



ATKearney

Global Business Policy Council

Year-Ahead Predictions 2019

Companies must prepare for significant global events that will occur and trends that will gain momentum in the coming year.



About Year-Ahead Predictions

As part of its mandate, the A.T. Kearney Global Business Policy Council continually scans the horizon for developments along the key dimensions of demography, economy, environment, geopolitics, governance, resources, and technology. In assessing this wide range of dimensions, the Council keeps its finger on the pulse of events and trends that are likely to affect the external operating environment. We use the insights gleaned to help business leaders and strategic planners be mindful of likely near-term developments that could affect their industries broadly and their companies specifically.

Year-Ahead Predictions 2019 makes 10 significant predictions, including forecasts of events that we believe will occur and trends that we expect will gain momentum in the coming year. For each prediction, we first explain the current state of play and then lay out our expectations for how it will unfold over the next 12 months. Each of these developments will have an important near-term impact on the global business environment in its own right. When considered together, these predictions signify potentially profound shifts.

This is the third consecutive year in which the Council has made such predictions. As in the past, we hold ourselves to account by assessing the validity of the predictions we made the previous year at the end of the publication.

Executive Summary

The Global Business Policy Council makes 10 key predictions for 2019, all of which we believe will have important implications for the global business environment:

1. The **US–China trade war** will intensify.
2. Bitcoin will lead the consolidation and maturation of the **cryptocurrency market**.
3. The global trash crisis will spur **innovations in waste management**.
4. The global shipping industry will crash into **new sulfur regulations**.
5. The **Xi–Putin relationship** will be the world's most consequential bromance.
6. The **global anxiety epidemic** will lead to a proliferation of new products.
7. A **sand shortage** will grind the gears of the global construction industry.
8. The looming **emerging markets credit crisis** will grow in both scale and scope.
9. **Africa will be more connected** than ever.
10. Real-life “Iron Man” will materialize in the form of **exoskeletons**.

In 2019, trade tensions and geopolitical realignment will intensify. At the same time, underreported resource challenges will rise in urgency.



Prediction #1

The US–China trade war will intensify.

US–China relations worsened significantly in 2018 as US President Donald Trump took a hardline approach to reducing the bilateral trade deficit with China. Over vocal opposition from the business community, the Trump administration imposed tariffs on \$250 billion of Chinese imports after multiple rounds of negotiations broke down. Beijing retaliated with tariffs on \$110 billion of US imports (see figure 1). In addition, China took steps to create a more restrictive business environment for US companies in China in an effort to balance the score. More than half of US companies reported slower approvals or enhanced inspections by Chinese authorities in the months following the imposition of tariffs. Beijing has also refused to address longstanding US complaints related to China’s industrial policies, weak intellectual property protections, and forced technology transfers. Negotiations between the two countries have come to a virtual standstill.

Figure 1
US–China tensions show no signs of subsiding

Key dates in the US–China Trade War



Sources: Bloomberg; A.T. Kearney analysis

The US–China trade war will intensify in 2019. Even though Democrats will have a majority in the US House of Representatives, the discernible bipartisan disapproval of China’s trade practices will sustain the thrust of President Trump’s trade agenda vis-à-vis China. The administration will impose tariffs on an additional \$267 billion of Chinese goods—encompassing essentially the entire value of Chinese imports in 2017. China’s retaliation will likely be manifest in increased tariffs on some US imports and efforts to offset potential losses for domestic companies. Beijing will also look to secure alliances, dispel growing opposition to its trade practices, and fortify its domestic economy. China’s economic diplomacy will therefore focus on diversifying its trade and reducing its dependence on the United States, including pressing ahead with free trade agreements. Southeast Asian economies will likely benefit from the trade war as US importers shift production and supply chains there to avoid tariffs on Chinese goods. This move will begin the long process of restructuring supply chains (subscription required) for many companies. The International Monetary Fund (IMF) estimates that the disruptive effects of this trade war will translate to a small but significant 0.2 to 0.4 percentage point reduction in global economic output in the long term.

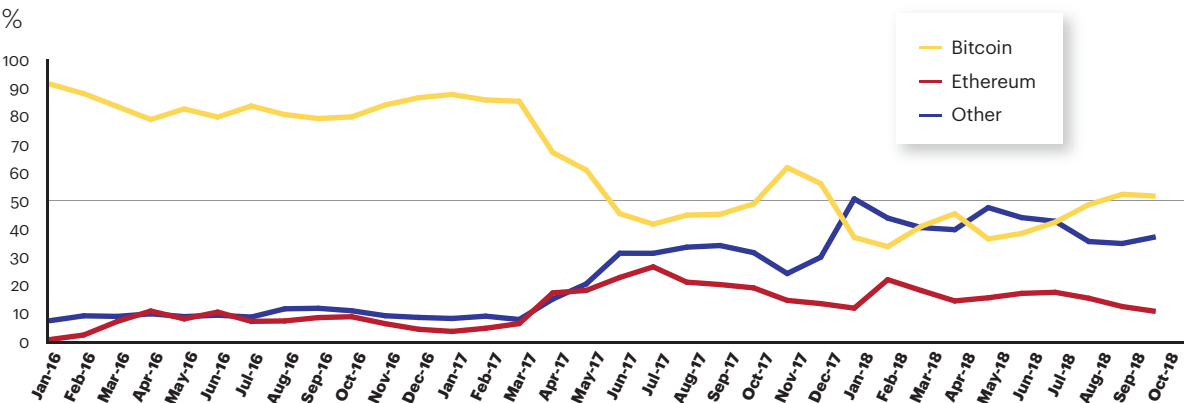
Prediction #2

Bitcoin will lead the consolidation and maturation of the cryptocurrency market.

Bitcoin celebrated its tenth birthday in October 2018 under clouds of doubt regarding the long-term future of cryptocurrencies. All cryptocurrencies saw a rapid price spike in 2017—and Bitcoin alone soared 1,375 percent that year. But Bitcoin dropped from more than 90 percent of the total cryptocurrency market capitalization in January 2016 to just a 33 percent share in February 2018 as a result of the rapid proliferation of “altcoins” (see figure 2). And the cryptocurrency market overall collapsed spectacularly in 2018; the 10 largest cryptocurrencies lost more than 80 percent of their collective value between January and September. This decline was fueled by security breaches and hacks, spiking fees, and the popping of a highly speculative bubble. In September, the New York Attorney General’s Office released a report saying that crypto exchanges were at risk of market manipulation while failing to provide basic consumer protections.

Figure 2
Bitcoin is slowly regaining its dominance in cryptocurrency markets

Total cryptocurrency market capitalization



Sources: CoinMarketCap; A.T. Kearney analysis

Despite these obstacles, the cryptocurrency market will begin its second decade in a state of post-crash consolidation and maturation. By the end of 2019, Bitcoin will reclaim nearly two-thirds of the crypto market capitalization as altcoins lose their luster because of growing risk aversion among cryptocurrency investors. More broadly, financial regulators will soften their stance toward the sector. The UK Parliament’s Treasury Committee, which wants to end the “wild west” of crypto markets, will pursue regulations intended to stifle criminal activity and reduce price volatility as it tries to make the United Kingdom a hub for cryptocurrency markets. At the same time, the US Securities and Exchange Commission will warm to Bitcoin exchange-traded funds and, with the US Commodities Futures Trading Commission, will continue to work to improve market transparency. Ironically, for cryptocurrencies to see a third decade, the only viable path forward involves this acceptance by the international financial system that Bitcoin once sought to defeat. Cognizant of this, the recently formed Blockchain Association will begin to lobby American policymakers to improve cryptocurrencies’ image in 2019.

Prediction #3

The global trash crisis will spur innovations in waste management.

The world became unable to ignore the unsustainable status quo in the handling of waste in 2018. Over the course of the year, China and several Southeast Asian countries imposed limits on imports of plastics. The result was shipping containers piled up outside of Asian seaports with no alternative locations to bring the world's recyclables except landfills or illegal dump sites, including oceans and rivers. The policy shift spurred bans across the developed world on plastic straws and other single-use plastic items. But these prohibitions do little to solve the overall challenge represented by plastics—or to address the broader issue that the world faces vis-à-vis its trash. According to the World Bank, global annual waste generation will grow 70 percent between 2016 and 2050. Food waste still represents the largest share, but the rise of e-commerce is causing an exponential increase in cardboard and other packaging trash. In emerging markets, nearly 90 percent of waste is either openly burned or illegally dumped. And landfills contribute significant greenhouse gas emissions. Recognition of the global trash crisis is rising, along with efforts to create a “circular economy” that more efficiently reduces, reuses, and recycles waste.



In 2019, innovation in waste management processes will accelerate. Government initiatives such as the Clean India Mission and Beautify Malawi will continue to improve trash collection and disposal in emerging markets. In developed markets, more municipal investment in artificial intelligence technologies and robots that can detect and sort items by material type will lead to greater efficiencies and reduced costs, allowing more recycling to occur within the markets where waste is generated. New entrants to the waste management industry will also disrupt traditional practices. For instance, Scrapo matches disposers of waste with those who want to recycle it for their own purposes, TerraCycle sells reusable containers for a variety of household items, and Ecovative uses food waste to create faux leather and other goods. Additionally, more companies will follow Alphabet's lead in announcing technology-based solutions for their facilities' waste disposal systems. The Google parent company's Quayside community in Toronto, to be opened in 2020, is one example. It will include “smart” trash removal, such as sensors to meter trash usage, autonomous robotic trash collectors, and other solutions that reduce landfill waste by 90 percent. Finally, recent materials science breakthroughs will take steps toward commercial viability, including those for a new plastic-like polymer that can be recycled indefinitely.

Prediction #4

The global shipping industry will crash into new sulfur regulations.

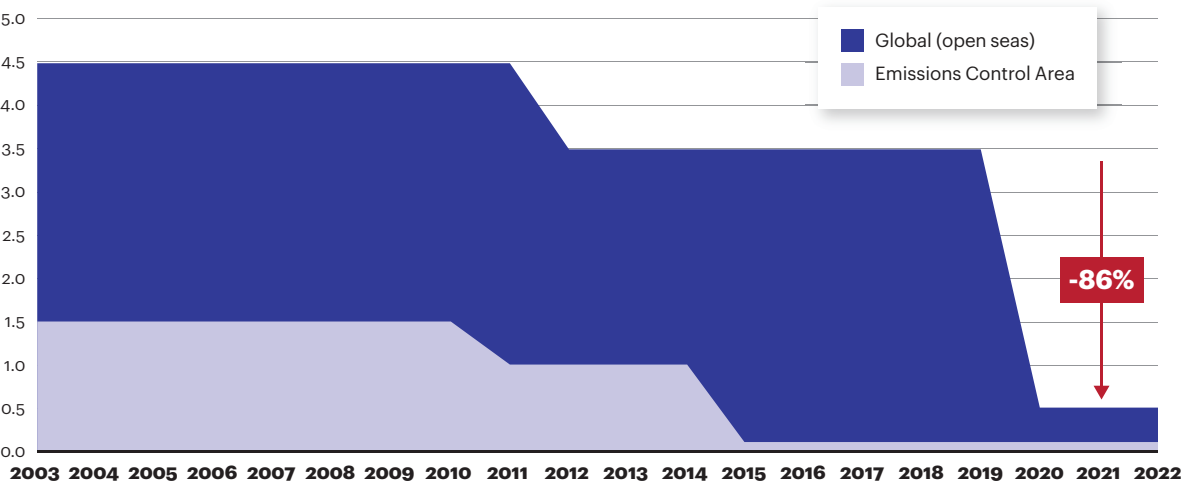
The International Maritime Organization (IMO) is on the cusp of implementing new sulfur regulations that will have significant implications for the shipping industry—and the 90 percent of global trade that relies on it. On January 1, 2020, the IMO will enforce a ban on ships using fuel that has a sulfur content of 0.5 percent or higher (see figure 3). Ships will have the option to purchase “scrubbers” to reduce emissions from higher-sulfur fuel, but because the cost is between \$1 million and \$10 million per ship, it is not surprising that less than 3 percent of the global fleet has made this investment. The new regulations are part of the IMO’s effort to reduce the shipping industry’s greenhouse gas emissions by 50 percent from 2008 levels by 2050. They will set a new global standard for shipping fuel, with the exception of the stricter sulfur limit of 0.1 percent in the existing Emissions Control Areas (ECA) in North America, the Caribbean, the Baltic, and the North Sea.

Given the low level of readiness to comply with these regulations, the global shipping industry will undergo a disorderly and disruptive transition to the new environment in 2019. The implications will go far beyond the shipping industry. With every month that passes, prices for a variety of fuel types—including high and low sulfur bunker fuel, diesel fuel, and jet fuel—will be more volatile as refiners and fuel purchasers pursue a pricing advantage before the January 1, 2020 deadline. Ship owners are already sounding the alarm about fuel scarcity and the estimated \$60 billion in additional fuel bills (equal to the total industry fuel spend in 2016). Some of the largest crude oil tankers could see a 25 percent increase in shipping costs, resulting in higher oil and gas prices for consumers. In fact, higher seaborne freight costs for all goods will raise prices for companies and households around the world by the end of 2019. And while the disruption to the global shipping industry will begin in 2019, the drama will continue to unfold in 2020.

Figure 3
Global shippers and refiners must adjust to the new reality

Marine sulfur weight limits

% by weight



Sources: US Energy Information Administration; A.T. Kearney analysis

Prediction #5

The Xi–Putin relationship will be the world’s most consequential bromance.

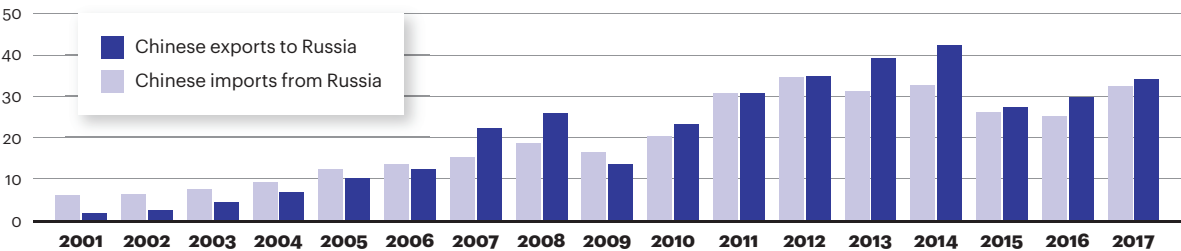
Chinese President Xi Jinping gave Russian President Vladimir Putin a “best friend” medal in June. This honor came a year after Xi received Russia’s Order of St. Andrew medallion—the highest state award. Sino-Russian economic ties have also grown steadily in recent years, in large part because of China’s growing demand for Russian oil and gas (see figure 4). In September, Xi participated in Putin’s Eastern Economic Forum (EEF) in Vladivostok for the first time, and he remarked that it was his third meeting with Putin in four months. Among the outcomes of the EEF was the announcement of a joint venture between the Chinese e-commerce giant Alibaba, the Russian firm Mail.ru, Russia’s sovereign wealth fund, and the telecom MegaFon to further develop the Russian e-commerce market. And as Russia remains under the weight of US sanctions and China remains locked in an intensifying trade war with the United States, the two leaders are embracing their shared strategic interest in counterbalancing American influence. Quickly following the EEF, China participated in Russia’s largest war games since the end of the Cold War—the latest signal that these Eastern powers are aligned in the face of growing geopolitical instability and rising tension with the West.

Xi and Putin will deepen their relationship even further in 2019. They will become more vocal critics, both together and separately, of US trade policies and other “America First” actions as they seek to portray themselves as credible alternative global leaders. Sino-Russian coordination on North Korea and other global security challenges will strengthen. The two countries will also collaborate more in the Arctic, where they have already agreed to develop trade routes jointly. The 2019 opening of the Power of Siberia pipeline to supply China with Russian natural gas will further solidify Sino-Russian energy relations for the long term. This link, following the beginning of liquefied natural gas (LNG) shipments to China from the Russian Arctic Yamal LNG project in 2018 and growing agricultural and military goods trade, will strengthen bilateral economic ties. Although both countries’ economic relationships with the West will continue to be much more significant than their relationships with each other, growing economic, diplomatic, and military ties will increase the geopolitical importance of the Sino–Russian friendship.

Figure 4
Sino-Russian trade ties have grown since the turn of the century

Bilateral trade

\$ billion



Note: The drop in the US dollar value of trade from 2014 to 2015 is in large part the result of the fall in global oil prices at that time rather than a dramatic reduction in the volume of bilateral trade.

Sources: International Monetary Fund; A.T. Kearney analysis

Prediction #6

The global anxiety epidemic will lead to a proliferation of new products.

More than 300 million people—nearly 5 percent of the world's population—suffer from clinical depression or anxiety, costing the global economy \$1 trillion each year. In the United States alone, nearly 20 percent of the population reports suffering from anxiety-related disorders. The problem is growing rapidly, as the global prevalence of anxiety and depression has increased by 15 and 18 percent respectively since 2005. And the Gallup 2018 Global Emotions Report, which surveys people across 146 countries, shows that world happiness is at its lowest level since the survey was first conducted in 2006. The World Health Organization estimates that depression and anxiety will match cardiovascular diseases as the world's largest major health disorders by 2020. Young people are increasingly vulnerable to the effects of depression and anxiety, suggesting the problem will persist for many years to come. To ease this global epidemic, consumers are finding comfort in not only medications, but also a variety of products designed to alleviate their stress and anxiety such as adult coloring books, essential oils, meditation apps, weighted blankets, fidget spinners, and the non-psychoactive cannabis compound cannabidiol (CBD).



The incredible rise in popularity of such anti-anxiety products is only the beginning of a monumental consumer wave. In 2019, there will be a proliferation of such consumer products hitting the shelves, supporting a multibillion-dollar market for treatment of anxiety disorders and depression. A vast gamut of products will be offered, ranging from affordable items such as new supplements and oils to costlier technology gadgets such as headgear and electrotherapies. Beverage companies, including producers of both wellness and alcoholic drinks, will announce new product lines featuring CBD as an ingredient. This trend will be accelerated by a confluence of global generational traits. Many Millennial and Generation Z young professionals, for instance, are turning to such products for self-care. Meanwhile, the global geriatric population—in which depression and anxiety are most common—is increasing as the large Baby Boomer generation ages. Between 2016 and 2050, the global share of people over 65 years old will double from 8.5 percent to nearly 17 percent of the population. As a result, more anxiety and depression therapies will be developed for their demographic. And because access to health services can often be difficult or cost-prohibitive, quick-fix consumer items, regardless of efficacy, will remain the most attractive treatment options for the anxiety epidemic in 2019.

Prediction #7

A sand shortage will grind the gears of the global construction industry.

Urbanization and infrastructure development are resulting in a global shortage of sand, the second most extracted natural resource after water. Two-thirds of construction material is concrete, which itself is composed of two-thirds sand. The global construction boom is therefore having a significant impact on global sand prices. To get a sense of scale, China used more sand between 2011 and 2013 than the United States did during the entire 20th century. In India, the construction boom is fueling not only a price spike—with reports of price increases between 100 and 150 percent in the past two years—but also a sand mafia that has become notorious for violence. There are similar criminal groups operating in Indonesia and elsewhere in Asia. US prices for cement and concrete rose nearly 70 percent between 2004 and mid-2018, driven in part by sand-intensive hydraulic fracturing (fracking) in the oil and gas sector. Even desert-based construction hotspots such as Dubai must import construction-grade sand, often taken from beaches, riverbeds, and lakebeds across the world. This rising sand demand is having devastating environmental effects, including rapidly intensifying the erosion and degradation of water-based ecosystems around the world.



In 2019, rising sand prices will put financial strain on the construction industry, particularly in emerging and frontier markets. This trend could lead to the slowing or cancellation of some projects. Countries such as Vietnam will be particularly sensitive, given that sand prices there rose about 200 percent in 2017 alone as the government seeks to eliminate illegal sand dredging. Singapore, the world's largest sand importer, will face greater scrutiny and delay of development projects as global attention to the issue rises. The country is already subject to sand export bans from Vietnam, Indonesia, and Cambodia for alleged long-term participation in sand smuggling. In rapidly urbanizing sub-Saharan Africa, increasing sand prices will continue to cause construction strains in countries such as Uganda, which has exhausted local supplies and is now turning to imports. As a result, countries and construction companies—particularly those in Asia, where the illegal sand trade is receiving growing attention—will come under more pressure to demonstrate that they are complying with the law. Effects will include a further rise in legal sand prices as well as downward pressure on the global construction boom.

Prediction #8

The looming emerging markets credit crisis will grow in both scale and scope.

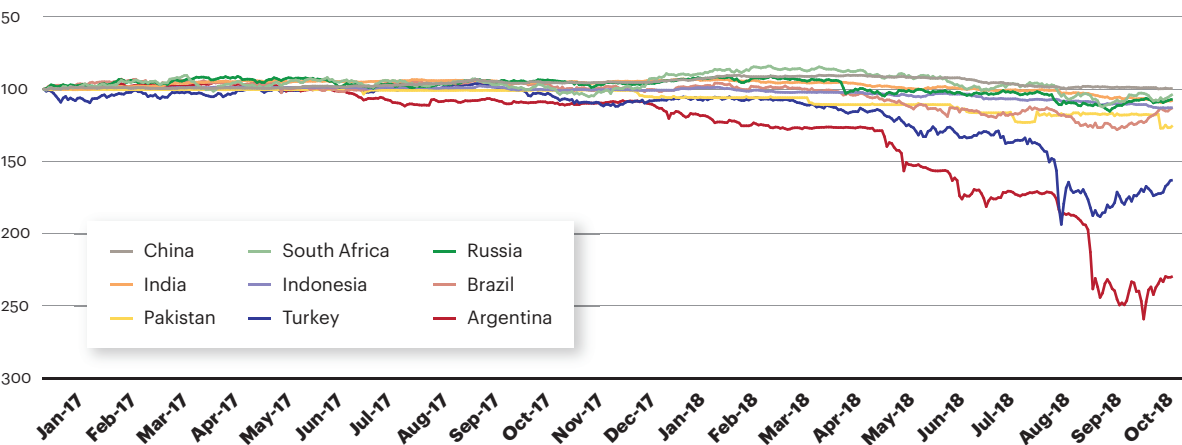
Some emerging markets have come under serious economic and financial stress as a result of foreign-denominated debt and currency depreciations (see figure 5). Argentina's balance of payments has been strained by both domestic and foreign investors liquidating their positions in onshore peso assets. As a result, the IMF dispersed a three-year Stand-By Arrangement loan of \$57 billion (subscription required) with Argentina in 2018—the first time the IMF has done so with a member country in crisis in more than two years. Pakistan recently announced it also intends to seek an IMF bailout as its foreign currency reserves dwindle. In Turkey, the lira is down 40 percent to the US dollar since the start of 2018, while the Indian rupee is down 15 percent. Zambia is on the verge of default, worsened by significant borrowing from Chinese creditors and a quickly depreciating kwacha. Venezuela is being devastated by hyperinflation, which the IMF estimates will exceed a record 1 million percent for 2018 as a result of economic mismanagement.

An emerging markets credit crisis will unfold in 2019. China—which is owed roughly 20 percent of African nations' external government debt (subscription required)—will not have its debts due by the end of the year serviced, and its role as a major creditor to emerging and frontier markets will diminish as it uses its resources to limit the damage to its domestic economy caused by ongoing trade tensions with the United States. Pressure on emerging markets will also mount as the US Federal Reserve increases interest rates and the dollar strengthens, raising the cost of repaying foreign currency-denominated loans. And despite a recovery in the prices of commodities, which are fundamental exports and serve as the foundation for many emerging market economies, currency depreciation for many exporters such as Zambia will prevent these countries from climbing their way out of systemic volatility. As a result, at least two more countries will join Pakistan in requesting an IMF bailout in 2019.

Figure 5
Tumbling emerging market performance will fuel a credit crisis

Select emerging market currencies vs. US dollar value

Base 100 value



Note: Base 100 value based on 100 = January 2017

Sources: Thomson Reuters Eikon; A.T. Kearney analysis

Prediction #9

Africa will be more connected than ever.

African countries have increased their commitment in recent years to promote regional economic integration and reduce intra-continental trade barriers. In 2016 and 2017, several countries announced updated policies for issuing “visas on arrivals” to Africans—drastically reducing the red tape required for African citizens to travel within the continent. Furthermore, in January 2018, the Single African Air Transport Market (SAATM) was signed, which will strengthen the connectivity between African states by lowering airfares and providing more direct flights (see figure 6). Several airlines, both African and foreign, have already announced additional stops and flight paths across the continent. And the African Continental Free Trade Area (AfCFTA), which has the potential to boost intra-African trade by 52 percent by 2022, was signed by 44 countries in March 2018—a number that has since risen to 49 signatories. Another positive development was the historic peace agreement signed by Eritrea and Ethiopia in July, which ended two decades of war and opened border access between the countries.

Figure 6
Intra-African transit links will fuel economic integration

Signatories of the Single African Air Transport Market



Source: A.T. Kearney analysis

Intra-African cooperation and economic integration will accelerate in 2019. AfCFTA will enter into force after the number of countries ratifying the agreement surpasses the 22-country minimum. Signatories will include South Africa, which has so far not ratified the agreement for domestic reasons. Nigeria—one of the continent’s largest economies and the biggest holdout from the AfCFTA—will likely sign onto the agreement after its general election in February. Intra-African economic integration will begin to drive a virtuous circle, as greater economic activity fuels expanded airline routes within the continent and additional railway investments. Furthermore, digital connectivity will strengthen. But while Africa will become more connected than ever in 2019, each of these efforts will require concerted commitments by AU member states to realize the long-term gains of improved economic connectivity.

Prediction #10

Real-life “Iron Man” will materialize in the form of exoskeletons.

Although the first exoskeletal device was tested by a team from GE and the US military in the 1960s, viable “exosuits” have failed to materialize because of weight, mobility, and power limitations. Now, after more than half a century of research and development, exoskeletons are being developed for medical, industrial, and military applications. For example, exoskeletons have enabled some paraplegics to regain long-lost mobility in the past five years. And the new clothing start-up Seismic is incorporating sleek exoskeleton designs into “robotic underwear” meant to help treat ailing muscles and joints. In terms of industry applications, car manufacturer Ford recently deployed exoskeletons in 15 of its assembly plants—a small but promising sample size—to improve worker safety and productivity. The exoskeletons reduce the strain caused by keeping one’s arms elevated for long periods of time. And in the military domain, Lockheed Martin developed the Fortis exoskeletons system in 2014 for US troops to lighten the loads they carry. Russia and China are similarly working to develop their own “special forces exoskeletons.” Despite these important use cases, however, most businesses and individuals are unaware of the promise of these devices.



In 2019, exoskeletons will shed their sci-fi image and become popular across a number of industries. More manufacturers will follow Ford’s example by introducing and integrating exoskeletons in their production processes. New technologies such as artificial intelligence will also help address previously difficult design challenges such as functionality, weight, and mobility. Interest from both entrepreneurs and venture capitalists seeking to profit from this budding trend will prove to be an important catalyst in the technology’s growth as more start-ups are created and investments pour in. In addition, there will be a growing market for exoskeletal suits designed to support injured or weak muscles and joints—particularly as the large Baby Boomer generation continues to age. The clearing of regulatory hurdles will likewise accelerate adoption. For instance, the FDA approved the Japanese-created Hybrid Assisted Limb exoskeleton in early 2018. And as the popularity of exoskeletons grows for physical rehabilitation purposes, new cybernetic treatment centers will be developed in parallel where specialists can safely use exoskeletons on patients.

**Technological advances
and other innovations will
continue to transform the
world in 2019—in both
positive and negative ways.**



Assessing the Validity of Year-Ahead Predictions 2018

Assessing the validity of predictions made in the past is far harder—and less common—than simply making predictions. Below, we attempt to do just that for the 10 events and trends we forecasted last year in *Year-Ahead Predictions 2018*. Some unfolded more or less as we predicted while others were only partially borne out by events.

Prediction #1

Quantum supremacy will be achieved.



No company declared quantum supremacy in 2018, but its achievement appears imminent. Intel revealed a 49-qubit quantum chip, and IBM and Google are pursuing chips between 49 and 50 qubits—believed to be the tipping point for quantum supremacy. D-Wave’s quantum annealing process made a materials science breakthrough.

Prediction #2¹

Difficult negotiations will raise the risk of a hard Brexit in early 2019.



After agreeing on a £39 billion “divorce bill” with the EU, Theresa May negotiated a draft withdrawal agreement with Brussels in November that would include a temporary customs union. Reaction in the United Kingdom was negative, but there is no alternative deal on the horizon. The odds of a hard Brexit in early 2019 remain high.

Prediction #3

Facial recognition technology will become omnipresent.



Omnipresence holds truest in China where the technology is embedded in cameras, classrooms, law enforcement, and payment systems. In the United States, Delta Air Lines launched the first “biometric terminal” at the Hartsfield–Jackson Atlanta International Airport, and New York City’s Metropolitan Transit Authority is testing the technology on commuters.

Prediction #4

The threat from the Islamic State will metastasize in Southeast Asia, Africa, and beyond.



Despite massive territory losses in Iraq and Syria, the Islamic State (IS) maintains a global reach. Affiliated groups operate in several African countries, including Mozambique, the Democratic Republic of the Congo, and Nigeria. In Southeast Asia, IS claimed responsibility for a series of deadly church bombings and a jail uprising in Indonesia, while more than 20 groups have pledged alliance to IS in the Philippines.

¹ At the time of publication, there were rapid developments in the status of Brexit negotiations. Our validity assessment reflects the current state of negotiations at the time of finalizing this report.

Prediction #5

Domestic politics in Germany and France will cut short the “Merkron” honeymoon phase.



“Merkron” made progress as a unit, including the coordination of corporate tax rates and the overhaul of the European Stability Mechanism. But Angela Merkel is stepping down now as the leader of the Christian Democratic Union and as chancellor in 2021, rendering her a lame duck chancellor until then. Meanwhile, Emmanuel Macron faced his lowest approval rating yet in September at 31 percent, and his vision of an EU banking union has failed to materialize.

Prediction #6

Catastrophic natural disasters will put even more pressure on global insurance markets.



The effects of natural disasters in 2017, the second-costliest year on record, hit the industry hard in 2018. For instance, German insurer Munich Re reported in early 2018 that US natural disasters wiped out its 2017 profits. In turn, reinsurance rates have had to increase to absorb the pressure—rising more than 10 percent in the United States alone.

Prediction #7

New regulations will emerge as scrutiny of the US Internet giants’ power and autonomy reaches a fever pitch.



Scrutiny has certainly reached a fever pitch, but no significant new regulations were announced. The EU’s General Data Protection Regulation went into effect in May, but it had been adopted in 2016. The EU also issued various fines—including a record \$5 billion imposed on Google in July—and industry executives testified before the US Congress over privacy concerns, antitrust, and the use of their platforms by foreign influence operations.

Prediction #8

Rapidly rising demand for electric vehicles will spark a spike in global sales.



Electric vehicles (EV) are set to exceed 50 percent sales growth from 2017 levels in 2018, with more makers and models entering the market. Government regulations and EV infrastructure are also catching up. Nearly a quarter of new buildings in Beijing are outfitted with wire conduits, 10 percent of new parking spaces in San Francisco must have chargers, and the UK national grid announced plans to build superfast charging stations along motorways.

Prediction #9

Chinese foreign investment will accelerate but will face growing resistance.



In the first half of 2018, global non-financial FDI from China rose more than 18 percent year on year. So too did anti-Chinese sentiment. The Committee on Foreign Investment in the United States (CFIUS) blocked Broadcom’s takeover of Qualcomm in one high-profile example. Malaysia—increasingly wary of Chinese investment—froze \$20 billion in Chinese projects. And countries such as Australia, France, and Germany strengthened oversight of inbound FDI.

Prediction #10

Breakthroughs in cancer treatments will accelerate at an unprecedented rate.

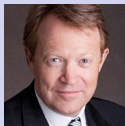


Immunotherapies are heralding a new era in cancer research with breakthroughs in 2018 for lymphoma and breast and lung cancers. In fact, a pair of researchers were awarded the 2018 Nobel Prize in Medicine for their groundbreaking approach to cancer treatment using the human body’s immune system, which the Nobel committee called a “landmark in our fight against cancer.”

Authors



Paul Laudicina, chairman emeritus of A.T. Kearney and chairman of the Global Business Policy Council, Washington, D.C.
paul.laudicina@atkearney.com



Erik Peterson, partner and managing director of the Global Business Policy Council, Washington, D.C.
erik.peterson@atkearney.com



Courtney Rickert McCaffrey, manager of thought leadership for the Global Business Policy Council, Washington, D.C.
courtney.mccaffrey@atkearney.com

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About the Global Business Policy Council

The Global Business Policy Council is a specialized foresight and strategic analysis unit within A.T. Kearney. Since its first CEO Retreat in 1992, the Council has been a strategic service for the world's top executives, government officials, and business-minded thought leaders. Through public-facing thought leadership, exclusive global forums, and advisory services, the Council helps to decipher sweeping geopolitical, economic, social, and technological changes and their effects on the global business environment. The Council is dedicated to providing immediate impact and growing advantage by helping CEOs and government leaders anticipate and plan for the future.



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