

# Perspectives and Predictions in an Uncertain World

## A summary of 2020 global risk reports

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It is that time of year when the predictions for the year ahead are published. From the World Economic Forum's annual Global Risk Report, to the more focused predictions made by specialist consultancies and data intelligence providers, a wealth of organisations take on the challenge of predicting what might happen in our uncertain world.

As is normally the case, some predictions hold true whilst others are shattered or eclipsed almost immediately. The announcement of the novel coronavirus on the 31<sup>st</sup> December 2019 has taken most organisations by surprise, thereby leaving a hole in our otherwise fairly safe predictions. This is not the first time such an outbreak has been missed by our "global predictions" – the Zika virus obtained the same status of being inadvertently omitted by many global risk reports due to it only being declared a Public Health Emergency of International Concern by the WHO in February 2016 – after the publication date of the majority of reports. The learning here is no matter how polished your risk report.... It will never be 100% correct and will likely be out of date as soon as you hit "print".

So, what do the predictions feature this year (and what might they miss)? The increasing wave of awareness and concern for environmental factors such as climate change dominate many of the broader reports such as the WEF and UN. This is supported by interconnected risks and themes including the social and environmental pressure to change where we draw our energy from, as well as the availability of water where it is needed. An anticipated global recession or slow down takes pride of place in the more economic focused reports, coupled with short term impacts arising from the USA presidential election and surrounding events. The increasing complexity and expectation of cyber crime boosts the relative importance and wariness of this area of risk.

No matter who we are, or where in the world we live, we all have our own opinions as to what we might consider to be the biggest risks. These opinions are generally driven by what we are interested in and what might impact on our ability to achieve whatever it is we plan for 2020 and beyond. Some will fight for awareness and action regarding climate change, whilst others will deny this is even an issue. Some will care deeply about a potential global recession, whilst others will remain oblivious. Some will watch the US elections with trepidation, whilst others will be distracted by events closer to home. This range in perspectives is something to be embraced, celebrated and listened to, because at the end of the day, someone somewhere is usually right.

### Global risk reports:

The most recent edition of the [World Economic Forum's 2020 Global Risk Report](#) was published on the 15<sup>th</sup> January 2020. This often “go-to” report for risk managers around the world is compiled from survey data obtained from the WEF's multi-stakeholder community and provides a perspective on the most pertinent risks to the planet as a whole. Environmental risks dominate the top positions, a theme that is increasingly mirrored by many other global risk reports. Additionally, the vulnerability of the global economy due to trade conflicts is explored in the report citing the anticipated cost of US\$700 billion in lost output during 2020 due to tensions between the US and China. The potential for cyberattacks and data fraud / theft also feature highly with specific attention being paid to the potential opportunities and threats posed by Artificial Intelligence (AI).

The Institute of Risk Management also published their “[IRM Risk Predictions 2020](#)” report in the past month. While this is more a collection of predictions from the different IRM Significant Interest Groups, Regions and Members rather than a risk profile for the coming years, this too featured environmental risks such as those centred on the climate change debate. Other topics explored include the future of Energy, Healthcare (including risks faced by the National Health Service in the UK), Technology (including cryptocurrency), and key risks potentially to impact on regions such as the USA, Southern Africa, Kingdoms of Saudi Arabia and Bahrain.

The economist published [The World in 2020](#) which is focused on events such as the USA election; the potential for a world recession; threats to the planet from nuclear weapons to climate change; the [Sustainable Development Goal](#) targets including the state of the world's oceans; opportunities posed by planned expeditions to Mars and the upcoming Olympic Games to be held in Tokyo in July and August.

The United Nations Foundation published their [5 Global Issues to Watch in 2020](#). Unsurprisingly this is dominated by the focus on climate action and what will be needed to cut emissions by 7.6% for the next 10 years to limit anticipated global warming to 1.5 degrees C. The increasing gap between the rich and poor of the world takes the second spot, followed by inequality and exclusion, increase in number of refugees, and finally the opportunities posed by the 75<sup>th</sup> anniversary of the formation of the United Nations.

### Other risk predictions for 2020 released recently include:

**Economic:** The [Top 10 economic predictions for 2020](#) published by IHS Markit forecasts a rise in the value of the US Dollar as well as an expanding economy in the US which is juxtaposed with a predicted falling growth rate for the Chinese economy and a downwards trend in commodity prices.

**Insurance:** CNA Hardy have released their [2020 business predictions](#), forecasting increased focus on overseas markets for European businesses, a new risk landscape of threats as well as opportunities facing UK healthcare in addition to increased public scrutiny on life science companies' supply chains.

**Healthcare:** Similarly, the Healix Group of Companies' published their own report: [Top risks 2020: potential threats to your organisation](#). Here the rise of Measles and Dengue fever are featured. Due

to the article's publication on the 13<sup>th</sup> December 2019, the novel coronavirus (2019-nCoV) is not mentioned due to it first being reported from Wuhan, China on the 31<sup>st</sup> December 2019. This serves to remind us that no matter how good a risk report might be, the changing context of the world around us often means predictions can quickly become obsolete or eclipsed.

**Political and security risks:** We always love ControlRisks' risk maps. Interestingly they attribute their number 1 risk spot in their Top 5 Risks for business in 2020 to Geopolitics and the US campaign trail rather than the environmental risks that so dominate the majority of the other broader risk predictions. A summary of the control risks top risks for business in 2020 are as follows:

- 1) Geopolitics and the US campaign trail combined with the impeachment trial.
- 2) The activist society passes judgement on issues such as environmental and human rights. This poses both an opportunity and threat to organisations globally.
- 3) International cyber warfare as a result of the alignment of numerous cyber risks.
- 4) Economic anxiety meets political fragility as a result of very slow global economic growth and the continued impact from the 2008 economic crisis.
- 5) Leaders without strategies thereby resulting in an inability to stall the escalation of incidents.

## Conclusion

The world we live in is dynamic and complex. As risk managers we routinely make use of a wide array of perspectives regarding potential changes that may or may not impact on what our organisations are attempting to achieve. No risk report is ever 100% correct. They can however help us to better understand the world around us and therefore better manage some of the uncertainties we are bound to face.

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