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## World Economic Forum 2023 Global Risk Report: A(nother) Warning About Climate's Potential Impact on the Global Economy

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In advance of the World Economic Forum's (WEF) Annual Meeting now taking place in Davos, Switzerland, the WEF released its [2023 Global Risks Report](#) to "highlight[] the multiple areas where the world is at a critical inflection point," including the many climate-related risks facing the global economy. The 18th edition of the report drew from analysis of over 1,200 experts across academia, business, and government and found that over 50% of the top-10 risks to global stability come from environmental factors, including natural disasters, extreme weather conditions, natural resource crises, and the loss of biodiversity and ecosystems.

Broadly, the WEF warned that the world has failed to respond with the urgency necessary to address the risks posed by climate change and environmental degradation. As the WEF wrote, while "climate and environmental risks are the core focus of global risks perceptions over the next decade," they are also the risks for which the world is "least prepared." By the WEF's assessment, there is an ongoing "lack of deep, concerted progress on climate targets [that] has exposed the divergence between what is scientifically necessary to achieve net zero and what is politically feasible." The WEF further expounded that the loss of natural ecosystems and climate change are "intrinsically interlinked" and a "failure in one sphere will cascade into the other." Despite the now 30 years of global climate advocacy and international diplomacy, "the international system has struggled to make the required progress on climate change" and the current trajectory of global emissions indicate that the world is unlikely to meet its ambition of limiting planetary warming to just 1.5°C. Of the experts surveyed in the report, 70% rated existing measures to combat climate change as "ineffective" or "highly ineffective."

As biodiversity continues to decline "faster than at any point during human history," the WEF cautioned that the world runs the risk of going "past the point of no return" and "triggering a chain of reactions." The WEF noted that over half of the world's economic output is "estimated to be moderately or highly dependent on nature" and the collapse of sensitive ecosystems could have "far-reaching economic and societal consequences." Among the WEF's concerns

are a likely increase in zoonotic diseases spilling over into the human population, a reduction in crop yields and their corresponding nutritional value, increased stress on already tight water supplies, and the loss of livelihoods for those involved in food production systems.

The WEF further noted that while the transition to sustainable clean energy systems is “critical” to mitigate climate change, the “rapid expansion” into green energy sources may now pose an unintended impact on the global ecosystem. The Report found an increasing possibility that renewable energy infrastructure, while “nature-positive” overall, may cause environmental degradation, habitat loss, sound and electromagnetic pollution, and changes to animal migratory patterns.

The WEF warned that further action must be taken to avert a natural resource “polycrisis” of continuous cost-of-living increases, strained supply chains, and interstate conflict. The demand for sustainable resources will likely continue to escalate as climate change shifts weather patterns and the expansion into reliable renewable energy will “drive exponential demand for finite critical metals and minerals.” The WEF opined that a stable future will depend on the degree of global cooperation for the flow of resources between national borders and the long-term impact of climate change on these supplies.

The WEF recommended that interested parties must engage in a combination of conservation efforts to promote the food system, nature-positive climate mitigation strategies, and changes to consumption and production patterns to avoid environmental tipping points. But to date, while global agreements have established responsible global emissions targets, the implementation of such goals in both the private and public sector “remains to be seen.”

**Taking The Temperature: The WEF’s 2023 Global Risks Report highlight that, while significant progress has been made by international parties in establishing goals to mitigate the impact of climate change, the world has yet to fully the implement corresponding responsible policies. It has become increasingly clear to experts that the top risks to global stability and the world economy stem from climate change and environmental disruption. The world now faces the task of properly responding in kind. Additionally, as we have [discussed](#), regulators, lawmakers, and industry leaders increasingly have recognized the need to address the preservation of biodiversity as part of a long-term climate strategy. Nature is a delicate interlocking group of systems that work in harmony together and supports large swaths of the global economy. Biodiversity threats therefore are economic threats as well, posing significant challenges for business and investors.**