



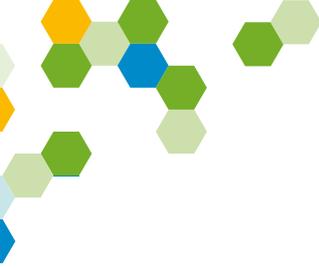
SPECIAL REPORT

# 2019, a year of collective challenges

Madrid, February 2019

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INTRODUCTION  
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## INTRODUCTION

The beginning of a new year always encourages us to reflect on the future - a period obviously influenced by the previous one.

In this regard, 2018 was not an easy year for several of the pillars that generate stability in the global context. There is a feeling that the environment around us, on a global scale, is unpredictable and it seems that, at any moment, anything can happen.

It is true that, given the capacity of human beings to assume reality, what is abnormal may be considered normal and what is uncertain may be perceived as the opposite. In such a case, chaos would be much closer than we realize.

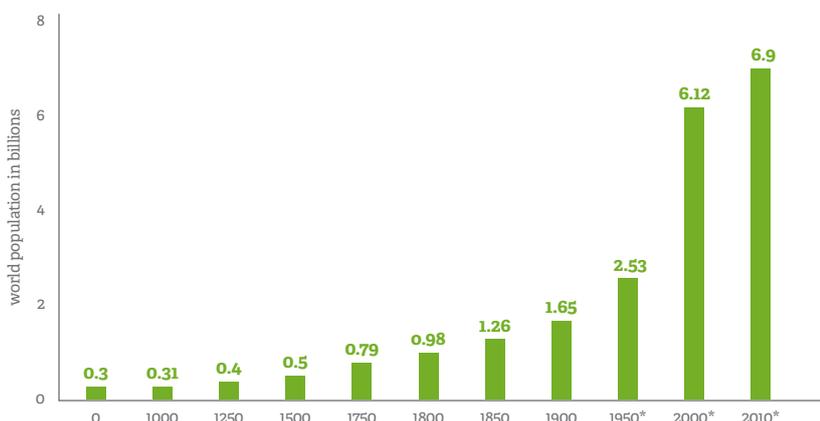
A society that wants to build its future in a stable way must build its community system on democratic principles and respect for the rule of law. If you then add a great capacity for dialogue with international multilateral relations, you have a good chance of moving in the right direction.

## GLOBAL TRENDS

Great trends condition the future evolution of the world in which we live in. These include the evolution of the world's population, major displacements of populations, climate change, insecurity, populist movements and crises.



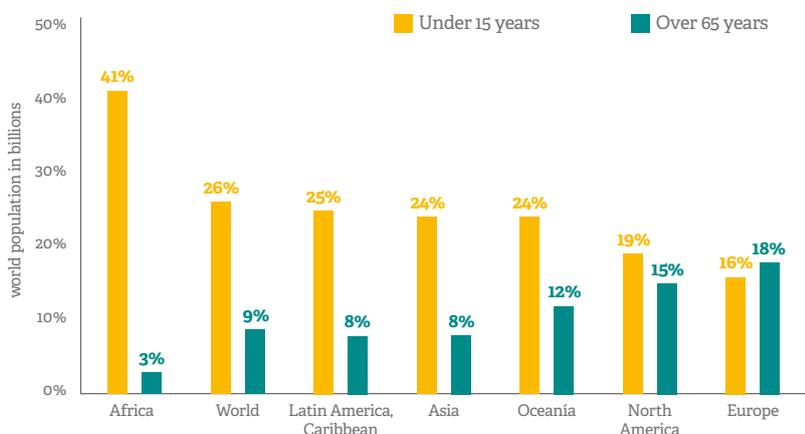
**Figure 1. Development of the world population since the beginning of the Common Era (in billions)**



Source: United Nations  
Additional information: Worldwide. United Nations. UN DESA. 1999, 2010\*

The world's population is 7.5 billion people, with some particularities: the population tripled between 1950 and 2016, more than half of the planet's population lives in Southeast Asia, the continent with the youngest population is Africa and the continent with the oldest population Europe. In the year 2100, the planet will have 11 billion inhabitants and, according to the United Nations forecasts, Africa will undergo major demographic growth. Europe, on the contrary, will age significantly and experience demographic loss.

**Figure 2. Proportion of selected age groups of the world population in 2018, by region**



Source: United Nations  
Additional informations: worldwide

In recent years there have been large population displacements. On the one hand, there were very large international migratory movements which, according to the 2018 Global Migration Report, involved the relocation of a total of 244 million people, or 3.3% of the world's population - 41% more than in the year 2000. Of these, 22 million were refugees<sup>1</sup>. On the other hand were those resulting from the opportunities offered by land, sea or air connections. According to IATA data, 4.1 billion people were displaced by air in 2018. This figure will double in 2037. China, India and Indonesia will become the world's largest aviation markets, ranking first, third and fourth respectively<sup>2</sup>.

**Table 1. Population of the world and regions, 2017, 2030, 2050 and 2100, according to the medium-variant projection**

REGION	POPULATION (MILLIONS)			
	2017	2030	2050	2100
World	7,550	8,551	9,772	11,184
Africa	1,256	1,704	2,528	4,468
Asia	4,504	4,947	5,257	4,780
Europe	742	739	716	653
Latin America, Caribbean	646	718	780	712
North America	361	395	435	499
Oceania	41	48	57	72

Source: United Nations, Department of Economic and Social Affairs, Population Division (2017). *World Population Prospects: The 2017 Revision*. New York: United Nations.

<sup>1</sup> World Migration Report 2018  
<https://publications.iom.int/es/books/world-migration-report-2018>

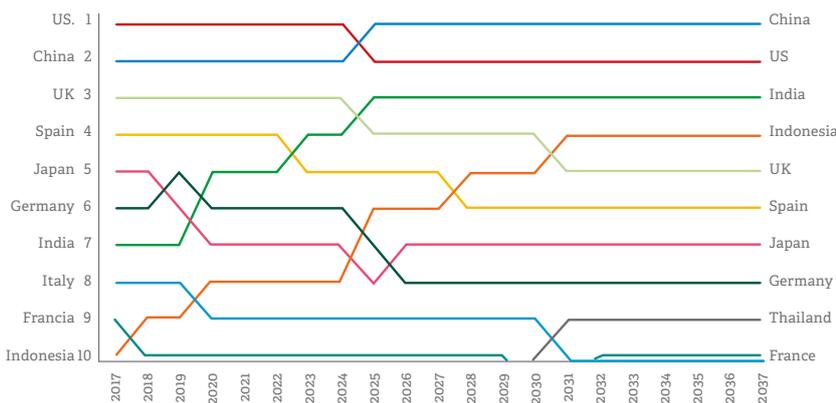
<sup>2</sup> Future of Aviation Industry 2035-IATA  
[https://www.iata.org/IATA\\_Future\\_Trends\\_4.pdf](https://www.iata.org/IATA_Future_Trends_4.pdf)

No one with even the slightest observation capacity can question the phenomenon of climate change and its consequences, not only for future but current generations. Climate change passivity is producing increasingly worrying results that translate into clearly perceptible issues, such as the progressive decline

in biodiversity – with a clear impact on food security or, for example, the gradual increase in the level of marine masses and the ice decline at our planet’s poles. According to the Intergovernmental Panel on Climate Change (IPCC), the average sea level rise between 1901 and 2010 was 1.7 millimeters per year—between 1993 and 2010, it was 3.2 millimeters per year. An increase in land temperature of 2°C will cause sea levels to rise by 0.93 meters by 2100, according to the IPCC. Preventing it will require an extraordinary intervention in global decarbonization.

The deterioration of international order, including the controversial and disconcerting presidential actions of the United States, make for a **more insecure world**. There are greater geopolitical, technological and commercial tensions and, of course, there is the constant threat of terrorism, to which the control of natural resources can be added. According to the START<sup>4</sup> report on "Global Terrorism", in 2017, there were 10,900 terrorist attacks in the world, in which 26,400 people died; making it the third consecutive year (since its 2014 peak, which had 17,000 attacks and over 45,000 victims) that terrorism has shrunk. However, if the figures

Figure 3. The 10 largest air passenger markets over time (ranked by passenger numbers, to, from and within each country)



Source: IATA/TE

Figure 4. Global average sea level<sup>3</sup>. Satellite data: 1993 – Present



Source: Satellite sea level observations. Credit: JPL/PO.DAAC

<sup>3</sup> NASA SEA LEVEL CHANGE, Observations from Space. <https://www.sealevel.nasa.gov/understanding-sea-level/key-indicators/global-mean-sea-level>

<sup>4</sup> <https://www.start.umd.edu/gtd/>

are compared to those of the decade before the September 11, 2001 attacks, there is still a very disturbing terrorist presence, including cyber-attacks.

Global risks are intensifying, yet there is a lack of collective will to resolve them. This is due to various reasons, including the idea of taking back control, as pointed out by the recent World Economic Forum Global Risk Report<sup>5</sup>. This can be at the national level of political rivals, or externally in multilateral or supranational organizations. The biggest paradox in all of this is undoubtedly the United Kingdom and its hypothetical exit from the European Union.

**Populism**, driven by left-wing, right-wing or even moderate politicians, is seen as a strategic approach that frames politics as a battle between two antagonistic sides, the public and the corrupt elite. Recently, however, it has found a very

favorable breeding ground, with several countries now governed by populist leaders. Such is the case for Brazil, Mexico, the United States, India, the Philippines, Hungary and Italy, for example. According to The Guardian, populist leaders now govern countries with a total population of almost two billion people<sup>6</sup>.

We live in times in which the unexpected becomes reality. Reality surpasses all fiction and crises arise in shapes far too difficult to contain. Therefore, we must be prepared to expect the unexpected in order to anticipate solutions to critical situations that are increasingly likely to occur. In all of this, technology and communications play a major role.

2019 faces a volatile world with peculiar leaders who have an imperial vision for their leadership performance.

**Trump**, leading the United States, is provocative, controversial and disconcerting through his politics of tweets. He can describe Europe, one of his most solid allies, as an "enemy" or start a trade war with China... or paralyze the U.S. administration because of his disputes with the Democratic

<sup>5</sup> The Global Risk Report 2019, World Economic Forum.

<https://www.weforum.org/reports/the-global-risks-report-2019>

<sup>6</sup> <https://www.theguardian.com/news/2018/dec/03/what-is-populism-trump-farage-orban-bolsonaro>



“We must be prepared to expect the unexpected in order to anticipate solutions to critical situations that are increasingly likely to occur”

majority in Congress over the wall with Mexico.

**Putin**, who won the presidential elections in March 2018 with ease, embodies the modern archetype of Czarist Russia through demonstrations of international strength aimed at national consumption. The Christmas present he decided to offer to the Russian people at the end of last year did not go unnoticed. It was a new strategic weapon: the "Avangard" hypersonic missile, capable of surpassing the American missile shield, and which reminded us of previous USSR eras in terms of weapon prioritization. In this context, Putin has accused the United States of increasing the risks of a nuclear confrontation in the world by not making progress on the INF Treaty (Intermediate-range Nuclear Forces) and refusing to negotiate an extension of the START-3 Treaty, which limits strategic armament.

**Xi Jinping**, after presidential term limits were eliminated in 2018, has been confirmed as the paramount leader (a status that Mao Tse-Tung, founder of the People's Republic of China, once represented), and whose 70th anniversary will be celebrated on October 1, 2019. The Chinese leader promotes a global actor approach that, instead of competing head-on for world leadership with the United States, develops what he has called the vision of a community of shared destiny, based on cooperation and,

from that point of view, ends with the model of alliances led by the United States. Equally, Chinese diplomacy is skillfully working to reform international institutions and norms so that China's interests are better considered. All of this is part of a new narrative about China as an internationally committed country.

In Europe, leaders face a time bomb with an upcoming detonation date of March 29, unless it is deactivated earlier. The UK's exit from the European Union is one of the biggest bottlenecks in the history of British politics, which (as that date approaches without a clear solution) passes the pressure on to the rest of the 27 Member States, that must remain more united than ever.

**Macron and Merkel**, who have the great responsibility of providing an overview of the future of European integration, have specific internal vicissitudes. Macron is facing the crisis of the "yellow vests," which was initially due to the increase in the price of fuel and the loss of purchasing power and has now shown that there is a great deal of social discontent. For the time being, this crisis, far from being defused by the government's failure to offer satisfactory solutions, runs the risk of continuing to escalate.

Merkel, meanwhile, is in the home stretch of her broad mandate as Chancellor of

**“In Europe, leaders face a time bomb with an upcoming detonation date of March 29, unless it is deactivated earlier”**

Germany after passing the baton in December 2017 to Annegret Kramp-Karrenbauer (AKK) as head of the Christian Democratic Union (CDU). Her departure will influence the direction Germany will take politically towards liberal and pro-European democracy or towards progressive nationalism with a dose of xenophobia. The results of the European Parliament elections in May and the subsequent elections in Saxony, Brandenburg and Thuringia will have to be followed closely.

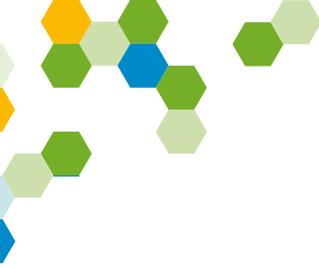
**A hyper-connected and hyper-transparent** world, with disruptive competitors, propels 2019. In this ever-changing world, in order to win, it is necessary to be in constant transformation and to seek excellence in responsibility. The solutions to problems come from the interconnection of intelligent machines, which process an unusual amount of information and impact on social and professional relationships. Creativity and anticipation are key in this context. Technology continues to play an important role, but has issues of special attention, such as fake news and misappropriation of identities that affect citizens, businesses and governments.

Downward growth characterizes 2019. The title of the recent World Bank report on the "Global Economic Outlook" is quite revealing and defines the outlook as: Darkening Skies.

Moderation in economic activity and increased global risks obscure the global economic outlook for 2019. International trade and investment have softened, and, at the same time, trade tensions have increased. Global liquidity has started to decline and the volume of global debt (317% of GDP in the second quarter of 2018) exceeds the level reached before the last crisis.

Global growth will fall from a revised 3% in 2018 to 2.9% in 2019 and 2.8% in 2020-21. Growth in the Euro area, which had already fallen to 1.9% in 2018, slows further in 2019 to 1.6% and an average of 1.4% in 2020-21.

This is an election year for Europe with Brexit and other challenges in the background. Elections to the European Parliament will take place in May, with a possible decline in the influence of the two main traditional parties of the European Parliament: the European People's Party and the European Socialist Party. There will be seven national elections in EU Member States and six presidential elections. The EU institutions will have new leaders: a new President of the European Commission and a renewed College of Commissioners; a new President of the European Council; a new President of the European Parliament; a new President of the European Central Bank; and a new head of European Diplomacy.



**“2019 is a year of political  
and economic crossroads  
for Spain”**

The issue on migration will continue to dominate in politics.

Respect for the founding principles of the EU (democracy and the rule of law) will be a matter of concern for some Member States, particularly Poland and Hungary. Uncertainties about what Italy does in relation to its commitments to the EU can be a factor of instability. The threat of terrorism will remain. The territorial impulses of a re-emerging Russia will influence geopolitical stability. The consequences of Trump's America first may have clear consequences for NATO's defensive umbrella.

2019 is a year of political and economic crossroads for Spain. Municipal and European elections will be held in the spring, but general elections cannot be ruled out, given the context. Regional elections will also be held, except in Andalusia, Catalonia, the Basque Country and Galicia. The consequences of the recent elections in Andalusia have a telescopic projection on the national political situation, greatly affected by the sovereignty challenge of independence in Catalonia.

Candidates must play a decisive role in municipal elections. In regional elections, the panorama that may arise is not so predictable and, of course, it is in European elections that there could be a VOX irruption, in line with what happened with Podemos in 2014. The Spanish economy will be influenced by the context of lower world and European growth. Macroeconomic projections show that the economy will continue to slow, although growth will remain at around 2.2%. The decline in private consumption, high unemployment and wages growing above productivity pose challenges for the Spanish economy in 2019. High levels of public debt and deficits, coupled with political uncertainties, also confer significant vulnerabilities on Spain's economy.

2019, in general, is a year with shared challenges and problems. The response must therefore be inspired not by individual approaches, but by solutions based on cooperation and dialogue, respecting human dignity, democracy, pluralism, justice, solidarity and, of course, the certainty that comes from respecting the rules of “the game.”

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