Income Disparity, Water Supply Crises Seen as Key Risks in MENA – Global Risks Report

- Income disparity, water supply crises, fiscal imbalances seen as most likely global risks by experts in the Middle East and North Africa
- Health and hubris, digital wildfires and environmental/economic stress are the three global 2013 risk cases
- Over 1,000 experts contributed to the report, which analyses 50 global risks with breakdowns across regions
- Read the Global Risks 2013 report in full at http://www.weforum.org/globalrisks2013

London, United Kingdom, 8 January 2013 – Severe income disparity is regarded as the most likely risk over the next decade by experts on the Middle East and North Africa, according to the World Economic Forum’s Global Risks 2013 report.

Reflecting a somewhat different set of priorities from the global results of a poll of over 1,000 experts and industry leaders, respondents with expertise on the Middle East and North Africa also put water supply crises, chronic fiscal imbalances, rising religious fanaticism and volatile energy and agriculture prices in the top five most likely global risks.

The global overview is of a world seen as more at risk as the financial crisis lingers, deflecting attention from climate change at a time of increasing freak weather events. Overall, the report highlights severe income disparity followed by chronic fiscal imbalances as the top two most prevalent global risks, which reflects on-going concerns about government debt as well as a slightly more pessimistic outlook overall for the coming 10 years.

Following a year scarred by extreme weather, from Hurricane Sandy to flooding in China, respondents rated rising greenhouse gas emissions as the third most likely global risk overall, while the failure of climate change adaptation is seen as the environmental risk with the most knock-on effects for the next decade.

“These global risks are essentially a health warning regarding our most critical systems,” warned Lee Howell, the editor of the report and Managing Director at the World Economic Forum. “National resilience to global risks needs to be a priority so that critical systems continue to function despite a major disturbance,” he added.

Axel P. Lehmann, Chief Risk Officer at Zurich Insurance Group, said: “With the growing cost of events like Superstorm Sandy, huge threats to island nations and coastal communities, and no resolution to greenhouse gas emissions, the writing is on the wall. It is time to act.”

Global Risks 2013 analyses three major risk cases of concern globally:

1. Health and Hubris
   Huge strides forward in health have left the world dangerously complacent. Rising resistance to antibiotics could push overburdened health systems to the brink, while a hyperconnected world allows pandemics to spread. This risk case draws on the connections between antibiotic resistance, chronic disease and the failure of the international intellectual property regime, recommending more international collaboration and different funding models.

2. Economy and Environment under Stress
   Urgent socioeconomic risks are derailing efforts to tackle climate change challenges. Inherent cognitive biases make the international community reluctant to deal with such a long-term threat, despite recent extreme weather events. At a time when structural changes are happening in the economy and environment, this case focuses on approaches to make the strategic investments needed to fend off worst-case scenarios for both systems.

John Drzik, Chief Executive Officer of Oliver Wyman Group, a part of Marsh & McLennan Companies, said: “Two storms – environmental and economic – are on a collision course. If we don’t allocate the resources needed to mitigate the rising risk from severe weather events, global prosperity for future generations could be threatened. Political leaders, business leaders and scientists need to come together to manage these complex risks.”

David Cole, Group Chief Risk Officer of Swiss Re, said: “Coping with the economic and climate-change crises is unfortunately no longer seen as a continuum, but as opposing choices. The idea has gained ground that we can’t have solutions to both. But we need to go beyond this thinking-in-boxes approach. So because smart risk management is about taking a holistic stance on situations, we should do the same when it comes to the economic and climate-change challenges we’re facing.”
3. Digital Wildfires
From the printing press to the Internet, it has always been hard to predict how new technologies might shape society. While in many ways a force for good, the democratization of information can also have volatile and unpredictable consequences, as reflected in the riots provoked by an anti-Islam film on YouTube. As the media’s traditional role as gatekeeper is eroded, this case considers how connectivity enables “digital wildfires” to spread, and asks what can be done to put them out.

In a special report on national resilience, the groundwork is laid for a new country resilience rating, which would allow leaders to benchmark their progress. It is based on the notion that no nation alone can prevent exogenous, global risks occurring, which makes national resilience a crucial first line of defence.

The report as a whole describes 50 global risks and groups them into economic, environmental, geopolitical, societal and technological categories, which respondents were asked to rate in terms of likelihood and impact. The data shows that younger respondents were more concerned by risks than older ones, while women were more pessimistic than men. On a regional basis, experts in North America tended to see risks as more likely than those in other regions.

The report also highlights “X Factors” – emerging concerns which warrant more research. These include the rogue deployment of geoengineering and brain-altering technologies. The three risk cases and X Factors will be the focus of special sessions at the World Economic Forum Annual Meeting 2013 in Davos-Klosters, Switzerland, taking place on 23-27 January under the theme “Resilient Dynamism”.

Developed with expert contributions from Marsh & McLennan Companies, Swiss Reinsurance Company, Zurich Insurance Group, the Oxford Martin School (University of Oxford), the National University of Singapore and the Wharton Center for Risk Management (University of Pennsylvania), Global Risks 2013 is the flagship initiative of the World Economic Forum’s Risk Response Network, which provides private and public sector leadership with an independent platform to build resilience by mapping, monitoring and managing global risks.

Notes to Editors
For more information on Global Risks 2013, please contact:
Rolf Tanner, Director, Media Relations, Swiss Re, Switzerland, at: +41 79 234 4642 or Rolf.Tanner@swissre.com
Jason Groves, Global Director Media Relations, Marsh, Marsh & McLennan Companies, United Kingdom, at +44 20 7357 1455 or jason.groves@marsh.com
Riccardo Moretto, Media Relations Manager, Zurich Insurance Group, Switzerland, at +41 (0)44 625 2100 or riccardo.moretto@zurich.com
Rim El Habibi, Media Associate, World Economic Forum, at +41 (0) 79 531 3111 or rim.elhabibi@weforum.org
Peter Winicov, Senior Associate Director, Marketing and Communications, The Wharton School, University of Pennsylvania, USA, at +1 215 746 6471 or winicov@wharton.upenn.edu
Julia Banfield, Communications Officer, Oxford Martin School, at +44 (0) 7972 284146 or julia.banfield@oxfordmartin.ox.ac.uk
Fun Yip, Senior Associate Director & Head (Media Relations), National University of Singapore, at +65 6516 1374 or fun.yip@nus.edu.sg
Read the Global Risks 2013 report in full at http://www.weforum.org/globalrisks2013
Download the Executive Summary in Español | Français | Deutsch | Português | Русский | 日本語 | 中文 | 한국의 | Việt | العربية
Watch the report launch press conference live from 09.30 to 10.30 GMT on 8 January 2013 or replayed at http://livestream.com/worldeconomicforum
Follow the Risk Response Network on Twitter http://www.twitter.com/WEFRisk and use #risks2013 for your tweets
Learn more about the Risk Response Network at http://www.weforum.org/RRN
Become a fan of the Forum on Facebook at http://wef.ch/facebook
Read the Forum Blog at http://wef.ch/blog
Read Forum reports on Scribd at http://wef.ch/scribd
Upcoming Forum events at http://wef.ch/events
Subscribe to Forum News Releases at http://wef.ch/news

The World Economic Forum is an independent international organization committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas.

Incorporated as a not-for-profit foundation in 1971 and headquartered in Geneva, Switzerland, the Forum is tied to no political, partisan or national interests (www.weforum.org).