



fgs global radar

2025

The Year of Consequences

Redefinition

Disruption

Clarity

Action

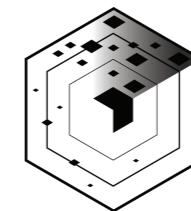
Deals

Trump



2025

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The Year of Consequences



fgs global radar

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	Emily Maitlis Journalist The News Agents		Sam Gyimah Non-Executive Director and Former Minister of Higher Education Goldman Sachs		Ruth Sunderland Group Business Editor Daily Mail & Mail on Sunday
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Other stakeholders we spoke to include:

Rohan Silva, William Klein, Justin Cash, Louisa Moreton, Kathleen Richardson, Alec Shelbrooke, Joe Palombo, Gareth McCartney, Theo Hildebrand, Andy Cook, Tommy Curry, Mike Turner, Curtis Ravenel, Amy Platts, Charlie Chichester, Ruban Yogarajah, George Parker, Richard Burn, Henri Murison, Jeremy Oppenheim, Diederik Samsom, Rachael Orr, James Hadley, Damian Stirrett and Fabrice Beaulieu.

Introduction

If 2024 was the year of elections – then 2025 will be the year of consequences.

Half the world's population lives in countries that have recently been to the polls. The outcomes were stark, and many have been forced to reassess their views on key issues from geopolitics to sustainability and culture.

Incumbents in developed Western economies were the big losers – and while many reasons can be attributed to their loss, two things stand out:

- A drop in living standards, caused largely by inflation.
- Deep-seated concern at a failure to stem immigration.

Obviously, the most consequential result by far was in the United States.

There is no doubt Donald J. Trump aims to shake up America and the world order in 2025 – with far reaching effects on the global economy, international order, sustainability, AI, tech and culture.

The big question is: are we seeing a generational shift towards his way of thinking – or simply a temporary reverse in a world that remains in flux? In other words: will another electoral cycle see a backlash against the so-called "strong man" leaders with their disruptive worldview?

Some are bleak about the future, saying the world has taken a decisive turn for the worse. Others take a more positive and nuanced view, arguing that many of the key issues we face have become stuck, with debates increasingly politicised, attritional and running into the sand, with two implacably opposed tribes in a stand-off. They argue that a forced change can and should facilitate shifts in approaches and perspectives on all sides.

The issues will remain constant, but the language we use to talk to them and the terms of engagement will shift fundamentally. This, they believe, is clear on everything from international relations, to sustainability, tech

and culture. We will discover if they are right in 2025.

The FGS Global Radar aims to set out where there is consensus, where there is a spectrum of debate and where there are clear predictions on what we can expect in 2025.

You'll see the visual theme of this year's Radar is aerial views – matching our aim to stand back and attempt to see the pattern of things, which is often impossible if you are too close.

We've asked scores of experts and leaders in the world of politics, business, media and academia to try to take a helicopter view of the world in 2025 and its impact on business. As you can see from the full list on the facing page it's an impressive group. The quotes you will see have been anonymised, to allow them to be frank.

We've also carried out a representative poll of over two thousand people in the UK to get their take on the issues that count. Again, some see recent events as the shock to the system that is needed, bringing growth and providing clarity in global stand-offs. Others see it as flirting with economic disaster, emboldening tyrants and moving away from an international order based on cooperation and the rule of law.

In all of this, we're highly aware that it is all too easy to paint the sky black. And, with that in mind, we end with a section on what we can all be optimistic about in 2025.

One thing we can be certain of this year is that FGS Global will be engaging both in the debates and with our clients – helping them have a clear-eyed view of the world and where and how they can do business in it.

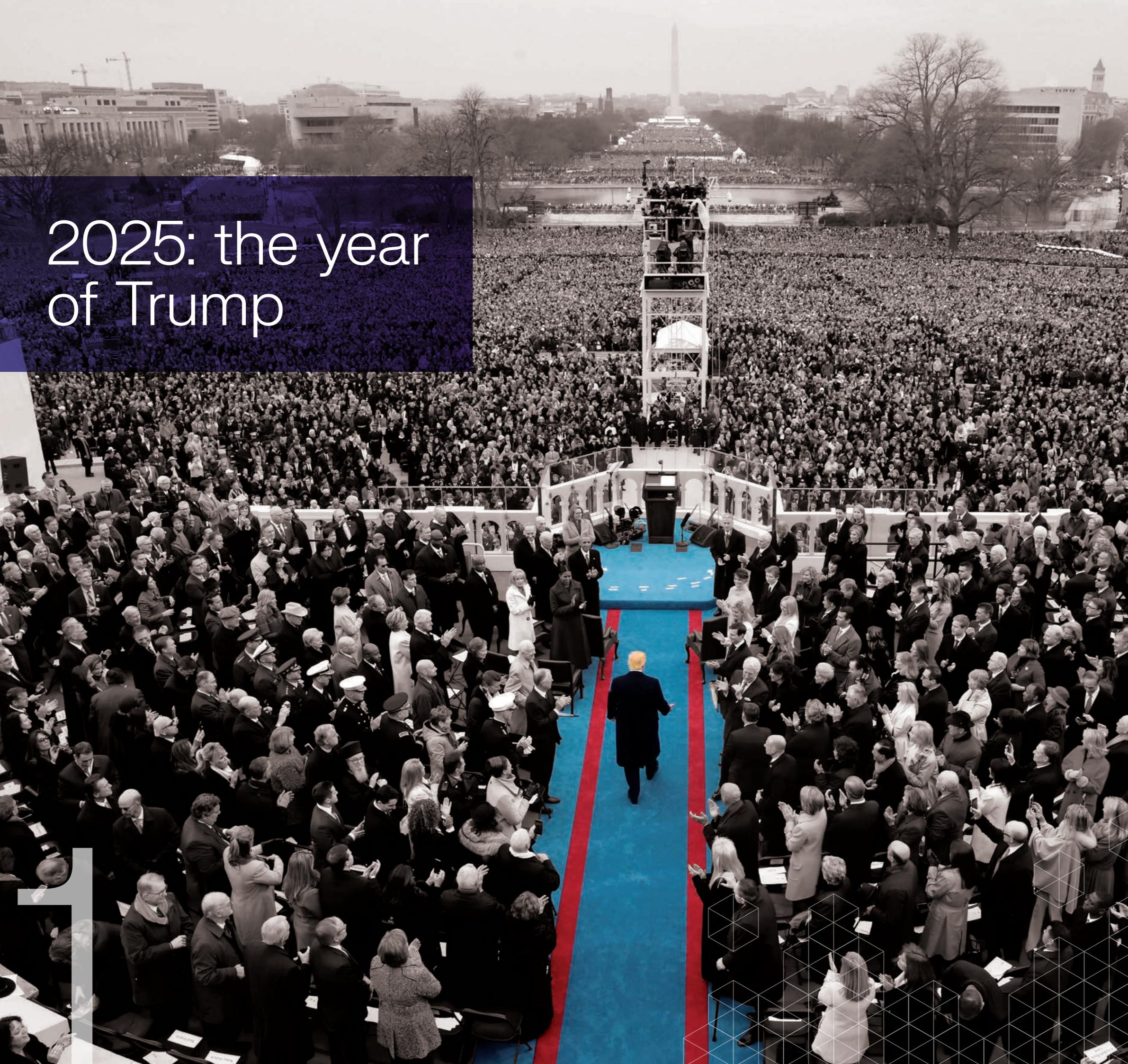


Roland Rudd
Global Chair



Craig Oliver
Global Co-Head of Strategy & Reputation

2025: the year of Trump



There is no disputing it: 2025 will be the year of Trump.

The overwhelming consensus of our experts is: this time Trump is serious about delivering his agenda.

Unless there is a change to the US Constitution, this is his second and last term, meaning he will be a President in a tearing hurry. He has enormous power, at least until the mid-terms at the end of 2026, and will seek to capitalise on it.

Trump has shifted the 'Overton Window' – the range of policies considered acceptable for mainstream discussion at any time – not just in the United States but globally.

The world needs to brace itself for an early period of shock and awe – where we will see a series of executive orders and announcements designed to show the direction of travel on:

- ▶ Tariffs and deregulation
- ▶ Immigration
- ▶ Geopolitics

"Trump trades in uncertainty and unpredictability. He views it as a weapon. He wants a deal – and to be the hero who delivered it."

Trump has made some radical promises about exactly what he will do, threatening high tariffs on China, Mexico and Canada and 10-20% on the rest of the world. He has claimed he will deport 11 million people, immediately end the war in Ukraine and make the US take a more isolationist stance.

There is some debate among our experts around how far he will go. Some argue that:

“Trump shouts loud but doesn’t deliver.”

Others say that:

“In the past we knew to take him seriously but not literally. This time we need to take him seriously and literally.”

However, more are persuaded by this analysis:

“Trump trades in uncertainty and unpredictability. He views it as a weapon. He wants a deal – and to be the hero who delivered it.”

Seen from this perspective, the hyperbolic claims become a side issue: it’s more fruitful to focus on what Trump does, rather than what he says he’s going to do.

With that in mind, business leaders are clear:

“There’s no avoiding it – governments and businesses need to do their homework now.”

“Trump is transactional and plain talking. Corporates and politicians in Europe need to change their approach to be a bit more plain talking and consequential to keep up with this shift.”

Trump will cut taxes and aim to deregulate the US economy. Most believe there will be a US economic boom in 2025.

What Trump will do

China

Trump wants to de-couple the US and Chinese economies. He is already pushing hard on this front, using proposed tariffs as his negotiating weapon of choice.

Mexico and Canada

Trump’s neighbours are clearly in his sights – and we can expect clarity on how he intends to strengthen both borders and the level of tariffs they will face.

Europe

He will negotiate hard with Europe and others from a position of strength. Some see an opportunity for the UK because it is no longer aligned with the EU. Others say that’s naïve and it will be caught in the crossfire.

Immigration

Many believe Trump will show strength on immigration and will look for opportunities to make high profile interventions. Others caution that although this is popular, few people have the stomach to see images of families being torn apart. They note that deportation on the scale that Trump has suggested would be very resource-intensive for US law enforcement agencies. Expect more noise than action on this.

US economy

Trump will cut taxes and aim to deregulate the US economy. Most believe there will be a US economic boom in 2025:

“The sugar rush that Trump will give with both deregulation and tax cutting stimulus will drag the global economy up. His deregulation will drive a wave of M&A activity. The economy will feel much, much better.”

Others believe that, like any sugar rush, the effect will be temporary. They predict with no small amount of irony, that inflation, the thing that did so much to sink his predecessor, will inevitably kick in. The combination of tariffs, fiscal loosening and restricted labour through immigration controls will inevitably take effect.

Although Trump has said he will not fire Jay Powell, the Chairman of the Federal reserve, the most negative of our commentators believe there will be a stand-off between the two in 2025. They believe Powell will respond to Trump’s stimulus and tariffs by insisting on higher long-term interest rates. Some economic experts say we cannot rule out the possibility of a global economic crisis, however few believe a collapse will happen.



Geopolitics in the year of Trump

Shockwaves are already reverberating around the world. However, there is a consensus that the international agenda isn't what really moves Trump, and consequently, American foreign policy is harder to predict than on first appearance.

Our experts fall into two distinct groups:

i) Pessimists

This group fears that the international order based on consensus and the rule of law will be smashed. Some ask whether the liberal world order can survive without the active support of the United States.

Many expect that the US will abandon its role as the United Nations' largest financier. They also fear that Trump will weaken NATO with lukewarm support for Article 5, the mutual defence clause of the North Atlantic Treaty.

The public tend to support this view. All generations in our poll are net negative about Trump – and by significant margins.

ii) Pragmatists

This group says that Trump's disruptiveness and willingness to challenge consensus brings some positives:

"To a certain extent the battlefield is stuck. Maybe someone who's prepared to look at it in a different way will help unstick it."

These stakeholders argue that Trump hasn't been given enough credit for delivering foreign policy achievements like the Abraham Accords in his first Presidency.

A number of experts agree with Trump that it is long past time for Europe and the UK to significantly increase spending on defence.

54% of the public agree that "The UK needs to spend more on national defence and the military." It is, however, hard to see where many European countries will get the significant amount of money required for boosting defence budgets.





The strong consensus is that there will be enormous pressure on Volodymyr Zelensky to make a deal to end the attritional war in Ukraine. The Republican-controlled US Congress is unlikely to continue the funding he needs, forcing an endgame in which Ukraine will have to give up land and abandon hopes of joining NATO. Some believe that, in exchange for this, Putin will be warned off pushing his expansionist agenda any further.

However events play out, the result will be a defining moment for Europe in terms of how it protects itself from an aggressor like Putin.

Most of the UK public is still highly supportive of Zelensky's agenda: 54% agree that Ukraine should carry on fighting, however long that means war continues.

There is also a consensus among stakeholders that Trump will be broadly sympathetic to Benjamin Netanyahu as he continues his highly controversial military operations. Most expect Israel to push hard against Iran, whose weakness has been exposed in the last year. However, Trump values his relationship with Saudi Arabia, which may demand that Israel not be given such a free hand.

We can expect to see further Chinese sabre-rattling around Taiwan. Some stakeholders believe that a blockade remains a possibility, and worry that if a trade war is sparked by tariffs, all bets are off.

Many of our experts note the ominous, growing collaboration between authoritarian regimes: CRINK – the informal alliance of China, Russia, Iran and North Korea – is an

appropriate acronym for an increasingly organised and destabilising force in the world.



CRINK: Informal alliance of China, Russia, Iran and North Korea

Trump's personality will be a crucial factor in how things will turn out. Some have suggested he is picking his cabinet like the producer of a reality TV show, of which he is the star.

This could all spell trouble. Many believe he won't like sharing the limelight with his high-profile and controversial appointees like Elon Musk, Robert F. Kennedy Jr. and JD Vance. Bust-ups and firings are predicted:

“Trump is a solo act and doesn't like competition.”

More to the point, will Trump be the all-powerful incumbent? It will be difficult for him to deflect blame if he fails to deliver the dramatic results he has promised, and voters may conclude that he has offered easy answers to complex, nuanced issues. ↗

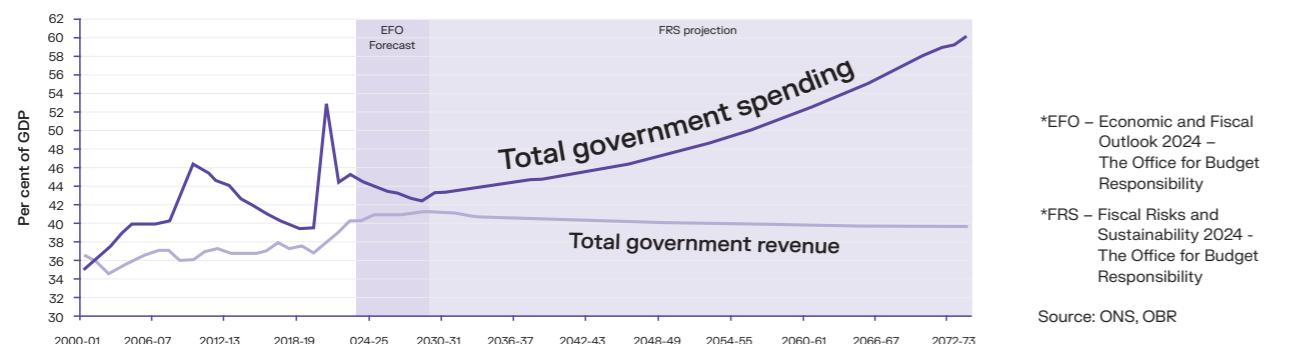
KEY TAKEAWAY

Many fear that dictators and authoritarians will be emboldened in 2025 – with Trump inspiring a strengthening of nationalist feelings. They also believe Trump has pushed the political centre-left into an internal debate about whether it needs to do more on tackling immigration and turn the volume down on progressive social issues and woke language.

Systemic issues in European economies will be highlighted in 2025

The year begins with deep-seated political and economic pressures in much of Europe, notably Germany and, most seriously, France. How countries wrestle with higher spending, debt burden, ageing populations and anger over immigration will do much to define 2025.

The below graph shows a long-term projection of UK government spending and tax take, reflecting the public service implications of our ageing population, the cost of the transition to net zero and the increased defence spending to which all main political parties are now committed:



The precise picture differs between countries, but the general story – a widening gap between tax and spending – is replicated throughout most of Europe.

This is a major factor in the warning by former President of the European Central Bank, Mario Draghi, of a “slow agony” unless countries can achieve much stronger economic growth to deal with ageing populations, a falling replacement rate (the number of people being born) and renewal of infrastructure.

Our experts say the problem is exacerbated by the growing gap between what politicians must promise – and rule out – to be elected and what they are subsequently able to deliver in office.

This gap undermines people’s confidence in liberal democracy and feeds the view that “Voting doesn’t make a difference” – which a quarter (24%) of the UK electorate now believes – boosting populism on the left and right.

Our polling shows this clearly. Nearly 8 in 10 voters think that “We are entitled to expect more from the government.”

More than half of all voters believe that “A competent government, committed to cutting waste and spending on the right priorities could deliver what voters expect without needing to raise taxes.”

We have already seen that voters around the world aren’t in a forgiving mood – and will dispatch governments who they feel aren’t making progress on the issues they care about. Incumbent governments are as vulnerable in 2025 as they were in 2024, with stakeholders predicting the end of administrations in Germany, Canada and Australia, as well as further political turmoil in France. ↗

KEY TAKEAWAY

Governments are struggling with the gap between promise and delivery in the face of significant demographic challenges. Currently more than one in five people under the age of 45 in the UK now agree with the statement “The best system for running a country effectively is a strong leader who doesn’t have to bother with elections.” Barely 9% of over-45s share this view, but confidence in the ability of democracy to deliver greater prosperity and better services is eroding among younger adults.

More than half of all voters believe that “A competent government, committed to cutting waste and spending on the right priorities could deliver what voters expect without needing to raise taxes.”

24% of the UK electorate believes “Voting doesn’t make a difference.”

More than one in five people under the age of 45 in the UK now agree with the statement “The best system for running a country effectively is a strong leader who doesn’t have to bother with elections.”



UK politics & economy in 2025

The reality of the Labour Party's political dominance will become obvious this year. The agenda will be almost exclusively theirs.

A senior Conservative acknowledges:

"The Starmer Government is massively in control of Parliament and the political debate. There is zero chance of anyone else leading the country for at least four years."

Many celebrate the fact that the UK is now, in this regard, a beacon of relative stability – compared both to the last Parliament and to the current state of play in major European neighbours – allowing business to plan, take decisions and engage.

With their unassailable majority in Parliament, Labour will unveil more of their programme for public sector reform. Many say there will be inevitable clashes with business, trade unions and Labour backbenchers, questioning whether the Cabinet has the stomach for the fight.

Even the Labour supporters we spoke to are worried the Government is struggling to articulate its strategy and agenda. They lament the lack of a clear vision and narrative to explain what the Starmer Government is doing, why they are doing it and who it is for.

3



Only 1 in 4

expect to be better off a year from now.

68% of voters believe Labour will increase their taxes.



23% think that Britain is "Going in the right direction."

64% feel that "The UK is in a period of steep decline."

The content of Labour's first Budget unsettled many businesses and voters alike.

One senior Labour supporter sums up the view of many that they are struggling to see a plan for growth:

"The uniting thing for them to say is, 'The Tories were awful.' But what is the diagnosis? What has gone wrong? There's been this desperate attempt to make sure the previous lot gets the blame but not what the bigger overarching vision is. I'm not sure if I know what the policy agenda is on growth."

Some counter that the Government is learning from its early mis-steps and will set out a clear message and strong agenda in 2025.

Our poll of public attitudes underlines the lack of a clear government message to the country and doubts about its overall direction: only 13% of voters think that "The Labour Government has a clear and convincing plan to fix the economy and get stronger growth," and only 11% think that "The Labour Government is doing what I hoped it would do."

Housebuilding under Labour

The single clearest aspect of Labour's growth strategy is its commitment to build 1.5 million new houses, but there is consensus among our experts that this is completely unrealistic given the industry does not have the workforce.

Furthermore, our poll shows that the planning reforms needed to make any progress on housebuilding are highly controversial. By more than a 2:1 margin, voters think that communities should retain the right to block housing developments "Even if that means fewer new houses being built." Delivering on its agenda is going to require determination and political courage from Labour.

“They’ve got to resolve the tension between what they say and what they do. They say they want to stimulate growth and a rise in living standards. But much of what they’re doing is having the opposite impact.”

Some of our experts point to radical reformers within the Cabinet and bold ambitions in several government departments.

However, many also think the prevailing mindset is too focused on campaigning and not enough on governing.

Many predict that, despite the Chancellor’s assurances to the contrary, a second round of tax rises will follow later in the Parliament. As a senior stakeholder with Treasury experience says:

“If you look at the spending plans, it’s a big boost for two years, followed by relative austerity. If Rachel Reeves is going to spend more, she’s going to have to tax more.”

This is a growing expectation of voters too. In the weeks before the General Election, only 37% of voters thought that a Labour government would increase their taxes. Now,

in the wake of the Budget, 68% of voters believe this. Fewer people now think Labour will deliver stronger growth, and many more think that both government borrowing and inflation are likely to increase.

There is a consensus that the Conservative Party will struggle to make much impact in 2025 – partly because the scale of their election defeat leaves them with such depleted numbers in Parliament and partly because they seem a long way from defining clearly what they stand for under the new leadership of Kemi Badenoch. ↗

KEY TAKEAWAY

Even with the General Election now behind us, this year will see a significant electoral challenge for both Labour and Conservatives from Reform.

This year’s local government elections are in places last contested four years ago, when Boris Johnson was still riding high and – crucially – Farage’s Reform UK party did not stand.

In terms of national party share, the Conservatives were then 13% ahead of Labour; the Tories gained, and Labour lost, hundreds of council seats.

All of this means Nigel Farage and his party are likely to figure even more prominently on the British political landscape in 2025.

Dogged optimism: M&A and the City of London in 2025

Despite everything, our experts are broadly optimistic about the potential for deals and growth in the year ahead.

Huge uncertainty during the year of elections in 2024 caused many businesses to pause, waiting to see how politics settled and governments around the world took shape. Now there is clarity — and, where there are still elections to be held, the results are almost assured.

"With the Budget and the US election out of the way, there's much more certainty, which enables CEOs to make decisions now."

"Markets love certainty. They hate uncertainty. The regime is going to do what it's going to do. Whether the market likes it or not, higher taxes, lower regulation, whatever it may be, the market now knows that it's coming."

Perhaps the best description of the attitude is one of "dogged optimism."

"In the UK, you've got stocks at all-time highs, tonnes of liquidity on the sidelines and lots of dry powder in private equity. Everything is in place for things to be pretty interesting now that we're past the uncertainty about these big elections."

Despite economic headwinds forecasted for 2025, M&A activity is expected to accelerate. Experts point to depressed valuations attracting foreign takeovers, particularly by US financial sponsors:



"If the UK remains cheap, we'll see more companies get taken out."

Private capital is expected to drive most deals. While concerns persist over the UK regulatory system potentially stifling "big ticket" deals, there is hope for greater flexibility from the Competition and Markets Authority to align with the Government's pro-growth agenda. Experts emphasise that the market's current optimism hinges on seizing opportunities and restoring confidence.

Market sentiment is buoyed by the possibility of increased listings on the London Stock Exchange and greater foreign direct investment in 2025. While IPO activity may not return to the peaks of 2021 due to ongoing volatility, many experts sense a growing optimism around UK markets. However, they caution that interest in listings cannot be taken for granted. Instead, the City must proactively convince investors and businesses: "This is why you should come to London."

Notwithstanding Labour's new economic measures and their potential negative impact on hiring, investment and restructuring, experts agree that the paralysis of 2024 is over.

Persistent challenges remain, but the post-election certainty has lifted sentiment, and there is cautious optimism for a robust M&A environment in 2025. ↗

KEY TAKEAWAY

Business may not have liked Rachel Reeves' budget or want tariffs to dominate the agenda, but City experts prize the certainty and stability of knowing who is in charge for a protracted period and are willing to roll up their sleeves and get to work. This sense of hardened optimism extends to mergers and acquisitions.

Artificial intelligence and technology in 2025

Artificial intelligence is at a crucial point – both in terms of its development and our understanding of it.

Investment in AI continues on an extraordinary scale. \$1 trillion is being spent on data centres for AI alone, as research labs building frontier models strive for Artificial General Intelligence.

Scaling laws are starting to apply to data and energy, leading to a keener awareness of the power, water and information consumption required to train the next generation of models.

Behind the frontier, with the foundations in place, the promise of start-ups in the application layer of AI is coming to the fore. Many businesses are struggling to convert a proof of concept into competitive advantage. However most experts agree that struggle will be worth it:

“Look at the scale of the investment that is being put in by these tech companies. It dwarfs the whole UK’s R&D budget. These guys aren’t doing that for nothing.”

Some stakeholders expect that – at least in the short term – it will be the “boring bits” of AI that have the greatest impact. Many emphasise that we are

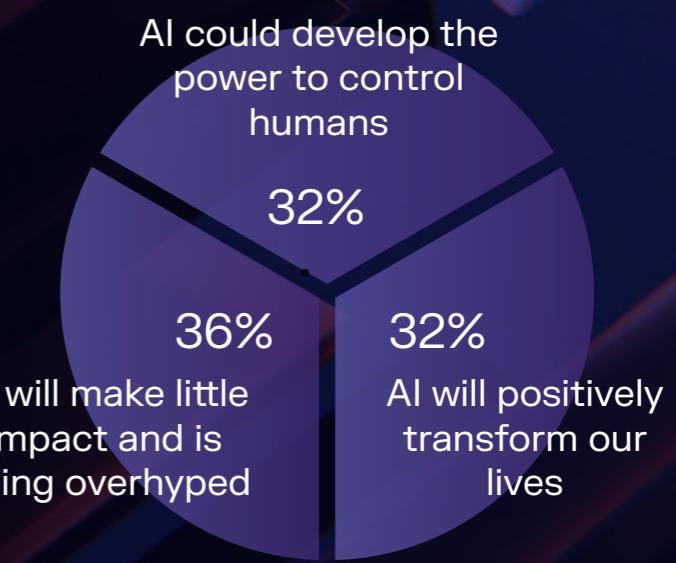
already there in terms of AI’s ability to speed up process and transform functions like marketing and communications. Stakeholders see great potential for this to increase efficiency and address backlogs in public services. Starting to harness this potential will be a key test of the Labour Government in 2025.

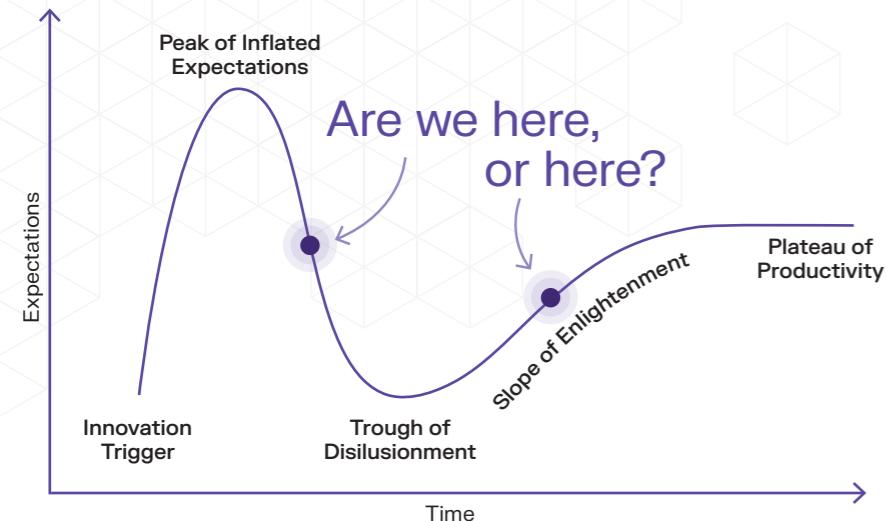
KEY TAKEAWAY

Even though there’s limited take-up in many businesses – and real uncertainty about how it will be used in the future – there is broad consensus among our experts that AI will be transformative. In summary the view is:

“AI is on a journey towards becoming more useful and integrated into our daily lives. Starting with relatively simple tasks like summarising information or updating and improving documents, AI should have the capacity to massively amplify and accelerate human potential across a vast range of areas from healthcare to combatting or even helping to reverse the harmful effects of climate change.”

Public opinion on the impact of AI splits into three divergent views





Amara's Law is applied in the Gartner Hype Cycle (above) to help visualise the potential progress of AI.

Where are we with AI in 2025?

To help explain where we are, one AI expert pointed to Gartner's Hype Cycle and Amara's Law, which states that: "We tend to overestimate the effect of a technology in the short run and underestimate the effect in the long run."

Our experts foresee that the flurry of excitement about AI will be over in 2025 – and replaced with a more practical and hard-headed reality.

Some see us reaching the "Trough of Disillusionment" with a backlash of people saying the whole thing has been overhyped:

"The AI bubble is going to burst at some point, but the infrastructure that now exists provides the foundations for the next wave of entrepreneurs who can use it to innovate cheaply."

Others suggest that thinking is behind the curve, and we are well on the way to reaching the "Plateau of Productivity":

"We're in a clear runway. It's all about use cases now. So, in a year things will be mainstreamed on productivity."

All agree we are on the way to AI delivering.

However, our poll of the UK public reveals strong fears that AI will have a negative impact on jobs and online safety alongside hopes that it will improve productivity. Overall, people are split almost evenly into three divergent perspectives: about a third fear AI could develop the power to control humans, a third think it will positively transform our lives and a third that it will make little impact either way and will turn out to have been overhyped.

A significant group of experts argue that the harmful impact of AI on climate is significantly

understated – with vast amounts of energy and water (as a coolant) required. Some point to the fact that several tech billionaires and businesses have been supportive of Trump – believing his deregulatory agenda and expansive energy policies will help address their accelerating resourcing needs:

"Billionaires have massively bought a seat at his table, and they're going to be calling the shots on regulation."

Many tech experts strongly argue that Europe

is in the process of making a big strategic error in attempting to regulate and slow down the nascent AI technology rather than focusing on its applications and outcomes.

The fear is that Europe – already struggling to remain globally competitive – loses out:

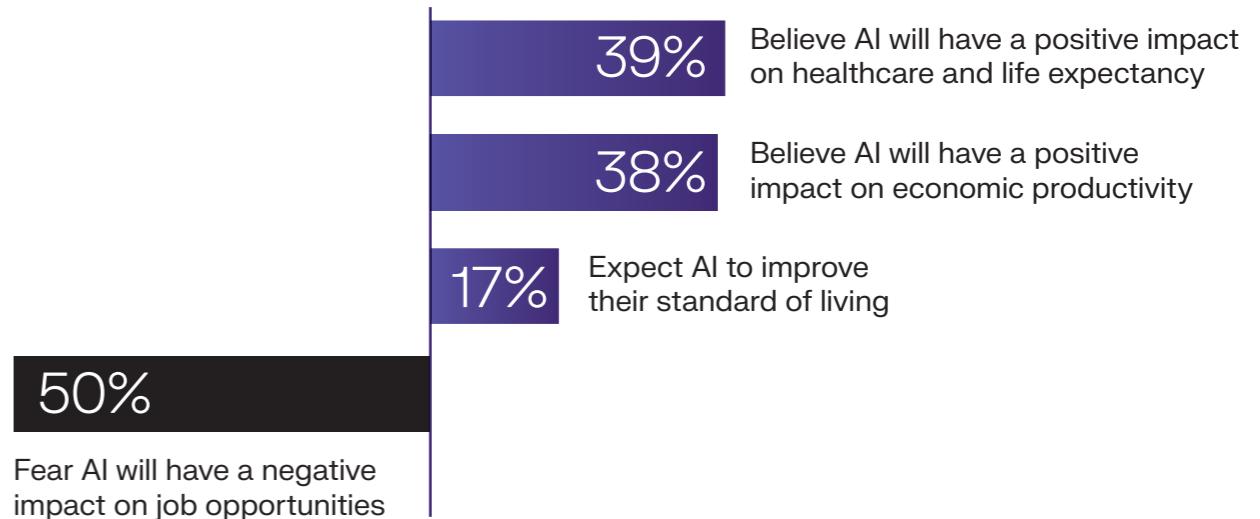
"Faced with new technologies that are going to be transformational, the debate in Europe is about regulation, while the debate in the US is about deregulation and unlocking capital. The Americans see this as the opportunity to dominate the industries of the future."

Others are even bleaker on this point:

"The tech skills gap will worsen between generations and richer/poorer nations as AI becomes more integrated and advanced, worsening inequality."

However, others see this as a golden opportunity for the UK in 2025 – if we can get our investment and regulation right, we can be among the winners of the AI revolution.

Still, there is clearly work to be done in this area. Despite a lot of noise, only 39% of the public think that AI will have a positive impact on healthcare and life expectancy and 38% on economic productivity. While only 17% expect AI to improve their standard of living, and 50% fear it will have a negative impact on job opportunities. ↗



A word on social media

One area of complete consensus among our experts is the need for strong regulation on social media. It is clear that the now all too familiar problems of distorted debates and filter bubbles are worsening, and we need to get a grip. As the data on 10+ years of social media and smartphones begins to emerge, we also are seeing a growing backlash and calls for phone-free childhoods.

Our poll finds that two thirds of the British people now support "regulation to make social media behave more responsibly," indicating that pressure on politicians to act in this area is likely to grow.



Sustainability & net zero

2025 begins with significant pessimism about the politics of climate change, set against real optimism about breakthroughs pushing forward the net zero agenda.

4

There is no doubt that the prospects for international climate action have taken a huge knock, with the election of Trump and the disappointing outcome of COP29.

Our experts agree that the US's expected withdrawal from the UN Framework Convention on Climate Change will further slow the progress towards net zero in 2025 and limit the scope of what climate diplomacy is likely to achieve over the next four years:

"Paris in 2015 feels now like a high watermark for global cooperation: 196 countries signed up to quite ambitious reductions of carbon emissions on the basis of a shared acceptance that it is a global problem. You wouldn't get that through now. The contrast with COP29 in Baku is stark – nobody expected to achieve anything."

But it's not all gloom.

The picture in the US isn't as stark as it first appears. While stakeholders believe that Trump will, as he says, "Drill baby, Drill!" they are more relaxed about what will actually happen. For example, Trump has said he will repeal President Biden's landmark climate bill – the Inflation Reduction Act. In reality, most expect major parts of this legislation to remain in place because Trump will want to push back against Chinese dominance of the clean energy market. Additionally, 80% of the hundreds of billions in investment mobilised are flowing into Republican states.

Trump's instruction to his proposed Energy Secretary, oil and fracking CEO Chris Wright, to open "the path to US energy dominance" can and will extend beyond hydrocarbons to nuclear, batteries and other cleaner energy technologies.

This is because, as our experts point out, some renewables are now cheaper than fossil

62% believe “The predictions of scientists about the pace and impact of climate change” and 65% think that “Climate change will overwhelm the Earth if we don’t act now to address it.”

But 59% think “The UK should act at a slower pace to minimise the cost to people of making the transition.”

fuels. This means the economic and energy security benefits of the transition to net zero will drive action. As one suggests:

“The pace of the energy transition is determined by a lot of factors: consumer behaviour, commodity prices, capital formation, corporate strategy. There’s more to it than climate diplomacy and a four-year presidential administration.”

Another points out:

“We’ve reached a technological tipping point where renewable energy is consistently cheaper than fossil fuel energy. The price of solar and the developments around batteries are progressing at extraordinary speed; nobody expected solar to be this cheap now.”

Most stakeholders expect the emphasis of the climate agenda to move from what some

characterise as virtue signalling to a more transactional focus on national agendas of energy independence, consumer pricing and economic advantage. This will inform arguments over policy on both sides of the Atlantic, with governments, companies and campaign groups updating their narratives and rebadging climate initiatives accordingly.

This sets the framework for a world in which governments and businesses continue to compete to shape the way the transition unfolds.

KEY TAKEAWAY

The changing economics around the transition are likely to shift the narrative of climate change and net zero. 2025 could be the year we make more progress on sustainability, by focusing on where we can all make money from it.



China will be in a strong position to lead on climate globally, given its current dominance in clean energy supply chains. The EU, with a change of regulatory direction, Brazil and the UK, among other countries, will all look to fill the climate diplomacy gap left by the US in 2025. Keir Starmer and Ed Miliband were active at COP29, when many other national leaders stayed away, and launched a new Global Clean Power Alliance at the G20, which will be at the heart of British climate diplomacy.

This narrative shift will be critical if public support for climate action is to be maintained amid ongoing concerns about the cost of living.

Our poll finds that by a 2:1 margin – consistent across almost every demographic group – people believe “The predictions of scientists about the pace and impact of climate change” and think that “We must act now to address it.”

A significant majority expect the tangible effects of climate change to continue in 2025, directly affecting their lives: more floods, heatwaves and storms, further loss of biodiversity and rising food and energy prices. Across all demographic groups, most say they support the transition to net zero.

However, this does not translate into unequivocal support for the Government’s climate agenda.

Despite their strong concern about the impact of climate change, three in five voters think that “The UK should act at a slower pace to minimise the cost to people of making the transition” reflecting ongoing concerns about living standards. 45% of the public also think

that “There is no point in the UK implementing costly policies to address climate change until much bigger countries like the USA, China and India take similar steps.” There is a stark political divide on this, with a significant majority of Conservative and Reform UK voters agreeing but most Labour, Liberal Democrat and Green voters disagreeing.

Many of our experts share some of these reservations. They worry that the policies Ed Miliband is pursuing at pace – currently viewed by many as the most radical area of government policy – are driven more by zeal than pragmatism. These could clash with the widespread concerns about the short-term cost, whatever the longer-term benefits.

Several stakeholders think that:

“It’s the one area where they’re really motoring. But the political reality is going to come back and bite them.”

Some also stress that the planning process and the difficulty of getting the necessary infrastructure built are significant obstacles on the road to net zero. ↗

Experts say the EU, Brazil and the UK all will look to fill the climate diplomacy gap, but 45% of the UK public – mostly Conservative and Reform voters – aren’t supportive of the UK stepping up until the USA, China and India do more.



KEY TAKEAWAY

Overall, the politics of climate change will be in flux in 2025, with a shift in the focus of progress from climate diplomacy to business action. Despite Trump acting as a major dampener on international climate cooperation, we could see tangible progress towards net zero.

Corporate Culture



5



Business culture, workplace practices and the differences in expectation between employers and employees will remain hot topics in 2025.

In our national poll, we presented people with fourteen factors for an ideal workplace culture – and asked them to rank these in order of preference. The top three are:

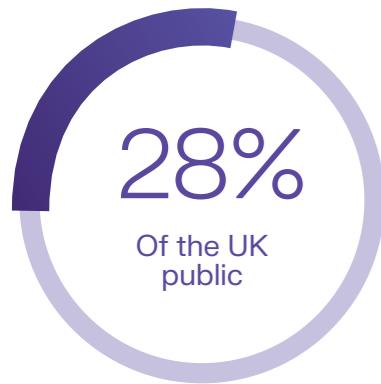
1. Flexible working hours
2. Trust in leadership
3. Emphasis on employee wellbeing and physical & mental health support

One of the most striking conclusions from our interviews with senior stakeholders and our public poll is that on some issues, generational divides aren't necessarily as clear cut as commonly thought.

Flexible working hours ranks as the most important factor in an ideal workplace culture overall and among every age group except over-55s. It is especially important to people in the 35-54 age range and women, but markedly less likely to be regarded as a priority by 18-24s and over-55s.

People aged between 25 and 45 are more likely than any other age group to regard working from home as an important priority. Women are also more likely to do so than men.

Who prioritises a four day work week in their ideal workplace culture?



Flexible working

It is clear that the middle career years, when juggling the demands of work and family tend to be the most challenging and pressurised – particularly among women. All of this raises interesting questions about how employers should interact with people at different stages of their career.

Last year's FGS Radar concluded, "Hybrid working is here to stay." There is no evidence to challenge that view, but it is clear that in 2025, many businesses will be more assertive about when they expect employees to be in the office. Mandating a minimum of three days in the office is likely to become increasingly common.

Experts believe clarity and flexibility are crucial:

"It's a case of being really explicit as a business as to why you want return to the office and motivating employees. So not just, 'You must be in the office on a Monday.' That's not encouraging or motivating."

Yet some stakeholders feel that the flexibility of working from home has a cost to the development of people earlier in their careers:

"The people who you're speaking to for FGS Radar succeeded in their lives by networking, having good ideas and engaging with people, not by diligently working at home. It's difficult to form a leadership identity working from home."

Four day working week

While the four day working week has risen in prominence, it's unlikely to be a major trend for 2025. Some business leaders dismiss it as "laughable" and the consensus among our experts is that a four day working week will be the exception not the rule:

"There will be some organisations that trial the four day working week and it'll work for them, and they will move to it. Their clients, suppliers, partners will accept it. But there'll be many others where it's just not possible."

However, the public is generally attracted to the idea of four day working week. More than a quarter rank it in their top three priorities for an ideal workplace culture – and among 25-44 year-olds, this rises to 40%.



Wellbeing and mental health

Many stakeholders spontaneously raise the increased importance of mental health as a priority within their organisations and recognise its significance to their employees and corporate culture:

"The pressure companies have to take responsibility around mental health isn't slowing down – and that will accelerate. How can you make sure no one is getting mentally ill through the pressures you are putting on them?"

Most agree that there is both a business and a cultural imperative to taking a strategic view of workplace mental health. One expert notes:

"We can expect to see corporates focus on investing in culture for staff wellbeing to reduce absenteeism and improve mental health because this achieves tangible results."

DEI

Many stakeholders acknowledge pushback against DEI in some quarters, particularly with the return of Trump, who has done so much to make the term politically divisive.

The general consensus among those we interviewed, however, is that DEI policies should and will remain in place. However, businesses will want to talk less about it publicly and in less politicised language:

"If you want to motivate and retain employees these days you have to be caring and you need to show that you see the whole person, rather than just their output."

"Using short-term anti-wokery as an excuse to pull back from DEI policies is wrong."

Lower priorities

Our poll finds that DEI is, for most, a lower priority than factors like flexible hours, hybrid working, trust in leadership and active commitment to health and wellbeing. The three factors ranking as least important in workplace culture are (in descending order):

- A diverse leadership team
- A commitment to social or cultural purposes
- Commitment and activities for increasing diversity and inclusion

Overall, less than one in 12 people put any of these factors in their three most important. Under-35s are slightly more likely to do so, but even among younger adults they still remain among the least important factors.

Social commentary

Our experts agree that the trend away from businesses being drawn into commentary on social and geo-political issues will continue in 2025, despite many younger adults wanting businesses to be more vocal:

"Some will take an active stance, but most will retreat back to the boardroom, because it's too hard."

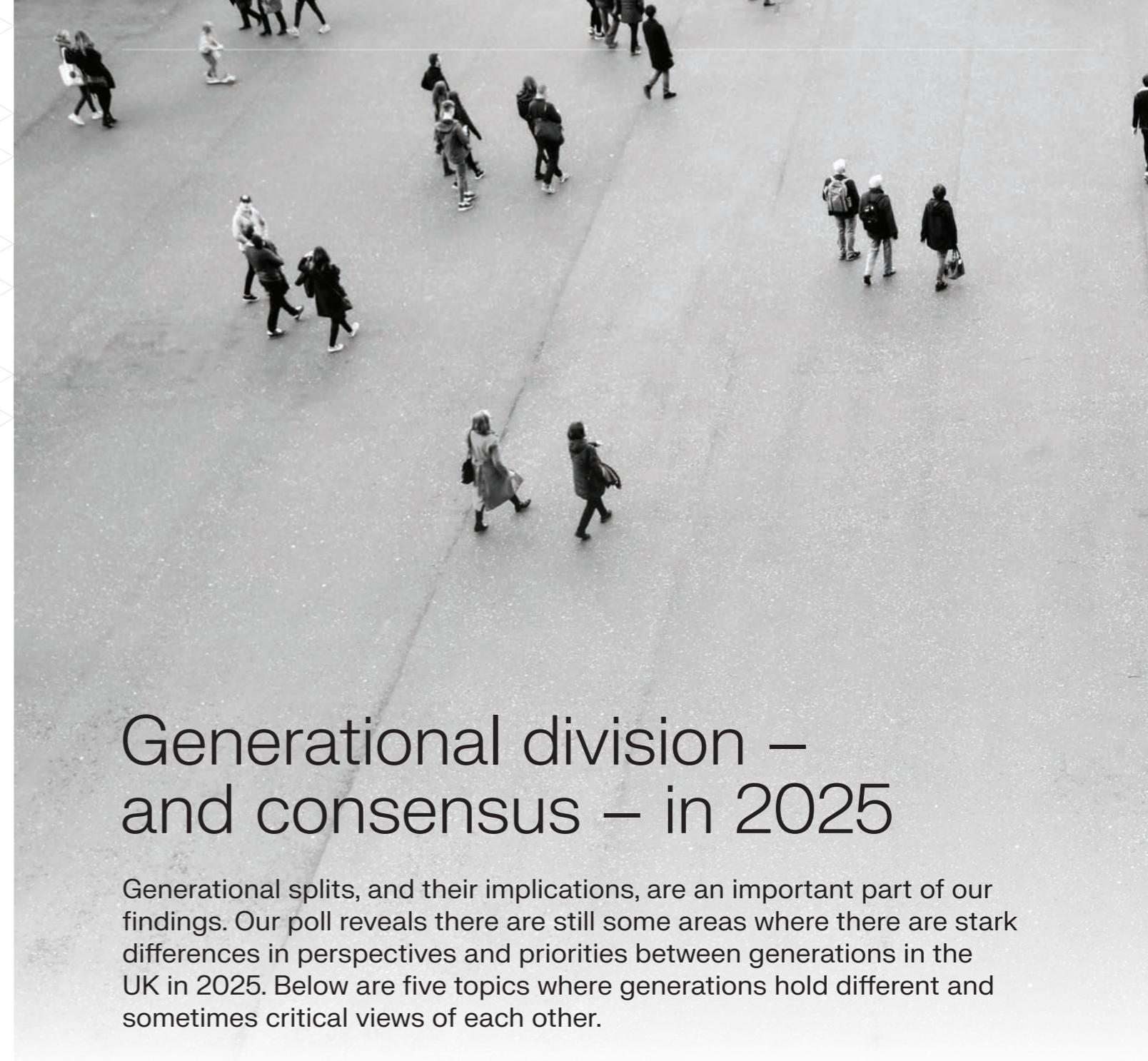
"As a CEO, your corporation has a purpose. You speak to that purpose and the values, but talking outside that lane is tricky."

Labour's employee agenda

Many expect that in 2025 the Government will compromise on parts of its employee rights agenda to avoid further antagonising businesses after the hostile reaction to the Budget increase in employers' National Insurance contributions.

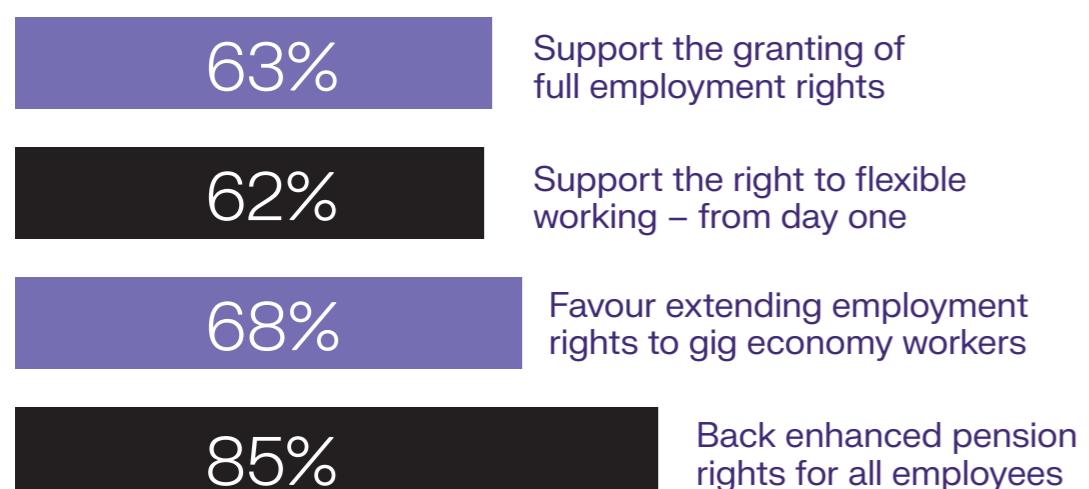
If some of Labour's proposals are duly watered down or dropped, as many business stakeholders hope, this will be in defiance of public opinion, which is strongly supportive of most of the measures. 63% support the granting of full employment rights – and 62% the right to flexible working from day one. More than two thirds favour extending employment rights to gig economy workers. 85% back enhanced pension rights for all employees.

As our polling shows, these were popular promises to make in 2024 and may be harder to row back from in 2025 – if that is what the Government is tempted to do. ↗



Generational division – and consensus – in 2025

Generational splits, and their implications, are an important part of our findings. Our poll reveals there are still some areas where there are stark differences in perspectives and priorities between generations in the UK in 2025. Below are five topics where generations hold different and sometimes critical views of each other.



Intergenerational criticism

52% of people under the age of 35 believe that "The system is skewed to give too much help and support to elderly people and not enough to the young." Less than 20% of people over the age of 35 share this view.

Every age group except the over-65s agree that "Older people are more prejudiced and intolerant than younger people."

All age groups think that "Older people have a stronger work ethic than younger people" and also that older people are more financially responsible.

More than two thirds of over-45s agree that "Younger people are less resilient than older people," a perception that most 18-24s reject.

A majority in every age group also believes that "Younger people are more likely to challenge authority than older people," – though generations may have different thoughts on whether this is a good thing.

UK government responsibilities

On a range of other policy issues on the agenda, the generational differences are significant.

Nearly half of under-35s support the use of tax and regulation to encourage people to eat more healthily, a policy that over-35s oppose by a 2:1 margin.

Two fifths (41%) of 18-34s believe that "As a relatively wealthy country, the UK has a moral responsibility to welcome asylum seekers and refugees," while older voters oppose this by more than 2:1.



Freedom of speech and identity

The generations are strongly split on topics related to the freedom of speech and gender identification.

Most people believe "We should defend and protect free speech even if that means some people expressing hateful or offensive opinions."

Older people agree with this most strongly, while 25-34s are the only age-group among whom more take the alternative view, that "We should be protected from hateful or offensive opinions, even if that means restricting freedom of speech."

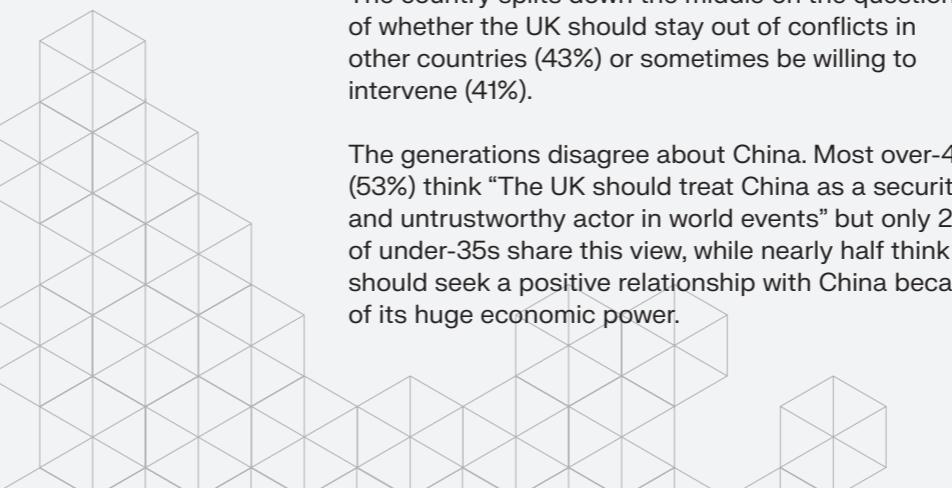
More than 40% of 18-24s believe that "People should be able to self-define their gender and have that protected in law." Support for this view falls among older generations: among over-65s only 17% take the same view. Alongside this generational divide, women are significantly more likely than men to support gender self-identification.



Israel, Ukraine and China

On foreign affairs issues, there is a generational consensus in some areas.

Across the country, nearly half think Israel is committing genocide in Gaza and that Netanyahu should be charged with war crimes, with only one in four disagreeing with this view. 18-24s are especially likely to believe that Israel's actions in Gaza constitute genocide (61% vs 49% of 25-34s and 44% of over 35s). They are also most likely to support charging Israel's leaders with war crimes – though on this there is far more consensus across the generations. Most Labour, Lib Dem and Green voters agree with both propositions, while most Conservative and Reform UK voters disagree.



More than half (54%) of all voters agree that Ukraine should continue "Fighting on to retake its land from Russia, however long that means war continues." Older voters agree most strongly on this, but every age group supports Ukraine continuing to fight.

The country splits down the middle on the question of whether the UK should stay out of conflicts in other countries (43%) or sometimes be willing to intervene (41%).

The generations disagree about China. Most over-45s (53%) think "The UK should treat China as a security risk and untrustworthy actor in world events" but only 29% of under-35s share this view, while nearly half think we should seek a positive relationship with China because of its huge economic power.

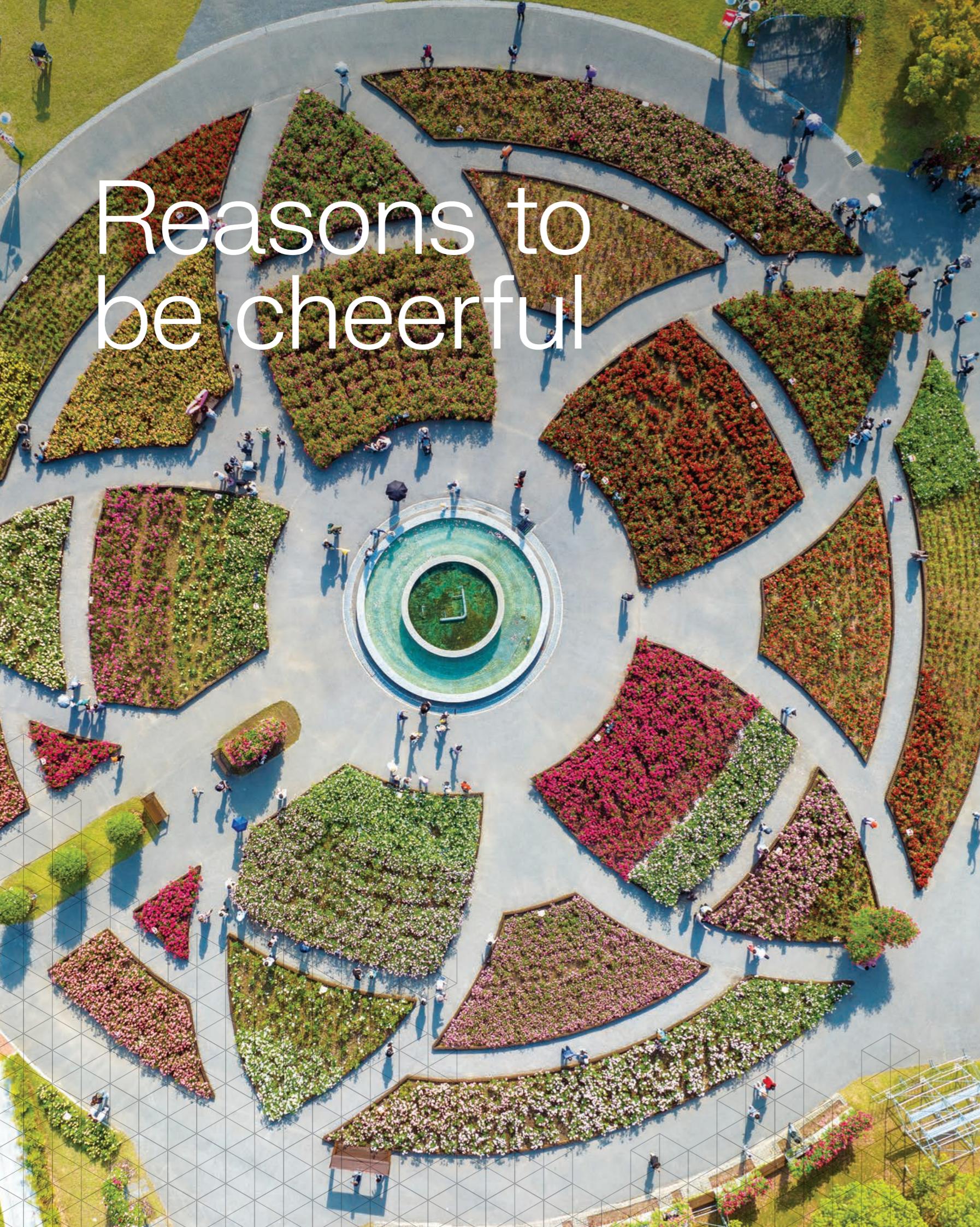
UK – EU relations

On the UK's relationship with the EU, the oldest generations are in the minority, taking a very different view than younger age groups.

Across the whole country, more people (44%) now believe that "The UK should rejoin the EU even if that means free movement of people and having the Euro as our currency" – with 39% disagreeing.

More than half of under-45s support rejoining the EU. A narrow margin of 55-64s and most over-65s disagree, thinking that the UK should never rejoin the EU.





Reasons to be cheerful

Throughout this document, we've seen a constant tension between those who have a bleak view of 2025 and those who are more hopeful there will be positive change.

Some business leaders welcome the fact that we now have clarity:

"We've had the results of some big elections in leading economies. We'll have another one shortly in Germany. Business can work with that clarity. What we struggle with is uncertainty and an inability to plan."

"It's positive that both in the UK and in the US we have a clear outcome. We have stability. Whatever you think of Starmer's and Reeves' approach, I'd rather have that than having a majority of two. And the same is true in the US. In three or four months' time, we'll have the same in Germany. We have three very important countries that have stability – and from that, we work."

If that is too rosy a view of things for some, many say that we cannot fail to be optimistic about advances in technology:

"We've got an AI Revolution that shows human innovation hasn't come to an end. If you want to be geopolitical about it, the West or the United States is still the home of all of this. No one else is coming close."

Others point to Moore's Law, which states that: The number of transistors in an integrated circuit doubles roughly every two years, with a minimal increase in cost.

If harnessed effectively, that means there is more capacity to relieve problems – from massive backlogs in the public sector to dramatically improving our health:

"I'm very cheerful about health. There's a whole load of drugs and injectables coming along that will transform things. We're going to be able to keep people healthy for longer."

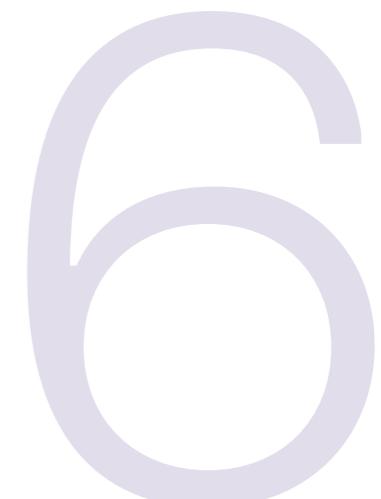
Perhaps the most positive assessment of 2025 is one interviewee who echoes Stephen Pinker's idea:

"If you were going to pick any time in human history to be alive – it would still be now."

Others express optimism for the impact of the Mansion House reforms. With political will shifting on pension reform, this could open a huge pot of money for UK businesses and fundamentally alter how capital in the UK is deployed:

"It would make a huge difference to the attraction for businesses listing here, staying here and growing here – could really turbo charge it."

"Consumers have not been in the mood for a recession. There's a huge amount of creativity and dynamism. The UK corporate sector is still well-capitalised. People still want to be here."





Conclusion

Through all the discussion and disagreement about what will happen in 2025, one thing is clear: There will be disruption and a reframing of the key issues facing business.

In short, many of the fundamental issues, challenges and opportunities will remain constant, but the way we approach and discuss them is changing.

There is no doubt that many of the experts we spoke to and the general public are gloomy about the short to medium-term future.

But if history teaches us anything, it is that in times of uncertainty and turmoil there is also opportunity and reassessment; innovators find a way.

Those who fear populism must double down on making the case for liberal democracy and the rule of law.

Business needs not just to be braced but also work out how it might capitalise on an environment where:

- There will be certainty about governance in some of the world's largest economies
- It's possible global conflicts will be resolved for the better
- AI and automation are showing promising signs of improving lives.

There is no point pretending we don't live in precarious times, and things *could* go badly wrong.

But here at FGS Global we believe 2025 is a year where we should be more hopeful than pessimistic – and we look forward to working with you throughout it. ↗

Methodology

FGS Global Radar 2025 is informed by a programme of research to understand major trends and emerging agendas.

Stakeholder depth interviews

We conducted individual depth interviews with 70 x senior stakeholders from business, politics, the media, the City and academia in October and November 2024.

This report includes verbatim quotes from these interviews throughout.

UK poll

We conducted a nationally representative opinion poll of 2,084 adults between 15th and 17th November 2024. Data was weighted to be representative of the whole population.

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