Title: China's arbitration law overhauled: Key changes effective 1 March 2026

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In brief

- Changes to modernise China's arbitration law will take effect on 1 March 2026.
- The changes seek to align arbitration in Chinese Mainland with international principles, by partially recognising the doctrine of *kompetenz-kompetenz* allowing for *ad hoc* arbitration in certain types of dispute and acknowledging the concept of the arbitral seat.
- The new arbitration law also introduces additional interim remedies in support of arbitration (injunctive relief/conduct preservation) and clarifies that the interim relief can be sought prior to commencement of arbitration in the case of an emergency; there are more robust disclosure obligations on arbitrators; and the time limit for applying to set aside an award has been reduced.

Introduction

On 12 September 2025, the Standing Committee of the 14th National People's Congress passed a major amendment to the Arbitration Law of the People's Republic of China (the "New Arbitration Law"). This marks the first major revision since the Arbitration Law came into force in 1995, and aims to "*meet the evolving needs of arbitration practice and better build China into a preferred venue for international commercial arbitration*". The New Arbitration Law will take effect on 1 March 2026.

Whilst the New Arbitration Law introduces significant developments to align with common international arbitration regimes such as the UNCITRAL Model Law on International Commercial Arbitration, it retains a distinct approach to "foreign-related" arbitrations compared to domestic arbitrations. The term "foreign-related" is a legal concept under the conflict of law rules of Chinese Mainland[1]. Special rules applicable to "foreign-related" arbitrations are set out in Articles 78-88 under Chapter Seven of the New Arbitration Law. Generally, parties involved in a foreign-related arbitration enjoy greater autonomy, and the process is more closely aligned with international arbitration practice. This article summarises the key highlights of the New Arbitration Law.

Alignment with international principles

Kompetenz-kompetenz

The doctrine of *kompetenz-kompetenz* affirms the power of arbitral tribunals to determine their own jurisdiction. It is well established in international arbitration and incorporated into many national arbitration laws, but previously formed no part of Chinese arbitration law.

The New Arbitration Law partially recognises *kompetenz-kompetenz*. Article 31 of the New Arbitration Law provides that if a party challenges the validity of the arbitration agreement, the challenge can be submitted to either the arbitral tribunal, the arbitral institution or the court. Previously, such challenge could only be submitted to either the arbitral institution or the court. However, where one

party submits the challenge to the arbitral tribunal/arbitral institution, but the other party submits the challenge to the court, the challenge shall be determined by the court.

Ad hoc arbitration

Ad hoc arbitration, which is conducted without an administering institution, was not recognised by Chinese courts under the old arbitration framework, which mandated the designation of an arbitral institution.

Under Article 82 of the New Arbitration Law, the following types of disputes are eligible for *ad hoc* arbitration: (1) foreign-related maritime disputes; and (2) foreign-related disputes between entities registered within Free Trade Pilot Zones, Hainan Free Trade Port and other designated areas.

This represents China's cautious embrace of *ad hoc* arbitration. Whilst the initial scope may appear limited, this development may lead to further liberalisation of arbitration law in the future. The development is particularly relevant to the maritime business community, where *ad hoc* arbitration is already prevalent for resolving international maritime disputes.

As before, *ad hoc* arbitration administered in foreign countries (if permitted by the governing law of the arbitration agreement) or Hong Kong can continue to be enforced in Chinese Mainland through the New York Convention or the mutual enforcement arrangement between Chinese Mainland and Hong Kong.

Seats of arbitration and foreign arbitral institutions administering arbitration in China

In arbitration, the "seat" determines the procedural law applicable to the arbitration and which national courts have supervisory jurisdiction over the proceedings. The seat is distinct from the physical venue of the arbitration, although they are frequently the same.

Prior to the New Arbitration Law, the concept of an arbitral seat did not exist under Chinese arbitration law. This created uncertainty. For example, the validity of an agreement providing for arbitration administered by a foreign arbitral institution in China was uncertain. This necessitated several landmark cases, including *Longlide Packaging Printing Co. Ltd. v BP Agnati S.r.l* (2013) and *Daesung Industrial Gases Co., Ltd v Praxair (China) Investment Co., Ltd* (2020), which confirmed that an arbitration agreement which provides for an arbitration administered by a foreign arbitral institution in China is valid.

Article 81 of the New Arbitration Law now clearly recognises the concept of the seat by providing that the parties can agree in writing on the seat of the arbitration. In the absence of such an agreement, the seat will be determined by reference to the agreed arbitration rules, failing which the tribunal is empowered to determine the seat based on the circumstances of the case.

Article 86 of the New Arbitration Law further establishes that foreign arbitral institutions are permitted to set up offices and administer foreign-related arbitrations in Free Trade Pilot Zones, Hainan Free Trade Port and other areas as prescribed by the State.

These new developments align Chinese arbitration practices with the international arbitration community.

In addition to permitting foreign arbitral institutions to administer cases in Chinese Mainland, Article 86 also pledges support for Chinese arbitral institutions to establish foreign offices and conduct arbitration related activities there. Article 12 further pledges support for Chinese arbitral institutions to engage in exchange and collaboration activities with foreign arbitration institutions and international organisations, and to participate in development of international arbitration rules.

Enforcement/practical matters

Interim relief

Article 39 allows parties to seek asset preservation orders or injunctive relief if the opposing party's conduct suggests that enforcement will be hindered, or otherwise cause harm to the applying party. Applications can be made through the arbitral institution, which must forward them to the court in accordance with the Civil Procedural Law of China. In urgent cases, parties can apply directly to the court before arbitration commences. Article 58 similarly allows for evidence preservation orders to be made.

However, unlike other leading international arbitration jurisdictions such as Hong Kong and England and Wales, where arbitral tribunals have the power to order interim relief, under the New Arbitration Law it remains the case that only the courts will have the power to make such an order.

Arbitrator's disclosure obligations

Article 45 of the New Arbitration Law expressly requires an arbitrator to disclose to the arbitral institution in writing any matters which may cast reasonable doubts over their independence or impartiality. The institution must then inform the parties of such disclosure.

Additional method for appointing presiding arbitrators

Article 43 of the New Arbitration Law introduces an additional method for appointing the presiding arbitrator. Where the parties agree that the third arbitrator (presiding arbitrator) shall be jointly nominated by the co-arbitrators, such agreement shall prevail. This option was not expressly available under the previous law, which required the third/presiding arbitrator to be jointly nominated by the parties or designated by the chairman of the arbitral institution in accordance with the applicable arbitral rules.

Chinese arbitral institutions are required under the law to maintain their respective panels of arbitrators. In general, arbitration rules require parties to nominate arbitrators from these panels unless the arbitration agreement expressly permits the nomination of arbitrators outside the panel.

Increased support for online arbitration

Article 11 of the New Arbitration Law provides that where parties agree, arbitration can be conducted online and will have equal legal effect to in-person proceedings. This aligns with recent reforms to China's Civil Procedure Law, which also recognise virtual hearings.

Shortened time limit to set aside arbitral award

Under Article 72 of the New Arbitration Law, the deadline for filing an application to set aside an arbitral award has been shortened from 6 months to 3 months, while the court's 2-month review period remains the same. This change enhances the finality of arbitral awards, bringing Chinese arbitration law into line with the UNCITRAL Model Law and prevailing international standards.

Conclusion

In summary, the New Arbitration Law modernises China's arbitration framework, bringing it closer to international standards, particularly in relation to "foreign-related" arbitrations conducted in Chinese Mainland. Business communities and arbitration users considering arbitration in China should carefully review the new provisions—effective 1 March 2026-to ensure compliance and protect their interests.

A non-Chinese party involved in an arbitration seated in Chinese Mainland is likely to qualify as a foreign-related arbitration and should pay special attention to Chapter Seven of the New Arbitration Law. That said, the New Arbitration Law remains a unique legislative regime distinct from the UNCITRAL Model Law, and specialised legal advice is essential for negotiating an arbitration agreement providing for arbitration in Chinese Mainland or for conducting any arbitration under this framework.

[1] Pursuant to Article 1 of the PRC Supreme People's Court Interpretation on Certain Issues Concerning the Application of Laws to Foreign-Related Civil Relations (I) (effective 7 January 2013), the term "foreign-

related" refers to a civil relationship which fulfils one or more of the following conditions: (i) at least one of the parties is “foreign”; (ii) the habitual residence of one or more parties is outside Chinese Mainland; (iii) the subject matter is outside Chinese Mainland; (iv) the occurrence, modification or termination of the civil legal relationship between the parties takes place outside Chinese Mainland; and (v) any other circumstances that may be deemed foreign-related civil relationships.