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WEF warns 2008 uncertainties may hit climate efforts

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LONDON, Jan 9 (Reuters) - An increased focus on turbulent financial markets and escalating geopolitical tensions in 2008 could prompt governments and firms to neglect less immediate risks like climate change, the World Economic Forum warned.

That, it said on Wednesday, could make it even harder to deal with these critical longer-term issues in the future.

"Action to mitigate climate change, for example, may be put in danger should the global economy weaken substantially -- even though many of the ... decisions which will shape the future path of global climate will need to be made in the next five years," the WEF said in a report on Wednesday.

"(Inaction) on long-term risks will only weaken the global capacity to manage future challenges," it said.

The Global Risks report, which will form part of the agenda for the Davos meeting of the World Economic Forum later this month, named four key issues -- systemic financial risk, food security, supply chain disruptions and the role of energy.

"Systemic financial risk is the most immediate and, from the point of view of economic cost, the most severe," the WEF said.

It said the possibility of recession in the United States was not to be discounted, while Britain's dependence on the financial sector left it particularly vulnerable.

It also highlighted food security, as factors including demographics, lifestyle changes and climate change shift the world into a period of "more volatile and sustained high prices".

Hundreds of leaders of the world's top companies, influential executives and politicians will meet in the Swiss ski resort of Davos later this month, and they are likely to be in a far less buoyant mood than a year ago, when the global economy was still enjoying one of its longest periods of growth since World War Two, with confidence running high.

This year they meet after months of a "credit crunch" and capital market turbulence and at the start of an uncertain year.

Among the economic risks for 2008, the WEF report names an abrupt drop in the value of the U.S. dollar, slower Chinese economic growth, tax rises in wealthy nations and a drop in U.S., UK and European house prices.

Geopolitical risks include the collapse of the nuclear non-proliferation treaty or conflict between the United States and either Iran or North Korea, while extreme weather linked to climate change continues to top the list of

environmental risks.

The report also warned that challenges were increasingly complex and inter-linked, making it harder for companies and countries to identify who is responsible and to mitigate major risks.

"Should systemic financial risk lead to serious deterioration in the world economy, the prospects for collaborative mitigation may be reversed on several fronts simultaneously as attention turns to more immediate concerns," WEF said. (Reporting by Clara Ferreira-Marques, editing by Will Waterman)

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