



Section 15

Global Risks 2019

The 14th edition of the Global Risks Report, prepared by the World Economic Forum (WEF) with the support of Marsh & McLennan Companies and other partners, examines the evolving macro-level risk landscape and highlights major threats that may disrupt the world in 2019 and over the next decade.

Global Risks 2019

The report presents top 5 global risks in terms of their impact (weapons of mass destruction, failure of climate change mitigation and adaptation, extreme weather events, water crises, and natural disasters), as well as top 5 global risks in terms of their likelihood (extreme weather events, failure of climate change mitigation and adaptation, natural disasters, data fraud or theft, and cyber-attacks).

Risks are grouped in five categories:

- Economic;
- Geopolitical;
- Environmental;
- Societal;
- Technological.

Environmental risks continue to dominate the list of risks in terms of their impact and likelihood. In the report, water crisis is attributed not to environmental risks but to social ones.

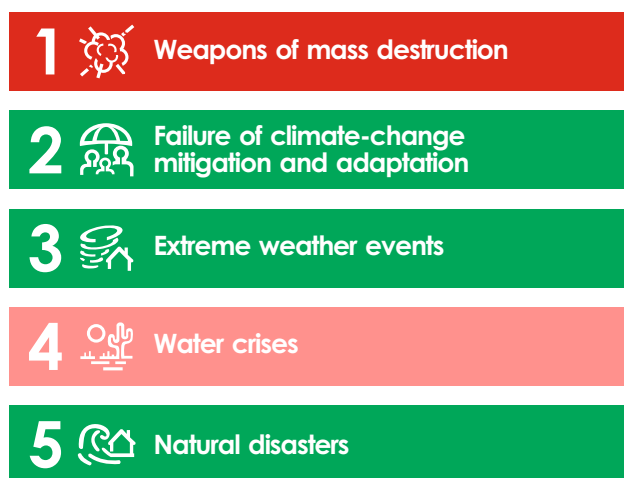
It is regarded as a significant decline in the available quality and quantity of fresh water, resulting in harmful effects on human health and/or economic activity.

In 2019, food crises, failure of climate change mitigation and adaptation, extreme weather events, and large-scale involuntary migration were among the most significant global risks associated with water crises.

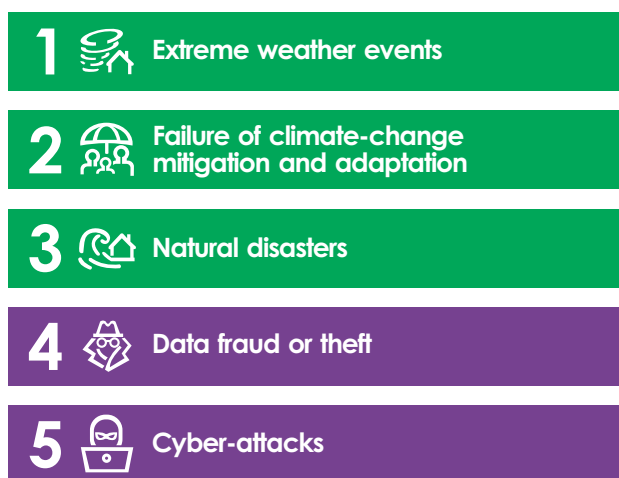
Types of Risks:

- Environmental
- Technological
- Geopolitical
- Societal
- Economic

Top 5 Global Risks in Terms of **Impact**



Top 5 Global Risks in Terms of **Likelihood**



Source: [World Economic Forum - Global Risks Report 2019](#)

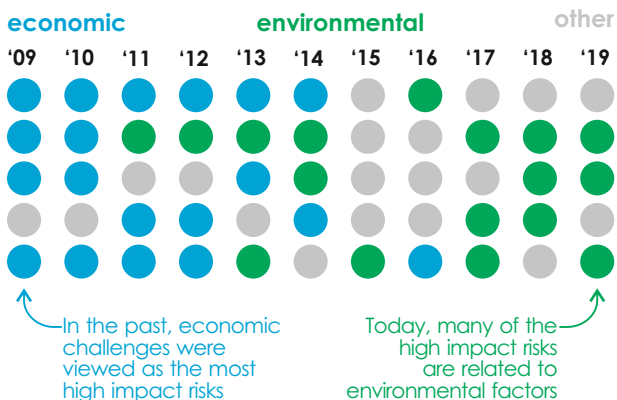
Water risks are largely interconnected with water crises



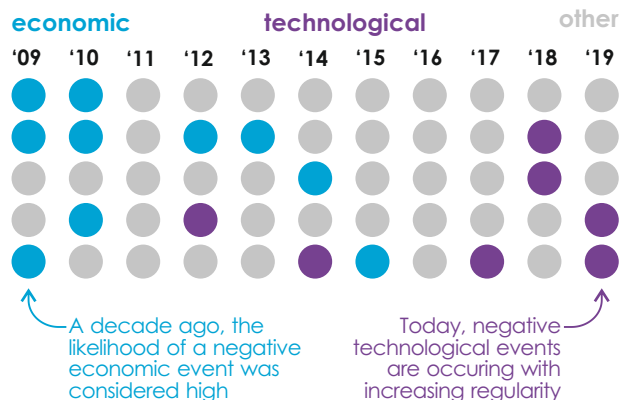
The report looks at two specific ways of evaluating global risks: i) the likelihood of an event occurring; and ii) the impact or severity of an event, should it occur. And over recent years, it's clear that the composition of these top threats has evolved. In 2009, the world was still reeling from the global financial crisis, so

economic concerns were naturally at the forefront of discussions. Today, the most likely scenarios to play out in the near future involve extreme weather events and natural disasters. Also trending upward are cyber-security threats and concerns over the security of personal data.

Composition of the Top Global Risks Ranking (High Impact)



Composition of the Top Global Risks Ranking (High Likelihood)



Source: [World Economic Forum - Global Risks Report 2019](#)

The Evolving Risks Landscape, 2009 to 2019

Top 5 Global Risks in Terms of Likelihood

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1 st	Asset price collapse	Asset price collapse	Storms and cyclones	Severe income disparity	Severe income disparity	Income disparity	Interstate conflict with regional consequences	Large-scale involuntary migration	Extreme weather events	Extreme weather events	Extreme weather events
2 nd	Slowing Chinese economy (<8%)	Slowing Chinese economy (<8%)	Flooding	Chronic fiscal imbalances	Chronic fiscal imbalances	Extreme weather events	Extreme weather events	Extreme weather events	Large-scale involuntary migration	Natural disasters	Failure of climate-change mitigation and adaptation
3 rd	Chronic disease	Chronic disease	Corruption	Rising greenhouse gas emissions	Rising greenhouse gas emissions	Unemployment and underemployment	Failure of national governance	Failure of climate-change mitigation and adaptation	Major natural disasters	Cyber-attacks	Natural disasters
4 th	Global governance gaps	Fiscal crises	Biodiversity loss	Cyber-attacks	Water supply crises	Climate change	State collapse or crisis	Interstate conflict with regional consequences	Large-scale terrorist attacks	Data fraud or theft	Data fraud or theft
5 th	Retrenchment from globalization	Global governance gaps	Climate change	Water supply crises	Mismanagement of population	Cyber-attacks	High structural unemployment or underemployment	Major natural catastrophes	Massive incident of data fraud/theft	Failure of climate-change mitigation and adaptation	Cyber-attacks

Top 5 Global Risks in Terms of Impact

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1 st	Asset price collapse	Asset price collapse	Fiscal crises	Major systemic financial failure	Major systemic financial failure	Fiscal crises	Water crises	Failure of climate-change mitigation and adaptation	Weapons of mass destruction	Weapons of mass destruction	Weapons of mass destruction
2 nd	Retrenchment from globalization (developed)	Retrenchment from globalization (developed)	Climate change	Water supply crises	Water supply crises	Climate change	Rapid and massive spread of infectious diseases	Weapons of mass destruction	Extreme weather events	Extreme weather events	Failure of climate-change mitigation and adaptation
3 rd	Oil and gas price spike	Oil price spikes	Geopolitical conflict	Food shortage crises	Chronic fiscal imbalances	Water crises	Weapons of mass destruction	Water crises	Water crises	Natural disasters	Extreme weather events
4 th	Chronic disease	Chronic disease	Asset price collapse	Chronic fiscal imbalances	Diffusion of weapons of mass destruction	Unemployment and underemployment	Interstate conflict with regional consequences	Large-scale involuntary migration	Major natural disasters	Failure of climate-change mitigation and adaptation	Water crises
5 th	Fiscal crises	Fiscal crises	Extreme energy price volatility	Extreme volatility in energy and agriculture prices	Failure of climate-change mitigation and adaptation	Critical infrastructure breakdown	Failure of climate-change mitigation and adaptation	Severe energy price shock	Failure of climate-change mitigation and adaptation	Water crises	Natural disasters

■ Economic
 ■ Environmental
 ■ Geopolitical
 ■ Societal
 ■ Technological

Source: http://www3.weforum.org/docs/WEF_Global_Risks_Report_2019.pdf

Risk Perception

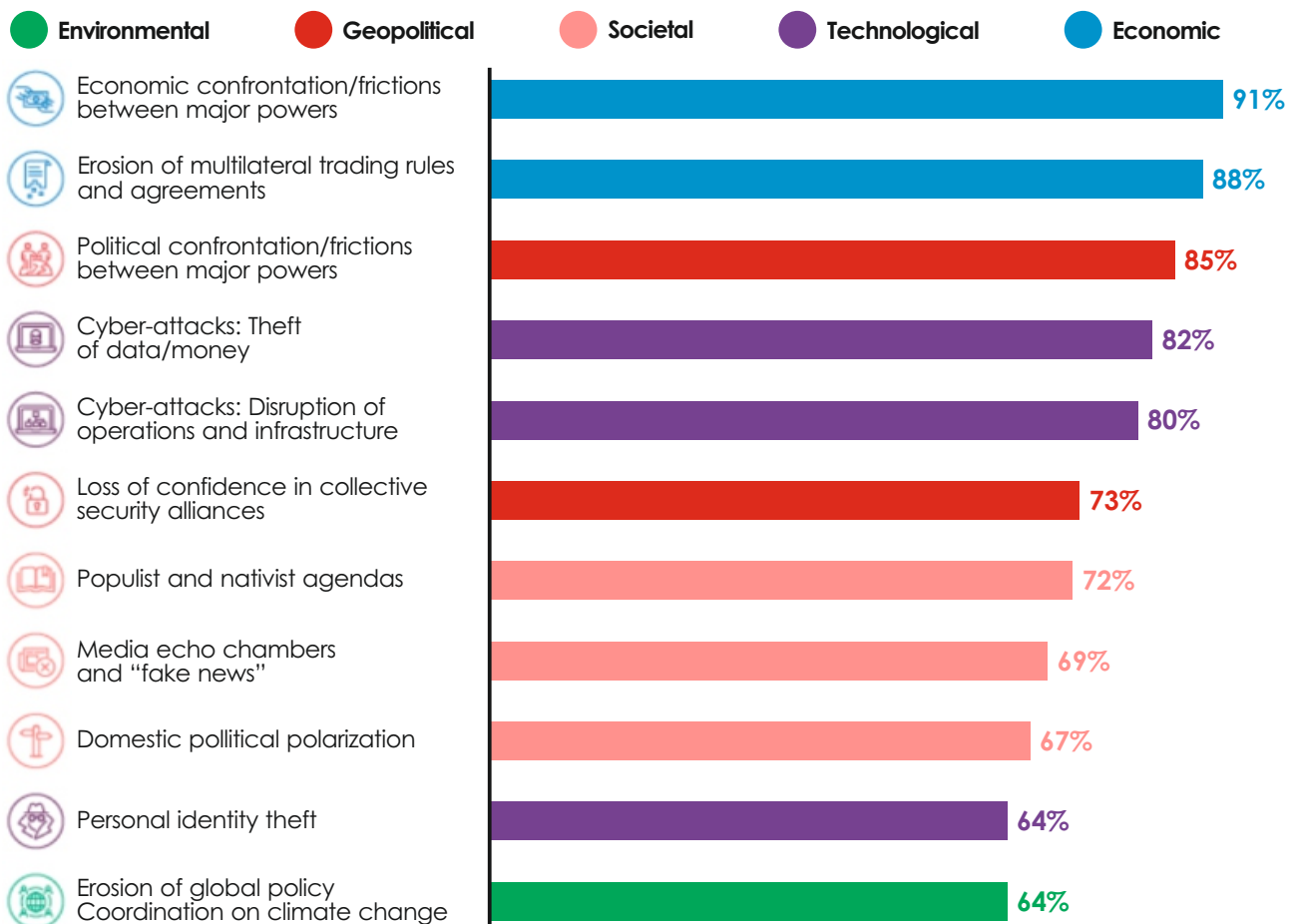
Each year, the Global Risks Perception Survey looks at which risks are viewed by global decision-makers as increasing in the coming year. Some clear themes emerge from the responses:

- **Breakdown in Geopolitical Cooperation.** From trade wars to the dissolution of weapons treaties, cooperation between countries is on the decline. Leaders are concerned that this divergent geopolitical climate may continue to inhibit collective progress on important global challenges.
- **Technological Instabilities.** As the influence of technology creeps into more aspects of everyday life, cyber-attacks

and lax cybersecurity protocols are becoming more of a concern. In one dramatic example information theft, multiple breaches of India's government ID database reportedly left the information of over 1 billion registered citizens exposed. Technology is influencing society in other ways too, such as the pervasive issue of "fake news".

- **Polarization of Government and Society.** One of the major themes of this year's forum will be addressing increasing polarization in many countries. "Where opposing political groups previously expressed frustration with each other, they now express fear and anger", says the Report.

Respondents Expecting Risks to Increase in 2019



The Global Risks Report 2018 is available on:
www.weforum.org/reports/the-global-risks-report-2019

