

## 2026 Int'l Arbitration Trends: Arbitral Seats In Flux

By **Katie Gonzalez, Ari MacKinnon and José Luis Boelsterly** (January 22, 2026)

This is the third article in a five-part series discussing international arbitration trends and topics for 2026. This article focuses on two significant 2025 developments that may influence arbitration parties' choice of arbitral seats.

As global political and legal landscapes continue to shift across key jurisdictions, parties in international arbitration are becoming increasingly strategic in selecting their arbitral seats. With these developments reshaping procedural expectations, parties and practitioners alike rightfully consider the choice of seat in arbitration agreements to be a critical decision shaped by evolving political realities and other factors, including legal predictability and stability.

Indeed, the choice of the arbitral seat is one of the most important decisions that parties can make when drafting their agreements, as it carries significant consequences. Among the most important are establishing the applicable *lex arbitri* — which governs procedural matters — as well as the designation of the courts to assist in enforcing the arbitration agreement and adjudicate any annulment, or set aside, proceedings once an award has been issued.

Several global developments are expected to influence parties' choice of arbitral seats in 2026, including Mexico's judicial reform and the entry into force of the revised English Arbitration Act.

### **Mexico's Judicial Reform**

In 2025, Mexico became the first country to elect all of its judiciary through popular vote.<sup>[1]</sup> Following the enactment of the judicial reform on Sept. 15, 2024,<sup>[2]</sup> and a subsequent general election, the first phase of the new reform took effect on Sept. 1, 2025, when over 2,600 newly elected local and federal judges — including all nine justices of the Mexican Supreme Court of Justice — were sworn in.

Mexican government officials and some commentators have hailed the reform as a democratic milestone to combat corruption and enhance representation.<sup>[3]</sup>

On the other hand, some legal practitioners, businesses and investors remain skeptical of the implications of this significant change.<sup>[4]</sup> The reform replaced appointed judges with elected individuals, some of whom may lack prior judicial experience — including a background in alternative dispute resolution.<sup>[5]</sup> Several of the newly elected judges are affiliated with the ruling political party that also controls Mexico's executive and legislative branches.<sup>[6]</sup>

Some practitioners perceive the judicial reform as a potential catalyst to expand arbitration in Mexico beyond traditional complex, high-value disputes,<sup>[7]</sup> particularly given recent arbitration-friendly developments such as the creation of a specialized arbitration court in



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While the reform may lead parties to rely more heavily on arbitration, certain parties may be hesitant to choose Mexico as the seat of arbitration. This could create exposure to potential judicial overreach and the risk of a ruling issued by judges with more limited experience. While the judicial reform's impact is not yet known, parties to Mexico-related arbitrations may be more likely to choose a seat outside of Mexico.

U.S. investors — who account for the largest share of foreign direct investment in Mexico — may increasingly consider seating their arbitrations in New York, Houston or Miami, as they are viewed as seats with a stable and predictable judicial framework with a long-standing record of adjudicating complex commercial disputes, while offering a high degree of legal certainty.[9]

### **England's New Arbitration Act 2025**

While London has long been an attractive arbitral seat — owing to the strength of English commercial law, the reputation of the English courts and the well-established framework of the Arbitration Act 1996 — the entry into force of the revised English Arbitration Act will likely further strengthen its position as a seat favored by international parties.

The English Arbitration Act 2025 amends the Arbitration Act 1996 in a way that, according to a February U.K. Ministry of Justice statement, will "turbocharge UK's position as the world-leader in arbitration."<sup>[10]</sup> The Arbitration Act, which entered into force in England and Wales on Aug. 1, 2025, applies to all newly commenced arbitration proceedings after this date.

While the Arbitration Act represents an evolution rather than a revolution in English arbitration law, it introduces modernized reforms aimed at enhancing the efficiency, certainty and fairness of English-seated arbitration.

Notably, the Arbitration Act establishes a new default rule under which an arbitration agreement will be governed by the law of the seat unless the parties expressly agree otherwise.<sup>[11]</sup> The Arbitration Act further clarifies that choosing a governing law for the underlying contract does not, on its own, amount to an express choice of law for the arbitration agreement. This departs from previously contested U.K. Supreme Court case law, and brings welcome clarity and predictability to arbitration users.<sup>[12]</sup>

In addition, the Arbitration Act introduces a new express duty of disclosure for arbitrators, codifying the prior common-law duty, to reveal circumstances which might reasonably give rise to justifiable doubts as to their impartiality.<sup>[13]</sup> The Arbitration Act also clarifies the powers of courts in support of arbitration<sup>[14]</sup> and the powers of arbitral tribunals,<sup>[15]</sup> including tribunals' ability to make an award on a summary basis if a party has no real prospect of succeeding on a claim or particular issue arising in a claim.<sup>[16]</sup>

Although London continues to compete with other established arbitral seats, including Singapore, Paris, New York and Geneva, the Arbitration Act represents a deliberate legislative step to maintain London's position as a leading and reliable arbitral seat in 2026 and beyond.

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[1] Mexico Will Be the Only Country That Elects All Its Judges, The Economist (May 15, 2025), <https://www.economist.com/the-americas/2025/05/15/mexico-will-be-the-only-country-that-elects-all-its-judges>.

[2] Diario Oficial de la Federación [DOF][Official Gazette of the Federation], Decreto por el que se reforman, adicionan y derogan diversas disposiciones de la Constitución Política de los Estados Unidos Mexicanos, en materia de reforma del Poder Judicial (Sep. 15, 2024) (Mex.), [https://www.dof.gob.mx/nota\\_detalle.php?codigo=5738985&fecha=15/09/2024#gsc.tab=0](https://www.dof.gob.mx/nota_detalle.php?codigo=5738985&fecha=15/09/2024#gsc.tab=0).

[3] See Mexico, Presidency, Reforma al Poder Judicial es la lucha del pueblo de México contra la corrupción y el nepotismo: Presidenta Claudia Sheinbaum (2024) <https://www.gob.mx/presidencia/prensa/reforma-al-poder-judicial-es-la-lucha-del-pueblo-de-mexico-contra-la-corrupcion-y-el-nepotismo-presidenta-claudia-scheinbaum>.

[4] Cyrus R. Vance Center for International Justice, Judicial Reform in Mexico: A Guide for Companies on Implications and Risks (Jan. 28, 2025), <https://www.vancecenter.org/wp-content/uploads/2025/01/VC-Guide-Judicial-Reform-in-Mexico-1.28.25.pdf>.

[5] See Luis Asali, Santiago Escobar, Felipe Solís and Bernardo de Llaca Bufete Asali, Mexico: judicial reform: implications for the country's arbitration-friendly position, Global Arbitration Review (July 18, 2025), <https://globalarbitrationreview.com/review/the-arbitration-review-of-the-americas/2026/article/mexico-judicial-reform-implications-the-countrys-arbitration-friendly-position>.

[6] Cassandra Garrison, Mexico's New Supreme Court Will Likely Heavily Favor Sheinbaum's Ruling Party, Reuters (June 4, 2025), <https://www.reuters.com/world/americas/mexicos-new-supreme-court-will-likely-heavily-favor-scheinbaums-ruling-party-2025-06-04/>.

[7] See Adrián Magallanes Pérez, Judicial Reform and Implementation of Effective Dispute Resolution Mechanisms, Presentation at the Mitsui Seminar on Recent Judicial and Energy Reforms, Monterrey, Mexico (June 2025). See also Daniel García Barragán, Shining a light on 30 years of successful arbitration law and practice in Mexico, Global Arbitration Review (Aug. 26, 2025), <https://globalarbitrationreview.com/guide/the-guide-arbitration-in-latin-america/fourth-edition/article/shining-light-30-years-of-successful-arbitration-law-and-practice-in-mexico>. See also Galicia, Propuesta de Reformas.

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[8] See Judicial authorities of the state of Yucatán, Poder Judicial de Yucatán continúa hacia la vanguardia jurídica (Apr. 28, 2025), [https://www.pjyucatan.gob.mx/secciones/prensa\\_comunicado/175\\_poder\\_judicial\\_d](https://www.pjyucatan.gob.mx/secciones/prensa_comunicado/175_poder_judicial_d)

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[9] See, e.g., Michael A. Fernández, Alberto Fortún, Eve Perez-Torres & Rodolfo Rivera, Understanding Mexico's Judicial Reform: Implications and Strategies for Foreign Investors, Association of Corporate Counsel (June 23, 2025), <https://docket.acc.com/understanding-mexicos-judicial-reform-implications-and-strategies-foreign-investors>. Asian investors in Mexico may favor Singapore as an arbitral seat. Duane Morris and Selvam, The potential impact of Mexico's judicial reforms: does Singapore have a role to play as an international arbitration centre? (May 27, 2025), <https://blogs.duanemorris.com/duanemorrisandselvam/2025/05/27/the-potential-impact-of-mexicos-judicial-reforms-does-singapore-have-a-role-to-play-as-an-international-arbitration-centre/>.

[10] Sarah Sackman KC MP, Boost for UK economy as Arbitration Act receives Royal Assent, Ministry of Justice (Press Release, Feb. 24, 2025), <https://www.gov.uk/government/news/boost-for-uk-economy-as-arbitration-act-receives-royal-assent>.

[11] Arbitration Act 2025, c. 4, § 1(2) (UK) (introducing Arbitration Act 1996, c. 23, § 6A(1)(b), <https://www.legislation.gov.uk/ukpga/2025/4>. However, this new default rule does not apply to cases involving arbitration under investment treaties or national investment legislation. Arbitration Act 2025, c. 4, § 1(2)(UK) (introducing Arbitration Act 1996, c. 6A(3)).

[12] Enka Insaat Ve Sanayi AS v OOO Insurance Company Chubb [2020] UKSC 38.

[13] Arbitration Act 2025, c. 4 § 2(2) (UK) (introducing Arbitration Act 1996, c. 23, § 23A). This duty, which applies to both prospective and appointed arbitrators, is based on actual knowledge as well as matters that the arbitrators reasonably ought to have known.

[14] For instance, the Arbitration Act seeks to curb tactical jurisdictional challenges by limiting the ability of parties to re-argue points before the courts once they have been determined by the tribunal. Arbitration Act 2025 c. 4, §§ 10–11 (UK), (amending Arbitration Act 1996, c. 23, § 67).

[15] For instance, the Arbitration Act gives emergency arbitrators the power to issue enforceable peremptory orders. Arbitration Act 2025, c. 4, § 8 (UK) (amending Arbitration Act 1996, c. 23, § 41 and introducing § 41A).

[16] Arbitration Act 2025, c. 4, § 7 (UK) (introducing Arbitration Act 1996, c. 23, § 39A).