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WORLD ECONOMIC FORUM

Global Economic Futures:
Competitiveness in 2030

WHITE PAPER

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Contents

Foreword

Aengus Collins
Head, Economic Growth and Transformation, World Economic Forum

Kathleen O'Reilly
Senior Managing Director, Accenture

The global economy remains in flux, with uncertainty reaching unprecedented heights. Growth prospects are uneven, policy constraints are hardening and geopolitical tensions are increasingly shaping economic activity. In this evolving context, competitiveness – the ability of countries and firms to adapt, thrive and deliver prosperity – has become more contested and consequential.

This second edition of the Global Economic Futures series explores the future of competitiveness through the interaction of geopolitics and regulation – two drivers reshaping the environment for countries and businesses alike. Flows of goods, services, finance, data and talent are being reconfigured, prompting a reassessment of long-standing assumptions about openness, resilience and value creation.

The report uses scenario analysis to explore diverging trajectories for the global economy. It presents four distinct scenarios for 2030 based on varying degrees of geopolitical division and regulatory stringency. It also offers a data-driven view of how 12 key sectors may fare across these futures.

The aim is not to predict the future but to equip decision-makers with tools for navigating uncertainty. The report encourages leaders to look beyond short-term disruptions and consider how today's decisions can shape the future of competitiveness.

We hope this edition will support public- and private-sector leaders as they confront a world in which decisions must be made amid an increasingly fractured and fast-moving global system.

Executive summary

The future of competitiveness depends not just on economic fundamentals but on the ability to navigate an increasingly complex and fractured international landscape.

The global economic landscape is fraught with uncertainty. Geopolitical rifts are widening, and policy-makers face mounting trade-offs between competing national and global priorities at a time of tightening fiscal space and a structural slowdown in productivity.

In this context, competitiveness has returned to the top of the agenda, with countries and regions pushing for accelerated innovation, reform, re-skilling and investment to revive faster growth and bolster resilience.

Key trends shaping future competitiveness

While there are many drivers that will help shape the future of competitiveness, rapid developments in geopolitics, business regulations, technology and talent are set to play a particularly important role.

Competitiveness has long been linked to global integration. The compounding crises of recent years have altered this equation, with strategic agility and resilience becoming as crucial as openness and efficiency. Geopolitical strategy has become a key business competency, and about one-third of employers globally expect geopolitical division and conflict to be a key driver of business transformation by 2030.[1]

Regulations will be a critical factor in mitigating or exacerbating emerging geopolitical, economic, societal and technological risks that threaten to derail competitiveness. While “smart regulations” can be transformative, excessive tightening of regulations can be a major chokepoint for growth, innovation and resilience.

How governments strike a balance between openness and protectionism, and how they balance shielding the public interest and accelerating business dynamism, will be defining factors for the future of competitiveness.

Four scenarios for competitiveness in 2030

Scenario analysis offers a lens to help decision-makers understand and anticipate trends, stress-test strategic assumptions and spur strategies for mitigating risks and maximizing opportunities across alternative futures. The analysis in this paper approaches competitiveness by zeroing in on two high-uncertainty and high-impact drivers – geopolitical volatility and stringency of business regulations. Their interaction results in the following four futures:

1. **Fortress Economics**: A world of protectionist competition shaped by stringent regulations and geopolitical instability. The global economy is increasingly shaped by strategic insulation, uncertain alliances and the weaponization of resources, rules and policy tools.

2. **Negotiated Order**: Geopolitical stability and stronger regulatory oversight create a more predictable business environment. Competitiveness is less restricted by strategic alliances and is increasingly shaped by the ability to navigate and shape regulations, cross-border regulatory arbitrage and long-term investments and strategies.

3. **Survival of the Fastest**: Looser regulations and geopolitical instability create a volatile, opportunistic and high-stakes environment. Lack of institutional safeguards, intensification of strategic competition, fractured markets and compliance gaps drive a “race to the bottom”.

4. **Fluid Order**: Geopolitical stability and reduced regulatory barriers enable rapid innovation, economic dynamism and open competition, halting the growth slowdown of recent decades. Lower safeguards and uneven distribution of benefits, however, eventually erode prosperity and convergence.

Industry exposure and implications

Given the uncertainty surrounding both near- and long-term regulatory and geopolitical trends, sector-level implications for strategy could be particularly consequential in the coming years. Drawing on analysis of selected enabling and constraining factors across 12 sectors, the results reveal differing patterns of headwinds and tailwinds across the scenarios.

Strategies for the future

Building on the scenario analysis and drawing on consultations with senior industry executives, the paper offers a series of high-level strategic recommendations designed to help businesses and governments mitigate risks, strengthen competitiveness and navigate the interplay of regulatory and geopolitical trends across scenarios.

- Strengthen core capabilities
- Develop geopolitical muscle and invest in strategic agility
- Improve compliance efficiency
- Build foresight and anticipatory capacity
- Balance strategic localization and diversification
- Balance short- and long-term focus
- Strengthen strategic partnerships

1 Introduction: Understanding competitiveness

Competitiveness is not an end in itself, but a means of achieving meaningful improvements in prosperity and living standards.

1.1 The competitiveness challenge

The compounding costs of climate vulnerabilities, fast-changing technologies and intensifying national security concerns are set to further reshape the economic landscape in coming years.

The global economic landscape has been hit by uncertainty and headwinds of historic proportions. The sweeping trade policy changes announced by the US in early 2025[2] have destabilized the global economy, and already-tepid growth is now projected to weaken further.[3] Meanwhile, geopolitical rifts have deepened and international networks are fraying, with global trade growth expected to slow this year.[4]

This turbulence comes at a time when policy-makers are grappling with increasing trade-offs between competing national and global priorities, tightening fiscal space and a structural slowdown in productivity. The compounding costs of climate vulnerabilities, fast-changing technologies and intensifying national security concerns are set to reshape the economic landscape further in coming years.

In this context, competitiveness has returned to the top of the agenda. In the broadest terms, competitiveness can be understood as a combination of a country's enabling economic environment and businesses' capacity to harness this environment to innovate and grow. At the country level, it encompasses institutions, policies and factors that determine productivity levels – from macroeconomic stability to infrastructure, human capital and governance.[5] At the firm level, it is a crucial precondition for success in global and domestic markets.

While competitiveness has often been seen largely through the lens of cost-efficiency,[6] the concept has evolved. Truly competitive economies and businesses today innovate, attract investments, develop talent, diversify economic activity, manage climate risks and remain efficient under strain. Initiatives like the EU Competitiveness Compass[7] are gaining momentum as countries and regions push for accelerated innovation, reform, reskilling and investment to revive faster growth and bolster resilience.

Competitiveness is not an end in itself, but a means of boosting profitability at the firm level and achieving meaningful improvements in prosperity and living standards at the country level. The World Economic Forum spent many years tracking competitiveness worldwide, and this research highlights this link, demonstrating a strong correlation between countries' recent competitiveness performance and their current living standards (see Figure 1).

FIGURE 1 | **Competitiveness and prosperity**

Source: World Economic Forum. (2019). *Global Competitiveness Report 2019*; International Monetary Fund. (2024). *World Economic Outlook*.

Economies that support experimentation, risk taking and firm-level turnover tend to outperform those characterized by rigidity and concentration.

Global patterns of competitiveness

While there is no single pathway to competitiveness, the evidence points to the importance of strong macroeconomic fundamentals, long-term policy vision, investments in people and thriving business ecosystems.[8] While there are undeniable engines of innovation and growth – such as technology – competitiveness is ultimately about the diffusion of innovation and opportunities throughout the economy. When a broad base of businesses has access to capital, skills and markets, the whole economy benefits from spillovers in the form of job creation, innovation, trade, higher quality of goods and services and investments in people.

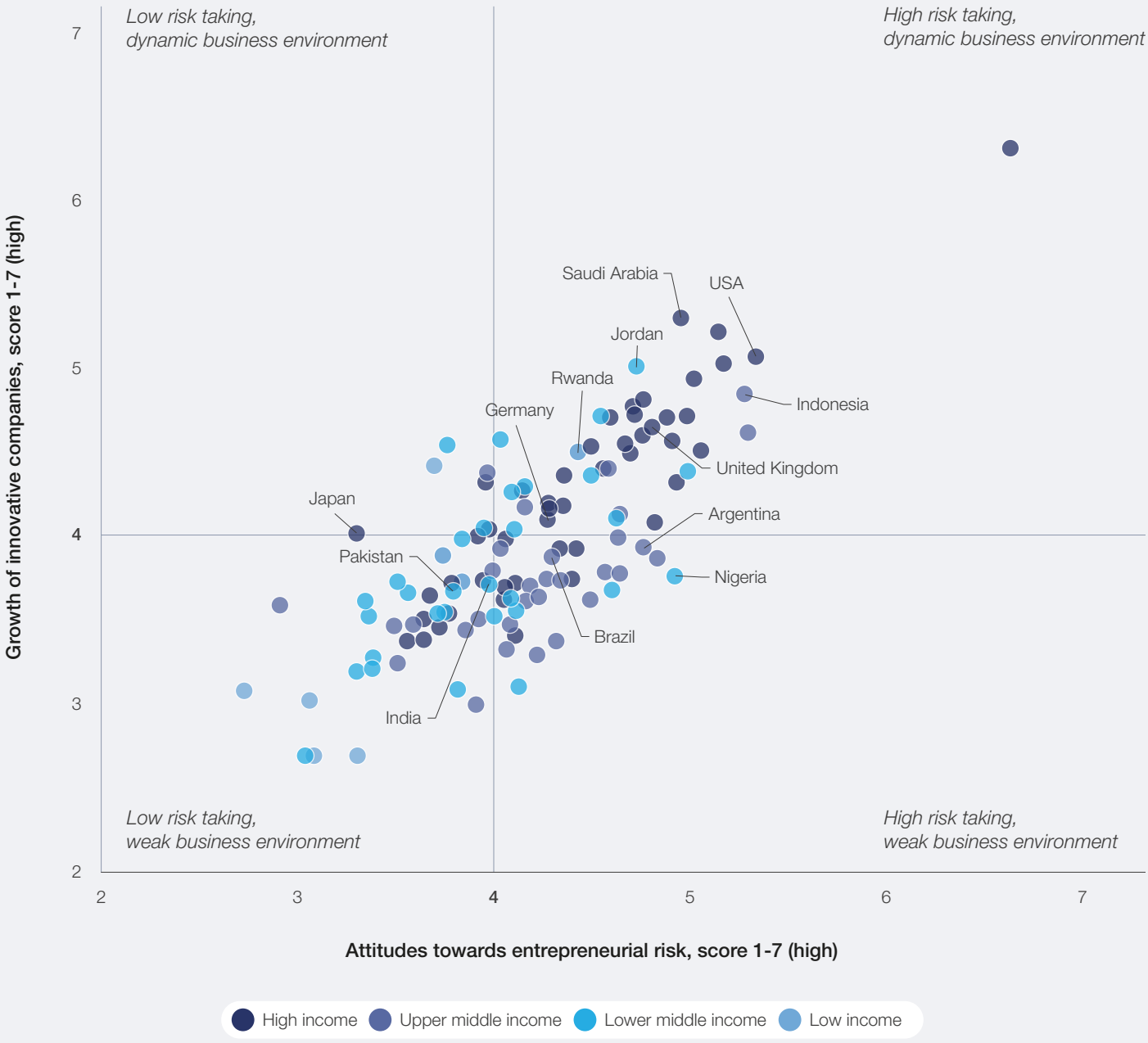
Global patterns of competitiveness are evolving rapidly. While high-income and digitally mature economies – like the US and South Korea – have long benefited from sophisticated innovation and financial/institutional ecosystems, their competitive edge is no longer unchallenged. Many developing economies, particularly in Asia, have moved rapidly up the global value chain by investing in diversification, talent, infrastructure and technology diffusion.[9] Since 2010, productivity growth in these Asian economies has been more than twice as fast than in the rest of the world.[10]

Business dynamism is one of the key differentiators for these competitiveness patterns. Whether in advanced technology clusters, emerging manufacturing hubs or service-driven markets, economies that support experimentation, risk taking and firm-level turnover tend to outperform those characterized by rigidity and concentration.[11]

According to the World Economic Forum's latest survey of global executives, many lower-income economies exhibit a strong culture of entrepreneurial risk taking (see Figure 2). Yet, these economies frequently face structural constraints that restrict the ability of firms to compete and grow. A divide is evident among high-income and upper-middle-income economies – while some countries sustain vibrant innovation ecosystems and entrepreneurial risk taking, many suffer from weaker dynamism.

Firm-level indicators underscore the unevenness of business dynamism globally. Despite a post-COVID-19 pandemic surge in new business applications – including a record 5.5 million in the US[12] – the average share of newly created companies in high-income economies has remained flat at around 9% since the 2008 global financial crisis. By contrast, the share in low-income economies rose sharply in 2022, reaching nearly 25%, a jump of 10 percentage points from 2010.[13]

FIGURE 2 | **Entrepreneurial risk taking and enabling business environment**



Notes: Based on the answers to the following questions: In your country, to what extent do new companies with innovative ideas grow rapidly and can disrupt established firms in their markets? [1 = Not at all; 7 = To a great extent]; In your country, to what extent is there a culture of taking risks to pursue entrepreneurial projects? [1 = Not at all; 7 = To a great extent].

Source: World Economic Forum. Executive Opinion Survey 2024.

1.2 Key drivers of future competitiveness

If competitiveness in 2025 has been shaped by recent crises and challenges, its future will be determined by how economies and businesses respond to new trends and drivers that will test and reshape what it means to be competitive.

While there are many such drivers, including infrastructure, technology, skills, labour markets, finance, demographics, regulations and geopolitics, the remainder of this section looks closely at the most rapidly evolving drivers in the current context: geopolitics, business regulations, technology and talent.

> Strategic agility and resilience are now as critical as openness and efficiency.

Geopolitics

For decades, competitiveness was closely linked to global openness and integration. However, the compounding crises of recent years have altered this equation. Strategic agility and resilience are now as critical as openness and efficiency.

Geopolitical fragmentation has already begun to reshape global flows and strategies. Even before the latest wave of trade disruptions, governments and businesses were testing their geopolitical muscle as they adapted to a world of diverging rules, rival blocs and growing cross-border frictions. Fragmentation is expected to further accelerate by the end of 2025,[14] and about one-third of employers globally expect geopolitical division and conflict to be a key driver of business transformation by 2030.[15]

A key manifestation of this shift has been a surge in discriminatory industrial and trade policy measures. Since 2022, governments have increasingly deployed tariffs, subsidies, export controls and restrictions on technology transfer to advance geopolitical goals. Nearly 80% of the 5,716 policy measures recorded in this period were discriminatory,[16] tilting the global economy towards fragmentation rather than cooperation.

This growing geoeconomic assertiveness has contributed to a historically broad-based spike in economic uncertainty.[17] The Global Trade Uncertainty Index hit a peak on 10 April (more than 300% above its position at the start of the year).[18] The International Monetary Fund (IMF) estimates that such a rise in uncertainty could increase public debt burdens by as much as 4.5% of gross domestic product (GDP), constraining fiscal space as governments face growing demand for investment in security, infrastructure and climate resilience.[19]

In this volatile landscape, both businesses and policy-makers may be incentivized to prioritize short-term defensive measures. There is a risk of investment being reduced or delayed, resilience being eroded, innovation being delayed and supply chains being disrupted.[20] These dynamics could undermine long-term competitiveness by crowding out forward-looking strategies and reducing the capacity to absorb shocks.

Geopolitical strategy is now a core business competency. Companies that actively prepare for geopolitical risk (e.g. through supply chain diversification or investment and operational decisions) will be better positioned to navigate uncertainty and seize competitive opportunities.

While the direction of future geopolitical developments remains deeply uncertain, it is already clear that competitiveness in this new era will depend not just on economic fundamentals but on the capacity to navigate an increasingly fractured international landscape.

Business regulations

The regulatory environment is a key structural component of competitiveness. It encompasses the laws, rules and procedures that define how businesses operate and how resources are allocated – spanning areas from business formation to labour and sustainability standards, competition rules, financial oversight, and trade and industrial policy. Well-designed regulations can mitigate market failure, encourage investments, unlock innovation and steer societal progress.[21] When regulation is excessive or poorly designed, however, it can raise the cost of doing business, distort market dynamics and stifle innovation.[22]

Evidence from past regulatory regimes shows that burdensome, anti-competitive regulation can impede long-term growth and prosperity.[23] However, these effects are not irreversible. One estimate suggests that removing regulatory barriers can boost labour productivity by nearly 1.3% across developing economies.[24]

The level of regulatory complexity varies globally. According to the latest World Economic Forum survey of global executives in 2024, compliance is perceived to be easier in Northern America, Oceania and South-eastern Asia, while executives in Latin America and the Caribbean, Southern Asia and Europe report more complexity (see Figure 3). Encouragingly, the overall trend is broadly positive – perceptions of regulatory complexity have improved in 91 out of 115 economies since 2018.[25]

FIGURE 3 | **Regulatory environment**

Notes: Based on the answers to the following question: In your country, how easy is it for companies to comply with government regulation and administrative requirements (e.g. permits, reporting, legislation)? [1 = Overly-complex; 7 = Extremely easy].

Source: World Economic Forum. Executive Opinion Survey 2024.

Nearly half of executives globally say industrial policy is now essential for countries to remain competitive in the industries of the future.

In recent years, regulation has increasingly been used as a tool for geopolitical and industrial strategy. The intensification of technological competition and the race to secure critical supply chains have sparked a wave of new industrial policies. Major initiatives – such as the US' Inflation Reduction Act (IRA)[26] and CHIPS and Science Act,[27] the EU's Green Deal Industrial Plan[28] and India's National Manufacturing Mission[29] – reflect a regulatory shift towards a more active government role in promoting national champions and shaping strategic industries like energy and semiconductors.

Nearly half of executives globally say industrial policy is now essential for countries to remain competitive in the industries of the future, and 42% highlight its role in generating good jobs.[30] Concerns persist, however. Many warn of distortions – such as benefits going to owners and politically connected firms rather than to local communities. Meanwhile, a minority believe that industrial policy is likely to crowd out private investment and increase financial risks in the coming years.[31]

As the COVID-19 pandemic and other recent disruptions have shown, boosting domestic resilience can be a prudent objective. However, it is crucial to ensure that regulation doesn't become a source of rigidity or over-insulation. For example, while the final scale and impact of trade policy turmoil in early 2025 remains unclear, evidence shows that tariffs often lead to lost productivity and innovation, misallocated resources, increased market concentration and rent-seeking behaviour.[32] In the years ahead, how governments strike a balance between openness and control will be a defining factor for global competitiveness.

> A large workforce only becomes a competitive asset when it is skilled, dynamic and resilient.

Technology and talent

Technology and innovation are among the most relentless drivers of competitiveness. The efficacy with which countries and industries harness fast-changing technologies – such as artificial intelligence (AI), robotics, internet of things (IoT) and blockchain – will play a major role in determining their competitive edge over the coming years.

The most competitive economies tend to host the world's top research ecosystems, generate the most patents and cultivate vibrant innovation hubs.[33] It is not just invention that matters, however – diffusion is critical too. The global innovation frontier is broadening, and its geography is shifting. Asia now accounts for nearly half of global research and development (R&D) spending (up from 25% in 2000).[34] Yet overall, innovation remains highly concentrated. Despite having nearly tripled between the 2000s and 2023 to reach $2.75 trillion, more than 80% of global R&D spending still comes from just 10 economies.[35]

Diffusion gaps within countries can also exert a significant drag on competitiveness. Even in top innovators, many small businesses lag in adoption of advanced technologies.[36] The OECD (Organisation for Economic Co-operation and Development) estimates that bridging these gaps in technology and knowledge diffusion between frontier and laggard firms could add nearly 6% to aggregate labour productivity.[37] The World Economic Forum's Future of Jobs Survey likewise finds that 60% of employers expect wider digital access to be a leading driver of business transformation by 2030.[38]

However, the competitiveness payoff from technology is not automatic. Talent and infrastructure are essential for translating innovation potential into real business impact. With nearly 40% of skills expected to be transformed or obsolete by 2030,[39] the ability to attract, retain and nurture talent who can develop and apply new technologies creatively will be critical, both at the firm level and for economies as a whole.

Demographic trends and the growing restrictiveness of migration policies will exacerbate this challenge. While advanced economies grapple with ageing populations and shrinking workforces, many developing economies could benefit from a demographic dividend. However, a larger workforce only becomes a competitive asset when it is skilled, dynamic and resilient. In many middle-income economies, under-investment in the accessibility and quality of education has held back development.[40] If left unaddressed, these human capital gaps will constrain future competitiveness.

2 Scenarios

The aim of these scenarios is not to predict the future but to provide a framework for analysing and stress-testing risks and strategic assumptions.

2.1 Framework

The scenarios presented in this chapter are designed to help decision-makers understand and anticipate the trends, vulnerabilities and opportunities associated with a range of alternative futures.

Current levels of uncertainty, complexity and volatility in the global economy represent a challenge for traditional analytics and forecasting methods. In an environment like this, foresight methods stand out as a way of improving decision-making. The scenarios presented in this chapter are designed to help decision-makers understand and anticipate the trends, vulnerabilities and opportunities associated with a range of alternative futures.

The four exploratory scenarios show how possible futures for competitiveness – and the assumptions underpinning them – might play out across economies and sectors. The purpose is not to predict the future or eliminate uncertainty but to provide a framework for analysis and stress-testing of strategic assumptions and to spur strategies that will help leaders prepare for and harness change.

The framework used to design the scenarios starts with identifying key trends and drivers shaping the future of competitiveness (see Chapter 1) and zeroing in on the interaction of two particularly high-uncertainty and high-impact drivers – geopolitics and business regulation. More specifically, the scenarios approach competitiveness through the lens of potential increases or decreases in geopolitical volatility and regulatory stringency.

Geopolitical volatility: Geopolitical factors have long reshaped global competition – for example, by restructuring trade and investment flows and redefining international partnerships and policy priorities. In the current context, accelerating fragmentation and renewed strategic rivalries make these dynamics particularly consequential. Key questions that will shape the future geopolitical environment include:

- Will major geopolitical flashpoints escalate, and what role will businesses play in shaping geopolitical fault lines?
- How will countries balance strategic security with economic openness and cooperation?
- Will multilateral institutions preserve their role in cooperation on global challenges at a time of heightened economic and political competition?
- How will other global developments – including technology, social polarization, misinformation and disinformation, climate change and resource access – affect global cooperation and competition?

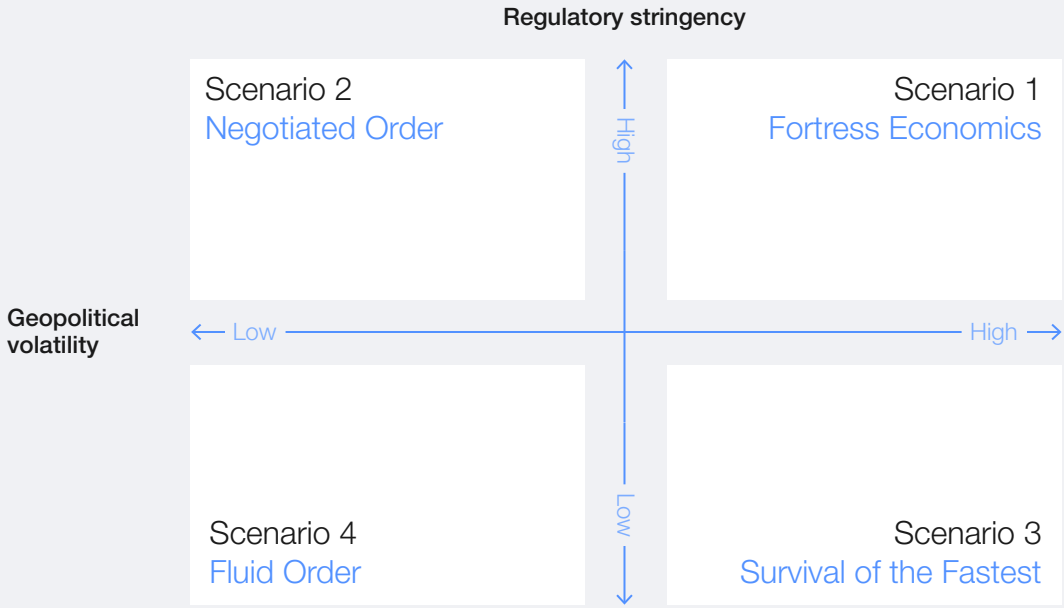
Regulatory stringency: Business regulation is a key structural determinant of efficiency and competitiveness. While "smart regulations" can be transformative, excessive tightening of regulations can be a major chokepoint for growth, innovation and economic activity. The outlook remains uncertain, shaped by a complex dynamic between governments looking to play a more proactive role in the economy and rising deregulatory rhetoric in major economies. Key questions that will shape the future business regulatory environment include:

- Will regulatory frameworks enable or stifle innovation, growth and investments?
- How will consumer sentiment and corporate responsibility influence regulatory landscape and priorities?
- How will governments balance the need for competitiveness with the urgency of progress on environmental and social challenges?
- Will national and global regulations adapt to emerging trends (e.g. AI, crypto, quantum, biotechnology, demographic, etc.), and how quickly?

The interaction of these two drivers generates the following four scenarios for the future of competitiveness in 2030 (see Figure 4).

- **Fortress Economics**: A world of protectionist competition shaped by stringent regulations and geopolitical instability. The global economy is increasingly shaped by strategic insulation, uncertain alliances and the weaponization of resources, rules and policy tools.
- **Negotiated Order**: Geopolitical stability and stronger regulatory oversight create a more predictable business environment. Competitiveness is less restricted by strategic alliances and is increasingly shaped by the ability to navigate and shape regulations, cross-border regulatory arbitrage and long-term investments and strategies.
- **Survival of the Fastest**: Looser regulations and geopolitical instability create a volatile, opportunistic and high-stakes environment. Lack of institutional safeguards, intensification of strategic competition, fractured markets and compliance gaps drive a "race to the bottom".
- **Fluid Order**: Geopolitical stability and reduced regulatory barriers enable rapid innovation, economic dynamism and open competition, halting the growth slowdown of recent decades. Lower safeguards and uneven distribution of benefits, however, eventually erode prosperity and convergence.

FIGURE 4 **Four scenarios for the future of competitiveness in 2030**



Source: World Economic Forum and Accenture.

2.2 Four futures for competitiveness in 2030

Scenario 1: Fortress Economics

High regulatory stringency and high geopolitical volatility

A world of protectionist competition shaped by stringent regulations and geopolitical instability. The global economy is increasingly shaped by strategic insulation, uncertain alliances and the weaponization of resources, rules and policy tools.

GDP growth, % annual
Baseline: 2.8%
(IMF, 2025)

Total factor productivity, % annual
Baseline: 0.7%
(The Conference Board, 2024)

Share of new companies, % of total companies
Baseline: 9%
(World Bank, 2022)

Ratio of discriminatory to liberalizing trade measures
Baseline: 2.9
(Global Trade Alert, 2025)

Compliance spending, $ annual
Baseline: $270 billion
(Accenture, 2020)

Average distance of trade flows, km
Baseline: 4,980 km
(DHL, 2024)

Share of foreign workers, % of total workforce
Baseline: 6.9%
(ILO, 2024 or latest available)

Number of patent applications, annual
Baseline: 3.5 million
(WIPO, 2023)

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, regulatory overload and geopolitical volatility have created a fragmented and adversarial global order. Trust in global cooperation has declined, and the global economy is shaped by strategic insulation, uncertain alliances and the weaponization of resources, rules and policy tools. Competitiveness is increasingly driven by resilience, regulatory adaptability and strategic alignment with geopolitical blocs.

By 2030, productivity and prosperity gains have eroded, and the global economy is on the brink of recession. Price shocks, supply shortages and uncertainty are common, with global rivalries leading to increased fiscal pressures and halting the diffusion of innovation, knowledge and talent.

Global integration efforts have retreated since the mid-2020s, with conflicts, strategic rivalries and geopolitical tensions flaring. A spiral of retaliatory trade restrictions that started in 2025 has escalated into a prolonged trade war. The prospects for geopolitical normalization have faltered, and the value of global trade and foreign direct investment (FDI) flows has retreated from the mid-2020s peak of $33 trillion[41] and $1.4 trillion,[42] respectively.

Stronger ties within geopolitical blocs have cushioned the impact of fragmentation. Yet, global value chains have undergone a systemic transformation following a period of cascading retaliatory measures and emerging geopolitical flashpoints, and a prolonged splintering of digital, financial, regulatory and business environments. The majority of jobs and supply chains have been reshored or friend-shored. Financial flows between blocs have almost entirely tapered off by the end of the decade, and even flows within blocs have become heavily restricted.

The erosion of trust and shared norms has led to the emergence of competing systems of values and rules, fuelling new conflicts and pulling blocs further apart.

Governments have turned inward to shield themselves from uncertainty, systemic shocks and growing security threats. Protectionist policies – such as industrial subsidies, market access restrictions and data sovereignty provisions – have become common tools to tilt market dynamics, strengthen and shield domestic economies and shape coercive geoeconomic diplomacy. The scope and stringency of business regulations have increased dramatically, with global compliance spending having risen above $270 billion[43] since the mid-2020s.

The operating environment for businesses has been squeezed by growing geopolitical and regulatory constraints. Corporate insolvencies have nearly doubled compared to mid-2020s levels.[44] Many firms have been forced to prioritize among markets pursuing hyper-localized supply chains or aligning operations with geopolitical blocs. Businesses in strategic sectors such as energy, semiconductors, AI and biotechnology may benefit from preferential access to capital, talent and resources.

Businesses that localize their operations can reduce exposure to cross-border volatility and diverging compliance requirements. However, many run the risk of market exclusion due to intensified local competition and the downstream impact of regulatory escalation and value chain disruptions.

In this scenario, major powers and economies with large domestic markets are dictating the pace and shape of global economic activity. Middle powers and economies with control of critical raw materials or strategic supply chain components are also well-positioned to benefit. However, many emerging economies and small states – especially those outside the main blocs – face capital flight, marginalization and long-term deterioration of business ecosystems and living standards.

Scenario 2: Negotiated Order

High regulatory stringency and low geopolitical volatility

Geopolitical stability and stronger regulatory oversight create a more predictable business environment. Competitiveness is less restricted by strategic alliances and is increasingly shaped by the ability to navigate and shape regulations, cross-border regulatory arbitrage and longterm investments and strategies.

GDP growth, % annual
Baseline: 2.8%
(IMF, 2025)

Total factor productivity, % annual
Baseline: 0.7%
(The Conference Board, 2024)

Share of new companies, % of total companies
Baseline: 9%
(World Bank, 2022)

Ratio of discriminatory to liberalizing trade measures
Baseline: 2.9
(Global Trade Alert, 2025)

Compliance spending, $ annual
Baseline: $270 billion
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Average distance of trade flows, km
Baseline: 4,980 km
(DHL, 2024)

Share of foreign workers, % of total workforce
Baseline: 6.9%
(ILO, 2024 or latest available)

Number of patent applications, annual
Baseline: 3.5 million
(WIPO, 2023)

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 stability and stricter business regulations have created a predictable and rules-based global landscape. The newfound stability has boosted investment and prompted a shift from crisis response to long-term strategies. Purpose-driven policies and business models have emerged, driven by stronger standards and guardrails around technology, finance, climate and labour markets. It is regulators, not just market dynamics, that shape the contours of economic activity and competition in this scenario.

The global order that has emerged is not frictionless, but it is resilient. Global uncertainty has dropped to pre-COVID-19 pandemic levels,[45] and public trust in institutions has recovered. The cooling of geopolitical flashpoints and scaling of smart regulations pushed the global economy out of a "stagflationary" phase in the late 2020s. Competitiveness has become a function of compliance mastery, long-term planning and the ability to shape and influence regulations.

The geopolitical volatility of the mid-2020s has proved to be short-lived. Global military spending has plateaued at $2.5 trillion,[46] and global trade and FDI flows have returned to a positive growth trajectory following a contraction in the mid-2020s.[47] This stability has served as a moment of structural renewal in the global economy rather than a return to the old models of cooperation and globalization. Domestic resilience and strategic competitiveness considerations have been embedded into economic policy decisions following the economic and institutional impact of earlier crises.

The scale of disruptions from systemic shocks, worsening climate change and rapid commercialization of AI have pushed governments to tighten regulatory playbooks. Labour regulations have strengthened, and ESG (environmental, social and governance) reporting has become legally binding across most jurisdictions. The number of newly introduced policies targeting FDI each year has increased sharply from an average of 149 in the early-2020s. The number of sustainable finance regulations globally has also increased.[48]

The renewed stability has also allowed for regulatory modernization. New frameworks have emerged covering frontier technologies and new business models. For example, the share of old-generation international investment agreements (IIAs) has dropped from 49% since the mid-2020s,[49] and a new post-Basel III financial stability framework has expanded to regulate a growing pool of digital assets. The number of "smart" trade and industrial policies has surged, allowing global value chains to mature under a new period of regulated interconnectedness.

Although extensive, the emerging standards have failed to create a fully integrated global business environment. Global innovation, talent and finance ecosystems have diverged. Tighter ethical and environmental guardrails have increased time- to-market for new technologies and slashed the prospect of wider diffusion of frontier innovation.

Companies that have successfully developed their infrastructure for regulatory intelligence and compliance are becoming market leaders. These businesses are set to benefit from early standards alignment, regulatory arbitrage and first-mover advantage in heavily regulated sectors. Smaller and lower-margin businesses may struggle to build agility to navigate and absorb compliance overhead and reporting requirements. Real-time policy tracking tools are now integrated throughout the main decision-making processes. However, the regulatory environment is becoming more contested as corporate actors intensify efforts to influence rule-making.

Large economies and more integrated geoeconomic blocs define the global regulatory baseline. The most agile economies harness regulatory modernization to carve out new opportunities and markets. Many smaller economies and businesses, however, are standard-takers with limited voice in global rule-making. Developing economies, in particular, are forced to converge with regional regulatory frameworks to avoid capital flight and exclusion from value chains. Those outside the main regulatory blocs risk being marginalized if unable to leverage regulatory arbitrage and increase competitiveness.

Scenario 3: Survival of the Fastest

Low regulatory stringency and high geopolitical volatility

Looser regulations and geopolitical instability create a volatile, opportunistic and high-stakes environment. Lack of institutional safeguards, intensification of strategic competition, fractured markets and compliance gaps drive a race to the bottom.

GDP growth, % annual
Baseline: 2.8%
(IMF, 2025)

Total factor productivity, % annual
Baseline: 0.7%
(The Conference Board, 2024)

Share of new companies, % of total companies
Baseline: 9%
(World Bank, 2022)

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In this scenario, a disruptive interplay of regulatory easing and fragmentation has reshaped the global economy. Rather than unleashing a new wave of dynamism, this environment has hardwired uncertainty and opportunism, pushing major governments to abandon cooperation efforts. Speculative strategies and grey markets have flourished. Regulatory dumping has turned into a competitive race to the bottom on standards, norms and business practices. The intensity of systemic shocks has risen, rolling back global development progress by decades.

Global growth is brittle. While looser regulations have created isolated pockets of rapid growth and innovation, they have also contributed to macroeconomic instability, including inflation. The diffusion of economic, societal and technological gains at the global scale has been constrained. Competitive deregulation has eroded safety nets and brought the world to the tipping point of climate, societal and technological fallout. Poverty, social polarization and mistrust have risen to levels unseen since the 2008 global financial crisis.

The trade tensions of the mid-2020s have turned out to be an early indicator of wider geopolitical turmoil. Industrial and technological tensions between major global powers have heated up. Economic policy and diplomacy have failed to de-escalate tensions, and the weakened multilateral sector has proven similarly ineffective. Major governments, weakened by prolonged crises, fiscal exhaustion and political polarization, have started retreating from regulatory oversight in key areas. By 2030, the evolving geopolitical blocs have been locked in a zero-sum deregulation spiral, attempting to revive economic growth and gain a competitive edge.

Regulatory backsliding amid a volatile geopolitical context has allowed corruption, extractive practices and opportunistic forms of competition to flourish. The backlash against labour and environmental standards has strengthened, with ESG and climate funds facing capital flight, declining returns and a retreat in corporate commitments. Uneven loosening of financial regulations has fuelled the growth of speculative markets, high-risk assets and financial bubbles. Global supply chains, already

strained by the turbulence of the early 2020s, have further splintered as businesses rapidly restructure operations to align with new geopolitical divisions and secure access to fragmented markets. Diversification and supply chain duplication strategies are widespread, with the share of the ten largest economies in global trade dropping below the mid-2020s level of 42%.[50]

Divisions have widened, forcing businesses to navigate a patchwork of inconsistent rules and shifting alliances. Corporate diplomacy has become increasingly important. As state influence has waned, non-state actors have moved to fill the void – aiming to restore confidence and influence the future shape of the global economy. The use of violence and proxy conflicts as a coercive tool has risen. Access to strategic markets and critical commodities – like rare earths, food, water and energy – has become one of the major chokepoints in global value chains. Tighter export controls, strategic stockpiling and onshoring are common but insufficient tools for addressing supply shortages and price volatility.

A two-tier dynamic has emerged. Large businesses as well as high-growth firms of any size – especially those in strategic sectors or with built-in agility – have used their influence and capital to navigate uncertainty, capture new markets and deter competition. Meanwhile, others are struggling to cope with persistent volatility, mounting risks and accelerating change. As a result, corporate profitability has diverged – large and high-growth companies have seen their margins surge, widening the gap with laggards.

Corporate strategies have become increasingly short-term, opportunistic and cost-driven, while long-term investments in human capital, innovation, infrastructure and broad-based prosperity have withered. As capital flows to speculative ventures and governments face tightening fiscal constraints, structural underinvestment has worsened in key sectors like healthcare, education and energy. Cyber and societal threats have intensified, driven in part by a lack of shared ethical standards for advanced technologies, leading to digital fragmentation across regions.

As global governance deteriorates and economic confidence wanes, the burden of resilience and norm-setting has shifted to communities, households and individuals.

Scenario 4: Fluid Order

Low regulatory stringency and low geopolitical volatility

Geopolitical stability and reduced regulatory barriers enable rapid innovation, economic dynamism and open competition, halting the growth slowdown of recent decades. Lower safeguards and uneven distribution of benefits, however, eventually erode prosperity and convergence.

GDP growth, % annual
Baseline: 2.8%
(IMF, 2025)

Total factor productivity, % annual
Baseline: 0.7%
(The Conference Board, 2024)

Share of new companies, % of total companies
Baseline: 9%
(World Bank, 2022)

Ratio of discriminatory to liberalizing trade measures
Baseline: 2.9
(Global Trade Alert, 2025)

Compliance spending, $ annual
Baseline: $270 billion
(Accenture, 2020)

Average distance of trade flows, km
Baseline: 4,980 km
(DHL, 2024)

Share of foreign workers, % of total workforce
Baseline: 6.9%
(ILO, 2024 or latest available)

Number of patent applications, annual
Baseline: 3.5 million
(WIPO, 2023)

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, the simultaneous easing of regulatory and geopolitical conditions has revived global market dynamics and entrepreneurship to levels unseen since the 1980s. Regulatory stringency has been scaled back across sectors, with governments now acting more as enablers than enforcers. Market boundaries are increasingly porous, allowing new entries, experimentation and creative competition. Cooperation on shared global challenges has become more decentralized, with coalitions of the willing and market dynamics becoming key enablers of faster progress.

A shift to smart regulations and the expansion of "regulatory sandboxes" have enabled rapid scaling of innovation and productivity. Technology, knowledge, talent and capital are circulating more freely now. New innovation clusters and growth hotspots have emerged, with many developing economies rivalling legacy technology leaders.

Global innovation output has surpassed 3.5 million patent applications annually.[51] The cost of market entry has fallen across major economies, and the share of newly registered firms has risen above 9%.[52] By the end of the decade, global growth has outpaced early-decade projections of around 3%.[53]

The successive systemic shocks and persistent uncertainty of recent decades have created political will to prioritize stability and institutional strengthening. The easing of major geopolitical tensions has fostered a climate of trust, revitalizing global cooperation on trade, standards and innovation. Global value chains have been partially reintegrated, with the annual growth of global trade and investment flows settling in the double-digits by 2030.[54] Reformed multilateral agreements and governance structures have levelled the playing field in key industries such as technology, finance, health, energy and others.

Multinational partnerships are expanding, enabling technology transfers, risk sharing and more efficient deployment of resources. Governments and businesses are investing heavily in developing innovation ecosystems, and global R&D spending has surged from the mid-2020s level of $2.8 trillion annually.[55] High-growth markets – including AI, green technologies, robotics and smart infrastructure – have been notable beneficiaries of corporate and public investment inflows.

Competition has intensified globally and is driven by agility, innovation and capacity to attract talent and capital. Critical supply chains have been optimized around a mix of just-in-case and just-in-time strategies. Deepening global integration and confidence in enduring stability have caused the average distance of international trade flows to surpass 5,000 km.[56] Many producer nations and smaller economies have successfully harnessed the more stable and open global environment to attract capital and pursue leapfrog strategies.

Lean and smart regulations have become common policy tools, relying on incentives, performance-based benchmarks and iterative feedback rather than rigid rule-setting. However, oversight of deregulation has diminished, raising the risk of safety lapses and backsliding in consumer protection, data privacy, technology ethics, and environmental and labour market standards.

Many non-state actors – including industry alliances, ethical boards, rating agencies and benchmarking agencies – have gained influence as key architects of industry norms and standards. Without clear regulatory standards to level the playing field, firms increasingly use compliance and disclosure as tools for reputational and competitive differentiation. Yet, the use of speculative practices and green-, ethics- and ESG-washing has risen too.

Major economies with mature talent, finance and innovation ecosystems are set to benefit from renewed dynamism. Developing economies also stand to benefit from increased talent mobility, capital and innovation flows, lengthened supply chains and expanded market opportunities. However, widespread deregulation is already giving rise to longer-term risks, including industry overreach, resource degradation, local market disruptions and mounting environmental and social externalities.

Competitive intensity has raised the stakes for slower-moving economies, businesses and workers – deepening their exclusion from fast-paced, high-growth markets.

3 Industry exposure and implications

Exploring how sectors are exposed across the four scenarios provides a lens for identifying key risks, opportunities and strategies.

3.1 Mapping industry exposure

This chapter builds on the scenario analysis outlined in Chapter 2 and considers how sectoral exposure and competitiveness may vary across scenarios.

Given the uncertainty surrounding both near- and long-term regulatory and geopolitical trends, sector-level implications for strategy could be particularly consequential in the coming years. The purpose of this analysis is not to eliminate uncertainty but to provide a lens for identifying potential vulnerabilities, opportunities and trade-offs – and to inform strategies for navigating them.

Table 1 presents a high-level snapshot of potential exposure across 12 sectors. It illustrates how selected enabling and constraining factors may combine under each scenario to generate differing headwinds and tailwinds for sectoral output and competitiveness.

The analysis builds on quantitative assessment and draws on consultations with senior industry executives. Further details on the methodology and data sources are available in Appendix A1.

TABLE 1 | **Industry exposure, by scenario**

Headwinds Tailwinds

	Scenario 1 Fortress Economics	Scenario 2 Negotiated Order	Scenario 3 Survival of the Fastest	Scenario 4 Fluid Order
Agriculture, forestry and fishing				
Education				
Energy and materials				
Engineering, construction and utilities				
Financial, professional, real estate services				
Information technology and digital communications				
Leisure and travel				
Manufacturing				
Medical, healthcare and care services				
Mining (excluding fossil fuels)				
Retail and wholesale of consumer goods				
Supply chain and transport services				

Note: Factors considered in the analysis include indicators of industries' **1.** reliance on foreign workers, **2.** FDI intensity, **3.** export intensity, **4.** vulnerability to cross-border technology restrictions, **5.** domestic value added, **6.** intensity of government support, **7.** regulatory maturity, **8.** firms churn rate, and **9.** profit margin. Orange = higher potential headwinds for sectoral output and competitiveness; Green = higher potential tailwinds for sectoral output and competitiveness; Yellow = uncertain or inconclusive impact. See Appendix A1 for further details on methodology and data.

Sources: World Economic and Accenture analysis based on data from: ILO, UNCTAD, United Nations Statistics Division, World Bank, OECD, Information Technology and Innovation Foundation, Global Trade Alert, ISO, S&P Capital IQ, Eurostat and national statistical offices.

Several high-level patterns emerge from this analysis. All sectors are poised to experience tailwinds from the regulatory easing and geopolitical stability that characterize the Fluid Order scenario. By contrast, the heightened geopolitical volatility in both the Fortress Economics and Survival of the Fastest scenarios is likely to generate broad-based headwinds, though the degree of exposure varies by sector.

Sectors with a strong regulatory baseline and a high degree of domestic orientation – including education, medical, healthcare and care services, engineering, construction and utilities, and agriculture, forestry and fishing – appear somewhat more resilient to fragmentation and regulatory risks compared to other sectors.

Conversely, sectors that rely on physical cross-border flows – e.g. manufacturing, mining, supply chains and transport services, retail, energy and materials, leisure and travel – are more exposed to disruption in scenarios marked by geopolitical volatility, particularly where regulation and economic policy are used as tools for strategic competition. However, sectors with high strategic importance and strong government support – like energy and materials and some manufacturing segments – may benefit from insulation and support in more volatile scenarios, and from stronger incentives and capital support in more stable ones. For example, clear regulatory guidance on sustainability standards and decarbonization incentives can create growth and transformation opportunities in sectors such as energy and materials and construction.

Digitally-driven and asset-light sectors – such as information technology and digital communications and financial, professional and real estate services – face varying exposure across the scenarios. On the one hand, a high degree of virtualization may shield them from disruption to trade and supply chains. On the other hand, they may face headwinds related to the fragmentation of virtual flows or poor regulatory calibration, particularly in data- and innovation-heavy segments.

The remainder of this chapter explores exposure in greater detail for four selected sectors, analysing how their current structural features might interact with the forces described in the scenarios.

3.2 Implications across selected industries

Manufacturing

The performance of the manufacturing sector is being shaped by diverging trajectories for globalization and protectionism. Access to critical inputs, exposure to trade friction, tariff costs and management of carbon footprints are moving to centre stage as regulators and investors pivot from cost-driven strategies to a focus on resilience and sustainability. With manufacturing accounting for nearly 15% of global GDP[57] and 40% of FDI inward flows,[58] its economic weight and capital intensity position it as a critical driver of global economic activity. However, they also expose it to regulatory and geopolitical shifts.

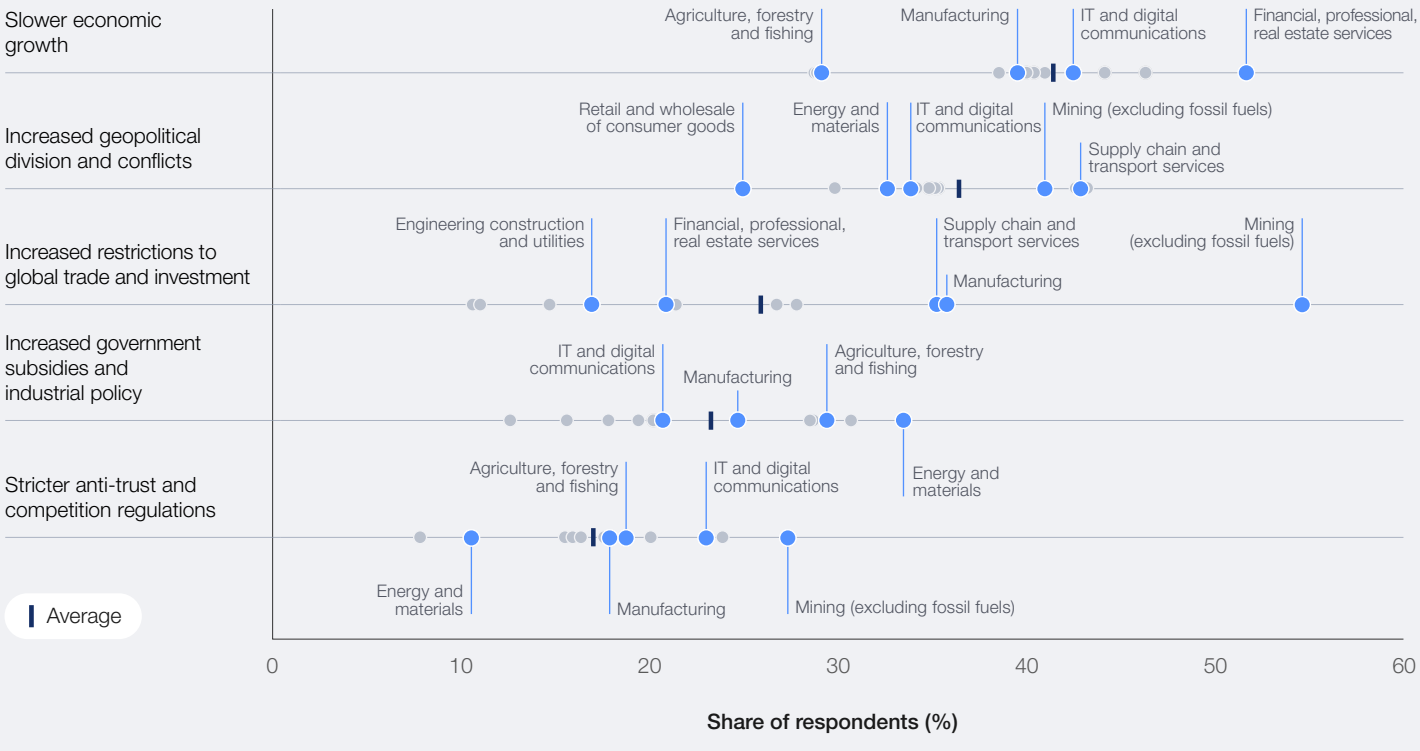
According to the World Economic Forum's Future of Jobs Survey 2024, more than two-thirds of employers in the sector expect geopolitical division, slower economic growth and increased restrictions on trade and investment to drive transformation in the coming years (see Figure 5). The automotive and aerospace segments appear particularly exposed, with more than half of respondents citing geopolitical division as a key driver of change.[59] Subsidies and industrial policy are also expected to play a role, particularly in advanced manufacturing.[60]

The future of competitiveness in the sector will depend heavily on firms' ability to orchestrate resilient, efficient and multi-regional supply chains, access talent and integrate advanced technologies.

As of 2025, regional concentration remains high, with Asia and Oceania accounting for more than half of global manufacturing value added and continuing to grow above the global average.[61] However, recent waves of protectionist policies and accelerating automation are likely to reshape the geography of manufacturing in the coming years. High-technology segments – such as semiconductors and biotechnology equipment – are particularly affected by tightening export controls and innovation regimes.[62] Other advanced manufacturing segments – including steel, cement and automotives – face rising tariff costs and growing sustainability scrutiny. Regulatory initiatives like the EU's Carbon Border Adjustment Mechanism are likely to increase compliance costs across the sector.[63]

Several economies – including Mexico, Viet Nam and India – have benefited from global trade restructuring and nearshoring and friend-shoring supply chain strategies in recent years.[64] The trade disruption of early 2025 is likely to rewire future localization strategies if higher tariffs become entrenched. Strategic complexity is set to increase further in scenarios shaped by geopolitical and regulatory instability, with shifting fault lines redefining patterns of global economic activity.

FIGURE 5 **Global geoeconomic and regulatory trends driving transformation in the next five years**



Source: World Economic Forum. Future of Jobs Survey 2024.

More than 40% of employers in the sector expect geopolitical division and slower growth to drive transformation in the next five years.

Supply chains and transport services

The supply chains and transport services sector is the lifeblood of the global economy, with trade accounting for nearly 60% of global GDP.[65] Despite a recent uptick in protectionist measures, global trade flows remain resilient. Transport services recorded 8% growth in 2024,[66] and global container trade is projected to grow at an average annual rate of 3.2% between 2025 and 2028.[67] This outlook underscores the sector's centrality to global value chains, where lead times, cost structures and resilience cascade across other industries.

At the same time, the sector is highly exposed to geopolitical and regulatory developments. According to the World Economic Forum's latest survey of executives, more than 40% of leaders in the sector expect geopolitical division and slower growth to drive transformation in the next five years (see Figure 5).

Disruptions to strategic trade routes have intensified due to geopolitical volatility and conflict. For example, escalating tensions in the Red Sea have forced the rerouting of maritime traffic, adding up to 10 days and nearly $1 million in extra fuel for a one-way Asia-Europe journey.[68] In response to a 60% drop in Suez Canal revenue in 2024,[69] transit fees have been temporarily discounted by 15% as of May 2025.[70]

Recent tariff announcements in the US have also sent ripple effects through the sector. Major US ports recorded an average 10% drop in exports between February and May 2025, with the Port of Portland recording a 50% decline.[71] Meanwhile, the suspension of "de minimis" exceptions for low-value goods has contributed to a nearly one-third reduction in US-China air freight capacity.[72] This high exposure to global headwinds suggests the sector's performance could be vulnerable in conditions of sustained volatility, as in the Fortress Economics and Survival of the Fastest scenarios.

Regulatory tightening, particularly related to sustainability, is also placing further pressure on costs and competitiveness in the sector. The EU Emissions Trading System alone could increase existing surcharges by up to 90% in 2025.[73] In addition, firms are under pressure to upgrade fleets, adopt new fuels and modernize technologies to meet decarbonization targets. As such, an estimated $1.4 trillion will be required by 2050 to meet International Maritime Organization targets.[74] However, this could also be a significant driver of growth momentum, with nearly 93% of logistics companies looking to include sustainable and green logistics capabilities in their broader service offerings.[75]

Technology is becoming an increasingly critical differentiator in the sector. According to Accenture, nearly three-quarters of executives believe the sector lags in digitalization maturity.[76] However, momentum is building – nearly eight in 10 logistics companies report plans to invest in robotics and integrate IoT for optimization.[77] Predictive analytics, AI, IoT and blockchain are poised to increase efficiency in the coming years. The global market for digital twins is projected to reach $240.3 billion by 2035, up from $12.8 billion in 2024.[78]

Global spending on digital transformation is expected to reach $4 trillion by 2027.

Information technology and digital communications

The information technology and digital communications sector plays a foundational role in driving technological progress and enabling future competitiveness. Digitally delivered services already account for nearly 14.5% of global exports[79] and continue to grow at more than twice the pace of trade in goods. In 2024, the exports of digital services reached 4.6 trillion,[80] representing a year-on-year increase of more than 8%. This momentum is poised to continue, with global spending on digital transformation expected to reach $4 trillion by 2027.[81]

While the sector's dynamism and digital nature support its competitiveness, its deep interconnectedness – particularly its reliance on cross-border flows of data and talent – also heightens exposure to geopolitical and regulatory risks. Global data breach costs rose to nearly $4.9 million per incident in 2024, marking a 10% year-on-year increase.[82] Network chokepoints are multiplying, driven in part by undersea cable damage incidents near Taiwan, China and in the Baltic and Red Seas. Meanwhile, intensifying technological competition between the US, China and the EU is set to increase the exposure of the sector in the coming years.

Regulatory constraints are also tightening. The OECD Digital Services Trade Restrictiveness Index has increased by nearly 25% since 2014, reflecting growing frictions in connectivity and infrastructure.[83] Meanwhile, the number of data localization measures has nearly doubled since 2015.[84] A lack of harmonized standards continues to increase the cost and complexity of cross-border digital service integration. According to one estimate, data protection compliance costs could reach nearly $5.5 million, and as much as $30 million for some industries.[85]

Looking ahead, business transformation in the sector is likely to be driven by slow global growth, geopolitical fragmentation and stricter anti-trust and competition policies (see Figure 5). Access to talent is also a critical determinant of future competitiveness. Nearly two-thirds of employers in the industry cite skills gaps as the single major barrier to transformation.[86] In response, companies are increasingly outsourcing IT services to improve access to talent and cost-efficiency.

These shifts are poised to reshape the geography of the sector. In 2024, exports of computer services from emerging economies significantly outpaced those from advanced economies. For example, export growth reached more than 60% in Indonesia and 42% in Peru, compared to just 14% and 15% for the EU and US, respectively.[87]

Energy and materials

The competitiveness of the energy and materials sector is shaped by a complex mix of accelerating green transition, continuing reliance on fossil fuels and deepening resource nationalism. Global energy investment is projected to reach $3 trillion, with two-thirds directed towards clean energy.[88] Demand for oil, gas and coal has grown slowly but is projected to peak before 2030.[89]

According to the World Economic Forum's Future of Jobs Survey 2024,[90] the sector's oil and gas segments are likely to face higher exposure to global economic conditions in the next five years. Nearly half of respondents cite slower economic growth as a major driver of transformation in these areas, while 40% expect subsidies and industrial policies to play a role. By contrast, less than a third expect energy technology segments to be affected by these developments.

> Export restrictions on critical raw materials increased more than fivefold between 2009 and 2023, with the rate of growth nearly doubling in 2023 alone.

Views converge on the role of geopolitical division and increased restrictions on global trade and investment, with almost equal shares of respondents expecting them to have an impact across both segments.

Cost inflections and efficiency gains are set to support a rapid expansion of clean energy solutions in the coming years, with more than 560 gigawatts (GWs) of new renewable capacity added in 2023 alone.[91] Solar and onshore wind have already become more cost-effective than gas-fired power generation in most regions, with costs falling to $0.044 per kilowatt hour (/kWh) and $0.033/kWh, respectively.[92]

The pace of the green transition is likely to further accelerate in scenarios characterized by high regulatory stringency – particularly where policy-makers harness geopolitical stability and smart regulation to support green technologies and infrastructure. By contrast, in scenarios with looser regulatory environments, the sector is set to capitalize on market dynamism. However, if green markets lack maturity, these scenarios risk undermining progress on global decarbonization.

The sector's geographic concentration and reliance on cross-border flows expose it to geopolitical chokepoints, policy fragmentation and price volatility. The escalation of tensions in the Red Sea, for example, caused an over 50% contraction in oil transit through the Bab el-Mandeb Strait,[93] with insurance costs more than doubling to 2% of hull value by September 2024.[94] Exposure to sanctions is also likely to increase costs and risks for fossil fuel segments in scenarios characterized by geopolitical friction and regulatory weaponization.

Geopolitical risks weigh on green energy segments, too – particularly through access to critical technologies, materials and infrastructure. Export restrictions on critical raw materials increased more than fivefold between 2009 and 2023, with the rate of growth nearly doubling in 2023 alone.[95] The mining and refining of key inputs – such as lithium, cobalt and rare earths – are highly concentrated geographically, notably in China, creating structural risks for green technology supply chains in high-friction scenarios. More than half of mining industry employers expect increased restriction on global trade and investment to be a key driver of transformation in the next five years, and only slightly fewer said the same about geopolitical division and conflicts (see Figure 5).

4 Strategies for the future

In a world of unprecedented uncertainty and volatility, proactive risk mitigation, foresight and geopolitical agility have become essential.

The level of uncertainty and volatility clouding current global economic conditions makes any decision-making particularly challenging and consequential.

Building on the analysis in previous sections and a series of consultations with senior industry executives, the following considerations have emerged as "no-regret" strategies to help businesses and governments mitigate risks, strengthen competitiveness and navigate the interplay of regulatory and geopolitical trends across scenarios.

TABLE 2 | **Strategy considerations for businesses and governments**

Strengthen core capabilities	**For businesses**: Strengthen core operations, financial health and long-term value creation. Focus on streamlining cost structures, optimizing workflows, supporting workforce development and improving risk management and strategic responsiveness. **For governments**: Increase policy predictability and continuity. Strengthen macroeconomic stability and responsiveness to shocks. Cultivate a stable regulatory environment that supports long-term planning, investment and growth.
Develop geopolitical muscle and invest in strategic agility	**For businesses**: Strengthen geopolitical risk functions and build agile governance and organizational structures that enable real-time decision-making. Balance responsiveness, adaptation and strategic resilience. Invest in cross-industry risk management systems, strengthen operational and financial buffers, and increase supply chain flexibility, efficiency and resilience. **For governments**: Develop adaptive regulatory frameworks that support business agility, innovation and risk management while providing strategic insulation and safety nets to help navigate geopolitical disruptions. Enable public-private collaboration on geopolitical risk mitigation and response.
Improve compliance efficiency	**For businesses**: Strengthen compliance capabilities through real-time monitoring and AI-driven analytics. Cultivate a robust compliance culture and integrate it into operational and strategic decision-making. **For governments**: Reduce regulatory complexity and promote harmonized compliance frameworks. Prioritize smart regulation, invest in real-time compliance monitoring and engage industry and civil society in the design and updating of regulations.
Build foresight and anticipatory capacity	**For businesses**: Develop foresight functions and integrate scenario planning into operational and strategic decision-making. Strengthen data infrastructure and harness big data and real-time and predictive analytics to filter noise and enable iterative and forward-looking strategy design. **For governments**: Institutionalize the use of foresight tools across policy design and implementation. Anticipate long-term societal, technological and economic risks. Invest in public-sector talent and in data quality and infrastructure to enable timely and informed decision-making.
Balance strategic localization and diversification	**For businesses**: Focus on supply chain diversification and strategic localization to mitigate disruptions and reduce dependency on individual markets or suppliers. Balance domestic and global reach to strengthen competitiveness and unlock access to diverse markets, talent and investments. **For governments**: Balance openness and targeted domestic policies. Support cross-border collaboration and invest in regional and domestic innovation ecosystems, infrastructure and talent development to drive domestic growth and support local communities.
Balance short- and long-term focus	**For businesses**: Develop processes to filter noise for strategic signals. Adopt a dual-focus strategy to balance short-term, reactive strategies with long-term objectives. Invest in capabilities for long-term competitiveness – including technology, talent, infrastructure and sourcing strategies. **For governments**: Design policies that support near-term needs while maintaining progress on long-term economic, societal and environmental challenges. Cultivate public-private investment in infrastructure, education, innovation and technology that generate both short- and long- term societal benefits.
Strengthen strategic partnerships	**For businesses**: Develop cross-industry and intra-industry partnerships to scale best practices, accelerate innovation and share risks. Collaborate with governments, peers and local communities on shared competitiveness and development initiatives. **For governments**: Strengthen bilateral and multilateral agreements to maintain cooperation on shared values and challenges and to sustain cross-border flows of goods, services, talent, innovation and knowledge. Develop strategic partnerships with business and civil society to drive public-private collaboration on shared challenges.

Appendices

A1 Methodology

The industry implications analysis in Chapter 3 evaluates the exposure of 12 sectors to the regulatory and geopolitical trends outlined in the four scenarios in Chapter 2. This evaluation results in an "industry impact matrix" visualized as a heat map, which provides a high-level snapshot of potential headwinds and tailwinds for sectoral output and competitiveness for each scenario. The analysis also draws on qualitative consultations with senior industry executives to contextualize the findings.

The industry impact matrix was constructed using a three-step process:

1

Dimension and indicator selection

Nine dimensions, reflecting enabling and constraining factors within the scenarios, were chosen to capture key aspects of industry performance influenced by regulatory and geopolitical dynamics. These dimensions, along with their rationale and the indicators used to measure them across the 12 sectors, are summarized in Table 4. Min-max normalization was applied to convert all indicator values into a unitless score between 0 and 1.

2

Dimension-scenario coefficients

Each dimension was assigned a multiplier coefficient ranging from –1 to 1 for each of the scenarios, reflecting the expected direction and intensity of correlation between the dimension and business performance in that scenario (see Table 3). For example, the multiplier coefficient of "1" for the share of foreign workers dimension in the Fortress Economics scenario represents a strong negative correlation between industries' reliance on foreign workers and their performance in the future shaped by high regulatory stringency and high geopolitical volatility.

3

Aggregation

Normalized indicator values for each sector were multiplied by the dimension scenario coefficients. The summed results for each sector were then categorized according to the following thresholds to produce the heat map presented in Table 1 in Chapter 3.

>1	Higher potential tailwinds
0.25 to 1	Potential tailwinds
-0.25 to 0.25	Uncertain or inconclusive impact
-1 to -0.25	Potential headwinds
<-1	Higher potential headwinds

TABLE 3 **Direction and degree of indicator correlation with industry performance across scenarios**

Dimension	Fortress Economics	Negotiated Order	Survival of the Fastest	Fluid Order
Reliance on foreign workers	-1	-0.5	-0.5	1
FDI intensity	-0.5	0.5	0.5	1
Export intensity	-1	0.5	-1	1
Vulnerability to cross-border technology restrictions	-1	0	-1	0.5
Domestic value added	1	0.5	0.5	0
Intensity of government support	1	0.5	0.5	0
Regulatory maturity	0.5	1	0	0.5
Firms churn rate	-1	-1	0.5	0.5
Profit margin	1	0.5	1	0.5

Source: World Economic Forum and Accenture.

TABLE 4 | **Indicator descriptions and sources**

Dimension	Indicator	Rationale	Source
Reliance on foreign workers	Share of foreign workers in industry workforce (%)	Reflects industries' dependence on foreign labour. Sectors with a higher share of foreign workers may face higher exposure to restrictions on talent flows in scenarios characterized by regulatory tightening and geopolitical volatility.	International Labour Organization (2024, or latest available)
FDI intensity	Share of FDI in value added (%)	Captures contribution of FDI to the industry output. Higher FDI intensity signals strong baseline capital attractiveness but also may make industries more exposed to shifts in international capital flows and investment restrictions.	UN Trade and Development. (2024). *World Investment Report 2024*. (2021-2023 average). United Nations Statistics Division (2021-2023 average). World Bank (2021-2023).
Export intensity	Share of exports in value added (%)	Measures industries' reliance on international trade. Industries with higher export intensity may be more exposed to geopolitical and regulatory frictions, as well as changing trade and investment policies.	OECD Trade in Value Added (TiVA) (2018-2020 average).
Vulnerability to cross-border technology restrictions	Data intensity (non-capitalized software expenditure per worker) (%)	Captures the impact of fragmentation on industry operations and access to technology. Industries with higher data intensity are likely to be more exposed to fragmentation trends within the scenarios.	Information Technology and Innovation Foundation (2021).
Domestic value added	Share of domestic value added in production (%)	Captures the degree to which industries rely on domestic value creation in their production processes. Industries with a higher share of domestic value added are more likely to be insulated from geopolitical risks or cross-border regulatory divergence, reflecting greater self-sufficiency and local economic integration.	OECD Trade in Value Added (TiVA) (2018-2020 average).
Intensity of government support	Log count of industrial and trade policy interventions	Proxies the level of government support and strategic importance. Industries with a higher level of support are more likely to benefit from insulation and preferential access to resources in periods of disruption.	Global Trade Alert (2022-2025).
Regulatory maturity	ISO standards adoption intensity, adjusted for industry size	Proxies industries' level of regulatory maturity and readiness to absorb and navigate regulatory changes.	ISO Survey (2023). S&P Capital IQ (2024).
Firms churn rate	Sum of firm entry and exit rates (%)	Captures industries' level of dynamism and competition. A high firms churn rate indicates a more competitive and fluid business environment but also potential volatility as firms navigate changing market conditions and regulatory or geopolitical pressures.	Eurostat (2022). United States Census Bureau (2022). New Zealand Stats (2022). E-stat Statistics of Japan (2016). Statistics Canada (2022). Australian Bureau of Statistics (2022). Korean Statistical Information Service (2022). Brazilian Institute of Geography and Statistics (2021). UK Office for National Statistics (2022).
Profit margin	Earnings before interest and tax (EBIT)-to-revenue ratio	Accounts for baseline financial health influencing industries' ability to support growth strategies and respond to shocks.	S&P Capital IQ (2022-2024 average).

Contributors

World Economic Forum

Aengus Collins
Head, Economic Growth and Transformation, Centre for the New Economy and Society

Kateryna Karunska
Insight Lead, Economic Growth and Transformation, Centre for the New Economy and Society

Saadia Zahidi
Managing Director, World Economic Forum; Head, Centre for the New Economy and Society

Accenture

Nick Kojucharov
Principal Director, Macro Foresight – North America Lead

Joon Young Kwon
Business Consultant, Macro Foresight

Chris Tomsovic
Managing Director, Macro Foresight – Global Lead

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Jose Antonio Álvarez Álvarez
Banco Santander

Charlie Baird
Skillsoft

Darren Bance
Skillsoft

Grant Beckett
Workhuman

Bart Brouwer
ING Group

Tim Kwang Ting Cheng
Hong Kong University of Science and Technology

Jean-Pascal Clemençon
TotalEnergies

Rachel Clingman
McDermott

Pedro Côrte-Real
SONAE

Sebastien Danloy
Euroclear

Paul Farell
BorgWarner

James Golby
ExxonMobil

Aurélia Gomez
Technip Energies

Niklas Gustafsson
Volvo Group

Philip Heylen
Ackermans & van Haaren

Sofiane Khatib
Trafigura

Emily Lai
Pearson

Julian Lemos Valero
Ecopetrol

Steven Lewis
JLL

Chris Luebkeman
ETH Zürich

Renato Lulia Jacob
Itaú Unibanco

Cyril Perducat
Rockwell Automation

Renan Pinheiro Silverio
Petroleo Brasileiro – PETROBRAS

Corinna Schulze
SAP

Sandy Smith
Pearson

Vijay Swarup
ExxonMobil

Jeff Webster
Gunvor Group

Yin Zou
DHL Group

Production

Louis Chaplin
Editor, Studio Miko

Laurence Denmark
Creative Director, Studio Miko

Cat Slaymaker
Designer, Studio Miko

Endnotes

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World Economic Forum
91–93 route de la Capite
CH-1223 Cologny/Geneva
Switzerland

Tel.: +41 (0) 22 869 1212
Fax: +41 (0) 22 786 2744
contact@weforum.org
www.weforum.org