Research on Judicial Practice of China's Recognition and Enforcement of Foreign Court Judgments under “The Belt and Road” Initiative

Luo Yaxin*

Shipping Management and Law, Shanghai Maritime University, Shanghai, China
*Corresponding author: lilyluo1995@163.com

Abstract: There are still certain deficiencies in China's judicial practice regarding the recognition and enforcement of foreign court's civil and commercial judgments. In terms of institutional practice, judicial interpretations regarding recognition and enforcement have not been promulgated and implemented. In terms of judicial practice, courts at all levels attach importance to the review forms, jurisdictional review, and determination of reciprocal relationships in applications, resulting in numerous practical achievements. Under the Belt and Road Initiative, China can further improve the judicial practice of recognizing and enforcing foreign court judgments by clarifying jurisdictional review standards, defining reciprocal relationship assessment criteria, and increasing guiding cases, thus expanding the scope of international judicial assistance under the Belt and Road Initiative. It is of great and far-reaching significance for China to build a strong maritime country, to build the "Belt and Road" initiative, to promote the building of a community of human destiny, and to push forward the opening up of the country to the outside world at a higher level of quality.

Keywords: foreign court judgments; recognition and enforcement; judicial interpretations; typical cases

1. Introduction

In the process of promoting the construction of a community with a shared future for mankind and development of world-class concepts and plans such as the Belt and Road Initiative, China has always been committed to common development with other countries as a responsible major power. Correspondingly, in the new era, Chinese judicial authorities should also carry out relevant practices of recognizing and enforcing foreign court judgments based on the concept of "major power judiciary"[1], in order to promote the development of free trade, safeguard the progress of the world economy, and ensure the achievements of economic globalization. In the work report to the National People's Congress in 2020, the Supreme People's Court pointed out that in the past five years, courts at all levels in China have served the opening-up policy in accordance with the law, concluding 17,000 first-instance foreign-related civil and commercial cases and 16,000 maritime cases. In terms of results, courts at all levels in China actively cooperate in judicial assistance work and have achieved fruitful outcomes. However, in terms of the process, there are still certain deficiencies in China's judicial practice of recognizing and enforcing foreign court judgments, including institutional practice and judicial practice.

2. Judicial practice of china recognizing and enforcing foreign court in civil and commercial judgments

2.1 Compliance with the principle of treaty obligations

As of now, among the 1 multilateral treaties and 34 bilateral judicial assistance treaties that China has concluded or participated in, there are provisions regarding the recognition and enforcement of foreign court civil and commercial judgments. These international treaties have laid a solid international legal foundation for parties to apply for the recognition and enforcement of foreign court civil and commercial judgments. The Vienna Convention on the Law of Treaties of 1969 explicitly stipulates the principle of compliance with treaty obligations. Article 26 of the Convention states: "Every treaty in force is binding upon the parties to it and must be performed in good faith." As a party...
Polish Frigopol Co. Ltd. has filed an application for recognition and enforcement with the Court of Appeal in Wroclaw, Poland, which ruled in favor of Ningbo Yongchang Company. After reviewing the judgment of the Polish court, the Ningbo Intermediate People's Court to recover the fees it paid based on the final judgment of the appellate court. After reviewing the judgment of the Polish court, the Ningbo Intermediate People's Court recognized its effectiveness in accordance with the Agreement between the People's Republic of China and the Republic of Poland on Judicial Assistance in Civil and Criminal Matters.

According to the investigation, if a judicial assistance treaty for the recognition and enforcement of court judgments is concluded between the judgment State and China, Chinese courts will strictly abide by the provisions of the judicial assistance treaty and lawfully recognize and enforce foreign court judgments in civil and commercial matters. For example, in the case of "B&T Ceramic Group s.r.1. LLC’s Application for Recognition and Enforcement of the Bankruptcy Judgment of an Italian Court," the application for recognition of the Italian court's bankruptcy judgment filed by B&T Ceramic Group s.r.1. LLC was reviewed and supported based on the "Treaty between the People's Republic of China and the Italian Republic on Judicial Assistance in Civil Matters." In the case of "Gao Xingda v. He Jianhua’s Application for Recognition and Enforcement of Foreign Court Civil Judgments and Rulings," the Shanghai First Intermediate People's Court reviewed the case and found that there were no grounds for not recognizing and enforcing the judgment of the Court of Appeal of the United Arab Emirates Fujairah Federation, as stated in the Agreement between the People's Republic of China and the United Arab Emirates on Judicial Assistance in Civil and Commercial Matters. In the case of "Li Xianming v. Tian Fei’s Application for Recognition and Enforcement of Foreign Court Judgments," the Yinchuan Intermediate People's Court believed that "the application of the applicant should be supported due to the international treaty on mutual recognition and enforcement of civil judgments concluded between the United Arab Emirates and China. In the case of "Yevgeniya Panayotidou and Maria Panayotidou’s Application for Recognition and Enforcement of Foreign Court Judgments and Rulings," the Wuhan Maritime Court directly issued a ruling recognizing the effectiveness of the Greek court judgment based on the "Civil Procedure Law" and the "Agreement between the People's Republic of China and the Hellenic Republic on Judicial Assistance in Civil and Criminal Matters." The above judicial practices show that Chinese courts must faithfully abide by the principles of the treaty, fulfill the provisions of the treaty in accordance with the law, and equally protect the legitimate rights and interests of all parties involved.

2.2 Recognition and enforcement of the application review form

For the review of the application for recognition and enforcement of foreign court judgments in civil and commercial matters, various countries have formed a universal understanding and practice of adopting a formal review form. The judicial assistance treaties concluded by China all stipulate the requirement of conducting a formal review of the application for recognition and enforcement of court judgments. Of course, this requirement can be divided into two categories in form. One category is reflected in the direct prohibition of substantive review. For example, the judicial assistance treaty concluded between China and Brazil. Article 24 of the treaty stipulates that the requested court shall not conduct any substantive review. Similarly, the judicial assistance treaties concluded between China
and Peru (Article 26), Tunisia (Article 24), Hungary (Article 20), and other countries have similar provisions. The other category is reflected in the confirmatory provision that requires the review to be conducted according to the conditions stipulated in the treaty. For example, Article 23 of the judicial assistance treaty concluded between China and Algeria stipulates that the court should only review whether the judgment complies with the conditions stipulated in the treaty. Similarly, the judicial assistance treaties concluded between China and Cyprus (Article 28), Belarus (Article 19), and other countries have similar provisions.

In the "XiaoLai Company, Tellus LLC, Daoming Optical LLC’s Application for Recognition and Enforcement of Court Judgments" case, Daoming Optical LLC raised the issue of the lack of serious examination of the contractual relationship by the Commercial Court of Burbiny, France, and further claimed that the judgment involved a manifestly unfair issue. The Intermediate People's Court of Jinhua City, however, believed that according to the "Agreement between the People's Republic of China and the French Republic on Judicial Assistance in Civil and Commercial Matters," the requested court is explicitly prohibited from conducting any substantive review of the decision. Therefore, no review was conducted on the claim made by Daoming Optical LLC.

However, there may be some deviation in understanding the concept of "substantive review", that is, whether the review of the facts of the case itself belongs to substantive review. In the case of "Liu v. Tao Li and Tong Wu's Application for Recognition and Enforcement of a Foreign Court’s Civil Judgment", according to the case documents, the Wuhan Intermediate People's Court heard the statements of the applicant and the respondent, and then "reviewed and determined" the facts of the dispute between the parties. For example: "The respondent Tao Li and the applicant Liu Li signed a Share Transfer Agreement on September 22, 2013 in the United States, agreeing that Tao Li will transfer 50% equity of JIAJIA MANAGEMENT INC to Liu Li", "Liu Li made payments of $125,000 to the respondent on September 22 and September 25, 2013" and so on. Although the court stated that "this case belongs to a judicial assistance case and does not involve the review of the substantive rights and obligations of the parties." We believe that the court's description of the ruling on whether to recognize and enforce a foreign court judgment will reflect whether the court has conducted a so-called substantive review of the judgment's implementation. In previous cases, because it contradicts the purpose of not conducting substantive review in judicial assistance cases, the court should not provide excessive description of the facts of the case. In contrast, the civil ruling made by the Dalian Intermediate People's Court in the case of "Zhang’s Application for Recognition and Enforcement of a Foreign Court's Civil Judgment and Ruling" did not describe any facts of the case, but only stated that a review was conducted on the foreign court's civil judgment itself, which is more in line with the formal review requirements for recognition and enforcement of foreign court civil and commercial judgments.

### 2.3 Jurisdictional review

Whether a court has jurisdiction is one of the conditions for the recognition and enforcement of foreign civil and commercial judgments. For example, Article 22 of the Treaty between the People's Republic of China and the Italian Republic on Judicial Assistance in Civil Matters lists several circumstances that are considered to confer jurisdiction, and Article 21 treats "a court that rendered a judgment without jurisdiction" as an exception to the recognition and enforcement of court judgments. The Treaty between the People's Republic of China and the Republic of Turkey on Judicial Assistance in Civil, Commercial, and Criminal Matters does not list specific circumstances conferring jurisdiction, but directly applies "the laws of the requested contracting party" as the basis for reviewing whether the court that rendered the judgment has jurisdiction. Some judicial assistance treaties do not impose strict requirements on the jurisdiction of the court that rendered the judgment. For example, Article 21 of the Treaty between the People's Republic of China and the Republic of Kazakhstan on Judicial Assistance in Civil and Criminal Matters only considers the situation where the requested party has exclusive jurisdiction as one of the grounds for refusing recognition and enforcement.

However, in the practice of jurisdictional review, the practices of some courts may have certain issues. In the case of "XiaoLai Company, Tellus LLC, Daoming Optical LLC’s Application for Recognition and Enforcement of Court Judgments," Daoming Optical LLC objected during the examination of the application by the Intermediate People's Court of Jinhua City, arguing that "the Commercial Court of Burbiny, France, does not have jurisdiction over this case." According to Article 22 of the Treaty between the People's Republic of China and the French Republic on Judicial Assistance in Civil and Commercial Matters, if the court that rendered the judgment does not have jurisdiction according to the laws of the requested party regarding jurisdiction, the requested court may refuse recognition and enforcement. Therefore, in the case of an objection raised by a party, it is
necessary for the Intermediate People's Court of Jinhua City to conduct a proper review and response. However, on one hand, the Intermediate People's Court of Jinhua City believes that Daoming Optical LLC should have raised the objection during the litigation process in the Commercial Court of Burbiny, and on the other hand, it only examined whether the jurisdiction of the case violated the mandatory provisions of the Civil Procedure Law regarding hierarchical jurisdiction and exclusive jurisdiction, without making a comprehensive judgment on the jurisdictional issue. Regardless of whether there is indeed a jurisdictional issue in this case, this practice of the Intermediate People's Court of Jinhua City has certain shortcomings.

We have found that the laws and judicial interpretations such as the Civil Procedure Law and the Interpretation of the Civil Procedure Law do not list whether the court that rendered the judgment has jurisdiction as a condition for review. Considering that the condition of determining whether the court that rendered the judgment has jurisdiction is widely included in various judicial assistance treaties, we believe that this content should be added when formulating specific judicial interpretations for the recognition and enforcement of judgments by foreign courts in the future or when amending existing judicial interpretations.

2.4 Determination of reciprocity

According to Article 544 of the Interpretation of the Civil Procedure Law, if a party applies to a court for recognition and enforcement of a foreign civil and commercial judgment that has taken legal effect, and if there is no treaty relationship or reciprocity between the country where the judgment was rendered and China, the court may reject the application. It can be seen that in addition to treaty relationships, reciprocity between China and the country where the applicant is located is a prerequisite for the recognition and enforcement of foreign civil and commercial judgments. However, the Civil Procedure Law or the Interpretation of the Civil Procedure Law does not provide a clear explanation of what constitutes "reciprocity." This has led to significant differences in the judicial practice of determining whether there is reciprocity between the two countries.

In theory, the determination of reciprocity can be divided into legal reciprocity and factual reciprocity. "Legal reciprocity" refers to the absence of precedents for recognizing and enforcing domestic judgments in a foreign country. As long as the foreign court can recognize and enforce judgments of domestic courts based on its laws, it is considered that there is reciprocity between the domestic and foreign countries[2]. "Factual reciprocity" refers to instances where a foreign country has already recognized and enforced judgments of domestic courts.so it can be considered that there is a reciprocal relationship between the foreign country and the domestic country. For example, Article 6 of the "Several Opinions" proposes, "Consideration can be given to China's courts in providing judicial assistance to the parties from the other country first to actively promote the formation of reciprocity."

The recognition of reciprocity varies among Chinese courts. Regarding the recognition of reciprocity between China and South Korea, the Intermediate People's Court of Shenzhen held a negative view in the case of "SPRING COMM LLC's Application for Recognition of Foreign Court Civil Judgment," while the Intermediate People's Court of Qingdao, in the case of "Cui Zongyuan and Yin Zhiying's Application for Recognition and Enforcement of Court Judgment," recognized the existence of reciprocity between China and South Korea based on the fact that a South Korean court had recognized a civil judgment of the Intermediate People's Court of Weifang City, Shandong Province in its judicial practice. In other cases, the Intermediate People's Court of Dalian denied the existence of reciprocity between China and Japan in the case of "Japanese Citizen Gomi Akira's Application for Recognition and Enforcement of Japanese Court Judgment," and the case of "Russia National Symphony Orchestra and Art Mont Company's Application for Recognition of a Judgment of the High Court of Justice in England" denied the existence of reciprocity between China and the UK. In the case of "Herbert Chusi and Mary Ellen Chusi's Application for Recognition and Enforcement of Foreign Court Civil Judgment," although the parties mentioned that the judgment of the Higher People's Court of Hubei Province, China had been recognized and enforced by the United States Federal Court in the Central District of California as evidence of reciprocity, the court still denied the existence of reciprocity between China and the United States. However, in the case of "Liu and Tao's Application for Recognition and Enforcement of Foreign Court Civil Judgment" heard by the Intermediate People's Court of Wuhan, the court recognized the existence of reciprocity between China and the United States based on the same judgment of the Higher People's Court of Hubei Province, which was recognized and enforced by the US court, and confirmed the existence of reciprocity between China and the United States.
The Supreme People's Court has provided reference samples for the recognition of reciprocity by lower courts through typical cases. On May 15, 2017, the Supreme People's Court issued the second batch of typical cases related to the "Belt and Road" construction. These cases involve common types of disputes in the "Belt and Road" construction, including disputes over maritime cargo transportation contracts, recognition and enforcement of foreign arbitration awards, and recognition and enforcement of foreign commercial judgments. The legal issues involved in these cases are highly representative. The case of "Gol Group LLC’s Application for Recognition and Enforcement of Singapore High Court Civil Judgment" (hereinafter referred to as the "Gol Group case") is the only typical case in this batch of cases concerning the recognition and enforcement of foreign commercial judgments. It first recognized the existence of reciprocity between China and Singapore and recognized and enforced the commercial judgment of the Singapore court based on the principle of reciprocity. The basis for recognizing and enforcing foreign court judgments in China is international treaties or the principle of reciprocity, and currently many countries have not signed judicial assistance treaties with China or established reciprocity in recognizing and enforcing civil and commercial judgments. With the increasing level of China's opening up to the outside world, there will be more and more international disputes. Therefore, the determination of reciprocal relations between countries is crucial for whether foreign court judgments can be recognized and enforced by Chinese courts. Based on the precedent of the Singapore court recognizing and enforcing Chinese court judgments, this case first establishes the existence of reciprocal relations between China and Singapore, and then, based on the principle of reciprocity, recognizes and enforces the Singapore court's commercial judgment. This has significant implications for the mutual recognition and enforcement of foreign court judgments. After this case is listed as a typical case, it can provide useful reference for parties from countries along the "Belt and Road" in various levels of courts.

From the perspective of judicial practice, the main approach taken by Chinese courts is to measure whether there is a reciprocal relationship between China and another country based on the existence of reciprocal facts. However, there are obvious problems in the process of determining and recognizing reciprocal facts. Firstly, there is the issue of attributing responsibility for determining reciprocal relationships. Considering that the applicant has initiated litigation in a foreign country, it can be reasonably assumed that the applicant is familiar with the judicial practice in that jurisdiction. If the party fails to provide evidence to prove whether there are precedents in the foreign country recognizing and enforcing judgments of Chinese courts, they will bear the risk of not being recognized and enforced by Chinese courts. Secondly, there are issues of closure and strictness within reciprocal relationships under reciprocal facts, as well as the problem of an infinite loop of which country's court grants benefits first. If the applicant can provide instances of foreign courts recognizing and enforcing judgments of Chinese courts, regardless of whether there are cases with opposite results or which level of foreign court made the decision, we should actively recognize the existence of a reciprocal relationship between the two countries. Thirdly, there are differences in the recognition of reciprocal relationships in individual cases. China is not a common law country, and the practices of various levels of courts in determining reciprocal relationships do not have legal effect on other courts, which means that the proactive actions of some courts can only be seen as their own behavior and cannot have a broader impact.

3. Suggestions for improving the judicial practice of recognizing and enforcing foreign court judgments in China's civil and commercial matters

3.1 Clarify the standards for jurisdictional review.

A court in a country must have jurisdiction over a litigation case as a prerequisite for conducting litigation activities. When handling applications for recognition and enforcement of foreign court judgments, domestic courts examine whether the foreign courts have jurisdiction. This examination is both a procedural rule for determining the appropriateness of foreign court jurisdiction and a prerequisite for recognizing and enforcing foreign court judgments. Jurisdictional review is carried out to protect the jurisdiction of domestic courts and other significant interests from being harmed. However, currently, China's Civil Procedure Law and its Interpretation do not provide clear regulations on the determination of foreign court jurisdiction. Although the "Provisions on the Procedure for Chinese Citizens’ Application for Recognition of Foreign Court Divorce Judgments" stipulate that if the foreign court that rendered the judgment does not have jurisdiction over the case, the People's Court shall not recognize the divorce judgment, it does not provide specific standards and legal basis for the examination of foreign court jurisdiction. China signed the Convention of 30 June 2005 on Choice of...
Court Agreements on September 12, 2017, but the convention has not been ratified by China. The Convention provides clear rules for determining the jurisdiction of the chosen court, but there are certain differences between the convention and China's judicial practice in terms of the application of law, the determination of exclusivity, and the principle of actual connection. On July 2, 2019, China signed the Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters, which considers jurisdiction as the basis for recognition and enforcement. The Convention of 30 June 2005 on Choice of Court Agreements and the Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters are important international conventions for the recognition and enforcement of judgments by civil and commercial courts, filling the gap in the international judicial field. Therefore, when formulating relevant laws and judicial interpretations in the future, China should refer to the above-mentioned conventions and the provisions of judicial assistance treaties concluded by China, while taking into account China's judicial practice, clarify the standards for the examination of court jurisdiction, and adopt a standard that gives priority to Chinese law (the requested country's law) while considering the law of the country where the judgment is rendered to examine the jurisdiction of foreign courts.

The reason for adopting Chinese law as the main standard and also considering the judgment made by foreign law in reviewing the jurisdiction of foreign courts is as follows: Firstly, in international treaties and legislation outside the territory, most countries adopt the indirect jurisdiction of foreign courts based on the law of the requested country, such as Germany and Venezuela, to avoid repetitive review of the judgment based on the same law, simplify the trial process. At the same time, some countries also adopt the domestic laws of the requested country and the requesting country, such as France and Israel. Secondly, since the international treaties signed by China are applicable under the guidance of Article 260 of the Civil Procedure Law, when Chinese law and international treaties cannot resolve the issue of jurisdictional review, the judgment made by the law of the country where the judgment is made can be applied for review. This practice is in line with the provisions of some judicial assistance treaties signed by China in civil and commercial matters, and it is also a supplementary practice when the problem cannot be solved, which can achieve the effect of equal protection of the legitimate rights of Chinese and foreign parties.

3.2 Clarify the criteria for judging reciprocity

In judicial practice, factual reciprocity and legal reciprocity are the most common criteria used by countries to judge reciprocity. The criteria for judging factual reciprocity help to objectively determine the reciprocity between two countries. The requested court can make a direct judgment on the existence of reciprocity between the two countries. The advantage of legal reciprocity is that as long as the judgment made by the country's law recognizes and enforces foreign judgments, regardless of whether there is a precedent between the two countries, the reciprocity between the two countries can be recognized without any negative obstacles.[3] In practice, it can be found that fewer countries adopt a single legal reciprocity standard, and more countries adopt a combination of legal reciprocity and factual reciprocity. From the legal provisions and cases of China's recognition and enforcement of foreign court judgments, it is known that China currently uses the criteria of factual reciprocity. However, the principle of factual reciprocity is relatively conservative and there is no clear standard. If the criteria of factual reciprocity are overly emphasized, in the absence of precedents between the two countries, unless one country takes the first step to try, it often leads to a long-term inability to reach reciprocity between the two countries, and recognition and enforcement of judgments become deadlocked. In China's current judicial practice, on the basis of using the criteria of factual reciprocity, the criteria of presumptive reciprocity and legal reciprocity are also adopted. The so-called presumption of reciprocity was first proposed by German scholars and is also known as "cooperative reciprocity". As long as it can be determined that there is no precedent for foreign refusal to recognize the judgments of domestic courts, reciprocity is presumed to exist[4]. On June 8, 2017, the "Nanning Declaration of the Second China-ASEAN Chief Justices' Forum" was passed in Nanning, which clearly stated that the criteria for recognizing and enforcing court judgments between China and ASEAN countries adopt the criteria of presumptive reciprocity, which further relaxes the standard of reciprocity compared with the past. This is a positive attempt by China to recognize reciprocity. Therefore, this article believes that in future judicial practice, efforts can be made to strengthen attempts at presumptive reciprocity and legal reciprocity, and different criteria for judging reciprocity can be adopted for different countries. For ASEAN countries, our courts can adopt the presumption of reciprocity as a judgment criterion and continuously practice it. In the future, this criterion can be extended to other countries along the Belt and Road Initiative or even more countries. If a country has not concluded a judicial assistance treaty with our country, and if China's court judgments can be recognized and enforced in that country under
the same conditions as specified by its laws, or if that country promises judicial reciprocity with China, then based on reciprocity, the court judgments of that country can be recognized and enforced in China, without requiring that country to have recognized and enforced China's court judgments. For countries that have not concluded bilateral treaties with China, the criterion of legal reciprocity can be applied based on factual reciprocity. With the deepening of cooperation under the Belt and Road Initiative, the past practice of factual reciprocity in judicial practice no longer conforms to the development trend of China's international judicial assistance. It should be gradually expanded from factual reciprocity to legal reciprocity and presumed reciprocity, continuously expanding the scope of international judicial assistance, promoting mutual relations between countries, and providing effective judicial protection for the legitimate rights and interests of Chinese and foreign parties.

4. Conclusion

The achievements of Chinese courts in recognizing and enforcing foreign civil and commercial judgments are evident. In order to further improve the system relating to the recognition and enforcement of foreign judgments, the Supreme People's Court of China should increase the number of relevant guiding cases and promote the development of international judicial assistance. Against the international backdrop of the construction of the "Belt and Road" and the building of a community with a shared future for mankind, coupled with China's signing of the Convention of 30 June 2005 on Choice of Court Agreements, China must position itself as a responsible major country, further improve its civil litigation system, provide better international judicial assistance services, and actively recognize and enforce foreign civil and commercial judgments. As hoped by the Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters, with the mutual complementation of the Convention of 30 June 2005 on Choice of Court Agreements, there will be greater possibilities for the global circulation of civil and commercial judgments in the future.

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