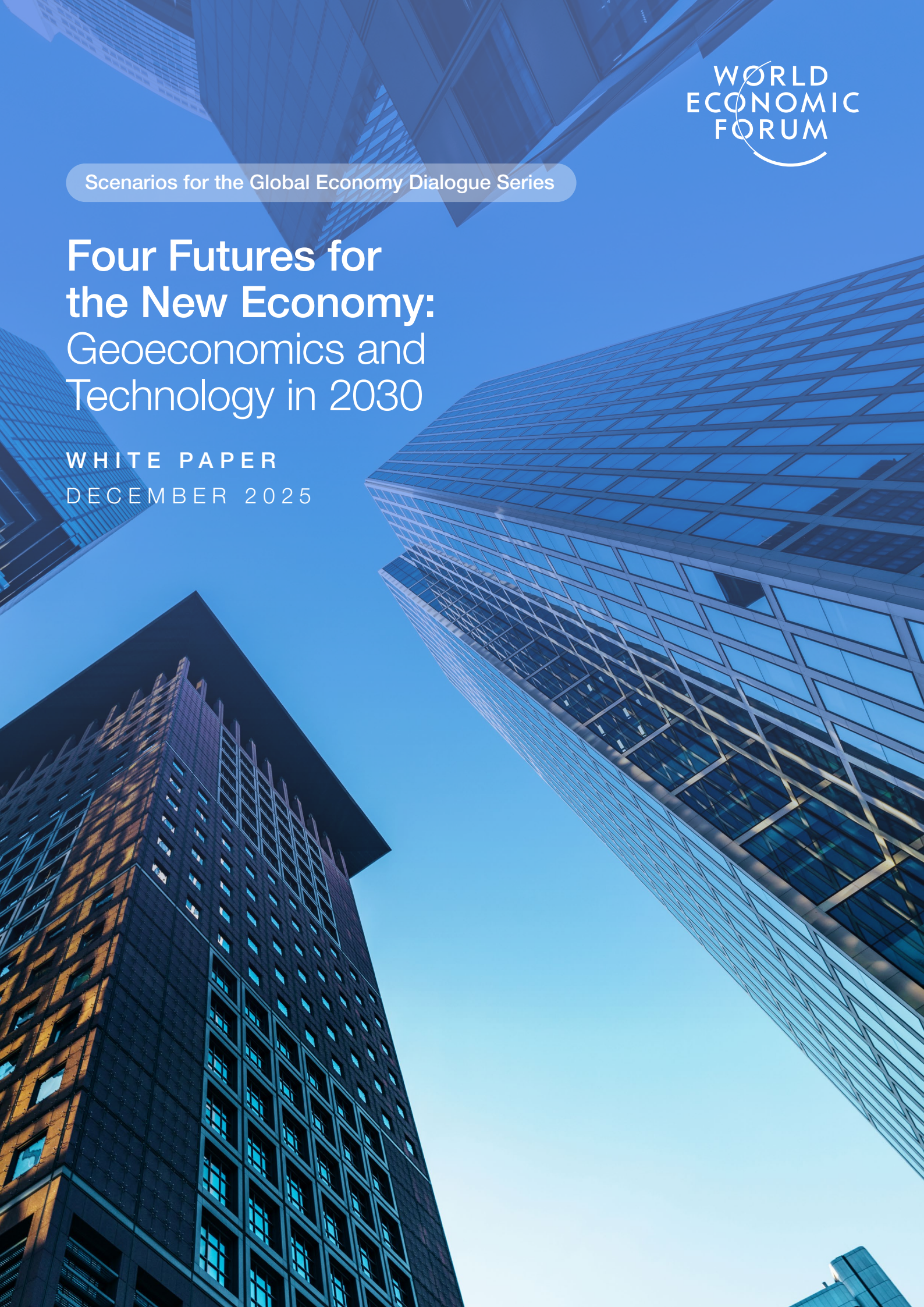

WORLD ECONOMIC FORUM

Scenarios for the Global Economy Dialogue Series

# Four Futures for the New Economy: Geoeconomics and Technology in 2030

WHITE PAPER

DECEMBER 2025

**Images:** Adobe Stock

# Contents

# Foreword

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Geoeconomic shifts are reshaping regulatory frameworks and the established patterns of trade, investment, talent and knowledge flows. Technological breakthroughs – from artificial intelligence (AI) agents to autonomous systems and biotechnology – are accelerating innovation, albeit raising urgent questions about economic inclusion, safety and governance. Financial markets oscillate between exuberance and volatility, while societies are grappling with growing debt, demographic shifts, rising polarization and the continued effects of climate change.

The result is a global economic landscape marked by complex trade-offs and adapting to multiple transformative shifts. Businesses that thrive in the new economy will be those that prepare broadly, adapt continuously and create resilient and inclusive ecosystems.

The World Economic Forum's Scenarios for the Global Economy Dialogue Series uses scenario analysis to stress-test assumptions, uncover blind spots and parse through a range of economic uncertainties. It provides business leaders with a space for peer-level, cross-sectoral dialogue on key economic developments, interconnected risks and their implications for strategy and investment decisions.

This white paper consolidates views and insights from the members of the World Economic Forum's Chief Strategy Officers Community and other experts across the Forum's industry communities and Global Foresight Network. It explores how the interaction between two critical forces – geoeconomics and technology – and their potential trajectories could shape the global economy by 2030. Building on the perspectives of experts and business leaders, the paper presents four distinct scenarios for 2030 and analyses key risks, opportunities and strategy implications for businesses across these alternative futures. It also offers a set of "no-regret" moves that have emerged through dialogues as strategies that could help businesses prepare today for any scenario.

The aim of these scenarios is not to predict where the world will be in 2030, but to translate foresight-driven insights into practical value for decision-makers and to provide a framework to help leaders explore, question and adapt to the complex global economic developments.

This white paper is the first output in a series of scenario explorations on key economic topics and their implications for business. The dialogue series will explore different scenarios in each quarter of 2026, focusing on challenges and uncertainties of business relevance. We hope it will be a useful resource for decision-makers and a foundation for ongoing dialogue.

# Executive summary

## Navigating the new economy requires agility, resilience and, above all, foresight.

Heightened uncertainty, complex geoeconomics and fast-changing technologies are poised to challenge many of the assumptions that have guided corporate strategies over previous decades. In the new economy, strategic decisions involve heightened complexity, risks are more interdependent and opportunities can emerge in unexpected ways.

Businesses need tools not just to adapt, but to anticipate and prepare. Foresight is critical to help businesses understand and harness the evolving patterns of the global economy.

### Turning uncertainty into foresight

The World Economic Forum's Scenarios for the Global Economy Dialogue Series uses scenario analysis and cross-industry dialogue to help decision-makers navigate global economic developments and their implications for strategy and investment decisions.

The Forum's latest survey of chief strategy officers, conducted in July–August 2025, cited commercialization of artificial intelligence (AI) and emerging technologies (72%) and geoeconomic fragmentation (52%) as the main global trends impacting business strategies over the next five years.

This inaugural edition in the series explores the critical uncertainties around geopolitical and technological trends, and how their trajectories could shape the future of the global economy.

### Four scenarios for the new economy in 2030

The interaction of geopolitics and technology adoption vectors generates the following four scenarios for the future of the global economy in 2030.

1. **Digitalized Order**: Geopolitical stabilization and rapid technological adoption have restored growth levels across sectors and geographies, but also created new challenges. Despite the recovery of trade and investment flows, domestic tensions remain acute in many countries as labour market disruptions and risks of technology misuse increase.
2. **Cautious Stability**: Geopolitical normalization has lowered risk premiums and reduced price shocks, but growth remains stagnant as technology fails to deliver expected economic impacts. Adoption of frontier technologies has been limited to a few sectors and industry leaders across the world and has not had a significant impact on wages and jobs.
3. **Tech-based Survival**: Widespread technology adoption and geopolitical volatility have created a world where technological opportunities are vast, but trust, coordination and stability are in short supply. Businesses use digitalization to offset the costs of geopolitical disruptions, creating both new opportunities and material risks.
4. **Geotech Spheres**: As geopolitical volatility continues to rise, countries have turned isolationist and are limiting trade to their closest allies, while fading technology hype creates room for disillusionment. Asset prices slump and growth rates stall or turn negative. Domestically, labour markets become less polarized as businesses look to reshore jobs and technology, but face significant talent shortages.

### Strategies for the future

Building on the scenario analysis, insights from consultations with chief strategy officers and experts, and the analysis of business implications across the four scenarios, the following strategies have been identified as potential "no-regret" moves to help businesses mitigate risks, seize opportunities and harness the potential trajectories of geopolitical and technology trends regardless of which future emerges.

- Strengthen core operations
- Develop geopolitical function and intelligence
- Strengthen foresight- and data-driven decision-making
- Invest in supply chain resilience and agility
- Invest in adopting and scaling emerging technologies
- Strengthen critical infrastructure
- Develop agile capital allocation models
- Align technology and human capital development
- Deepen strategic partnerships and alliances

# 1 Introduction

## Geoeconomics and technology shifts are poised to reshape business strategies and the evolving patterns of the global economy.

The global economic backdrop is one of heightened uncertainty amid weak growth and complex geoeconomics. The International Monetary Fund (IMF) projects global growth to settle around 3.2% annually over the next five years – the weakest outlook in decades.[1]

Two key drivers of transformation are shaping this trajectory. On the one hand, fast-changing technologies such as artificial intelligence (AI), robotics and autonomous systems are creating new growth opportunities, but also risks. Their integration – and the disruptions they will cause – deepen the uncertainty around the future of the global economy and its implications for business and workers.

At the same time, global networks are fraying as decision-makers grapple with competing national and global priorities. The historic shifts in trade policy announced by the US throughout 2025[2] are reshaping the global economy, with far-reaching implications for consumers, businesses and policy-makers. Across many countries, the rise of economic nationalism and political polarization will continue to call into question the existing global economic architecture in the coming years.

Looking back, businesses have faced a relatively benign environment in the past decades. As of the start of this decade, the COVID-19 pandemic, supply shocks and conflict have made this environment more volatile, with the latest developments in geoeconomics and technology creating new risks and opportunities. Taken together, the moment demands more structured, holistic and comprehensive decision-making.

Throughout 2025–2026, the World Economic Forum's Scenarios for the Global Economy Dialogue Series uses scenario analysis and peer-level, cross-sectoral dialogue to help decision-makers navigate global trends and their implications for strategy, investment decisions and resilience.

The Forum's latest survey of chief strategy officers, conducted in July–August 2025, cited commercialization of AI and emerging technologies (cited by 72% of respondents) and geoeconomic fragmentation (52%) as the main global trends impacting business strategies in the next five years (Figure 1).

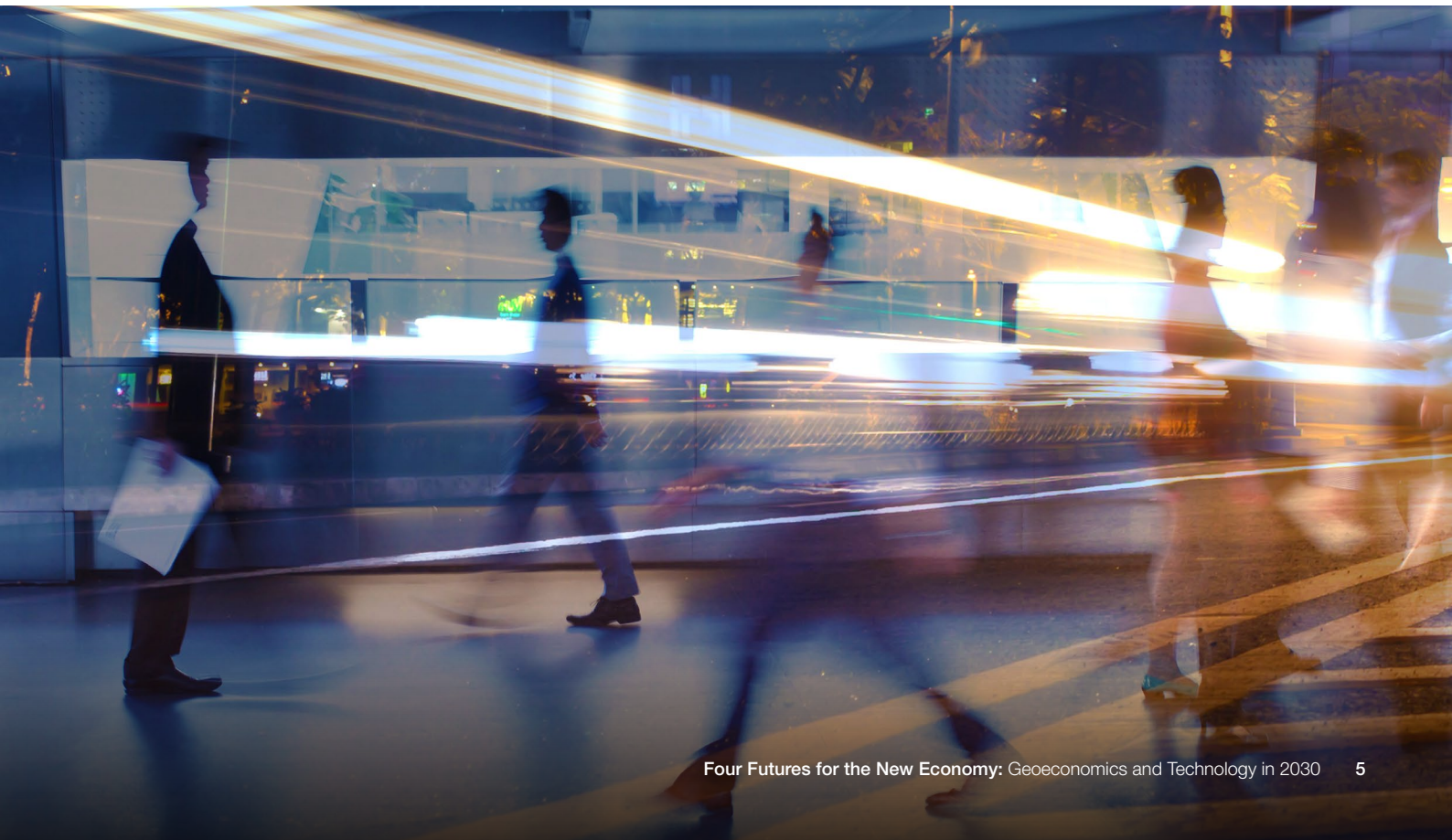
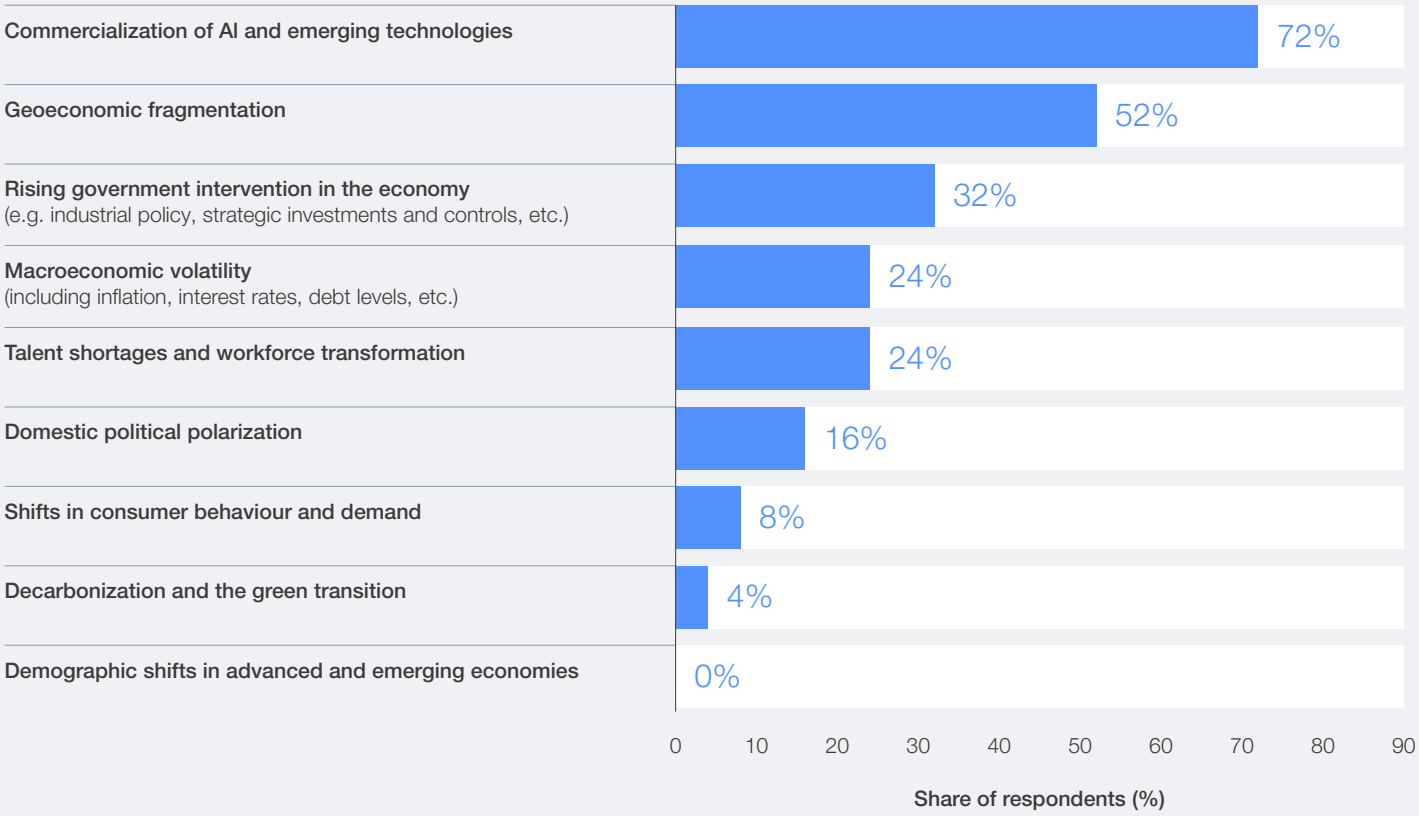


FIGURE 1 | **Global trends**

**Looking at the next five years, which of the following global trends will have the most significant impact on the strategy of multinational companies?**




**Note:** Respondents were allowed to select multiple options, n=25.

**Source:** World Economic Forum. Survey of Chief Strategy Officers Community July–August 2025.

This first briefing paper in the series examines these uncertainties and explores scenarios for the future of the global economy at the intersection of geopolitical and technological vectors and their potential trajectories until 2030.

The **geopolitical context vector** represents the degree to which the global order is stable, predictable and rules-based, versus being volatile, conflict-prone and fragmented. The scenarios considered focus on the economic and geoeconomic implications of this order.

The **technology adoption vector** captures the pace and depth of technology adoption, ranging from fast and widespread to slow and concentrated. The scenarios consider the adoption of both emerging and available technologies across sectors and geographies.

Taken together, the trajectories of these vectors create four plausible futures. Each of these futures has the potential to reshape sectors and disrupt individual businesses. The aim is not to predict where the world will be in 2030 but to provide a framework for analysing risks, opportunities and strategies across alternative futures.

# 2 Four futures for the new economy in 2030

The purpose is not to predict the future, but to provide a framework to stress-test assumptions and navigate complex global outlook.

## 2.1 Scenarios at-a-glance

The interaction of geopolitical and technological vectors generates the following four scenarios for the future of the global economy in 2030 (Figure 2).

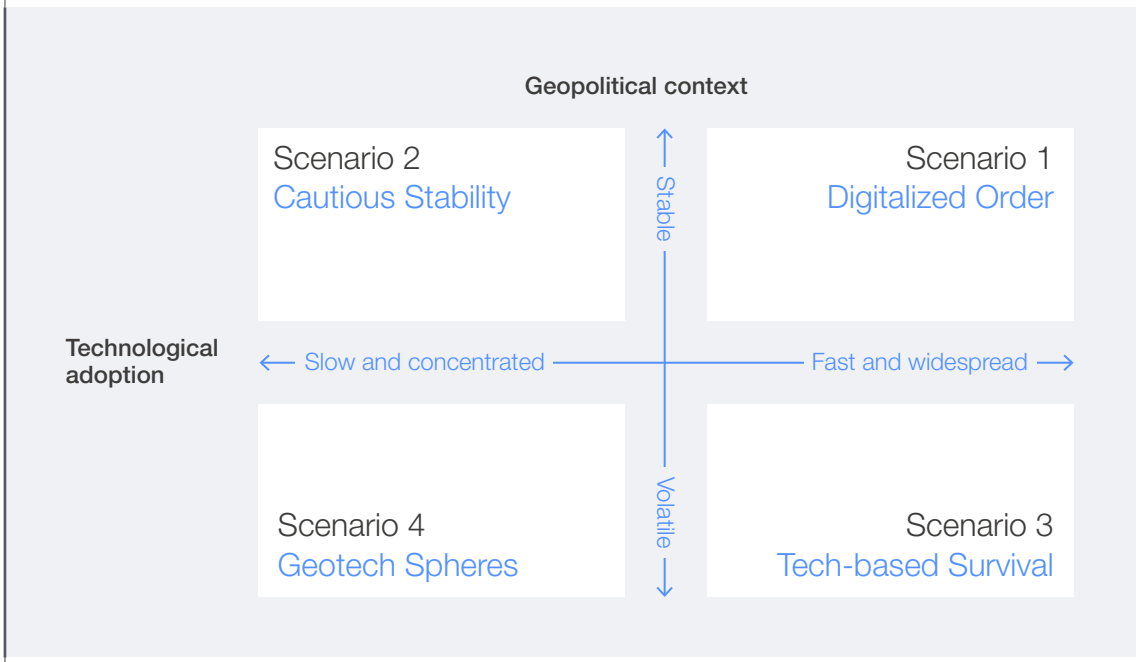
**Scenario 1: Digitalized Order.** Geopolitical stabilization and rapid technological adoption have restored growth levels across sectors and geographies, but also created new challenges. Despite the recovery of trade and investment flows, domestic tensions remain acute in many countries as labour market disruptions and risks of technology misuse increase.

**Scenario 2: Cautious Stability.** Geopolitical normalization has lowered risk premiums and reduced price shocks, but growth remains stagnant as technology fails to deliver expected economic impacts. Adoption of frontier technologies has been limited to a few sectors and industry leaders across the world and has not had a significant impact on wages and jobs.

**Scenario 3: Tech-based Survival.** Widespread technology adoption and geopolitical volatility have created a world where technological opportunities are vast, but trust, coordination and stability are in short supply. Businesses use digitalization to offset the costs of geopolitical disruptions, creating both new opportunities and material risks.

**Scenario 4: Geotech Spheres.** As geopolitical volatility continues to rise, countries have turned isolationist and are limiting trade to their closest allies, while fading technology hype creates room for disillusionment. Asset prices slump and growth rates stall or turn negative. Domestically, labour markets become less polarized as businesses look to reshore jobs and technology, but face significant talent shortages.

FIGURE 2 **Four scenarios for the future of the new economy in 2030**




**Source:** World Economic Forum.

These futures have different characteristics when it comes to GDP (gross domestic product) growth, supply chain pressures, wage polarization, energy volatility, technology use and other economic data. Table 1 summarizes potential trajectories of these characteristics by 2030 relative to today's baseline.

TABLE 1 **Economic data trajectory for the four scenarios by 2030**

| Indicator | Baseline | Scenario 1 Digitalized Order | Scenario 2 Cautious Stability | Scenario 3 Tech-based Survival | Scenario 4 Geotech Spheres |
|---|---|---|---|---|---|
| Geopolitical risk index | 149.1 | ↘ | ↓ | ↑ | ↗ |
| Share of business tasks performed by technology, % | 22% | ↑ | ↗ | ↗ | → |
| GDP growth, annual % | 3.2% | ↗ | → | → | ↓ |
| Supply chain pressure index | -0.01 | ↓ | ↘ | ↗ | ↑ |
| US effective average tariff rate, % | 17% | ↘ | ↘ | ↗ | ↘ |
| Wage polarization, D9/D1 earners ratio[1] | 16.8 | ↗ | → | ↗ | ↘ |
| Energy price index, absolute monthly % change | 3.7% | → | ↘ | ↑ | ↗ |
| Trust in media, % of population | 52% | ↘ | → | ↓ | ↘ |

[1] Ratio between the total hourly earnings of the top 10% and the bottom 10% of the world's wage earners.

**Note:** The arrows denote a directional change in a given scenario characteristic. All values are at the global level unless specified otherwise. The analysis is based on scenario narratives and extrapolations from similar existing research. The directionality is illustrative and for scenario-building purposes only.

**Sources:** Iacoviello, M. et al. (2025 average); World Economic Forum. (2025); International Monetary Fund (IMF). (2025); Federal Reserve Bank of New York. (2025 average); Yale University The Budget Lab. (2025); International Labour Organization (ILO). (2025); The World Bank. (2025); Edelman. (2025).

## 2.2 Scenarios in-depth

### Scenario 1: Digitalized Order

Geopolitical stability, fast and widespread technological adoption

Geopolitical stabilization and rapid technological adoption have restored growth levels across sectors and geographies, but also created new challenges. Despite the recovery of trade and investment flows, domestic tensions remain acute in many countries as labour market disruptions and risks of technology misuse increase.

**Geopolitical risk index**
**Baseline:** 149.1
(Iacoviello, M. et al., 2025 average)

**Share of business tasks performed by technology, %**
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**Notes:** The arrows denote a directional change in a given scenario characteristic. All values are at the global level, unless specified otherwise. The analysis is based on scenario narratives and extrapolations from similar existing research. The directionality is illustrative and for scenario-building purposes only.

In this scenario, geopolitical stabilization and fast technological adoption have enabled productivity and innovation spillovers at scale. A successful US–China "grand bargain" has prevented further escalation of trade wars and helped make the ongoing strategic rivalry more predictable. The contours of a new global order are starting to emerge, and global military spending has plateaued at around $2.7 trillion[3] annually before 2030.

The renewed stability and the rapid commercialization of emerging technologies – such as AI, advanced connectivity and others – have accelerated diffusion beyond frontier firms and economies. Falling adoption costs, digital interoperability, talent and infrastructure investments have modernized digital ecosystems. Global foreign direct investment (FDI) in the digital economy has surpassed $122 billion annually,[4] with public-private partnerships shaping rules around data, safety and competition.

Yet this new world is not frictionless. By 2030, strategic competition, policy deadlocks and concerns over inequality and algorithmic governance have become entrenched.

- **Macroeconomic conditions**: While barriers to trade have only partially receded from the 2025 peaks, fast adoption and broad access to new technologies have revived growth dynamics, with annual global GDP growth surpassing 4% by 2030. Inflation has stayed largely under control across advanced economies. However, the risk of price shocks across emerging markets remains high.
- **Trade and investment**: Trade in merchandise has stabilized while digital and services flows continue to grow exponentially, with high-growth economies and emerging services hubs using digital readiness and youthful populations to attract capital. The global economic geography is slowly aligning with the new geopolitical landscape, and countries explore a new form of strategic openness, balancing localization and regional diversification strategies.
- **Labour markets**: Widespread and fast technology adoption, combined with global digital openness, has driven structural disruptions across occupations and labour markets. Wage polarization continues to increase as AI, the rise of global digital talent pipelines and the outsourcing of digital services decrease the bargaining power of workers. The economies that have successfully transformed their education and reskilling systems to develop digital talent, and supported human-centric jobs (including care, education and personal services), emerge more resilient.
- **Energy outlook**: While the rollout of AI has dramatically increased energy demand, energy markets have remained stable and continue to decarbonize thanks to renewed international cooperation around climate action and adoption of green technologies. However, inadequate

access to critical raw materials – such as lithium, rare earths and others – risks slowing the pace of decarbonization.

– **Domestic policies**: Domestic politics continue to be highly polarized around the future of globalization and technology, the latter's impact on privacy, labour markets and ethics, the need to address technology-driven and trade-driven inequalities, and cultural divergences. Radical movements continue to be on the rise, and technology-enabled misinformation and disinformation continue to erode trust in institutions and governance more broadly. Economies that have anticipated and proactively managed these risks have preserved societal trust and local opportunities.

**Business environment**: The dual trend of geopolitical stabilization and widening technology adoption has partially curbed business uncertainty. This has allowed businesses to shift from crisis response strategies towards longer investment and growth horizons. Technology has become deeply embedded across corporate strategies and increased the number of new entrants across the industries. Business competitiveness is increasingly defined by digital infrastructure, pace of technology adoption, data fluency and talent attractiveness. The intense focus on understanding geopolitical disruption in the mid-2020s has become a more integrated part of contextual awareness among managers and boards.

## Scenario 2: Cautious Stability

Geopolitical stability, slow and concentrated technological adoption

Geopolitical normalization has lowered risk premiums and reduced price shocks, but growth remains stagnant as technology fails to deliver expected economic impacts. Adoption of frontier technologies has been limited to a few sectors and industry leaders across the world and has not had a significant impact on wages and jobs.

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In this scenario, geopolitical stability and slow technology adoption have delivered a more predictable, albeit less dynamic, global order. The stabilization of US–China tensions and easing of major conflicts have lowered risk premiums and prevented further escalation of trade barriers, but have failed to revitalize the global economy. Slower technological adoption has eased strategic competition around technology and innovation between major blocs.

The adoption of frontier technologies such as generative AI, quantum computing and robotics has been limited to a few sectors and industry leaders globally, as most businesses have faced skills gaps, weak infrastructure and low business readiness. A limited payoff from broader AI commercialization has triggered an AI bubble burst that deflated AI stock valuations and dampened investor appetite by the end of the decade. Innovation has remained fragmented, with global R&D spending stagnating below $3 trillion annually.[5]

– **Macroeconomic conditions**: Global GDP growth is stagnant by historical terms, ranging around 2–3% and falling short of early-decade projections.[6] The promise of productivity gains and digital leapfrogging has failed to materialize at scale. Inflation has stabilized, but markets have been volatile as tech valuations have plummeted and capital expenditure (CapEx) investments have not yielded expected returns, weighing on corporate balance sheets.

– **Trade and investment**: Global trade and investment flows have returned to a positive growth trajectory following the disruptions of the mid-2020s, as supply chains are reorganizing around emerging geoeconomic faultlines. Flows of data and digital services, as well as exports

of breakthrough new products, grow at a slower rate. Advanced and emerging countries manufacturing medium-technology products experience a short economic revival, while others struggle to adapt to the reconfiguration of supply chains brought about by a new global trade landscape.

– **Labour markets**: Job displacement pressures have been lower than feared due to the lack of mass automation. However, labour markets remain bifurcated, with high-skilled, high-wage workers concentrated in a few global hubs that benefit from global economies of scale and technological adoption. Limited technology adoption has slowed the reallocation of the workforce towards more dynamic, innovation-intensive parts of the economy, leading to lower wage growth overall.

– **Energy outlook**: Greater geopolitical stability has eased volatility in energy and commodity markets, but the global energy system has failed to transform significantly. On one side, investments in new energy generation technologies – such as small modular reactors – have plateaued, together with the slowdown in the development of AI and data centres. On the other, the rollout of promising green technologies has also stalled, with the share of renewables staying below 50%.

– **Domestic policies**: As new geoeconomic blocs emerge, domestic political environments stabilize too. Societal frustrations around the lack of economic opportunities and persistent digital divides remain in most countries. As frontier technologies did not find widespread application in the economy, governments scale down their efforts towards their development and rollout.

**Business environment**: The global business environment has become more predictable, and barriers to trade have stabilized at levels above those of the early 2020s. Technology adoption has remained limited to a few superstar companies with lower-than-anticipated disruptions across most industries. Many businesses absorb the impact of CapEx investments in technologies that have not yielded expected returns and have limited space on their balance sheets. Governments decrease their engagement in the economy, leaving renewed space to private sector initiative in the hope of spurring faster economic growth.

## Scenario 3: Tech-based Survival

Geopolitical volatility, fast and widespread technological adoption

Widespread technology adoption and geopolitical volatility have created a world where technological opportunities are vast, but trust, coordination and stability are in short supply. Businesses use digitalization to offset the costs of geopolitical disruptions, creating both new opportunities and material risks.

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In this scenario, heightened geopolitical volatility, coupled with wider technology adoption within each competing geopolitical bloc, have created a fast-paced, high-risk and opportunity-rich environment for businesses. Companies adapt to a world where technological opportunities are vast, but decisions about which geographies to operate in are highly consequential. Trust, geoeconomic coordination and stability are in short supply.

Trade wars, resource competition, and escalating conflicts have deepened fragmentation by the late 2020s, with governments racing to protect strategic technologies and supply chains. Nonetheless, within countries and alliances, technology diffusion has accelerated – either supported by government policies, or finding its own path given lax and lagging regulation. Falling marginal costs and strategic technology sharing among close partners

have enabled wider technology adoption across a large portion of the economy.

Globally, the technology race has intensified, splitting the world into semi-integrated digital hubs with competing regulations, technology controls and inward-focused talent pipelines. Cybersecurity risks have become acute amid growing volatility and mistrust.

- **Macroeconomic conditions**: Global GDP growth is brittle. Technology-enabled dynamism has spurred economic activity, but the adversarial global order has stifled wider growth spillovers. Geopolitical volatility has also buoyed inflationary pressures and led governments to continue spending heavily – especially on defence and technology development – in turn deepening fiscal sustainability concerns.

- **Trade and investments**: Global trade and FDI flows have fragmented further, with trade and investment barriers growing deeper and broader compared to the mid-2020s and governments implementing additional measures to protect and incentivize domestic industries and technologies and ensure exclusive access to critical raw materials. Decision-makers have responded to uncertainty, tariffs and investment controls by retrenching within geopolitical and regional blocs, localizing and investing in modular and duplicative supply chains.

- **Labour markets**: The acceleration of technology adoption within countries and regional blocs has generated upheaval across labour markets. Businesses both large and small have prioritized automation to curb costs, with the share of business tasks performed by technology spiking above 22% as recorded in the mid-2020s.[7] Countries that managed to capture shifting value chains may face skills mismatches and the need to transition workers displaced by automation. International labour mobility remains constrained with growing unemployment and decreasing investments in developing countries.

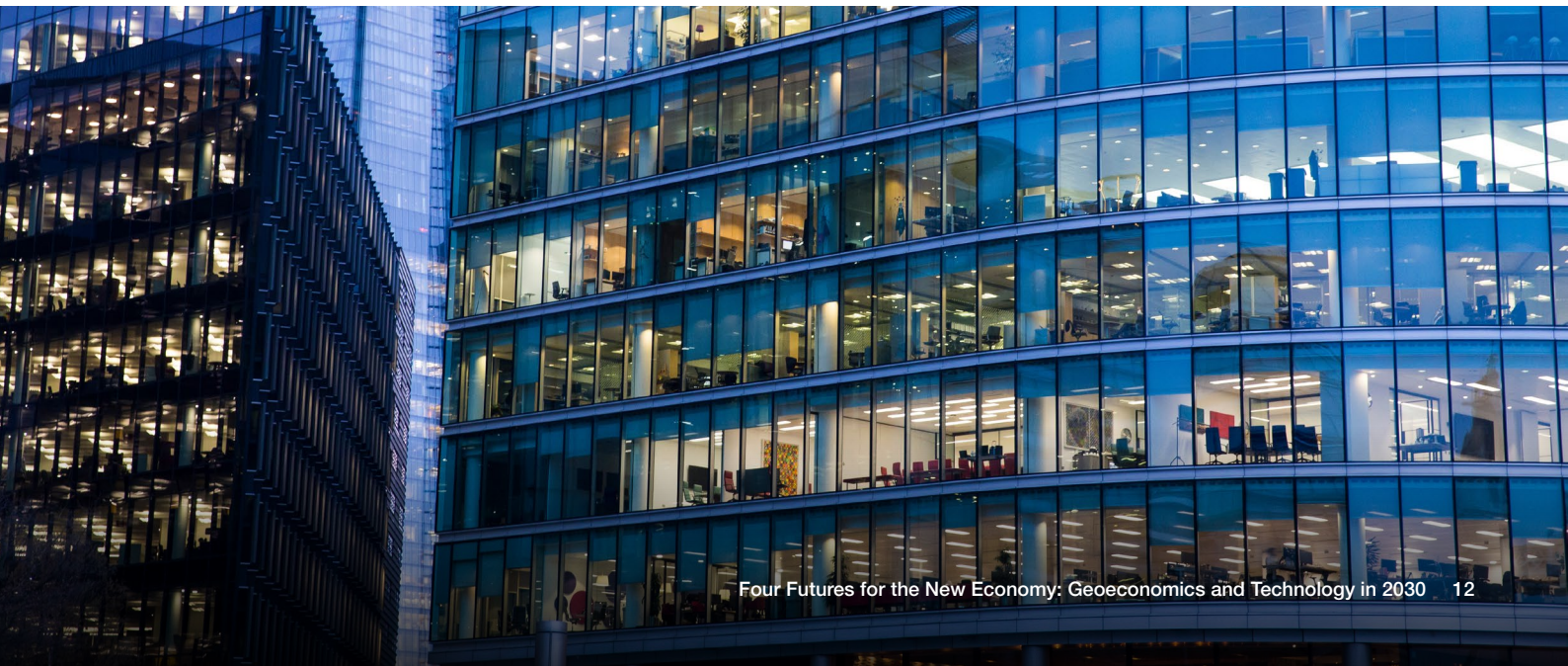
- **Energy outlook**: Energy prices have surged globally. Resource nationalism and security imperatives have pushed many governments to reduce energy dependency and weaponize access to critical raw materials. Wider access to green technologies within trading blocs was able to only partially offset the impact of rising electricity demand driven by AI deployment, contributing to price volatility and energy insecurity risks.

- **Domestic policies**: The pressures of geopolitical volatility and rapid technology diffusion – including the spread of mis- and disinformation – have amplified domestic divides, political tensions and radicalization of governments. Economies that have successfully invested in security, resilient digital and talent ecosystems, local markets and social safety nets are better positioned to cushion the impact of volatility and technological disruptions.

**Business environment**: Business strategies have become highly focused on security and resilience. Many have digitalized and reconfigured supply chains, data flows and production models to operate in an environment of constant disruption and geopolitical uncertainty.

Digitalization has allowed businesses to partially offset the costs of disruptions, particularly in asset-light sectors or those with strong potential to expand their services offering. However, this shift has not been evenly accessible, as large businesses with technical and financial capacities have surged ahead. In some countries, domestic businesses have benefited from localization of supply chains, but also face growing domestic competition.

Multinational companies have shifted to regionally adaptive operating models, while doubling down on scalable AI, virtual R&D labs and talent ecosystems. Firms with strong geopolitical functions, access to good digital infrastructure, agile governance and financial buffers have leveraged uncertainty to gain competitive advantage.



## Scenario 4: Geotech Spheres

Geopolitical volatility, slow and concentrated technological adoption

As geopolitical volatility continues to rise, countries have turned isolationist and are limiting trade to their closest allies, while fading technology hype creates room for disillusionment. Asset prices slump and growth rates stall or turn negative. Domestically, labour markets become less polarized as businesses look to reshore jobs and technology, but face significant talent shortages.

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In this scenario, geopolitical volatility and the strategic rivalry between the US and China have continued to escalate in the late 2020s, with repeated crises, proxy conflicts and cyber threats further fracturing global networks and the flows of goods, capital, knowledge, data and talent.

Governments have weaponized access to key technologies, focusing on military applications and dual-use tools with limited guardrails. Among citizens, trust in technology has eroded, with technology diffusion stalling not only between antagonistic blocs but also within countries.

Technological advancements have stayed concentrated at the frontier, failing to deliver significant economic benefits, while weak economic conditions and lack of access to know-how prevent many companies from investing in automation. Only a limited number of large companies have had the resources to invest in – and benefit from – AI and other leading-edge technologies; smaller companies worldwide have found themselves excluded.

- **Macroeconomic conditions**: Macroeconomic volatility has reached historic highs as security and geopolitical concerns have trumped economic priorities. The risk of recession has increased, and inflation has reached double digits. Fiscal pressures have spiked globally due to higher risk premiums and growing spending needs. This has pushed global public debt well above $102 trillion,[8] with debt servicing costs spiking across advanced and developing economies by 2030.

- **Trade and investment**: The value of global trade and FDI flows has dropped from the mid-2020s peak of $33.1 trillion[9] and $1.5 trillion,[10] respectively. The rest of the decade was characterized by a downward spiral of additional protectionist measures and discriminatory regulations implemented worldwide.

  Global supply chains have become shorter, more politized and rigid, as companies look for stability within geoeconomic blocs amid successive geopolitical crises. Yet, opportunities for cross-border investment dwindle as unstable alliances limit market opportunities and trust among partners.

- **Labour markets**: Localization of supply chains, heavy public investments in defence and slower-than-expected adoption of AI create tight labour markets. Talent mobility is increasingly restricted by national security concerns and the tightening of borders, exacerbating skills shortages. Some workers can enjoy increased bargaining power, leading to upward pressure on wages and lower polarization of salaries. Yet, workers' increased earnings are largely offset by higher inflation.

- **Energy outlook**: Energy markets experience significant volatility, as recurrent crises lead to frequent price spikes above $100 per barrel for Brent crude oil, negatively impacting most industries. Baseline prices have also increased as resource nationalism has intensified, with many governments weaponizing access to energy and critical commodities. Supply chokepoints, high costs and the uneven diffusion of clean technologies have deepened the energy transition divide.

– **Domestic policies**: International instability has fed into domestic polarization, with fears of open conflict leading to more radical and nationalistic governments in most countries. Increased spending on defence requires tough trade-offs with investment in health, education and other services, feeding into social grievances and ideological tensions.

  Domestic investments have created pockets of localized growth, in an overall context of stagnation. Strategic sectors – including manufacturing, mining and materials, defence, agriculture and pharmaceuticals – benefit disproportionately from talent and capital inflows, preferential regulatory environments, government protection and guarantees.

**Business environment**: The global business environment has been squeezed by further geopolitical fragmentation and a progressive militarization of the economy, with technology adoption limited to a few key sectors – including defence – and selected public support to industries of relevance to national security.

Larger businesses have been able to absorb higher costs and use market influence to adapt and gain from investments in proprietary technology and government support under national security and digital sovereignty policies. Smaller businesses have faced the pressure of external volatility and growing domestic competition, and, particularly those outside of strategic sectors, are increasingly constrained by eroding competitiveness, an inability to access capital, and widening technology and talent gaps.

# 3 Implications for businesses

## Understanding key risks and opportunities across the alternative scenarios is critical for designing strategies to prepare for – and shape – the future.

These four potential futures are designed to support dialogue anchored in structured foresight. The stylized narratives presented in Chapter 2 offer a framework for analysing and stress-testing how the critical interplay between geopolitics and technology may transform the global economy and the business environment. This is a crucial step in understanding how businesses can design strategies to prepare for and harness change.

Building on the analysis in previous chapters and a series of workshops and consultations with chief strategy officers and subject matter experts, this chapter explores key risks and opportunities associated with the four scenarios and the assumptions underpinning them, as well as strategy considerations that may help businesses position themselves within these futures.

| Scenario 1: Digitalized Order | |
|---|---|
| Top risks | – Technology- and innovation-driven displacement across industries and geographies<br>– Strategic complacency and underinvestment in resilience amid geopolitical calm and technology-driven growth<br>– Overvaluation of AI-related stocks and digital assets, technology investments race<br>– Job displacement, growing talent mismatch and shortages |
| Top opportunities | – AI-enabled competitiveness and productivity growth, and technological leapfrogging<br>– Growth of platform business models, digital services hubs and hyper-personalized products<br>– Global interoperability of regulations and standards lowers risk premiums and transaction costs |
| Strategy considerations | – Develop strategic openness and global strategies to leverage cross-border arbitrage, strengthen competitiveness and access new markets<br>– Invest in scaling frontier innovation and development of digital-first strategies<br>– Anticipate and adapt to the societal and economic implications of the rapid AI adoption, including investments in reskilling and upskilling of workers, development of infrastructure and governance |

## Scenario 2: Cautious Stability

| | |
|---|---|
| **Top risks** | – Growing inequality between businesses and countries at the technological frontier and laggards<br>– Weak business dynamism, stagnant productivity and limited growth scale back investment flows and consumer confidence<br>– Decline of returns on CapEx investments in AI, capital misallocation and poor R&D prioritization |
| **Top opportunities** | – Close structural gaps through incremental and localized innovation and technology adoption<br>– Supply chain and innovation ecosystem shifts towards emerging economies and dynamic markets<br>– Regulatory stability and harmonization of standards and data frameworks |
| **Strategy considerations** | – Maintain core investment strategies and explore additional opportunities in developing economies or priority markets<br>– Strengthen internal R&D and innovation ecosystem, not just technology adoption<br>– Invest in strategic mergers and acquisitions (M&A), partnerships and value chains integration<br>– Strengthen energy and infrastructure resilience |

## Scenario 3: Tech-based Survival

| | |
|---|---|
| **Top risks** | – Emergence of single jurisdiction chokepoints, strategic resource constraints and new zones of confrontation and influence<br>– Hardwired cyberwarfare and technology misuse across industries and geographies<br>– Heightened cost of capital, talent shortages and reputational exposure to misinformation<br>– Politicized business environment and consumption choices, operational lock-in and dependency on strategic allies |
| **Top opportunities** | – Multi-sourcing and alliances for co-production and risks sharing<br>– Substitution effects strengthen local and regional champions<br>– Onshoring, re-shoring and nearshoring market openings from the geoeconomic restructuring of the global value chains<br>– Technology-enabled risks management, predictive analytics and supply chain intelligence<br>– Crisis-driven acceleration of innovation |
| **Strategy considerations** | – Strengthen industry cooperation and alignment of priorities with government strategy<br>– Develop regional ecosystems and localization strategies<br>– Invest in supply chain modularity, financial agility and multi-bloc regulatory compliance<br>– Invest in complementary skillsets, cross-functional qualifications and local talent development |

## Scenario 4: Geotech Spheres

| | |
|---|---|
| **Top risks** | – Escalation of conflicts and weaponization of access to key technologies and supply chains<br>– Emergence of innovation deserts across industries and geographies with limited access to technology<br>– Entrenched macroeconomic volatility, high cost of capital, investor and consumer pessimism<br>– Rising talent protectionism and weak talent pipelines<br>– Government interventionism distorts markets and crowds out private investments |
| **Top opportunities** | – Protectionist policies and government subsidies drive growth in strategic, government-backed sectors<br>– Strategic agility and operational base within non-aligned economies that maintain collaborative trade and investment relationships with a wide range of countries<br>– Incremental innovation around production, substitution, circularity and efficient use of critical commodities |
| **Strategy considerations** | – Refocus on core corporate strengths, cut non-core activities and nearshore key value chains<br>– Align strategy with national security and policy priorities<br>– Strengthen partnerships with companies across different jurisdictions to reduce dependency on any single market<br>– Invest in regional and domestic talent ecosystem, strengthen attractiveness and retention of talent |

# 4 How businesses can prepare today for any scenario

## The future of the global economy will be shaped by the decisions made today.

The four scenarios presented in this report are not predetermined trajectories. They set out stylized storylines for a complex outlook shaped by the decisions made today. As uncertainty continues to cloud the global economic landscape, informed, anticipatory and agile approaches can help businesses not only adapt to these futures, but shape them too.

Drawing on a series of workshops and consultations with chief strategy officers and experts, the following strategies have emerged as potential "no-regret" moves that could help businesses prepare today for any scenario.

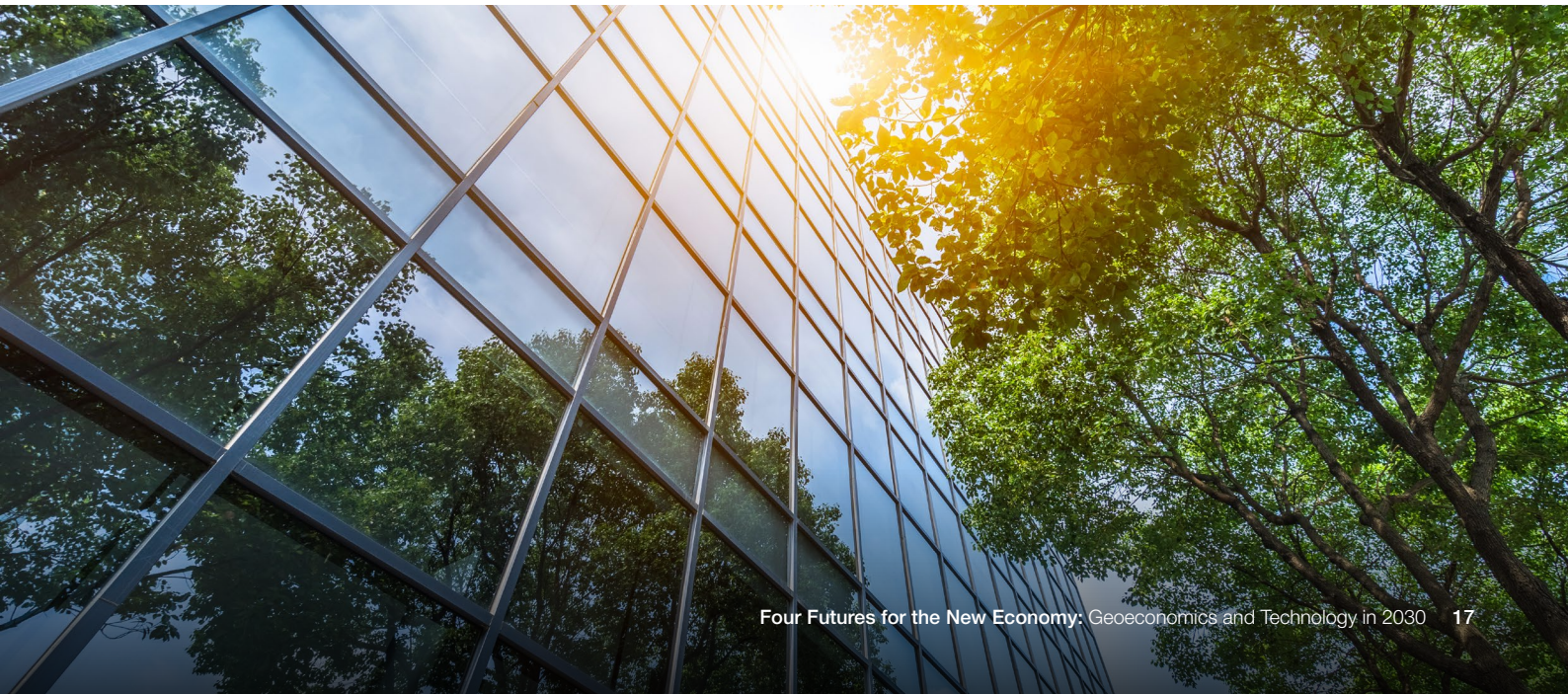
These strategy considerations do not represent an exhaustive action plan. Instead, they outline key areas of focus that can help businesses mitigate risks, capture new opportunities and harness the potential trajectories of geopolitical and technology trends regardless of which future emerges.

**Strengthen core operations.** A strong and stable baseline provides financial and operational bandwidth to invest, adapt and respond to shocks amid heightened volatility. In practice, this means focusing on core operations and long-term priorities, streamlining cost structures and workflows, and improving financial health and risk management.

**Develop geopolitical function and intelligence.** Geopolitical strategy has become a core business competency. Businesses that develop a dedicated function to analyse geopolitical risks, supply chain exposure, regulatory fragmentation and market access constraints are better positioned to decipher and adjust to shifting geopolitical faultlines.

**Strengthen foresight- and data-driven decision-making.** The use of foresight tools and scenario planning can help anticipate change and seize emerging opportunities. Establish a foresight function with a related data infrastructure and agile governance, and harness big data, predictive analytics and real-time feedback loops to interpret early signals and enable iterative and forward-looking strategy design.

**Invest in supply chain resilience and agility.** Balanced supply chain localization and diversification strategies, omnishoring and nearshoring of critical supply chains to limit key dependencies and mitigate supply chain disruptions across the alternative futures. Investing in real-time monitoring, digital twins and AI-enabled optimization can help increase efficiency and build modular, agile and resilient supply chain strategies.



**Invest in adopting and scaling emerging technologies.** Scaling and disseminating frontier technologies – such as AI, autonomous systems and robotics – can unlock growth and competitiveness, but also new risks. Develop technological leadership and innovation sandboxes, align technology investments with operational priorities and invest in technology governance to keep up with – and shape – the frontier of AI and technological advancement.

**Strengthen critical infrastructure.** Businesses that invest in efficient, reliable and scalable infrastructure – both physical and digital – are better positioned to weather shocks and adapt. This includes integrating infrastructure monitoring and upgrades into core strategy, investing in cybersecurity and resilience in critical areas such as data, transport and energy.

**Develop agile capital allocation models.** In a world of heightened volatility and velocity, dynamic capital allocation allows businesses to balance short- and long-term priorities and quickly shift resources as business needs evolve. Develop dynamic financial planning and portfolio management strategies, build capital reserves and mechanisms for fast reallocation of resources across projects, functions and markets.

**Align technology and human capital development.** Technology and talent strategies must go hand in hand. Engaging workers in innovation and automation processes, and investing in workforce upskilling, reskilling and mobility is critical to address talent gaps, ensure that technology adoption primarily augments workers and build trust. This can help unlock the productivity potential of the emerging technologies.

**Deepen strategic partnerships and alliances.** Partnerships enable scale, risk-sharing and access to new opportunities. Deepen strategic alliances, strengthen public-private collaboration and develop partnerships with peers within and across industries to share best practices, draw on external expertise and collaborate on shared challenges and frameworks.

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We are grateful to our colleagues in the Centre for the New Economy and Society, Global Industries Team and Strategic Intelligence team who have provided invaluable insights and support over the course of this project. At the Centre for the New Economy and Society: Aengus Collins, Sriram Gutta, Amalya Khachatryan, Till Leopold and Eoin Ó Cathasaigh. At the Global Industries Team: Andre Belelieu, Stefan Koch, Maciej Kolaczkowski, Witold Kopytynski, Isidora Kosta, Elli Pipic, Giacomo Ruscelloni, Margi Van Gogh, Renée Van Heusden. At Strategic Intelligence: Bryonie Guthrie.

# Acknowledgements

The authors would like to express their gratitude and appreciation to the organizations – from a wide range of geographies and industries – experts and members of the World Economic Forum's Chief Strategy Officers Community that generously contributed their thought leadership and perspectives through a set of workshops and consultations. The paper does not necessarily reflect the views of these individuals and/or their organizations. The opinions are purely consultative in nature and do not imply any association with the takeaways or conclusions presented within this report.

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