

# Global mega-trends: Scanning the post-coronavirus horizon

## INTRODUCTION

The European Strategy and Policy Analysis System ([ESPAS](#)) – the strategic foresight network of the European Union institutions – offers a valuable ‘free space’ in which to conduct a genuine continental, and potentially global, conversation about where the world is heading over the medium to long run. It was initiated by the European Parliament almost a decade ago in order to help promote a serious discussion of this kind.

The third ESPAS Global Trends Report, [Global Trends to 2030: Challenges and Choices for Europe](#), as published in April 2019. Transposing into the European context the kind of strategic foresight analysis undertaken in the United States by the National Intelligence Council (NIC) on global trends since the end of the 1990s, it aims to sketch the global and longer-term backdrop against which Europeans will seek to shape their future. The coronavirus pandemic broke out less than a year later.

At the moment, as [Bruno Tertrais](#) has put it, ‘we’re still at the stage in which everyone sees their views and assumptions as being confirmed by the corona crisis. This is true in the West and East, on the left and on the right’. This is understandable and projections based on reliable data are still scarce. The time-horizon of analysis generally does not go beyond 2022-23 (for example, the IMF and OECD Economic Outlooks). So the starting-point of any reflection is uncertain: What is the true death toll of the pandemic? How serious will the second wave be, and will there be a third? Which of the (possibly already) observable economic, societal, political and geopolitical consequences of the crisis will have a serious and long-lasting impact? Many strategic foresight teams, for example at the [Atlantic Council](#), have nevertheless started to draw up ‘post Covid-19 scenarios’.

This paper aims to help distinguish the ‘signal’ from the ‘noise’. It provides a rolling review of the ‘inflections’ to the mega-trends – or at least of their perception among a wide array of global thinkers – that were identified in the 2019 ESPAS Global Trends Report. It follows the distinction used in the ESPAS report between ‘mega-trends’, ‘catalysts’ and ‘game-changers’ and stresses their inter-linkages.

Once we have taken enough steps back and gathered solid data and expertise, we will possibly be able to produce a new narrative about our future. This will most likely involve a ‘reshuffling’ of the trends. In particular, two ‘meta-trends’ might be singled out that transversally permeate all other trends and indeed all aspects of human life: technological innovation and inequality.

## Mega-trends

Mega-trends are ‘those developments already under way and nearly impossible to change over the coming decade’ ([2019 ESPAS Global Trends Report](#), p6). The global pandemic forces us to question certain of those mega-trends identified in the ESPAS Global Trends Report, especially whether ‘we’ll continue to grow economically, and it raises a range of new questions around them. Let us look at some of these issues in turn.

The headings in quotations below are taken from the mega-trends identified in that ESPAS report.

### ‘We are hotter’

Global warming will not be stopped by the pandemic, no matter how harsh the measures taken to mitigate its propagation are, and how long they will last. Increasingly sophisticated [climate models tend to revise upwards the expected rise of global temperature by 2050](#).

The [highest-ever record for the concentration of carbon dioxide in the atmosphere](#), which is what matters for the rise of temperature, was broken in May in the midst of the pandemic, in spite of the dramatic drop in CO<sub>2</sub> emissions prompted by the lockdown measures. There is also a growing awareness of how climate change may increase the [risk of other pandemics](#).

### ‘We are more, but where?’

On demographics, the coronavirus crisis should, as is the case for climate change, have no more than [a marginal effect, unlike the ‘Spanish flu’](#) that severely impacted the life-expectancy of younger people in 1918.

We will still be about 8.6 billion people in 2030, even if [a major recent study](#) calls into question the current United Nations (UN) projections of the world population by 2100, counting on a sharp decline in the fertility rate in countries that represent for the moment the biggest share in population growth.

### ‘We live in cities’

Thinking of [urbanisation as the ideal incubator or culprit](#) for the spread of the pandemic may not be well grounded.

In the developed world, the [decreasing attractiveness of mega-cities](#) should accelerate, but whether that will be to the benefit of the countryside or to medium-sized cities is uncertain.

[The competing demands of public health and climate policy](#) – as cities are seen to enhance their environmental sustainability – will have to be reconciled in the future.

### ‘We continue to grow economically’

The 2019 ESPAS Global Trends Report did not take for granted continuous global economic growth between now and 2030,

Global mega-trends as set out in the 2019 ESPAS Global Trends Report

#### By 2030...

The world will be 1.5 degrees warmer – the maximum that the planet can tolerate. Over the coming decade, we might reach a tipping-point where changes become uncontrollable.

The world population should reach 8.6 billion, as opposed to 7.6 billion today, due to the significant demographic growth in Sub-Saharan Africa, in South Asia, and in the EU’s southern neighbourhood. In the rest of the world, population will be stalling or decreasing, and aging.

Two-thirds of the world population will live in cities, mostly in medium-sized cities.

The world economy should continue to grow, even if projections are not fail-safe. Inequality will be more pronounced within countries than between countries. The extreme poverty rate should be further reduced.

Energy consumption will continue to rise, mainly in non-OECD countries. Oil, coal and gas will continue to meet most of the world’s energy demand – even in Europe, leader in the energy transition.

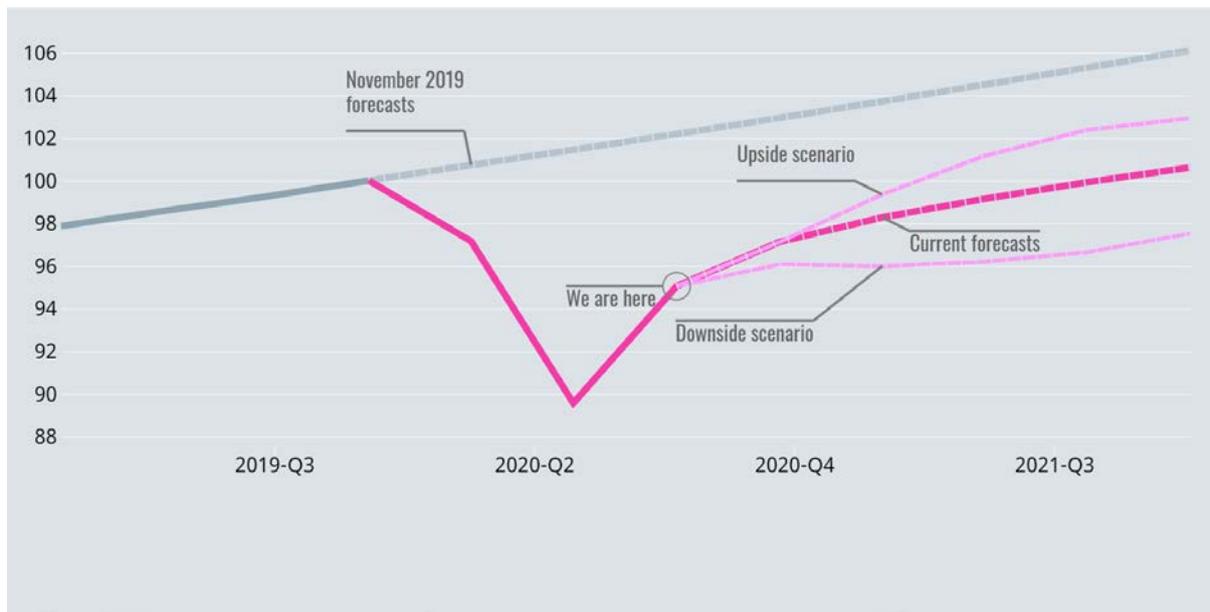
75 % of the world population will have mobile connectivity, but physical connectivity will increase too – so will the correlated risk of pandemics.

By 2030, the world will be ‘polynodal’ with the power of states determined by their relational influence. Relations between the US and China will be key to shaping a new pluralistic power distribution. Strategic autonomy will be the only option for Europe.

emphasising that trade tensions could destabilise the global economy and that a slowdown in China and the US would affect the global economy. However, it was cautiously optimistic that the world economy would continue to grow, mostly in developing countries, with China surpassing the US as the biggest global economy by 2030. [OECD data sets](#) suggest that still to be the most likely scenario. That said, the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF) and World Bank all stress the historic scale of the coronavirus crisis, underline uncertainties, and limit their current projections to 2022 or 2023 at best.

In June 2020, the [OECD Economic Outlook](#) described two short term scenarios – a ‘single hit’ and a ‘second hit’. The organisation has already produced another [interim outlook \(OECD, September 2020\)](#), noting that ‘a recovery is now under way following the easing of strict confinement measures and the re-opening of businesses, but uncertainty remains high and confidence is still fragile. Amongst the countries with monthly economy-wide estimates of economic activity, a little over one-half of the decline in output between January and April had been restored by July’.

Figure 1: World GDP forecasts as of September 2020  
(2019-Q4 = 100)



Source: OECD (2020): ‘OECD Economic Outlook, Interim Report September 2020’; OECD Economic Outlook Statistics and Projections (database).

The [IMF](#) soberly summarises the situation as follows: ‘As a result of the pandemic, the global economy is projected to contract sharply by minus three per cent in 2020, much worse than during the 2008-09 financial crisis. In a baseline scenario – which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound – the global economy is projected to grow by 5.8 per cent in 2021 as economic activity normalizes, helped by policy support. The risks for even more severe outcomes, however, are substantial’.

It adds that there is ‘extreme uncertainty around the global growth forecast. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioural changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices. Many countries face a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices’.

The [World Bank](#) also emphasises uncertainties but takes a somewhat original approach by building upon previous global crises to inform a detailed analysis of the current crisis. Its Outlook draws attention to the ‘erosion of human capital through lost work and schooling’ and to ‘the humanitarian and economic toll the global recession will take on economies with extensive informal sectors’.

A slightly more optimistic tone can be found in the views of some leading economists, for example, [Paul Krugman](#), winner of the Nobel Prize in economics in 2008, who suggests a ‘fast recovery once the virus is contained’, albeit with ‘big caveats’ relating to the duration of the pandemic, indirect new imbalances arising from the crisis, and long-lasting behavioural changes.

Figure 2: Growth projections, April 2020

The COVID-19 pandemic will severely impact growth across all regions.

(real GDP, annual percent change)	2019	2020	2021
<b>World Output</b>	<b>2.9</b>	<b>-3.0</b>	<b>5.8</b>
<b>Advanced Economies</b>	<b>1.7</b>	<b>-6.1</b>	<b>4.5</b>
United States	2.3	-5.9	4.7
Euro Area	1.2	-7.5	4.7
Germany	0.6	-7.0	5.2
France	1.3	-7.2	4.5
Italy	0.3	-9.1	4.8
Spain	2.0	-8.0	4.3
Japan	0.7	-5.2	3.0
United Kingdom	1.4	-6.5	4.0
Canada	1.6	-6.2	4.2
Other Advanced Economies	1.7	-4.6	4.5
<b>Emerging Markets and Developing Economies</b>	<b>3.7</b>	<b>-1.0</b>	<b>6.6</b>
Emerging and Developing Asia	5.5	1.0	8.5
China	6.1	1.2	9.2
India	4.2	1.9	7.4
ASEAN-5	4.8	-0.6	7.8
Emerging and Developing Europe	2.1	-5.2	4.2
Russia	1.3	-5.5	3.5
Latin America and the Caribbean	0.1	-5.2	3.4
Brazil	1.1	-5.3	2.9
Mexico	-0.1	-6.6	3.0
Middle East and Central Asia	1.2	-2.8	4.0
Saudi Arabia	0.3	-2.3	2.9
Sub-Saharan Africa	3.1	-1.6	4.1
Nigeria	2.2	-3.4	2.4
South Africa	0.2	-5.8	4.0
Low-Income Developing Countries	5.1	0.4	5.6

Source: IMF, [World Economic Outlook, April 2020](#).

Inequality within countries, or between countries – developed or developing – is likely to be the most prominent characteristic of the recovery: years of improvements in the economic prospects of the global middle class now risk being lost, and poverty and hunger are expected to make a big come-back. The pandemic has disproportionately impacted communities, such as women, migrants, categories of workers, generations, and indeed countries, that were already not so well off before the crisis. This has the potential [to fuel conflicts and social unrest that will make the recovery even more difficult](#). The OECD, especially, had already warned against the ‘slow growth trap’ long before the pandemic broke out, and expressed concerns regarding the enduring trend of a [squeezed middle-class](#). It has been calling for active public policies to ensure ‘inclusive growth’ for years (see ‘Increasing inequality: From a social and political challenge to an economic problem?’ in the EPRS [Global Trendometer 2016](#)).

### ‘We need more energy’

Energy shows the relevance of the distinction between mega-trends, and more uncertain trends (catalysts) and how they can be influenced by the games of actors (game-changers). Energy consumption will continue to rise. Even if the expected rise is destined to slow down due to the global recession, it will resume with recovery.

Nevertheless the Covid-19 crisis has already had, and will continue to have, heavy direct impacts on the energy sector that might be long-lasting and have spill-over effects, including:

- changing consumption patterns, that will in turn affect the transport sector;
- the impact on the oil and gas industry, especially the profitability of shale gas producers (with possible consequences for the [energy independence of the US](#));
- a disproportionate impact on [emerging economies dependent on oil and gas exports](#).

The pandemic has interrupted the supply of renewable energy equipment and technology, and an economic downturn could discourage investment in renewable technologies even with stimulus packages oriented in that direction (such as the European Recovery Plan). (See [Impact of coronavirus on energy markets](#), EPRS).

The ESPAS report already emphasised that energy epitomises the interlinkages between various trends (primarily, demographics and growth). The Covid-19 crisis also highlights the [interlinkage](#) between energy and geopolitical (polynodality) and societal (connectivity) trends.

In the midst of the crisis, one piece of good news went unnoticed: [solar and wind are now the cheapest source of new power development](#) for at least two-thirds of the global population.

### 'We are highly connected'

The ESPAS report already flagged that connectivity is not only virtual and digital, but also physical.

The importance of physical connectivity has been strikingly illustrated by the mere fact that the pandemic spread within few weeks from Wuhan to the rest of the world, and by all the [disruptions to global value chains](#) (GVCs), the impact of social distancing on well-being, and the immediate collapse of air travel and tourism.

The crisis also emphasises specific positive aspects of connectivity, especially connectivity within the [scientific community](#). However, it is the way that digital connectivity, suddenly expanding at high speed in response to the crisis, *is perceived* that has been most profoundly affected. In particular, it has shed a powerful light on numerous pre-existing inequalities within societies vis-à-vis digital connectivity, especially in terms of access to education, the status of broadband-wired cities versus the countryside, the capacity of different categories of workers to easily move to teleworking, or the ability to maintain digital social contacts when physical distancing is imposed (elderly), and in many other details of daily life (such as contactless payments).

Another downside of digital connectivity, namely its [environmental impact](#), is gradually climbing up the agenda.

### 'We are polynodal'

The 2019 ESPAS report moved away from the classic analysis defined in terms of 'polarity' and argued instead for the notion of 'poly-nodality'. It said: '2030 will not just be different in terms of power distribution, but also in terms of the nature of power itself. ... The power of states will be determined by their relational influence.' (See [index](#) developed by the Atlantic Council).

Forward-looking, post-Covid analysis would generally appear to validate an approach couched in terms of 'nodes', given the weaknesses of multilateral governance, the sharpening of China–US rivalry, and constraints on Europe's autonomy.

### Multilateralism?

[Unconventional security threats](#) are now high on the list of challenges facing the world (health crisis, energy crisis), overtaking military conflicts and other traditional threats. Political and economic issues still dominate in global governance, but a wide variety of global challenges posed by public health, environmental security, natural disasters caused by extreme weather conditions, cybersecurity (and others) have intensified, as globalisation and interconnectivity have made containment of local or sectoral crises increasingly difficult, leading many leaders to call for a renewal of multilateral governance, for example [Gordon Brown](#).

While global multilateral bodies and fora, such as the [United Nations](#) and World Health Organization (WHO), have been struggling to calibrate their response to the crisis (see, for example: EPRS: [World Health Organization: Is it fit for purpose?](#)), many others, such as the Organization for Security and Co-operation in Europe (OSCE) and other regional organisations, have not been seen to act at all.

However, ‘nodes’, and, especially, the European Union, did come together (cf. EPRS: [Global and regional governance: Initial response to the Covid-19 pandemic](#); [The EU's global response to coronavirus](#); [The EU's response to coronavirus in its neighbourhood and beyond](#)).

### Vacuum of global leadership

The weakening of American leadership comes out as the most striking feature of the pandemic.

‘The status of the United States as a global leader over the past seven decades has been built not just on wealth and power but also, and just as important, on the legitimacy that flows from the United States’ domestic governance, provision of global public goods, and ability and willingness to muster and coordinate a global response to crises. The [coronavirus](#) pandemic is testing all three elements of U.S. leadership. So far, Washington is failing the test.’ [Paul Heer](#), a former Asia intelligence expert, expresses doubts about US potential to [recruit other countries](#) into support for a more confrontational strategy with China (as the example of South Korea shows).

In the interim, [China has been taking advantage](#) of the opening created by US mistakes, in effect filling the vacuum to position itself as the global leader in pandemic response. It is working to tout its own system, provide material assistance to other countries, and even organise other governments. It has strengthened its control of the internet and social networks in China, fine-tuned a well-calibrated narrative, and consolidated its influence in the World Trade Organization (WTO) (see EPRS interview with [Alice Ekman](#)).

However, in spite of China’s diplomatic assertiveness (‘mask diplomacy’), some experts consider that the coronavirus crisis may be accelerating a [decline in China's attractiveness](#) – Emmanuel Lincot and Emmanuel Veron argue that:

*Malgré ses efforts et son ascension, Pékin demeure très largement une puissance incomplète. Son Soft Power ne rassemble pas, voire se fissure. ... La brutalité et la tonitruance diplomatique pékinoise dans la gestion de crise du virus a été paradoxalement un temps éloquent d'exhibition des incapacités et handicaps chinois. Plus de 140 pays ont sollicité une enquête indépendante pour faire la lumière sur l'origine du virus, un mouvement de relocalisation des chaînes de valeurs est initié, plusieurs partenariats universitaires et d'échanges culturels sont perturbés, sinon annulés.*

Moreover, China is not immune to a range of [internal economic and social challenges](#).

It is too soon to say whether the growing US-China confrontation could lead to an [open conflict](#) over the coming decade, and this prospect cannot be considered as a ‘trend’. But the danger – for some, perhaps a temptation – exists that it will. One of the Atlantic Council’s post-Covid scenarios explicitly envisages a scenario by which, ‘By the mid-2020s, deglobalization is speeding up, yielding slow economic growth everywhere. Poverty levels are rising in the developing world and there is the potential for open conflict between the United States and a China–Russia alliance’. This possibility is given substance by Lincot and Veron’s [analysis of China’s aspiration](#):

*Les thèses de Mearsheimer ou d'Allison sur l'inévitable confrontation militaire entre puissances ascendantes et puissances établies prennent du sens au travers de la crise sanitaire mondiale et des offensives chinoises.*

### Europe’s long march towards strategic sovereignty

In the context of the pandemic, this US–China confrontation predominates in most forward looking contributions, turning anything else to blindspots, as [Pierre Vimont](#), former Secretary General of the European External Action Service (EEAS), points out. Other issues such as the recent border incident between India and China in the Himalayas, that might be even more relevant to Europeans – whether Lebanon, Libya, Sahel, Ukraine, Belarus or Turkey – hardly make the headlines. Few experts emphasise issues that are not directly related. [Bruno Tertrais](#), though, writes for example: ‘two major unknowns for the future balance of power remain: how will Russia have coped with the crisis? How will India?’

As [Marta Lagos](#) puts it: 'No country is capable of assuming a global leadership role. The US is no longer a global power, and China is no longer a role model', so Europe is left with little choice but to step up. The ESPAS report already candidly stated, as a key aspect of the 'poly-nodality' mega-trend: 'Strategic autonomy is no longer a mere option for Europe'. A striking 'inflection' to the trends arising from the pandemic is the rapid strengthening of this assertion: the [concept of strategic autonomy is now taking on a multifaceted political dimension](#) that includes trade and supply chains, in addition to defence issues, increasingly matching the ambition of [strategic sovereignty](#) first articulated by the European Council on Foreign Relations (ECFR) think-tank in 2019. However, Vimont states:

*On aurait tort de penser que l'Europe, à cause de ses intérêts économiques, cherchera à tout prix l'équidistance entre les deux puissances. Ce sera plus compliqué que cela.*

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