



Kobre & Kim's Cross-Border Disputes Team

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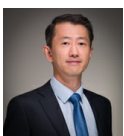
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Managing Joint Venture Dispute Risk in Israel's Expanding Infrastructure Market

Driven by projects with significant foreign participation and layered cross-border joint venture structures, Israel's expanding infrastructure market is increasing the frequency and complexity of disputes that often unfold across multiple jurisdictions. Governance breakdowns, funding obligations, deadlock mechanisms, and enforcement challenges rooted in early-stage structuring decisions shape where disputes arise, how they proceed, and the options available to project participants.

The recent surge in Israel's infrastructure sector, including various high-value Build-Operate-Transfer (BOT) and Public-Private Partnership (PPP) tenders, heightens the risk of cross-border joint venture disputes for project participants. These projects are attracting non-Israeli infrastructure companies, often through offshore holding structures, alongside global sponsors and insurers with complex financing arrangements. Parties should plan for potential risks early, beginning at the pre-qualification and consortium-formation stages, when governance frameworks and key commercial terms are negotiated, such as:

- Governance and control rights.
- Capital contribution and funding obligations.
- Guarantees and indemnities tied to performance or regulatory change.
- Deadlock, exit rights, or shifts in project assumptions.

Because Israel-based projects are frequently embedded within multinational investment and ownership structures, disputes often expand beyond a single forum. These disputes require coordinated, multi-jurisdictional strategies. Early identification and management of such risk can materially influence outcomes .

- **Plan Ahead for Multi-Jurisdictional Dispute Exposure.** Anticipate how layered joint venture and holding-company structures may affect future disputes. Where offshore entities, regional operating companies, and international sponsors are involved, early choices on forum and governing law can significantly influence where disputes are heard and how they play out.

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- **Engage Early on Governance and Shareholder Protections.** Engage at the outset to stress-test governance provisions, funding obligations, and exit mechanisms. Many joint venture disputes arise from governance breakdowns and deadlocks rather than project failure. Early scrutiny of these provisions can help prevent misalignment from escalating into litigation.
- **Prepare for Disputes from the Pre-Qualification Stage.** Treat pre-qualification and bid stages—when leverage is high and structural adjustments remain possible—as the point to start preparing for potential disputes, not after contracts are executed.
- **Coordinate for Parallel and Interim Proceedings.** Coordinate cross-border strategies where projects involve assets or decision-makers located outside the project jurisdiction. Israel-related infrastructure disputes could give rise to parallel proceedings, including applications for interim relief such as freezing or discovery orders. Alignment across jurisdictions is critical for preserving leverage and maintaining efficiency.
- **Prepare not just for Disputes, but also for Enforcement.** Consider enforcement pathways early on, including an assessment of enforceability across relevant jurisdictions and mapping of counterparties' assets. For instance, where there is a risk that corporate collateral may prove insufficient, **personal guarantees can be an effective and even critical backstop** if they are well-aligned with ownership and control structure.

As Israel continues to attract significant infrastructure investment and international participation, joint venture disputes are becoming more frequent and complex. Effective risk management begins at the earliest stages of project formation, not after disputes arise. Anticipating dispute dynamics early can help participants protect their positions and maintain flexibility in an increasingly interconnected jurisdiction.

About Kobre & Kim

Kobre & Kim is a global law firm focusing on cross-border disputes and investigations, often involving fraud and misconduct.

Our team:

- Is regularly engaged to devise and to deploy aggressive cross-border litigation strategies in complex joint venture disputes involving actors and companies around the world.
- Is focused on helping clients recover misappropriated assets in challenging cross-border scenarios, realize value from claims in a host of legal and jurisdictional contexts (including in distressed and bankruptcy settings), and develop investigative, enforcement, and asset tracing/recovery plans in the pre-deal, pre-dispute stage to maximize future monetization.
- Closely collaborates with existing and local counsel across global jurisdictions and maintains our independence as advocates ready to litigate against virtually any institution by avoiding repeat client relationships and the conflicts of interest that come with them.