

President's Message

I wonder what impact the economic crisis will have on our trade, meaning cross-border dispute resolution. Over 30 years of practice in the field have taught me that bad times for the economy often mean busy times for dispute resolution practitioners. Businesses may become less prone to generous settlements. Fewer opportunities for future profit-making may cause management to re-focus on minimizing losses from past business ventures gone wrong. Contracting business may free management resources to deal with on-going business disputes that would otherwise have been considered to unnecessarily tie up management capacity. Deals that under normal circumstances would have been profitable suddenly turn out to be loss-making, fueling attempts to curb losses by recovering from the party on the other side of the transaction.

In fact, the 2008 statistics on the case load of the major arbitral institutions, as recently published in the *Global Arbitration Review*, show a significant overall increase in new cases in 2008, steeper than in previous years. However, since the economic crisis really only hit

in the latter part of 2008, the true test will be the year 2009. In any event, irrespective of whether there will be an increasing trend in dispute proceedings, one thing is clear: Businesses will be under dramatically increased pressure to save costs, including the costs of dispute resolution. Two consequences are foreseeable. First, parties to potential business disputes can be expected, more so than ever, to look around for alternative dispute resolution methods that are less costly than conventional arbitration. Second, where conventional arbitration remains the preferred tool or the one that must ultimately be resorted to, the demand for more time and cost effective arbitral proceedings will undoubtedly rise. The challenges to the arbitration community are obvious and imminent.

Zurich, April 2009

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