# Uncertainty ahead: 10 trends that will impact 2025

## The approach of the new U.S. Administration in relation to proxy wars and China will be felt not just domestically but globally.



November 26, 2024

Citizens around the world were holding their breath in November 2024, waiting for the U.S. election results. Whether Donald Trump or Kamala Harris won would have had drastically different impacts, not just for the U.S. but for the rest of the world.

©IESE Business School

It’s no surprise, then, that Trump features heavily in *The Economist*’s 2025 edition of The World Ahead, which anticipates key trends to watch out for in the coming year, based on insights from the Economist Intelligence Unit, journalists and editors in politics, business, science and the arts. Speaking with IESE’s Nuria Mas at IESE Barcelona, deputy editor Tom Standage delved deeper into what we should look out for in 2025, including how the wars in Gaza and Ukraine will pan out and what we can expect from artificial intelligence (AI) systems.

# 1. What Trump’s victory could mean

Americans chose Trump for a second term as U.S. president, but we have yet to see how far he will go with his campaign promises. There are two wars he wants to stop: in Ukraine and Gaza. There’s the question of how he will deal with China. Domestically, Trump is likely to engage in mass deportations, make tax cuts and focus on deregulation.

# 2. Will voters’ expectations be met?

2024 was one of the biggest years for elections around the world, and ruling parties fared badly, regardless of their political affiliation. In the U.S. and the U.K., the incumbent parties were discarded entirely. In India and South Africa, they were forced into coalitions with other political parties. In Taiwan and France, they were pushed into cohabitation. What lessons will chastened parties take from this as they regroup? And can the winners deliver change?

# 3. Geopolitical tensions are increasing

Many consider the current state of the world at its most dangerous since the Cold War. Various factors are at play: the ongoing contest between the U.S. and China, two regional wars, an expanding zone of anarchy in Africa. What’s more, Russia, China, Iran and North Korea are increasingly working together, undermining Western powers. And Trump stepping onto the stage could exacerbate it all: his isolationism and protectionism are likely to deter alliance-building that is crucial for long-term restoration of U.S. power.

# 4. Tariffs on China could be bad for global

©IESE Business School

## trade

The U.S.-China rivalry has been raging for nearly seven years, and it's likely to intensify with Trump again in power. He has already proposed 60% tariffs on all imports from China, which is estimated will cause an 85% drop in Chinese exports to the U.S. These restrictions could result in commercial turmoil that spills over into the rest of the world, including the Global South where Chinese companies have been expanding their markets.

# 5. China is leading a clean-tech boom

The world will find out if global emissions of greenhouse gasses have finally passed their peak — and how quickly they're going down. All eyes are on China, as it has become the largest greenhouse-gas emitter in the world, but also the main driving force behind the expansion of renewable energy. The Chinese government has encouraged exports of solar panels, batteries and electric vehicles to offset its weak domestic economy, resulting in a clean-tech boom.

# 6. A post-inflation world?

As Western central bankers celebrated a "defeat" of inflation, they are facing a new challenge: reducing deficits while increasing defense budgets. For the U.S., the only major economy where output is above pre-pandemic levels, Trump's promises could harm the progress made. His tariffs on foreign products could drive up the price of imports, and the deportation of undocumented migrants could strip the economy of workers — thereby fueling inflation and putting a strain on growth.

# 7. Populations are getting older — and so are their leaders

When Trump is sworn in on January 20, 2025, he will become the oldest serving president in the history of the U.S. However, in democracies, the average age of national leaders has actually fallen over the past five decades, signifying that when people have a choice, they prefer younger leaders. The U.S. is an outlier in that respect, boasting some of the oldest legislators in the free world.

©IESE Business School

## 8. AI needs to start delivering or else investors will pull out

Nearly $1.5 trillion is expected to be spent on AI data centers between 2024 and 2027, yet many companies are still unsure of what to make of the technology. Only 5% of U.S. businesses say they use AI in their products or services — though about a third of employees admit to using the technology in their jobs. Still, the race to make AI more useful will come to a head in 2025, as investors expect a return on their money. There are several constraints that are slowing the pace of AI development: among them, the increasing amount of energy that AI systems use up and the shortage of new training data. While companies try to come up with solutions — by creating more efficient chips or smaller models that use less power — it's a matter of how patient investors are willing to be.

## 9. With more airspace restrictions, the skies are getting smaller

The world is entering an era of growing conflict, not only on the ground but in the skies as well. International civil aviation is increasingly facing challenges due to a variety of factors: certain dangerous routes with airspace warnings are avoided, putting more strain on other, already-congested routes. Russia has closed its airspace to Western airlines, making the route to Asia much longer and more expensive. American and European airlines are pulling out of China altogether. All of this is causing the global connectivity of people and goods to suffer, causing more disruption and making the skies "smaller."

## 10. Anticipate implausible scenarios

Whoever could have predicted a pandemic would shut down the majority of the world in 2020? The modern world seems to have a certain uncertainty about it, so *The Economist* closed its special issue by guessing some implausible scenarios for 2025. These include a new pandemic from a strain of bird flu that's making the rounds in North America. In addition, we might decipher some lost wisdom by using AI to read carbonized papyrus scrolls. In 2025, we'll need all the wisdom we can get!

---

READ ALSO: What were the trends for 2024? Look back on 10 world trends from The

©IESE Business School

Economist’s Tom Standage

5 key trends for your 2025 business agenda, rooted in IESE research.

*This article is published as part of Smart Picks in IESE Business School Insight magazine #169 (Jan.-April 2025).*

www.iese.edu/insight

©IESE Business School