



Quick Brief

A news update from the NBI on its programmes, business leadership and issues on sustainable development.

19 January 2018

Davos and the World Economic Forum Global Risk Report for 2018

As you will have noticed in the press, “Davos” starts next week on Tuesday, the 23rd January. Apart from being a chilly, all be it picturesque town in Switzerland, Davos is shorthand for an annual meeting hosted by the World Economic Forum (WEF). It is essentially a gathering of elites from the academic, business and political world intent on solving the world’s problems and closing some big deals on the side. If you are not lucky enough to be one of the elites ([check out the South African list here](#)) Davos seems a pretty esoteric event. But there are ways to stay in touch other than following the drama on the news.

You can find the [schedule of events here](#), some of which are available for live streaming. A few that caught the eye of our global partner [We Mean Business](#) that we think will be worth watching are: **Towards Better Capitalism on the 23rd at 6pm** local time; **Rethinking the Modern Consumption Economy on the 24th at 7pm** local time; **Stepping up Climate Action on the 25th at midday** local time and **The Great Energy Transformation 25th at 3:45pm** local time. You can also follow the Davos Twitter feed [@Davos](#) or the World Economic Forum Twitter feed [@WEF](#). Another way to follow the action is to monitor the plethora of research reports released to take advantage of the global focus on this event.

One of the reports released that is always an annual highlight is the [World Economic Forum’s own report on Global Risks](#). The 2018 edition continues the excellent approach of reporting risk in clusters (accounting for their interconnections) rather than a discrete spreadsheet list. For the last 5 or so years environmental risk has dominated the top risks (focused on Climate Change and Water) and the trend continues this year. The extract from the report below shows this change over time.

Figure IV: The Evolving Risks Landscapes, 2008–2018

Top 5 Global Risks in Terms of Likelihood

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1st	Asset price collapse	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
2nd	Middle East instability	Slowing Chinese economy (<6%)	Slowing Chinese economy (<6%)	Flooding	Chronic fiscal imbalances	Chronic fiscal imbalances	Extreme weather events	Extreme weather events	Extreme weather events	Large-scale involuntary migration	Natural disasters
3rd	Failed and falling states	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	Cyberattacks
4th	Oil and gas price spike	Global governance gaps	Fiscal crises	Biodiversity loss	Cyber attacks	Water supply crises	Climate change	State collapse or crises	Interstate conflict with regional consequences	Large-scale terrorist attacks	Data fraud or theft
5th	Chronic disease, developed world	Retrenchment from globalization (emerging)	Global governance gaps	Climate change	Water supply crises	Mismanagement of population ageing	Cyber attacks	High structural unemployment or underemployment	Major natural catastrophes	Massive incident of data fraud/theft	Failure of climate-change mitigation and adaptation

Top 5 Global Risks in Terms of Impact

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1st	Asset price collapse	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
2nd	Retrenchment from globalization (developed)	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
3rd	Slowing Chinese economy (<6%)	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
4th	Oil and gas price spike	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
5th	Pandemics	Fiscal crises	Fiscal crises	Extreme energy price volatility	Extreme volatility in energy and agriculture prices	Failure of climate-change mitigation and adaptation	Critical information infrastructure breakdown	Failure of climate-change mitigation and adaptation	Severe energy price shock	Failure of climate-change mitigation and adaptation	Water crises

■ Economic ■ Environmental ■ Geopolitical ■ Societal ■ Technological

Source: World Economic Forum 2008–2018, 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.

We in South Africa would likely be concerned that Water Crises should be higher given our urgent Western Cape drought crisis. Also we would expect the social issues that dominate our local discourse to be more highly weighted. This is where the risk linkages so uniquely reported by the WEF are worth considering. At the hub of all the global risks sits “profound social instability”, a risk that is exacerbated by the surrounding constellations of risk that include environment, social, economic, technological and geopolitical risk. Prepare yourself for a productive Davos week by kicking off with the [World Economic Forum’s own report on Global Risks](#).

For more information contact **Steve Nicholls** on SteveN@nbi.org.za or **011 544 6000**.

Business Action for Sustainable Growth

www.nbi.org.za

The National Business Initiative (NBI) respects your right to privacy, if you do not wish to receive any further Quick Briefs from the NBI, please click [here](#) and your name will be removed from the mailing list.