

# Appendix A | Descriptions of Global Risks and Trends 2019

## Global Risks

A "global risk" is defined as an uncertain event or condition that, if it occurs, can cause significant negative impact for several countries or industries within the next 10 years.

To ensure legibility, the names of the global risks have been abbreviated in the figures. The portion of the full name used in the abbreviation is in bold.

|          | Global Risk  | Description  |
|----------|--|--|
| Economic | <b>Asset bubbles</b> in a major economy  | Unsustainably overpriced assets such as commodities, housing, shares, etc. in a major economy or region  |
|          | <b>Deflation</b> in a major economy  | Prolonged near-zero inflation or deflation in a major economy or region  |
|          | <b>Failure</b> of a major <b>financial mechanism or institution</b>  | Collapse of a financial institution and/or malfunctioning of a financial system that impacts the global economy  |
|          | <b>Failure/shortfall</b> of <b>critical infrastructure</b>   | Failure to adequately invest in, upgrade and/or secure infrastructure networks (e.g. energy, transportation and communications), leading to pressure or a breakdown with system-wide implications  |
|          | <b>Fiscal crises</b> in key economies  | Excessive debt burdens that generate sovereign debt crises and/or liquidity crises   |
|          | <b>High structural unemployment or underemployment</b>   | A sustained high level of unemployment or underutilization of the productive capacity of the employed population   |
|          | <b>Illicit trade</b> (e.g. illicit financial flows, tax evasion, human trafficking, organized crime, etc.) | Large-scale activities outside the legal framework such as illicit financial flows, tax evasion, human trafficking, counterfeiting and/or organized crime that undermine social interactions, regional or international collaboration, and global growth |
|          | Severe <b>energy price shock</b> (increase or decrease)  | Significant energy price increases or decreases that place further economic pressures on highly energy-dependent industries and consumers  |
|          | <b>Unmanageable inflation</b>  | Unmanageable increases in the general price levels of goods and services in key economies  |

## Environmental

**Extreme weather events**  
(e.g. floods, storms, etc.)

Major property, infrastructure, and/or environmental damage as well as loss of human life caused by extreme weather events

**Failure of climate-change mitigation and adaptation**

The failure of governments and businesses to enforce or enact effective measures to mitigate climate change, protect populations and help businesses impacted by climate change to adapt

Major **biodiversity loss and ecosystem collapse**  
(terrestrial or marine)

Irreversible consequences for the environment, resulting in severely depleted resources for humankind as well as industries

**Major natural disasters**  
(e.g. earthquakes, tsunamis, volcanic eruptions, geomagnetic storms)

Major property, infrastructure, and/or environmental damage as well as loss of human life caused by geophysical disasters such as earthquakes, volcanic activity, landslides, tsunamis, or geomagnetic storms

**Man-made environmental damage and disasters** (e.g. oil spills, radioactive contamination, etc.)

Failure to prevent major man-made damage and disasters, including environmental crime, causing harm to human lives and health, infrastructure, property, economic activity and the environment

## Geopolitical

**Failure of national governance** (e.g. failure of rule of law, corruption, political deadlock, etc.)

Inability to govern a nation of geopolitical importance as a result of weak rule of law, corruption or political deadlock

**Failure of regional or global governance**

Inability of regional or global institutions to resolve issues of economic, geopolitical, or environmental importance

**Interstate conflict** with regional consequences

A bilateral or multilateral dispute between states that escalates into economic (e.g. trade/currency wars, resource nationalization), military, cyber, societal, or other conflict

Large-scale **terrorist attacks**

Individuals or non-state groups with political or religious goals that successfully inflict large-scale human or material damage

**State collapse or crisis** (e.g. civil conflict, military coup, failed states, etc.)

State collapse of geopolitical importance due to internal violence, regional or global instability, military coup, civil conflict, failed states, etc.

**Weapons of mass destruction**

The deployment of nuclear, chemical, biological, and radiological technologies and materials, creating international crises and potential for significant destruction

|               |  |  |
|---------------|--|--|
| Societal      | <b>Failure of urban planning</b>   | Poorly planned cities, urban sprawl and associated infrastructure that create social, environmental and health challenges  |
|               | <b>Food crises</b>   | Inadequate, unaffordable, or unreliable access to appropriate quantities and quality of food and nutrition on a major scale  |
|               | <b>Large-scale involuntary migration</b>   | Large-scale involuntary migration induced by conflict, disasters, environmental or economic reasons  |
|               | <b>Profound social instability</b>   | Major social movements or protests (e.g. street riots, social unrest, etc.) that disrupt political or social stability, negatively impacting populations, and economic activity  |
|               | <b>Rapid and massive spread of infectious diseases</b>   | Bacteria, viruses, parasites, or fungi that cause uncontrolled spread of infectious diseases (for instance as a result of resistance to antibiotics, antivirals and other treatments) leading to widespread fatalities and economic disruption |
|               | <b>Water crises</b>  | A significant decline in the available quality and quantity of fresh water, resulting in harmful effects on human health and/or economic activity  |
| Technological | <b>Adverse consequences of technological advances</b>  | Intended or unintended adverse consequences of technological advances such as artificial intelligence, geo-engineering and synthetic biology causing human, environmental, and economic damage   |
|               | Breakdown of critical information infrastructure and networks ( <b>Critical information infrastructure breakdown</b> ) | Cyber dependency that increases vulnerability to outage of critical information infrastructure (e.g. internet, satellites, etc.) and networks, causing widespread disruption   |
|               | Large-scale <b>cyber-attacks</b>   | Large-scale cyber-attacks or malware causing large economic damages, geopolitical tensions, or widespread loss of trust in the internet  |
|               | Massive incident of <b>data fraud/theft</b>  | Wrongful exploitation of private or official data that takes place on an unprecedented scale   |

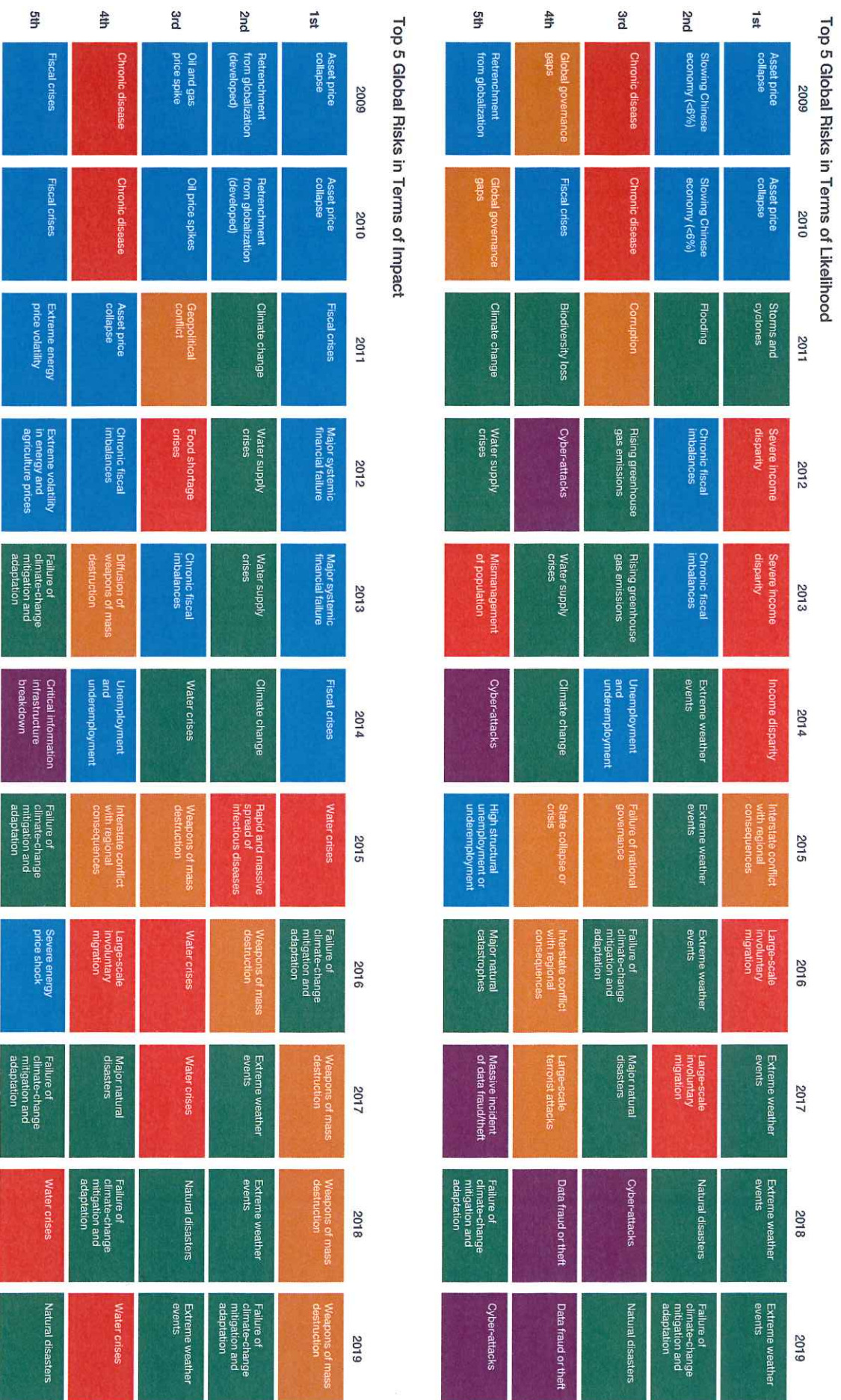


## Trends

A “trend” is defined as a long-term pattern that is currently evolving and that could contribute to amplifying global risks and/or altering the relationship between them.

| Trend  | Description  |
|--|--|
| Ageing population                              | Ageing populations in developed and developing countries driven by declining fertility and decrease of middle- and old-age mortality   |
| Changing landscape of international governance | Changing landscape of global or regional institutions (e.g. UN, IMF, NATO, etc.), agreements or networks   |
| Changing climate                               | Change of climate, which is attributed directly or indirectly to human activity, that alters the composition of the global atmosphere, in addition to natural climate variability                    |
| Degrading environment                          | Deterioration in the quality of air, soil and water from ambient concentrations of pollutants and other activities and processes   |
| Growing middle class in emerging economies     | Growing share of population reaching middle-class income levels in emerging economies  |
| Increasing national sentiment                  | Increasing national sentiment among populations and political leaders affecting countries’ national and international political and economic positions   |
| Increasing polarization of societies           | Inability to reach agreement on key issues within countries because of diverging or extreme values, political or religious views   |
| Rising chronic diseases                        | Increasing rates of non-communicable diseases, also known as “chronic diseases”, leading to rising costs of long-term treatment and threatening recent societal gains in life expectancy and quality |
| Rising cyber dependency                        | Rise of cyber dependency due to increasing digital interconnection of people, things and organizations   |
| Rising geographic mobility                     | Increasing mobility of people and things due to quicker and better-performing means of transport and lowered regulatory barriers   |
| Rising income and wealth disparity             | Increasing socioeconomic gap between rich and poor in major countries or regions   |
| Shifting power                                 | Shifting power from state to non-state actors and individuals, from global to regional levels, and from developed to emerging markets and developing economies                                       |
| Rising urbanization                            | Rising number of people living in urban areas resulting in physical growth of cities   |

Figure IV: The Evolving Risks Landscape, 2009 – 2019



Source: World Economic Forum 2009–2019, 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 10-year horizon. For example, cyberattacks, income disparity and unemployment entered the set of global risks in 2012. Some global risks were reclassified: water crises and rising income disparity were re-categorized first as societal risks and then as a trend in the 2015 and 2016 Global Risks Reports, respectively.