

GLOBAL RISK FORUM

ISRM

CENTRE FOR THE STUDY
OF WICKED PROBLEMS

WORLD
ECONOMIC
FORUM

**WORLD ECONOMIC FORUM
ANNUAL MEETING 2026
IN DAVOS**

INTRODUCTION

The Global Risk Forum was held at a moment of heightened geopolitical uncertainty, drawing together professionals across the world to assess emerging risks within the political, economic and climate domains. This special edition coincided with the annual World Economic Forum in Davos, where divergent perspectives on global leadership and strategic priorities underscored the shifting contours of the international order. Statements from political leaders and policymakers at Davos provided a timely backdrop, prompting discussions on how power dynamics are evolving and how states are recalibrating their approaches to influence and cooperation.

A central theme of the session was the contrast in narratives articulated by major global actors. Commentary on recent political developments in the United States highlighted a renewed emphasis on transactional policymaking and assertive national positioning. This can be reflected in rhetoric that prioritises immediate interests and leverage in international negotiations. In parallel, speeches from other leaders—such as the Canadian Prime Minister and former Bank of England Mark Carney—framed the current moment as a transition away from the post Second World War order, calling for realistic, respectful and interest based engagement that safeguards vulnerable populations and reinforces responsible global stewardship.

Developments surrounding the evolving 'Board of Peace', initially established under United Nations auspices for post ceasefire management in Gaza, further illustrated the reconfiguration of multilateral structures. The expanding involvement of countries such as the UAE, Saudi Arabia and Turkey, alongside notable exclusions, signalled emerging governance arrangements that challenge traditional institutional frameworks. These shifts were considered alongside regional flashpoints, including tensions in East Jerusalem and broader patterns of geopolitical signalling and economic leverage.

Together, these discussions set the foundation for a deeper examination of how leadership narratives, strategic competition and institutional adaptation are reshaping global stability. The Global Risk Forum aims to provide a structured platform for analysing these developments and their implications for international cooperation and risk management.





WORLD ECONOMIC FORUM

Photo Credit:
World Economic Forum / Mattias Nutt

GLOBAL RISK OUTLOOK 2026

The 2026 Global Risk Report, compiled by 1,300 experts from academia, business, government, international organisations and civil society, identifies short- and long-term global threats. Short-term risks are dominated by geo-economic confrontation, state-based armed conflict and technological challenges, including emerging risks from AI and quantum computing. Long-term risks are overwhelmingly environmental, with extreme weather events highlighted as a critical concern.

Societal polarisation is a recurring theme, reflecting deepening cultural, ideological and identity-based divisions, breakdowns in trust and cohesion, as well as amplified disruption through misinformation and technology. These trends contribute to gridlocked decision-making and increasing political and economic instability.

Regional security concerns remain high, exemplified by the recent escape of 100 Islamic State inmates from a Syrian detention facility, which poses potential threats to operational reconstitution and global counter-terrorism efforts. At the same time, European counter-terrorism operations indicate rising risks of online radicalisation, particularly among minors.

Overall, the report underscores the interconnection of geopolitical, technological, environmental and societal risks, emphasising the need for proactive, coordinated strategies to mitigate immediate threats and build resilience against emerging long-term challenges.

GLOBAL LEADERSHIP AND GEOPOLITICAL COHESION – INSIGHTS FROM DAVOS 2026

The first weeks of 2026 have been significantly shaped by political developments in Europe, with particular focus on high-profile public addresses influencing regional sentiment. Contributors noted unprecedented public retractions during live speeches, signalling potential volatility in future actions and responses.

These events have generated heightened attention across multiple countries, including Serbia, highlighting complex international relationships and the potential for unpredictable political dynamics. Continuous monitoring is advised to assess evolving impacts on regional and global stability.

Furthermore, recent analysis from the World Economic Forum highlighted contrasting approaches to global leadership and international collaboration. Concerns were also raised regarding the European response to the Ukrainian conflict, where delayed action and lack of cohesion limited effective support and exposed gaps in strategic unity. Observations underscore the importance of timely, coordinated responses to territorial infringements and global security threats.

The discussion also highlighted generational awareness, emphasising that younger populations often selectively absorb global events, reinforcing the need for education and informed civic engagement. Overall, the current geopolitical environment demands proactive, cohesive and accountable leadership to maintain stability and address emerging global risks.

GLOBAL PEACE INITIATIVES AND EMERGING DOUBLE STANDARDS

The newly established Peace Committee, led by a prominent world leader, has drawn criticism for including countries and figures whose domestic or regional policies undermine their credibility as neutral mediators. Contributors include states with documented human rights violations, ongoing involvement in regional conflicts or leadership that concentrates power at the expense of societal welfare. This raises questions about the committee's impartiality and its ability to achieve meaningful conflict resolution.

Significant stakeholders, including Palestinian representatives, are notably absent from these discussions, limiting the inclusivity and legitimacy of decision-making. This exclusion has fuelled concerns that key voices in conflict resolution are being sidelined, potentially reducing the effectiveness of international efforts to address longstanding disputes.

Regional responses further illustrate the complexities of the current geopolitical landscape. Countries party to the Abraham Accords have emphasised that discussions cannot proceed without addressing the Palestinian question, highlighting the continuing importance of unresolved conflicts in shaping diplomatic priorities. Meanwhile, broader patterns of selective engagement and contradictory standards in international governance indicate a pressing need to reassess how global peace efforts are structured and coordinated.

These developments underscore the fragility of current diplomatic mechanisms and the importance of ensuring that peace initiatives are inclusive and genuinely aligned with principles of equity and international law.

GLOBAL RISK AND RESILIENCE UPDATE

The first month of 2026 has highlighted both environmental and geopolitical volatility, underscoring the interconnected nature of climate, governance and strategic risk. Severe weather events—including heatwaves, cyclones in northwest Australia together with floods and landslides in New Zealand—continue to demonstrate the tangible impacts of climate change and the need for adaptive risk management strategies.

Politically, internal opposition dynamics in Australia have created opportunities for government action, while globally, attention remains focused on speeches at the World Economic Forum, notably by Mark Carney and Chancellor of Germany Merz. Insights from these addresses indicate a growing recognition in Europe and North America that traditional power structures and historical assumptions about global leadership are shifting, requiring more collaborative and evidence-based approaches.

Analysis emphasises the importance of adopting a systems-oriented view of resilience, informed by ecological frameworks such as Holling’s Panarchy. Such approaches facilitate understanding of the natural cycles of rupture and adaptation in complex socio-economic and environmental systems. Decision-making, particularly among longstanding leaders accustomed to historical norms, may be hindered by reliance on outdated experience rather than interdisciplinary, future-focused analysis.

Overall, the combination of environmental stressors and evolving societal expectations signals a critical need for forward-looking risk assessment and strategic resilience planning in the months ahead.

**EARLY 2026
UNDERScores HOW
CLIMATE SHOCKS
AND SHIFTING GLOBAL
POWER DEMAND
ADAPTIVE, SYSTEMS
BASED RESILIENCE
PLANNING.**



GLOBAL RISK AND STRATEGIC DEVELOPMENTS

Centralised computing and AI reliance have amplified systemic risk with potential disruptions capable of rapidly affecting national economies. Quantum computing and AI reliability remain areas of uncertainty, underscoring the need for resilient infrastructure planning.

Geopolitical dynamics continue to shift with the Greenland discussions redirecting global focus away from Venezuela and recent developments in Ukraine and Iran demonstrating the unpredictability of strategic actions. Negotiation strategies and economic interventions, including debt management and currency fluctuations, illustrate the interconnectedness of global financial systems and the consequences of unilateral actions.

Climate change mitigation efforts, including COP initiatives, remain insufficient with persistent failures in achieving global cooperation to address environmental thresholds. Parallel concerns include the unchecked rise of China as a strategic economic power, requiring renewed focus on global supply chains and international economic dependencies.

Overall, the current landscape demands heightened vigilance, adaptive risk management and cross-disciplinary collaboration to anticipate and mitigate cascading impacts in an increasingly complex global environment.

WESTERN DEMOCRATIC RESILIENCE AND GEOPOLITICAL DYNAMICS

Key observations during the conversation indicated that the foundational pillars of European and broader Western democracy are under significant pressure. The societal cohesion and collaborative discourse are increasingly challenged by polarising leadership and public narratives.

The current geopolitical environment underscores a divergence between democratically elected leaders and autocratic regimes, illustrating differences in accountability and long-term governance stability. In particular, comparisons of contemporary political figures to historical authoritarian examples are cautioned against, emphasising the need for measured analysis and contextual understanding.

In the end, these insights reinforce the necessity of maintaining robust democratic practices and monitoring evolving international power dynamics to safeguard institutional resilience and strategic coherence.



EUROPE PUSHES BACK AMID ESCALATING TRANSATLANTIC POLITICAL TENSIONS

Recent geopolitical developments have highlighted increasing volatility in transatlantic relations, particularly surrounding statements and policy signals associated with the current United States administration. During the Global Risk Forum, discussions emphasised the growing frequency of disruptive political messaging and strategic signalling originating from Washington, which continues to shape international discourse and policy responses.

One of the most notable developments concerns comments made by Ukrainian President Volodymyr Zelenskyy at the World Economic Forum in Davos. The remarks, which included criticism directed toward European partners regarding collective security responsibilities were interpreted as significant given their timing shortly after a meeting with the U.S. President Donald Trump. The statement appeared to place additional pressure on European governments to strengthen unity and defence commitments, raising questions about whether the messaging reflected a tactical diplomatic approach or a broader shift in Ukraine's engagement with its Western partners.

Separate discussions focused on the controversial rhetoric surrounding Greenland. While public commentary suggested the possibility of aggressive U.S. action, analysis within the forum concluded that such a scenario was highly unlikely due to institutional constraints within the United States political system. Any military action against a NATO member's territory would require congressional approval and would likely face strong political resistance, including potential legislative and constitutional challenges.

In contrast, the situation has had an unintended effect on European cohesion. It was noted that European governments demonstrated an unusual level of unity in responding to perceived political pressure. Leaders from the United Kingdom, France and other European states appeared to coordinate diplomatically while signalling a willingness to support NATO partners and maintain established territorial norms. This collective response was interpreted as an example of Europe asserting strategic boundaries while continuing to engage with the United States.

Another topic of debate was the proposed 'Board of Peace,' an initiative associated with the U.S. administration. Concerns were raised regarding the lack of clearly defined objectives, governance structures and long-term institutional viability. The composition of the proposed body, reportedly including a number of politically aligned figures and representatives from states with limited democratic credentials, prompted scepticism about its legitimacy and effectiveness. Moreover, the absence of key global actors—such as China, India and several Western allies—casts doubt on the initiative's ability to function as a meaningful alternative to existing multilateral institutions.

In conclusion, the discussion underscored that many of these developments may reflect short-term political signalling rather than durable institutional change. Nevertheless, the events highlight an increasingly transactional international environment in which alliances and geopolitical narratives are continuously contested. As a result, policymakers and risk analysts must monitor these developments closely to assess their potential long-term impact on global governance and international stability.

MARKET PRESSURES AND POLITICAL LEGACY

Recent geopolitical discourse highlights the significant role that market reactions and political legacy considerations play in shaping policy signals and international initiatives associated with the current U.S. administration. Analysts suggest that financial market responses may act as an immediate constraint on policy escalation, particularly when market volatility signals investor concern. The sensitivity of leadership to market performance indicates that economic indicators remain an important feedback mechanism influencing short-term strategic adjustments.

Within this context, discussion explored potential territorial and sovereignty models that could offer alternative approaches to geopolitical disputes. One example referenced was the long-standing arrangement governing British sovereign base areas in Cyprus, where military bases operate under sovereign control while existing within a broader host-nation framework. This model has provided stability for decades and was considered a possible template for addressing other contested territories or strategic installations. Comparable arrangements were suggested as potential alternatives in other regions, where maintaining operational control while allowing for local autonomy or self-determination might reduce political friction and financial costs.

The proposed 'Board of Peace' initiative was also examined critically. During the conversation, there were expressed doubts regarding its sustainability, particularly due to the reported financial requirement for membership, which could reach approximately one billion dollars. Such a high entry threshold is likely to restrict participation to a narrow group of actors and raises concerns about the legitimacy and practicality of the initiative as a global governance mechanism. Without broad international participation or clear operational objectives, the initiative is unlikely to develop into a durable institution.

More broadly, the initiative was interpreted as part of a broader effort to shape political legacy rather than establish a long-term multilateral framework. The emphasis on monetisation and financial contributions was viewed as consistent with a transactional approach to international engagement, where economic leverage and symbolic initiatives are used to reinforce political narratives.

Overall, the discussion underscored that while these initiatives may generate short-term political visibility, their long-term impact on international institutions and global governance remains uncertain. Market dynamics and leadership legacy considerations will continue to play an influential role in shaping the trajectory of these developments.

POLICY SIGNALS ARE INCREASINGLY SHAPED BY MARKET REACTIONS AND LEGACY-DRIVEN INITIATIVES, RAISING DOUBTS ABOUT THEIR LONG-TERM IMPACT ON GLOBAL GOVERNANCE.



POLITICAL RISK IN AN ERA OF ECONOMIC PRESSURE

Discussion within the Global Risk Forum highlighted the significant risks associated with using financial leverage as a geopolitical tool, particularly in relation to the United States and its role at the centre of the global financial system. It was emphasised that large-scale financial retaliation—such as coordinated actions against U.S. Treasury securities—would likely trigger not only domestic economic disruption in the United States but also widespread global financial instability due to the U.S. dollar's status as the world's primary reserve currency.

Such a severe financial shock could generate profound political and social consequences, potentially intensifying existing political polarisation and institutional tensions. However, these scenarios were widely regarded as extreme and undesirable outcomes given the interconnected nature of global markets and economies.

The session also pointed to the importance of democratic mechanisms in addressing political disputes and policy direction. Electoral processes, including upcoming midterm elections in the United States, were identified as the most likely avenue through which domestic political balance and policy recalibration might occur.

In parallel, discussions noted increasingly firm public messaging from several European leaders in response to recent geopolitical rhetoric. While official statements have generally maintained diplomatic tone, the strength of the responses suggests growing concern among international partners regarding credibility and strategic alignment in transatlantic relations.

Overall, the discussion highlighted the high stakes involved in global economic stability and the continued importance of institutional and democratic processes in managing geopolitical tensions.

**WEAPONISING FINANCIAL
LEVERAGE RISKS GLOBAL
INSTABILITY, MAKING
DEMOCRATIC PROCESSES
AND INSTITUTIONAL
STABILITY THE SAFEST
PATH FOR MANAGING
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POLITICAL POLARISATION AND STRATEGIC UNCERTAINTY IN THE GLOBAL LANDSCAPE

Recent discussions highlighted growing concern about the increasingly polarised nature of political discourse across major democracies. A key theme was the expansion of binary political dynamics, where political competition is increasingly framed as opposition to individuals or parties rather than a constructive debate over policy alternatives. This trend, initially prominent in the United States, is now becoming more visible in other democracies, including the United Kingdom and parts of Europe. Such polarisation can create instability, particularly when electoral outcomes are driven primarily by dissatisfaction rather than clearly defined policy visions.

The discussion also addressed the broader global leadership environment, where several major powers are led by highly entrenched political figures. In systems where leadership transitions are uncertain or risky for those in power, incentives for compromise or reform may be limited. This dynamic contributes to strategic rigidity and increases the likelihood of prolonged geopolitical tension.

During the session, it was also referenced emerging defence investments in Europe, including significant funding for advanced radar technology associated with next-generation fighter aircraft capabilities. These developments reflect a growing emphasis on strengthening domestic and regional defence industries while maintaining control over sensitive technological advantages.

Finally, scepticism was expressed regarding the prospects for near-term diplomatic breakthroughs involving major geopolitical actors. Ongoing negotiations and high-level meetings may generate political signalling, but structural constraints and competing strategic interests continue to limit the likelihood of rapid resolution to current conflicts.

In conclusion, the discussion underscored the complex intersection of political polarisation, leadership dynamics and geopolitical uncertainty shaping the current international environment.



IRAN AT A STRATEGIC CROSSROADS: ESCALATION RISKS AND POST-REGIME UNCERTAINTY

A central concern is the lack of clarity regarding the ‘day after’ scenario should major political or military disruption occur. Historical precedents in Iraq and Libya demonstrate the risks associated with regime change without a clearly defined stabilisation strategy. Iran’s geographic position—bordering states such as Pakistan, Afghanistan and Iraq—combined with internal political and ethnic divisions, could create conditions for instability and allow extremist groups to exploit power vacuums.

Leadership succession also remains uncertain. Reports regarding the health of the current Supreme Leader and discussions surrounding future leadership highlight the possibility of internal power struggles. The role of the Islamic Revolutionary Guard Corps (IRGC) is expected to be particularly influential in determining any transition of authority.

Economic implications were also noted, particularly the potential for sharp increases in global energy prices should conflict or political upheaval disrupt Iranian oil production or regional stability.

Despite these risks, it was also noted the long-term potential of Iran’s population and economy in the event of political reform or modernisation. However, the immediate challenge remains the uncertainty surrounding any transition period, where governance, security and regional stability would be critical factors shaping outcomes.

SHIFTING POLITICAL DYNAMICS IN THE UK

The session highlighted the likelihood of increasing strategic cooperation between political parties ahead of the next United Kingdom general election. Despite current public positioning, participants/contributors suggested that informal electoral arrangements or tactical decisions between parties may emerge in key constituencies where vote splitting could influence outcomes. Potential alignments discussed included cooperation among centre-left parties, as well as possible coordination between right-leaning parties in competitive districts.

Polling trends were noted as fluid, with some indications of shifting support between established parties and newer political movements. However, it was emphasised that early polling data remains volatile and may change significantly once an election campaign formally begins.

Attention was also given to the internal dynamics of newer political parties, particularly regarding leadership strategy and policy clarity. The integration of former members from established parties may strengthen political experience but could also generate internal tensions among existing supporters.

Finally, the role of media scrutiny and leadership perception was identified as a potential factor influencing voter sentiment during the campaign period. Overall, the discussion underscored that coalition dynamics and party organisation will likely play a significant role in shaping the electoral landscape as the next election approaches.

EXTREME WEATHER AND INFRASTRUCTURE INCIDENTS RAISE EMERGING RISK CONCERNS

Severe cyclone activity in New Zealand has caused significant damage in affected areas, including landslides and widespread flooding. Reports indicate exceptionally high rainfall levels within short periods, overwhelming local drainage systems and contributing to infrastructure strain in mountainous regions.

The unusual southern reach of the cyclone system, combined with interaction with colder Antarctic weather fronts, was noted as an indicator of increasingly volatile weather patterns. The frequency and intensity of such events may reflect broader climate trends, raising concerns about the adequacy of existing infrastructure and disaster preparedness frameworks.

In parallel, attention was drawn to a series of railway incidents reported in Spain, including derailments linked to landslides and other unusual circumstances. While official investigations are ongoing, the clustering of multiple incidents within a short timeframe prompted questions regarding infrastructure resilience, operational oversight and the potential—though unconfirmed—possibility of external interference.

Overall, the discussion highlighted the need for closer monitoring of both environmental risks and critical infrastructure vulnerabilities, as increasingly complex climate conditions and operational pressures may elevate the likelihood of disruptive events.

STRENGTHENING DIALOGUE AND GLOBAL ENGAGEMENT

The session concluded with emphasis on maintaining objective, inclusive dialogue amidst an increasingly polarised geopolitical environment. During the conversation, contributors highlighted the importance of separating personal opinion from organisational goals to ensure productive discussions and effective collaboration across international chapters.

Attention was drawn to the expansion of global engagement, with particular focus on increasing participation in North and South America, Canada and emerging hubs. The discussion also underscored the need to foster civil discourse and safeguard spaces for constructive debate, recognising that polarisation can limit participation and diminish the value of collective analysis.

Overall, the forum reaffirmed its commitment to promoting informed, collaborative dialogue and strategic engagement in a rapidly evolving global context.

THE FORUM STRESSED OBJECTIVE, INCLUSIVE DIALOGUE AS ESSENTIAL TO SUSTAINING COLLABORATION AND EFFECTIVE ANALYSIS IN A POLARISED GLOBAL ENVIRONMENT.



