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2026

Global Disputes Forecast



Foreword

Baker McKenzie's annual Global Disputes Forecast surveys 600 senior lawyers to understand the disputes landscape in the year ahead.

In 2026, the global environment is driving risk from all sides. Geopolitics ranks among top-tier threats, as trade, sanctions and export controls drive disputes and investigations risk at levels that would have been unthinkable a decade ago.

At the same time, perennial challenges persist, with cybersecurity, ESG, tax and employment disputes all high on the agenda. Organizations continue to face a shifting risk profile marked by multiple areas of expanding concern.



Sunny Mann

Global Chair
LONDON

"We find ourselves in a paradox. Organizations are more globally connected than ever, yet operating in an increasingly fragmented and unpredictable geopolitical environment that is fundamentally altering risk calculations."

The challenge for multinationals is that global integration, once seen as a hedge against risk, has become a vulnerability: supply chains cross contested borders, data flows encounter sovereignty barriers and business relationships can become compliance liabilities overnight as political alignments shift.

A primary mitigation technique among our clients is one of diversification across supply chains, customer base, funds flows, data storage and business and investment partners. Overreliance on a single party or market is a vulnerability."

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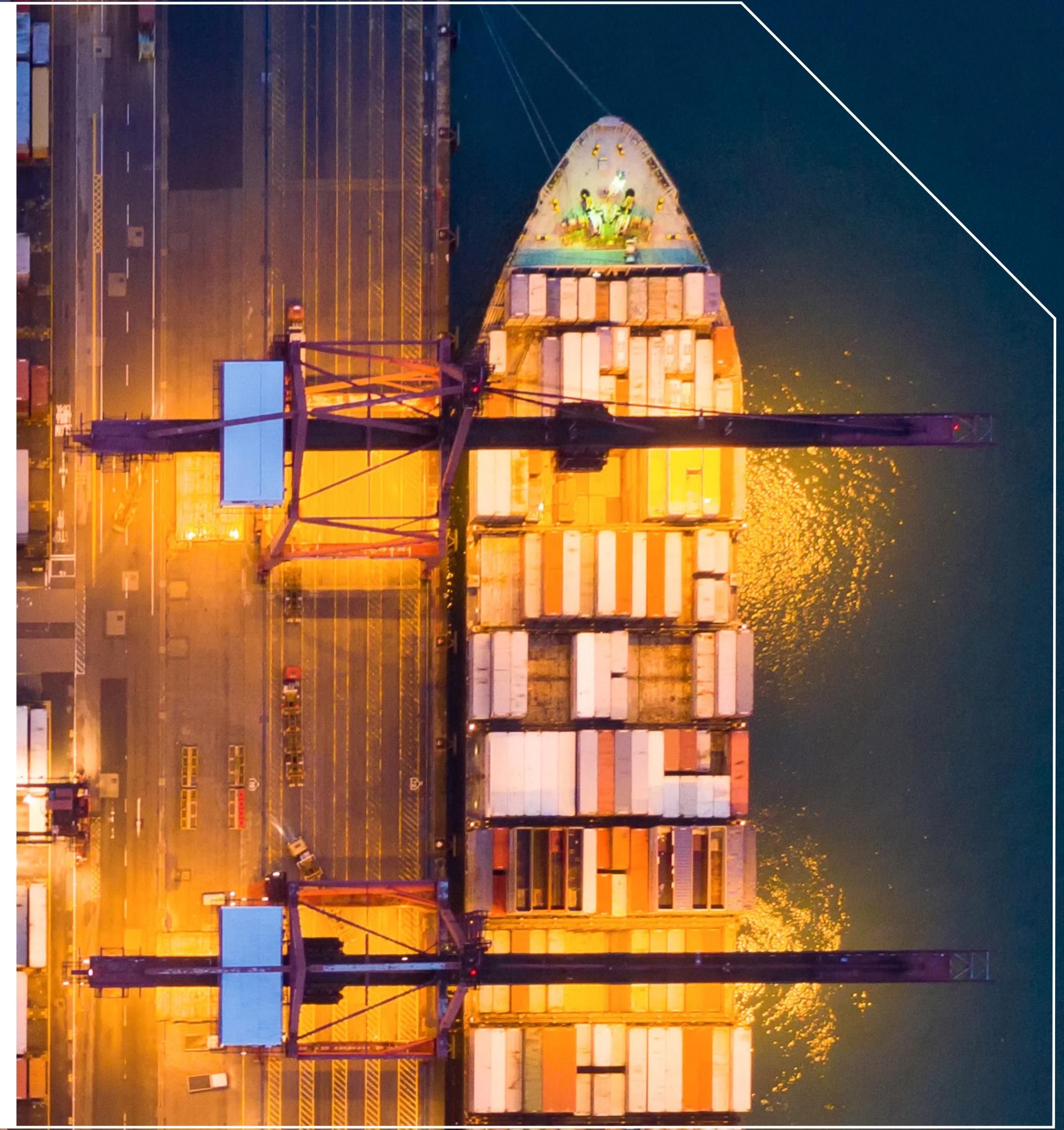
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About the survey

Baker McKenzie's 2026 Global Disputes Forecast surveyed 600 senior decision-makers with responsibility for litigation at large organizations (annual revenue greater than USD 500 million). Respondents were based in the US, the UK, Germany, Singapore, Hong Kong and Brazil.

01

Technology, geopolitics
and supply chain
disruption drive external
disputes risk



To what extent does each of the following external factors pose a potential threat to your organization by increasing its exposure to disputes?



In 2026, organizations face an increasingly diverse external risk environment.

The rapid deployment of AI, increasingly complex cybersecurity threats and the global complexity of data privacy regulations have made data-driven risk the top external driver of disputes exposure in 2026.

Governments are seeking to shore up national security interests, particularly in critical infrastructure sectors like energy, water, food, technology, health and financial services. This is prompting the creation of cyber laws that impose new reporting obligations.

Cyber laws like EU's NIS2 Directive, the US CIRCIA and Singapore's Cybersecurity Act require critical infrastructure operators to report major cyber incidents within a stipulated time frame to protect national security and essential services.

"Global power dynamics and geopolitical conflicts are rapidly reshaping data-driven risk. As these new data localization and digital sovereignty laws emerge, organizations face potential fines, penalties and civil and criminal liability for violations," says Justine Phillips, Partner, Los Angeles. "More than ever, executives need to have visibility and exercise risk-based decision-making on data-driven risk to constantly assess and adapt their people, processes and technology."

79% of organizations view geopolitics and trade policy as a threat, as sanctions, tariffs and export controls disrupt global operations and create uncertainty in cross-border contracts and enforcement. Concerns over geopolitics and trade policy are felt particularly acutely in Germany (84%) and the UK (84%), reflecting the vulnerability of export-dependent, trade-heavy economies.

Operational and supply chain disruption also continues to test organizational resilience. Labor shortages, supplier failures and logistics breakdowns carry the potential to trigger commercial and contractual disputes as parties seek to allocate responsibility for delays, shortfalls and cost overruns.

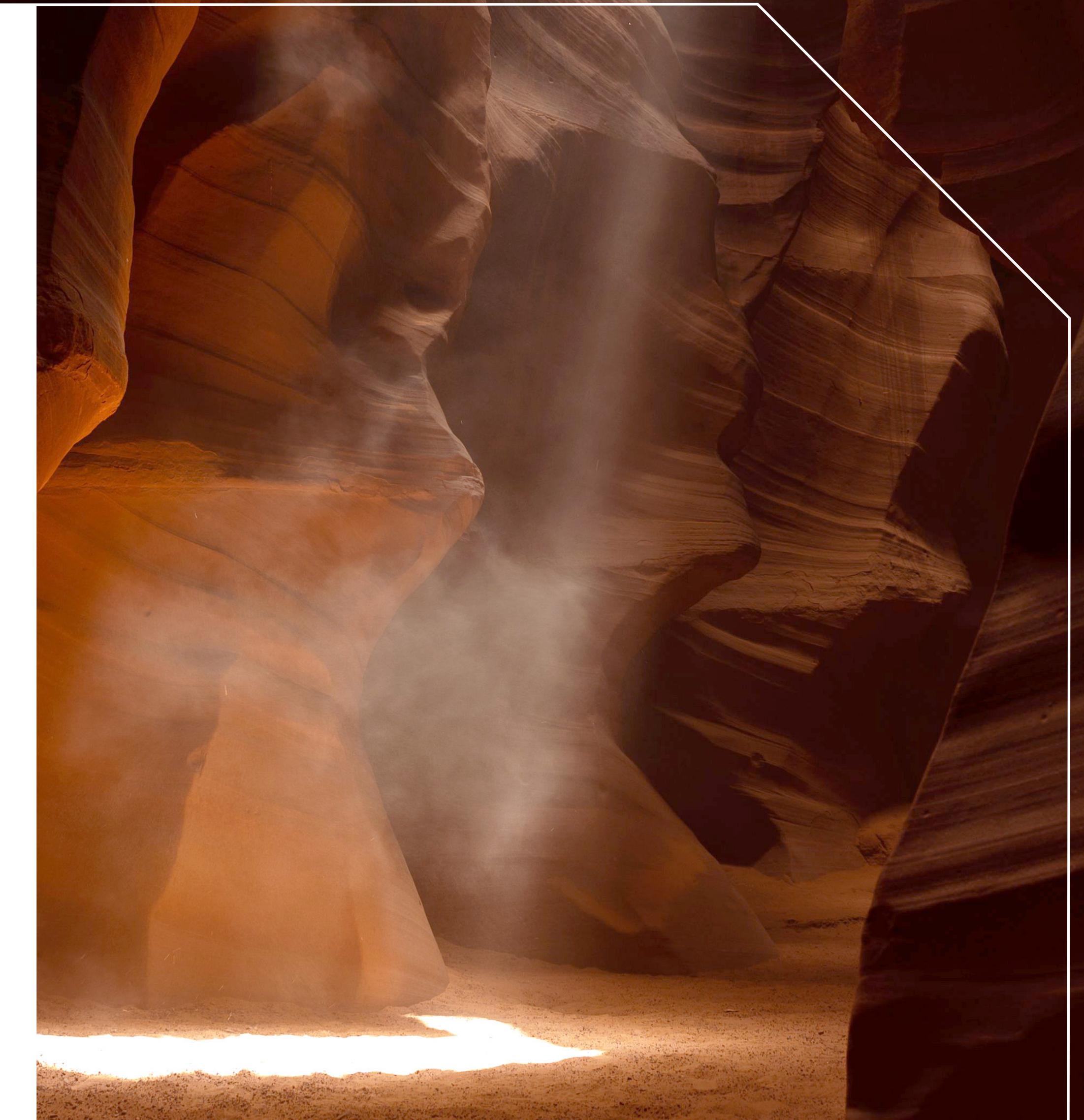
"While technology and geopolitics dominate globally, the regional variations in our data reveal different priorities," says Steve Abraham, EMEA Dispute Resolution Chair, London. "UK respondents place geopolitics first, reflecting Brexit and trade policy concerns, while US respondents prioritize technology risks amid the AI boom. What is particularly noteworthy is how consistently high these threats rank across all sectors, suggesting that industry sectors are broadly aligned on their assessment of risks at this time."

Five steps to minimize technology and data-driven disputes exposure

- 1. Audit regulatory obligations by jurisdiction.**
Map where data is processed, stored and transferred against local compliance requirements.
- 2. Document data flows and system architectures.**
Maintain current diagrams showing data sources, third-party integrations and access controls.
- 3. Contractually allocate cyber and data liability with vendors.**
Include indemnification clauses, insurance requirements and breach notification obligations.
- 4. Establish entity presence strategically.**
Register operations in key jurisdictions to manage liability exposure and preserve litigation options.
- 5. Pre-draft incident response protocols.**
Prepare templated regulatory filings, customer notifications and legal hold procedures.

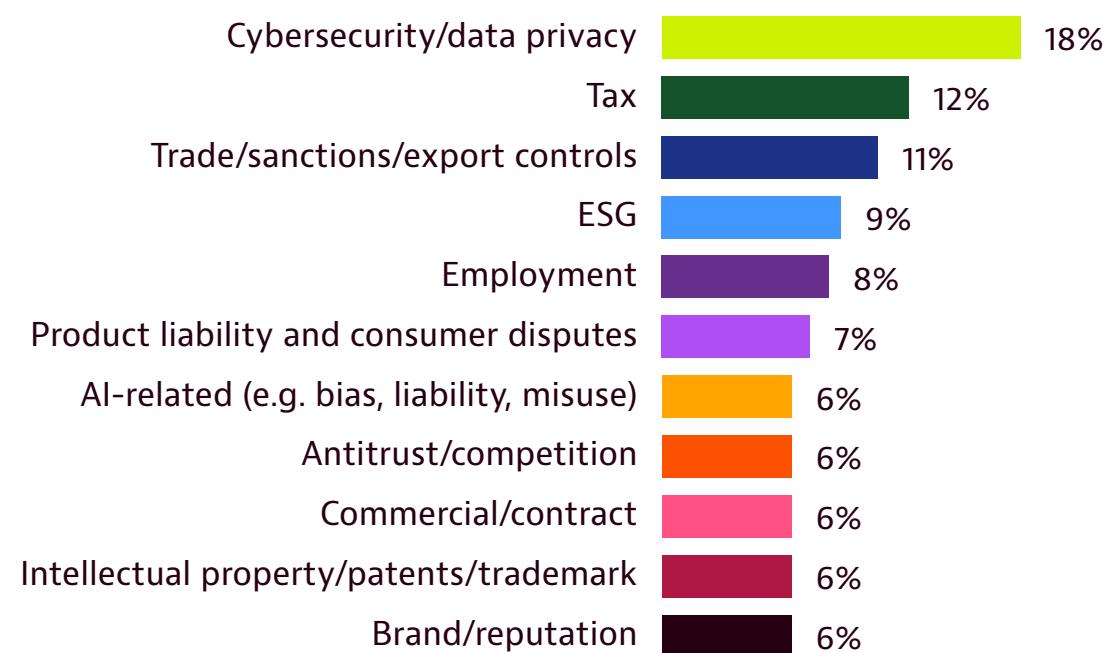
02

Building resilience
across multiple fronts
becomes critical



What type of disputes presents the greatest risk to your organization in 2026?

(TOP RANKED DISPUTES RISK)



What type of investigations do you expect to present a risk to your organization in 2026?

(TOP RANKED INVESTIGATIONS RISK)



In 2026, organizations' top disputes and investigations risks mirror one another, with cyber and tax their top areas of concern. At the same time, organizations' risk profiles are expanding, testing existing procedures and resources.

"Legacy risk frameworks built around traditional financial and contractual disputes are no longer sufficient for an environment where litigation and enforcement risk is simultaneous, multi-jurisdictional and reputationally decisive," says Kwun-Yee Cheung, Partner, Hong Kong. "A nimble and forward-thinking mindset is required to tackle the complex issues arising."

When asked to identify the single greatest risk their organization faces, both in the context of disputes and investigations, respondents continue to point to cybersecurity and data privacy as an inescapable reality of more digitized processes and operations, in the face of complex regulation and increasingly sophisticated cyber-attacks.

Tax emerged as both the second-greatest dispute and investigation risk, reflecting the complexity of navigating cross-border tax compliance, transfer pricing scrutiny and shifting international tax frameworks. For example, the OECD's Pillar Two global minimum tax (effective 2024 in many jurisdictions) is expected to drive disputes and highlights the importance of having effective dispute resolution mechanisms in place.

Organizations must strengthen dispute prevention frameworks while recognizing that tax controversies now carry significant reputational risks beyond traditional financial exposure.

"Tax disputes have evolved beyond technical matters and increasingly intersect with public perception, ESG commitments and strategic positioning. Looking forward, the most significant tax dispute challenges will include managing the tension amongst different local audit practices, ensuring consistent interpretation of international tax rules and navigating the complexity of transfer pricing in a digital and data-driven environment," says Ariane Calloud, Partner, Paris.

Five tips to mitigate tax disputes risk

1. Maintain comprehensive documentation, particularly for sensitive transactions and fact-intensive matters such as transfer pricing and permanent establishment issues.

2. Engage in strategic interactions with tax authorities as advance pricing agreements (APA) or alternative dispute resolution (ADR) mechanisms exist as potential avenues to resolve disputes effectively.

3. Know your audit procedural rights and protect attorney-client privilege through careful control of document disclosures.

4. Monitor geopolitical developments, judicial reforms and enforcement trends in key jurisdictions, as these may influence audit outcomes and litigation strategies.

5. Invest in pre-audit strategies and cooperative compliance programs to mitigate tax exposure.

How disputes risk has evolved over the last 12 months

What type of disputes presents the greatest risk to your organization: 2025 vs 2026

(TOP THREE RANKED DISPUTES RISK)



Expanding to organizations' top three ranked disputes risks shows that, year on year, ESG and tax disputes have grown in relevance as reputation and compliance pressures mount. Concerns around trade, sanctions and export control disputes also rose as organizations respond to relentless geopolitical volatility.

And although employment disputes fell to 25%, down from 32% in 2025, this drop in perception does not reflect a real reduction in underlying risk. As other areas demand greater attention in the short term, organizations should avoid complacency and ensure they regularly review and strengthen their readiness for disputes and compliance across all fronts.

"This lower perceived risk around employment disputes may stem from a focus on more immediate concerns like cybersecurity, but it overlooks the cumulative effect of regulatory changes," says Tatiana Garces-Carvajal, Partner, Bogota.

"Companies that fail to prioritize employment compliance face not only financial penalties but also reputational damage from high-profile disputes. To mitigate these risks, businesses should conduct risk assessments tailored to local regulations, seek legal guidance on reforms and implement employee training programs to ensure compliance."

Five tips to mitigate employment disputes risk

1. Conduct robust compliance audits of employment obligations and regularly update internal policies to align current regulations and requirements.

2. Provide targeted training for HR teams on updated disciplinary procedures to reduce unfair dismissal claims.

3. Implement mandatory employee training to prevent escalation and protect workplace culture.

4. Establish early conflict-prevention mechanisms, such as internal grievance channels and negotiated settlements, to minimize litigation.

5. Secure specialized legal counsel for litigation.

Exploring the investigations landscape

Investigation concerns emphasize the competing pressures organizations are grappling with in 2026. Although cybersecurity and data privacy is the standout “top-ranked” concern, an examination of the wider responses reveals a much broader risk profile.

“Organizations are grappling not with one or two existential threats, but with a portfolio of risks that include more routine threats, from sanctions to employment to anti-bribery, any of which could materialize and demand immediate response. The challenge for 2026 will be to build effective programs resilient enough to handle multiple, diverse exposures,” says Peter Tomczak, Head of Global Investigations, Compliance & Ethics, Chicago.

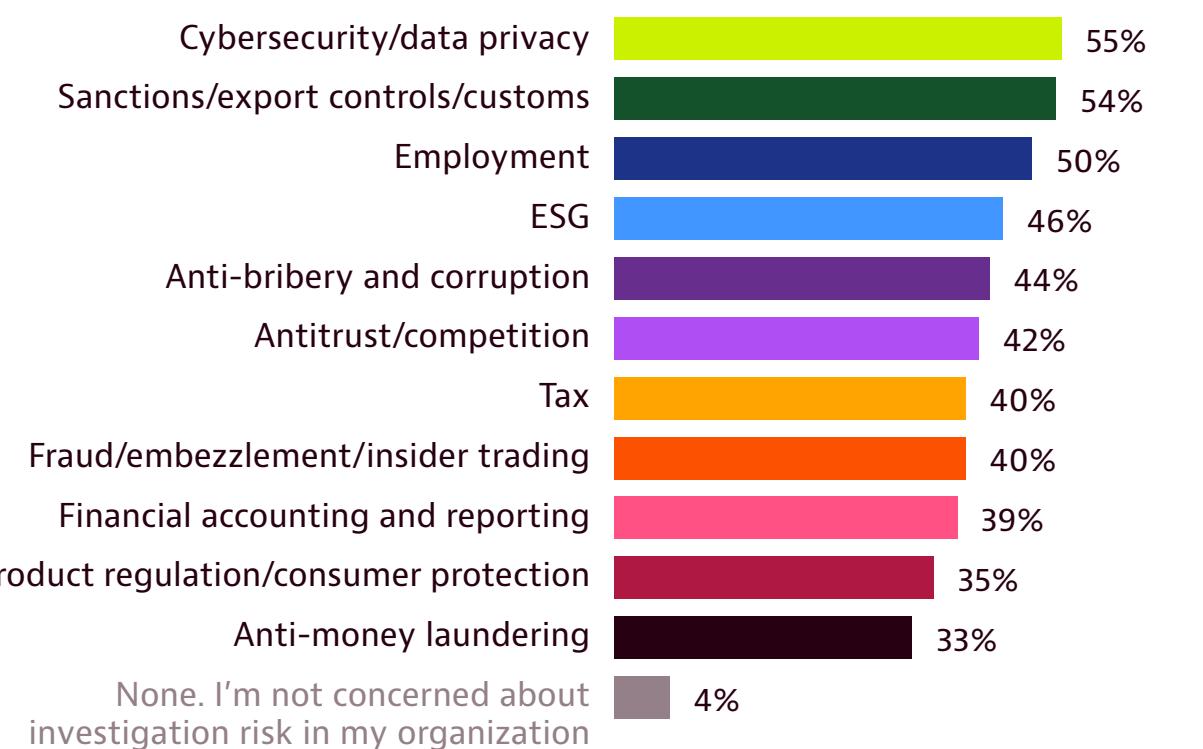
In addition, persistent concerns about employment and ESG investigations emphasize how investigations risk now encompasses reputational impact, as workplace conduct, diversity, pay equity and sustainability reporting have become central to legal and stakeholder scrutiny.

“Investigations in the coming year will scrutinize not just what companies do, but how they do it,” says Yindi Gesinde, Partner and London Investigations, Compliance & Ethics Co-Lead. “This includes how they treat their people and their impact on society and the environment. Organizations that have not embedded these considerations into their governance frameworks and cannot demonstrate top-level commitment to good corporate conduct, are likely to face uncomfortable questions.”

“IMT and EMI companies, perhaps in light of the nature of what they do, seemingly appreciate their increased risk of exposure to ESG-related risks and should consider how best to address this,” she adds.

What type of investigations do you expect to present a risk to your organization in 2026?

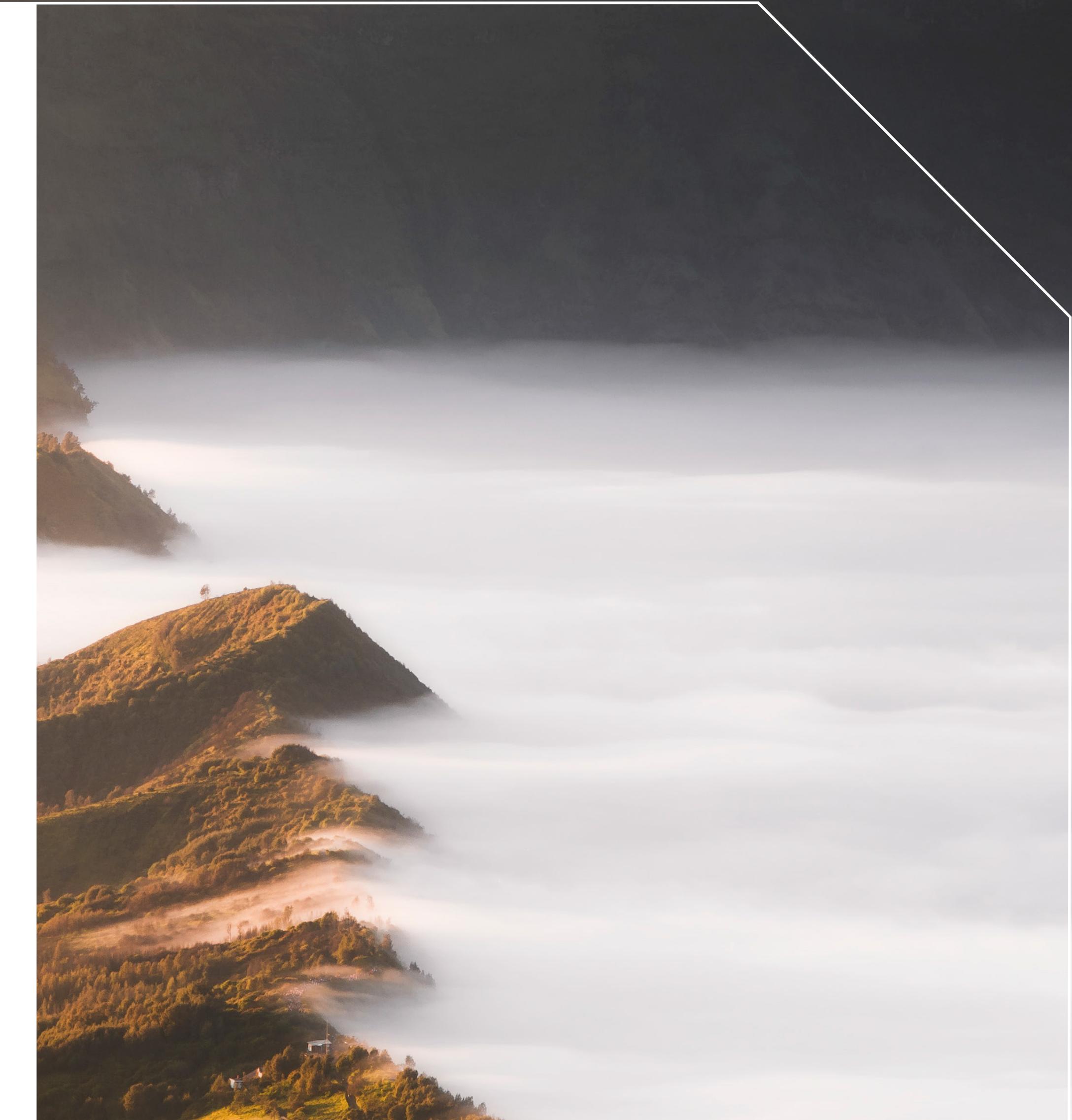
(TOP FIVE RANKED INVESTIGATIONS RISKS)





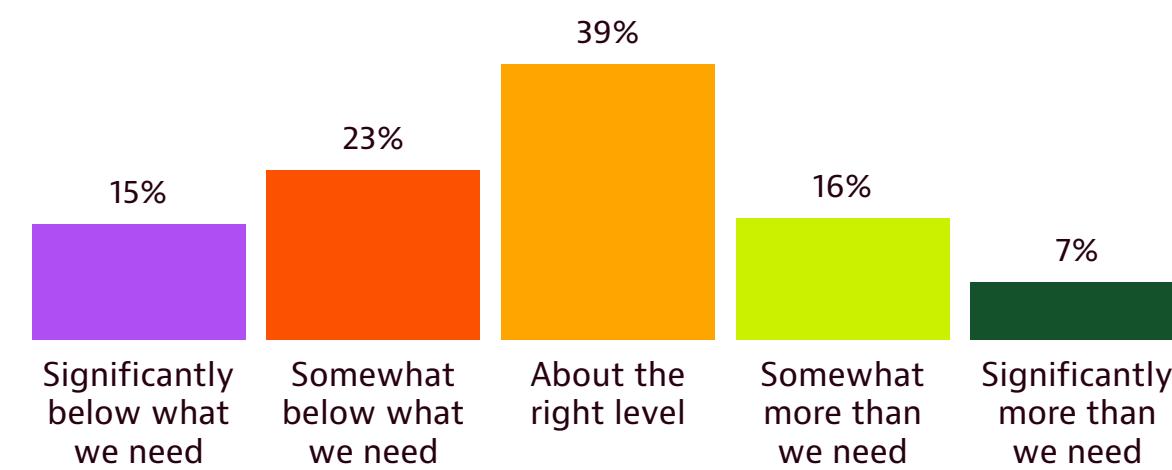
03

Resource constraints expose vulnerabilities in organizations' risk-readiness



Insufficient disputes budgets raise new risks

Budget for anticipated dispute demands



Around **four in ten (38%)** admit their budgets are insufficient to meet anticipated dispute demands.

A further **39%** report having only adequate resources.

Four in ten organizations admit their 2026 disputes budgets are insufficient to meet anticipated risk, which can lead to slower and less effective responses to disputes. Organizations with limited resources struggle to investigate issues thoroughly, engage specialist counsel or manage multiple cases at once. These constraints reduce flexibility and increase the risk of delayed or reactive decision-making when disputes escalate unexpectedly.

"There needs to be greater awareness of the need for dispute preparedness, built on an understanding that adequate funding for early-stage risk mitigation, investigation readiness and proactive dispute management is an investment, not an expense, particularly when potential losses from disputes such as cybersecurity breaches, regulatory investigations or ESG-related disputes easily surpass likely legal fees and, more importantly, threaten the viability of the business going forward," says Nandakumar Ponniy, Asia Pacific Dispute Resolution Chair, Singapore.

Litigation preparedness: capability, not just capital

"The barriers to litigation preparedness are intertwined, and so are the solutions," says Jennifer Semko, Partner, Washington DC. "Companies need funding and resources to establish stronger organizational structures that can respond promptly and effectively to disputes. Companies also need the right expertise to overcome cross-border hurdles and keep pace with regulatory developments worldwide."

"In the end, as organizations weigh the investment needed to overcome these challenges, they should understand that the cost of being unprepared for litigation will almost certainly eclipse the costs of evaluating and strengthening their litigation readiness," she adds.

When asked to identify their top three barriers to litigation, respondents emphasized funding and resource constraints and internal organizational structures as significant challenges.

Siloed structures can impede gathering evidence and coordinating responses and strategies across jurisdictions. But even those with sufficient budgets can lack the internal systems and expertise to deploy those resources effectively.

External pressures such as keeping pace with regulatory developments and managing supply chain vulnerabilities are placing additional pressures on these already fragile internal systems.

The latter is felt most acutely by sectors with complex and sensitive supply chains such as industrials, manufacturing and transportation.

"Supply chain issues are a top concern for, e.g., car manufacturers who depend on a constant and just-intime supply. They thus might refrain from litigating with suppliers and enter unfavourable settlements to avoid bringing their assembly lines to a standstill. In this context, it is important to take measures to ensure that a dispute does not lead to a stay of supplies and explore avenues such as interim legal protection in state courts or emergency arbitration," says Annette Keilmann, Counsel, Frankfurt.

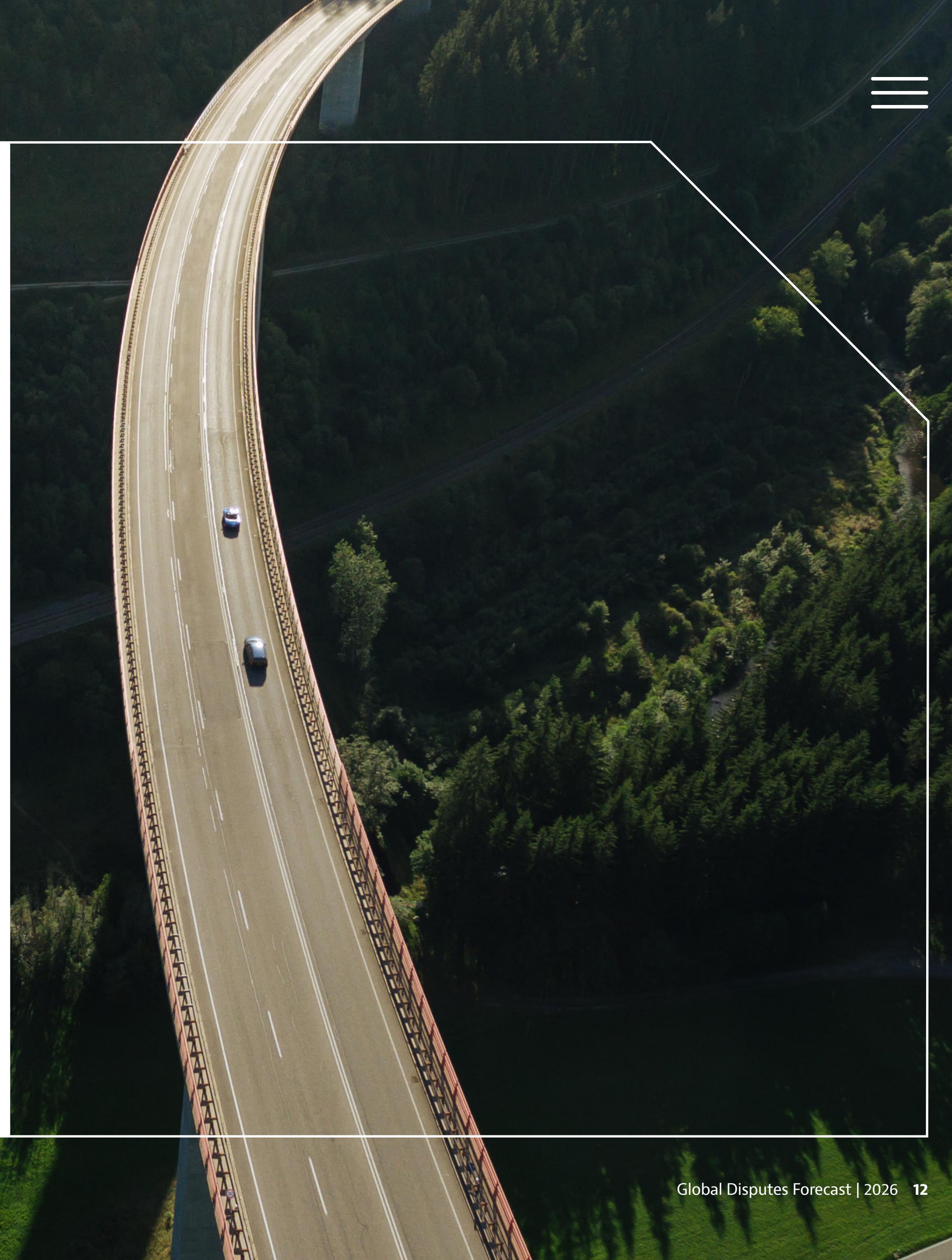
Which of the following are the greatest barriers to litigation preparedness in your organization today?

(TOP THREE RANKED BARRIERS)

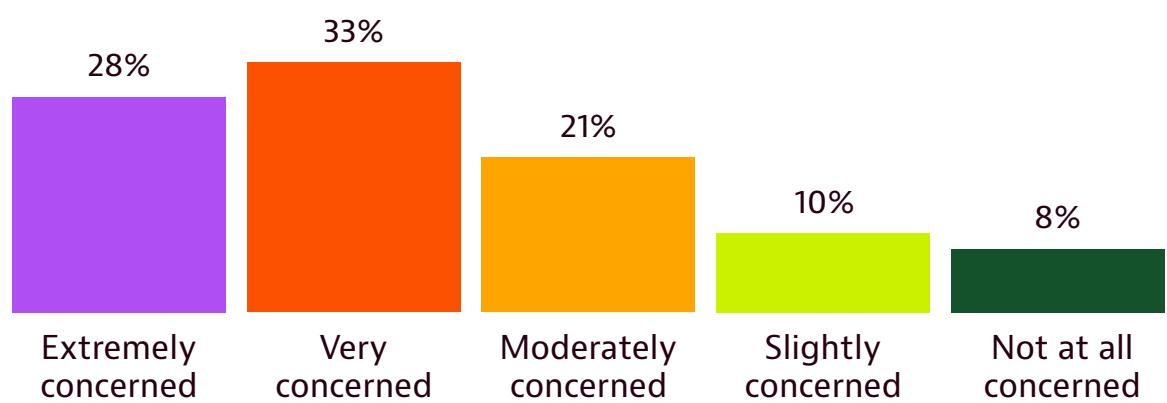


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Cross-border investigations pose a significant threat in 2026

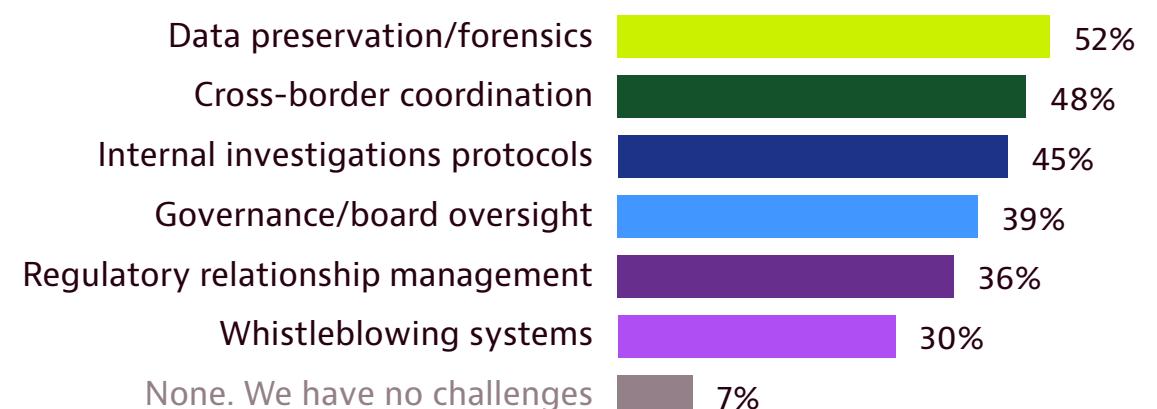


Concern of being subject to a cross-border or multi-agency investigation in the next 12 months



82% of respondents said they are concerned about the possibility of their organization being subject to a cross-border or multi-agency investigation in the next 12 months.

Which of the following areas present a challenge for your organization's preparedness for investigations?



Results show an alarming disconnect between the looming reality of cross-border investigation risk and organizations' ability to overcome it.

More than 4 in 5 respondents fear that they may be subject to a cross-border investigation in 2026, and almost half of those surveyed identified that challenges with cross-border coordination, whether internal or government facing, limit their investigation preparedness.

"Rising economic nationalism and growing concerns about data privacy have increased both the risk and potential impact of cross-border investigations by governments seeking to protect their financial and national security interests, says Rod Rosenstein, National Security Practice Lead, Washington, DC. "Companies should respond by monitoring policy changes, assessing their exposure and enhancing their diligence."

While this does not necessarily indicate an increase in cross-border investigations, particularly in jurisdictions like the US where enforcement activity has begun to slow, it underlines that as cross-border investigations become a known reality, more than ever, organizations need to invest in internal protocols, governance frameworks and cross-functional coordination to enable rapid, coherent and legally-compliant responses.

"Modern investigations do not respect borders," says William (Widge) Devaney, Americas Dispute Resolution Chair, New York. "A single incident in one jurisdiction will often reverberate into several others regardless of whether it is purely internal or if regulators or law enforcement are involved. This raises different and often competing data privacy, employment, privilege and notification rules."

He adds that "without robust coordination mechanisms in place before an investigation begins, companies risk contradictory responses, waived privileges and compounded liability."

Concerns over the likelihood of being subject to a cross-border investigation are felt particularly acutely by respondents in Singapore (88%) and Hong Kong (85%), likely due to their positions as major regional hubs for cross-border trade, financial flows and data movement, as well as a surge in whistleblowing activity in the Asia Pacific region.



Ensuring effective cross-border data preservation

- 1. Map out existing data sources** and establish policies and procedures around data governance to allow the company access to them when required.
- 2. Establish acceptable use policies** and provide employees with adequate notice.
- 3. Understand how employees are using mobile data** and other short messaging programs and have a plan to preserve and collect these types of data.

"It's no surprise that concerns around cross-border and multi-agency investigations are intensifying, particularly in areas such as bribery and corruption, sanctions violations, cybersecurity, ESG misconduct and human rights abuses in supply chains," says Mini Menon vandePol, Head of Investigations for Asia Pacific. "These cases often involve joint raids, asset freezes and even criminal charges resulting in incarceration. Maintaining close vigilance over local operational risks is critical and remains a top priority for compliance and legal teams."

Cross-border coordination considerations extend to other investigation challenges, including data preservation/forensics.

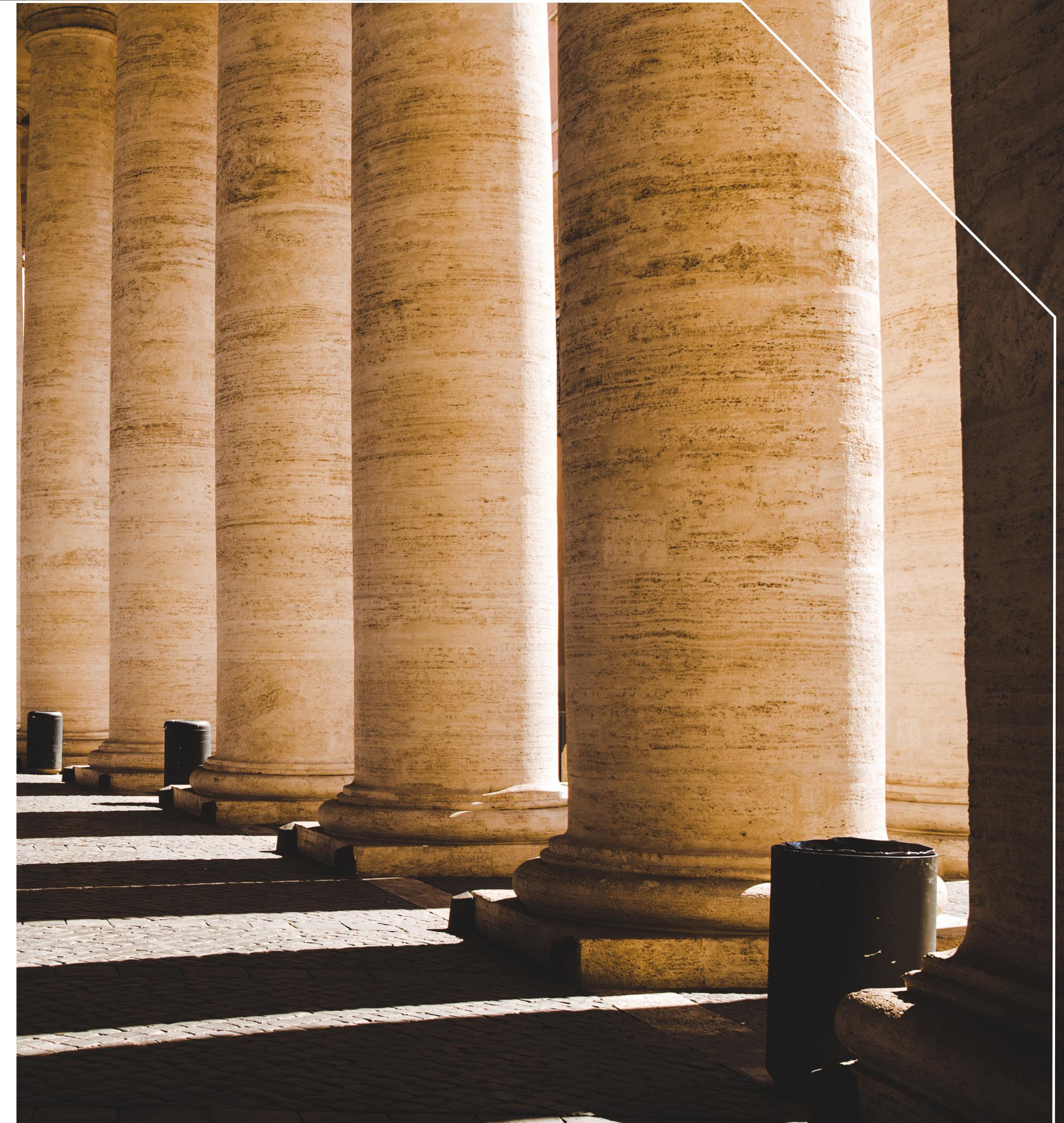
As investigations increasingly rely on cross-jurisdictional data collection and analysis, maintaining accessibility, security and forensic accuracy is a particularly complex and resource-intensive task requiring organizations to identify, preserve and produce relevant data quickly, often across multiple systems and data privacy frameworks. Ineffective data preservation can also lead to the loss of essential data or hinder access to evidence.

Bryant Isbell, Managing Director of the Global eDiscovery and Data Advisory Group, London, says, "Two of the main challenges around data preservation are disparate data sources and a lack of a comprehensive data governance program. When there is a lack of a comprehensive data governance program, or a lack of a data map, organizations will struggle to understand where all the relevant data lives to preserve it. This can be costly in terms of time and money, particularly when faced with urgent court or regulatory deadlines."



05

Modern arbitration requires adapting to complexity



Medium-term challenges for international arbitration

International arbitration continues to be a cornerstone of cross-border dispute resolution, valued for its flexibility, neutrality, confidentiality and enforceability across borders. In the medium-term, organizations expect the greatest challenges for international arbitration to arise from technology and data security, cost and duration and geopolitical issues.

Technology and data security, particularly cybersecurity threats and the ethical use of AI, are expected to present challenges in areas such as virtual hearings, digital evidence management and legal research.

"Our survey reveals a fundamental paradox at the heart of modern arbitration: technology and data security concerns rank as a top challenge, yet the second-highest concern—rising costs and delays—arguably demands greater use of technology and data as part of resolving that concern," says

Andy Moody, Global Head of International Arbitration, London. "It's a needle that must be threaded carefully. We need to embrace AI and digital tools to drive efficiency and cost reduction but at the same time, we must develop robust governance to ensure transparency, fairness and security in how these technologies are deployed by both arbitrators and counsel."

The arbitration community is responding to these challenges through institutional guidance and procedural reform. Major arbitral institutions are increasingly incorporating cybersecurity and data protection into their rules or offering secure online platforms.

While AI tools have the potential to minimize perceived challenges around cost and duration, a lack of clarity, governance or oversight can exacerbate ethical concerns around transparency.

"Historically, arbitration has always evolved rapidly in response to commercial needs. It is one of its great ongoing strengths," says Joaquim Muniz, Trench Rossi Watanabe* Partner, Rio de Janeiro. "I believe it will continue to evolve and overcome perceptions of its procedural limitations, such as cost and duration, as technology is further embraced."

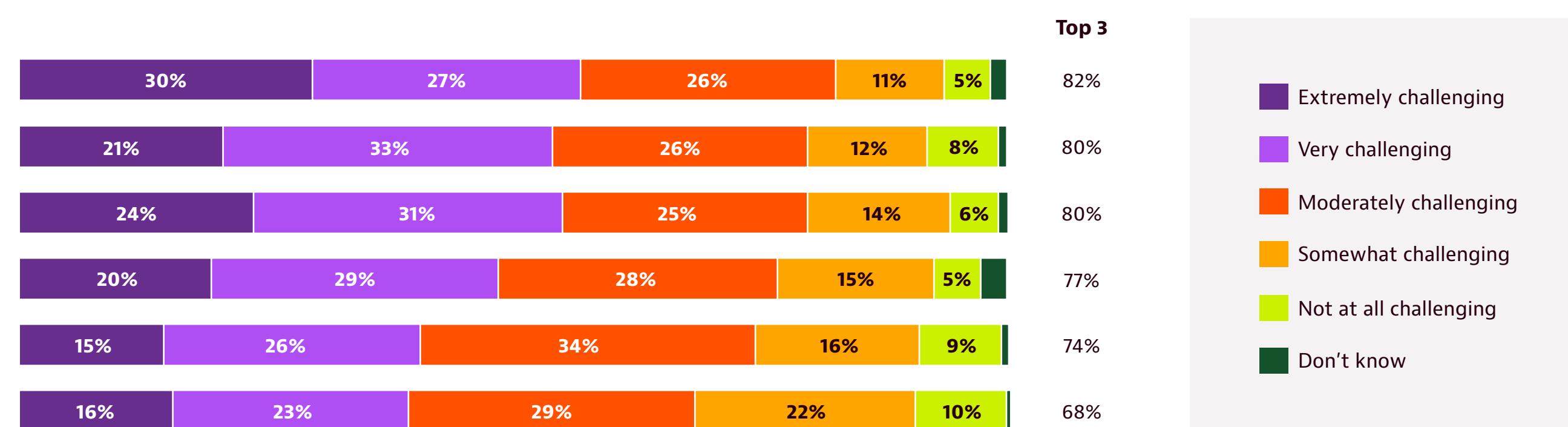
"The advantages from AI will be transformative but arbitration's procedural flexibility, together with its commercial pragmatism and enforcement benefits, still offer advantages over other forms of dispute resolution," he adds.

*Trench Rossi Watanabe and Baker McKenzie have executed a strategic cooperation agreement for consulting on foreign law.

Looking ahead to the next three years, to what extent do you think the following will present a challenge for international arbitration?

Technology & Data Security:

The risks and challenges posed by cybersecurity threats and the ethical use of AI



Cost and Duration:

The perception that arbitration is becoming too expensive and time-consuming

Geopolitical Issues:

The impact of international sanctions, political instability, and changes in investment treaties

Enforcement:

The difficulty of enforcing arbitral awards in certain jurisdictions

Ethical Concerns:

Issues related to arbitrator conflicts of interest, bias, and lack of transparency

Diversity:

The lack of diversity among arbitrators, which may affect the legitimacy and quality of awards



Conclusion

This year's survey results emphasize the interconnected nature of modern disputes and the high stakes challenges that organizations face in 2026.

Digitization remains a key driver of risk, but geopolitical pressures have accelerated vulnerabilities. Risk awareness is high, yet preparedness is lagging. And although the rise of cross-border investigations demands sophisticated coordination capabilities, organizations cite this as a top challenge.

Despite this, there are foundations to build upon, especially with the right support.

The data points to clear areas where investment in capability—particularly around **governance, cross-border coordination and internal protocols**—can strengthen organizational resilience.

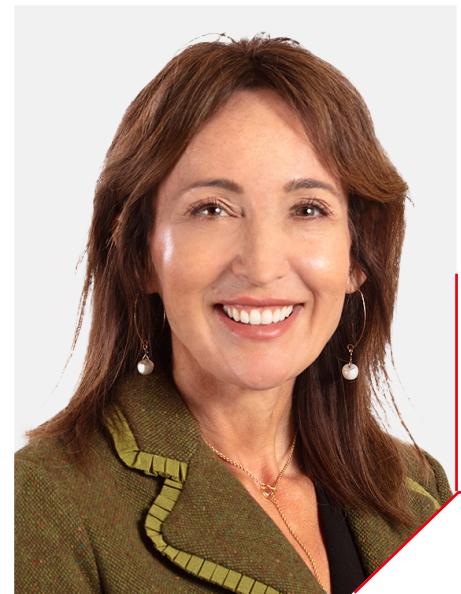
Addressing unavoidable cyber risk demands comprehensive legal guidance to effectively safeguard data and implement effective AI governance.

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.

And as cross-border complexities remain a reality, you'll need bespoke strategies for successful resolution of cross-border disputes and end-to-end support for complex multi-jurisdictional investigations when they arise.

The 2026 dispute landscape is daunting, but not insurmountable, and we're here to help. Connect with us to find sector or jurisdiction-specific insights and the tailored guidance you need to prepare your business.

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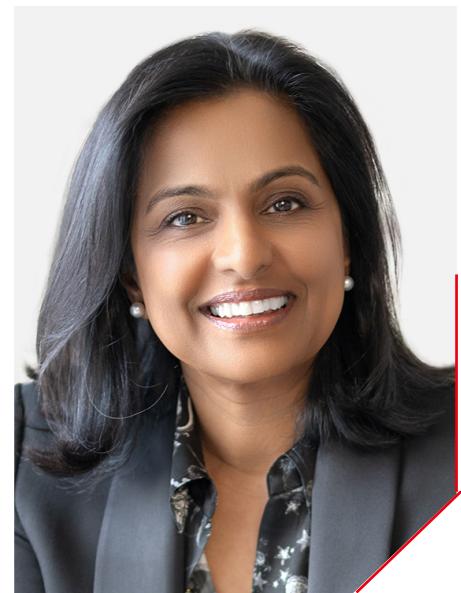
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