

Natural Catastrophes Greatest Risk for East Asia and the Pacific

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The World Economic Forum this month released their Regional Risks for Doing Business Report. The findings of the report are based on a survey of global business leaders on the state of business environments regionally.

Extreme weather events, natural catastrophes and failure of climate change adaptation were ranked in the top 10 risks for East Asia and the Pacific and North America, but not in other regions.

For East Asia and the Pacific natural catastrophes were rated as the highest risk and extreme weather events as number 5. Natural catastrophes were rated as the highest risk in Japan, New Zealand and China. Asia experienced some \$55 bn USD in catastrophe losses in 2018, second only to the United States, but rated highest in terms of loss of life (Swiss Re, 2019).

In South Asia, water crises were rated as the top risk. Climate change through melting of glaciers and altering the frequency of extreme weather events will only worsen water stress in this region.

Globally, cyberattacks were rated as the world's second most significant risk behind financial crisis. The report notes the rising cost of cyberattacks and the ever-evolving nature of the risk. In East Asia and the Pacific, the risk was also rated second.

Australian respondents rated energy price shock as their number one risk, followed by cyberattacks (2nd), asset bubble (3rd), failure of critical infrastructure (4th) and fiscal crises (5th).

The top ten risks for East Asia and the Pacific and globally are listed in Table 1 below.

Table 1: Top Risks

No.	East Asia and the Pacific	Globally
1	Natural Catastrophes	Financial crises
2	Cyberattacks	Cyberattacks
3	Interstate conflict	Unemployment or underemployment
4	Fiscal crises	Energy price shock
5	Extreme weather events	Failure of national governance
6	Asset bubble	Profound social instability
7	Data fraud or theft	Data fraud or theft
8	Energy price shock	Interstate conflict
9	Unemployment and underemployment	Failure of critical infrastructure
10	Failure of national governance	Asset bubble



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The full report is available at:

http://www3.weforum.org/docs/WEF_Regional_Risks_Doing_Business_report_2019.pdf

References

Swiss Re (2019) Natural catastrophes and man-made disasters in 2018: “secondary perils on the frontline”. *Sigma* No.2