

Future Shocks 2023: Anticipating and weathering the next storms

The European Parliament launched a process of monitoring possible future risks for the EU during the COVID-19 crisis, and has developed this further during Russia's war on Ukraine. The annual 'Future Shocks' series provides up-to-date, objective, and authoritative information on global risks through a 360° survey based on risk literature from a broad range of sources. [Future Shocks 2023: Anticipating and weathering the next storms](#) discusses 15 risks related to geopolitics, climate change, health, economics and democracy that could occur in the coming decade, and 10 policy responses to address both existing governance capacity and possible ways to enhance risk-response capabilities within the EU.

Need for a continuous risk-monitoring capability

As risks may at any time become reality, there is a need to continuously monitor risks with a potentially strong impact on the EU, and analyse the EU's existing capabilities, resilience and possible responses in the face of multiple challenges. Therefore, 'Future Shocks' includes areas where the EU has primary competence but is not limited to these. It also identifies the benefits of concerted action by the EU, as well as the ability of its institutions and Member States to find new and effective solutions to deal with major shocks.

Importantly, many major risks transcend a given region or sector. According to a wide range of risk reports, among the main risks or challenging (mega)trends that Europe and the world face are climate change, loss of biodiversity, ageing populations, societal inequalities, security threats and migration pressures, and the need for sustainable food production. On top of this, Russia's war on Ukraine was a wake-up call to those who considered that cooperation, inclusiveness and trade alone would be sufficient deterrents. Russia's hybrid actions (cyber-attacks, disinformation, weaponisation of energy) targeting the EU and neighbouring countries have continued and are likely to multiply, particularly in the run-up to the 2024 EU elections.

Highly complex and intertwined risks

The world is increasingly characterised by challenges with cross-sectoral, trans-geographical and global consequences. As volatility in multiple domains grows in parallel, the risk of **intertwined crises** (or 'polycrises') accelerates, i.e. war, natural disasters, geo-economic confrontation, and cost of living, food, energy and other types of crisis. If the different types of crisis not only coincide in time but also persist for a considerable period, this signifies a paradigm of '**permacrisis**'. This calls for a different approach to policymaking, such as systemic and strategic thinking, and the capacity to provide swift policy responses while ensuring long-term sustainability, transparency, democratic oversight, and accountability.

A wide variety of risk reports from 2022 considered that the pandemic was the greatest risk, with climate and environment the next most important, while geopolitical instability was identified as a major possibility. The corresponding reports in 2023 say that, despite the ongoing Russian war on Ukraine, **climate change** was the most stringent, and that the main risks in the next five to 10 years relate to geopolitical tensions, cybersecurity and energy. Furthermore, AXA [identified](#) an imminent inter-relation – a **nexus of risks** – between climate change, geopolitics and energy. Climate change indeed ranks first as a fundamental risk multiplier, by fuelling energy, food, feed and health risks, which all threaten to set back our progress on economic and human development.

The [World Economic Forum](#) warns that the persistence of polycrises is reshaping the world (and Europe), and thus a continued push for resilience in strategic sectors will come at such a high cost that only the most robust economies will be able to endure it. People around the world are becoming more vulnerable to risks and concerned by rising geopolitical tensions, market volatility, growing inflation and the rising cost of living, climate inaction, and the multiplication of health risks (such as antimicrobial resistance, more frequent pandemics, and the rising burden of disease).



The 15 selected risks

EPRS analysts focused on 15 highly probable and high impact risks in the Future Shocks 2023 report – selected from an initial set of around 40 major risks and well-known potential threats – ranging from geopolitics (Russia, China), to climate change (loss of biodiversity, water), energy, health, the economy, cybersecurity, and threats to the democratic information sphere. Less probable risks – but with a potentially very high impact – complete the picture, such as the collapse of the internet, and shocks to financial technology, as this industry may be among the worst-hit sectors amidst the recent market downturn.

Each risk is described in four dimensions: the background to and context for the risk, its possible impact on the EU, scenarios to visualise possible developments, and factors to be considered by policymakers.

There are also several risks that were identified but not developed in a specific chapter of the report, such as instability in the Middle East due to the collision of multiple factors (climate change, security risks, or regional power competition, which all foment instability). Another such risk is that the EU could fall behind in the global race for key technologies, struggling to capitalise on its scientific excellence. A third is food and feed insecurity in Europe, which was a risk selected in [Future Shocks 2022](#).

Linking risks and responses

The selected risks are highly systemic, and many share causal interlinkages and/or exacerbate each other. This can make formulating corresponding policy responses challenging. The 15 risks therefore do not all match the 10 selected responses one-to-one, but the latter cover most elements addressed by the risks. Some responses are clearly tied to one primary risk (i.e. antimicrobial resistance), whereas others are crucial in responding to several risks (safeguarding natural capital to respond to water scarcity and biodiversity loss, but also to energy supply disruption and to promote youth well-being). Some responses simply relate to multiple risks, such as 'fostering new partnerships', which addresses geopolitical shifts, migration, energy security, climate change and supply chain risks. Figure 1 visualises some of the links identified and their importance (thickness of the lines).

Outlook for the EU

In a world characterised by upcoming challenges with cross-sectoral, trans-geographical and even global consequences, and with the emerging reality of polycrisis, the EU must continuously monitor all kinds of risks and further develop its resilience and response capabilities. The most recent example of the added value of EU-level action is the continuous cooperation to forge a coalition to help Ukraine withstand the war, which has demonstrated the essential benefits of coordinated and integrated action at both European and national level. This coordination across two governance levels can be considered an important contribution to facing future shocks and to weathering future storms.

Figure 1: Links between risks and responses, Future Shocks 2023

