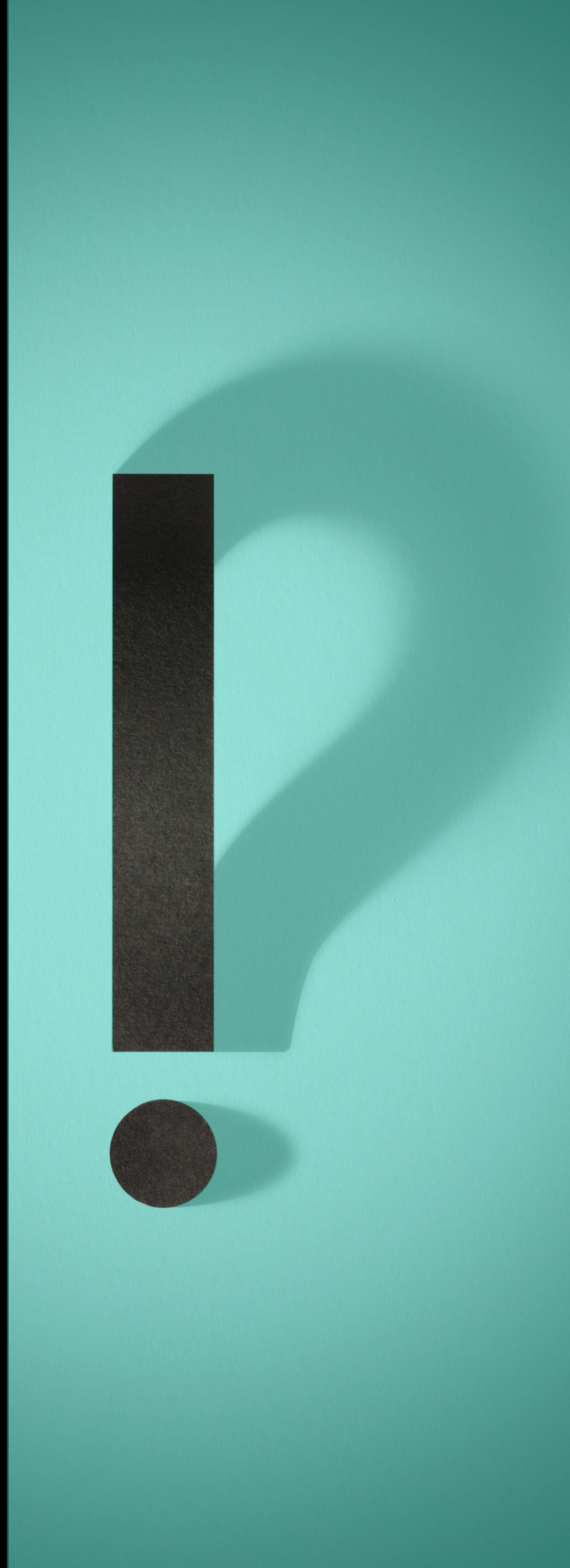
New Frontiers

Lawyers weigh in as administrative priorities, geopolitical conflict, tariffs, and AI impact the legal market.



State of Practice

June 2026

Bloomberg Law

Tariffs, Geopolitical Risks Hit Biggest Law Firms

By Mallory Culhane

The Trump administration's actions on tariffs and ongoing international conflicts are more likely to shape the work at larger law firms than smaller ones, according to Bloomberg Law's recent State of Practice survey of more than 750 respondents.

About 50% of those surveyed said they were changing their practice to meet client needs related to tariffs, with roughly 6 in 10 of those at firms of more than 500 attorneys saying their organization has set up a dedicated tariff task force.

At the smaller end of law firms, 89% of lawyers at firms with 50 or fewer attorneys said their organization wasn't doing anything in response to the tariffs.

The US Supreme Court declared President Donald Trump unlawfully used the International Emergency Economic Powers Act to impose tariffs. Importers have requested—and are starting to receive—billions in refunds from the administration. But the Supreme Court case didn't overturn all of Trump's tariffs and he is still using other legal authorities to continue some existing duties and impose new ones.

"There's an end of the runway," said Chris Duncan, tariff and customs of counsel at Squire Patton Boggs. "In a couple years, it might be a different landscape altogether. This isn't a permanent thing; it's kind of a right now thing.

I think small firms, they're not going to be part of this, because they don't have the capacity or the resources to make major modifications for something that is likely to be a short-term thing," Duncan said.

Meanwhile, 45% of law firm attorneys said that geopolitical risks have delayed client deals in the last six months—a trend that's impacting more Big Law firms than smaller ones.

Half of respondents at firms with more than 1,000 attorneys said client deals have been put on hold, and a quarter said clients have already or are expected to exit deals.

Duncan said geopolitical risks, such as the war in Iran and tensions between the US and Europe, have "caused us to be much more interconnected, I think, with our practice, more than maybe we were before, because all of these things really become international issues."

More than half of in-house respondents also said their enterprise has been impacted due to geopolitical risk in the last six months in some way. Nearly 30% said transactions have been paused, and 11% said deals are being restructured.

Among firm and in-house attorneys who said deals are on hold or abandoned altogether, almost half said cross-border trade has been affected, and roughly a third pointed to banking and finance projects.

"Every time there's a change in administration, we often find ourselves unwinding the things that we've been doing for the last four to eight years and putting new things in place," said Misty Leon, former senior counsel at Texas Instruments and founder of Practical Counsel Advisors, which does consulting for law firms.

"The regulatory environment and the amount of litigation have, I think, really shifted in-house practice from being more like risk managers to trying to stay on top of a landscape that changes pretty much every day," Leon said.

Other actions by the Trump administration are also shaping the industry, such as executive orders on diversity, equity, and inclusion.

The Trump administration has targeted DEI practices broadly in the public and private sectors through executive orders and investigations by agencies like the Equal Employment Opportunity Commission. While the EEOC closed a probe of diversity programs at large law firms with no action, the administration's criticisms of DEI have prompted some law firms to scale back their efforts in that area.

Meanwhile, 1 in 5 in-house attorneys familiar with their organization's hiring practices said that perceived political risk factors, such as a firm's political affiliations or DEI initiatives, influenced their decision to hire a firm.

Artificial intelligence use has also been a steadily growing trend, and not just in the legal industry.

And law firms are now adjusting to meet the growing demand for legal services related to data centers, which house the infrastructure to run AI systems, by upskilling staff and hiring more attorneys in specific practice areas such as energy and real estate.

Almost 90% of respondents at law firms and corporations with dedicated data center practice groups said the demand for legal services related to data centers has increased over the last two years. Major tech companies have continued to invest billions into AI and the infrastructure to power it over the last few years.

The massive infrastructure projects require lawyers who specialize in several areas, such as zoning and energy regulations.

Roughly 8 in 10 attorneys said they use some type of AI tool in their daily practice, while more than 60% of respondents say the need to innovate to stay competitive is the primary driver for their organization's adoption of AI.

But 67% of respondents at firms with 50 or fewer attorneys say their firms never promote their AI usage in client pitches, while 85% of respondents at firms with more than 1,000 attorneys say their organizations promote such use at least sometimes.

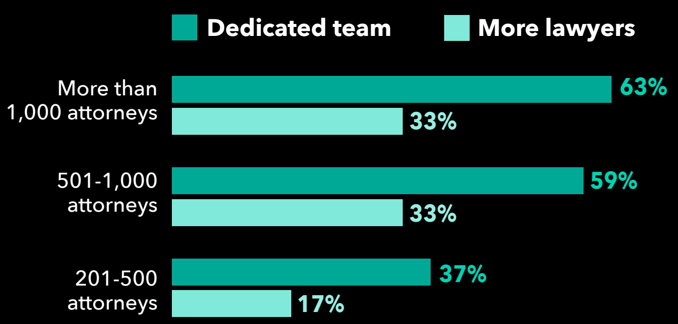
Despite the growing use of AI-powered legal tools, about 40% of respondents say they don't disclose AI use on client bills.

"I think some of that just might be that it's just not something that's even worth billing a client for," said Gene Fishel, counsel at Troutman Pepper Locke who works on AI compliance. "I don't think it's any sort of deception or anything like that."

Data at a Glance

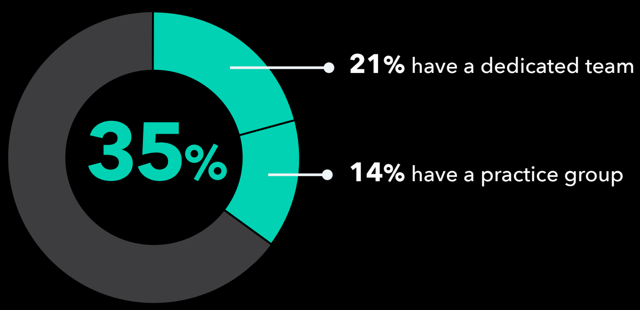
Tariffs

In the past year, midsize and large firms have set up **dedicated teams** and **hired more trade lawyers** to address clients' needs regarding tariffs.



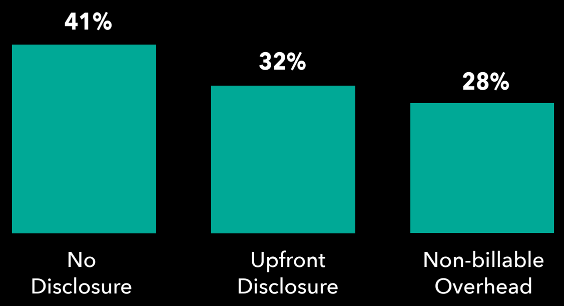
Data Centers

On average, around one-third of law firms currently have **a team or practice group that specializes in data center legal matters.**



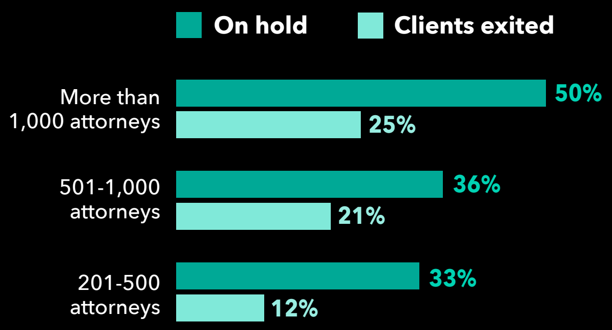
AI Billing and Disclosure

4 in 10 law firm attorneys say they and their teams **do not disclose their use of AI** on client bills. In contrast, **3 in 10 law firm attorneys provide upfront disclosure** about AI in client agreements.



Geopolitical Conflict

In the past six months, midsize and large firms report **deals put on hold** and **clients who exited (or are expected to exit) deals** due to recent geopolitical risk.



METHODOLOGY: This survey was drafted with help from subject-matter analysts and journalists at Bloomberg Law. Responses were received from 760 attorneys and legal professionals from Mar. 31-Apr. 20, 2026. Among the practitioners who responded, 98% were practicing lawyers and 2% were paralegals, librarians, or in legal operations. Data are reported and aggregated by category with no personal information retained, except for report distribution upon request. Respondents answered questions based on their occupation and provided some demographic information. Responses such as "don't know" or "prefer not to say" are not reflected in graphics.
***NOTE: Percentages will not always total 100 due to rounding or for questions where respondents were instructed to "select all that apply."*

Industry Action on Trump's Tariffs

In the past year, **which of the following actions has your law firm taken** to update its offerings to clients regarding tariffs? *Select all that apply*.

LAW FIRM AVERAGE

Dedicated tariff task force or cross-disciplinary team	30%
Alternative **billing structures** (e.g., flat fee arrangements)	20
Hired more trade lawyers	16
None of these	*54*

LAW FIRM BY SIZE

	Up to 50 attorneys	51-200	201-500	501-1,000	More than 1,000
Dedicated tariff task force or cross-disciplinary team	5	9	37	59	63%
Alternative **billing structures** (e.g., flat fee arrangements)	9	17	26	27	22%
Hired more trade lawyers	2	7	17	33	33%
None of these	*89*	*70*	*39*	*24*	*18%*

Tariffs have caused some law firms over the past year to set up new specialized teams or hire more staff, but whether firms have responded depends largely on their size.

Three in 10 of all respondents at law firms said their organization set up a dedicated tariff task force or team. Roughly 6 in 10 of those at firms with more than 500 attorneys said their organization set up a tariff team, and about a third said their organization hired more trade lawyers.

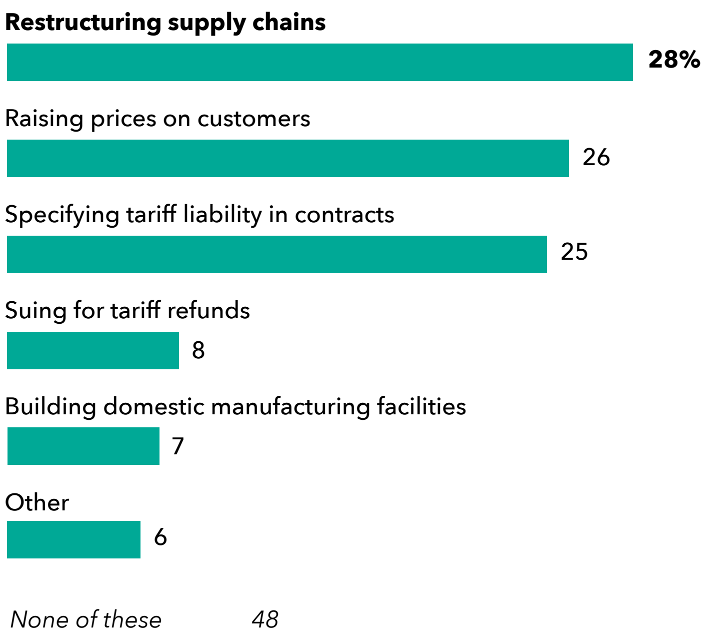
On the other hand, **just 5% of respondents at firms with fewer than 50 attorneys said they set up a dedicated team**, and nearly 90% said their organization didn't make any changes in response to tariffs.

Among in-house respondents, **almost 30% said their organizations were restructuring supply chains in response to the tariffs.** One in four also said their organization was specifying tariff liability in contracts, and 26% said they were increasing prices on consumers.

About half of all respondents said their organization hadn't made any of the changes they were asked about.

What has your organization been doing in **response to tariffs or changes in trade policies?**

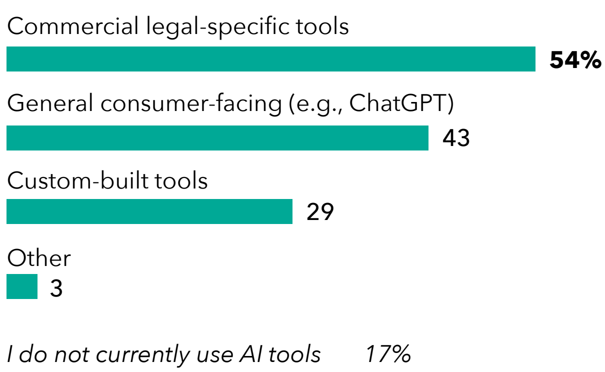
IN-HOUSE



AI Tools and Disclosure

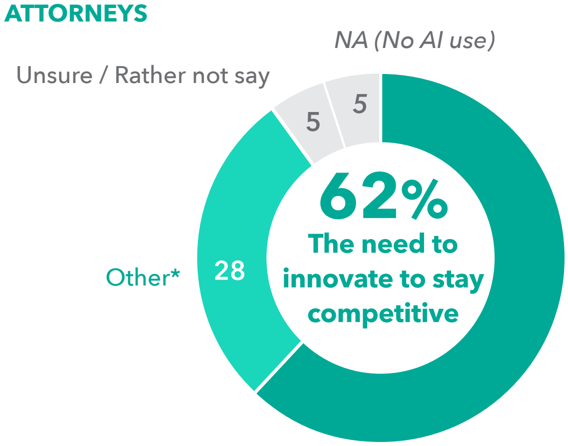
Which types of AI tools do you use daily in your legal practice? *Select all that apply.*

ALL ATTORNEYS



What do you think is the main reason your organization has adopted AI tools? *Select one.*

ALL ATTORNEYS



*Other: Reduce time on non-billable tasks (8%); Client/customer pressure (7%); Employee demand (7%); Something else (6%)

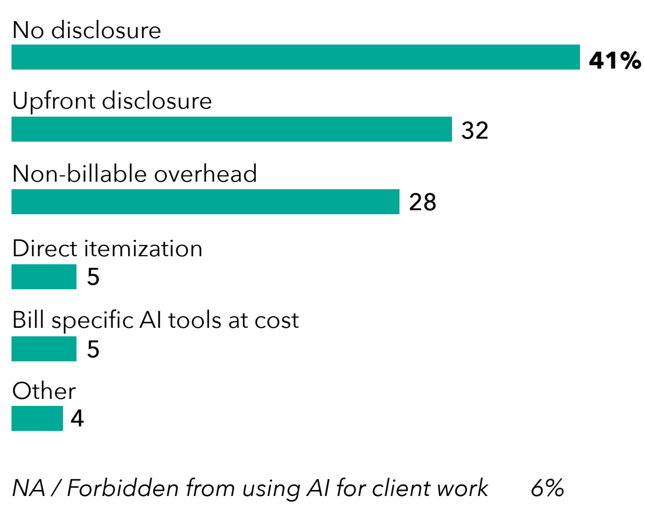
The use of artificial intelligence continues to grow in the legal industry, with **83% of attorneys saying they use some type of AI tool in their daily practice**, while 17% say they do not currently use any tools. That contrasts with Bloomberg Law's [State of Practice survey from November](), where about 60% of respondents said they use generative AI only a few times a month or not at all.

About **54% of respondents said they use commercial legal-specific tools,** and 43% said they use consumer-facing systems like ChatGPT. Roughly 62% of attorneys said they believe the main reason their organization adopted AI tools is to stay competitive.

Despite the increase in daily use among attorneys, **41% said their organization doesn't disclose AI use on client bills.** About 32% said they provide upfront disclosures, and 28% said their organization treats it as a non-billable overhead.

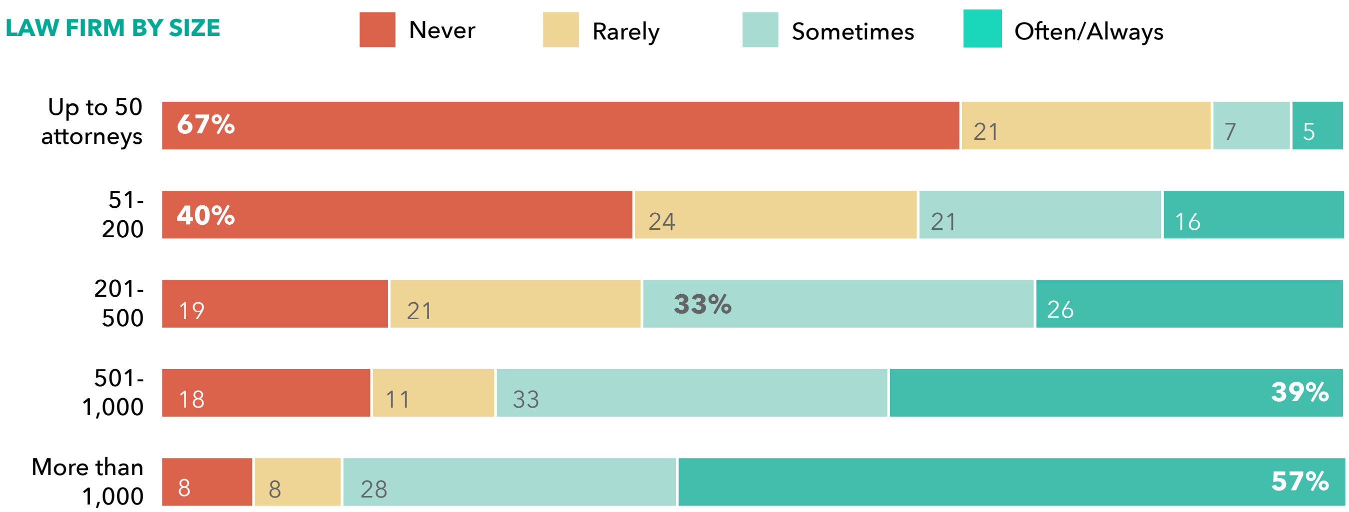
What do you or your team do to **disclose AI use on client bills**? *Select all that apply.*

LAW FIRM



AI Promotion and Attorney Practice

In the past six months, how often has your law firm **promoted use of the firm's AI systems during pitches** to clients? *Select one.*



As more law firms embrace AI, whether they promote their use of the technology in client pitches varies depending on their size.

On average, about 27% of all respondents who work at law firms said their organization often or always promotes its use of AI. But roughly **85% of those at firms with more than 1,000 attorneys said their organization promotes its use at least sometimes**, while 67% of respondents at firms with 50 or fewer attorneys said their firms never promote AI usage.

Attorneys' opinions on how AI is impacting their skills and workload are somewhat mixed. About 56% said they disagree that AI is causing them to not build essential skills.

But in response to a separate question, **only 30% of lawyers agreed that they're spending more time on higher-level strategic work due to AI**. Almost 40% disagreed that the technology has lightened their workload.

Do you agree or disagree with the following statements about your use of AI in your practice?

ALL ATTORNEYS	Disagree	Neutral	Agree
I don't feel I'm building essential legal expertise or skills due to AI	**56%**	26	18
I spend more time on **higher-level strategic work** due to AI	**40%**	30	30
AI has **lightened my workload** by automating routine tasks	**39%**	25	36
AI has **created more work** due to the need to review results	**37%**	30	33
AI has **led to higher expectations** of my output	31	**36%**	32

The Impact of Data Centers

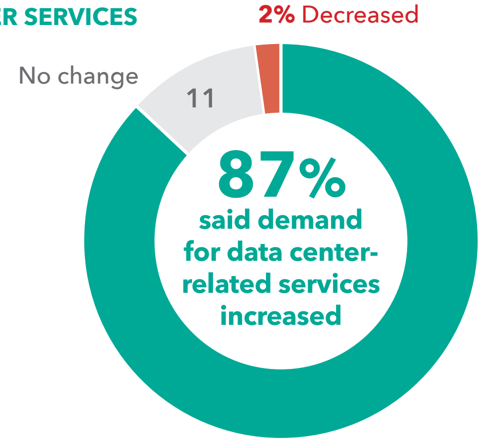
Watch this video for analysis of the data center debates over tax breaks, construction, and job creation.

Does your firm or organization have a dedicated practice group or **specialized team focusing on data center legal matters**? *Select one.*

LAW FIRM BY SIZE	Up to 50 attorneys	51-200	201-500	501-1,000	More than 1,000
Yes, a dedicated team focused on data center matters	6	11	30	46	40%
Yes, a data center practice group	3	6	22	30	35%
Not yet, but we plan to create a dedicated team or practice group	0	6	4	4	3%
No, we do not	91	78	44	19	22%

How has the demand for **data center-related services** changed at your firm or organization in the past two years?

ATTORNEYS WITH DATA CENTER SERVICES



As the use of artificial intelligence has increased, so has the demand for the massive infrastructure plants that support the technology.

Of the attorneys who said their firm has a specialized team or practice group focused on data centers, about **87% said demand for legal services on the topic has increased over the last two years**. Tech companies have poured billions of dollars into investments for data centers, which require attorneys with expertise in a wide array of practice areas from real estate and zoning to environmental regulations.

But whether firms are equipped to get a piece of the data center surge depends on their size, with about **4 in 10 of those at firms with more than 1,000 attorneys saying their organization has a dedicated data center practice group or team**. In contrast, 91% of respondents at firms with 50 or fewer attorneys have no such team. Larger firms are also more likely to be altering their hiring in some way to meet demand than smaller firms.

How is your firm or organization **filling the demand** for data center legal services? *Select all that apply.*

LAW FIRM BY SIZE	Up to 50 attorneys	51-200	201-500	501-1,000	More than 1,000
Lateral hiring of **partners**	1	6	16	33	37%
Lateral hiring of **associates**	1	10	11	27	25%
Retraining/Upskilling current lawyers	7	22	23	35	44%
Using contract lawyers/Alternative legal service providers	2	3	2	4	3%
Hiring in **specific practice groups**	1	4	9	27	39%
Hiring **government relations** staff (e.g. lobbyists)	0	0	11	0	10%
Something else	0	1	2	4	0%
NA - No notable change	*90*	*70*	*52*	*35*	*27%*

Geopolitical Conflict and Risk

Over the past six months, how have your **client's or organization's transactions been affected due to geopolitical risk**? *Select all that apply*.

LAW FIRM BY SIZE	Up to 50 attorneys	51-200	201-500	501-1,000	More than 1,000
Deals have been put **on hold**	19	23	33	36	50%
They have exited or are likely to exit deals	8	11	12	21	25%
They have restructured or will likely restructure deals	11	16	18	26	27%
They have **increased activity**	5	9	3	14	17%
Client organizations **have seen more disputes**	8	13	8	12	13%
None of these	*40*	*34*	*34*	*17*	*13%*

IN-HOUSE	
Deals have been put **on hold**	29%
It has exited or is likely to exit deals	10
It has restructured or will likely restructure deals	11
It is **increasing activity**	12
We are seeing **more disputes**	13
None of these	*49*

Conflict in the Middle East and fluctuating tensions between the US and Europe are just a few of the events contributing to heightening geopolitical risks, which attorneys say have impacted their client and organization's deals.

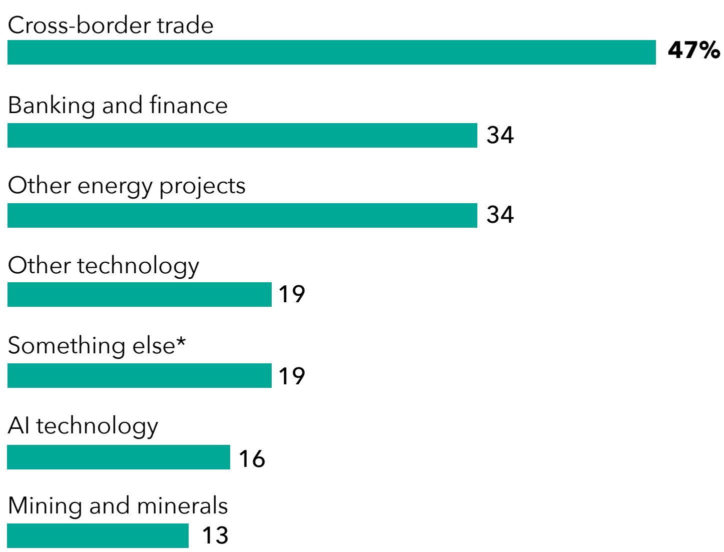
On average, roughly **45% of respondents at law firms said client deals have been put on hold** due to geopolitical risk in the last six months, and about 27% said clients have or are expected to restructure deals.

But those at Big Law firms are experiencing more of those impacts than smaller firms. **Half of those at firms with more than 1,000 attorneys said deals have been paused**, while just 19% of respondents at firms with fewer than 50 attorneys said the same. About 29% of in-house respondents also said deals are on hold.

Almost half of respondents who said deals that have been paused, exited, or restructured said affected transactions involved cross-border trade. About **a third said impacted deals were banking and finance-related**, and a third noted deals involving energy projects.

For those attorneys who have noted deals being **paused, exited or restructured,** which types of deals seem most affected?

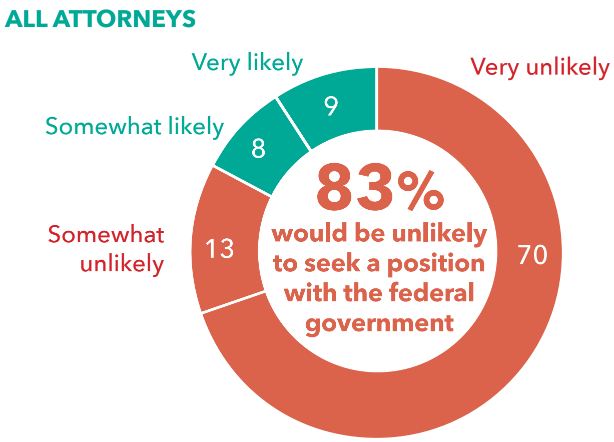
ALL ATTORNEYS



*Frequent answers include real estate, aviation, construction, and federal contracts.

Additional Findings

If you were to start your career today, how likely would you be to **seek an attorney position with the federal government**? *Select one.*



In the past two years, **how has the average response time changed** from federal government counsel? *Select one.*

ATTORNEYS WITH CLIENTS IN DISPUTE AGAINST THE FEDERAL GOVERNMENT

Response time is **significantly slower**	**42%**
Response time is **somewhat slower**	22
No change in response time	29
Response time is **somewhat faster**	5
Response time is **significantly faster**	2

The Trump administration's purge of the federal workforce appears to have had some impact on the responsiveness of counsel for the government.

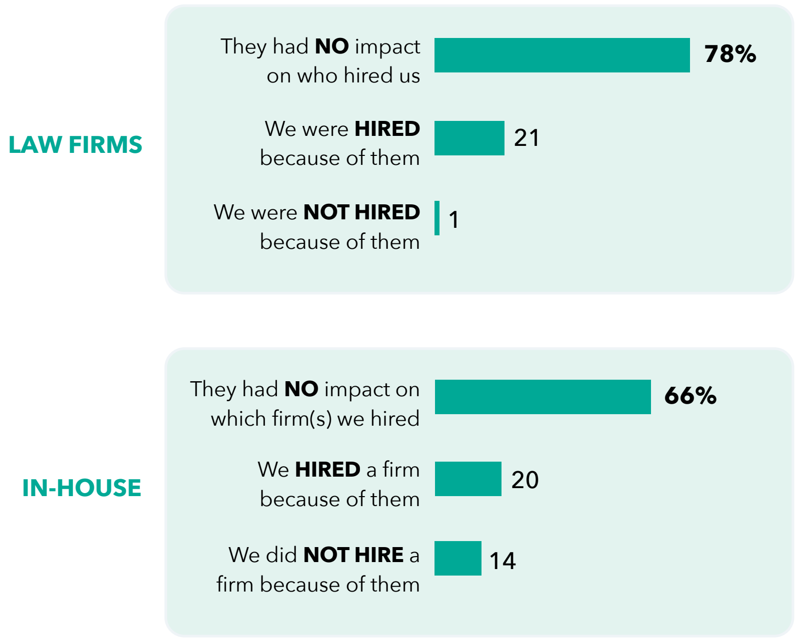
Among attorneys with clients in disputes against the federal government, **64% said the response time from counsel for the government is significantly or somewhat slower** than two years ago, while 29% said there's been no change in response time.

About 83% of all attorneys also said that if they were starting their career today, they likely wouldn't seek a position within the federal government.

Two-thirds of in-house attorneys said a firm's perceived risk factors, such as their political affiliations or initiatives related to diversity, equity, and inclusion, haven't impacted whether they have gotten hired.

About 1 in 5 said they hired a firm because of those factors, while just 14% said they didn't hire a firm because of them.

To your knowledge, has a **firm's perceived risk factors**—like political affiliations or DEI programs—played a part in whether it was hired?



Respondent Demographics

Average Age: 50 years

Average Years in Legal Industry: 22 years

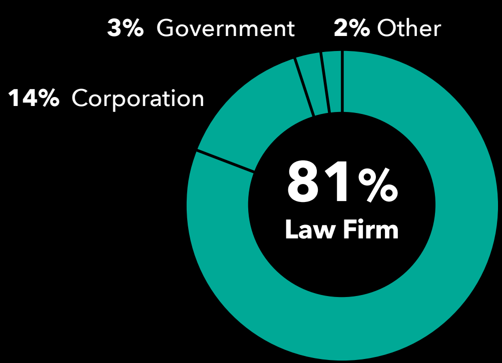
In which of the following areas do you practice?

Litigation	**38%**
Commercial (e.g., contracts)	**26**
Corporate	**23**
Compliance	**19**
Labor and Employment	**16**
Mergers and Acquisitions	**13**
Intellectual Property	**13**
Banking and Finance	**13**

Artificial Intelligence	**11**
Tax	**10**
Healthcare	**9**
Government/Public Sector	**9**
Privacy and Data Security	**9**
Energy (e.g., natural resources, land use)	**7**
Antitrust/Competition	**7**

Securities (e.g., Capital Markets, SEC)	**6**
Trademarks & Copyrights	**6**
Bankruptcy	**5**
ESG (Environmental, Social, Governance)	**5**
Benefits and Compensation	**4**
International Trade	**4**
Legal Ethics	**3**

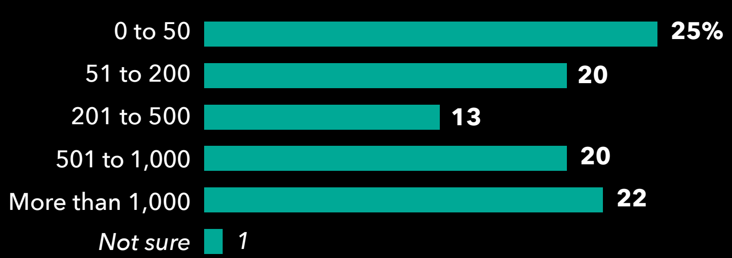
Organizations



Professional Title

Partner	**37%**
Associate	**27**
Counsel (Law firm)	**19**
Counsel (In-house)	**5**
Gen. Attorney	**4**
Other	**6**

How many practicing attorneys work for your organization? *(Law firm only)*



What is the **annual revenue** of your organization? *(In-house only)*

Less than $40 million	**5%**
$40M to $99.9M	**5**
$100M to $249.9M	**6**
$250M to $499.9M	**4**
$500M to $999.9M	**7**
$1 billion to $4.9 billion	**19**
$5B or more	**32**
Not sure/Rather not answer	*22*

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