

THE IMAC

REVIEW

VOL. II ISSUE (2026)



IMAC



The Historical Development and Functions of Commercial Arbitration: Global Evolution and the Chinese Experience

Abstract

Commercial arbitration is a key mechanism for resolving commercial disputes in market economies, with roots in ancient Greece and Rome. During the European Middle Ages, particularly in Mediterranean maritime and commercial settings, arbitration developed into a specialized and institutionalized method. In the modern era, Western countries advanced arbitration systems through domestic laws and international treaties, leading to standardized and professional international arbitration. In China, ancient dispute-resolution traditions informed the emergence of modern commercial arbitration in the early twentieth century. The Arbitration Law of the People's Republic of China (1995) formally established a rule-based system, further refined in the 2026 revision to match international standards. This study reviews the historical evolution and main functions of commercial arbitration. It argues that arbitration, characterized by party autonomy, procedural flexibility, expertise, and confidentiality, plays a major role in resolving disputes, improving efficiency, and supporting international trade and cooperation.

Authors:

Hongkuan Zhang

Lecturer in Law, School of Law, Hainan University; Haikou, Hainan, China.

Visiting Scholar, School of Law, University College Cork, Corcaigh, Ireland.

(email: Hongkuan.Zhang@ucc.ie)

Shaoming Zhu

Lecturer in Law, School of Law, University College Cork, Corcaigh, Ireland.

(email: shaomingzhu@ucc.ie)

Founder and President, Foundation for Law and International Affairs, Washington, DC, USA.

Key words: Commercial Arbitration; Historical Evolution; Institutional functions; China

Introduction

The variety and number of commercial disputes are increasing on the back of economic globalisation and the continuous development of the market economy. The drawbacks of traditional litigation techniques with regard to efficiency, specialisation, and cross-border enforcement are becoming evident. Commercial arbitration, a dispute-resolution mechanism based on the autonomy of the parties, is flexible and enforceable, and is playing a more vital role in the market today. Arbitration has increasingly established itself as a fair and neutral procedure. The finality of the decision and the cross-border recognition and enforceability of arbitral awards have made it the preferred technique for the resolution of commercial disputes, especially in international commercial circumstances. Commercial arbitration is by no means a new form for resolving disputes; indeed, in its early form, it can be traced back to ancient commercial disputes and its evolution within the medieval guild system. With the growth of capitalist economies and the globalisation of trade, commercial arbitration has also undergone institutional change, and a relatively complete institutionalised regulatory system has been provided by domestic law and international conventions.

Commercial arbitration emerged as an alternative to traditional mediation and adjudication for resolving commercial disputes in China, much like a rule-of-law system. In particular, the formal implementation of China's modern commercial arbitration system was achieved through the Arbitration Law of the People's Republic of China. Commercial arbitration not only plays a role in conflict resolution but also embodies important institutional values, such as raising commercial actors' awareness of autonomy, equality and contractual obligations, reducing the cost of doing business in society, transferring judicial resources, and strengthening the rule-of-law system. Studying the institutional features and functional role of commercial arbitration has significant theoretical and practical relevance for developing the concept of arbitration and for addressing the relationship between parties in commercial disputes. In this context, this paper provides a general overview of the history of



commercial arbitration and analyses the characteristics and merits of contemporary commercial arbitration. Drawing on the development of China's arbitration system, it summarises the role of commercial arbitration in the current market economy and offers theoretical references for further improving the commercial arbitration system and the commercial dispute resolution and settlement mechanism.

Historical Development of Commercial Arbitration in Relevant Countries and Regions Worldwide:

Historical Evolution and Economic Background from Ancient Arbitration to Modern Commercial Arbitration Systems

Arbitration, in its legal sense, first emerged during the periods of ancient Greece and Rome.ⁱ As early as 621 BCE, codified laws in ancient Greece already contained provisions related to arbitration, and city-states frequently employed arbitration to resolve disputes and issues.ⁱⁱ During the Roman era in the 5th century BCE, the Twelve Tables (or *Leges Duodecim Tabularum*) also recorded arbitration-related provisions, particularly in the second table concerning “trials” and the seventh table concerning “land and rent.”ⁱⁱⁱ In Book II, “On Edicts,” of the *Corpus Juris Civilis*, the Roman jurist Paulus in the *Digest* stated: “For the resolution of disputes, one may resort to litigation or arbitration. Both methods are equally effective.”¹ Early arbitration was relatively simple in both form and substance and had not yet developed into a formal legal system. It was primarily conducted among private parties and served to resolve civil and commercial disputes such as those involving debts and claims. The enforcement of arbitral awards relied mainly on trust in the arbitrator and moral constraints rather than legal regulation.^{iv}

The medieval period in Europe, with the expansion of the commodity economy and increasingly frequent trade among city-state, witnessed a corresponding rise in commercial disputes. Consequently, commercial arbitration, as an effective means of dispute resolution, began to develop and gradually became an important method for resolving such disputes. By the eleventh century, the northern Mediterranean coast experienced economic development influenced by advances in maritime technology. This was particularly evident in the increasing commercial exchanges among Italian city-states, which gave rise to the *lex mercatoria* (law merchant) to regulate commercial relationships. Commercial arbitration emerged as an important component of this legal framework. Commercial entities commonly preferred the simple and convenient procedure of appointing an intermediary to achieve fair and equitable resolution of commercial disputes.^v

As maritime and commercial activities grew, large Atlantic States began using commercial arbitration to resolve disputes. The earliest mention of arbitration in England dates back to 1347 in a law book known as an English Year Book. Commercial arbitration provisions were also found in the maritime commercial code used in the ports of the Mediterranean during the fourteenth century, the Consulate of the Sea. Both in the 16th and 17th centuries, the contractual documents of such companies as the British East India Company included provisions for the interparty settlement of the company's disputes by arbitration. In 1697, the British Parliament officially adopted the arbitration system by passing its first Arbitration Act. Eventually, Western countries began passing laws governing commercial arbitration, further nationalising the procedure and specifying the legal regime governing arbitrators' activities.^{vi}

For instance, the Civil Procedure Code of France (1807)² and the Civil Procedure Code of Germany (1877)³ both included dedicated chapters on the commercial arbitration system. Sweden enacted its first domestic Arbitration Act in 1887, followed by the United Kingdom in 1889. The Japanese Civil Procedure Code of 1890 also included a dedicated section on commercial arbitration procedures. The United States established its arbitration system somewhat later, enacting the Federal Arbitration Act in 1925. Concurrently, permanent arbitral institutions were established and arbitration became widely adopted for resolving civil and commercial disputes. Notable examples include the London Court of

¹ Dingley, Frederick W. 2016. “The *Corpus Juris Civilis*: A Guide to Its History and Use.” *Legal Reference Services Quarterly* 35 (4): 231–255. <https://doi.org/10.1080/0270319X.2016.1239484>

² Code de procédure civile. 1807.

³ The Civil Procedure Code of Germany. 1877. https://www.gesetze-im-internet.de/englisch_zpo/englisch_zpo.html.

International Arbitration (LCIA)⁴, the Swiss Arbitration Association (ASA)⁵, the SCC Arbitration Institute⁶, the International Chamber of Commerce (ICC), and the American Arbitration Association (AAA).

Based on the preceding discussion, it can be observed that arbitration has a long historical tradition. However, what is now understood as commercial arbitration is closely linked to the development of maritime trade. In this essence, the institution of commercial arbitration may be regarded as a product of the development of maritime commerce along the Mediterranean coast beginning in the eleventh century, and at the same time as a response to the needs of the emerging market economy. With the rapid development of the market economy, characterized by the expansions of industries, increasing specialization, and frequent transactions, enhanced social dynamism while the government gradually assumed the role of a “night-watchman state.” Meanwhile, merchant organizations and guild emerged to maintain market order; however, the surge in commercial activity inevitably generated numerous disputes. In this context, it became necessary to balance market development, organizational functions, and dispute occurrence. In this context, commercial arbitration played an important role in maintaining the orderly operation of the market mechanism, and its emergence can be understood as an inevitable outcome of historical development.^{vii}

The Legislative Evolution and the Development of International Practice of Modern Commercial Arbitration

Since modern times, commercial arbitration has undergone substantial development in both form and substance. In terms of the form of arbitration, the scope of arbitration, the enforcement of arbitral awards, the organization of arbitral institutions, the basis for arbitral decisions, and arbitration legislation, commercial arbitration has experienced significant development.^{viii} In essence, commercial arbitration has continuously advanced within international economic and trade exchanges, demonstrating its ongoing process of modernization.

Domestic legislation on commercial arbitration developed significantly throughout the twentieth century, leading to its widespread acceptance by various nations. Consequently, many countries enacted or revised their domestic arbitration laws. For instance, Sweden has amended its commercial arbitration regime multiple times, introducing a new Arbitration Act in 1999. France revised the provisions concerning commercial arbitration within its Code of Civil Procedure and promulgated an amended arbitration decree in 1980. In 1995, the Uniform Law Commission and the American Bar Association jointly drafted the Uniform Arbitration Act, one of several model laws adopted by a few States. Moreover, in 1970 the U.S. Congress enacted amendments to the Federal Arbitration Act, alongside judicial rulings and policy changes to address new situations. The United Kingdom has amended its commercial arbitration law five times (1934, 1950, 1975, 1979 and 1996). The 1996 amendment introduced significant improvements across a number of areas. Beginning in 2021, the UK began a review of the Arbitration Act 1996. On 24th February 2025, the Arbitration Act 2025 was duly promulgated by Royal Assent and will enter into force on 01st August 2025. The complete rewrite of the 1996 Arbitration Act seeks to enhance the UK's reputation as a world centre for arbitration.^{ix}

Since national commercial arbitration systems in different countries and regions have gradually evolved in their legislation, so has international commercial arbitration legislation. In 1923, Western nations, under the auspices of the League of Nations, convened the Geneva Conference and signed the Protocol on Arbitration Clauses.⁷ Subsequently, in 1927, Western nations concluded the Convention on the Execution of Foreign Arbitral Awards.⁸ Notably, in 1958, under the auspices of the United Nations, Western countries, including those in Europe and the Americas, adopted the Convention on the Recognition and Enforcement of Foreign Arbitral Awards⁹ (also known as the New York Convention)

⁴ See London Court of International Arbitration. n.d. “London Court of International Arbitration.” <https://www.lcia.org/>

⁵ See Swiss Arbitration Association. n.d. “Swiss Arbitration.” <https://www.swissarbitration.org/>.

⁶ See SCC Arbitration Institute. n.d. “SCC Arbitration Institute.” <https://sccarbitrationinstitute.se/en/>.

⁷ See Protocol on Arbitration Clauses. 1923. <https://jsumundi.com/en/document/treaty/en-protocol-on-arbitration-clauses-1923-protocol-on-arbitration-clauses-1923-monday-24th-september-1923>.

⁸ See Convention on the Execution of Foreign Arbitral Awards. 1927. <https://www.trans-lex.org/511400>.

⁹ See Convention on the Recognition and Enforcement of Foreign Arbitral Awards. 1958. https://uncitral.un.org/en/texts/arbitration/conventions/foreign_arbitral_awards.

in New York City, United States. This convention, which specifically addresses the recognition and enforcement of arbitral awards, holds the most significant and influential position in the international legislative framework for commercial arbitration. According to the latest status from the United Nations Treaty Collection (UNTC), as of May 26, 2025, the New York Convention has 172 contracting states and territories.¹⁰ Its membership and geographical coverage have notably expanded, encompassing almost all major global economies and trading nations, making it one of the most universally applicable and legally binding international norms in international commercial arbitration law.

Beyond the New York Convention, other significant universal or regional international treaties include the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, the European Convention on International Commercial Arbitration, and the Inter-American Convention on International Commercial Arbitration. In 1965, the World Bank spearheaded the development of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (also known as the Washington Convention), which entered into force in 1966. This convention established a framework for resolving disputes between national governments and foreign investors and created the International Centre for Settlement of Investment Disputes (ICSID) at the World Bank headquarters in Washington D.C. Consequently, it is also referred to as the ICSID Convention.¹¹ As a primary framework treaty for international investment dispute arbitration, it currently has approximately 166 contracting states, according to the latest statistics. This mechanism serves as a crucial pillar of the international investment protection and dispute resolution system, holding a central role, particularly in investor-state dispute settlement (ISDS).¹²

The European Convention on International Commercial Arbitration,¹³ facilitated by the United Nations Economic Commission for Europe, was adopted in 1961 and entered into force in 1964. At present, the Convention has 31 contracting parties and serves as an important international legal instrument for the mutual recognition of international commercial arbitration agreements and awards among European countries. The Convention applies to arbitration agreements concluded by natural or legal persons whose habitual residence or place of business is located in different contracting states, as well as to arbitral proceedings and awards arising from such agreements. Among its contracting parties, the European Convention functions as a supplement to the New York Convention. Among its contracting parties, the European Convention functions as a supplement to the New York Convention.

The Inter-American Convention on International Commercial Arbitration¹⁴ was adopted under the auspices of the Organization of American States in 1975 and entered into force in 1976. Because the Convention was adopted at the Special Conference on Private International Law held in Panama City, it is also known as the Panama Convention. As of 2026, sixteen countries, including major South American countries, as well as states in Central American and the Caribbean, together with North American countries like the United States and Mexico, have completed ratification and deposited their instruments of accession through their respective domestic procedures. The Convention primarily addresses issues such as the validity of arbitral awards, the appointment of arbitrators, arbitration procedures, and the enforcement of arbitral awards. In terms of purpose and effect, the Convention is similar to the New York Convention and has promoted the acceptance and use of arbitration for resolving commercial disputes in Latin American countries. However, compared to the globally applicable New York Convention, its participation remains more limited, and it is therefore generally

¹⁰ See China International Economic and Trade Arbitration Commission. n.d. "Contracting States of the New York Convention." <https://www.cietac.org/articles/73>; New York Convention. n.d. "Contracting States." <https://www.newyorkconvention.org/contracting-states>; United Nations. n.d. "United Nations Treaty Collection." <https://treaties.un.org/Pages/Home.aspx?clang=en>; International Centre for Settlement of Investment Disputes. n.d. <https://icsid.worldbank.org/>. These websites provide detailed information on the list of contracting parties to the Convention.

¹¹ ICSID is the world's leading institution devoted to international investment dispute settlement. It has extensive experience in this field, having administered the majority of all international investment cases. States have agreed on ICSID as a forum for investor-State dispute settlement in most international investment treaties and in numerous investment laws and contracts. See <https://icsid.worldbank.org/>.

¹² See International Centre for Settlement of Investment Disputes. n.d. <https://icsid.worldbank.org/>.

¹³ See European Convention on International Commercial Arbitration. 1961. <https://www.trans-lex.org/501600>.

¹⁴ See Inter-American Convention on International Commercial Arbitration. 1975. <https://jusmundi.com/en/document/treaty/en-inter-american-convention-on-international-commercial-arbitration-panama-convention-1975-thursday-30th-january-1975>.

regarded as a regional supplementary instrument for the recognition and enforcement of arbitral awards in the Americas.¹⁵

In addition, the United Nations Convention on Transparency in Treaty-based Investor-State Arbitration, commonly referred to as the Convention on Transparency (or the Mauritius Convention), was adopted in 2014 and entered into force in 2017.¹⁶ Although the number of participating states remains relatively small (approximately nine states as of 2025), the Convention provides a more transparent and open procedural framework for investment arbitration and represents an important supplement to the institutional development of international investment dispute arbitration.

The United Nations Commission on International Trade Law (UNCITRAL) has made significant contributions to the harmonization and unification of international commercial arbitration. In 1985, UNCITRAL drafted the Model Law on International Commercial Arbitration,¹⁷ which was subsequently revised in 2006. As a model legislative text, it has been adopted or used as a reference by more than 110 jurisdictions, thereby promoting the harmonization of commercial arbitration legislation worldwide.^x In 1976, UNCITRAL also adopted the UNCITRAL Arbitration Rules to facilitate ad hoc arbitration, which were most recently revised in 2010.¹⁸ Decades of practice since UNCITRAL's establishment have demonstrated that its arbitration rules are widely used in ad hoc arbitration and are also frequently applied by many permanent arbitral institutions. For instance, the Hong Kong International Arbitration Center (HKIAC), does not require the application of a single set of international arbitration rules, and parties may choose the applicable arbitration rules; however, the UNCITRAL Arbitration Rules are frequently used in practice.^{xi}

The development of international commercial arbitration legislation and practice has made important contributions to the coordination and unification of arbitration systems. In particular, various international arbitration practices have gradually been incorporated into arbitration procedures, and some have been compiled into supplementary rules or practical guidelines.^{xii} For example, the International Bar Association (IBA) has issued the IBA Rules on the Taking of Evidence in International Commercial Arbitration¹⁹ and the IBA Guidelines on Conflicts of Interest in International Arbitration.²⁰ Furthermore, UNCITRAL issued the UNCITRAL Notes on Organizing Arbitral Proceedings,²¹ which provide practical guidance on matters that arbitral tribunals may need to consider during arbitration proceedings, including the selection of arbitration rules, the seat of arbitration, the language of arbitration, and issues related to confidentiality.^{xiii} Although these notes do not impose binding obligations on the parties or the arbitral tribunal, they have contributed to the harmonization of arbitration practices. Arbitrators and parties may agree that certain international commercial arbitration practices will be followed, or arbitrators may simply refer to them as guidance in the conduct of proceedings.

As evident as it is, there have been important developments in commercial arbitration, both formal and substantive, in the modern era. It has developed into a hierarchical, albeit more well-established, international institutional structure comprising national laws, international treaties, model laws, rules of arbitral institutions, and soft law guides. The evolution is manifested by trends such as institutional modernisation, legal internationalisation, and the specialisation of rules. The international commercial arbitration system, albeit maintaining some of its traditional strengths, has continued to evolve to incorporate new developments in commercial practice and new demands of international law in the

¹⁵ Woode, Charles E. 2025. "The U.S. Supreme Court Decision in *Smith v. Spizzirri*: An Analysis of Its Impact on Enforcing International Arbitration Agreements and Awards Falling Under the New York Convention in the United States." *Buffalo Law Review* 73: 69 at 74. The author states that there is no substantive difference between the New York Convention and the Panama Convention. It can be seen that the role and impact of this convention.

¹⁶ See United Nations Convention on Transparency in Treaty-Based Investor-State Arbitration. 2014.

<https://uncitral.un.org/zh/texts/arbitration/conventions/transparency>.

¹⁷ See United Nations Commission on International Trade Law. 2006. *UNCITRAL Model Law on International Commercial Arbitration (1985), with Amendments as Adopted in 2006*. https://uncitral.un.org/en/texts/arbitration/modellaw/commercial_arbitration.

¹⁸ See United Nations Commission on International Trade Law. n.d. <https://uncitral.un.org/>.

¹⁹ See International Bar Association. 1999. *IBA Rules on the Taking of Evidence in International Commercial Arbitration*.

<https://jsumundi.com/en/document/rule/en-iba-rule-on-the-taking-of-evidence-in-international-commercial-arbitration-iba-rule-on-the-taking-of-evidence-in-international-commercial-arbitration-1999>.

²⁰ See International Bar Association. 2024. *IBA Guidelines on Conflicts of Interest in International Arbitration*.

<https://www.acerislaw.com/2024-iba-guidelines-on-conflicts-of-interest-in-international-arbitration/>.

²¹ See United Nations Commission on International Trade Law. 2016. *UNCITRAL Notes on Organizing Arbitral Proceedings*. https://uncitral.un.org/en/texts/arbitration/explanatorytexts/organizing_arbitral_proceedings.

context of globalisation. This has given rise to an ever-growing range of international treaty systems governing commercial arbitration. The modernisation and internationalisation of commercial arbitration is reflected by the many other model laws and arbitration rules adopted worldwide, the gradual strengthening and institutionalisation of closely related regional conventions and the mechanisms of investment arbitration, as well as the digitalisation, procedural standardisation, and combination of different modes of dispute resolution that arbitration institutions have developed and refined.

Stages of Historical Development of Commercial Arbitration in China:

Germination and Exploration of Commercial Arbitration in Ancient and Modern China

In ancient China, arbitration was primarily used to resolve political disputes between feudal states. Although there was no arbitration legislation in the modern sense, the practice of arbitration-based dispute resolution was quite widespread. The pluralistic social structure of ancient China provided the basis for the emergence of certain dispute resolution methods. The recorded use of arbitration-like methods to resolve disputes between states can be traced back to the late Shang Dynasty. During the Spring and Autumn Period and the Warring States Period, there was even more recorded instances of arbitration being used to resolve disputes.^{xiv} For example, historical records from the *fourth year of Cheng Gong, Zuo Zhuan*, describe a dispute between the states of Zheng and Xu, which was settled through the mediation of the state of Chu, and this may be regarded as an early manifestation of the spirit of arbitration.^{xv}

In traditional Chinese society, disputes within clans were often mediated by clan elders, and such informal mediation mechanisms, together with the internal dispute resolution methods of merchant organizations such as guilds, contained the rudimentary forms of arbitration similar to modern arbitration. With the emergence of early capitalist economic activities during the Ming and Qing dynasties, merchant associations similar to guilds also appeared. Traditional guild organizations often resolved and handled certain industry disputes through collective deliberation and joint decision-making among guild members.^{xvi} Some foreign scholars have observed that guilds functioned in a manner similar to informal arbitration bodies. According to guild rules, disputes were resolved on the basis of fairness and reason, emphasizing the public expression of justice and the disclosure of facts.^{xvii} In the late Qing Dynasty, in response to the growing demand among merchants to safeguard their interests, the Qing Government promulgated the Provisional Regulations for Chambers of Commerce in 1904.^{xviii} With the development of the commodity economy, merchant organizations such as guilds handled internal commercial disputes through their own rules, which, although lacking formal legal force, exerted a certain degree of normative influence in commercial relations.

In modern China, the modern commercial arbitration system truly began to take shape in the early twentieth century, alongside the growth of capitalist economic forces. During this period, chambers of commerce actively sought mechanisms for independently resolving commercial disputes. After the Xinhai Revolution of 1911,²² business associations, representing the interests of the emerging bourgeoisie began to explore institutional approaches to commercial dispute resolution. In response, the Ministry of Justice and the Ministry of Industry and Commerce of the Republic of China jointly promulgated the Regulations for Commercial Arbitration Chambers in 1912, which established commercial arbitration chambers as affiliated institutions responsible for handling commercial disputes.^{xix} Building upon this foundation, the Detailed Rules for the Operation of Commercial Arbitration Chambers in September 1912. The Beiyang Government promulgated the Provisional Regulations on Civil Arbitration in 1921, which stipulated that arbitration could be applied to general civil disputes, and further refined the arbitration-based adjudication system. In 1935, the Nationalist Government introduced significant amendments to these regulations, which may be regarded as early institutional explorations of modern commercial arbitration in China. During the war of Resistance Against Japan and in the revolutionary base areas, arbitration mechanisms also received attention. For example, the Labor Law of the Chinese Soviet Republic (1933) included provisions relating to arbitration. Similarly, the Land Tenancy Regulations of the Shanxi–Chahar–Hebei Border Region promulgated in 1943, as well as the Instructions on the Work of Arbitration Committees, outlined the

²² The Xinhai Revolution of 1911 refers to the series of uprisings that led to the collapse of the Qing Dynasty and the establishment of the Republic of China, marking the end of more than two thousand years of imperial rule in China.

nature, functions, and authority of arbitration committees. Although many of these regulations were regional in nature, they nonetheless demonstrate the early development of modern arbitration practices in China.^{xx}

The Establishment and International Development of China's Modern and Contemporary Commercial Arbitration System

In the early days of the People's Republic of China, China began to systematically establish its domestic and foreign-related arbitration systems. In 1949, the domestic and foreign-related arbitration systems were established separately. Subsequently, with the support of the China Council for the Promotion of International Trade (CCPIT), the China International Economic and Trade Arbitration Commission (CIETAC) and the China Maritime Arbitration Commission (CMAC) were established, marking the gradual improvement of China's foreign-related arbitration system.

Established in Beijing in 1956, CIETAC is one of China's earliest permanent commercial arbitration institutions. The institution underwent several name changes: from 1956 to 1980, it was known as the Foreign Economic and Trade Arbitration Commission, and in 1980, it reverted to the China International Economic and Trade Arbitration Commission. In 2000, the Court of Arbitration of the China Chamber of International Commerce (CCOIC Arbitration Court) was also established, providing an additional institutional mechanism for foreign-related arbitration.

In September 2012, in order to strengthen Hong Kong's position as an international arbitration center, the central government approved CIETAC's establishment of an arbitration center in Hong Kong (CIETAC Hong Kong Arbitration Center), which applies the same set of arbitration rules and panel of arbitrators.²³ In order to facilitate arbitration services and provide more accessible dispute resolution mechanisms, CIETAC has established more than twenty local and specialized branches across China. To better serve disputes in specific industries, CIETAC has also developed industry-specific arbitration services, covering sectors such as grain, commerce, engineering and construction, finance, and wool trade. Furthermore, it offers domain name dispute resolution services to address disputes arising from e-commerce. In May 2009, CIETAC adopted the Online Arbitration Rules,²⁴ thereby introducing internet-based arbitration procedures for commercial disputes in China. These rules provide for ordinary procedures as well as simplified and expedited procedures, depending on the amount in dispute, allowing online commercial disputes to be resolved more efficiently. Since its establishment, CIETAC has handled tens of thousands of arbitration cases, most of which involve international commercial disputes, with parties from more than 170 countries and regions. The arbitration theory and practice developed by CIETAC have played an important role in promoting the development of arbitration law in China, while maintaining independence, impartiality, and efficiency in arbitration proceedings. These institutions and their rule practices have gradually formed a comprehensive and internationally influential commercial arbitration system in the global arbitration community. According to the 2025 International Arbitration Survey, the CIETAC Arbitration Rules, together with the UNCITRAL Arbitration Rules, are ranked among the five most preferred arbitration rules worldwide.²⁵

In the field of maritime law, the Maritime Arbitration Commission of the China International Economic and Trade Arbitration Commission, established in 1959, was renamed the China Maritime Arbitration Commission (CMAC) in 1988. This commission is particularly responsible for legal conflicts relating to maritime and maritime related businesses. CMAC is based in Beijing, with branch offices in a number of cities including Dalian, Tianjin, Qingdao, Shanghai, Ningbo and Guangzhou. It is dedicated to efficiently, fairly and autonomously solving disputes on the transport and logistics of seagoing trade. Since its founding, CMAC has successfully safeguarded the legal rights and interests of both Chinese and foreign parties, thus building good reputation in the international shipping arbitral arena.²⁶

²³ China International Economic and Trade Arbitration Commission Hong Kong Arbitration Center. n.d. "CIETAC Hong Kong Arbitration Center." http://www.cietachk.org.cn/portal/showIndexPage.do?pagePath=zh_CN/index.

²⁴ China International Economic and Trade Arbitration Commission. n.d. "Online Arbitration Rules." <https://www.cietac.org/articles/25160>.

²⁵ China International Economic and Trade Arbitration Commission. n.d. <https://www.cietac.org.cn>.

²⁶ China Maritime Arbitration Commission. n.d. <https://www.cmac.org.cn>.

In 2004, China promulgated the China Maritime Arbitration Commission Arbitration Rules,²⁷ promulgated by the China Chamber of Commerce, which was an important event in the development of Chinese maritime arbitration rules. The Rules are the basis of procedural framework of the China Maritime Arbitration Commission (CMAC), which offered a comprehensive body of rules to govern the resolution of maritime, admiralty and related transportation and logistics disputes. The Rules were based on the Arbitration Law of People's Republic of China and other relevant domestic laws, and it clarified the jurisdiction of CMAC and the processes governing arbitral proceedings such as initiation of the arbitration, evidentiary procedures, the determination of the award and the allocation of arbitral costs. Since 2004, there have been a number of changes made to the Rules. As of 1st of January 2015 the China Maritime Arbitration Commission Arbitration Rules (2014 Revision) took effect, followed by revision in 2018 and 2021.²⁸ The changes encompassed enhancement of procedural matters, the composition of arbitral tribunals, the procedure of summary and the case management. All the above changes reflect a gradual harmonization of the procedure in CMAC's arbitration provisions with the world's most recent advancements with regards to international commercial arbitration, with China-specific characteristics that remain. The developments in these institutions and regulations are in line with the process of building a robust and well-developed commercial arbitration system in China from its infancy to the present stage.

In the course of an institutional legalization, the system of domestic arbitration reform has been carried out and witnessed a few important changes in China, while the system of commercial arbitration system developed there is more complicated. From around 1960 to 1978, the arbitration mechanism in China's economy mostly came from economic administrative departments of all levels on the basis of mediation, and other quasi-arbitration methods like the Working Regulations for State-Owned Industrial Enterprises (Draft) and the Opinions on Arbitration of Arrears between the State-Owned Industrial Enterprises by the Economic Commissions at All Levels (Draft). These mechanisms were developed mainly to address disputes that can occur under economic contracts formed under a planned economy, and thus did not offer much assistance in developing modern commercial arbitration. Since 1981²⁹, the Economic Contract Law of the People's Republic of China³⁰ and the Regulations on the Arbitration of Economic Contracts of the People's Republic of China from 1993 provided that parties could under Contract choose to proceed to arbitration or to litigation, which was an important measure towards harmonizing the commercial arbitration system with the wider civil and commercial legal system. The revisions to the Law of the People's Republic of China on (20 yuan) Economic Contracts (1993)³¹, together with the Law of the People's Republic of China on Technology Contracts (1987)³², fully reiterated the "one award, final decision" principle of arbitration, which was further enhanced.^{xxi}

The first comprehensive Arbitration Law of China, the "Arbitration Law of the People's Republic of China" (hereinafter the "Arbitration Law") was put into effect on 31st August, 1995³³. Through this Law, systematic law-based regulation of commercial arbitration is provided and, in effect, China's commercial arbitration system opens the door to a rule-based legal system. China has commercial arbitration system gradually improved with the expansion of the reform and opening-up policy of the Chinese government, as well as the rapid development of international trade and investment cooperation and gradually become more internationalized. Great efforts have been made notably on the aspects of foreign related arbitration practice, judicial support mechanism and conformity with international arbitration institution rules. As a result, the Arbitration Law has been comprehensively revised for the

²⁷ China Maritime Arbitration Commission. n.d. *CMAC Arbitration Rules*. <https://www.e-ports.com/en/shipping/regulations/3922c83d619c4cbe9a171bd970fbc825>.

²⁸ China Maritime Arbitration Commission. 2015. *CMAC Arbitration Rules*. <https://www.cmac.org.cn/index.php?catid=20>; China Maritime Arbitration Commission. 2018. *CMAC Arbitration Rules*. <https://www.cmac.org.cn/index.php?catid=20>. China Maritime Arbitration Commission. 2021. *CMAC Arbitration Rules*. <https://www.cmac.org.cn/index.php?catid=20>

²⁹ Economic Contract Law of the People's Republic of China. 1981. Adopted December 13, 1981. <https://asianlii.org/cn/legis/cen/laws/teclotproc475/>.

³⁰ Regulations of the People's Republic of China on the Arbitration of Disputes over Economic Contracts. 1983. <https://asianlii.org/cn/legis/cen/laws/rotaodoec656/>.

³¹ Economic Contract Law of the People's Republic of China. 1993. Amended version. https://www.pkulaw.com/en_law/66d33efe4ad21a72bdfb.html.

³² Law of the People's Republic of China on Technology Contracts. 1987. Adopted June 23, 1987. <https://asianlii.org/cn/legis/cen/laws/lotprocotc535/>.

³³ Arbitration Law of the People's Republic of China. 1994. Adopted August 31, 1994. https://english.mofcom.gov.cn/Policies/LawsRegulations/art/2013/art_34defb8ebd15467784aac6ab73c2cc8c.html.

first time, and will come into force on March 1, 2026. The amended Act is comprised of eight chapters and ninety six articles that include sixteen new articles, and creates a much fuller and up-to-date legal system structure for arbitration. This revision has ushered in a new phase for China's arbitration system, gradually moving from mainly regulating domestic arbitration to a combination of domestic and international arbitration rules into a modernized system useful in attracting international arbitration business. This revision strengthens the construction of foreign related arbitration mechanisms, improve that China's institutional and legal support for international commercial arbitration construction fit in better international practice, further enrich and improve legal and institutional environment for China's international commercial arbitration construction.^{xxii}

Since the advent of economic opening-up reform, and the accelerated development of international trade and investment, China's foreign related arbitration system has been steadily developing to become increasingly international. On April 22, 1987, China acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards with the following reservation: The Convention is to be applied only to the contractual and non-contractual commercial legal relationships arising out of contractual and tort relations between foreign countries and foreign investors, etc.³⁴ The widespread acceptance of the Convention by foreign states and the legal framework which ensures its enforcement have made international commercial arbitration easier to build in China.³⁵ With the economic development and institutional advancement, a large number of foreign-related cases involving commercial conflicts have been taken up by the institutions, such as CIETAC, CCOIC Arbitration Court and its Hong Kong branch, and the CMAC, and showed that Chinese commercial arbitration played more and more important role in the development of international economic and trade relation.

China, as a whole economy, is clearly trendy towards modernization with the development of commercial arbitration. It is reflected in the ongoing legalization of its institutional system, the professionalism of arbitral institutions, synchronized with the international system and rules, the diversification and digitalization of arbitration mechanisms and the foreign-related arbitral system's continued openness. China's commercial arbitration processes, from early times and ad hoc arbitration to the modern unified Arbitration Law, have evolved in an experience-driven manner and legal framework, respectively.

The number of permanent arbitration institutions has increased, their functions have become more specialized, and the system of arbitrator rosters and professional arbitration services has continued to improve.

By adopting and drawing on internationally recognized commercial arbitration rules, such as the UNCITRAL Model Law and the rules of international arbitration institutions, and by participating in international treaty frameworks, China's commercial arbitration framework has become more aligned with the international legal standards. Towards that end, the increasing use of online arbitration, electronic document exchange, and the attending remote hearings are becoming a central aspect of both international and domestic arbitration practice. Practices like setting up arbitration branches in Hong Kong, and further strengthening arbitration cooperation under the Greater Bay Area framework of Hong Kong, Guangdong and Macao,³⁶ further demonstrate the central role arbitration is playing in the dispute resolution of commercial disputes and the economic development of the Greater Bay Area, making China's commercial arbitration increasingly international and regional.

³⁴ Convention on the Recognition and Enforcement of Foreign Arbitral Awards. 1958.

<https://treaty.mfa.gov.cn/tykfiles/20180718/1531876060479.pdf>. New York Convention. n.d. "Contracting States and Reservations."

https://newyorkconvention1958.org/index.php?lvl=cmspage&pageid=11&menu=568&opac_view=-1.

Supreme People's Court. 1987. "Notice on the Implementation of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards Acceded to by China." <https://cicc.court.gov.cn/html/1/219/199/200/638.html>.

³⁵ The term "contractual and non-contractual commercial legal relationships" specifically refers to economic rights and obligations arising from contracts, torts, or relevant legal provisions, encompassing disputes related to the sale of goods, property leasing, engineering contracting, processing and manufacturing, technology transfer, joint ventures, cooperative joint ventures, exploration and development of natural resources, insurance, credit, labor, agency, consulting services, and the carriage of goods and passengers by sea, civil aviation, rail, and road, as well as product liability, environmental pollution, maritime accidents, and ownership disputes. However, disputes between foreign investors and host government are excluded.

³⁶ The Guangdong-Hong Kong-Macao Greater Bay Area refers to a regional economic integration initiative in southern China that includes Hong Kong, Macao, and nine cities in Guangdong Province, aimed at promoting economic cooperation, infrastructure connectivity, and legal and institutional coordination within the region.

The Primary Functions and Value Orientation of Commercial Arbitration

Therefore, as the development of commercial arbitration has been unfolded, it can be seen that the objective of modern commercial arbitration is to address all the failure of litigation, to resolve disputes between the parties, to provide effective social relief, legal remedies, better economic efficiency, to ensure equality for commercial relationship and to support international economic cooperation, developing business relationship.^{xxiii} Generally speaking, its role as an alternative dispute-resolution is its primary one.

The Fundamental Function of Commercial Arbitration—Alternative Dispute Resolution (ADR) Function

The Alternative Dispute Resolution (ADR) function of commercial arbitration describes the social impacts that are created in the context of arbitration as a tool for resolving business conflicts, as well as litigation. Historically, as the function of arbitration is well illustrated, the nature of commercial arbitration is well suited to rendering this function. Commercial arbitration is flexible and rigid, as opposed to mediations, which are discretionary, and litigation, which is set in stone. It has many advantages, such as complete respect of party autonomy, but it also has a certain stringency, being judicial enforceable. There are a number of important aspects in commercial arbitrations, which are addressed as follows.

First, the essence of commercial arbitration is that parties agree to it. Under the parties' agreement, arbitrators or arbitral tribunals have jurisdiction to find solutions to international commercial disputes. At the same time, the parties' consent also limits the scope of that authority, since the tribunal may resolve disputes only within the scope defined by the arbitration agreement. The adjudicatory authority exercised by the arbitral tribunal, as an independent third party, derives from the voluntary authorization of the disputing parties, rather than from mandatory statutory jurisdiction. Arbitrators are also generally expected to apply the arbitration rules, procedural arrangements, and substantive law chosen by the parties when resolving disputes.

Second, commercial arbitration is characterized by party autonomy. In commercial arbitration, party autonomy is manifested in several respects. First, the parties may agree on the arbitral institution and the form of arbitration. For example, they may choose either institutional arbitration or ad hoc arbitration, and among institutional arbitration bodies they may select international, domestic, or specialized arbitral institutions. Second, the parties may agree on the seat of arbitration. In ad hoc arbitration, for reasons such as convenience and neutrality, the parties may choose any suitable place as the seat of arbitration. In institutional arbitration, subject to mandatory legal provisions, the parties may also agree on a seat different from the location of the arbitral institution. Third, the parties may agree on the arbitrators. Whether in ad hoc or institutional arbitration, the parties may appoint one or more arbitrators in accordance with the applicable arbitration rules to constitute an arbitral tribunal. Fourth, the parties may agree on the arbitral procedure, including matters such as the commencement of arbitration, the appointment of arbitrators, the constitution of the tribunal, and the issuance of the award. Fifth, the parties may agree on the law applicable to the arbitration. However, the procedural and substantive laws chosen by the parties must not violate any mandatory legal provisions. Furthermore, the arbitral tribunal also enjoys a certain degree of procedural autonomy. Where the parties have not made a choice, the tribunal may determine the seat of arbitration, the law applicable to the arbitration agreement, the procedural law and substantive law governing the dispute, and may also order interim measures and render arbitral awards.

Third, commercial arbitration has a private nature. In institutional arbitration, arbitral institutions are distinct from courts supported by state authority and are generally non-governmental organizations. In most cases, international commercial arbitration institutions are affiliated with chambers of commerce or other private organizations. Arbitrators handling cases do not belong to any governmental authority. Compared with judges, arbitrators tend to focus primarily on resolving disputes between the parties, rather than on broader considerations of public policy or public interests. When parties submit their disputes to arbitration, they select the arbitrators themselves, and the arbitrators' principal responsibility is to resolve the dispute between the parties. Unlike judges, arbitrators are chosen by the parties, and they may therefore hope to be selected again in future proceedings. This expectation encourages them

to maintain neutrality, exercise careful judgment, and handle disputes in a fair and reasonable manner. When there are three arbitrators, typically each party selects one arbitrator, and the arbitrators chosen by each party then jointly nominate a third arbitrator to serve as the presiding arbitrator. Arbitrators are generally expected to act independently and impartially in handling cases. If there is that an arbitrator's independence or impartiality may be questioned, they may be challenged before the arbitral institution or a court.^{xxiv}

Fourth, commercial arbitration is characterized by finality. In most cases, commercial arbitration adopts the principle of "one award, final decision." Once the arbitral tribunal renders an award, the parties may not submit the same dispute to arbitration again, nor may they initiate court proceedings on the same matter, because arbitral awards are final and binding. Although some jurisdictions, such as the United Kingdom, allow appeals under limited circumstances, in most situations a party may challenge an arbitral award only on procedural grounds.³⁷ A party may seek relief in the country where the award was rendered, that is, the seat of arbitration, by applying to the court to set aside the award. However, most arbitration laws provide very limited grounds for setting aside an arbitral award. Typically, once an arbitral award is recognized by a competent court, it is deemed to have the same legal effect as a court judgment and is subject to judicial enforcement.^{xxv}

Fifth, commercial arbitration is characterized by flexibility. Unlike international civil litigation, commercial arbitration is not constrained by rigid procedural rules or formal requirements. With the mutual consent of the parties, the arbitral tribunal may simplify procedures related to the submission and acceptance of arbitration applications, preparatory arrangements, hearing schedules, and methods of examination, thereby reducing procedural complexities and saving time and costs. The parties may discuss settling the dispute even at any time of the arbitration process. The arbitral tribunal also, upon the consent of the parties, can facilitate mediation and, upon the agreement of the parties, can make the award based on the outcome of the mediated settlement, to ensure that the parties' consent is provided legal effect. Article 17(1) of the UNCITRAL Arbitration Rules grants power to the arbitral tribunal, in the party's request, to "order interim measures".³⁸

Sixth, commercial arbitration is seen as professional. Commercial arbitration cases usually relate to various areas of specialization such as trading, transport, insurance, maritime, investment, construction and more. The skill of the arbitrators is again of critical importance in arbitrating. The arbitrators are expected to evaluate the parties' agreement and the facts of the case, where relevant, apply the law of the arbitration country and/or the law of the territory, and apply international commercial party expectations. In highly specialized cases, parties may opt for arbitrators with expertise in the specific domain, thereby ensuring professional assurance for the correct, reasonable, and swift resolution of the dispute.^{xxvi} Within institutional arbitration, the arbitral institution generally maintain panels of arbitrators composed of professionals from various industries. In ad hoc arbitration, parties can stipulate the qualifications of arbitrators, thereby guaranteeing the quality of the arbitral proceedings.

Seventh, commercial arbitration is characterized by enforceability. Although commercial arbitration institutions are generally non-governmental organizations, their awards are recognized as having equivalent legal effect to court judgments under the legislative and judicial practices of most nations, reflecting a supportive stance towards arbitration. If a party fails to comply with an arbitral award, the other party may apply to a competent court for enforcement.

Eighth, commercial arbitration is characterized by confidentiality. In principle commercial arbitration proceedings are conducted in private sittings, unless the parties explicitly request a public hearing. During the arbitral proceedings, attendance is typically restricted to the parties and their representatives, unless otherwise agreed by the parties. Matters such as the submission of arbitration applications, the progress of proceedings, and the hearings themselves are generally not disclosed to

³⁷ For instance, Section 69(1) of the UK Arbitration Act 1996 stipulates: "Unless otherwise agreed by the parties, a party to arbitral proceedings may appeal to the court on a question of law arising out of an award made in the proceedings, provided that the other parties have been notified of the intention to appeal and the arbitral tribunal has been notified. If the parties have agreed that the arbitral tribunal's award need not be accompanied by reasons, this shall be deemed to be an agreement to exclude the court's jurisdiction under this section."

³⁸ Article 17(1) of the UNCITRAL Arbitration Rules states: "In any matter not expressly provided for in these Rules, the Arbitral Tribunal shall conduct the arbitration in such manner as it considers appropriate, provided that it shall give equal treatment to all parties and at an appropriate stage of the arbitration, afford each party a reasonable opportunity of presenting its case. The Arbitral Tribunal may in the exercise of its discretion and for the purpose of facilitating the fair, speedy and economical determination of the parties' dispute, avoid unnecessary delay and expense."

the public or the media, arbitral awards are normally not published. Both parties are also subject to confidentiality obligation, which require them not to disclose information related to the arbitration proceedings, particularly where commercial disputes may involve trade secrets or other confidential business information.

In international commercial arbitration, commercial actors tend to favor arbitration as their main means of resolving disputes. Such a preference exists for many reasons inherent in both domestic and international commercial arbitration, including its party autonomy, lack of involvement of the state, the expertise of the arbitrator, and its flexible and efficient processes, not to mention the comparative cost-effectiveness and facilitation of arbitration by the state courts. Notably, many states have ratified the 1958 New York Convention, which promotes foreign arbitral awards to generally be recognized and enforced in other countries. Arbitration, as such a reliable mechanism, is a preferred choice for many parties in international commercial agreements to avoid judicial and other third party instances in order to resolve the cross-border commercial disputes.

The practice of international commercial arbitration has proven itself to be an effective way of settling international commercial disputes and is highly prescribed by empirical evidence in international commercial practice. In the field of economic disputes, arbitration was still gaining ground over other dispute-resolution methods through further growth in the number of cases, internationalization, and procedural modernization, as revealed in the latest annual reports of the China International Economic and Trade Arbitration Commission (CIETAC), the China Maritime Arbitration Commission (CMAC), and CIETAC's work related to Hong Kong.³⁹ In addition, the adoption of electronic evidence and submission of proceedings and remote hearings has greatly improved online arbitration's dispute-resolution process.

Other Key Manifestations of Commercial Arbitration's Functions

Its role as an Alternative Dispute Resolution (ADR) mechanism, commercial arbitration serves a number of other roles including those of creating commercial awareness, maintaining economic prosperity and enhancing the legal system as well as ensuring internationalisation and modernisation.

Let's discuss the impact of commercial arbitration in the context of being guidance in awareness. In terms of "awareness-creation-acts," the "commercial actors," are impacted by commercial arbitration in different ways. To begin with it brings awareness about autonomy. Firstly it encourages students to learn more about autonomy. Commercial arbitration is a mechanism through which the market economy resolves its internal conflicts and through which merchants settle their disputes independently. Merchants participate in the arbitral process on the basis of their own will and may dispose of their rights and interests autonomously. Second, it reinforces awareness of equality. Parties participating in commercial arbitration enjoy equality of status and procedural rights, and the principle of equality among merchants is fully reflected in the arbitral process. Third, it strengthens contractual awareness. Commercial arbitration requires parties to honor their commitments and attach importance to contractual obligations. Fourth, it encourages an awareness of openness. The development and maturation of the commercial arbitration system contribute to a nation's soft environment for opening up. Effective dispute resolution mechanisms and sound commercial arbitration systems may contribute to the orderly and healthy development of commercial activities.

Commercial arbitration also performs important economic functions. First, it reduces the cost of national legal enforcement. The establishment of a commercial arbitration system can reduce the resources that the state must devote to dispute resolution while generating considerable benefits through the arbitral resolution of commercial disputes and helping to maintain economic stability. Second, it facilitates the effective use of social talent resources. The operation of commercial arbitration primarily relies on part-time arbitrators, thereby fully leveraging the nation's diverse professional talent pool. Third, it minimizes disadvantages for the parties. Because arbitration is generally faster, simpler, and

³⁹ See China International Economic and Trade Arbitration Commission. 2025. *Annual Report on International Commercial Arbitration in China (2024–2025)*; China International Economic and Trade Arbitration Commission. 2026. *2025 Work Report*; China Maritime Arbitration Commission. 2025. *Annual Report 2024*; China Maritime Arbitration Commission. 2026. *CMAC 2025 Review*. Information regarding CIETAC's Hong Kong-related operations is incorporated within CIETAC's institutional reports and public disclosures.

final, it can reduce the parties' additional expenditures, save both time and economic costs, and allow them to devote more time and energy to the development of their enterprises.

Commercial arbitration also contributes to improving the legal system. It helps improve procedural legal systems, promotes reform and improvement of the litigation and trial system, activates and diverts judicial resources, and promotes judicial integrity.^{xxvii}

Finally, commercial arbitration also plays an important role in promoting internationalization and modernization. Accession to international instruments such as the New York Convention enables arbitral awards to be recognized and enforced in the majority of countries. At the same time, new trends in cross-border digital arbitration, where remote hearings, electronic evidence, and online document exchange have become increasingly common, reflecting the growing digitalization of arbitration. In addition, the increasing specialization and industry-specific approaches, such as the establishment of specialized arbitral tribunal for example in finance, engineering, shipping, and intellectual property have further enhanced the professionalism of arbitration. Efforts at greater coordination and integration of arbitration systems include regional cooperation initiatives, such as those adopted by China through its initiative on the Greater Bay Area and Hainan Free Trade Port.

Based on these considerations, commercial arbitration as an important mechanism of modern-day market economy fulfill several roles, namely the ADR function, normative guidance, economic efficiency, improvement of the legal system and complimentary roles in internationalization and modernization. Furthermore, the key features of contemporary commercial arbitration voluntariness, party control, informality and privacy, finality, flexibility, professionalism, enforceability and confidentiality make arbitration a convenient and streamlined way to resolve such commercial disputes in a fast, efficient, and specialized fashion, while incorporating party autonomy, equality, contractual freedom, and openness that reflect the parties' expectations. Meanwhile, the arbitration system provides the parties with considerable economic advantages, such as reduced costs for the enforcement of the law, maximized utilization of professional expertise, efficiency in dispute resolution and a lower transaction cost. From the institution and legal perspectives, the arbitration significantly enhances the existing procedural law norms, optimizes judicial resources, supports the reform of litigations and enhances judicial integrity. The internationalization of foreign-related arbitration has brought China's commercial arbitration from traditional domestic methods to international standards, improved the predictability and legal certainty of international business environment, and given China perfect legal protection for going out to the practice of international trade and investment and international economic relations and cooperation, which is an indispensable institutional support for the gradual development of the rule of law in the economic field, and also an important institutional guarantee for China to join in international trade and investment, and international economic and cooperation.

Conclusion

There are several ways in which commercial conflicts can be settled, each with its pros and cons. Commercial arbitration has been successful not only because it is well-known and established means of resolving commercial disputes but also because of its highly efficient resolution process. Particularly favorable comments have been heard about its effectiveness from many supporters of commercial arbitration. In reality, commercial arbitration does indeed allow parties from diverse cultural and legal backgrounds to settle their commercial disputes in a neutral way which may produce "fair" and "reasonable" outcomes, unconcerned with one another and their differences.

Chinese practice of commercial arbitration, based on a long historical background and rigorous institutional education, reflects that arbitration as a means of commercial dispute settlement has its clear historical background, solid institutional basis and functions. Early versions of commercial arbitration emerged since ancient times surviving in the Middle Ages have developed into some of the forms of a written system that have been commonplace for thousands of years. In the modern times, the western countries developed a rich institutional and legal system for international commercial arbitration, consisting of various national arbitration laws, international arbitration conventions and permanent arbitral institutions. Commercial arbitration in China, from ancient customs to an adjudication system through guilds, has shown its developmental process and become a modern statutory course involving "Arbitration Law", gradually stepping towards internationally accepted rules. Social relief is central to

the very soul of modern commercial arbitration and is also a hallmark of the autonomy, professionalism, flexibility and confidentiality of the process. These features contribute to an efficient and economical solution of conflicts, to equality in business relations, to the doctrine *pacta sunt servanda*, and to the desultory socioeconomic development.⁴⁰ In future, in the context of the continuous development of China's economy internationalization, economy-digitization and diversified dispute resolution mechanism, commercial arbitration may more play an integral part in the domestic or international economic legal practice, offering greater institutional support to build a high-standard, law-based, internationalized business environment.

ⁱ Piegdoń, Maciej. 2018. "Roman Arbitration in the Greek Oikumene in the Third-Second Century BCE: Some Observations." *Electrum* 25: 27-46. <https://doi.org/10.4467/20800909EL.18.003.8923>.
<https://doi.org/10.4467/20800909EL.18.003.8923>.

ⁱⁱ Blackaby, Nigel, Constantine Partasides, Alan Redfern, and Martin Hunter. 2015. *Redfern and Hunter on International Arbitration*. 6th ed. Oxford: Oxford University Press.

ⁱⁱⁱ Zhou, Nan. 1996. *Roman Law Principles*. Beijing: China Business Press.

^{iv} Huang, Jin, Song Lianbin, and Xu Qianquan. 2008. *Arbitration Law*. Beijing: China University of Political Science and Law Press.

^v Xie, Shisong, ed. 2022. *Commercial Arbitration Law*. 2nd ed. Beijing: Higher Education Press.

^{vi} Huang, Jin, Song Lianbin, and Xu Qianquan. 2008. *Arbitration Law Studies*. Beijing: China University of Political Science and Law Press.

^{vii} Lv, Shichao. 2004. "A Brief Analysis of the Functions of Arbitration in the Socialist Market Economy." In *Research on Several Issues of Contemporary Chinese Arbitration System: Commemorating the 10th Anniversary of the Arbitration Law*, edited by Gao Shunling, 318. Wuhan: Wuhan Publishing House.

^{viii} Born, Gary B. 2021. *International Commercial Arbitration*. 3rd ed. 3 vols. The Hague: Kluwer Law International.

^{ix} Wang, Qingsong, and Zhang Sihan. 2025. "Analysis of the Highlights and Characteristics of the UK's New Arbitration Act 2025-Also Discussing Its Implications for the Development of Arbitration in China." *Commercial Arbitration and Mediation*, no. 3: 87-100.

^x Xu, Weigong. 2021. "On the Legislative Improvement of China's Ad Hoc Commercial Arbitration Interim Measures System-Viewed from the Perspective of the UNCITRAL Model Law on International Commercial Arbitration." *Political and Legal Forum*, no. 5: 139-150.

^{xi} Sanders, P. 2005. "UNCITRAL's Model Law on International and Commercial Arbitration: Present Situation and Future." *Arbitration International* 21, no. 4: 443-482. <https://doi.org/10.1093/arbitration/21.4.443>.

^{xii} Kravtsov, Serhij. 2022. "The Definitive Device of the Term 'International Commercial Arbitration.'" *Juridical Tribune Journal = Tribuna Juridica* 12, no. 3 (Oct): 346-367. <https://doi.org/10.24818/TBJ/2022/12/3.03>.

^{xiii} United Nations. 1996. "UNCITRAL notes on organizing arbitral proceedings." *United Nations Commission on International Trade Law (UNCITRAL) Yearbook*: 241-251. <https://doi.org/10.18356/07a59fda-en>

^{xiv} Deng, Lie. 2003. "Judicial Settlement of International Disputes in Ancient Societies: From 4000 BC to AD 476." *Journal of Wuhan University of Technology (Social Sciences Edition)*, no. 1: 64-69.

^{xv} Sun, Yurong. 1999. *Contemporary Chinese International Law Research*. Beijing: China University of Political Science and Law Press.

^{xvi} Museum of Jiangsu Province, ed. 1959. *Selected Materials of Stone Inscriptions in Jiangsu Since the Ming and Qing Dynasties*. Shanghai: China Bookstore Publishing House.

^{xvii} Sprinkle, S., trans. by Zhang Shoudong. 2000. *An Introduction to Qing Dynasty Law-An Analysis from a Sociological Perspective*. Beijing: China University of Political Science and Law Press.

^{xviii} Zheng, Chenglin. 2002. "The Historical Trajectory of the Evolution of Commercial Arbitration Systems in Modern China." *Academic Journal of Zhongzhou*, no. 6: 123.

⁴⁰ See Vienna Convention on the Law of Treaties, 23 May 1969, United Nations, Treaty Series, vol. 1155, p. 331, Art. 26: "Every treaty in force is binding upon the parties to it and must be performed by them in good faith."

^{xix} Niu, Peng, and Liu Zhengquan. 2022. "The Transplantation and Fate of Commercial Arbitration in Hankou during the Late Qing Dynasty and Early Republic of China." *Modern China*, no. 1: 134-154.

^{xx} Zheng, Chenglin. 2002. "The Historical Trajectory of the Evolution of Commercial Arbitration Systems in Modern China." *Academic Journal of Zhongzhou*, no. 6: 122-126.

^{xxi} Fei, Zongyi Fei. 2025. "Arbitration Combined with Mediation in China." *Arbitration and Law* 152 (March 2025): 3-10.

^{xxii} Liu, Xiaohong, and Cao Yilin. 2026. "Legal Responses to Improving the International Commercial Arbitration System." *Studies in International Law*, no. 1: 21-34.

^{xxiii} Moses, Margaret L. 2017. *The Principles and Practice of International Commercial Arbitration*. 3rd ed. Cambridge: Cambridge University Press.

^{xxiv} Moses, Margaret L. 2008. *The Principles and Practice of International Commercial Arbitration*. Cambridge: Cambridge University Press.

^{xxv} Moses, *The Principles and Practice of International Commercial Arbitration*, 3.

^{xxvi} Moreno Rodríguez, José Antonio. 2016. "Effectiveness of International Commercial Arbitration as a Dispute Settlement Mechanism." Paper presented at the Thematic Congress on Enforcement and Effectiveness of the Law, International Academy of Comparative Law, Montevideo, Uruguay, November 17-18.

^{xxvii} Lv, A Brief Analysis of the Functions of Arbitration in the Socialist Market Economy, 326-336.