

Freedom of Contract in the EU and China

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Abstract. In modern contract law, freedom of contract is of an underlying principle that people have struggled for centuries. Both China and Europe fully realized its value, although in distinct ways that are deeply rooted in the two regions' historical and cultural backgrounds. In Europe, freedom of contract is restricted by principles of good faith, fair dealing, social justice and fundamental rights, whereas in China, except for those limitations set by the Europe, the traditional notion of contract voluntariness is rather limited by the collective interests and interests of the state. This paper is intending to describe the different understandings of freedom of contract in the EU and China.

1. Introduction

The law of contracts in fact, is to make the individuals exercise their freedom without any damage to others. Freedom of contract can be regarded as one of the most fundamental principles in the law of contracts, which ultimately serves the private autonomy of individuals.¹ However, the exercise of freedom cannot impair others' interests and the welfare of the state. So the law of contracts has to set out parameters of good faith and fair dealing, social justice, and human rights among others, which have a mandatory nature, as binding rules to ensure that the freedom can be well exercised. In brief, contract law consists of the rules that endow people with freedom and the regulations that restrict people's freedom. Among those rules, the default rules in contract law provide the freedom, which can be used to guide the parties to conclude the contract and also fill in the gaps in the contract, whereas the mandatory rules restrict the individuals' freedom, as the parties can only be bound by them without any other choice. It is reasonable to say that the law of contracts is constructed around the principle of the freedom of contract.

2. Origin

2.1 China

In ancient China, Confucianism had been the dominant thought ruling society since the *Han* dynasty to maintain the hierarchy of the state, and it continues to influence the Chinese methods of living and thinking today.² The key value of Confucianism is self-cultivation, which can be seen as a remarkable limitation to party autonomy since it lays down a great deal of rules for people to behave obediently. Among those values, morality (*li*), which is to instill in the individual, an inner sense of awareness of the acts that are shameful, or propriety, has a significant impact on civil society. Civil issues were, then, considered minor matters, whose resolution was suggested through extra-legal mechanisms, such as mediation. The transplantation of modern civil law into China began in the early 1900s, and the first draft of the Chinese civil code, which is mainly based on the German and the Japanese civil codes, was

¹ Dagmar Coester-Waljten, Constitutional Aspects of Party Autonomy and its Limits – The Prospective of Law, Stephan Grundmann & Wolfgang Kerber & Stephen Weatherill, *Party Autonomy and the Role of Information in the Internal Market*, Walter de Gruyter, 2001, p. 41.

² Antonio S. Cua, Confucianism: Ethics, Antonio S. Cua, *Encyclopedia of Chinese Philosophy*, Routledge, 2003, pp. 72-78.

completed in 1911.³ In the later decades, several draft civil codes had been completed. However, Chinese legal history mentions that a draft civil code was only implemented for a short time between 1928 and 1930, though it is still in force in Taiwan today. After the establishment of the People's Republic of China, until the 1980s, it is true to say that policy assumed the role of law in society. The primary development of modern Chinese civil law began from the 1980s when the open-door policy was implemented. It is thus true to conclude that in ancient China, the system and the concepts of modern civil law were absent, and the dominant thought was to restrict party autonomy and promote the hierarchy of the state.

In the 1980s, three contract laws namely, the Economic Contract Law, the Technology Contract Law, and the Foreign Economic Contract Law were implemented. However, after the 1990s with the advent of the market economy, The Contract Law of the People's Republic of China (CLC) was drafted to replace the three contract laws of the 1980s. But The General Principles of the Civil Law of the People's Republic of China (GPCL), which was adopted in 1986, is still being implemented and serves as the basic principle for Chinese civil law, and even the future civil code.

2.2 Europe

On the contrary, in Europe, Roman private law and its centuries-long scholarly interpretations have contributed to a solid foundation for the development of modern European private law. The principle of freedom of contract, in particular, a reflection of party autonomy, had become a fundamental rule since the 1800s.⁴ However, in recent years, especially since the 1980s, the Europeanization of private law has become a hotly discussed issue, and it would be correct to say that consumer protection since then has embarked upon this process of Europeanization.⁵

In the period of Europeanization, the directives have played an important role in the converging of European private law, which consists of the primary part of *acquis communautaire*.⁶ However, the convergence was not satisfactory, and in academia, it is argued that the diversity of private law constituted obstacles to the development of a single-market economy, and the value of social justice needs to be promoted. A uniform civil code has since then been advocated.

However, the idea of a uniform civil code presents numerous problems for the EU society such as: (1) whether the EU has the power to adopt a civil code; (2) is it feasible to adopt a civil code for the EU; and (3) how to construct this civil code. As is widely known, the law of contracts constitutes the main part of the private law.⁷ So the Lando Commission completed the drafting of the Principles of European Contract Law (PECL) in 2003 to enable development of a single-market economy. This Commission's work has been subsequently continued by the Study Group of von Bar. The Draft Common Frame of Reference (DCFR) is the result of the efforts of the Study Group together with the *Acquis* Group. As the PECL and the *acquis communautaire* have been integrated into the DCFR, which is a possible model for the political Common Frame of Reference (CFR) advocated by the European Commission, it is true to say (a part of) the DCFR can most probably be endowed with some legal effects by the official organs, or at least it can assist development of the future European private law as it has provided some concrete issues for discussion. Also, the purpose of the DCFR drafting committee, consisting of about 250 scholars and lawyers, is to find the common core of European private law.⁸ So until now, the DCFR is one of the most appropriate places to look for the current and future European contract law, though its ability to represent the common rules of Europe is still being discussed.

³ Liang Huixing, The Reception of Foreign Civil Laws in China, *yue dan min shang fa* (Yuedan Civil and Commercial Law), vol. 3, 2003.

⁴ P.S. Atiyah & Stephen A. Smith, *Atiyah's Introduction to the Law of Contract*, Clarendon Press, 2005, pp. 13-19.

⁵ Ewoud Hondius, European Private Law – Survey 2000-2002, *European Review of Private Law*, vol. 10, 2002

⁶ Ewoud Hondius, The Draft Common Frame of Reference: Building Block or Stumbling Block for a European Civil Code?, *European Review of Private Law*, vol. 4, 2009.

⁷ Ewoud Hondius, Towards a European Civil Code, Arthur Hartkamp & Martijn Hesselink & Ewoud Hondius & Carla Joustra & Edgar du Perron & Muriel Veldman, *Towards a European Civil Code*, Kluwer Law International, 2004, p.4.

⁸ Hugh Collins, *The European Civil Code: The Way Forward*, Cambridge University, 2008, pp. 3-18.

3. Comparisons

In modern contract law, party autonomy as expressed in the idea of the freedom of contract is a fundamental principle in most countries, and people have struggled for centuries for it. Both the CLC and the DCFR follow this tendency. Under the DCFR, the parties are endowed with the freedom to enter into the contract, choose the other party, and determine the contents of the contracts.⁹ It does the function of serving the free market within the EU. However, the freedom is not arbitrary. It has to be restricted by good faith and fair dealing, social justice, and fundamental rights.¹⁰

On the contrary, in China, the concept of the freedom of contract has not been clearly stated, and only the notion of “contract voluntariness” is used instead.¹¹ To some extent, the reluctance to use the term ‘freedom of contract’ reveals the obstacles in recognizing party autonomy in China, mainly due to the influence of Confucianism and Socialism.¹² However, although the freedom is not clearly stated in the CLC, voluntariness still has to be restricted to the socio-economic valuation, which consists of traditional social ethics and the current economic situation. In the case of traditional social ethics, the CLC is influenced by good faith, fairness and public interest, which are consistent with the values of Confucianism. As to the current economic situation, the principle of equal status and the promotion of business transactions, which are aimed at fostering the development of market economy, are observed as the fundamental principles mentioned in the CLC and directed at restricting the individual’s freedom.¹³ Since party autonomy, a more philosophical concept, serves as the basis of the freedom of contract, it is reasonable to conclude that party autonomy in Europe has a wider scope than in China, since the freedom of contract has been obviously recognized in Europe and is limited to good faith and fair dealing, social justice and fundamental rights, whereas in China the contract voluntariness is used instead of ‘freedom of contract’, and this is limited to good faith, fairness, public interest, equal status, and the promotion of business transactions. This difference can be reasonably explained using the different roles and functions of party autonomy, which are rooted in the historical and cultural backgrounds. Although modern Chinese contract law is a transplant from the Western countries, each term possibly has different meanings after it is combined with the national characteristics. The concept of ‘freedom of contract’ is the obvious example. When it was transplanted into China, the concept was changed to mean a voluntariness of entering into a contract, and the reason of this change was attributed to the deeply influential thoughts of Confucianism and the ideology of Socialism, both of which are reluctant to accept the ideology of party autonomy. Also, public interest is a fundamental principle in the CLC, which is absent under the DCFR. Although it can be observed in all the national private laws that the individual’s freedom cannot be violated, in China this concept is understood broadly to include collective interests and interests of the state and parties. This difference is due to the Socialist background of China and the fact that collective interests are certainly superior to personal interests, the assumption of which is also consistent with Confucianism, which advocates that personal interests are subject to public interest. It is thus true to say that, the differences in contract law between Europe and China can be reasonably concluded as, party autonomy which is influenced by both, historical and cultural backgrounds.

The conclusion can also be tested by a detailed doctrinal comparison. For the interpretation of the contract, both the DCFR and the CLC set out the common intention as the standard for the judges to dig out when interpreting the contract. However, in the CLC, the concept of true meaning is used although it is argued to be equivalent to the Western concept of common intention.¹⁴ This difference is also attributed

⁹ Article II. – 1:102 DCFR: Party autonomy (1) Parties are free to make a contract or other juridical act and to determine its contents, subject to any applicable mandatory rules. (2) Parties may exclude the application of any of the following rules relating to contracts or other juridical acts, or the rights and obligations arising from them, or derogate from or vary their effects, except as otherwise provided. (3) A provision to the effect that parties may not exclude the application of a rule or derogate from or vary its effects does not prevent a party from waiving a right which has already arisen and of which that party is aware.

¹⁰ Christian von Bar and Eric Clive, *Principles, Definitions and Model Rules of European Private Law: Draft Common Frame of Reference (DCFR)*, Full Edition, European Law Publishers, 2009, pp. 7-15.

¹¹ Article 4 CLC: A party is entitled to enter into a contract voluntarily under the law, and no entity or individual may unlawfully interfere with such right.

¹² Junwei Fu, Towards a Social Value Convergence: a comparative study of fundamental principles of contract law in the EU and China, *Oxford University Comparative Law Forum*, 2009(5).

¹³ Wang Liming, The aims of contract law and the promotion of business transactions (he tong fa de mu biao yu gu li jiao yi), *Cass Journal of Law (fa xue yan jiu)*, 1996(3).

¹⁴ Article 125 CLC: (a) In case of any dispute between the parties concerning the construction of a contract term, the true meaning thereof shall be determined according to the words and sentences used in the contract, the relevant

to Chinese history, for in traditional China, the judges were encouraged to discern the truth between the parties, based on which modern Chinese contract law could adopt the concept of true meaning. Also, in the DCFR, the preliminary negotiation and subsequent conduct are relevant circumstances, which the judges have to consider,¹⁵ whereas in the CLC they are not stated as relevant situations. As the preliminary negotiation and subsequent conduct refer to the communication between the parties, it is from these relevant circumstances that mutual intentions can be better observed. It is thus correct to say for the purposes of interpretation, the DCFR is more respectful towards subjective minds of the individuals, which is an expression of party autonomy. However, in DCFR, party autonomy has to be limited to good faith and fair dealing, social justice and the protection of human rights. *Contra proferentem* is an obvious rule flowing from justice, which is an exception to subjective interpretation, as the rule is to maintain the substantive fairness between the parties and to give an interpretation against the party, which provides the standard contract.¹⁶ After the comparison, it is easy to see in the CLC, the *contra proferentem* rule is only limited to the standard contract, whereas under the DCFR, it is extended to the party which can dominantly influence the contract although the terms have even been negotiated.

The same can be observed from the pre-contractual liability, which focuses on maintaining the value of good faith and fair dealing between the parties. Individuals are free to decide on whether to enter into a contract. However, good faith and fair dealing is the primary limitation to the exercise of this freedom, and both the DCFR and the CLC set out several rules to penalize the party, which negotiates in bad faith. But a difference in pre-contractual liability between the DCFR and the CLC is seen that in the DCFR, where the information duty required in the Consumer Contract Law has a lower standard than in the CLC. Under the DCFR, the parties have to disclose information, which can be reasonably expected by the other party,¹⁷ whereas in the CLC, a deliberate intention to conceal is the standard to measure such duty.¹⁸ So it is true to say that in the DCFR, the concept of (substantive) fairness covers a wider scope than in the CLC.

The validity of contract is also an obvious example to prove the hypotheses and it includes the traditional defective of wills covering 'mistake', fraud and threat, and the recent development on unfair bargaining power. To address mistakes, the CLC uses the concept of significant misunderstanding,¹⁹

provisions and the purpose of the contract, and in accordance with the relevant usage and the principle of good faith. (b) Where a contract was executed in two or more languages and it provides that all versions are equally authentic, the words and sentences in each version are construed to have the same meaning. In case of any discrepancy in the words or sentences used in the different language versions, they shall be interpreted in light of the purpose of the contract.

¹⁵ Article II. – 8:102 DCFR: Relevant matters (1) In interpreting the contract, regard may be had, in particular, to: (a) the circumstances in which it was concluded, including the preliminary negotiations; (b) the conduct of the parties, even subsequent to the conclusion of the contract; (c) the interpretation which has already been given by the parties to terms or expressions which are the same as, or similar to, those used in the contract and the practices they have established between themselves; (d) the meaning commonly given to such terms or expressions in the branch of activity concerned and the interpretation such terms or expressions may already have received; (e) the nature and purpose of the contract; (f) usages; and (g) good faith and fair dealing. (2) In a question with a person, not being a party to the contract or a person such as an assignee who by law has no better rights than such a party, who has reasonably and in good faith relied on the contract's apparent meaning, regard may be had to the circumstances mentioned in sub-paragraphs (a) to (c) above only to the extent that those circumstances were known to, or could reasonably be expected to have been known to, that person.

¹⁶ Article II. – 8:103 DCFR: Interpretation against supplier of term or dominant party (1) Where there is doubt about the meaning of a term not individually negotiated, an interpretation of the term against the party who supplied it is to be preferred. (2) Where there is doubt about the meaning of any other term, and that term has been established under the dominant influence of one party, an interpretation of the term against that party is to be preferred.

¹⁷ Article II. – 3:101 DCFR: Duty to disclose information about goods, other assets and services (1) Before the conclusion of a contract for the supply of goods, other assets or services by a business to another person, the business has a duty to disclose to the other person such information concerning the goods, other assets or services to be supplied as the other person can reasonably expect, taking into account the standards of quality and performance which would be normal under the circumstances. (2) In assessing what information the other person can reasonably expect to be disclosed, the test to be applied, if the other person is also a business, is whether the failure to provide the information would deviate from good commercial practice.

¹⁸ Article 42 CLC: Where in the course of concluding a contract, a party engaged in any of the following conducts, thereby causing loss to the other party, it shall be liable for damages: (i) negotiating in bad faith under the pretext of concluding a contract; (ii) intentionally concealing a material fact relating to the conclusion of the contract or supplying false information; (iii) any other conduct which violates the principle of good faith.

¹⁹ Article 71 Opinions of the Supreme People's Court on Several Issues concerning the Implementation of the General Principles of the Civil Law of the People's Republic of China: Where an actor performs his conducts on the basis of false understanding of the nature of the conduct, the opposite party, the variety, quality, specification and amount of

which has a broader scope than the concept of mistake explained in the DCFR,²⁰ as the former refers to any misconception about the law, the facts and the contract itself, whereas the latter concerns itself with the misconceptions about the law and the facts only. Both, significant misunderstanding and mistake require the misconception to be material. However, in the CLC, the material is determined by the objective method that demands the consequences of serious loss. On the contrary, in the DCFR, this is judged by the subjective way, which entails that the party should know or expect to have known that the other party would not enter into the contract if he knew the truth. As to the fraud and threats, the constitutional elements are similar in both, the DCFR and the CLC. However, as to the effects of these in the DCFR, the contract can only be void if it was concluded under fraud²¹ or threats²², whereas in the CLC, three types of effects such as, adaptation, avoidance and invalidity are outlined.²³ Under the CLC, if the defect does not harm the interests of the state, then, the contract can be adapted or avoided,²⁴ otherwise it can only be invalid. It is difficult to give a reasonable explanation to all these differences in meaning between contract laws in Europe and China. However, it is obvious in the CLC, from the aspects of fraud and threat, that the public interest is set at a high level, which no contract can touch; otherwise the contract will certainly be invalid.

The recent movements on unfair bargaining power are ultimately to maintain substantive fairness between the parties, which restrict individual autonomy. The rules on unfair exploitation and unfair terms have been regulated in both the DCFR and the CLC. However, it is obvious that the provisions with regard to unfair terms in the DCFR²⁵ are more concrete and detailed than in the CLC, which can be easy for the parties to predict the consequence of their conducts. Except for this, the non-individually

the objects, etc., which leads to the consequence of the conduct going against his own will and results in considerably serious damages, it shall be deemed as significant misconception.

²⁰ Article II. – 7:201 DCFR: Mistake (1) A party may avoid a contract for mistake of fact or law existing when the contract was concluded if: (a) the party, but for the mistake, would not have concluded the contract or would have done so only on fundamentally different terms and the other party knew or could reasonably be expected to have known this; and (b) the other party; (i) caused the mistake; (ii) caused the contract to be concluded in mistake by leaving the mistaken party in error, contrary to good faith and fair dealing, when the other party knew or could reasonably be expected to have known of the mistake; (iii) caused the contract to be concluded in mistake by failing to comply with a pre-contractual information duty or a duty to make available a means of correcting input errors; or (iv) made the same mistake. (2) However a party may not avoid the contract for mistake if: (a) the mistake was inexcusable in the circumstances; or (b) the risk of the mistake was assumed, or in the circumstances should be borne, by that party.

²¹ Article II. – 7:205 DCFR: Fraud (1) A party may avoid a contract when the other party has induced the conclusion of the contract by fraudulent misrepresentation, whether by words or conduct, or fraudulent non-disclosure of any information which good faith and fair dealing, or any pre-contractual information duty, required that party to disclose. (2) A misrepresentation is fraudulent if it is made with knowledge or belief that the representation is false and is intended to induce the recipient to make a mistake. A non-disclosure is fraudulent if it is intended to induce the person from whom the information is withheld to make a mistake. (3) In determining whether good faith and fair dealing required a party to disclose particular information, regard should be had to all the circumstances, including: (a) whether the party had special expertise; (b) the cost to the party of acquiring the relevant information; (c) whether the other party could reasonably acquire the information by other means; and (d) the apparent importance of the information to the other party.

²² Article II. – 7:206 DCFR: Coercion or threats (1) A party may avoid a contract when the other party has induced the conclusion of the contract by coercion or by the threat of an imminent and serious harm which it is wrongful to inflict, or wrongful to use as a means to obtain the conclusion of the contract. (2) A threat is not regarded as inducing the contract if in the circumstances the threatened party had a reasonable alternative.

²³ Article 52 CLC: A contract is invalid in any of the following circumstances: (i) One party induced conclusion of the contract through fraud or duress, thereby harming the interests of the state; (ii) The parties colluded in bad faith, thereby harming the interests of the state, the collective or any third party; (iii) The parties intended to conceal an illegal purpose under the guise of a legitimate transaction; (iv) The contract harms public interests; (v) The contract violates a mandatory provision of any law or administrative regulation.

²⁴ Article 54 CLC: Either of the parties may petition the People's Court or an arbitration institution for amendment or cancellation of a contract if: (i) the contract was concluded due to a material mistake; (ii) the contract was grossly unconscionable at the time of its conclusion. If a party induced the other party to enter into a contract against its true intention by fraud or duress, or by taking advantage of the other party's hardship, the aggrieved party is entitled to petition the People's Court or an arbitration institution for amendment or cancellation of the contract. Where a party petitions for amendment of the contract, the People's Court or arbitration institution may not cancel the contract instead.

²⁵ Section 4, Chapter 9, Book II, DCFR.

negotiated terms are within the scope of (substantive) unfairness in the DCFR.²⁶ It is therefore true to say that (substantive) fairness has a broader scope in the DCFR and aims at protecting the weaker party.

With regard to recognition of party autonomy, both the DCFR and the CLC acknowledge that the contract can be adapted or terminated mutually by the parties. However, with regard to the mutual intention to adapt the contract, the CLC sets an additional rule, which requires that the content of modification will be definite, and the registration or approval required by the law or regulations shall be followed for any change.²⁷ The registration and approval system in China makes it easy for the state to control the contract, which has a close interest in the state or the collective organization. In some contracts, such as the Chinese-foreign joint venture contracts, any modification is effective only upon approval. This difference is obviously derived from the Chinese characteristic of maintaining the welfare of the state. Except for the mutual intention to modify or terminate the contract, both the DCFR and the CLC set numerous conditions for the party to claim for the adaptation. In the DCFR, there are three conditions under which modifications can be claimed. These are mistakes, excessive benefits or unfair advantages, and change of circumstances, whereas in the CLC, there are two additional conditions, which are fraud and threats that enable modification²⁸. This difference can be explained through the traditional theory in European contract law where modification was not widely recognized.²⁹ Due to this limitation, it is difficult for the current European contract law to broadly accept all types of modifications. However, in China, it is possible to modify contracts concluded under fraud or threat for the promotion of business. With regard to the unilateral termination, both, the DCFR and the CLC set force majeure, frustration, anticipatory repudiation, and unreasonable delay as the basis for termination of contracts. However, in the CLC, an additional provision provides for other laws or regulations, which could be the reasons for the termination of these contracts. This provision is very vague and only an administrative regulation, which may constitute the foundation for the termination of a contract. This difference is derived from the Chinese characteristics, which state that the administrative department has to have a wide power to intervene in private contracts.

Last but not the least, differences can be observed from the constitutionalization of the contract law process. In Europe, the protection of human rights has been absorbed into the development of private law since the early twentieth century, and some cases, such as the Lüth Case,³⁰ Bürgschaft case³¹ etc, demonstrate that the constitutional rights have been directly applied to private law issues and this has been found at both the national and EU levels. It is true to say that the protection of fundamental rights has become a tendency of modern European private law development. On the contrary, in China, the direct application of fundamental rights to private law cases still meets with many problems, and the recession of the official reply to the *Qi Yuling* case³² somehow reveals that the direct application of Constitutional Law is not allowed. The same can be observed from the protection of social justice, which is another perspective of looking at the constitutionalization of private law.³³ In recent years, the value of social justice has been strongly advocated in Europe and the DCFR has integrated the social solidarity as its overriding principle.³⁴ The provisions for protection of the weaker party and the consumers under the DCFR are obvious examples to reflect the integration of this value. In contrast, although social justice has

²⁶ Article II. – 9:103 DCFR: Terms not individually negotiated (1) Terms supplied by one party and not individually negotiated may be invoked against the other party only if the other party was aware of them, or if the party supplying the terms took reasonable steps to draw the other party's attention to them, before or when the contract was concluded. (2) If a contract is to be concluded by electronic means, the party supplying any terms which have not been individually negotiated may invoke them against the other party only if they are made available to the other party in textual form.

²⁷ Article 77 CLC: A contract may be amended if the parties have so agreed. Where amendment to the contract is subject to any procedure such as approval or registration, etc. as required by a relevant law or administrative regulation, such provision applies.

²⁸ Article 54 CLC.

²⁹ Hugh Collins, *The Law of Contract*, Cambridge University Press, 2008, pp. 341-343.

³⁰ BverfG 15-1-1958 BverfG 7, 198(Lüth).

³¹ BverfG 19-10-1993, Bverfg 89, 214(Bürgschaft).

³² Junwei Fu, *Modern European and Chinese Contract Law: a comparative study of party autonomy*, Kluwer International, 2011, pp. 163-164.

³³ Olha Cherednychenko, *Fundamental Rights, Contract Law and the Protection of the Weaker Party: A Comparative Analysis of the Constitutionalisation of Contract Law, with Emphasis on Risky Financial Transactions*, European Law Publishers, 2007, pp. 4-7.

³⁴ Christian von Bar and Eric Clive, *Principles, Definitions and Model Rules of European Private Law: Draft Common Frame of Reference (DCFR)*, Full Edition, European Law Publishers, 2009, p. 15.

been rooted in Chinese society for a long time, it has not been widely conveyed for the protection of the weaker party in the modern contract law.

4. Conclusions

It is therefore reasonable to conclude freedom of contract has been recognized in both, the DCFR and the CLC. However, in Europe, it is more restricted to good faith and fair dealing, the protection of human rights and social justice, whereas in China, excepted for those limitations set out by Europe, it is more restricted to the collective interests and the welfare of the state. Although the CLC was drafted at the end of the twentieth century after the market economy was implemented, and though it is largely transplanted from the Western countries, it is now clear that the Chinese characteristics mainly in the expression of the fact that personal interest and freedom are subject to the public interest and the collective interest, and which are derived from the country's own culture and history, are deeply rooted.

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