

The Future of International Arbitration

Key Challenges for 2026-2028

Summary

International arbitration continues to be a cornerstone of cross-border dispute resolution, valued for its flexibility, neutrality, confidentiality and enforceability across borders. However, our Global Dispute Forecast 2026 survey of 600 senior legal and risk professionals across six major economies reveals that the arbitration landscape faces significant challenges in the years ahead.

Most notably, our survey results expose a fundamental paradox at the heart of modern arbitration: technology and data security concerns rank as a top challenge, yet the second-highest concern, namely rising costs and delays, arguably demands greater use of technology as part of resolving that concern. The arbitration community must strike a careful balance between embracing AI and digital tools to drive efficiency, whilst developing robust governance to ensure transparency, fairness and security in how these technologies are deployed by both arbitrators and counsel.

Key Findings: Challenges for International Arbitration



Respondents were asked to rate the extent to which various factors would present a challenge for international arbitration over the next three years. The table below presents the percentage identifying each factor as a significant challenge (“very challenging” or “extremely challenging”).

Challenge	Global
Technology & Data Security	57%
Geopolitical Issues	55%
Cost and Duration	54%
Enforcement of Awards	49%
Ethical Concerns	40%
Diversity of Arbitrators	39%

Source: [Baker McKenzie Global Dispute Forecast 2026](#). Base: 600 respondents across UK, USA, Singapore, Brazil, Germany and Hong Kong.

Geographic Perspectives

The survey reveals notable regional variations in how organizations perceive arbitration challenges. The table below shows the percentage of respondents in each jurisdiction identifying each factor as a significant challenge.

Challenge	UK	USA	Singapore	Brazil	Germany	Hong Kong
Technology & Data Security	54%	58%	62%	64%	48%	53%
Geopolitical Issues	45%	51%	52%	68%	60%	53%
Cost and Duration	49%	52%	53%	61%	57%	50%
Enforcement of Awards	42%	52%	51%	51%	52%	46%
Ethical Concerns	29%	43%	47%	45%	45%	31%
Diversity of Arbitrators	39%	41%	45%	39%	32%	37%

Base: 100 respondents per country.

Brazil shows elevated concern across almost every category, likely reflecting in part the broader pressures of operating in an emerging market.

Singapore's high scores on ethical concerns and diversity are perhaps unsurprising given its position as a multi-cultural hub drawing parties, counsel and arbitrators from across Asia and beyond.

The UK reports notably lower concern about ethical issues than all other jurisdictions, perhaps reflecting confidence in established institutional safeguards, or complacency in a market where these issues are gaining global attention.

Sector Spotlight

When analyzed by industry sector, notable variations emerge in how different industries perceive arbitration challenges.

Challenge	Industrials	Consumer	Healthcare	TMT	Financial	Energy
Technology & Data Security	60%	55%	50%	60%	58%	56%
Geopolitical Issues	54%	52%	56%	56%	51%	60%
Cost and Duration	55%	47%	52%	52%	59%	57%

Enforcement of Awards	46%	46%	44%	48%	64%	46%
Ethical Concerns	32%	35%	44%	43%	45%	41%
Diversity of Arbitrators	40%	35%	33%	33%	52%	40%

Sectors: Industrials, Manufacturing & Transportation; Consumer Goods & Retail; Healthcare & Life Science; Technology, Media & Telecoms; Financial Institutions; Energy, Mining & Infrastructure. Base: 100 respondents per sector.

Strikingly, **financial institutions** express significantly higher concern about enforcement of arbitral awards (64%) than any other sector; well above the global average of 49%. This likely reflects the financial services sector's particular focus on the reliability and certainty of asset recovery in cross-border disputes. Financial institutions also show the highest concern about cost and duration, ethical concerns and diversity issues, suggesting a more acute awareness of procedural challenges across the board.

Top Concerns: Analysis and Practical Guidance

01 Technology and Data Security

57% of respondents cite technology and data security as a significant challenge, ranking it as the top concern globally. The rapid adoption of virtual hearings, increasing reliance on electronic document management and growing use of AI-assisted review have introduced both opportunities and new complexities for the arbitration community, particularly around AI.

While AI tools have the potential to drive efficiency, there are concerns around ethics and transparency. Key questions are emerging around the use of AI by both counsel and arbitrators: when and how should AI use be disclosed? How can confidentiality be safeguarded when using AI platforms? And how do we address the risk that decision-making may be improperly delegated to AI tools?

The arbitration community is responding through institutional guidance and procedural reform. Guidelines on AI use have also been published by bodies including CIArb, the SCC and CIETAC, though approaches vary and the regulatory landscape remains fragmented.

Major arbitral institutions are also increasingly incorporating cybersecurity and data protection into their rules and offering secure online platforms. For example, the SIAC Rules 2025 require tribunals to address cybersecurity measures and have introduced a secure digital case filing platform, while the HKIAC Rules 2024 require consideration of information security in procedural arrangements.



Practical recommendations:

- Establish clear protocols at the outset of proceedings for the use of AI tools, including disclosure requirements and governance safeguards.
- Conduct thorough due diligence on the cybersecurity protocols of chosen arbitral institutions and virtual hearing platforms before proceedings commence.

- Ensure AI tools used for document review, legal research or drafting are subject to appropriate human oversight and verification procedures to guard against errors.
- Consider whether specific provisions on technology and AI use should be included in arbitration agreements or addressed in the first procedural order.
- Avoid uploading confidential arbitration materials to open-source AI platforms without understanding their data handling and security practices.

02 Geopolitical Issues

More than half (55%) of respondents view geopolitical factors as a significant arbitration challenge. Concerns center on the impact of international sanctions, political instability, and changes to investment treaties, all of which can complicate both the conduct of proceedings and the enforcement of awards.



Practical recommendations:

- Review arbitration clauses to ensure seat selection considers current geopolitical dynamics and potential enforcement complications.
- Conduct pre-dispute sanctions screening and maintain ongoing compliance monitoring throughout the arbitration process.
- Build flexibility into dispute resolution mechanisms to address potential complications from rapidly evolving political situations.
- Consider multi-tier mechanisms that allow for mediation or negotiation before formal arbitration, particularly in politically sensitive contexts.

03 Cost and Duration

Just over half (54%) of respondents cite cost and duration as significant concerns. These are longstanding challenges, but ones the arbitration community has consistently evolved to address. Arbitration's procedural flexibility allows parties to tailor proceedings to the complexity of their dispute, and recent institutional reforms around expedited procedures, streamlined rules and early determination mechanisms are all useful.

As noted above, AI tools offer potential to help address these concerns by streamlining document review, legal research and case preparation. However, realising these efficiencies requires careful management. The interplay between technology and cost is nuanced: while AI can reduce time spent on routine tasks, effective governance and oversight of AI use itself requires investment of time and resources.



Practical recommendations:

- Utilize expedited procedures and emergency arbitrator provisions where appropriate to reduce timeframes.

- Consider early neutral evaluation or document-only arbitration for lower-value or less complex disputes.
- Take advantage of institutional fee calculators at the contract drafting stage to provide stakeholders with realistic cost projections.
- Engage in proactive case management discussions with the tribunal at the outset to establish efficient procedural timetables and consider where technology can streamline proceedings.

04 Enforcement of Awards

Nearly half (49%) of respondents express concern about enforcement difficulties. This challenge is particularly acute for financial institutions (64%), reflecting the sector's focus on certainty of recovery. While the New York Convention provides a robust framework for recognition and enforcement, outcomes in certain jurisdictions remain unpredictable.



Practical recommendations:

- Conduct thorough asset tracing and jurisdictional analysis before commencing arbitration to understand where enforcement may be required and what obstacles may arise.
- Consider seeking provisional measures or security for costs early in proceedings where enforcement risk is identified.
- Select arbitral seats in jurisdictions with strong pro-enforcement records and well-developed arbitration legislation.
- Factor enforcement considerations into dispute resolution clause drafting, including the choice of seat, institutional rules, and governing law.

Conclusion

The challenges facing international arbitration are real but manageable. Historically, arbitration has always evolved rapidly in response to commercial needs; it is one of its great ongoing strengths. With careful planning, appropriate contractual drafting, and expert guidance, organizations can continue to benefit from arbitration's core advantages: party autonomy, procedural flexibility, and the enforceability of awards across borders.

As these survey findings demonstrate, the key lies in anticipating challenges before they arise and building robust dispute resolution frameworks that remain fit for purpose in an increasingly complex global environment. As international arbitration continues to adapt through procedural innovation, effectively leveraging this mechanism takes an experienced partner who can recognize and enforce arbitration awards and expertly navigate local laws and international treaties, even in challenging jurisdictions.

Our international arbitration team is available to discuss any of these issues in more detail and to assist with reviewing or updating your dispute resolution provisions.

About This Survey



The Baker McKenzie Global Dispute Forecast 2026 is based on an online survey of 600 senior decision-makers with oversight or key roles in litigation matters, conducted in September-October 2025. Respondents were drawn equally from six major economies: UK, USA, Singapore, Brazil, Germany and Hong Kong, spanning six key industry sectors: Industrials, Manufacturing & Transportation; Consumer Goods & Retail; Healthcare & Life Science; Technology, Media & Telecoms; Financial Institutions; and Energy, Mining & Infrastructure.

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