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A MILESTONE IS APPROACHING - CHINA'S DRAFT LEGISLATION TO ENABLE ELECTRONIC TRANSPORT RECORDS

On 8 March 2025, China's top legislature, the Standing Committee of the 14th National People's Congress (NPCSC) delivered the annual work report, where the revision of Maritime Law has been included as one of its legislative priorities for the year ahead. Prior to this, in early November 2024, a draft revision of the PRC Maritime Law was introduced to the NPCSC for the 1st reading. The full text of the draft revision was released for public consultation until early December 2024. According to the NPCSC's legislative work plan released on 14 May 2025, the draft revision is scheduled to return for a 2nd reading during the NPCSC's June session.

While the results of the public consultation and the further revision that is currently in progress have not been officially revealed, the draft revision that was published last year has incorporated long-awaited changes to align with China's reforms in other areas of PRC law. It also reflects modern legislative trends which have evolved in response to industrial and technological advancements.
If adopted, it will be the first time China has updated the Maritime Law since its enactment more than three decades ago in 1992.

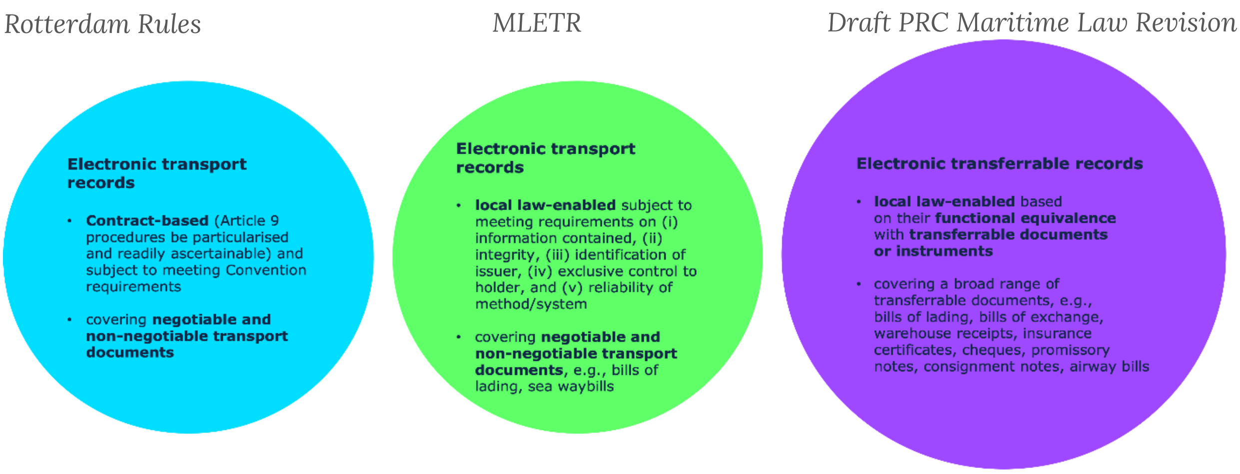
LAW-ENABLED ELECTRONIC TRANSPORT RECORDS ON THE HORIZON

One notable change in the draft revision is a new section on "electronic transport records" where digital transport records, including electronic bills of lading and electronic sea waybills, are recognised as equivalent of their paper form. As China's current national laws lack explicit provisions supporting electronic transport records[1], this addition, likely the first legal enabler of electronic bills of lading, further underscores the significance of the revision.

The context of this revision is shaped by existing international frameworks, such as the *Rotterdam Rules*, adopted in December 2008, and the *UNCITRAL Model Law on Electronic Transferrable Records* (MLETR), introduced in 2017.

[1] While there are regional and pilot trade digitalisation initiatives in China, they do not constitute a nationwide legal framework for electronic transport records.

The solution in *Chapter 3 of the Rotterdam Rules* is contractually based – meaning the adoption requires agreement. It provides legal clarity on the use of "*electronic transport records*" in the context of maritime transport. In contract, MLETR being a template for national adoption provides a legally mandated solution for "*electronic transferrable records*", a broad concept covering any transferrable document across industries to facilitate paperless trade beyond the maritime sector.



A COMPARATIVE OVERVIEW OF CHINA'S PROPOSED APPROACH

While both the *Rotterdam Rules* and the MLETR have contributed to the digitalisation of transport documents, the new section in China's draft Maritime Law revision draws more directly on the *Rotterdam Rules*, reflecting the evolving influence of these international frameworks over time.

Unlike MLETR which provides a framework for broad applications of electronic transferable records, the new section in China's draft Maritime Law revision focuses exclusively on electronic transport records, both negotiable and non-negotiable. Its structure is more closely aligned with Chapter 3 of the *Rotterdam Rules*, but without the requirement for mutual agreement.

The draft revision also uses terms showing elements incorporated from the UNCITRAL Model Law on Electronic Signatures (MLES) and the United Nations Convention on the Use of Electronic Communications in International Contracts (ECC). Previously, the PRC Electronic Signature Law enacted in 2004 was also informed by the MLES and other international legislative frameworks.

That said, China's draft Maritime Law revision does not set out to comprehensively address all matters relevant to PRC law-enabled electronic transport records. Instead, it adopts a phased approach, leaving ancillary matters relevant to negotiable electronic transport records to be addressed in subsequent enactments of designated authorities, particularly on issues such as the methods of transfer, possession, media conversion (or change of form), and the certification standards for reliable systems.

STRIDES TOWARDS MLETR-ALIGNMENT, CHALLENGES

Since the MLETR is the only internationally agreed legislative framework, developed by UNCITRAL and supported by organisations including the ICC and WTO, to enable the legal use of electronic transferrable records crossing borders, MLETR adoption is critical for economies seeking to align with global digitalisation trends and eliminate legal uncertainties that obstruct digital readiness for advancement in the next-generation supply chains. Currently, 10 jurisdictions including the UK and Singapore have adopted legislation based on or influenced by MLETR.

While the proposed section on "electronic transport records" in China's draft Maritime Law revision is unlikely to constitute a full adoption of MLETR[2], the anticipated updates will mark a significant stride propelling China closer to international recognition as a MLETR-compliant jurisdiction.

Will there be a holistic legislative reform in China to adopt MLETR after the Maritime Law revision? A comprehensive reform is possible, but it would be highly complex and require significant time and coordination. For civil law jurisdictions like China, transitioning toward full alignment with MLETR presents structural and doctrinal challenges. Relying heavily on codified statutes, recognition of electronic transferable records in a civil law jurisdiction requires explicit legislative provisions. Further, integrating MLETR principles often requires adjustments across multiple legal areas, including property, negotiable instruments, and maritime law departments, making full adoption more complex and time-consuming. Considering similar intricacies of China's legal framework, a full-scale adoption of MLETR in the PRC would need extensive effort and long-term planning. As a result, rather than pursuing an immediate, overarching legislative overhaul, China is more likely to implement incremental and targeted updates to specific laws and regulations to gradually provide the legal certainty of other electronic transferable records.

LEVERAGING UNCITRAL'S DRAFT CONVENTION ON NEGOTIABLE CARGO DOCUMENTS?

Another potential avenue for progress lies in the emerging UNCITRAL's Draft Convention on Negotiable Cargo Documents (NCD Convention). While discussions and consultations on the scope and applicability of the NCD Convention are on-going, the intended purpose and role of this new instrument is to offer a new legal framework of title documents, resolving the fragmentation and eliminating bottlenecks in the current legal landscape, providing legal certainty in both their paper and electronic forms, to facilitate confidence, certainty and enforceability in sales of goods involved in either unimodal or multimodal transportation. Provisions on electronic documents in the draft NCD Convention are built on the principles of MLETR but the new instrument is expected to take a next-level approach by focusing specifically on negotiable cargo documents, designed to accelerate international hamonisation for their application in global trade.

China has strong reasons to take interest in the Convention and has indeed taken an active role in initiating and supporting the development of the NCD Convention[3]. Given its longstanding participation in UNCITRAL discussions and its efforts to modernise the PRC Maritime Law, China may view this Convention as an opportunity to make a significant step toward international alignment through a structured pathway while maintaining flexibility in its domestic regulatory approach.

[2] We also recognise that the Maritime Law is not the appropriate legislation to incorporate MLETR applications outside the context of maritime transport.
[3] *See* A/CN.9/WG.VI/WP.106 - Fact sheet: UNCITRAL project on negotiable cargo documents.

That said, the impact of the NCD Convention will ultimately turn on the final provisions and how China chooses to integrate them into its legal framework.

BRIDGING THE GAP: CHINA'S INTERIM POLICIES SUPPORTING PIONEERING PRACTICES IN FTZS AND PUDONG, SHANGHAI

As both the updates to Maritime Law and broader alignment with international frameworks remain a work in progress, in the meantime, rather than relying solely on nationwide legislative reforms, China has taken a pragmatic approach through encouraging consent-based trade document digitalisation in private sectors and implementing targeted policies and pilot programs in designated areas, such as in the Free Trade Zones (FTZs) and Shanghai Pudong. Example of such policies and pilot programs include:

1. Shanghai FTZ to promote digital documentation with regard to MLETR

   In November 2023, the State Council approved *the General Plan for Advancing Institutional Opening-up of the China (Shanghai) Pilot Free Trade Zone to Align with High-standard International Economic and Trade Rules*[4]. As part of its measures to pioneer the adoption of high-standard digital trade rules in the Free Trade Zong (FTZ) in Shanghai, the plan advocates for the use of electronic bills of lading, electronic warehouse receipts and other digital documents or instruments having regard to MLETR.

2. Tianjin FTZ to achieve alignment with DEPA

   In July 2023, the Tianjin Municipal Bureau of Commerce released the *Action Plan for Advancing the China (Tianjin) Free Trade Zone*[5]. One of its main objectives is to achieve within the FTZ in-depth alignment with the *Digital Economy Partnership Agreement* (DEPA)[6] which commits parties to develop legal frameworks consistent with international standards including MLETR.

3. Zhejiang province's working group with Singapore and FTZ initiative

   In August 2023 at the 17th Singapore-Zhejiang Economic and Trade Council meeting, Zhejiang and Singapore announced their setting up of a new working group aiming to drive cooperation in digital economy. Memorandums were signed at the meeting to strengthen collaboration to promote, amongst others, the mutual recognition of electronic bills of lading systems.

   In May 2023, 12 companies registered in the Zhejiang FTZ initiated a joint action to accelerate DEPA alignment.

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[4] The document in Chinese is called "全面对接国际高标准经贸规则推进中国（上海）自由贸易试验区高水平制度型开放总体方案".

[5] The document in Chinese is called "中国（天津）自由贸易试验区提升行动方案".

[6] China's engagement with the Digital Economy Partnership Agreement (DEPA) has progressed as follows: (1) On November 1, 2021, China officially applied to join DEPA by submitting a letter to New Zealand, the depositary of the agreement; (2) On August 18, 2022, the DEPA Joint Committee established an Accession Working Group (AWG), chaired by Chile, to commence negotiations with China regarding its membership; (3) The DEPA VII AWG Meeting for China Accession was held on 28 to 30 October 2024 in Shanghai. These developments reflect China's commitment to integrating into international digital economy frameworks.

4. Latest local enabler for blockchain-based electronic documents and instruments in Pudong

   On 31 December 2024, the Standing Committee of the Shanghai Municipal People's Congress approved local regulation to promote the use of blockchain-based electronic documents or records in Pudong, i.e., *Several Provisions Promoting the Use of Blockchain to Empower Electronic Documentation Applications in Pudong New Area*[7] which outlines the roles and responsibilities of different government authorities and regulatory bodies in Shanghai in facilitating the orderly development of blockchain infrastructure and audit services.

These initiatives allow for controlled experimentation with digital trade documents, providing a foundation for future regulatory developments while addressing China's immediate needs of businesses engaged in cross-border trade digitalisation. As the initiatives continue to evolve, they serve as important stepping stones for broader legal and regulatory advancements in China. Their outcomes may ultimately assist in shaping China's long-term approach to aligning with international frameworks such as MLETR, balancing innovation with legal certainty in the digitalisation of trade.

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[7] The document in Chinese is called "上海市促进浦东新区运用区块链赋能电子单证应用若干规定".