances of trials' means that each case has, at most, two trials. Once the litigants challenge the judgment of first instance made by a local court, they can appeal the case to the next higher level court only once. Once an appeal is filed, the appeal court must hear the case. The judges shall hear and give their determination on both fact-finding and law application.

The subject matter, nature or size of the claim will decide which level of court such claim shall be brought to for the first instance trial. In general, the primary people's court hears cases at first instance, unless the law provides otherwise. While an intermediate people's court shall have jurisdiction as a court of first instance over the following types of civil cases:

- major foreign related cases;
- cases with significant impact in the areas over which the courts exercise jurisdiction; and
- cases determined by the Supreme People's Court to come under the jurisdiction of the intermediate people's courts.

A high people's court shall have jurisdiction as a court of first instance over civil cases with significant impact in the areas over which they exercise jurisdiction.

The Supreme People's Court shall have jurisdiction as the court of first instance over the following types of civil cases:

- cases with significant impact on the whole country; and
- cases that the Supreme People's Court deems it should try by itself.

Law stated - 15 May 2025

Judges and juries

What is the role of the judge and the jury in civil proceedings?

In China, an inquisitorial system is adopted in the judicial system whereby the judges take dominant roles in trials and are actively involved in fact-finding by questioning the parties, advocates of the parties and witnesses. This is in contrast to the adversarial system adopted by most common law countries where the fact-finding process is controlled by the parties, and the judge or jury remains neutral and passive throughout the proceeding.

There is no jury system in China. However, people's jurors – ordinary citizens – may participate in first instance civil trials through collegial panels. There are two main trial procedures:

- Summary procedure: applied in grassroots courts, usually conducted by a single judge.
- Ordinary procedure: typically handled by a three-member panel comprising one presiding judge and two adjudicators, who may be either judges or people's jurors.

In cases involving significant public interest or broad social impact, a seven-member panel may be formed, including three professional judges and four people's jurors. In such panels, jurors vote only on factual issues but may express views on legal matters without voting rights.

People's jurors are randomly selected from a roster of eligible citizens who meet statutory requirements (eg, age, education, no criminal record). In specialised cases, courts may select jurors with relevant professional expertise.

There are ongoing policy efforts to promote diversity and broaden participation on the bench through these juror mechanisms.

Law stated - 15 May 2025

Limitation issues

What are the time limits for bringing civil claims?

According to the Civil Code, effective as of 1 January 2021, the ordinary limitation period for civil claims is three years; although special rules, either shorter or longer than three years, will

apply to certain types of disputes. It is worth noting that the time limits do not generally apply to confirmation and formation actions, including claims arising from property rights, family relationships or personal rights, nor to specific claims such as claims for public maintenance funds.

The limitation periods for some specific types of cases are set out by other laws as follows:

- claims for compensation or payment of insurance by the insured or the beneficiary of a non-life insurance policy from the insurer: two years;
- claims for disputes arising from an international contract for the sales of goods or a contract for the import and export of technology: four years; and
- claims for payment of insurance by the insured or the beneficiary of a life insurance policy from the insurer: five years.

The above limitation periods start from when the claimant knows or should have known the facts giving rise to his or her claim and who the accused is. In any event, if more than 20 years have passed since the date of the occurrence of facts giving rise to the claim, the court shall not offer any protection. However, there is an exception for product liability claims. The right to claim compensation for damage caused by defective products shall be void 10 years after the products are delivered to the first consumers, unless the product's expressly stated warranty is longer.

The law provides rules to suspend the limitation period if, within the last six months of the limitation period, a right holder is unable to exercise the right to claim owing to existence of any of the following obstacles:

- *force majeure*;
- the right holder with no or limited capacity for performing civil juristic acts has no legal representative, or his or her legal representative dies or loses the capacity to perform civil juristic acts or the right to representation;
- neither a successor nor an administrator of estate has been determined after the opening of succession;
- the right holder is controlled by the obligor or other persons; and
- other obstacles resulting in the failure of the right holder to exercise the right of claim.

The limitation period shall expire six months after the causes of such suspension are eliminated.

In addition to suspension, the limitation period can be interrupted according to law. The limitation period is interrupted if legal proceedings are initiated or if a party demands or agrees to the fulfilment of its obligations. The limitation period commences anew from the time of interruption and the limitation period can be interrupted repeatedly.

Article 197 of the Civil Code further regulates that the periods, calculation methods and reasons for suspension or interruption in respect of the limitation period shall be prescribed by law, and those agreed by and between the parties shall be null and void. A party's prior waiver of the benefit of the limitation of action shall be null and void.

Furthermore, even if the statute of limitations has expired, the plaintiff can still file a lawsuit. The people's court shall accept the filing when the lawsuit is within the scope of civil lawsuits

to be accepted and cannot voluntarily dismiss the plaintiff's claim on the ground that the statute of limitations has expired.

Law stated - 15 May 2025

Pre-action behaviour

Are there any pre-action considerations the parties should take into account?

By law, generally, there are no mandatory pre-action requirements imposed before the civil proceedings can be issued, except for in the following cases:

- shareholder derivative lawsuits: the shareholder must first request the (board of) supervisors or the board of directors (executive director) to initiate the proceedings unless in the case of an emergency; and
- labour disputes: a labour dispute shall be first brought before the labour dispute arbitration committee for arbitration before proceeding to the court.

In practice, most civil disputes (suitable for mediation) will first be submitted to mediation. In Shanghai Courts, parties to the cases of labour dispute, road accident, family, small debt and other simple cases usually first go through the pre-litigation mediation, in which the parties are free to choose whether to accept mediation. If no agreement is reached, then the case will go to trial and the people's court will render a judgment without delay.

There are also some pre-action measures available to the party to assist in bringing an action. For example, for the purposes of a smooth investigation during the proceeding, the enforceability of the judgment and the suspension of damage caused to the party, such party can apply to the court for preservation of evidence, preservation of property and relevant injunctions before the action is initiated, depending on the circumstances and in the event of an emergency.

Law stated - 15 May 2025

Starting proceedings

How are civil proceedings commenced? How and when are the parties to the proceedings notified of their commencement? Do the courts have the capacity to handle their caseload? Do the courts charge a fee for starting proceedings or issuing a claim?

On 1 May 2015, the case acceptance system was reformed from a case-filing review system to a case-filing registration system. Under the case-filing registration system, the proceeding will commence when the people's court registers and files the complaint by the claimant. The court decides whether to file and register the complaint by the claimant or to require supplementary documents within seven days at the latest. If the complaint is dismissed by the court, the claimant is entitled to appeal against the court's decision to the higher court within 10 days.

When the court decides to accept a filing, it must inform the parties, orally or in the notice of case acceptance or the notice of litigation response, of their rights and obligations to the litigation. Within five days of its acceptance of a case, the court must deliver a copy of the complaint to the defendant, and the defendant must file a motion of defence within 15 days of receiving the copy of the complaint.

Chinese courts are advancing towards digitalisation with the introduction of an online case filing system. Many courts now offer the option of initiating proceedings online, while some even mandate it. The specific requirements may vary across different courts. For instance, the Qingdao Intermediate People's Court insists on claimants filing their cases through its online system. Similarly, any party applying for compulsory enforcement at the Shenzhen Intermediate People's Court is required to submit their application online.

According to the data released by the Supreme People's Court, the number of cases accepted by courts across the country reached over 46 million in 2024, an increase of 1 per cent compared to that of 2023. The high volume of cases has long posed a challenge for judges, particularly in metropolitan areas such as Beijing and Shanghai. In these cities, capacity constraints significantly impact the efficiency of dispute resolution procedures. As a result, many cases are not concluded within the legally prescribed time limits. To address this, the courts are actively exploring various mechanisms to extend time frames at different procedural stages.

Relieving the pressure on judges is one of the most important topics in judicial reform. To alleviate the capacity issues, it is recommended to increase the proportion of judges, hire more supporting personnel to deal with the greater caseloads, further promote the implementation of multiparty dispute resolution mechanisms, rationally divert cases through litigation source management and strengthen the pre-litigation mediation mechanism.

Law stated - 15 May 2025

Timetable

What is the typical procedure and timetable for a civil claim?

A general procedure for a civil claim at first instance shall be concluded within six months of the commencement of the proceeding, which includes the following stages:

- starting proceeding: the civil proceeding starts when the complaint by the plaintiff is filed by the court;
- notice to the defendant and defence: within five days of the acceptance of the case, the defendant shall be given the notice of case acceptance and served with a copy of the complaint; the defendant must file a motion of defence within 15 days of receipt of the complaint; and the court shall deliver a copy of the motion of defence to the plaintiff within five days of the date it receives the motion of defence;
- collegial bench: the parties shall be notified within three days of the members of the collegial bench being decided;
- evidence submission: the period for evidence submission can either be decided by the parties, subject to court approval, or determined by the court (15 days minimum);
-

counterclaims (if any): the defendant can file a counterclaim before the end of the period for evidence submission;

- hearing: the court shall notify the parties and other participants in the action three days prior to the hearing. During the court hearing, the procedure is generally divided into investigation of the facts, presentation of evidence and debate; and
- issuing judgment: if a judgment is pronounced in court, the written judgment shall be issued and delivered to the parties within 10 days. If a judgment is pronounced later on a fixed date, the written judgment shall be issued to the parties immediately after the pronouncement.

If there is a need for an extension under special circumstances, an extension of six months may be granted, subject to the approval of the president of the court. If there is a need for a further extension, the approval of the higher-level court is required.

When a summary procedure is applied, the court shall conclude the adjudication within three months of the case being accepted. Under special circumstances that require an extension, the president of the court may render a one-month extension.

When a petty lawsuit procedure is applied, the court shall conclude the adjudication within two months of the case being accepted. Under special circumstances that require an extension, the president of the court may render a one-month extension.

The period for the trial of foreign-related civil cases by courts shall not be subject to the aforementioned time limits and restrictions.

If a party fails to perform an effective judgment, the other party can apply to the court for enforcement. The time limit to apply for enforcement of a judgment is two years, calculated from the last day of the period specified in the written judgment. If the judgment does not specify the period of performance, the time limit shall be calculated from the day when the judgment takes effects. The laws regarding suspension and termination of the statute of limitation shall also be applicable here.

Law stated - 15 May 2025

Challenging the court's jurisdiction

Can the parties challenge the court's jurisdiction? If so, how can parties do this? Can parties apply for anti-suit orders and, if so, in what circumstances?

Upon acceptance of a case by the people's court, the defendant has the right to challenge the court's jurisdiction, including objections to territorial jurisdiction, hierarchical jurisdiction and the existence of a voluntary arbitration agreement between the parties for submission to an arbitral institution. The objection shall be raised during the time frame for submission of the defence. The people's court shall examine the objection raised by the defendant within 15 days. Where the objection is justified, the people's court shall rule that the case be forwarded to a people's court which has jurisdiction; where the objection is groundless, the people's court shall rule that the objection be rejected. Although Chinese law does not expressly provide for anti-suit injunctions, it could constitute a behaviour preservation, which allows the people's court to order a party to perform or refrain from certain actions

if their conduct might obstruct the enforcement of a judgment or cause other harm to the litigants. The court may grant such measures upon a party's application or initiate them independently when necessary. Anti-suit injunctions in China are primarily applied in maritime law and intellectual property disputes, where parallel proceedings in foreign jurisdictions could undermine domestic judicial outcomes.

For example, in the case between ***Kang Wensen and Huawei regarding confirmation of non-infringement of patents and standard essential patent,*** Huawei successfully obtained an injunction order against Kang Wensen to prohibit the latter from applying for enforcing the court judgment of the parallel litigation in Germany before a final judgment was rendered by the Supreme People's Court . Non-compliance with this injunction would trigger penalties of 1 million yuan per day.

Law stated - 15 May 2025

Case management

Can the parties control the procedure and the timetable? Can they extend time limits?

The case management structure in the Chinese court system is established from the top down. An inquisitorial procedure is adopted in the Chinese judicial system in which the parties play a relatively minor role and have limited influence over procedural timelines. Parties can request extensions for procedural deadlines, such as the submission of evidence or filings, but these are subject to court approval and must be justified by valid reasons (eg, the need for additional evidence collection or unforeseen circumstances). Extensions are generally at the discretion of the presiding judge and are not automatically granted upon request.

Law stated - 15 May 2025

Evidence – documents

Is there a duty to preserve documents and other evidence pending trial? Must parties share relevant documents (including those unhelpful to their case)?

There is no compulsory or statutory duty for both parties to preserve evidence pending trial. Strategically, in civil litigation, one would benefit immensely from preserving evidence in a comprehensive manner.

Under the Civil Procedure Law, if evidence may be lost or it may be difficult to obtain evidence in the future, a litigant may apply to the people's court for the preservation of evidence during the proceedings. The people's court may also voluntarily adopt preservation measures. In urgent circumstances, an interested third party may also file the application. If the preservation measures might cause losses or restrictions of use and circulation to the evidence holder, the party applying for such evidence preservation shall be required by the people's court to provide corresponding security.

In Several Provisions on Evidence for Civil Actions (effective from 1 May 2020), when a litigant submits the documentary evidence and relevant documentations to the court, it must submit copies to the opposing parties. However, the parties are only responsible for sharing documents related to their burden of proof and are not required to provide any documentations related to the facts.

Furthermore, a party may apply to the people's court to order the other party to provide documentary evidence. That application will be approved if the party controls the documentary evidence and one of the following circumstances exists:

- documentary evidence has been cited by the party controlling the documentary evidence in the litigation;
- documentary evidence has been prepared for the interests of the applicant;
- there is documentary evidence that the applicant is entitled to consult or obtain in accordance with the law;
- there are account books and original vouchers for bookkeeping; or
- other circumstances under which the people's court deems that documentary evidence shall be submitted.

Law stated - 15 May 2025

Evidence – privilege

Are any documents privileged? Would advice from an in-house lawyer (whether local or foreign) also be privileged?

'Privilege' often refers to attorney–client privilege, meaning a client's right to refuse to disclose, and to prevent anyone from disclosing, confidential communications between him or her and his or her attorney. The concept of 'privilege' does not exist in China, which means that legal advice from an attorney or an in-house lawyer is not protected or privileged.

Both the Lawyer's Law and the Civil Procedure Law stipulate that an attorney must keep public and commercial secrets and must not breach the privacy of the parties. However, article 75 of the Civil Procedure Law provides that any corporate entity or individual who has information about the case is obliged to testify in court. This means that an attorney may be forced to disclose or testify on confidential or privileged information in court.

Law stated - 15 May 2025

Evidence – pretrial

Do parties exchange written evidence from witnesses and experts prior to trial?

Under current Chinese civil procedure law, there is no mandatory requirement for parties to exchange written evidence from witnesses or experts prior to trial. However, courts generally require all evidence – documentary, witness-related or expert – to be submitted within

a specified evidence exchange period, particularly in ordinary procedures. This period is determined by the court and may include a formal pretrial exchange session.

Witness evidence

In principle, witnesses are expected to appear in court and testify in person. The judge conducts the main questioning, with parties permitted to raise additional questions under court supervision. Written witness statements may be submitted, but they are admissible only under exceptional and justified circumstances (eg, illness, distance, emergencies) and subject to court approval. If these conditions are not met, the written statement generally lacks evidentiary weight and may be excluded.

Expert opinions

According to article 82 of the Civil Procedure Law, parties may engage persons with specialised knowledge to provide opinions. These individuals act as party-appointed expert assistants, not independent expert witnesses. Their written opinions must be submitted during the evidence phase or as directed by the court. In complex cases, courts may also appoint neutral forensic experts whose reports carry higher probative value.

Law stated - 15 May 2025

Evidence – trial

How is evidence presented at trial? Do witnesses and experts give oral evidence?

Evidence should be presented at the stage of 'investigation', which is conducted by the people's court. In principle, each piece of evidence shall be presented in the original and cross-examined, unless the original cannot be provided for objective reasons, in which case a verified copy may be presented in lieu of the original. For each piece of evidence, cross-examination should be directed to and centred around three main aspects: authenticity, legitimacy and relevance.

The burden of proof lies with the party asserting the claim. Therefore, in most cases, the first obligor of evidence presentation is always the plaintiff, who must try his or her best to obtain evidence and present it in court. In some cases, the burden of proof shall be borne by the opposing party, the defendants. The most common cases of reversal of the burden of proof are as follows:

- in a dispute over a work-related injury, the employer must prove that it is not work-related, not the employee; and
- in a dispute over patent infringement of a new product, the alleged infringer must prove the difference between the product manufacturing methods.

It is compulsory for witnesses to testify and be cross-examined at trial unless witnesses are subject to exceptions. If a pretrial evidence exchange meeting is held, witnesses may also testify at the meeting. By contrast, an expert witness is only required to testify in court when the parties object or the court deems it necessary. If an expert is unable to attend the

hearing for legitimate reasons, he or she must submit a written reply. The oral statement or the written reply, whether made at the hearing or in the pretrial meeting, will be deemed oral evidence.

Law stated - 15 May 2025

Interim remedies

What interim remedies are available?

Interim remedies refer to measures available to the parties before the final resolution of their legal dispute, mainly to prevent evidence, property or actions of the parties from being damaged or dissipated. In accordance with the Civil Procedure Law, these interim remedies can be granted on an urgent basis before litigation is commenced, and the party must bring a lawsuit within 30 days of the date when a pre-action order is made.

Preservation of property, once initiated successfully, will often take the form of sealing up, detaining or freezing, thereby limiting any future transfer, removal or alteration of such assets without courts' prior approval. This preservation applies to both pre-action and post-action proceedings, which means a party may submit an application before or after a claim is formally brought to court. In this regard, preservation of property has similar characteristics and functions as freezing injunctions.

The aim of action preservation is to order one party to act or not to act in a particular way. Action preservation can be held before or after the commencement of the proceeding. However, currently, it is only possible in intellectual property disputes to reserve an act (injunction) before proceeding.

In addition, a court order may also be obtained for preserving relevant evidence if there is a high likelihood that the evidence would be destroyed or it would become difficult to locate its whereabouts. This could be achieved by sealing, detaining, taking photographs, making sound recordings or visual recordings, making reproductions, conducting authentication, forensic inspection or drawing up written statements.

A court adopting preservation measures may order the applicant to provide security, and if the applicant does not provide security, the court will rule that the application be thrown out. Preservation security includes real estate mortgage, deposit and property preservation liability insurance.

Such remedies are also available in support of foreign proceedings. Considering that overseas creditors usually do not have real estate in China, and the payment process of overseas funds to China is complicated, overseas entities can use property preservation liability insurance as a security method, which is convenient and efficient to operate.

For claims involving overdue alimony, maintenance, child support, medical expenses or employee payments, or other urgent matters, courts may issue a preliminary enforcement order. This means that a preliminary payment would be made from one party to the other before the merit of the case is officially adjudged. Conditions should be met before an order can be granted, considering both the applicants' dependence on life or impacts on business operation and the financial capacity of the party against whom the application is made.

Law stated - 15 May 2025

Remedies

What substantive remedies are available?

Depending on the nature of disputes, common substantive remedies include cessation of infringement, removal of obstacles, elimination of dangers, return of property, restoration to the original condition, repair, reworking or replacement, continuous performance, compensation for losses, payment of damages for breach of contract, elimination of ill effects and rehabilitation of reputation and extension of an apology. The remedies can be applied exclusively or concurrently.

In civil litigation, remedies are mostly compensatory, with punitive damages as an exception. However, according to the opinions of the Supreme People's Court on strengthening the punishment of intellectual property infringement, in the field of intellectual property, if the circumstances are serious, the punitive damages claimed by the right holder shall be supported according to law and have a deterrent effect, increasing the importance of punitive damages against intentional infringement.

Interest is commonly payable, particularly when the outcome of the judgment is of a monetary nature. According to the different legal bases of substantive law and procedural law, interest can be divided into general debt interest and delayed performance interest. The former refers to the interest determined in the effective judgments in accordance with the substantive law (such as the Civil Code), and the latter refers to the interest that the enforced person needs to pay due to the delay in performance in the enforcement procedure according to article 264 of the Civil Procedure Law.

Law stated - 15 May 2025

Settlement

Are there any rules governing the settlement process? Can parties keep settlement discussions confidential from the court?

The settlement can be attained via two routes in civil litigation, namely Settlement and Mediation. The principal distinction between the two approaches is that the former is conducted by the two parties without the court's involvement, while the latter is led and facilitated by the authority of the court.

First, the Settlement refers to the voluntary settlement by the parties on an equal basis. After the parties reach settlement, the dispute can be officially resolved by either the plaintiff's withdrawal of the claims, or the ruling recognising the validity of a settlement agreement issued by the court. Second, the courts could carry out mediation in the trial of civil cases pursuant to the principle of voluntary participation by litigants, based on clearly substantiated facts. The mediation may be presided over by the judge or the collegiate bench. When an agreement is reached through mediation, the court shall prepare a mediation ruling, which shall state the claim, the facts of the case and the mediation outcome, signed by the judge and the court clerk, be affixed with the people's court's seal, and served on both parties.

Law stated - 15 May 2025

Enforcement

What means of enforcement are available?

There are a wide variety of measures to enforce a judgment, including:

- to detain, freeze, transfer or sell judgment debtors' property;
- to withhold judgment debtors' lawful income in a proportionate manner;
- to evict judgment debtors from the house or land so occupied or used; or
- to compel performance or arrange third parties to perform at the expense of the judgment debtors, etc.

After the case enters the enforcement procedure, the court can take enforcement or restrictive measures against the person subject to the execution upon application or ex officio. For example, the court can:

- issue a property declaration order to force the person subject to enforcement to report in writing his or her savings, income, real estate, property rights and other property conditions within the time limit specified;
- summon (detain) the person subject to enforcement for questioning to find out his or her property situation and ability to perform his or her obligations;
- restrict the consumption of the person subject to enforcement when he or she fails to fulfil the payment obligation within the time limit specified;
- put the person subject to enforcement on the list of persons subject to enforcement for dishonesty;
- restrict the person subject to enforcement from leaving the country;
- fine or detain the person subject to enforcement;
- post a bounty announcement to find the enforceable property of the person subject to enforcement;
- publish in the media the information of the person subject to enforcement not fulfilling his or her obligations; and
- punish the person subject to enforcement with the crime of refusing to execute the judgment, if he or she was found to be capable of executing the judgment.

Law stated - 15 May 2025

Public access

Are court hearings held in public? Are court documents available to the public? Are there circumstances in which hearings can be held in private? Is there a mechanism to preserve documents disclosed as part of the court process?

Hearings in civil proceedings must be accessible to the public, except for cases involving state secrets, privacy issues or topics otherwise stipulated under the law.

For divorce cases and cases concerning trade secrets, public hearings shall not be held if a prior application is filed by a party.

Court documents such as judgments and orders are available to the public via an official website. There are also other websites and databases from which judgments and orders can be downloaded. Other court documents, such as witness statements and pleadings, are generally not available to the public. With proper authorisation, qualified Chinese lawyers may have access to these documents following relevant procedural steps. Recording or duplicating these documents is permitted.

Law stated - 15 May 2025

Costs

Does the court have power to order costs? Are there any steps a party can take to protect their position on costs both before the start of proceedings and while proceedings are in progress?

The litigation fees that the parties shall pay to the people's court include: (1) case acceptance fees, (2) application fees for special procedures, such as enforcement or preservation measures, (3) witness-related expenses, such as transportation, accommodation, living costs and loss of work allowances, (4) other relevant costs for appraisers, translators and adjusters appearing in court on the date designated by the people's court. The specific amounts of fees are determined according to the unified national standards. These litigation costs are typically borne by the losing party subject to the court's discretion.

The court has no power to order attorney fees except for in the following two situations: (1) when the parties have agreed in a contract that when a dispute related to the contract occurs, the attorneys' fees incurred by the winning party shall be borne by the losing party, and the court may order the losing party to bear the attorneys' fees as agreed; or (2) when the law explicitly prescribes that the losing party shall bear the attorneys' fees of the winning party (a reasonable part, but not all). According to the laws and relevant judicial interpretation, among others, the following circumstances or types of cases belong to this situation: personal injury compensation cases, copyright infringement cases, trademark infringement cases, patent infringement cases, unfair competition cases, contract disputes in which the creditor exercises their right of revocation, and legal aid cases.

In China, the plaintiff is not required to provide security for the defendant’s expenses during the litigation, but if the plaintiff applies to the court for preservation of the defendant’s properties before or during the litigation, the court may order the plaintiff to provide certain security in accordance with the law.

Law stated - 15 May 2025

Funding arrangements

Are ‘no win, no fee’ agreements, or other types of contingency or conditional fee arrangements between lawyers and their clients, available to parties? May parties bring proceedings using third-party funding? If so,

may the third party take a share of any proceeds of the claim? May a party to litigation share its risk with a third party?

In China, there is a risk agency charging method that can be chosen by and between lawyers and clients. The risk agency charging method means: no win, no fee. The lawyer can charge a fixed amount or a certain percentage of the client's final realisation of the creditor's rights or the reduced debt. The total maximum amount of attorneys' fees charged must comply with the provisions of the Opinions on Further Regulating Lawyer's Service Fees:

- when the target amount is less than 1 million yuan, the total maximum amount of attorneys' fees charged must not exceed 18 per cent of the target amount;
- for the portion of the target amount that is more than 1 million yuan but less than 5 million yuan, it must not exceed 15 per cent of that portion;
- for the portion of the target amount that is more than 5 million yuan but less than 10 million yuan, it must not exceed 12 per cent of that portion;
- for the portion of the target amount that is more than 10 million yuan but less than 50 million yuan, it must not exceed 9 per cent of that portion; and
- for the portion of the target amount that is more than 50 million yuan, it must not exceed 6 per cent of that portion.

The risk agency charging method must not be applied in the following cases:

- marriage or inheritance;
- requests for social insurance benefits or minimum living security benefits;
- requests for child supports, alimonies, pensions, relief funds or compensation for work-related injuries; or
- requests for employment remunerations, etc.

China's legal system does not have any system or rules similar to the common law principles of prohibiting maintenance and champerty. Although there is no inherent legal obstacle to the development of third-party funding, the legitimacy of third-party funding is currently not legally clarified, and no regulatory measures have been taken.

In practice, a number of institutions provide third-party litigation support services, which include formulating litigation plans through case background investigation and risk assessment, bearing various expenses of the case, obtaining corresponding benefits based on the outcome of the case and providing litigation support for lawyers. Bangying Litigation Investment, established in 2015, and the Dingsong Commercial Dispute Resolution Platform, established in 2016, are examples of such institutions.

Law stated - 15 May 2025

Insurance

Is insurance available to cover all or part of a party's legal costs?

Legal cost insurance in China is not as developed as in some Western countries, and it is rarely used in litigation.

However, the mechanism of liability insurance for property preservation in litigation has developed rapidly and is being used more and more in litigation. In liability insurance for property preservation, the applicant for property preservation purchases liability insurance products from an insurance company whose qualifications are recognised by the court, and the insurance company issues a letter of guarantee to the court to assume the property damage caused to the defendant if the preservation proves to be wrong.

Law stated - 15 May 2025

Class action

May litigants with similar claims bring a form of collective redress? In what circumstances is this permitted?

Under the Civil Procedure Law, there are concepts of 'joint action' and 'representative action'.

If there are two or more parties on one or both sides, the subject matter of the action is the same or of the same category and the court considers that the case can be tried as a joint action, the case shall be tried as a joint action, subject to the consent of the parties.

Representative action is a kind of joint action. In a representative action, one party consists of numerous persons and the action may be brought by a representative elected by these persons. The procedural acts of this representative shall be binding on all members of the party that he or she represents. However, before the representative changes or relinquishes the claims, or recognises the claims of the opposing party or participates in mediation, the consent of the parties he or she represents must be obtained. In China, collective actions mostly occur in labour disputes, especially in cases of equal pay for equal work.

A recent steady development of class actions has occurred in the securities industry. Article 95 of the new Securities Law, promulgated on 28 December 2019, basically follows the provisions above on joint action and representative action. When an investor files a securities civil compensation lawsuit pertaining to a false statement or other legal grounds, if the subject matter is of the same type and there are multiple persons in one party, a representative may be appointed for the lawsuit pursuant to the law. It further stipulates the mechanism of a special representative lawsuit. An investor protection institution may be appointed by more than 50 investors to participate in the action as a representative to register with the people's court for the right holders confirmed by the securities registration and clearing institution, unless the investors explicitly express their unwillingness to participate in the lawsuit. The special representative action, which is characterised by 'implied participation and express withdrawal', introduces the concept of 'withdrawal of class action' for the first time in the Chinese legal system. On 31 July 2020, the Supreme People's Court issued the Provisions on Several Issues Concerning Representative Actions Arising from Securities Disputes, which further refined this mechanism. On 12 November 2021, the first instance judgment of the ***Kanymei Pharmaceutical*** case was issued. This case is the first case in China's capital market to apply the special representative action procedure for securities disputes, which has opened up a feasible legal remedy channel for a large number of claimants with the same cause of action.

Law stated - 15 May 2025

Appeal

On what grounds and in what circumstances can the parties appeal? Is there a right of further appeal?

In general, Chinese courts follow the two instances of trial system, as prescribed by law. Normally, the first instance judgment or ruling is not final. If a party disagrees with a first instance judgment or ruling made by a local people's court, it shall have the right to appeal to the people's court at the next higher level within a certain period.

To exercise the right of appeal, the party must meet the following conditions:

- an appeal must be filed by a person who has the right to appeal;
- only the first instance judgment or ruling can be the subject of appeal; a meditation agreement cannot be the subject of an appeal;
- an appeal must be filed with the statutory time limit: 15 days for judgment, 10 days for ruling and 30 days for parties that are not present in China; and
- when a party appeals to a higher court, it must file with a petition stating the grounds for appeal.

The second instance judgment or ruling becomes legally effective immediately and shall be final. However, if the party that considers a legally effective judgment or ruling to be wrong, it may apply to the people's court at the next higher level or the original court for a retrial. Nevertheless, the application for a retrial does not mean that the enforcement of the judgment or ruling is suspended. The court shall conduct a retrial only when the application for retrial by a party falls under any of the circumstances explicitly stated in the law, for instance: there is new evidence that is sufficient to overturn the original judgment or ruling; an error was found in the application of the law in the original judgment or ruling; or the original judgment or ruling is not formed on the basis of due process.

Law stated - 15 May 2025

Foreign judgments

What procedures exist for recognition and enforcement of foreign judgments?

It is not easy to enforce a foreign court judgment in China. A foreign judgment holder can file a petition and demand a competent Chinese court to enforce and recognise his or her foreign judgment, but the Chinese court can only recognise and enforce the foreign judgment if a bilateral enforcement treaty or arrangement exists between China and the country or region where the judgment was made; a multilateral convention exists that was signed by China; or the country where the foreign judgment was given had enforced judgments of Chinese courts previously, which is the principle of reciprocity.

Regarding multilateral conventions, on 12 September 2017, China signed the Hague Convention on Choice of Court Agreements, which is pending approval by the National People's Congress. On 2 July 2019, Chinese delegates, together with delegates from 80 other

countries, signed the Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters.

Regarding the principle of reciprocity, the first time this principle was relied upon by Chinese courts was in 2014. After the High Court of Singapore ruled to recognise a judgment made by the Suzhou Intermediate People's Court, Jiangsu Province, the Nanjing Intermediate People's Court, Jiangsu Province, ruled to recognise a civil judgment made by the High Court of Singapore in accordance with the principle of reciprocity. In recent years, China's judicial system has become increasingly open to promote economic development and communication. In 2015, the Supreme People's Court noted that:

> If the countries along the 'Belt and Road' have not yet concluded any agreement on mutual legal assistance with China, people's courts may, in accordance with the intent of international judicial cooperation and exchange as well as the promise by the other countries to provide judicial reciprocity to China, carry out the pilot practice that the people's courts in China provide judicial assistance to the parties in other countries in advance, actively promote the formation of reciprocity relations and actively promote and gradually expand the scope of international judicial assistance.

Regarding bilateral treaties, a considerable number of foreign cases are recognised and enforced successfully by Chinese courts by these means. Examples include the mutual legal assistance agreements between China and Poland, China and Russia, and China and the United Arab Emirates.

Law stated - 15 May 2025

Foreign proceedings

Are there any procedures for obtaining oral or documentary evidence for use in civil proceedings in other jurisdictions?

Obtaining evidence in China for use in foreign proceedings falls under judicial assistance as prescribed by the Civil Procedural Law. It must be conducted through following channels:

- Bilateral treaties: foreign parties could apply for mutual legal assistance in accordance with bilateral treaties concluded between China and foreign countries. For example, the Treaty on Criminal Judicial Assistance between Australia and China, which entered into force in 2007. This application is usually submitted to the Ministry of Justice, which would then review and determine whether the evidence obtainment would infringe the legal principles and national interests of China.
- International convention: according to the Hague Evidence Convention, the application for evidence collection is submitted by the application court to the central organ of its own country, which will in turn transfer the application to the Ministry of Justice. After receiving the application, the Ministry of Justice will pass it on to the Supreme People's Court for approval. If approved, it will then be transferred to a lower court for execution.
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Diplomatic channel: an embassy or consulate of a foreign country based in China may serve documents on a citizen of a foreign country and carry out an investigation and collection of evidence, but it must not violate Chinese laws and must not adopt mandatory measures.

- International cooperation: foreign countries can submit evidence applications to China through informal channels, such as the police or anti-corruption authorities. However, this assistance is based on the principle of reciprocity.
- Except for the circumstances stipulated above, no foreign agency or individual can carry out service of documents, investigation and collection of evidence in China without the consent of the relevant administrative authorities.

Law stated - 15 May 2025

ARBITRATION

UNCITRAL Model Law

Is the arbitration law based on the UNCITRAL Model Law?

China's Arbitration Law is not enacted based on the UNCITRAL Model Law, but the latter does have a great influence on the enactment of the former.

The Arbitration Law deviates from the UNCITRAL Model Law in the following aspects, among others:

- Both the court and the arbitration commission are entitled to rule on the validity of an arbitration agreement, and the ruling by the court is prioritised under the Arbitration Law.
- An ad hoc arbitration is generally not permitted under the Arbitration Law. An exception to this is that, on 9 January 2017, the Supreme People's Court issued the Opinion on the Provision of Judicial Protection to the Development of the Free Trade Zone, article 9, which allows two parties registered in free trade zones to resolve their disputes through ad hoc arbitration, provided that the dispute is resolved in a specific place, under specific arbitration rules and by specific people. Subsequently, Zhuhai Arbitration Commission, China Maritime Arbitration Commission, Shanghai Municipal Bureau of Justice and Shanghai Arbitration Commission have issued sets of rules and guidelines on ad hoc arbitration.
- The arbitral tribunal or arbitration institution has no power to grant the interim measures, the application of which by a party must be forwarded to a competent court through the arbitration institution for determination under the Arbitration Law.
- The scope of arbitrability is narrower under the Arbitration Law. For example, the Arbitration Law excludes disputes arising from personal rights, such as marriage, adoption, guardianship, maintenance, inheritance, infringement of right of publication, revision and authorship.
- Under the Arbitration Law, both procedural irregularities and limited substantive reasons are grounds based on which a domestic arbitral award may be set aside or refused for enforcement, while only serious procedural irregularities are listed as grounds under the UNCITRAL Model Law in the same regard.

Law stated - 15 May 2025

Arbitration agreements

What are the formal requirements for an enforceable arbitration agreement?

An effective arbitration agreement must be in writing (no matter if stipulated in a contract or provided in a separate agreement) and include the following elements:

- the expression of the parties' intention to submit for arbitration;
- the matters to be arbitrated; and
- the arbitration commission agreed by the parties.

In addition, an arbitration agreement shall be invalid if any of the following circumstances occur:

- the matters agreed upon for arbitration are beyond the scope of arbitration prescribed by law;
- an arbitration agreement is concluded by persons without or with limited capacity for civil acts;
- one party forces the other party to sign an arbitration agreement by means of duress;
- the parties agree that a dispute may be submitted to an arbitration agency for arbitration or filed with the people's court for commencement of legal proceedings; unless one party submits for arbitration, and the other party fails to object before the arbitration tribunal commences the first hearing;
- an arbitration agreement provides for two or more arbitration agencies, and the parties are unable to agree on the choice of an arbitration agency; or
- an arbitration agreement has not specified or has not specified clearly items for arbitration or the choice of an arbitration commission, and the parties concerned failed to conclude a supplementary agreement.

Law stated - 15 May 2025

Choice of arbitrator

If the arbitration agreement and any relevant rules are silent on the matter, how many arbitrators will be appointed and how will they be appointed? Are there restrictions on the right to challenge the appointment of an arbitrator?

Under the Arbitration Law, an arbitral tribunal may comprise three arbitrators or a sole arbitrator. In practice, unless otherwise stipulated by arbitration rules or agreed by the parties, three arbitrators will in general be appointed.

For the arbitral tribunal comprising three arbitrators, each party shall select or authorise the chair of the arbitration institution to appoint one arbitrator. The third arbitrator (ie, the presiding arbitrator) shall be selected jointly by the parties or be nominated by the chair of the arbitration institution in accordance with a joint mandate given by the parties.

If the parties fail to appoint an arbitrator within the time limit set under the arbitration rules, the arbitrators will be appointed by the chair of the arbitration institution.

The parties to the arbitration can apply for the withdrawal of the arbitrator after the appointment if the arbitrator is found to be improper or impartial in accordance with article 34 of the Arbitration Law. However, an application for withdrawal shall be submitted prior to the first hearing with the statement of reasons. If reasons for the withdrawal only became known after the commencement of the first hearing, an application for withdrawal may also be submitted before the conclusion of the last hearing.

Law stated - 15 May 2025

Arbitrator options

What are the options when choosing an arbitrator or arbitrators?

Chinese arbitration institutions typically maintain a diverse pool of arbitrators that includes both Chinese and foreign experts. This international composition allows for a wide range of expertise and experience, ensuring that parties to an arbitration can select arbitrators who are well-suited to handle their disputes, irrespective of the arbitrators' nationalities.

For Chinese residents who are eligible to be appointed as an arbitrator, they must be fair and honest persons who should satisfy one of the following conditions as stipulated by law:

- have passed the Chinese bar exam and obtained the legal professional qualification, and have engaged in arbitration work for eight years;
- have worked as a lawyer for eight full years;
- have worked as judges for eight years;
- are engaged in legal research or legal teaching with a senior academic title; or
- have legal knowledge and are engaged in professional work relating to economics and trade with a senior academic title or at the equivalent professional level.

For a foreign resident appointed as an arbitrator in the domestic arbitration institutions, the law does not specify the conditions and requirements; however, they must be equipped with comparable qualifications as required for Chinese arbitrators.

In addition, the arbitration institution prepares the panel lists of arbitrators according to their different specialisations, which ensures the needs of complex arbitration.

Law stated - 15 May 2025

Arbitral procedure

Does the domestic law contain substantive requirements for the procedure to be followed?

The Arbitration Law, Chapter IV, titled 'Arbitration Procedure', provides the rules on the following procedural matters:

- application and acceptance:
    - requirements for application of arbitration;
    - list of documents;
    - acceptance of arbitration and distribution of arbitration rules;
    - dismissal or modification of the arbitration claim;
    - property preservation; and
    - attorney entrustment;
- composition of the arbitral tribunal:
    - number of arbitrators;
    - appointment and removal of arbitrators; and
    - withdrawal of arbitrators; and
- hearing and arbitral awards:
    - notification and service;
    - recording of hearings;
    - evidence rules;
    - expert rules;
    - evidence preservation;
    - reconciliation; and
    - time limit, content and signature of arbitral awards.

Law stated - 15 May 2025

Court powers to support the arbitral process

What powers do national courts have to support the arbitral process before and during an arbitration?

In summary, the court's powers to support and oversee arbitration are statutory and cannot be entirely overridden by the parties' agreement due to public policy considerations, protection of parties' rights and legal safeguards.

The court may intervene during arbitration under the following circumstances and grounds:

- Ruling on the validity of the arbitration agreement: at the request of a party, the court may rule on the validity of the arbitration agreement; if both the arbitration institution

and the court are requested by the parties to rule on the validity of the arbitration agreement, the court's decision prevails (article 20 of the Arbitration Law).

- The issuance and enforcement of interim measures: when interim measures such as an interim injunction, evidence preservation and property preservation are applied during the arbitration, such application shall be forwarded to the competent courts through the arbitration institution for issuance and, later, enforcement (articles 28 and 46 of the Arbitration Law; articles 81 and 100 of the Civil Procedure Law).
- Setting aside an arbitral award: a party to the arbitration may request the competent intermediate people's court to set aside an arbitration award within six months of receipt of the award if this party can furnish evidence to prove the existence of any of the circumstances listed in article 58 of the Arbitration Law (for domestic arbitral awards without foreign-related elements) or in article 274 of the Civil Procedure Law (for domestic arbitral awards with foreign-related elements).
- Enforcement of an arbitral award: if one party fails to execute the arbitral award, the other party may apply to a competent court for enforcement (article 62 of Arbitration Law).
- Request explanations from arbitration institutions and examine arbitration files: in the process of reviewing applications to set aside or enforce arbitral awards, the people's court may, based on the specifics of the case, request the arbitration institution to provide explanations and clarifications regarding matters related to the arbitration proceedings. If the court deems it necessary to examine the arbitration case files to address issues arising during the review, it may require the arbitration institution that rendered the award to submit the relevant arbitration files (article 30 of the Interpretation of Certain Issues of the Arbitration Law).
- Refusing enforcement of an arbitral award: at the enforcement stage of an arbitral award, a party against whom the enforcement is sought can request the court to refuse the enforcement of an arbitral award, if this party can furnish evidence to prove the existence of any of the circumstances listed in article 237 of the Civil Procedure Law (for domestic arbitral awards without foreign-related elements) or in article 274 of the Civil Procedure Law (for domestic arbitral awards with foreign-related elements), or in article 5 of the 1958 New York Convention (for foreign arbitral awards excluding those that are seated in Hong Kong, Macao and Taiwan, which are subject to different arrangements given or concluded).

Law stated - 15 May 2025

Interim relief

Do arbitrators have powers to grant interim relief?

Interim measures, such as an interim injunction, evidence preservation and property preservation, are allowed before and during the arbitration proceedings. However, the arbitrators or the arbitration institution have no powers to issue or enforce evidence preservation and property preservation (articles 28, 46 and 68 of the Arbitration Law). Before commencing arbitration proceedings, the application for these interim measures must be directly requested by the parties to the court, where the respondent resides, or where the property or evidence in question is located. However, during arbitration proceedings, the

application for interim measures may only be made through the arbitration institution, and parties to an arbitration may not directly request interim measures from the courts except in limited circumstances; for example, in arbitrations administered by the China International Economic and Trade Arbitration Commission, the Shanghai International Economic and Trade Arbitration Commission, the Shenzhen Court of International Arbitration, the Beijing Arbitration Commission or the China Maritime Arbitration Commission, parties may apply for interim measures directly to the International Commercial Court under the Supreme People's Court during the arbitration proceedings.

For other interim measures that are not specified, the process generally follows the specific rules of the arbitration institution and can be decided by the arbitration tribunal.

Law stated - 15 May 2025

Award

When and in what form must the award be delivered?

The Arbitration Law does not set forth a time limit within which the award must be rendered. It leaves the relevant arbitration rules formulated by the arbitration institutions to deal with this matter.

Under their current arbitral rules, the China International Economic and Trade Arbitration Commission, the Shenzhen Court of International Arbitration, the Beijing Arbitration Commission and the China Maritime Arbitration Commission all set a six-month limit for international proceedings and a four-month limit for domestic proceedings. Any suspension period shall be excluded when calculating the time period. Additionally, Upon the request of the arbitral tribunal, the President of the Arbitration Commission may extend the time period if he or she considers it truly necessary and the reasons for the extension truly justified.

According to article 54 of the Arbitration Law, an award must be delivered in writing with the following information set forth therein:

- the claims for arbitration;
- the facts of the disputes;
- the grounds upon which an award is given;
- the results of the judgment;
- the allocation of the arbitration fees; and
- the date of the award.

If the parties agree not to include in the award the facts of the dispute and the grounds on which the award is based, these matters may be omitted in the award. In addition, the award must be signed by the arbitrators and sealed by the arbitration institution. The arbitrator who disagrees with the award has the choice of whether or not to sign.

Law stated - 15 May 2025

Appeal or challenge

On what grounds can an award be appealed or challenged in the courts?

An award is final and binding once it is rendered and it cannot be appealed. However, a party may request the intermediate people's court where the arbitration institution is domiciled to set aside an award under the grounds set forth by law.

Depending on the nature of the award, the grounds upon which the award is set aside or refused for enforcement vary.

For a domestic arbitral award without foreign-related elements, a court may rule to set aside or refuse to enforce it if a party can furnish evidence to prove that there exists any of the following circumstances:

- there is no arbitration agreement between the parties;
- matters decided in the award exceed the scope of the arbitration agreement or are not under the jurisdiction of the arbitration institution;
- the composition of the arbitral tribunal or the arbitration procedure is contrary to the legal procedure;
- the evidence on which the award is based is falsified;
- the other party has concealed evidence that is sufficient to affect the impartiality of the award; or
- the arbitrators have demanded or accepted bribes, committed illegalities for personal gain or perverted the law in making the arbitral award.

For a domestic arbitral award with foreign-related elements, a court may set aside or refuse to enforce it if a party can furnish evidence to prove that any of the following circumstances exist:

- the parties have neither stipulated an arbitration clause in their contract nor subsequently reached a written arbitration agreement;
- the party against whom the application of setting aside or enforcement is sought was not requested to appoint an arbitrator or take part in the arbitration proceedings or the person was unable to state his or her opinions for reasons for which he or she is not responsible;
- the composition of the arbitration tribunal or the arbitration procedure was not in conformity with the rules of arbitration;
- matters decided in the award exceed the scope of the arbitration agreement or are beyond the jurisdiction of the arbitration institution; or
- if the people's court determines that the enforcement of the award would be against the public interest.

A court cannot set aside a foreign arbitration award but may refuse to enforce it under the grounds set out in article V of the New York Convention.

In addition, there are circumstances that result in the failure of enforcement, and the court may make a ruling rejecting the application for enforcement if:

- the subject of the rights and obligations is not clear;
-

the specific amount of payment is not clear or the calculation method is not clear, resulting in the specific amount not being figured out;

- the particular thing to be delivered is not clear or cannot be determined; or
- the standard, target and scope of performance of action are not clear.

If the arbitration award determines a continuation of the performance of the contract but does not specify specific contents, such as the rights and obligations that are to be continued to be performed, the specific method of performance and the deadline, resulting in the failure of enforcement, the court may also reject the application for enforcement.

Law stated - 15 May 2025

Enforcement

What procedures exist for enforcement of foreign and domestic awards?

Foreign awards (including awards made in Hong Kong, Macao and Taiwan)

China is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the 1958 New York Convention). China has entered reservations to the Convention, limiting its application to the recognition and enforcement of awards made in the territory of another contracting state and to disputes that are considered commercial under Chinese law.

Separate arrangements with Hong Kong and Macao (which are treated as a different jurisdiction for the purposes of arbitration) were entered into in 2000 (amended in 2020) and 2007(amended in 2020) respectively, which both adopt the same general principles as the New York Convention (ie, the Arrangement Concerning Reciprocal Recognition Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region and the Arrangement Concerning Reciprocal Recognition Enforcement of Arbitral Awards between the Mainland and the Macao Special Administrative Region).

The Supreme Court has issued a judicial interpretation about the recognition and enforcement of arbitral awards made in Taiwan.

The non-enforcement of foreign arbitral awards and the setting aside or non-enforcement of domestic arbitral awards with foreign-related elements are both subject to a reporting mechanism established by the Supreme People's Court in 1995. According to this mechanism, if any intermediate people's court or specialised people's court proposes a ruling not to recognise and enforce a foreign arbitral award or to set aside or not to enforce a domestic award with foreign-related elements, the proposed ruling shall be reported to the high people's court within its jurisdiction for review. If the high people's court intends to agree with the proposed ruling after review, it must report the ruling to the Supreme People's Court for final review. The final ruling must be made based on and following the review opinion given by the Supreme People's Court.

Domestic awards

If an award is not complied with, the applicant may apply to the intermediate people's court where the respondent is domiciled or where the respondent's property is located (or the basic-level people's court appointed) to enforce it.

If the respondent applies to the competent court to set aside the arbitral award at the same time that the applicant has applied for enforcement, the enforcement proceedings will be suspended. If the court rules to vacate the arbitral award, the enforcement proceedings will be terminated. If the court rejects the application to set aside the award, the enforcement will resume.

The time limit to apply for enforcement is two years from:

- the last day of the performance period specified in the arbitral award;
- the last day of each performance period if the arbitral award requests performance in instalments; or
- the effective date of the arbitral award if the award does not specify a period for performance.

In the last six months of the time period available to apply for enforcement, if an application for enforcement cannot be filed because of a ***force majeure*** event or other obstacles, the calculation of the time limit will be suspended and will resume after the suspension causes are eliminated.

If the parties reach a settlement, or one party requests the performance of the award or agrees to perform the award, the time limit for applying for enforcement will be started again.

The proposed ruling of any intermediate people's court or any specialised people's court after review not to enforce or set aside the domestic arbitral award shall be reported to the high people's court within its jurisdiction for review; the final ruling shall be made based on the opinions given by the high people's court after it has reviewed the proposed ruling. In cases where the non-enforcement or annulment of a domestic award is based on grounds of violating public interest, a three-tier reporting system is applied, similar to the procedure for foreign awards.

Law stated - 15 May 2025

Costs

Can a successful party recover its costs?

According to article 9 of the Arbitration Fee Collection Measures of Arbitration Institutions, fees paid to the arbitration institution must, in principle, be borne by the losing party. However, if a party only partially wins, the arbitration tribunal shall determine the allocation of fees based on the parties' liabilities and the percentage of the party's success.

The arbitration rules of an arbitration institution also involve the recovery of costs by a successful party. For example, article 55(2) of the 2023 Arbitration Rules of the China International Economic and Trade Arbitration Commission (CIETAC Arbitration Rules) provides that the arbitral tribunal has the power to decide in the arbitral award that the losing party shall compensate the winning party for the expenses reasonably incurred by it in pursuing the case.

Types of recoverable costs for a successful party typically include arbitration fees, legal fees, expert fees, administrative costs such as travel and accommodation for witnesses, and potentially third-party funding costs. According to article 48 of the CIETAC Arbitration Rules, third-party funding costs can be factored into the cost recovery decision by the arbitral tribunal. However, the specific costs recoverable will depend on the tribunal's assessment and the circumstances of the case.

Law stated - 15 May 2025

ALTERNATIVE DISPUTE RESOLUTION

Types of ADR

What types of ADR process are commonly used? Is a particular ADR process popular?

The main alternative dispute resolution (ADR) alternatives to civil litigation in China include negotiation, mediation and conciliation. Mediation is a signature element in China's amicable dispute resolution system, which has been a preferred dispute resolution throughout Chinese history and remains widely used today. Strong institutional and judicial encouragement exists to adopt ADR, particularly mediation, both before and during litigation or arbitration. In China, judicial mediation is quite common and is frequently adopted by the courts in the case management system. Besides, major arbitration institutions in China (eg, China International Economic and Trade Arbitration Commission , Beijing Arbitration Commission, Shenzhen Court of International Arbitration) also promote mediation–arbitration processes.

Law stated - 15 May 2025

Requirements for ADR

Is there a requirement for the parties to litigation or arbitration to consider ADR before or during proceedings? Can the court or tribunal compel the parties to participate in an ADR process?

Parties to litigation or arbitration are not required by law to consider ADR before or during proceedings.

The court or tribunal cannot compel the parties to participate in an ADR process.

Law stated - 15 May 2025

MISCELLANEOUS

Interesting features

Are there any particularly interesting features of the dispute resolution system not addressed in any of the previous questions?

When a claim is filed to the court, rather than bringing it to a full trial of civil proceeding, the parties concerned can ask the judges for judicial mediation, provided that it is requested

under the free will of, and voluntarily by, the parties and the facts concerned are clear. Complex civil procedures are lessened if the dispute is solved through judicial mediation, which is more effective. If a mediation agreement is reached by the parties, the court shall prepare a written mediation statement confirming the mediation agreement, which has the same effect and enforceability as a judgment.

Law stated - 15 May 2025

UPDATE AND TRENDS

Recent developments and future reforms

What were the key cases, decisions, judgments and policy and legislative developments of the past year? Are there any proposals for dispute resolution reform? When will any reforms take effect?

Strengthening interim measures in arbitration

In 2024, arbitration in China saw key developments. China International Economic and Trade Arbitration Commission (CIETAC) and Shanghai International Economic and Trade Arbitration (SHIAC) updated their rules to strengthen interim measures and emergency arbitrator procedures. SHIAC's 2024 Rules introduced a full chapter on such mechanisms. Notably, a Beijing court enforced an interim arbitral order issued by the Beijing Arbitration Commission that marked a first and signalled increased judicial support for arbitration.

Advancing regional judicial cooperation

Judicial cooperation across Greater China also advanced. On 29 January 2024, the Mainland–Hong Kong Arrangement on Reciprocal Recognition and Enforcement of Judgments took effect, expanding the range of enforceable judgments and covering IP, punitive damages and trade secrets. Macao courts recognised a CIETAC award for the first time, and Taiwan courts continued to recognise Mainland awards.

Reform of the Arbitration Law

A revised draft amendment to the Arbitration Law was published in April 2025 for public consultation. Compared to the bold 2021 draft, the 2025 version adopts a more cautious approach but aligns with the UNCITRAL Model Law. It introduces stricter arbitrator standards, clearer foreign award enforcement rules, improved confidentiality provisions and greater court support for arbitration. While no final timeline is set, the reform's steady progress suggests implementation could occur in the next legislative session.

Law stated - 15 May 2025