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**COMMENTARY · ASIA**

# 2024 will be Asia's time to shine—but a series of pivotal elections could change everything

BY **TANVIR GILL**

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The opposition's Kuomintang (KMT) presidential candidate, Hou Yu-in, speaks during a campaign rally in Taipei ahead of Taiwan's general election.

I-HWA CHENG—AFP/GETTY IMAGES

2024 will be a year with not a dash but dollops of uncertainty. The year will primarily be defined by three issues: a busy election calendar, global monetary policy action led by the Fed, and geopolitics with two raging wars in Europe and the Middle East.

Despite the expected tumult, 2024 will be Asia's time to shine. The Asia Pacific region is expected to outperform the global economy in terms of growth, with [the IMF expecting 4.2% growth from the region in 2024, compared to 2.9% globally](#). But what impact could significant shifts in power in the region have on this?

## Key Asian elections to watch in 2024

This year, dozens of countries representing roughly half of the global population are slated to conduct national elections. With Bangladesh out of the gate already, there are three key elections in the coming months with potentially major impacts on business globally. Bangladesh Prime Minister Sheikh Hasina won a fifth straight term with a clear majority in

the unofficial results of the general election. Despite the opposition boycott and low turnout, over the last decade under Hasina, Bangladesh has successfully transformed into a more manufacturing-based economy.

### **Taiwan – Jan. 13**

Caught in the crossfire of rising U.S.-China geopolitical tensions, Taiwan's leadership has been a contentious issue, not just from a territorial standpoint but also for its dominance in global chip supply chains as home to the largest global foundry, the [Taiwan Semiconductor Manufacturing](#) Company (TSMC).

Currently, the U.S. is still allowing TSMC to continue acquiring advanced chip equipment for its operations in China, but how much the elections impact Taiwan's international trade relations in light of China's reunification push, remains to be seen.

“Whoever wins, China is all but certain to seek to test Taiwan's new government, both after the result is announced and when the new president takes power in May. Expect higher tensions and bigger military exercises, as well as possible new trade restrictions too,” James Crabtree, a distinguished visiting fellow in the Asia program at the European Council on Foreign Relations, told me in an email interview. A spokesperson for the Chinese embassy in Singapore wasn't immediately available for comment when contacted by CNBC.

Just days before the election, China has already sanctioned five U.S. defense firms over arms sales to Taiwan, putting the spotlight on cross-strait relations.

### **Indonesia – Feb. 14**

Indonesian President Joko Widodo, who is in the final months of his term, [has expressed confidence](#) that Southeast Asia's largest economy will see growth of 5.2% in 2024, beating the IMF and World Bank's predictions of 5% and 4.9% respectively.

To achieve this growth, the local government has set a target of attracting 1,650 trillion Indonesian Rupiah (\$106 billion) in combined foreign and domestic investments in the coming year.

Indonesia is at a critical junction—and its economy stands to benefit from long-term capital investments from major EV, manufacturing, and supply chain companies. However, a key risk for the country's economy is radical changes in current reform policies.

## India – April-May

As for the world's largest democracy, India is riding high on the expectation of a Modi re-election promising policy continuity and a push for more reforms. The Indonesian and Indian elections will be crucial for global investors looking to deploy more money in Asia.

In December, Feroze Azeez, the deputy CEO of local broker Anand Rathi Wealth, told us, “If you look at the last five general elections in India, each of those election years has delivered a minimum of 10% return on a one-year basis with no election year giving negative returns. Long term, we bet on Indian IT and pharma as also cement given the government's infrastructure thrust.”

“It is absolutely clear who will win”, Sanjay Kumar, a professor at the Centre for the Study of Developing Societies, told us earlier, “PM Modi's Bharatiya Janata Party will get the majority in the upcoming elections.”

## It's Asia's time to shine

The big elections in APAC would pave the way for accommodative monetary policy—more rate cuts by the regional banks. As Professor Eswar Prasad of Cornell University explains, “The likelihood that U.S. policy rates have peaked and that the Fed might cut rates next year eases the constraints on Asian central banks, which will now have more maneuvering room to pursue policy actions targeted toward domestic objectives.”

Japanese brokerage Nomura tends to agree. They note that election results could have medium-term implications for country-specific economic outlooks, such as those of Indonesia, India, the Philippines, and Korea. Interestingly, despite elections, and in a sign of prudent policymaking, they don't expect any fiscal populism.

However, as Professor Prasad surmises, “Many of these elections have the potential to elevate geopolitical risks and could hasten the reorientation of global trade and investment patterns in line with geopolitical alliances. This has the potential to dampen private investment around the world and could also adversely affect cross-border flows as investors search for safety at a time of elevated geopolitical turmoil.”

Nomura economists believe that despite Beijing's easing measures, there is a risk of another economic dip by spring 2024. Structurally, China's economy faces challenges from demographics, debt, and geopolitics. However, beyond the cyclical view, they believe that Asia has stronger economic fundamentals, pro-reform governments, and many growth

opportunities, such as shifting supply chains and public infrastructure spending in India and Southeast Asia, green and electric vehicle opportunities in Korea and China, and downstream in Indonesia.

Much like the rest of the world, Asia is looking ahead to a tumultuous year—but it's where some of the biggest opportunities lie in 2024.

*Tanvir Gill is the anchor of CNBC's Street Signs Asia.*

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