

# Dreamarks

NOVEMBER 2025 | ISSUE NUMBER 1<sup>ST</sup> YEAR 2

E- MAGAZINE



Focus On Humanitarian Economy For Secure Future

Awakening The  
Global Humanity

How Wars Grew  
Global Fragmentation



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# Dreamarks Magazine

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There's No weapon of Humanity.  
We only Use Cooperations, Unity,  
and Communication.

There's no Greater Power to Lead  
then The Ability to Listening and  
Understanding.

In the Era of Inter-Connectedness,  
Why are We Let ourselves being  
Divided?

## The Future Dream of Humanity: Peace!

Time passes by so quickly, it has been a year since Dreamarks created Our first edition of Dreamarks Free e-Magazine. We are creating this e-Magazine out of the scarcity of Science version of Futuristic Dreams. At the 70's and 80's period, we are watching many science fictions such as Star Trek, Star Wars, and even cartoon that are showing how great the future of Humanity can be. That science fictions cohorts then grew big imaginations and emerging great generations of young scientist in many parts of the World. Then this generations has creating the internet, crypto currencies, the computer, smartphones and various softwares and applications. These generations too has built the world wide web with the world scales of fiber optics networks.

But when the decades passes super fast, in different nations, many has experience severe Social Crisis and Social Conflicts in Nations and Regional scales. In other part of the peaceful nations, the children was so attached to their new personal gadgets and emerging the strawberry generations problems. Thus many nations of the world now experience the Lacking of Profound Young Leadership and Scarcity of New Young Leaders. We can see many nations now are facing leadership age gap, economic crisis, regional conflicts, and severe wars where we are experiencing the devastation effects to our Humanity.

Lets now decide to starts our new Humanity Dreams again. As one Planet, as one human race, as our new generations being born from our womb. Our responsibility for our children and the young generations will never ended, not until We as One Human Race can create together hand in hand, The Happy and Peaceful Future of Humanity in this Pale Blue Dots Universe of Planet Earth.

*Gina Al Ilmi*

**Editor-in-Chief**

# CONFLICTS

*Every Death is a Tragedy of Humanity*

At the high-level event "Protecting the right to food in times of conflicts", held at the Permanent Mission of Ireland to the United Nations in New York, experts stressed the urgency of safeguarding access to food in conflict-affected areas. Organized by the Permanent Mission of Ireland to the United Nations, in collaboration with the Permanent Mission of Switzerland, FAO, OHCHR, and WFP, the event gathered diplomats, UN agencies, and civil society representatives to address violations of the right to food in crises such as Ukraine, Sudan and Gaza.



## In numbers

**70%**

**OF ACUTELY FOOD-INSECURE PEOPLE**

live in fragile or conflict-affected countries

**25%**

**INCREASE IN CONFLICT**

in 2024 compared to 2023

# HUMANITY

## *Awakening The Shared Global Conscience*

Seeing many social and military conflicts emerging in various nations from different parts of the globe, we then asks to ourselves one questions;  
"Have we forgotten how to be Human?"

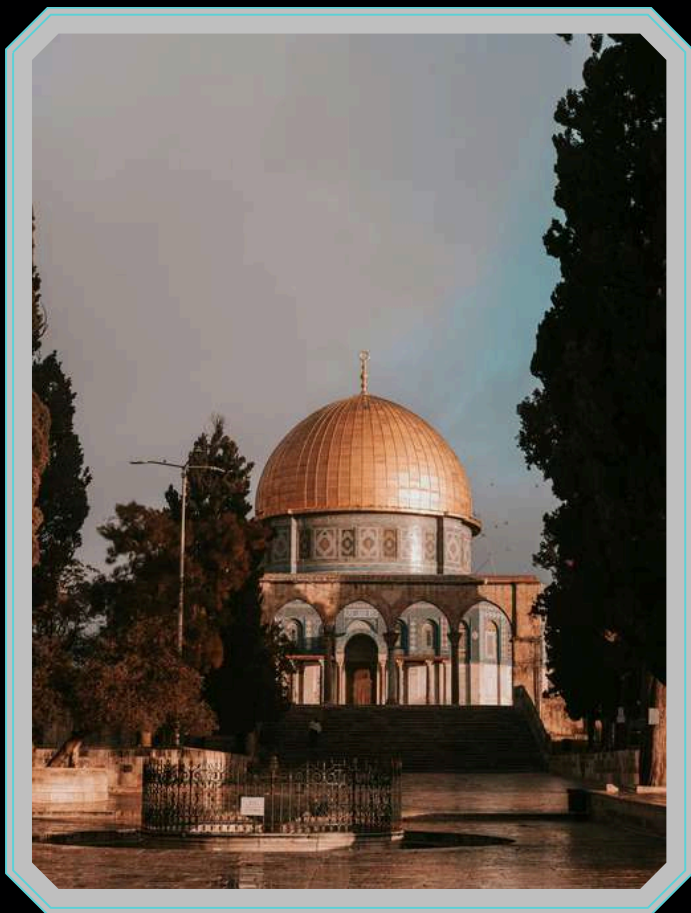
The conflicts in Ukraine and Palestine shocks us after we just healed from The Global Pandemic of Covid-19. And the most severe things was, no matter how many Leaders speaks about the problems, how many Demo's are held with thousands of participants, both of the conflicts are not ended, even until now.

Even after the nations have agreed to follow the United Nations suggestions to held ceasefire, the military attacks are hasn't ended until the day this e-magz is written.

The first thing that people trying to understand what behind the attacks, followed by many questions;  
Was it economic greedy? Was it about National Security Threat? Was it about the mining of oils and minerals that fuse and ignites the military attacks? Was it about Regional Power Struggle?

We can never comprehend how as one human race, there has been severe military attacks happened almost everyday, but it cannot be stopped? We even can see it happening live through our personal gadgets, and pops out in our social media's.

Has our Hearts and Minds being dull and stop being sensitives? Has in this information era, our capacity to understand other people suffering has stop working?  
Why in this Open communication era, we as one race, can't even Listened to the panicking shrieks of the dying victims? Or Have we failed to Understand Humanity?



The Dome of The Rocks. The Holy Mosque in Palestine. The Core Hearts of 3 Religion in One Place. The Essentials Hopes for Billions of Religious Believers from accross the Globe. The one that we have to guard in Peace and Solemnity.

The One Divine Earth Capital that at one times was the center of Worships and Congregations for The 3 Great Religions.  
Why we're letting this Holy Place being annoyed?  
Why we kept silent seeing everything happens in front of our eyes?

# WHY WE NEED PEACE

## *Conflicts are Global Threat Effecting Organization Resiliences*

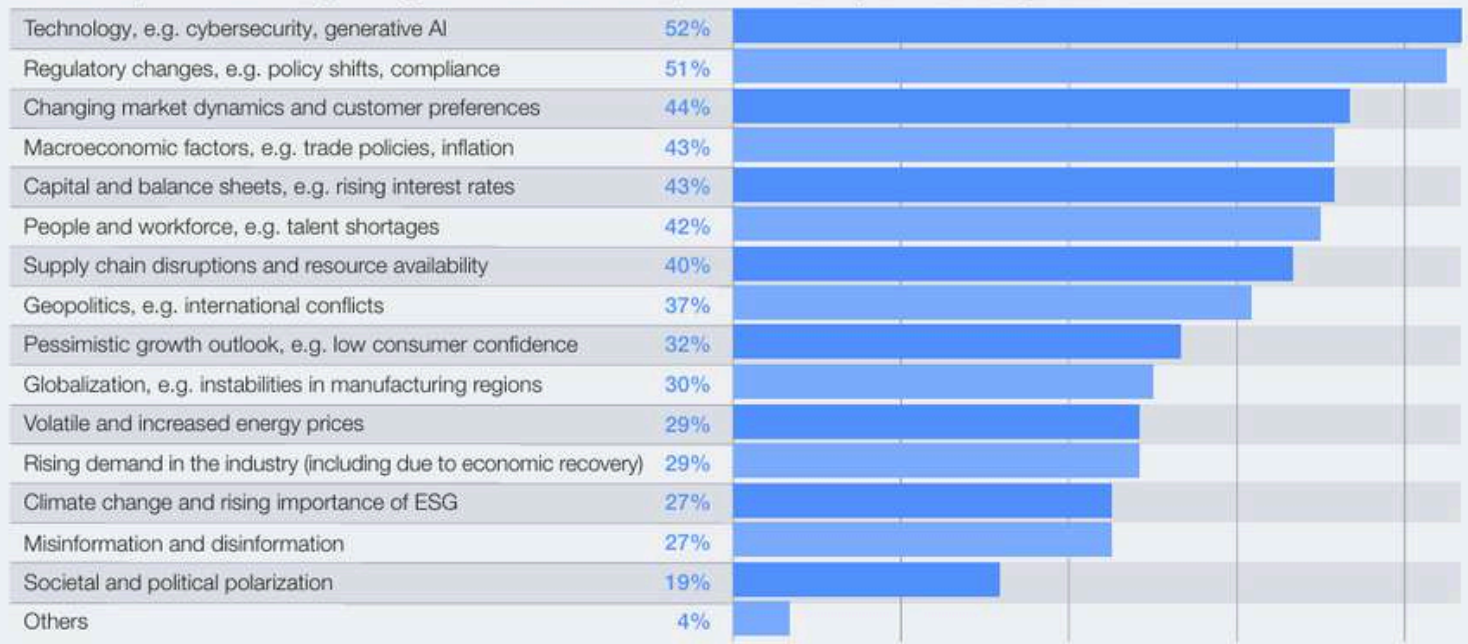
Trends expected to be a major or severe disruption for organizations



Reference survey question:

Which of the current trends or uncertainties do you think will impact your organization the most?

Share of respondents indicating that a given threat will create major or severe disruption for their organization



From The World Economy Forum Resilience Pulse Check 2025, Resilience is mostly about adaptation rather than risk mitigation. As Ambroise Fayolle, Vice-President, European Investment Bank (EIB) says that Public-sector support has been vital for maximizing the impact of private-sector investments in future proofing key sectors. Strategic government actions, including policy frameworks, subsidies and investment in critical infrastructure, create the necessary conditions for private capital to flow and thrive. This support accelerates the adoption of sustainable innovations, maximizing the long-term impact of private-sector initiatives and driving systemic transformation across industries. Here are a few examples from stakeholders closely engaged in the Resilience Consortium's work:

– Egypt is taking significant steps to future-proof its economy through the ambitious Nexus of Water, Food, and Energy (NWFE) programme, designed to strengthen the country's resilience against climate impacts while promoting sustainable growth. Via an innovative financing scheme that blends public, private and international capital, Egypt has successfully unlocked \$14.7 billion in funds allocated to projects. This sum is expected to be allocated in projects focused on renewable energy, sustainable agriculture and efficient water management.

– Saudi Arabia aims to reach net zero by 2060.<sup>9</sup> This ambition is supported by significant energy transition investments. One target put forward is to generate 50% of the country's energy supply from renewable sources by 2030. Additionally, clean energy is expected to receive \$235 billion in public funding to help boost the transition already initiated by the private sector.

– Nigeria is cultivating resilient, diversified and inclusive agriculture-based livelihoods by improving governance for disaster risk management, adopting data-driven agricultural interventions and promoting sustainable, climate-smart farming practices. These efforts aim to address food insecurity, enhance productivity and protect vulnerable populations from recurrent shocks like conflict and climate change. The strategy relies on local capacity building, early warning systems and inclusive support to ensure that agricultural communities can better withstand future disruptions and grow sustainably.



Source: World Economic Forum. (2023). *Seizing the Momentum to Build Resilience for a Future of Sustainable Inclusive Growth*.

Making resilience a core component of long term strategic thinking As the stakes for both the public and private sectors continue to rise, organizations need to shift their focus towards managing investment risks with greater precision and foresight. This involves a careful reassessment of assumptions to ensure their accuracy, and a closer examination of decision making processes to gauge long-term impacts.

Granularity, stage-gate processes (or phased review processes) and adaptability are emerging as key approaches in this shift. Granularity enables organizations to break down complex strategies into smaller, more manageable parts, providing a clearer view of risks and opportunities. Stage-gate processes facilitate periodic evaluations at key decision points (enabling decision-makers to evaluate investments against criteria and decide whether to proceed, adjust or stop), ensuring flexibility and minimizing exposure to unforeseen risks.

Adaptability, meanwhile, ensures that companies remain agile and can pivot their strategies in response to evolving market conditions or disruptions. By integrating these methods, organizations can not only mitigate risks more effectively but also position themselves for sustainable growth in an increasingly uncertain world.

Without Peace, our company will be very exhausted and losing billions for frequently activating our Crisis Response and Re-orienting our Strategic Focuses.

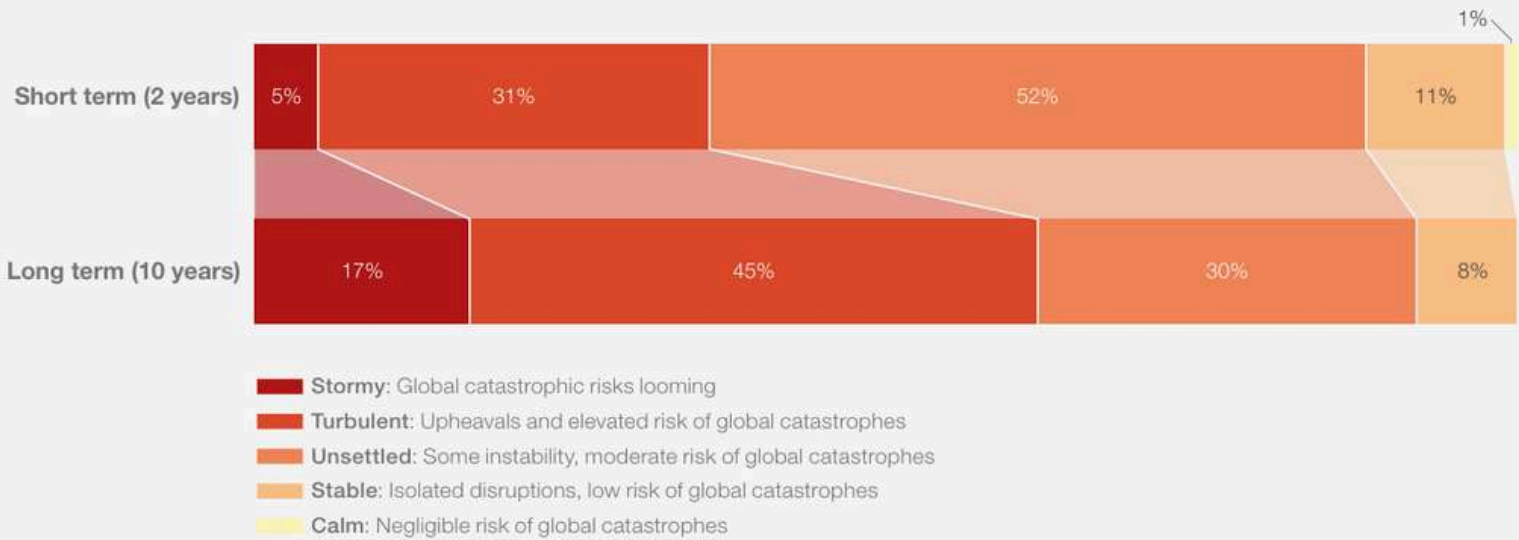
Resilience should not be treated as an isolated concern – rather, it needs to become a core component of long-term strategic thinking. In practice, however, this is the exception rather than the norm today. According to the survey, resilience related KPIs are only partially integrated into strategy for 55% of companies, and nearly 20% of respondents do not integrate them at all. This lack of strategic alignment suggests that resilience is still being treated as a secondary concern rather than a core business priority.

# Every Wars are Destructor for Economy Global Catastrophic Risks Report 2025

FIGURE A

## Short- and long-term global outlook

"Which of the following best characterizes your outlook for the world over the following time periods?"



Source

World Economic Forum Global Risks Perception Survey  
2024-2025

Note

The percentages in the graph may not add up to 100% because values have been rounded up/down.

As we enter 2025, the global outlook is increasingly fractured across geopolitical, environmental, societal, economic and technological domains. Over the last year we have witnessed the expansion and escalation of conflicts, a multitude of extreme weather events amplified by climate change, widespread societal and political polarization, and continued technological advancements accelerating the spread of false or misleading information. Optimism is limited as the danger of miscalculation or misjudgment by political and military actors.

Short- and long-term global outlook is high. We seem to be living in one of the most divided times since the Cold War, and this is reflected in the results of the GRPS, which reveal a bleak outlook across all three time horizons – current, short-term and long-term. A majority of respondents (52%) anticipate an unsettled global outlook over the short term (next two years), a similar proportion to last year. Another 31% expect turbulence and 5% a stormy outlook.

Adding together these three categories of responses shows a combined four percentage point increase from last year, indicating a heightened pessimistic outlook for the world to 2027. Compared to this two-year outlook, the landscape deteriorates over the 10-year timeframe, with 62% of respondents expecting stormy or turbulent times. This long-term outlook has remained similar to the survey results last year, in terms of its level of negativity, reflecting respondent skepticism that current societal mechanisms and governing institutions are capable of navigating and mending the fragility generated by the risks we face today.

# The Barometer of Global Cooperations

The barometer rests on five pillars of global cooperation



## Trade and capital

Promote global **development and resilience**

Focus of analysis is on 1) development and resilient outcomes; through 2) presence of global economic flows that promote likely opportunities for these outcomes



## Innovation and technology

Accelerate **innovation and beneficial technological progress**

Focus of analysis is on 1) global progress in innovation and technology; through 2) presence of the global sharing of underlying knowledge that contributes to these outcomes by fostering collaboration across global talent



## Climate and natural capital

Support the **resolution of climate and natural capital challenges**

Focus of analysis is on 1) lowering of emissions, preservation of natural capital, and preparedness for likely impact of climate change; through, 2) shared global goals/commitments that increase humanity's ability to limit and adapt to the dynamics of a changing climate



## Health and wellness

Enable global population to lead **longer and better lives**

Focus of analysis is on 1) impact of the burden of disease on duration and quality of life; through 2) commitment to global public health standards and collaboration through flows of goods, R&D/IP and health financing



## Peace and security

Prevent and resolve **conflicts**

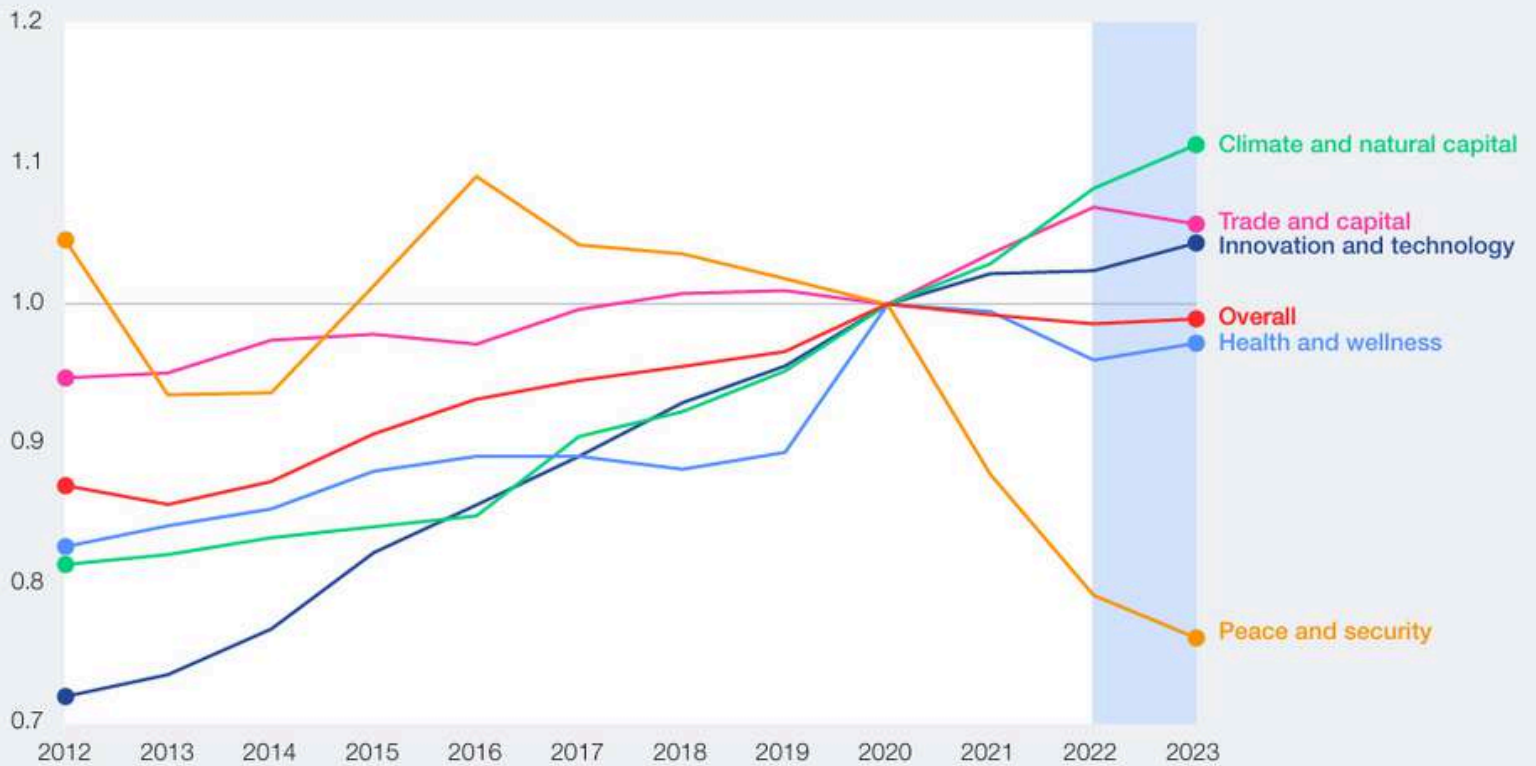
Focus of analysis is on 1) prevention of death and long-term negative implications of conflict; through, 2) commitment to multilateral peacekeeping operations and international stabilization efforts

As the world transitions from what had been a stable post-Cold War global order to a new, more unsettled and unpredictable period, political and geopolitical turbulence has the potential to degrade global cooperative efforts. But it does not need to. Amid mounting economic, environmental, technological and security challenges, constituencies may not be in favour of current methods but are looking for collaborative solutions to, rather than retreat from, these issues.

The barometer finds that after trending mostly positively for the better part of a decade, overall global cooperation is above pre-COVID-19 pandemic (hereafter referred to as “the pandemic”) levels but has flatlined over the past three years. A key reason for the stall has been the significant degradation in global peace and security, which has pulled the barometer’s overall measurement down. Still, the barometer shows that while cooperation may be slowing in some areas, there are also signs of growth.

# The Barometer of Global Cooperations

Global Cooperation Barometer over time



- Trade and capital: cooperation dropped slightly, driven mostly by reductions in goods trade in China and developing economies. These declines were partially offset by growing flows of capital, services and people.
- Innovation and technology: digitization of the global economy continues to drive increased cooperation, but global fragmentation of frontier technologies could slow global productivity growth.
- Climate and natural capital: cooperation continues to show strength, but it needs to improve much more and much faster if the world is to meet climate and natural capital goals.
- Health and wellness: health outcomes like life expectancy continue to improve post pandemic, but cross-border development assistance for health is falling.
- Peace and security: the world's collective security system is under severe pressure from geopolitical tensions. Cooperation on this pillar deteriorated and pulled down the overall barometer. Increased conflicts and the high number of forcibly displaced people are prominent challenges.

The foundation of resilience, security and growth is cooperation. The question leaders must ask themselves, then, is not whether they should cooperate, but how.

# Trade & Capital Pillar on The Global Barometer



Trade of goods dropped by 5% in 2023, partially reversing some of the large growth experienced in the prior two years. China accounted for nearly 15% of the reduction in global exports in 2023, and other emerging economies accounted for another 45% – both as a result of increased conflicts and slower economic growth.

Trade between Western and Eastern aligned economies declined, while trade between partners who are geopolitically aligned increased, indicating an apparent intensification of geopolitical fragmentation.

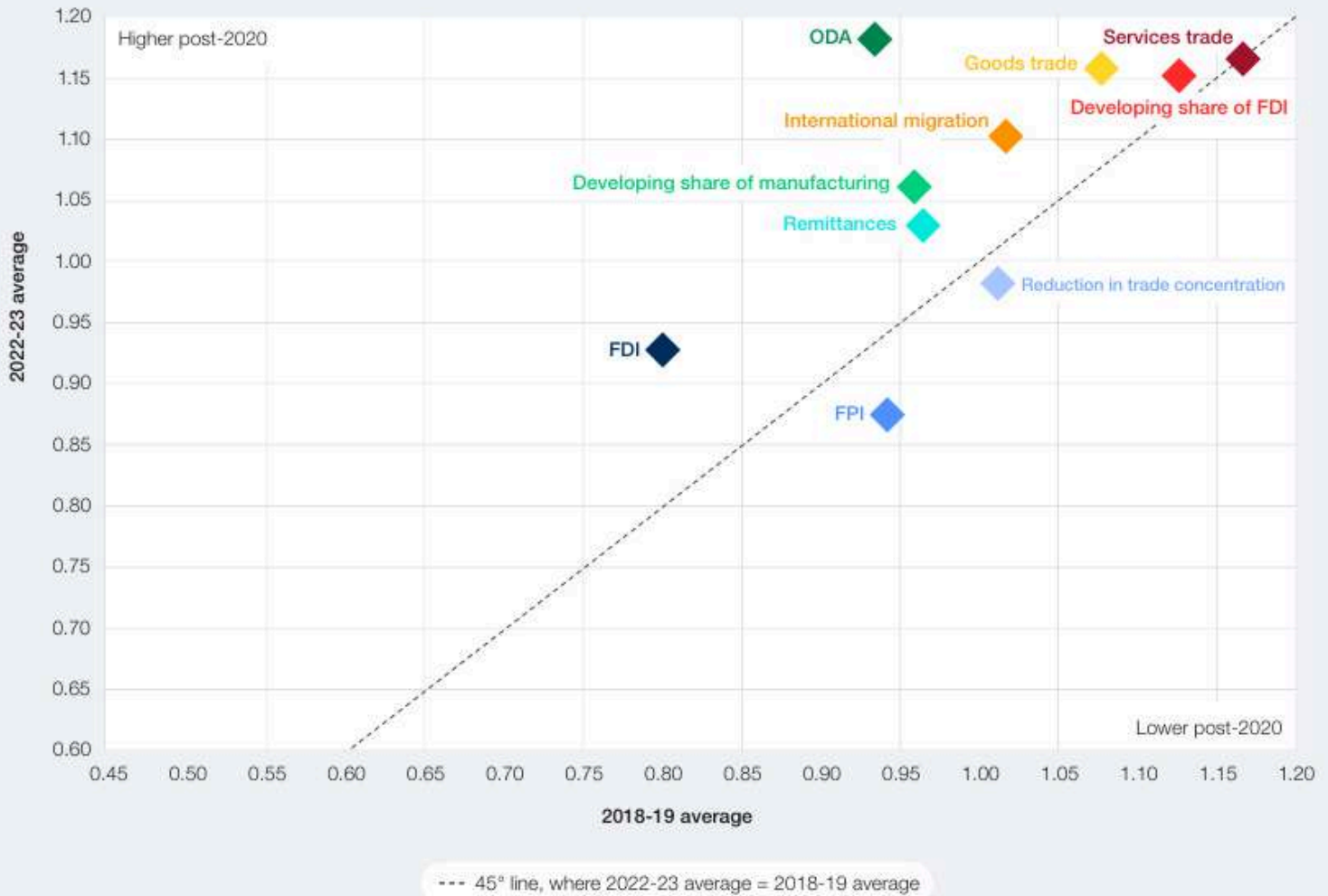
The World Trade Organization (WTO) projects the goods trade will increase by 2.7% in 2024, but warns that “geopolitical tensions and increased economic policy uncertainty” are putting the near-term and medium-term growth forecasts into question.

There are strong headwinds ahead – interventions such as tariffs have increased three- to six-fold on trade between the US and China, the world’s two largest economies, since 2017.

Looking ahead, substantial uncertainty remains about the evolution of trade and capital flows, as economies continue to reconfigure their economic ties. A fragmented global economy risks setting back progress on global priorities such as reducing poverty and inequality and can dampen growth while fuelling inflationary pressures. Leaders will need to pursue policies that strengthen trade while also investing in domestic programmes such as training and education to help make trade more inclusive.

# Pre & Post Pandemic Capital Cooperations

Only trade concentration and FPI are lower today than pre-pandemic Index averages



While goods trade has retreated, capital flows grew in 2023. Foreign direct investment (FDI) and FPI stocks outgrew GDP (gross domestic product) in 2023, a positive sign for cooperation, though the main beneficiaries were a small set of developed countries. Some of the largest FDI projects announced in 2023 were investments in strategic sectors, such as semiconductors, batteries and renewable energy, that were the focus of industrial policy, mostly in the US and Europe.

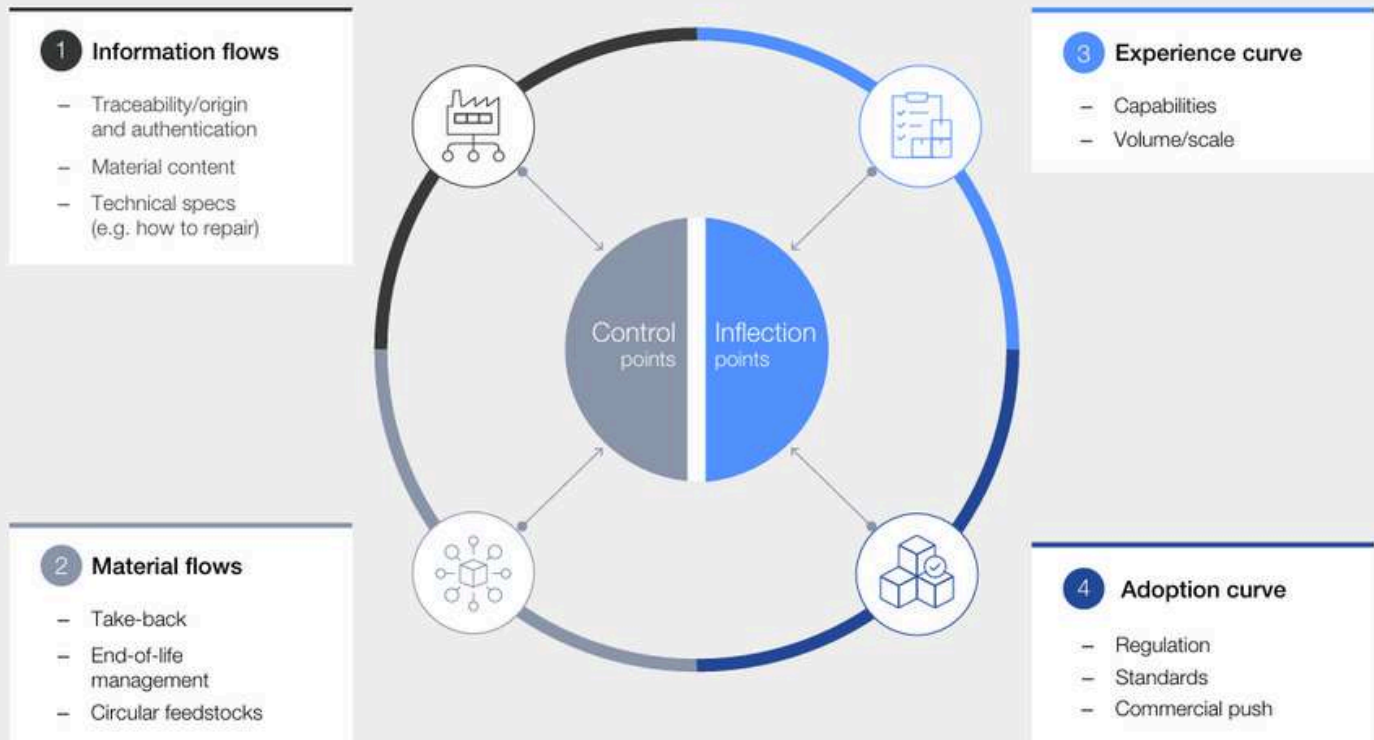
As the world fragmented further in 2023, developing economies saw a decline in their share of trade and capital flows. Their share of global manufacturing exports dropped by two percentage points (mostly due to a decrease from China), and their share of FDI inflows dropped by one percentage point. Developing economies also saw a flatlining of development assistance they received as a proportion of their gross national income (GNI).

Nonetheless, there were bright spots of increased interconnectedness. In 2023, labour migration increased by 4.1%, and remittances (the money foreign workers send to their home country) increased by 2.5%. Both have now surpassed their pre-2020 levels, indicating that flows of labour and immigration seem to have recovered from the COVID-19 period (in 2020, migration flows fell by 2.5% and remittances dropped by almost 5%).

# Circular Partnership of Global Economic Transformation

FIGURE 2

Control points and inflection points affected by circular partnerships



Circular partnerships are needed to accelerate the global economic transformation. Companies must understand how partnerships, including with competitors, will enable them to access control points, such as materials and information, and tip inflection points such as experience and adoption curves.

Control points are the critical sources of value in a value chain; inflection points mark the moment when circular products become cost-competitive with their non circular equivalents. Control points include information, such as the technical knowledge of how to produce, repair and dispose of circular goods, and access to materials, including circular feedstock and used products for disassembly.

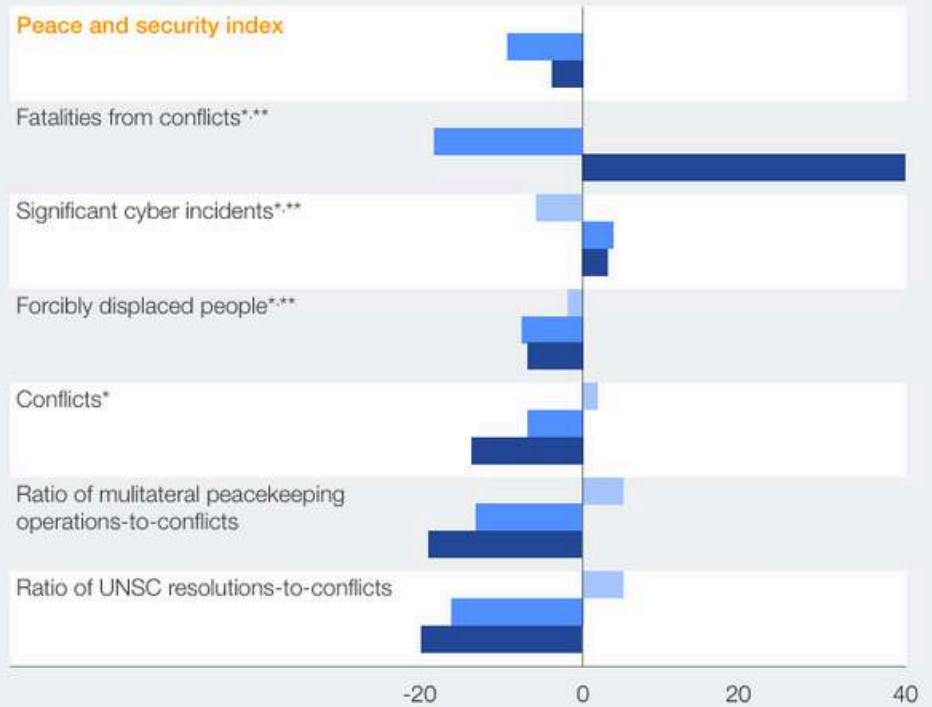
Inflection points are determined by economies of scale (the more circular goods that are produced, the lower their unit costs) and by consumer demand. Factors that can accelerate the cost competitiveness of circular products include technical innovations that make circular production less expensive; regulatory incentives; new industry standards for circularity; and measures that increase consumer confidence in the quality and environmental benefits of circular goods. Identifying the key sources of value in a circular value chain, as well as the crucial inflection points, can help a company determine the best approach when implementing a circular strategy.

Partnerships are an effective way to put the different elements of a circular strategy into place. While companies can develop expertise in-house, partnerships offer a faster and more cost-effective route to accessing knowledge and circular materials, establishing policies and industry standards and creating a mass market for circular goods and services. This is in addition to lowering production costs and creating economies of scale. In a circular economy, it is likely that partnerships will include a wider range of stakeholders and companies than exist in linear value chains, including potentially with competitors. The configuration and the goal of these partnerships will depend on the archetypes adopted to create circular value.

# Wars are Endagering Global Economic Circularity

Escalating conflicts have continued to drag on overall global cooperation

Compound annual growth rate (CAGR) %



\*Metrics were reflected given negative connotation.

\*\*Outcome metrics.

**Note:** Fatalities from conflicts is a lagging indicator.

**Sources:** United Nations High Commission on Refugees (UNHCR), UPPSALA, Center for Strategic and International Studies (CSIS), Stockholm International Peace Research Institute (SIPRI), United Nations Security Council (UNSC), McKinsey & Company analysis.

Improvement in: 2012-20 3/6 2020-22 1/6 2022-23 2/6

2012-20 2020-22 2022-23

Circularity must become the new standard of doing business, and this must happen now. Companies that lag behind will face market disruptions and eventually be taken over by those able to transform their business and operating models. To maintain a competitive position and deliver on their sustainability ambitions, companies must execute bold strategies to scale up their circular efforts and grasp the opportunities offered by evolving markets.

Almost by definition, scaling circularity will require organizations to work together in new, more interconnected ways. Partnerships will be forged both within a business's value chain and outside of it. They may include new relationships that did not have a reason to exist in the past. To achieve this, companies must develop new approaches to partnerships for circularity. They must embed their partnership strategy in their broader business strategy and consider key elements such as how partnerships allow them to act on control and inflection points.

# STATE BASED ARMED CONFLICTS

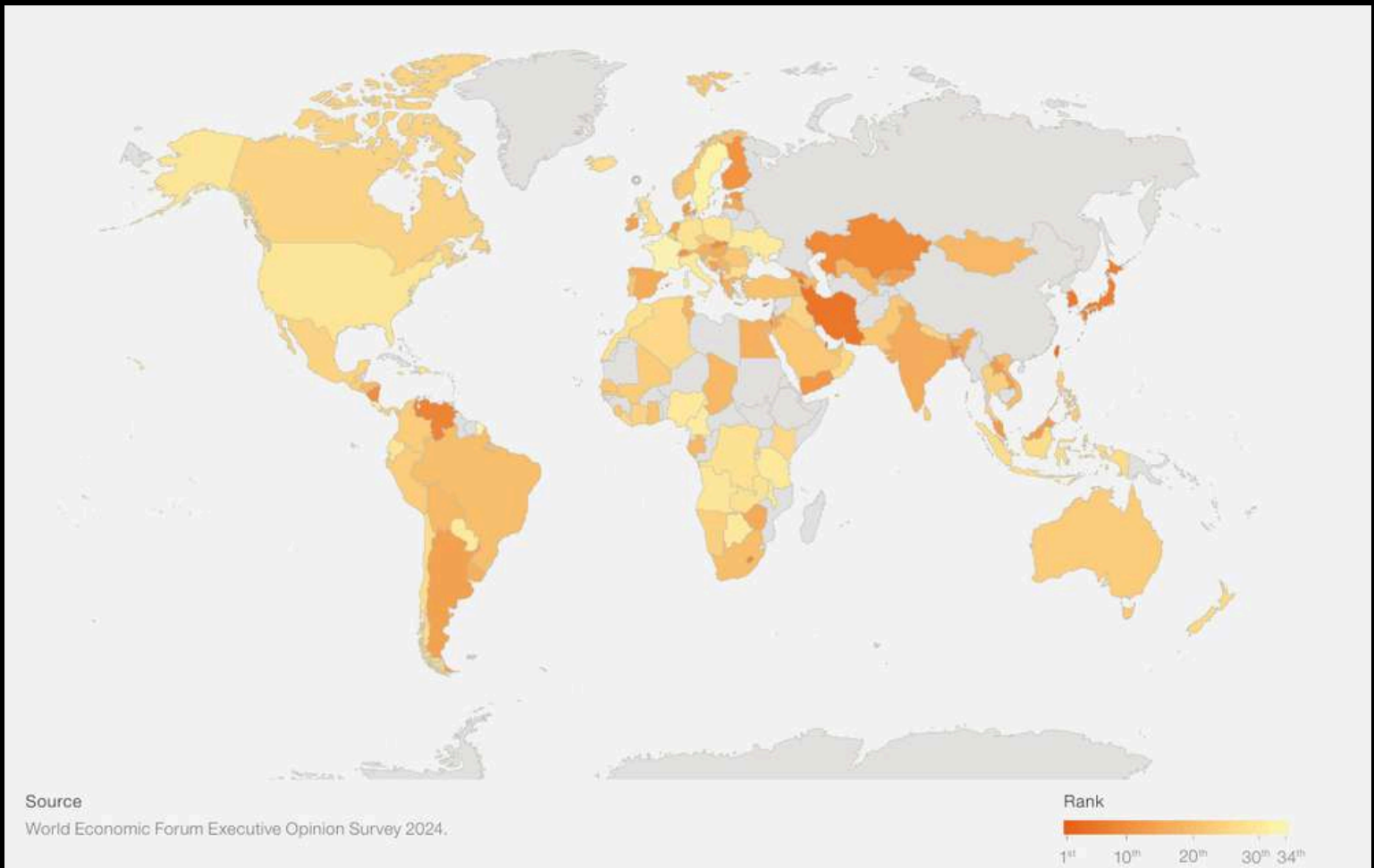


State-based armed conflict (proxy wars, civil wars, coups, terrorism, etc.) was highlighted as by far the greatest risk for 2025 among the 33 risks ranked in the GRPS, with 23% of respondents anticipating a material global crisis. GRPS (Global Risks Perception Survey) respondents cite Goeconomic confrontation as well as the technology-related concerns Cyber espionage and warfare and Misinformation and disinformation among the risks most closely linked to State-based armed conflicts. Concern about this risk among respondents remains alarming on a two-year horizon, with State based armed conflict ranked #3, increasing two positions from last year's risk ranking.

In the EOS (Executive Opinion Survey), Armed conflict – encompassing interstate, intrastate, proxy wars and coups – is identified as one of the top 10 global risks over the next two years. According to the EOS, this geopolitical risk ranks as the primary concern for executives in 12 countries, including Armenia, Israel, Kazakhstan and Poland, and features among the top five risks in an additional 11 economies, such as Egypt and Saudi Arabia. Executives who prioritize this risk according to the EOS frequently cite a high perception of related risks, including Biological, chemical, or nuclear weapons or hazards and Goeconomic confrontation.

The top ranking of State-based armed conflict may also demonstrate concern among respondents that we are in what has been termed a “geopolitical recession” – an era characterized by a high number of conflicts, in which multilateralism is facing strong headwinds. It can also be argued that such a geopolitical recession started almost a decade ago. Since 2014, the number of armed conflicts has been elevated compared to the period from the 1990s to the early 2010s. Interstate conflicts, while they tend to present the greatest threats to global stability, only constitute a small proportion of the total number of armed conflicts, which also include one-sided, non state and intrastate armed conflicts.

# HOW CONFLICTS AFFECTING THE GLOBAL DEFENSE BUDGETS



The growing vacuum in ensuring global stability at a multilateral level will lead governments around the world increasingly to take national security matters into their own hands, coordinating security and defense efforts only with select allied countries, or making unilateral military decisions. More countries will attempt to gain a greater degree of autonomy and self-sufficiency. Defense budgets could be prioritized over other long-term investments, placing at risk spending in areas such as healthcare, education and infrastructure. This accelerating military spending would represent a continuation of recent trends:

World military expenditure increased for the ninth consecutive year in 2023, reaching a total of \$2.4 trillion, with 2023 seeing a steep rise over 2022. The top five countries accounted for 61% of the total. As governments with strengthening militaries perceive that multilateral constraints on unilateral military action are weaker, there could be more instances of cross-border military interventions in the coming years. have increasingly far-reaching repercussions for state-society relations worldwide. Increased state surveillance of citizens and restrictions on individual freedoms may become more commonplace in the name of national security.

Perceived or actual threats from other countries also provide an opening for governments to seize control of narratives and suppress information, perhaps blurring the lines between genuine security considerations and political expedience. Governments may take measures that diminish the transparency of public expenditure, for example when it comes to funding parties to a conflict abroad. These are all conditions that will help authoritarian regimes consolidate their power and may lead to democratic regimes taking on more authoritarian characteristics.

# WORSENING HUMANITARIAN CRISES



Even beyond global security considerations, multilateralism appears set to endure its most difficult period since the founding of the UN in 1945. Over the next two years, more questions are likely to be asked by national governments about the roles and priorities of key multilateral institutions, and there could be constraints placed on their funding. The outlook for this broader weakening of multilateralism is associated with declining global budgets for humanitarian aid. Declining funding translates into an acute risk of humanitarian crises deepening.

Global humanitarian efforts are highly dependent on the financial and human resources and institutional know-how provided by the UN. This know-how, in areas such as logistics or relationships with local governments and NGOs, has been built up over decades and is irreplaceable over a short- or even medium term time horizon. Over 90 million people in need receive humanitarian aid or development assistance from UN institutions on an annual basis.

# WORSENING HUMANITARIAN CRISES



A rising number of these individuals, as well as others who also need support but are unable to access it, will be at increasing risk of insecurity, disease, malnutrition and starvation over the next two years if UN institutions and the humanitarian sector overall are weakened further. Furthermore, higher levels of desperation will in some settings create more opportunities for armed groups to recruit. Countries in which serious humanitarian crises risk deepening further over the next two years and in turn fueling more violence include Sudan, Mali and Haiti. In Sudan, the domestic and regional impacts of reduced agricultural production and exports are already far-reaching.

Like Ukraine, Sudan is a large exporter of agricultural products. It plays a critical role for neighbouring countries Ethiopia, South Sudan, Chad and Egypt. Forced displacement is also set to rise as international humanitarian aid efforts struggle to keep up. It is already at an all-time high, with over 122 million forcibly displaced people globally, and 56% are displaced within their own countries. Among the 44% who are cross-border refugees, three quarters are hosted in low-income countries that have limited resources to support them. Sometimes refugees are confronted with nationalist sentiment or identity-related violence because of their ethnicity or religion, further fueling the potential for conflict in border areas.

# WORSENING HUMANITARIAN CRISES



Increased competition for jobs between refugees and locals can also be a source of tensions. 2023 Rising unilateralism will have softer implications, too. Societies are developing more disinterested mindsets when it comes to conflicts and humanitarian crises in which their own citizens are not involved. As local media deprioritize reporting on “far-away” conflicts, a self-fulfilling cycle emerges, with greater tolerance by governments and societies of civilian casualties in warfare.

This is a risk that has already started unfolding with respect to current conflicts, for example when it comes to Sudan: This war has rarely been at the top of global policy agendas despite its huge humanitarian toll. Such disinterest makes internationally coordinated humanitarian responses more difficult, especially when combined with the prevailing geopolitical and funding conditions.

The GRPS finds that the approach that respondents believe has the most long-term potential for driving action on risk reduction and preparedness regarding State-based armed conflict is Global treaties and agreements, followed by Multistakeholder engagement.

These findings strongly suggest that it is critical for public, private and civil society stakeholders across all countries to work together to reinforce existing multilateral institutions wherever feasible. This includes the UN Security Council; despite the challenges and complexity of reforming it, governments should continue dialogues with that ultimate objective in mind.

In highlighting the benefits of multilateralism in conflict resolution, leaders should draw on case studies of resolution of seemingly intractable conflicts. An example was the Colombian government’s peace agreement with the Revolutionary Armed Forces of Colombia (FARC) in November 2016. Broad international cooperation has also helped to tackle armed threats, for example in combating piracy off the Somali coast over the course of many years from 2008. Global leaders can draw optimism from such examples and showcase lessons learned and actionable strategies for ending current conflicts.

# SUPERCARGED ECONOMIC TENSIONS

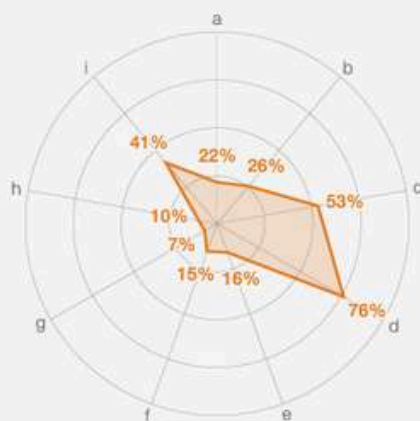
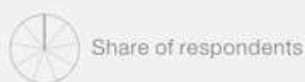
FIGURE 1.20

## Risk Governance: Geoeconomic confrontation

"Which approach(es) do you expect to have the most potential for driving action on risk reduction and preparedness over the next 10 years? Select up to three for each risk."

### Approach

- a. Financial instruments
- b. National and local regulations
- c. Multilateral treaties and agreements
- d. Global treaties and agreements
- e. Development assistance
- f. Corporate strategies
- g. Research & development
- h. Public awareness and education
- i. Multistakeholder engagement



Geoeconomic confrontation  
(sanctions, tariffs, investment screening)

### Source

Source: World Economic Forum Global Risks Perception Survey 2024-2025.

### Risk categories

Economic

Environmental

Geopolitical

Societal

Technological

For organizations, one of the big lessons taken from the ongoing conflicts is the need for supply chain resilience and diversification. With geopolitical volatility likely to remain high over the next two years, organizational investment in geopolitical risk foresight and risk management is a must.

When the level of uncertainty around conflicts or potential conflicts is high, scenario planning exercises can be a valuable tool to help organizations prepare for a range of different outcomes. Organizations need to consider not only whether their suppliers and supply routes are vulnerable to conflicts, but also what the reputational risks are of partnering or doing business with counterparts that are in any way party to a conflict.

A worldwide escalation of broad tariff-based protectionism could lead to global trade declining.— Deeper decoupling of trade between West and East would have worldwide repercussions, even beyond trade relationships.

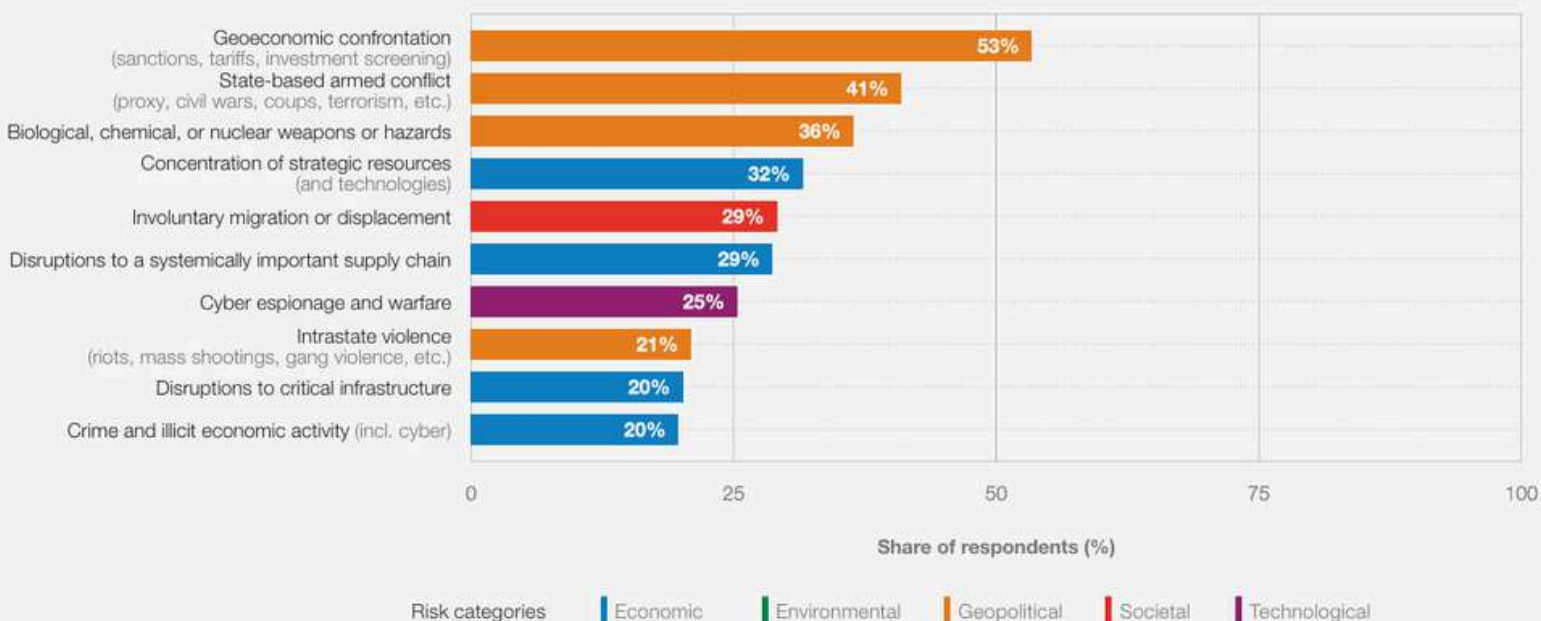
With economic growth in China and Europe already weak, an escalating trade war will introduce additional uncertainties into the global economic outlook. Global trade relations are tense and there is a risk of unpredictable and potentially sharp changes in trade policies worldwide.

# SUPERCHARGED ECONOMIC TENSIONS

FIGURE 1.21

## Top risks that can be addressed by “minilateral” treaties and agreements

*“Which approach(es) do you expect to have the most potential for driving action on risk reduction and preparedness over the next 10 years?”*



### Source

World Economic Forum Global Risks Perception Survey 2024-2025.

Geoeconomic confrontation (sanctions, tariffs, investment screening) ranks #3 for current (2025) risks according to the GRPS and #9 over a two-year horizon. This comes after trade tensions have already been rising steeply since 2017.

According to Global Trade Alert, the number of harmful new policy interventions per year rose globally from 600 in 2017 to over 3,000 in each of 2022, 2023 and 2024. Over the next two years, there is a significant risk of escalating tariffs and other trade-related protectionism globally, which could accelerate broader decoupling between the United States and China, and their respective allies.

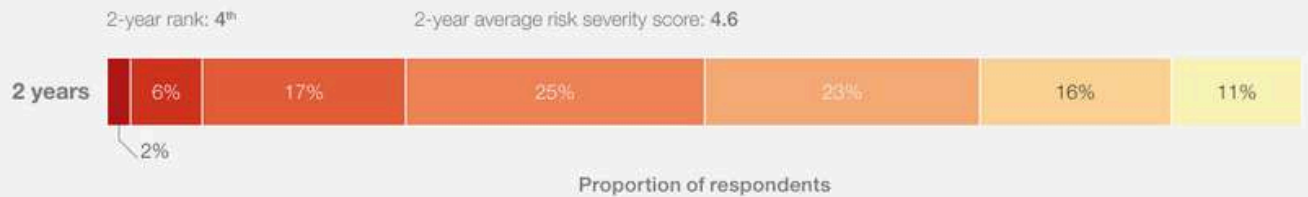
While Cold War-style rhetoric between the United States and China could ramp up and fuel trade tensions between the two blocs, even the many countries that are not aligned with either West or East would find themselves affected by these tensions. In such an unfolding trade war scenario, initiatives currently underway could easily stall or come apart.

# GEOECONOMIC CONFRONTATION

FIGURE 1.22

## Short-term (2 years) risk severity score: Societal polarization

*Present or perceived ideological and cultural divisions within and across communities leading to declining social stability, gridlocks in decision-making, economic disruption and increased political polarization.*



### Source

World Economic Forum Global Risks Perception Survey 2024-2025.

### Note

Severity was assessed on a 1-7 Likert scale [1 = Low severity, 7 = High severity]. The percentages in the graph may not add up to 100% because values have been rounded up/down.

Geoeconomic confrontation (sanctions, tariffs, investment screening, etc.) is a prominent concern in Eastern Asia, in particular. In Taiwan, China and Hong Kong SAR, China, this risk is the third most significant concern in their two-year outlooks. Moreover, 12 other economies, including Japan and South Korea, rank geoeconomic confrontation among their top 10 risks.

While Eastern Asia may Global Risks Report 2025 be one region most immediately impacted by new trade restrictions, broadening global geoeconomic fragmentation would affect all economies, with those likely to suffer the most ultimately being emerging markets and low-income countries.

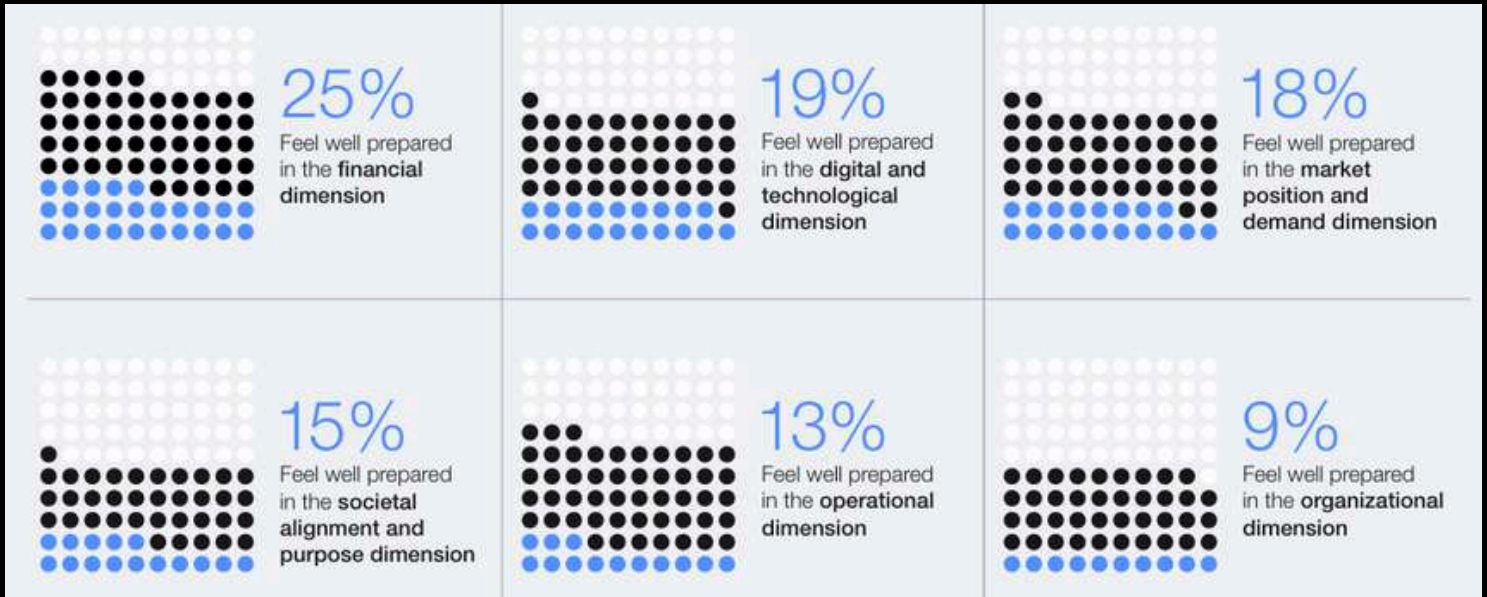
Beyond tariffs, industrial policy is at the core of other trade-related protectionist measures. The world is already in an era of industrial policy, with a high number of non-tariff barriers impacting trade relations. Two-thirds of all harmful trade restriction measures implemented in the last five years have been subsidies, excluding export subsidies.

Legislation such as the Inflation Reduction Act or initiatives such as Make in India are a rising characteristic of countries' inward focus and this trend could accelerate in a fragmenting trade environment. Although industrial policy can have benefits, for example addressing market failures, its risks include corruption and misallocation of resources.

A related area likely to see escalation is more blocking of trade and investment on national security grounds, with the number of sectors classified by governments as "strategically sensitive" expanding. As the space for a multilateral, rules-based and open global trade environment diminishes, government interventions in the private sector could be used more frequently as a form of retaliation against companies' home governments.

Employees of foreign companies could increasingly be prosecuted or have more restrictions placed on their in-country stays, and the number and size of fines imposed on companies for alleged regulatory non-compliance could be ratcheted up. Governments may make more use of sanctions targeting individuals, financial transactions and companies

# RISE OF INTERNATIONAL COST



Costs for companies doing business internationally will rise in this scenario. Global firms will need to navigate divergent sets of regulations in different, fragmenting parts of the world. Regulatory technology (RegTech) will be used more by governments to surveil foreign companies and ensure compliance, reducing the time between new regulations being imposed and the need for companies to become fully compliant. The Charts above showing how unprepared are the big companies in facing the threat of Economic Fragmentations such as the Tarrifs Increasing, Deregulations of Imports, etc.

IT infrastructure as well as data security and storage protocols will continue to be adapted to national security interests at the expense of cross-border commercial considerations. Finally, international data flows and financial transactions will become more cumbersome and costly, setting back some of the rapid progress made in recent years through the implementation of new technologies

Government-led efforts at commercial cyber espionage could become more frequent as part of efforts to tilt the playing field towards their national champions. The EOS reveals that respondents in high income countries tend to highlight cybersecurity risk. In some of these – for example Denmark, Luxembourg and the Netherlands – Cyber insecurity is one of the top three risks. Governments may also put pressure on domestically headquartered cloud services companies to restrict access in other countries.

Such a global fragmentation scenario will weaken the kind of multilateral collaboration required in many fields. For example, coordinating regulatory efforts and mobilizing the vast financial resources needed for the green transition will become much more difficult. Technological innovations that might make a difference towards greening economies will face more impediments to being shared across borders and scaled globally.

Other areas where deeper global collaboration is badly needed, such as global health, energy or infrastructure, will also be likely to see slowdowns or reversals in progress. This will leave the world less well prepared for the next global pandemic, for example, while urgent public health and broader humanitarian issues will slip even further down the global agenda. Contagion from trade disruptions could spill over into food insecurity, too. Some large cities in Sub Saharan Africa that are reliant on global commodity markets for their food supply are particularly at risk.

# GREATER ECONOMIC UNCERTAINTIES

**FIGURE 1** Principles to Safeguard the Global Financial System from Fragmentation

	<p><b>Principle 1</b></p> <p>Clearly define and uphold the rule of law to ensure impartial enforcement and predictability across the financial system</p>		<p><b>Principle 5</b></p> <p>Regulate and manage critical financial market infrastructures, but avoid politicizing or severing the underlying financial rails, given that these systems are essential for maintaining the integrity, functionality and efficiency of the financial system</p>
	<p><b>Principle 2</b></p> <p>Respect financial and physical property ownership rights to maintain trust and encourage investment, thereby fostering financial stability</p>		<p><b>Principle 6</b></p> <p>Ensure parallel financial market infrastructures are interoperable to facilitate optimal transactions and market efficiency</p>
	<p><b>Principle 3</b></p> <p>Avoid unilaterally expropriating sovereign assets even during times of heightened tensions or conflict</p>		<p><b>Principle 7</b></p> <p>Structure domestic and multilateral policies and financial regulations to support financial stability and ensure cross-border flows of capital, data, goods, people and ideas</p>
	<p><b>Principle 4</b></p> <p>Safeguard independence and bolster the capabilities of international institutions, such as standard-setting bodies, to preserve their role in global financial governance</p>		<p><b>Principle 8</b></p> <p>Shield the independence of fiscal and monetary policy to promote financial stability, reduce the risk of competitive interference and increase opportunities for transparent decision-making</p>

The World Economic Forum’s September 2024 Chief Economists Outlook found that most of the chief economists surveyed (54%) expect the condition of the global economy to remain unchanged over the next year, but four times as many expect conditions to weaken (37%) rather than to strengthen (9%).









This outlook aligns closely with the latest IMF forecast, which has economic growth stable at 3.2% annually in 2024 and 2025. Even without accounting for the potential impacts of downside risks, this growth rate is tepid compared to the long-term average growth rate of 3.8% from 2000-2019.

The IMF notes rising risks to the economy posed by conflict escalation, tariffs and trade policy uncertainty, lower migration, and the tightening of global financial conditions. The latter could pose a challenge to financial stability given that valuations are elevated in several asset classes and the amount of leverage used by financial institutions is significant. The rapid growth in the private credit market is one area to monitor.

More generally, both government and private-sector debt levels continue to rise globally. There have been early signs that fiscal concerns could re-emerge over the next two years as markets will face a high volume of sovereign debt supply. Globally, Economic downturn tops the EOS global risk ranking in the next two years. This risk ranks first in five regions: Latin America and the Caribbean, Northern America, Oceania, South Eastern Asia and Southern Asia. It also ranks first in three out of the four country income groups, with the only exception being lower-middle income countries. Respondents in 25 countries see Economic downturn as the leading risk, including developed economies such as the United States and United Kingdom, and emerging markets such as Brazil, Kenya and Malaysia.

# GREATER ECONOMIC UNCERTAINTIES

**FIGURE 2 Rules of Engagement for Responsible Economic Statecraft**








	<p><b>Rule 1</b></p> <p>Design and implement targeted and well-aligned statecraft measures to minimize the risk of unintended consequences and reduce the private sector's administrative burden (e.g. carry out cost-benefit analyses, provide clear implementation guidance, and assess and reinforce existing regimes)</p>		<p><b>Rule 5</b></p> <p>Collaborate on areas of geoeconomic consensus, including combatting financial crime, terrorist financing and the energy transition, recognizing the need for collective action to address these global financial challenges.</p>
	<p><b>Rule 2</b></p> <p>Establish public-private consultation mechanisms to promote transparency in decision-making regarding the impact of economic statecraft measures on the financial system</p>		<p><b>Rule 6</b></p> <p>Promote global financial stability through heightened coordination among major financial powers via transparent data sharing and inclusive decision-making to minimize negative spillovers and prevent system fragmentation</p>
	<p><b>Rule 3</b></p> <p>Protect populations, sectors, industries and supply chains for humanitarian purposes through exemptions and carve-outs to avoid collateral damage and ensure their continued access to the global financial system</p>		<p><b>Rule 7</b></p> <p>Reform the global financial system to reflect 21st-century geopolitical and macroeconomic dynamics and provide greater benefits to EMDEs, promoting inclusive economic growth and stability</p>
	<p><b>Rule 4</b></p> <p>Prioritize the use of economic inducements, including trade agreements compliant with international law, and other financial instruments that foster mutual gain and cooperation over those designed to cause economic pain</p>		<p><b>Rule 8</b></p> <p>Protect the ability of firms to engage with actors across the geopolitical spectrum by structuring statecraft measures, standards and regulations on a multilateral basis, whenever possible</p>

In the short term, higher import tariffs cause an increase in the price of imported goods. The impact on global GDP depends on factors including the substitutability between imported and domestic goods; the response of exporting firms facing tariffs; and monetary policy reactions.

When it comes to the latter, monetary policy-makers are in the fortunate position of having just brought inflation back under control. The International Monetary Fund (IMF) projects headline global inflation to fall to 3.5% by the end of 2025, which is lower than the average in the two decades prior to the COVID-19 pandemic.

However, one risk is that an escalating trade war will lead to another upturn in inflation, forcing central banks to halt or even reverse course from cutting interest rates. If this is associated with a strengthening US dollar, there could be knock-on risks for countries and companies with US dollar debt refinancing needs. Indirect impacts of tariffs include a fall in productivity, due to a change in the allocation of productive resources from more to less productive, more protected sectors and firms; a rise in the cost of capital caused by financial stress; and a drop in investment due to an increase in uncertainty about future business conditions, which causes firms to adopt a “wait-and-see” approach. The latest World Investment Report, released in June 2024, cites fragmenting trade and regulatory environments as among the key drivers of a 10% slump in global foreign direct investment last year

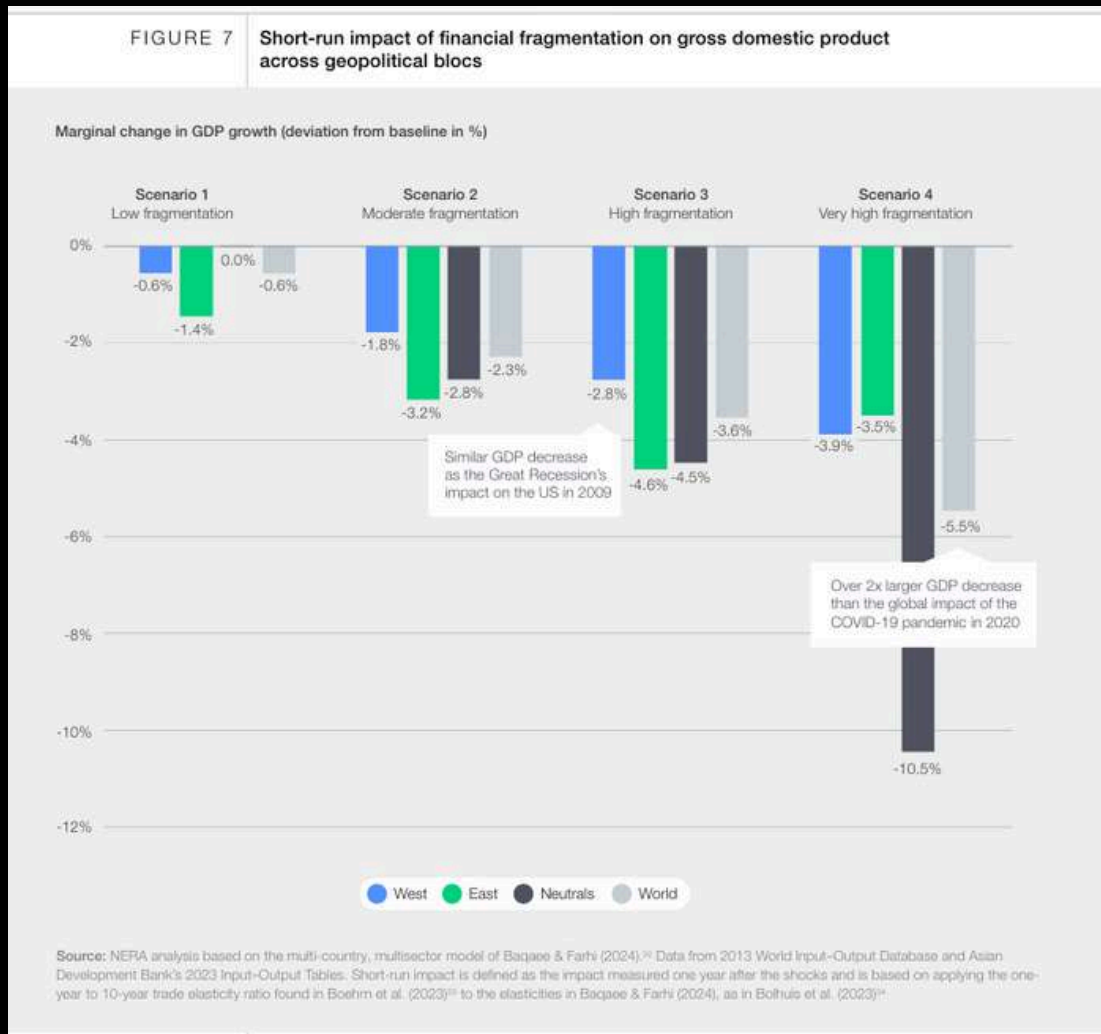
# GLOBAL ECONOMIC FRAGMENTATION

Aspect	 Made in China 2025	 US Inflation Reduction Act	 EU European Chips Act	 Make in India
 Goal	Upgrade China's manufacturing capabilities and reduce foreign tech reliance	Help US to reach climate goals, strengthen energy security and job market, reduce cost of healthcare	Strengthen semiconductor industry in EU by ensuring resilience of supply chains and reducing external dependencies	Boost domestic manufacturing and attract foreign investment
 Investment volume	~\$300 billion planned investment by 2025	\$369 billion allocated for energy and climate initiatives	+€100 billion planned investment including +€43 billion public investments	+\$26 billion in incentives across various sectors
 Key sectors	Manufacturing, information technology, energy, aerospace and maritime engineering	Energy, manufacturing, healthcare, transportation, agriculture	Semiconductors, information technology	Manufacturing, electronics, textiles, automotive

The current trajectory of the global financial system, however, suggests that the 21st century may see a more fragmented financial architecture. Russia's 2022 invasion of Ukraine, and the corresponding responses from Western governments to restrict Russia's access to the global financial system, represented an inflection point that accelerated fragmentation. Market participants are increasingly basing decisions not just on return-maximization but also on geoeconomic considerations, triggering a shift away from the previous globalized model. To advance domestic economic priorities and national security imperatives, policy-makers must often accept trade-offs that cause fragmentation and might, for instance, reduce the efficiency of international finance – a certain degree of fragmentation is likely necessary to achieve desired policy outcomes.

At the same time, financial regulators recognize the benefits of financial integration and minimizing the burdens placed on legitimate economic activity. For several decades, improvements in technology, innovation and governance have made it possible to increase efficiency while reducing regulatory friction. In recent years, however, regulatory friction has increased in tandem with growing geopolitical tensions, leading to what many observers describe as excessive fragmentation. Fault lines are emerging within the global financial system, with cracks beginning to show across both regions and levels of economic development. Despite the international order and financial system becoming more multipolar, analysis suggests that a globalized system is likely to persist in the near term. As more governments prioritize the use of economic statecraft (i.e. the economic tools and policies a state uses to achieve foreign policy and domestic objectives), however, there is a risk of further financial system fragmentation.

# GLOBAL ECONOMIC FRAGMENTATION

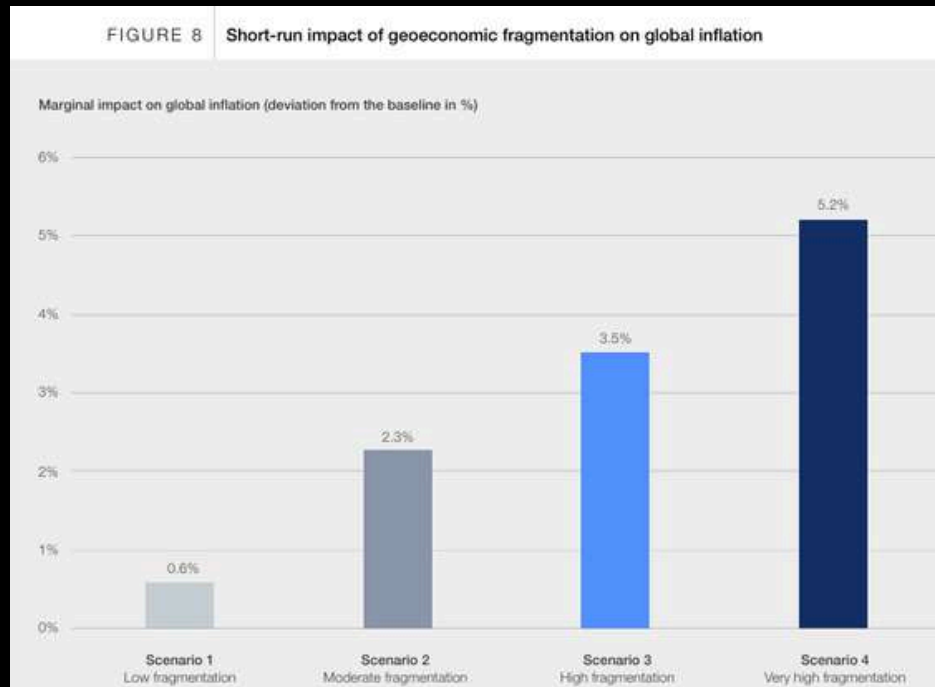


The costs of financial system fragmentation As nations have increasingly sought to protect their financial systems from external threats, new challenges have arisen, prompting regulatory and institutional shifts designed to enhance resilience, support domestic industry and insulate supply chains from external shocks. For example, following the COVID-19 pandemic, many nations invested in “friend-shoring” to reorient supply chains in ways that afforded them greater protection over critical infrastructure.

Such regulatory and institutional efforts can insulate certain sectors but also increase the complexity of the corresponding financial infrastructure and uncertainty for investors, thereby reducing liquidity, which can cause numerous unintended consequences and knock-on effects. This report represents a concerted effort among global financial actors to assess these impacts, mitigate the negative consequences of fragmentation and propose foundational principles that can strengthen the financial system even amid geopolitical reconfigurations. \$5.7 trillion Potential lost GDP as a result of fragmentation.

Financial system fragmentation can have a negative impact by decreasing global economic output and increasing inflation. This report presents new analysis indicating that one-year economic output losses from fragmentation could range from \$0.6 trillion to \$5.7 trillion, or about 5% of current global gross domestic product (GDP) and twice the output losses caused by the COVID-19 pandemic, depending on the degree of fragmentation.

# GLOBAL ECONOMIC FRAGMENTATION



Similarly, inflation rises steadily in most countries as fragmentation increases, which is likely to necessitate higher interest rates and have an impact on borrowing costs for individuals, businesses and governments. Another consideration is that fragmentation's negative effects will not be distributed equally around the world. Instead, countries or regions that lack sufficiently deep or integrated capital markets will be affected more significantly.

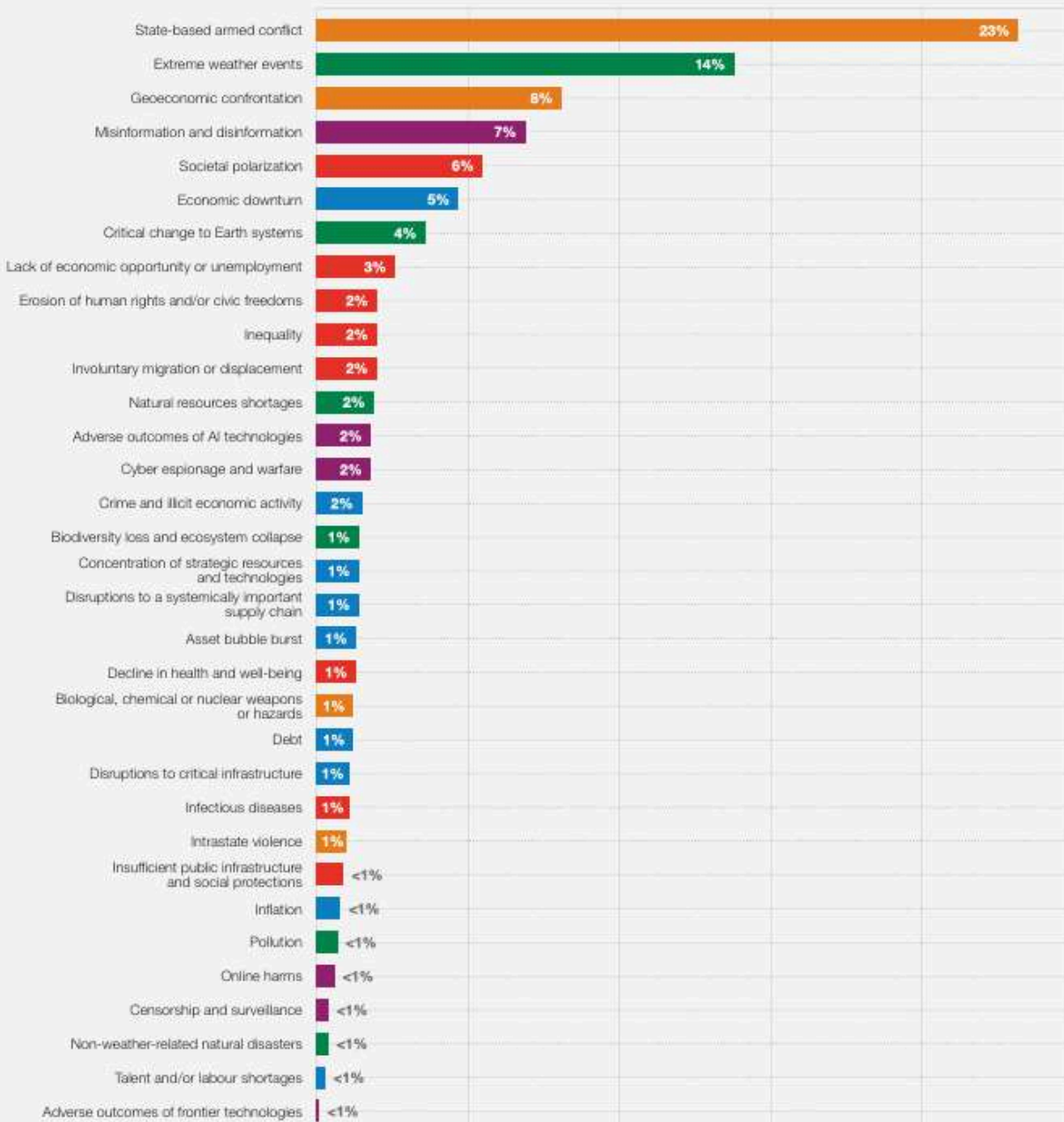
According to the report's analysis, emerging markets and developing economies (EMDEs), not including China or Russia, could see GDP losses of nearly 11%. These changes may force smaller EMDEs to seek alternative sources of funding outside the traditional international system, further exacerbating fragmentation. This fragmented environment could complicate sovereign debt-relief efforts and erase previous progress in this area as creditors pursue separate bilateral negotiations with debtors.

Geopolitics also affects private-sector decision-making by increasing policy uncertainty and making long term strategic planning more challenging. Research suggests that businesses could see impacts on corporate credit, as rating agencies re-evaluate debt profiles across various jurisdictions and blocs. Other impacts include limited market access, as economic sanctions and other measures prohibit investors and companies from entering certain markets. Finally, asset valuations could be impacted, as weakened investor appetite limits deal opportunities, reduces liquidity and contributes to asset-stranding – all of which increase valuation volatility. Alternatively, private sector-led collaboration could offset geopolitical friction and financial fragmentation by linking actors across rival blocs. Financial intermediation tends to occur despite geopolitical tensions or even wars. As such, it offers a powerful tool for bringing actors together to address shared challenges, such as the energy and digital transitions, ageing populations and infrastructure investment, all of which require collective action. The guardrails outlined in this report are designed to protect the ability of the financial sector to fulfil its fundamental role of intermediating global savings and channelling them to promote investment and economic growth, regardless of the geopolitical backdrop

FIGURE B

**Current Global Risk Landscape**

*"Please select one risk that you believe is most likely to present a material crisis on a global scale in 2025."*



## WEF Recommendation for CEO 5 Steps of Global Circular Strategies

- Understand which of the three archetypes (or combination of them) can extract the most value from circular transformations.
- Identify the control points (materials, technology) they will need to access in their future circular value chain
- Define which levers can positively affect inflection points, with the goal of lowering production costs quickly and accelerating consumer adoption of circular products and services
- Create a clear circular partnership strategy to gain access to these control points and help tip the relevant inflection points.
- If necessary, consider building a value chain wide coalition to set up the infrastructure necessary for change beyond their own organizations.

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