

The Long View Executive Summary: Geostrategic Business Issues to Watch in 2020

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Global developments over the last few months have played out with a seemingly unprecedented significance and pace. This VUCA (volatility, uncertainty, ambiguity, and complexity) world requires businesses to conduct more complicated planning and risk management and hedge to avoid surprises. The Long View explains 10 issues to watch in 2020 so you can ask more questions, challenge more assumptions, and be more skeptical of business-as-usual mentalities.

Stuck in the mud. Slow growth is the biggest risk in 2020. With tepid growth, political risks become more salient as potential market destabilizers.

Cold War II: Business will have to navigate a US-China superpower relationship that goes south. A major trade deal is out of the question in 2020 and businesses will face not only a complex tariff environment but also greater political scrutiny and regulatory interventions.

Inequality everywhere: The business issues to focus on are social protection, fairness, and accountability. In 2020, business leaders will be expected to pay more attention to the equity agenda, otherwise cynicism about free markets and the system is likely to grow.

World on fire: Business in 2020 will feel intense pressure to take radical action on climate change. Climate change is contributing to the narrative of a world in crisis and out of control.

Corporate patriotism: Rising nationalism and geostrategic conflict will force businesses and investors to show greater allegiance to a flag. Globalization accelerated the rise of the borderless firm, but in today's geopolitics, local is the new global, and firms will need to pay greater attention to national identity and the obligations it entails.

Bipolar nation: After a pitched election battle, America will remain divided and the business community will be stuck in the middle. For businesses, the policy uncertainty and potentially big swing in outcomes looming in 2020 is a top risk. Moreover, the business community is being expected to play a larger role in addressing societal concerns such as climate change and inequality, but polarization and the gaze of social media make taking a stand on issues risky.

Is the UK OK? No-deal Brexit risk recedes but long-term uncertainty remains. The British government will likely avert a disorderly Brexit, but it will take years to clarify the UK's new economic relationship with the world.

Not special: Hong Kong loses its special status as an attractive and safe place to do business. The civil unrest is incompatible with Beijing's need to assert control. Degradation of the enclave's potent traditions of open society and the rule of law will motivate firms to leave.

Another needle: Taiwan's assertion of autonomy irks Beijing. Increasing cross-strait tensions will add uncertainty for global firms that rely on Taiwanese partners.

Brussels strikes back: The new EU leadership sets a Europe First agenda. Expect the EU to assert itself more in trade and technology policy. ■