

London as the world's leading dispute resolution hub: numbers and challenges

Professor Yarik Kryvoi

The rich programme of the [2023 London International Disputes Week](#) (LIDW) serves as proof of the leading role of London not only in Europe but in the world when it comes to international dispute resolution.

The range of topics on the programme (from commercial, construction, and investor-state to crypto, mining and energy disputes) is not even covering the full spectrum of London-based international dispute resolution mechanisms. For example, in a couple of weeks, we are organising the [London Summer Arbitration School](#), which introduces practitioners from around the world to less widely known arbitration mechanisms, such as **maritime, commodities, and outer space arbitration**.

At the [Investment Treaty Forum](#) of the British Institute of International and Comparative Law, which I direct, we regularly conduct **empirical studies** on various aspects of international arbitration. So let me use numbers to prove and predict trends. Let us look at some numbers, which I think, prove beyond any reasonable doubt that London is a top international dispute resolution hub of the world. Let us also try to understand the reasons for London's success. The numbers will also show that London cannot afford to rest on its laurels.

London remains the world's top dispute resolution hub... for now

You have probably heard that for many years London has topped the list of preferred arbitration seats in a survey of arbitration users conducted by Queen Mary University of London and White & Case. But if you think that the majority of arbitration cases in London are commercial, you are mistaken.

Actually, the number of maritime arbitration cases is much higher. For example, in 2021 **LCIA had 377 cases, while 3,798 were decided under London Maritime Arbitrators Association (LMAA) terms**. There are also other maritime arbitration centres in the world - but over **85% of cases are resolved in London**. Another example is disputes conducted under the Grain and Feed Trade Association (GAFTA) rules which provide for specialist dispute resolution arising out of contracts relating to grain and related commodities. Most of these disputes involve an international element.

In the area of **investor-state arbitration**, London plays a significant role. For instance, it is not unusual to have a dispute between an investor from Kazakhstan and the Government of Uzbekistan challenging regulatory measures. The seat of arbitration would be London, and either one or both parties would be represented by London-based law firms. Moreover, there is a high likelihood that at least one of the arbitrators would also be London-based. According to the International Centre for Settlement of Investment Disputes (ICSID), **UK arbitrators are second only to US arbitrators** when it comes to the number of appointments. London certainly punches beyond its weight in many dispute resolution sectors.

London as a dispute resolution hub also inspires other countries. Just over the last few years, I was asked to lead or advise on **projects related to various arbitration-related reforms** in Japan, Saudi Arabia, Kazakhstan, United Arab Emirates and Uzbekistan.

However, as I will discuss later, we see that London's leadership role is being challenged.

What makes London so attractive?

First, let us understand what makes London so attractive. Probably it is not food or climate, although here we see some positive changes.

In my opinion, the success of London as a dispute resolution hub rests on three main pillars: the **English language, common law, and geographical location**.

Let's start with **English**, which has become in the 20th century the undisputed *lingua franca* of the world. Whether you are in Malaysia, Canada, South Africa, or the Cayman Islands, you will use English. English is an official language in 40 countries and is partly spoken as a mother tongue in 18 other countries.

I knew a family in Lithuania where the husband was Latvian, and the wife was Estonian, and they spoke English to each other because it was easier. Arbitration is not an exception. For example, International Chamber of Commerce awards approved in 2020 were drafted in a total of **13 languages but English remained the predominant language** with over 80% of awards in this language. At ICSID in FY2022, **214 cases (64%) were conducted in English and only 22 in Spanish and eight in French**.

The second reason is **common law**, which forms the basis of the legal systems of nearly **one-third of the world's 320 jurisdictions**. Not surprisingly, English law accounts for the largest share of awards approved by ICC. The dominance of English law applicable to **contracts, maritime disputes or insurance**, the **wisdom of its case law**, backed by the reputation for independence and impartiality of English judges make English law attractive to litigants and arbitration users from around the world.

Now let's talk about **geography**. Here I do not want to make too much of the fact that the International Reference Meridian, the plane of which passes through the centre of the Earth happens to be next to the Royal Observatory in Greenwich. What matters more is that London remains one of the world's largest hubs for corporate headquarters.

In a 2013 ranking of the Fortune Global 500 companies with global or regional headquarters in Europe published by Deloitte, 40 per cent were located in London. London's nearest rival was Paris, which hosts just eight per cent. Furthermore, London serves as the centre for 60 per cent of the non-European Top 250 companies that have their regional headquarters in Europe. Other studies show that Brexit has not significantly affected the desire of international businesses to make London their home.

The concentration of **international legal expertise** in London is unparalleled. You probably have already met many London-based lawyers working on a variety of legal disputes during the London International Disputes Week. London is home not only to British firms. According to City UK, an advocacy group promoting professional services industry of the United Kingdom, over 200 foreign law firms from around 40 jurisdictions have offices in the UK, and all the world's top 40 law firms have an office in London. Five of the world's 20 largest law firms (based on the number of lawyers) have their main base of operations in the UK. In 2009, one of those firms, lured me, a recent Harvard LLM graduate, to London to work on investor-state disputes, primarily involving Central Asian states. Almost 15 years later I am still here.

Adapting to a changing world

However, London can't afford to rest on its laurels and should adapt to the changing world to remain competitive.

Technology presents one challenge. We have seen on the LIDW programme many sections deal with technology and crypto disputes, which is also a reflection of London's position as a regional hub for many large tech companies such as Google's parent Alphabet, Facebook parent Meta and enterprise software giant Salesforce.

However, according to various sources, these companies are looking to abandon **leased office space in London**. In the post-COVID world distance working arrangements have become the norm and many are reassessing the need to have traditional corporate offices in expensive places like London. Policymakers need to think how to keep London attractive to international companies, be it through tax incentives, promotion of start-ups and other measures.

Another challenge comes from **demography**. Although the UK population according to Eurostat is supposed to exceed **77m, making it the most populous country in Europe by 2050**, globally Europe's population will shrink. Already by **2100, more than 8 out of 10 people in the world will live in Asia or Africa**. London will need to think how to remain relevant in the changing world. I mentioned that in QMUL arbitration surveys London was the top preferred choice, but for the **first time in 2021 Singapore, an English-speaking common law jurisdiction in Asia** shared the first place with London.

English and common law will help but strengthening ties with Asia and Africa should become a greater priority. Later this year the UK is expected to formally sign the **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (also known as CPTPP)**. It is a free trade agreement between 11 countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. This treaty will not only help to facilitate trade and investments but will also give jurisdiction

to tribunals deciding investor-state disputes, some of which perhaps could be seated in London and helped by London-based lawyers.

I remember when just a few years ago we were discussing with a very **small group of people** how to call what is now the London International Disputes Week. Today the LIDW has grown into one of the world's largest dispute-resolution events. I have no doubt that this week will help us better adapt to the changing world.

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This blog post has also been published [here](#).

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