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Many factors lie behind a choice of venue for international arbitration disputes, including access to tribunals in a particular country or city. Recent news that may cause some concern to companies doing business in China emerged when the China International Economic and Trade Arbitration Commission (CIETAC) recently announced the suspension of its Shanghai and Shenzhen operations due to failures by those branches to comply with new arbitration rules.

CIETAC is headquartered in Beijing, but also oversees arbitration commissions in Shenzhen, Shanghai, Tianjin and Chongqing. These regional offices are alternatively known as the South China Sub-Commission, the Shanghai Sub-Commission, the Tianjin International Economic Financial Arbitration Center and the Southwest Sub-Commission.

Because CIETAC is China's primary arbitration body for companies and foreign investors, the announced suspension of two branches has major implications for parties who have existing agreements to have business or trade disputes resolved in Shanghai or Shenzhen. CIETAC has announced that those parties must resubmit applications to the central body in Beijing.

This could require some parties to seek remedies in Chinese courts if the other party does not agree to submit to CIETAC jurisdiction in Beijing. Unfortunately for many investors and companies, this means losing the protection from public scrutiny that makes alternative resolution of disputes so attractive in the first place.

CIETAC said the branch offices were suspended because they refused to comply with new rules that it introduced in April and were implemented on May 1. Those rules centralized case administration processes in Beijing and were intended to make CIETAC arbitrations more closely resemble procedures that predominate in Hong Kong and London arbitration venues.

Meanwhile, the Shanghai Sub-Commission and the South China Sub-Commission have announced their independence, and the Shanghai office has already published its own arbitration rules. Legal commentators have noted the degree of uncertainty that will accompany CIETAC in the near future, a development that will likely benefit alternative arbitration choices.

Whether a manufacturer is facing a multi-million dollar dispute with a supplier or a company wants to manage risk regarding upcoming contractual obligations, seeking clear advice and guidance from an international arbitration law firm is a sound decision. Keeping up to date with relevant developments in all markets is a key to providing legal representation to commercial enterprises with international dealings.