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I. CIETAC Officially Releases Guidelines on the Use of Artificial Intelligence in Arbitration (Trial Implementation)

On July 18, 2025, the China International Economic and Trade Arbitration Commission (“CIETAC”) officially released the Guidelines on the Use of Artificial Intelligence Technology in Arbitration (Trial Implementation) (the “**Guidelines**”). This is the first normative document issued by an arbitral institution in China, and in the Asia-Pacific region, specifically regulating the use of artificial intelligence in arbitration.

The Guidelines aims to encourage the prudent use of AI in arbitration, to balance efficiency gains with risk control, and to safeguard the rights of the parties while strengthening the credibility of arbitration. In this publication, we will briefly introduce you to the key aspects of the Guidelines.

- **Scope and Application Scenarios**

The Guidelines recognizes that AI has become increasingly prevalent in arbitral practice, with applications ranging from document proofreading, translation and transcription of hearings to case management, evidence collection and analysis, arbitrator recommendations, and legal research. By expressly acknowledging these practices, CIETAC seeks to encourage tribunals and parties to utilize AI responsibly, this means the efficiency gained from the use of AI must be accompanied by appropriate safeguards.

- **Advantages and Risks**

The use of AI offers clear benefits, including enhanced efficiency in text processing, data analysis, and legal research, which may reduce the cost and duration of arbitration. At the same time, the Guidelines underscores potential risks. These include the possibility of disclosing confidential information to third-party AI tools, the danger of inaccurate

or biased outputs, the opacity of AI decision-making mechanisms, and the uncertainties arising from the evolving legislative and regulatory framework governing AI.

- **Fundamental Principles**

To address these concerns, the Guidelines establishes three guiding principles. First is the principle of **party autonomy**. In the absence of mandatory legal requirements or decisions by the tribunal, the parties may jointly decide whether and how AI should be used in proceedings. Second is the principle of **adjudicative support**. The role of the AI tools must remain secondary and supportive. They cannot replace the tribunal's role in fact-finding or decision-making, the arbitral tribunal remains solely responsible for its awards. Third is the principle of **good faith**. The use of AI does not lessen the parties' obligations to submit truthful and lawful evidence and documents.

- **Tribunal Responsibilities and Risk Mitigation**

The Guidelines also imposes specific responsibilities on the arbitral tribunals. Before adopting AI tools, the tribunals are required to make an assessment taking necessity, efficiency, and risks into consideration. They must also consider and ensure compliance with applicable legal regimes. Even when AI is used, the tribunals must preserve the parties' right to present their case, conduct independent analysis of facts and law, and be solely responsible for drafting the awards.

To assist the tribunals and the parties in managing potential risks, the Guidelines introduces a "recommended checklist", which includes incorporating AI-related clauses into arbitration agreements, inviting the parties to comment on AI use through procedural orders or pre-hearing conferences, and making use of CIETAC's own digital platforms and training resources.

- **Conclusion**

The release of the Guidelines marks CIETAC's broader digitalization and modernization efforts, with which CIETAC seeks to provide parties with safe, efficient, and transparent dispute resolution services. The practical effectiveness of the Guidelines, however, will ultimately depend on CIETAC's management of individual cases and on how tribunals and parties adapt to the rapid evolution of both AI technology and its regulatory environment.

II. Notice Issued by the National Development and Reform Commission and Other Authorities on Implementing Measures to Encourage Domestic Reinvestment by Foreign-Invested Enterprises

On July 7, 2025, the Notice issued by the National Development and Reform Commission and Other Authorities on Implementing Measures to Encourage Domestic Reinvestment by Foreign-Invested Enterprises (**"the Notice"**) was released. The Notice introduces multiple measures aimed at facilitating and incentivizing foreign-invested enterprises (**"FIEs"**) to reinvest within China. In this publication, we will mainly introduce the key aspects of the Notice.

- **Scope of Application**

The Notice applies to (i) FIEs in China using undistributed profits, and (ii) foreign investors using legally obtained domestic profits (dividend in RMB/foreign currency) for: establishing new enterprises, increasing capital in existing enterprises, acquiring shares/equity in Chinese companies, or investing in domestic projects.

- **Project Support and Land Use Flexibility**

Local governments should create dedicated project pools for FIE's reinvestment. Eligible projects may qualify as major/key foreign-invested projects, gaining access to preferential policies like tax cuts, streamlined approvals, and financial support. Flexible land-use options (long-term leasing, lease-to-own, flexible-term transfers) could be available for such major/key foreign invested projects to help reduce initial costs.

- **Streamlined Administrative Processes**

For wholly-owned subsidiaries established by FIEs, industry permits held by the parent FIE could be transferred to the subsidiaries under simplified procedures, significantly reducing processing time.

- **Tax and Import Policy Incentives**

The Notice reaffirms the implementation of tax incentives for foreign investors engaging in reinvestment. Projects aligned with *the Encouraged Foreign Investment Industry Catalogue* will benefit from import equipment support policies. In practice, the supporting policies include tariff reduction and exemption for imported equipment, VAT relief on qualifying machinery and expedited customs clearance etc.

Although it must be noted that in practice, we have seen tax benefits originally available to FIEs in China started to be cut or withheld due to the overwhelming fiscal strain that has been experience by the local governments since a few years ago.

- **Foreign Exchange and Financing Convenience**

The Notice allows lawful foreign exchange profits to be transferred domestically for reinvestment. Through certain expedited green channels, much simplified procedures would apply for transferring and using foreign exchanges within China.

- **Financial and Information-Sharing Innovations and Evaluation**

Financial institutions are encouraged to develop tailored products to support reinvestment activities. A pilot program for reinvestment information reporting will be launched to improve inter-departmental data sharing within the government and thus relieving the enterprises from repeated reporting burdens. Besides, the Notice emphasizes optimizing the evaluation framework for foreign investment, focusing on the actual economic and social contributions of reinvestment projects.

- **Conclusion**

By addressing key challenges in reinvestment processes—ranging from administrative burdens to financial and logistical barriers—the Notice aims to create a more favourable environment for FIEs to expand their operations in China. Encouraging foreign investment has become a consistent nationwide policy for China since years. However, as geopolitical tension continues to grow, the volume of foreign investments actually flowing in and being used have been decreasing, hitting a low point from 2024 to 2025 according to China’s MOFCOM statistics. While some foreign investors remain committed to the China market, others become more cautions and conservative.

III. The Major Content of the Anti-Unfair Competition Law (Amendment)

On June 27, 2025, the Standing Committee of the National People’s Congress adopted the Anti-Unfair Competition Law (Amendment) (hereinafter the “**Amendment**”), which has formally entered into force on October 15, 2025. This represents the second major overhaul of the Law since its first large-scale revision in 2017. The present revision

mainly seek to respond to emerging issues of the digital economy. The following discussion sets forth several key aspects of the Amendment.

- **Enhanced Regulation in the Internet Sector**

With the rapid development of the digital economy, novel forms of unfair competition have emerged with increasing frequency. The Amendment introduces, through dedicated provisions, two significant categories of regulation:

- Unlawful Acquisition of Data (Article 13, Paragraph 3): Business operators are prohibited from obtaining or using data lawfully possessed by others through fraud, coercion, or by circumventing technical protection measures.
- Malicious Trading Practices (Article 13, Paragraph 4): Business operators are prohibited from exploiting platform rules to engage in practices such as fabricated reviews, sham transactions, or malicious returns, with the intent of harming competitors or disrupting market order.

The regulatory focus lies on the misuse of platform mechanisms to inflict unfair harm on competitors.

- **Reinforced Obligations of Platform Operators**

Recognizing the pivotal role of platforms in market competition, the Amendment imposes heightened obligations on platform operators, such as:

- Prohibition of Forced Below-Cost Pricing (Article 14): Platforms are prohibited from mandating merchants to sell products below cost. Violations are punishable under Article 30 by fines ranging from RMB 50,000 to 500,000; in serious cases, fines range from RMB 500,000 to 2,000,000.
- Duty to Actively Safeguard Competition Order (Article 21):

Platforms must incorporate fair-competition rules into their service agreements, establish mechanisms for reporting, complaints, and dispute resolution, and take timely corrective measures upon discovering violations. They are also required to notify regulatory authorities accordingly.

Article 21 thus creates an affirmative legal duty for platform operators to manage internal competition order, providing a statutory basis for administrative agencies to conduct supervisory interviews, issue rectification orders, and assess whether platforms have performed their statutory duties.

- **Stricter Regulations on the Abuse of Relative Market Advantage**

The Amendment introduces Article 15, which for the first time explicitly regulates conduct whereby large enterprises, though not holding a dominant market position, abuse their relative market advantage to the detriment of small and medium-sized enterprises (SMEs). Specifically, these large enterprises shall not leverage advantages in capital, technology, distribution channels, or industry influence to compel SMEs to accept unreasonable trading terms or to maliciously delay payment. Violators may be ordered to rectify the conduct, and in severe cases may be fined up to RMB 5,000,000.

Unlike the Anti-Monopoly Law, this provision does not require proof of “market dominance” as a prerequisite for finding abusive conduct. Rather, the focus lies on the imbalance of bargaining power in particular transactional relationships, irrespective of control over the broader relevant market. The legislation targets instances in which large enterprises utilize relative advantages — financial strength, technological indispensability, distribution control, or industry voice—

to force SMEs into grossly inequitable contractual terms (especially concerning payment) or to deliberately default on payments.

- **New Enforcement Mechanisms**

The Amendment introduces Article 18, formally establishing a “**regulatory interview**” mechanism within the toolkit of anti-unfair competition enforcement. The provision authorizes enforcement authorities to interview the legal representative or principal executive of an enterprise suspected of unfair competition, who may be required to provide explanations on the investigated incidents or commitments to corrective measures.

Additionally, Article 31 creates a unique liability framework applicable solely to abuse of relative market advantage: violators are first afforded an opportunity to “rectify within a prescribed period”. Monetary penalties will only be imposed upon failure to comply within such period.

- **Conclusion**

Taken as a whole, the Amendment represents significant ambition in addressing the challenges posed by the digital economy.

Nonetheless, challenges remain in implementation. The absence of uniform standards for defining “below-cost pricing” and “relative market advantage” may result in uncertainty and even abuse of power in enforcement.

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