

# The Global Risks Report 2023 18th Edition

EXECUTIVE SUMMARY & GLOBAL RISK  
PERCEPTION SURVEY 2022-2023 RESULTS



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# Executive Summary

The first years of this decade have heralded a particularly disruptive period in human history. The return to a “new normal” following the COVID-19 pandemic was quickly disrupted by the outbreak of war in Ukraine, ushering in a fresh series of crises in food and energy – triggering problems that decades of progress had sought to solve.

As 2023 begins, the world is facing a set of risks that feel both wholly new and eerily familiar. We have seen a return of “older” risks – inflation, cost-of-living crises, trade wars, capital outflows from emerging markets, widespread social unrest, geopolitical confrontation and the spectre of nuclear warfare – which few of this generation’s business leaders and public policy-makers have experienced. These are being amplified by comparatively new developments in the global risks landscape, including unsustainable levels of debt, a new era of low growth, low global investment and de-globalization, a decline in human

development after decades of progress, rapid and unconstrained development of dual-use (civilian and military) technologies, and the growing pressure of climate change impacts and ambitions in an ever-shrinking window for transition to a 1.5°C world. Together, these are converging to shape a unique, uncertain and turbulent decade to come.

The *Global Risks Report 2023* presents the results of the latest Global Risks Perception Survey (GRPS). We use three time frames for understanding global risks. Chapter 1 considers the mounting impact of current crises (i.e. global risks which are already unfolding) on the most severe global risks that many expect to play out over the short term (two years). Chapter 2 considers a selection of risks that are likely to be most severe in the long term (10 years), exploring newly emerging or rapidly accelerating economic, environmental, societal, geopolitical and technological risks that could become tomorrow’s

FIGURE A

## Global risks ranked by severity over the short and long term

*"Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period"*



Source  
World Economic Forum Global Risks Perception Survey 2022-2023.



crises. Chapter 3 imagines mid-term futures, exploring how connections between the emerging risks outlined in previous sections may collectively evolve into a “polycrisis” centred around natural resource shortages by 2030. The report concludes by considering perceptions of the comparative state of preparedness for these risks and highlighting enablers to charting a course to a more resilient world. Below are key findings of the report.

## Cost of living dominates global risks in the next two years while climate action failure dominates the next decade

The next decade will be characterized by environmental and societal crises, driven by underlying geopolitical and economic trends. “**Cost-of-living crisis**” is ranked as the most severe global risk over the next two years, peaking in the short term. “**Biodiversity loss and ecosystem collapse**” is viewed as one of the fastest deteriorating global risks over the next decade, and all six environmental risks feature in the top 10 risks over the next 10 years. Nine risks are featured in the top 10 rankings over both the short and the long term, including “**Geoeconomic confrontation**” and “**Erosion of social cohesion and societal polarisation**”, alongside two new entrants to the top rankings: “**Widespread cybercrime and cyber insecurity**” and “**Large-scale involuntary migration**”.

## As an economic era ends, the next will bring more risks of stagnation, divergence and distress

The economic aftereffects of COVID-19 and the war in Ukraine have ushered in skyrocketing inflation, a rapid normalization of monetary policies and started a low-growth, low-investment era.

Governments and central banks could face stubborn inflationary pressures over the next two years, not least given the potential for a prolonged war in Ukraine, continued bottlenecks from a lingering pandemic, and economic warfare spurring supply chain decoupling. Downside risks to the economic outlook also loom large. A miscalibration between monetary and fiscal policies will raise the likelihood of liquidity shocks, signaling a more prolonged economic downturn and debt distress on a global scale. Continued supply-driven inflation could lead to stagflation, the socioeconomic consequences of which could be severe, given an unprecedented interaction with historically high levels of public debt. Global economic fragmentation, geopolitical tensions and rockier restructuring could contribute to widespread debt distress in the next 10 years.

Even if some economies experience a softer-than-expected economic landing, the end of the low interest rate era will have significant ramifications for governments, businesses and individuals. The knock-on effects will be felt most acutely by the most vulnerable parts of society and already-fragile states, contributing to rising poverty, hunger, violent protests, political instability and even state collapse. Economic pressures will also erode gains made by middle-income households, spurring discontent, political polarization and calls for enhanced social protections in countries across the world. Governments will continue to face a dangerous balancing act between protecting a broad swathe of their citizens from an elongated cost-of-living crisis without embedding inflation – and meeting debt servicing costs as revenues come under pressure from an economic downturn, an increasingly urgent transition to new energy systems, and a less stable geopolitical environment. The resulting new economic era may be one of growing divergence between rich and poor countries and the first rollback in human development in decades.

## Geopolitical fragmentation will drive geoeconomic warfare and heighten the risk of multi-domain conflicts

Economic warfare is becoming the norm, with increasing clashes between global powers and state intervention in markets over the next two years. Economic policies will be used defensively, to build self-sufficiency and sovereignty from rival powers, but also will increasingly be deployed offensively to constrain the rise of others. Intensive geoeconomic weaponization will highlight security vulnerabilities posed by trade, financial and technological interdependence between globally integrated economies, risking an escalating cycle of distrust and decoupling. As geopolitics trumps economics, a longer-term rise in inefficient production and rising prices becomes more likely. Geographic hotspots that are critical to the effective functioning of the global financial and economic system, in particular in the Asia-Pacific, also pose a growing concern.

Interstate confrontations are anticipated by GRPS respondents to remain largely economic in nature over the next 10 years. However, the recent uptick in military expenditure and proliferation of new technologies to a wider range of actors could drive a global arms race in emerging technologies. The longer-term global risks landscape could be defined by multi-domain conflicts and asymmetric warfare, with the targeted deployment of new-tech weaponry on a potentially more destructive scale than seen in recent decades. Transnational arms control mechanisms must quickly adapt to this new security context, to strengthen the shared moral, reputational and political costs that act as a deterrent to accidental and intentional escalation.

### **Technology will exacerbate inequalities while risks from cybersecurity will remain a constant concern**

The technology sector will be among the central targets of stronger industrial policies and enhanced state intervention. Spurred by state aid and military expenditure, as well as private investment, research and development into emerging technologies will continue at pace over the next decade, yielding advancements in AI, quantum computing and biotechnology, among other technologies. For countries that can afford it, these technologies will provide partial solutions to a range of emerging crises, from addressing new health threats and a crunch in healthcare capacity to scaling food security and climate mitigation. For those that cannot, inequality and divergence will grow. In all economies, these technologies also bring risks, from widening misinformation and disinformation to unmanageably rapid churn in both blue- and white-collar jobs.

However, the rapid development and deployment of new technologies, which often comes with limited protocols governing their use, poses its own set of risks. The ever-increasing intertwining of technologies with the critical functioning of societies is exposing populations to direct domestic threats, including those that seek to shatter societal functioning. Alongside a rise in cybercrime, attempts to disrupt critical technology-enabled resources and services will become more common, with attacks anticipated against agriculture and water, financial systems, public security, transport, energy and domestic, space-based and undersea communication infrastructure. Technological risks are not solely limited to rogue actors. Sophisticated analysis of larger data sets will enable the misuse of personal information through legitimate legal mechanisms, weakening individual digital sovereignty and the right to privacy, even in well-regulated, democratic regimes.



### **Climate mitigation and climate adaptation efforts are set up for a risky trade-off, while nature collapses**

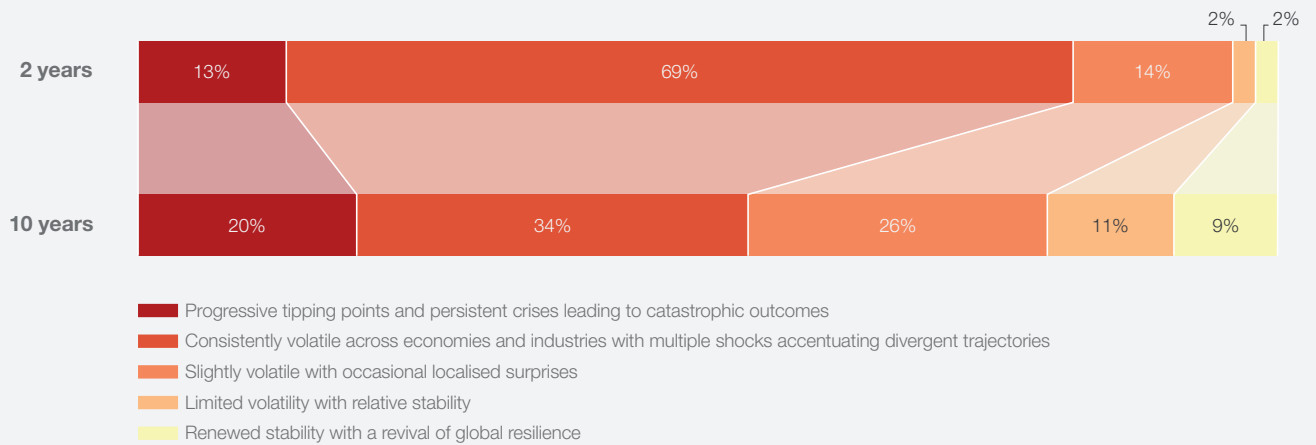
Climate and environmental risks are the core focus of global risks perceptions over the next decade – and are the risks for which we are seen to be the least prepared. The lack of deep, concerted progress on climate targets has exposed the divergence between what is scientifically necessary to achieve net zero and what is politically feasible. Growing demands on public-and private-sector resources from other crises will reduce the speed and scale of mitigation efforts over the next two years, alongside insufficient progress towards the adaptation support required for those communities and countries increasingly affected by the impacts of climate change.

As current crises diverts resources from risks arising over the medium to longer term, the burdens on natural ecosystems will grow given their still undervalued role in the global economy and overall planetary health. Nature loss and climate change are intrinsically interlinked – a failure in one sphere will cascade into the other. Without significant policy change or investment, the interplay between climate change impacts, biodiversity loss, food security and natural resource consumption will accelerate ecosystem collapse, threaten food supplies and livelihoods in climate-vulnerable economies, amplify the impacts of natural disasters, and limit further progress on climate mitigation.

FIGURE B

**Short- and long-term global outlook**

"Which of the following best characterizes your outlook for the world over the short-term (2 years) and longer-term (10 years)?"



Source  
World Economic Forum, Global Risks  
Perception Survey 2022-2023.

**Food, fuel and cost crises exacerbate societal vulnerabilities while declining investments in human development erode future resilience**

Compounding crises are widening their impact across societies, hitting the livelihoods of a far broader section of the population, and destabilizing more economies in the world, than traditionally vulnerable communities and fragile states. Building on the most severe risks expected to impact in 2023 – including “Energy supply crisis”, “Rising inflation” and “Food supply crisis” – a global Cost-of-living crisis is already being felt. Economic impacts have been cushioned by countries that can afford it, but many lower-income countries are facing multiple crises: debt, climate change and food security. Continued supply-side pressures risk turning the current cost-of-living crisis into a wider humanitarian crisis within the next two years in many import-dependent markets.

Associated social unrest and political instability will not be contained to emerging markets, as economic pressures continue to hollow out the middle-income bracket. Mounting citizen frustration at losses in human development and declining social mobility, together with a widening gap in values and equality, are posing an existential challenge to political systems around the world. The election of less centrist leaders as well as political polarization between economic superpowers over the next two years may also reduce space further for collective problem-solving, fracturing alliances and leading to a more volatile dynamic.

With a crunch in public-sector funding and competing security concerns, our capacity to absorb the next

global shock is shrinking. Over the next 10 years, fewer countries will have the fiscal headroom to invest in future growth, green technologies, education, care and health systems. The slow decay of public infrastructure and services in both developing and advanced markets may be relatively subtle, but accumulating impacts will be highly corrosive to the strength of human capital and development – a critical mitigant to other global risks faced.

**As volatility in multiple domains grows in parallel, the risk of polycrises accelerates**

Concurrent shocks, deeply interconnected risks and eroding resilience are giving rise to the risk of polycrises – where disparate crises interact such that the overall impact far exceeds the sum of each part. Eroding geopolitical cooperation will have ripple effects across the global risks landscape over the medium term, including contributing to a potential polycrisis of interrelated environmental, geopolitical and socioeconomic risks relating to the supply of and demand for natural resources.

The report describes four potential futures centred around food, water and metals and mineral shortages, all of which could spark a humanitarian as well as an ecological crisis – from water wars and famines to continued overexploitation of ecological resources and a slowdown in climate mitigation and adaptation. Given uncertain relationships between global risks, similar foresight exercises can help anticipate potential connections, directing preparedness measures towards minimizing the scale and scope of polycrises before they arise.



In the years to come, as continued, concurrent crises embed structural changes to the economic and geopolitical landscape, they accelerate the other risks that we face. More than four in five GRPS respondents anticipate consistent volatility over the next two years at a minimum, with multiple shocks accentuating divergent trajectories. However, respondents are generally more optimistic over the longer term. Just over one-half of respondents anticipate a negative outlook, and nearly one in five respondents predict limited volatility with relative – and potentially renewed – stability in the next 10 years.

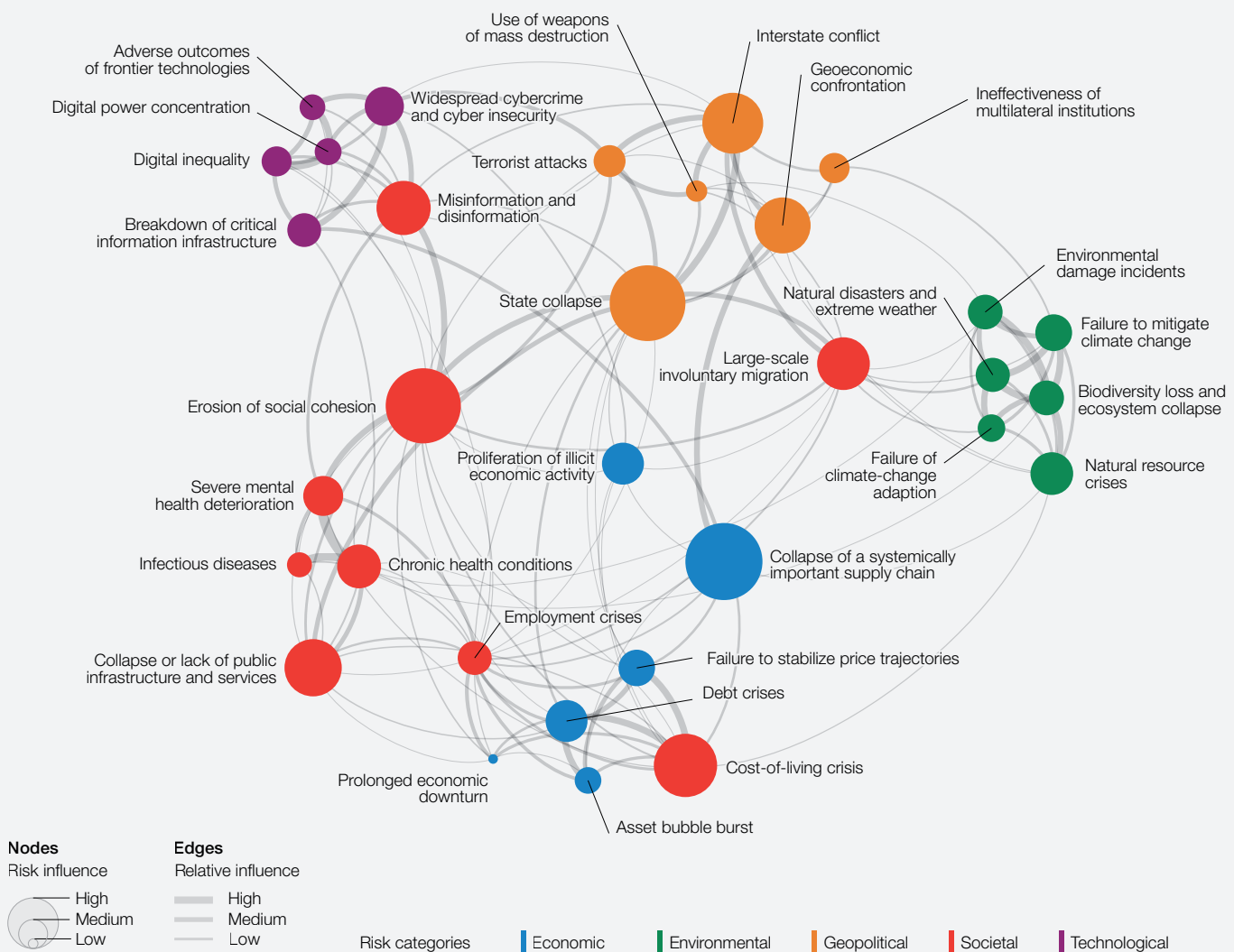
Indeed, there is still a window to shape a more secure future through more effective preparedness. Addressing the erosion of trust in multilateral processes will enhance our collective ability to prevent and respond to emerging cross-border crises and strengthen the guardrails we have in place to address well-established risks. In addition,

leveraging the interconnectivity between global risks can broaden the impact of risk mitigation activities – shoring up resilience in one area can have a multiplier effect on overall preparedness for other related risks. As a deteriorating economic outlook brings tougher trade-offs for governments facing competing social, environmental and security concerns, investment in resilience must focus on solutions that address multiple risks, such as funding of adaptation measures that come with climate mitigation co-benefits, or investment in areas that strengthen human capital and development.

Some of the risks described in this year’s report are close to a tipping point. This is the moment to act collectively, decisively and with a long-term lens to shape a pathway to a more positive, inclusive and stable world.

FIGURE C

Global risks landscape: an interconnections map



Source  
 World Economic Forum, Global Risks Perception Survey 2022-2023.

FIGURE D

### Currently manifesting risks

"Please rank the top 5 currently manifesting risks in order of how severe you believe their impact will be on a global level in 2023"



Source  
World Economic Forum Global Risks  
Perception Survey 2022-2023.

FIGURE E

### Global risks ranked by severity

"Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period"

#### Short term



#### Long term



Source  
World Economic Forum Global Risks  
Perception Survey 2022-2023.

Risk categories | Economic | Environmental | Geopolitical | Societal | Technological



FIGURE F

Perceptions around preparedness and governance



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

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