

The Global Risks Report 2020

Insight Report | 15th Edition

In partnership with Marsh & McLennan and Zurich Insurance Group

Executive Summary

The world cannot wait for the fog of geopolitical and geo-economic uncertainty to lift. Opting to ride out the current period in the hope that the global system will “snap back” runs the risk of missing crucial windows to address pressing challenges. On key issues such as the economy, the environment, technology and public health, stakeholders must find ways to act quickly and with purpose within an unsettled global landscape. This is the context in which the World Economic Forum publishes the 15th edition of the *Global Risks Report*.

An unsettled world

Powerful economic, demographic and technological forces are shaping a new balance of power. The result is an unsettled geopolitical landscape—one in which states are increasingly viewing opportunities and challenges through unilateral lenses. What were once givens regarding alliance structures and multilateral systems no longer hold as states question the value of long-standing frameworks, adopt more nationalist postures in pursuit of individual agendas and weigh the potential geopolitical consequences of economic decoupling.

Beyond the risk of conflict, if stakeholders concentrate on immediate geostrategic advantage and fail to reimagine or adapt mechanisms for coordination during this unsettled period, opportunities for action on key priorities may slip away.

Risks to economic stability and social cohesion

Recent editions of the *Global Risks Report* warned of downward pressure on the global economy from macroeconomic fragilities and financial inequality. These pressures continued to intensify in 2019,

increasing the risk of economic stagnation. Low trade barriers, fiscal prudence and strong global investment—once seen as fundamentals for economic growth—are fraying as leaders advance nationalist policies. The margins for monetary and fiscal stimuli are also narrower than before the 2008–2009 financial crisis, creating uncertainty about how well countercyclical policies will work. A challenging economic climate may persist this year: according to the Global Risks Perception Survey, members of the multistakeholder community see “economic confrontations” and “domestic political polarization” as the top risks in 2020.

Amid this darkening economic outlook, citizens’ discontent has hardened with systems that have failed to promote advancement. Disapproval of how governments are addressing profound economic and social issues has sparked protests throughout the world, potentially weakening the ability of governments to take decisive action should a downturn occur. Without economic and social stability, countries could lack the financial resources, fiscal margin, political capital or social support needed to confront key global risks.

Climate threats and accelerated biodiversity loss

Climate change is striking harder and more rapidly than many expected. The last five years are on track to be the warmest on record, natural disasters are becoming more intense and more frequent, and last year witnessed unprecedented extreme weather throughout the world. Alarmingly, global temperatures are on track to increase by at least 3°C towards the end of the century—twice what climate experts have warned is the limit to avoid the most severe economic, social and

environmental consequences. The near-term impacts of climate change add up to a planetary emergency that will include loss of life, social and geopolitical tensions and negative economic impacts.

For the first time in the history of the Global Risks Perception Survey, environmental concerns dominate the top long-term risks by likelihood among members of the World Economic Forum's multistakeholder community; three of the top five risks by impact are also environmental (see Figure I, The Evolving Risks Landscape 2007–2020). "Failure of climate change mitigation and adaption" is the number one risk by impact and number two by likelihood over the next 10 years, according to our survey. Members of the Global Shapers Community—the Forum's younger constituents—show even more concern, ranking environmental issues as the top risks in both the short and long terms.

The Forum's multistakeholder network rate "biodiversity loss" as the second most impactful and third most likely risk for the next decade. The current rate of extinction is tens to hundreds of times higher than the average over the past 10 million years—and it is accelerating. Biodiversity loss has critical implications for humanity, from the collapse of food and health systems to the disruption of entire supply chains.

Consequences of digital fragmentation

More than 50% of the world's population is now online, approximately one million people go online for their first time each day, and two-thirds of the global population own a mobile device. While digital technology is bringing tremendous economic and societal benefits to much of the global population, issues such as unequal access to the internet, the lack of a global

technology governance framework and cyber insecurity all pose significant risk. Geopolitical and geo-economic uncertainty—including the possibility of fragmented cyberspace—also threaten to prevent the full potential of next generation technologies from being realized. Respondents to our survey rated "information infrastructure breakdown" as the sixth most impactful risk in the years until 2030.

Health systems under new pressures

Health systems around the world are at risk of becoming unfit for purpose. New vulnerabilities resulting from changing societal, environmental, demographic and technological patterns threaten to undo the dramatic gains in wellness and prosperity that health systems have supported over the last century. Non-communicable diseases—such as cardiovascular diseases and mental illness—have replaced infectious diseases as the leading cause of death, while increases in longevity and the economic and societal costs of managing chronic diseases have put healthcare systems in many countries under stress. Progress against pandemics is also being undermined by vaccine hesitancy and drug resistance, making it increasingly difficult to land the final blow against some of humanity's biggest killers. As existing health risks resurge and new ones emerge, humanity's past successes in overcoming health challenges are no guarantee of future results.

There is still scope for stakeholders to address these risks, but the window of opportunity is closing. Coordinated, multistakeholder action is needed quickly to mitigate against the worst outcomes and build resiliency across communities and businesses.

Figure I: The Evolving Risks Landscape, 2007–2020

Top 5 Global Risks in Terms of Likelihood

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1st	Infrastructure breakdown	Blow up in asset prices	Asset price collapse	Asset price collapse	Storms and cyclones	Income disparity	Income disparity	Income disparity	Interstate conflict	Involuntary migration	Extreme weather	Extreme weather	Extreme weather	Extreme weather
2nd	Chronic diseases	Middle East instability	China economic slowdown	China economic slowdown	Flooding	Extreme weather	Fiscal imbalances	Extreme weather	Extreme weather	Extreme weather	Involuntary migration	Natural disasters	Climate action failure	Climate action failure
3rd	Oil price shock	Failed and failing states	Chronic diseases	Chronic disease	Corruption	Greenhouse gas emissions	Greenhouse gas emissions	Unemployment	Failure of national governance	Climate action failure	Natural disasters	Cyberattacks	Natural disasters	Natural disasters
4th	China hard landing	Oil price shock	Global governance gaps	Fiscal crises	Biodiversity loss	Cyberattacks	Water crises	Climate action failure	State collapse or crisis	Interstate conflict	Terrorist attacks	Data fraud or theft	Data fraud or theft	Biodiversity loss
5th	Blow up in asset prices	Chronic diseases	Global governance gaps	Global governance gaps	Climate change	Water crises	Population ageing	Cyberattacks	Unemployment	Natural catastrophes	Data fraud or theft	Climate action failure	Cyberattacks	Human-made environmental disasters

Top 5 Global Risks in Terms of Impact

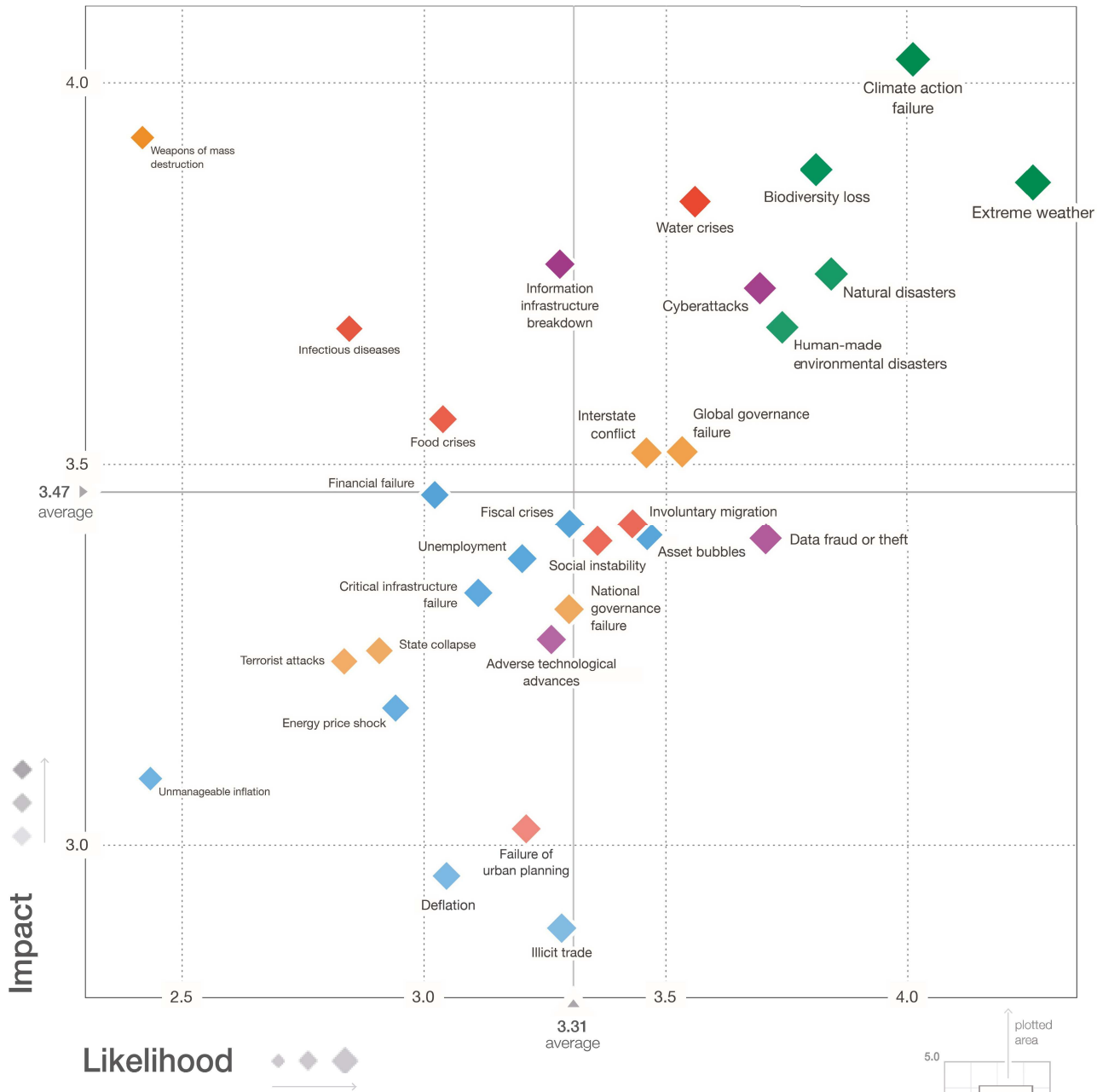
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1st	Blow up in asset prices	Blow up in asset prices	Asset price collapse	Asset price collapse	Fiscal crises	Financial failure	Financial failure	Fiscal crises	Water crises	Climate action failure	Weapons of mass destruction	Weapons of mass destruction	Weapons of mass destruction	Climate action failure
2nd	Deglobalization (developed)	Deglobalization (developed)	Deglobalization (developed)	Deglobalization (developed)	Climate change	Water crises	Water crises	Climate action failure	Infectious diseases	Weapons of mass destruction	Extreme weather	Extreme weather	Climate action failure	Weapons of mass destruction
3rd	Interstate and civil wars	China hard landing	Oil and gas price spike	Oil price spikes	Geopolitical conflict	Food crises	Fiscal imbalances	Water crises	Weapons of mass destruction	Water crises	Water crises	Natural disasters	Extreme weather	Biodiversity loss
4th	Pandemics	Oil price shock	Chronic diseases	Chronic disease	Asset price collapse	Fiscal imbalances	Weapons of mass destruction	Unemployment	Interstate conflict	Involuntary migration	Natural disasters	Climate action failure	Water crises	Extreme weather
5th	Oil price shock	Pandemics	Fiscal crises	Fiscal crises	Energy price volatility	Energy price volatility	Climate action failure	Infrastructure breakdown	Climate action failure	Energy price shock	Climate action failure	Water crises	Natural disasters	Water crises

■ Economic
 ■ Environmental
 ■ Geopolitical
 ■ Societal
 ■ Technological

Sources: World Economic Forum 2007–2020, *Global Risks Reports*.

Note: Global risks may not be strictly comparable across years, as definitions and the set of global risks have evolved with new issues emerging on the 1C-year horizon. For example, cyberattacks, income disparity and unemployment entered the set of global risks in 2012. Some global risks have been reclassified: water crises and income disparity were reclassified as societal risks in the 2015 and 2014 *Global Risks Reports*, respectively.

Figure II: The Global Risks Landscape 2020



Top 10 risks in terms of
Likelihood

- 1 Extreme weather
- 2 Climate action failure
- 3 Natural disasters
- 4 Biodiversity loss
- 5 Human-made environmental disasters
- 6 Data fraud or theft
- 7 Cyberattacks
- 8 Water crises
- 9 Global governance failure
- 10 Asset bubbles

Top 10 risks in terms of
Impact

- 1 Climate action failure
- 2 Weapons of mass destruction
- 3 Biodiversity loss
- 4 Extreme weather
- 5 Water crises
- 6 Information infrastructure breakdown
- 7 Natural disasters
- 8 Cyberattacks
- 9 Human-made environmental disasters
- 10 Infectious diseases

Categories

- Economic
- Environmental
- Geopolitical
- Societal
- Technological

Source: World Economic Forum Global Risks Perception Survey 2019–2020.

Note: Survey respondents were asked to assess the likelihood of the individual global risk on a scale of 1 to 5, 1 representing a risk that is very unlikely to happen and 5 a risk that is very likely to occur. They also assessed the impact of each global risk on a scale of 1 to 5, 1 representing a minimal impact and 5 a catastrophic impact. To ensure legibility, the names of the global risks are abbreviated; see Appendix A for the full name and description.

Figure III: The Global Shapers Risk Landscape 2020

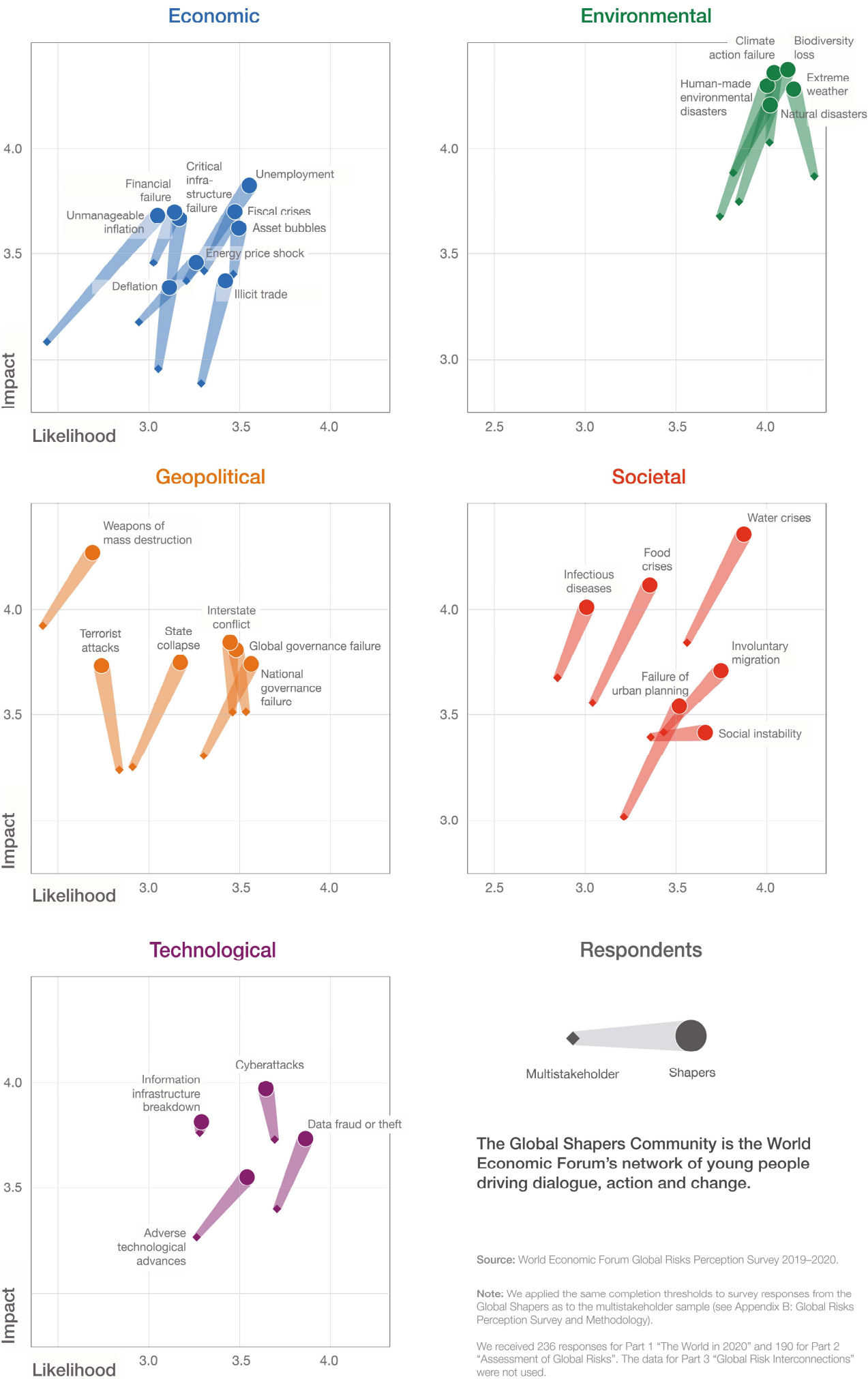
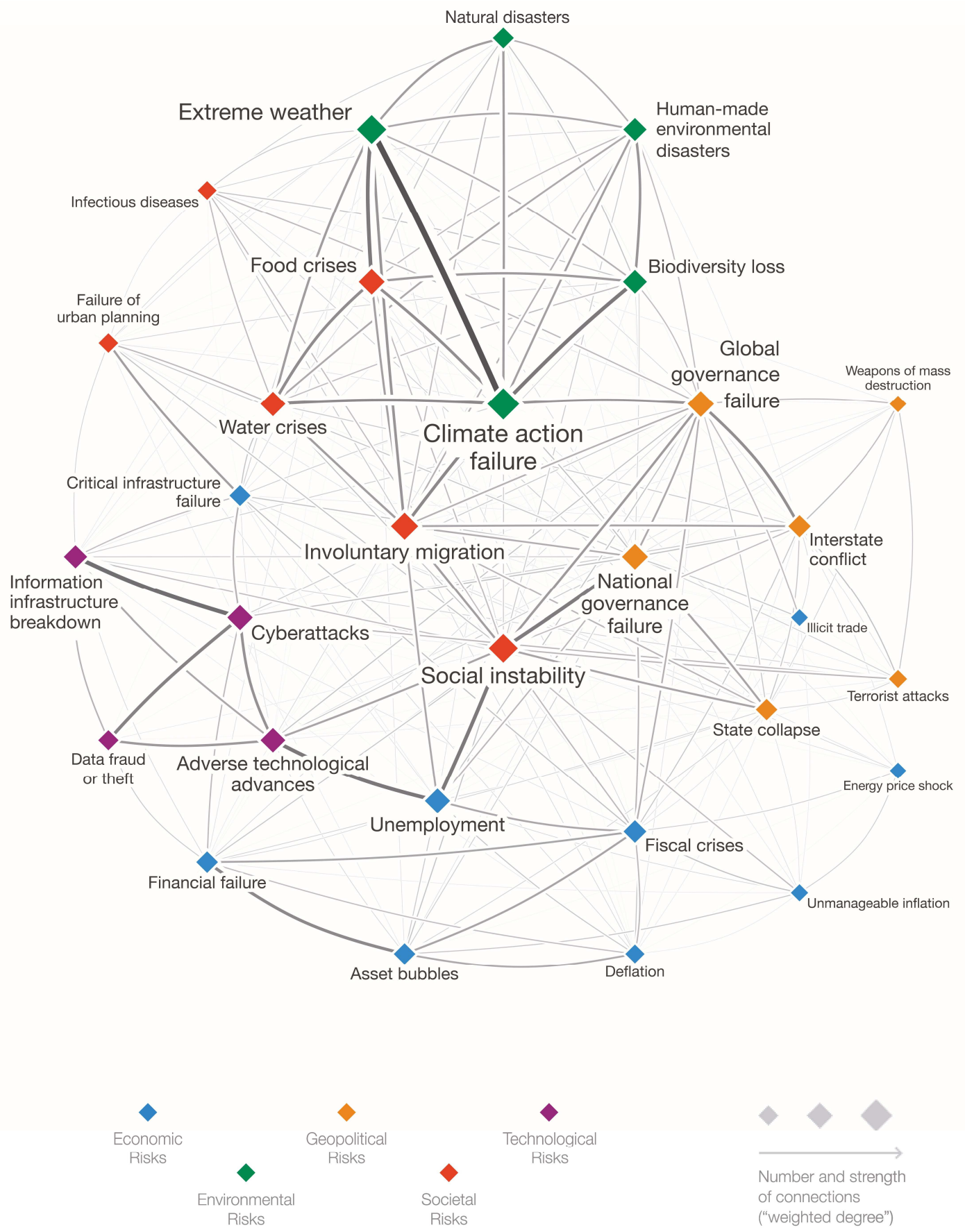


Figure IV: The Global Risks Interconnections Map 2020



Source: World Economic Forum Global Risks Perception Survey 2019–2020.

Note: Survey respondents were asked to select up to six pairs of global risks they believe to be most interconnected. See Appendix B of the full report for more details. To ensure legibility, the names of the global risks are abbreviated; see Appendix A for the full name and description.

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COMMITTED TO
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OF THE WORLD

The World Economic Forum, committed to improving the state of the world, is the International Organization for Public-Private Cooperation.

The Forum engages the foremost political, business and other leaders of society to shape global, regional and industry agendas.

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