
The World Economy in 2025: A Year of Upheaval?



By [INSEAD Knowledge](#)

Professor Antonio Fatás sizes up the major issues that could disrupt the global economy this year.

2024 was a year of turbulence. Even if the global economy did manage to avoid recession, ongoing geopolitical conflicts and political tensions continued to hold economies in their grip. Brace yourself for more upheaval this year.

This is the underlying theme of the latest year-ahead webinar by INSEAD Professor of Economics [Antonio Fatás](#), organised by INSEAD Lifelong Learning. During the hour-long session, Fatás suggests that technology may finally be ready to deliver the economic and higher productivity it has promised for so long. He also highlights the significant role that emerging markets, particularly in Asia, will continue to play in driving global growth.

However, Fatás acknowledges the picture is not so rosy elsewhere. Addressing US President Donald Trump's threat of [across-the-board tariffs](#), Fatás warns of a global trade slowdown "that's going to have much larger

consequences” than the seven-year-old trade war between the US and China.

Fatás is also pessimistic about Europe’s ability to mobilise the resources and investments it needs to overcome its current economic challenges, driven by the region’s low productivity combined with an ageing and shrinking population. The EU will need to have “very complex and deep conversations about priorities”, he says, whether it’s pensions or investment in defence and technology.

These issues could be exacerbated by the weakening of institutions, the rule of law and democracy in several countries as a result of geopolitics. This will be “bad news” for long-term growth, even if the effects won’t be immediately apparent.

Other specific risks outlined by Fatás include China’s dual challenges of deflation and high debt levels, and a stock market where a correction is long overdue.

Find article at

<https://knowledge.insead.edu/economics-finance/world-economy-2025-year-upheaval>

About the author(s)

INSEAD Knowledge is the expert opinion and management insights portal of INSEAD, The Business School for the World.