

ELECTIONS IN ASIA IN 2024

PRESENTATION TO THE INTERNATIONAL CONFERENCE OF
COMMERCIAL BANK ECONOMISTS

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Taiwan – 13th January

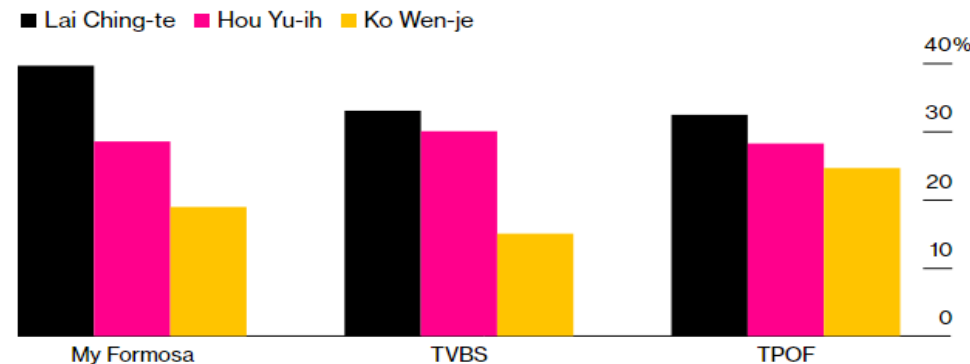
Taiwan – 13th January

- The presidential election is a three-way contest between candidates of the Democratic Progressive Party (the party of incumbent President Tsai Ing-wen, who is ineligible to run again having served two terms), the Kuomintang (the party of Chiang Kai-shek), and the new Taiwan People's Party



- The KMT and TPP had toyed with the possibility of running a joint ticket, but were unable to agree on the ordering of candidates

- Opinion polls have consistently pointed to a DPP victory, although the margin has narrowed since November



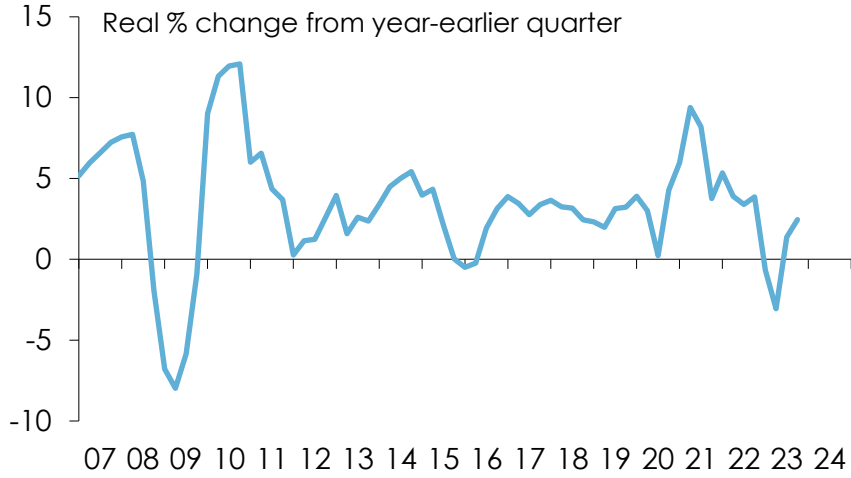
Sources: My Formosa, TVBS Poll Center, Taiwan Public Opinion Foundation
Polls released between Dec. 29 and Jan. 1.

As always, relations with China have been the major issue in the election campaign, but there are also some differences on economic policies

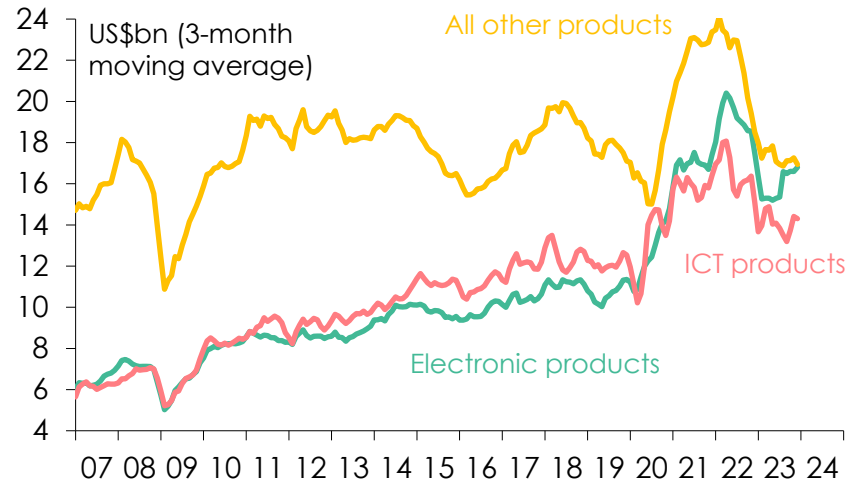
- ❑ **The Democratic People's Party (DPP) asserts that Taiwan is an independent sovereign country under the name 'Republic of China'**
 - it makes no claim to be the government of mainland China, but rejects the 'one China' principle accepted by most other nations
 - however DPP Presidents Chen Shui-bian (2000-2008) and Tsai Ing-wen (2016-2024) have generally sought to avoid provoking Beijing by any overt moves towards independence – although Tsai's explicit rejection of the so-called '1992 consensus' ('One China, but disagree who rules it') and her support for protesters in Hong Kong in 2021-22 were taken as 'provocations' by Beijing
 - Lai Ching-te once called himself a "pragmatic worker for Taiwan independence" (although he's downplayed that during the campaign); China calls him a "destroyer of peace"
- ❑ **The Kuomintang (KMT) – despite its historically adverse relationship with the Chinese Communist Party going back to the 1920s – accepts the 'one China' principle, and is therefore overtly and covertly favoured by Beijing**
 - during KMT President Ma Ying-jeou's term in office (2008-2016) there was a substantial thawing in China-Taiwan relations, largely reversed since the DPP's return to power in 2016
- ❑ **China has sought to interfere in Taiwan's election**
 - in a New Year's Eve address Xi Jinping asserted that "re-unification of the motherland is a historical inevitability" and that "compatriots on both sides of the Taiwan Strait should be bound by a common sense of purpose and share in the glory of the rejuvenation of the Chinese nation"
 - in the past these interventions have proved counter-productive (from China's standpoint)
- ❑ **On economic issues, the DPP leans to the left, and the KMT to the right**
 - energy policy has been a significant area of divergence between the two major parties in this election, with the DPP promoting net zero emissions by 2050 whilst also closing its four nuclear power stations, which the KMT derides as 'overly idealistic'
 - the DPP's Lai has promised to continue policies advancing technology, social justice and 'healthy ageing', while the KMT's Hou has promised greater access to health insurance, allowing families to hire foreign care-givers, and greater assistance for young people buying homes

Taiwan had a mild recession in 2022-23, and a modest rise in inflation

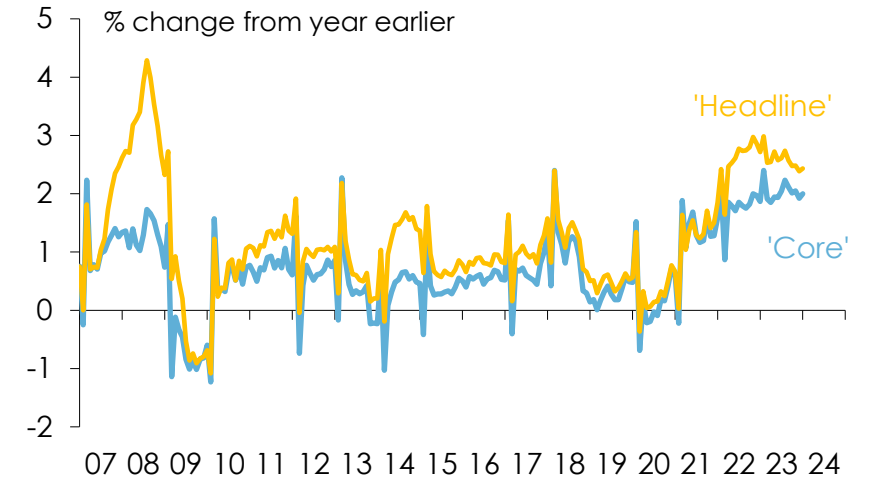
Real GDP



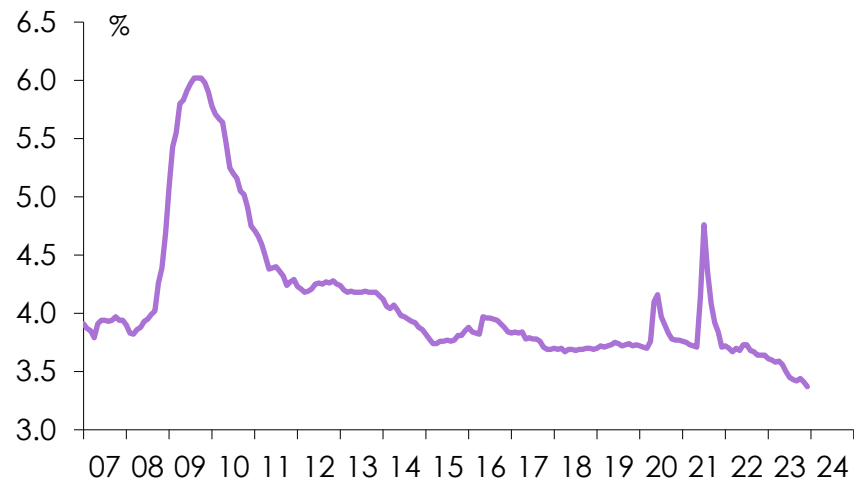
Export orders



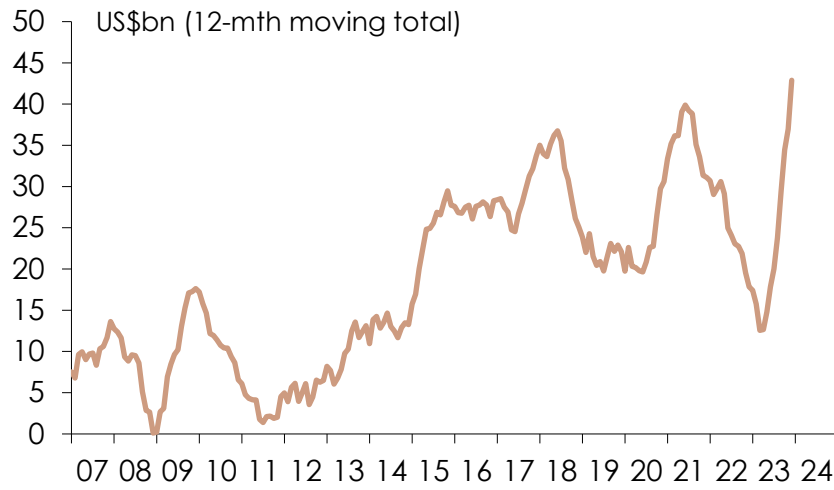
Consumer prices



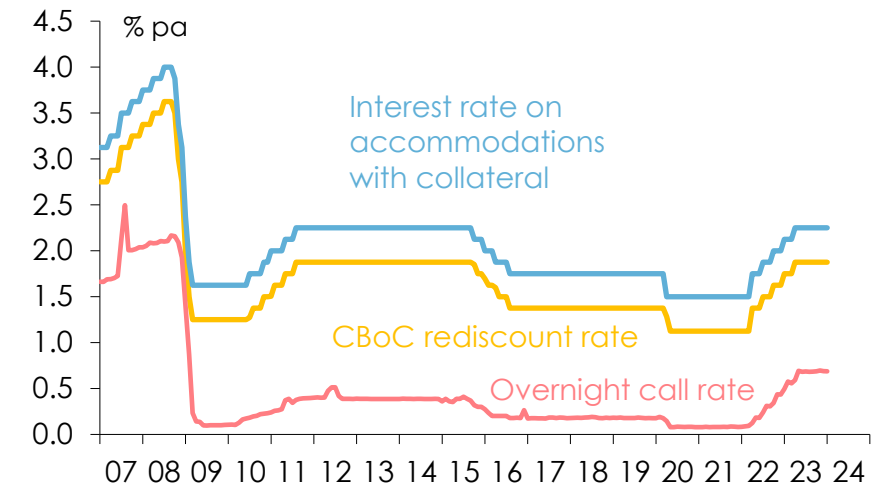
Unemployment



Merchandise trade balance



Interest rates



Sources: [National Statistics, Republic of China \(Taiwan\)](#); [Ministry of Economic Affairs, R.O.C.](#); [Central Bank of the Republic of China](#).

Indonesia – 14th February

Indonesia – 14th February

- ❑ Indonesia (the world's third largest democracy) holds elections for President & Vice-President, and both chambers of the People's Consultative Assembly (MPR) on 14th February
 - although the new President & Vice-President don't assume office until 20th October
- ❑ The incumbent President Joko Widodo ('Jokowi') has served two five-year terms and is ineligible to run again
- ❑ There are three candidates for President – Anies Baswedan (former Governor of Jakarta), Prabowo Subianto (former son-in-law of Suharto, Jokowi's opponent in 2014 and 2019, and currently Minister for Defence), and Ganjar Pranowo (former Governor of Central Java)



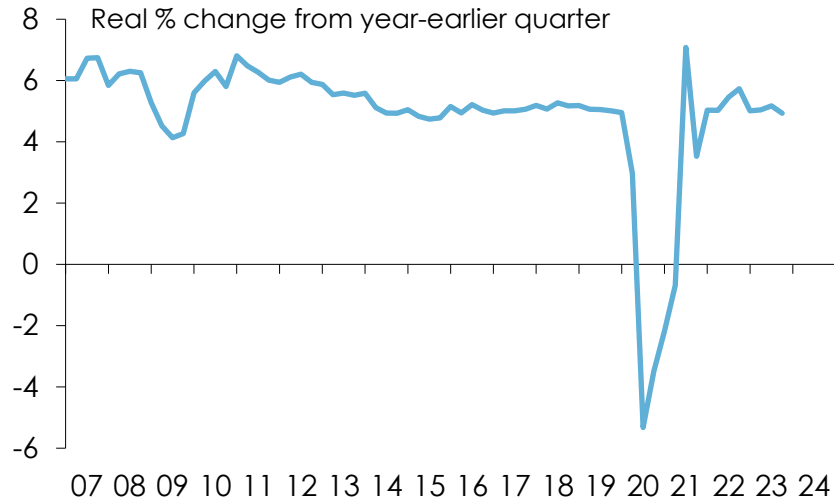
- ❑ Ganjar has been endorsed by Megawati Sukarnoputri (President 2001-04 and daughter of Indonesia's first President); Prabowo by Susilo Bambang Yudhoyono (President 2004-14); and Anies by Jusuf Kalla (Vice-President 2004-09 and 2014-19) and by many provincial Governors

Indonesian presidential elections since the transition to democracy have generally been personality contests rather than issues-based

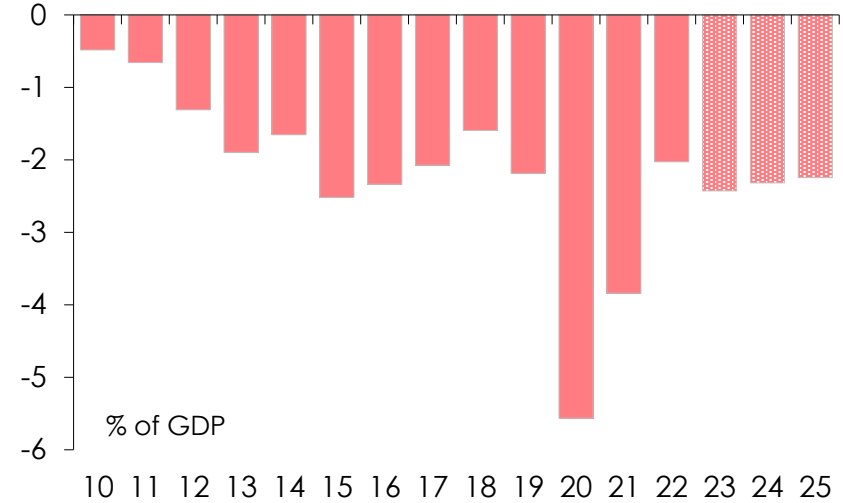
- ❑ **Indonesia has made a remarkable transition to a (mostly) peaceful democracy since the end of the Suharto dictatorship in 1998**
 - there have been four largely peaceful transfers of presidential power since then (cf. the US) – although the campaigns can be violent
- ❑ **Nonetheless Indonesian politics are still dominated by political, business and military leaders who rose to prominence during the Suharto era**
 - Jokowi was the first President not to have come from these elites, and he is seeking to establish himself as a new centre of power (including by becoming Chairman of one of the established political parties, Golkar or Gerindra)
 - he is yet to endorse any of the three candidates
- ❑ **Prabowo Subianto (age 72) is making his third tilt at the Presidency, and this time around is leading in opinion polls, but is still dogged by charges of human rights abuses (especially in East Timor) – for which for many years he was banned from entering the US (until 2020)**
 - he has selected Jokowi's son (Gibran Rakabuming Raka) as his Vice-Presidential running mate, and publicly committed to continuing Jokowi's policies
- ❑ **Ganjar Pranowo (age 54) is running second in opinion polls, but has lost support among younger voters for bowing to Megawati's demand that he (as Governor of Central Java) refuse to host Israel's national team in the FIFA under-20 World Cup, as a result of which FIFA shifted the event from Indonesia to Argentina**
- ❑ **The third candidate Anies Baswedan (also 54), was backed by Prabowo for Governor of Jakarta in 2016, and more recently has been courting support among militant Islamists**
 - he is given little chance of winning, but in the event that neither Prabowo nor Ganjar wins 50% of the vote on 14th February, his supporters would probably tip the subsequent run-off election to Prabowo
- ❑ **Whoever becomes President will need to build a coalition among the 16 parties likely to gain seats in the MPR, with none of the three largest parties expected to win anything near a majority**

Indonesia's economy has emerged from the pandemic in good shape, with only modest rate hikes needed to bring inflation down to BI's target

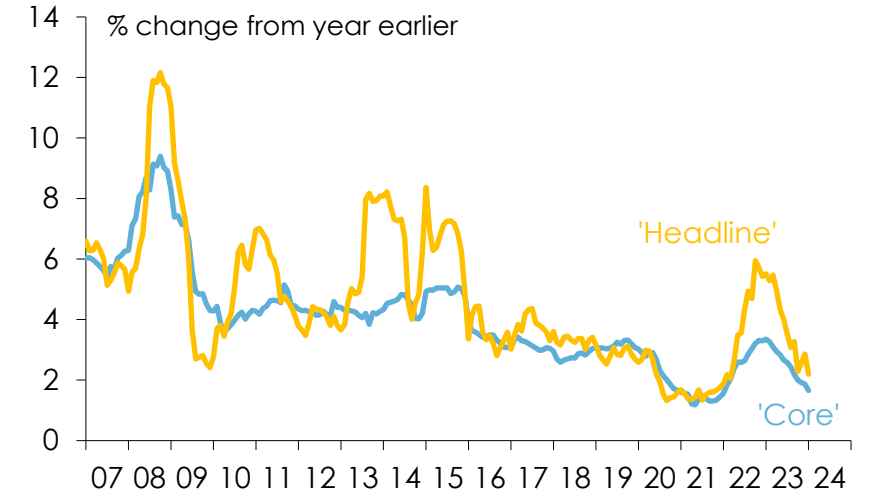
Real GDP



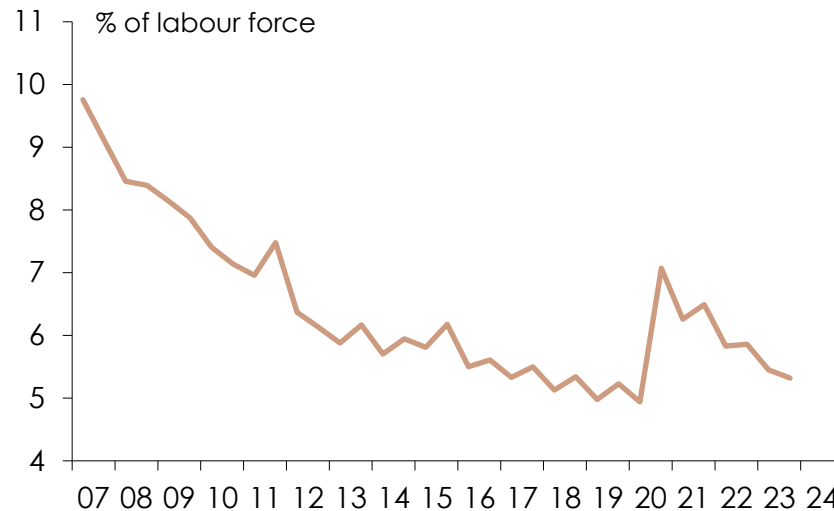
General government balance



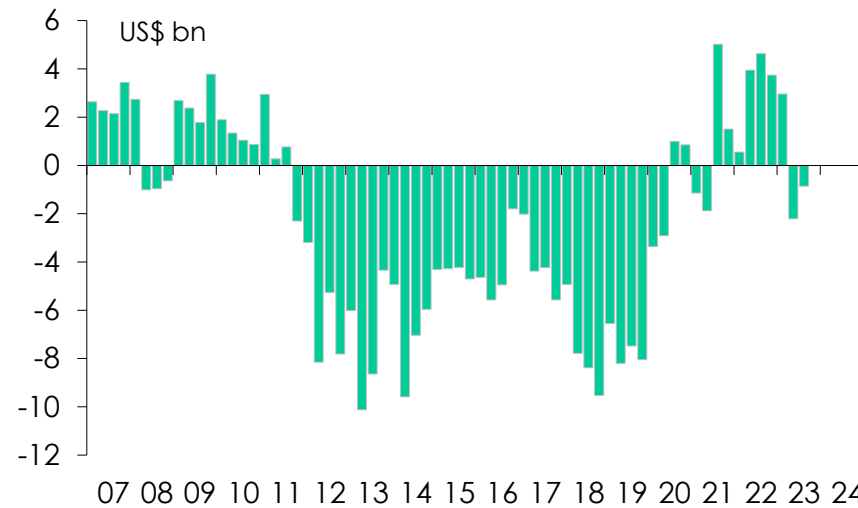
Consumer prices



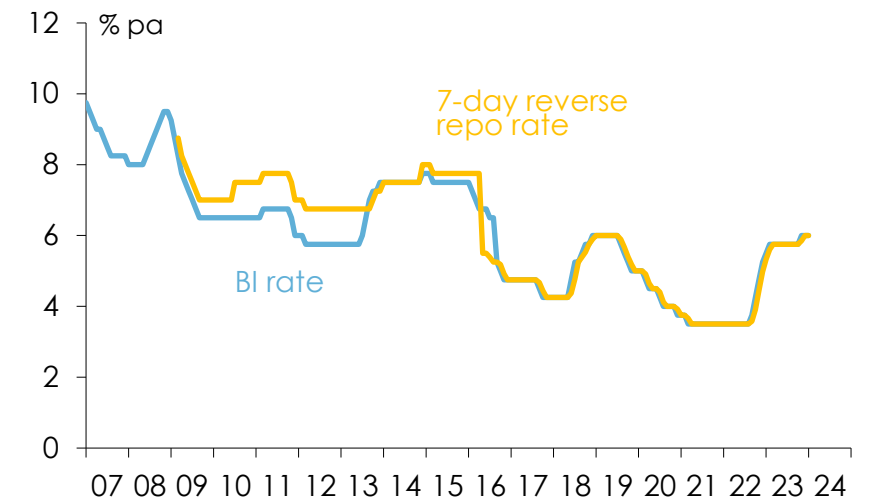
Unemployment



Current account balance

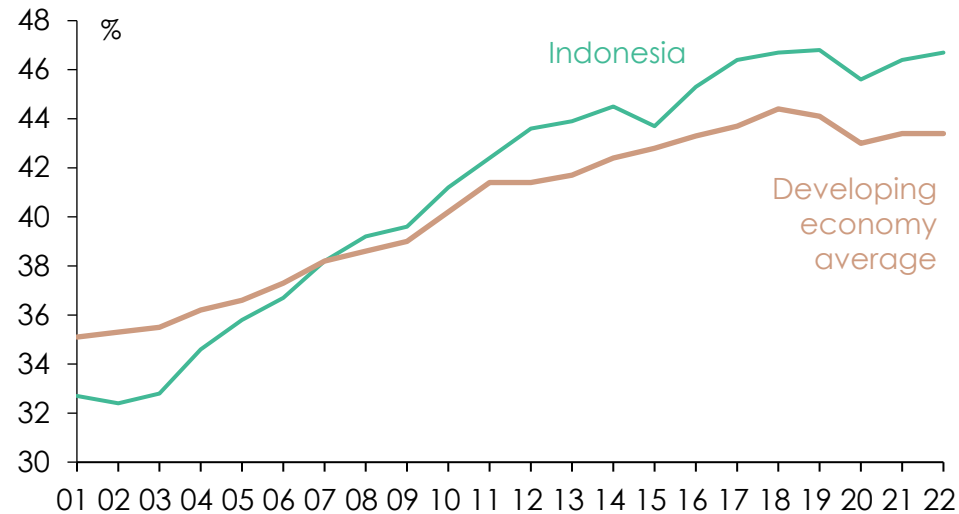


Interest rates

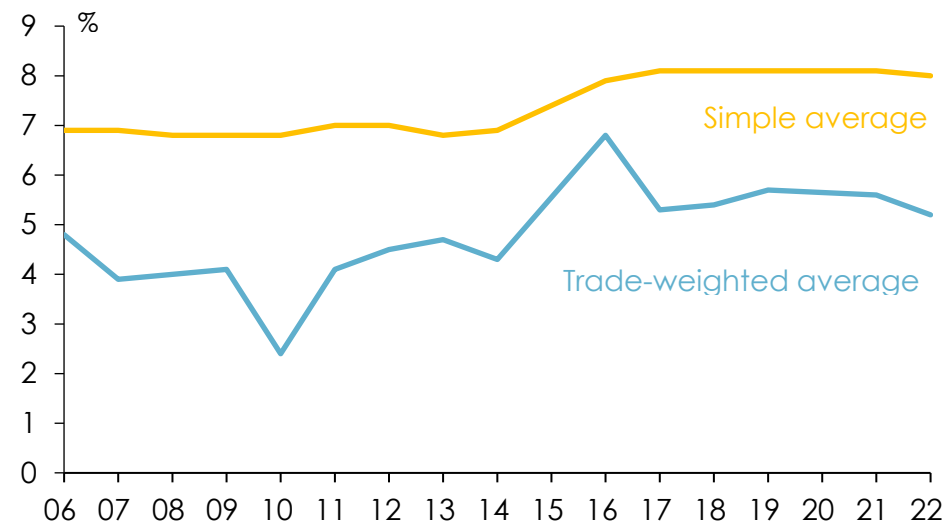


Indonesia has had a mixed record of economic reform under the Jokowi Administration

UNCTAD Productive Capacities Index



Indonesia average applied tariffs



- ❑ Indonesia's 'economic capacity' has steadily improved under SBY & Jokowi
- ❑ Jokowi's Administration has placed a great deal of emphasis on infrastructure investment
 - some 200 projects and 12 programs costing a total of around US\$350bn have been funded under the National Strategic Projects initiative – with around 67% of the funding coming from private sector sources
 - while most of these projects are in electricity, water, and road transport, they also include the construction of a new capital city in East Kalimantan (Borneo) at a cost of over US\$35bn
- ❑ Indonesia has become more protectionist under Jokowi
 - this trend is less due to increasing tariffs (although they have risen over the past decade) and more due to restrictions on commodity exports and mandatory local content requirements for manufacturers
 - Jokowi banned exports of nickel ores in 2014 – ostensibly in order to encourage downstream processing of those ores in Indonesia – partially relaxed the ban in 2017, and then re-imposed it in 2020
 - in July 2023 Jokowi imposed a similar ban on exports of bauxite, and bans on exports of copper, zinc and tin ores will come into effect in May this year
- ❑ On the other hand, Jokowi's Administration has sought to reform Indonesia's complex labour regulations
 - the 2020 Job Creation Act sought to reduce regulatory requirements for business permits and land acquisition, relaxed restrictions on the employment of foreign workers, and repealed provisions mandating that wages had to be based on years of service and education
 - the 2020 Act was partially invalidated by Indonesia's Constitutional Court in November 2021, but a revised version was enacted in March last year

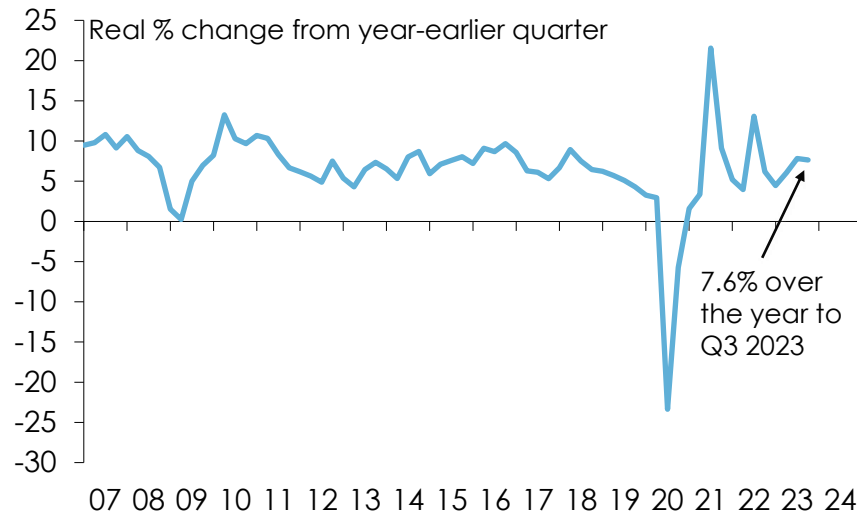
India – some time in April or May

India – date yet to be fixed but likely to be in April and May

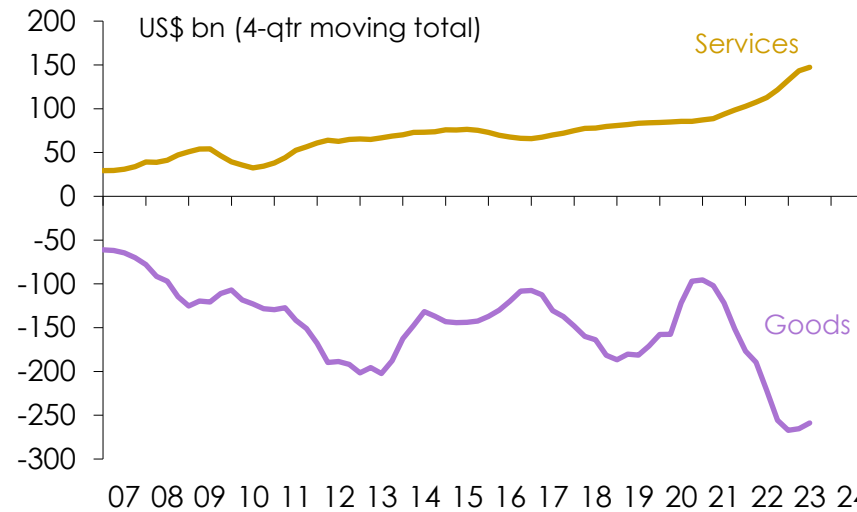
- ❑ **Elections for India's Lok Sabha (lower house of Parliament) are likely to be held in April-May, ahead of the scheduled end of the current term on 16th June**
 - Indian elections are typically conducted in 'phases' over a period of 5-6 weeks, with different parts of the country voting on different days
- ❑ **The Bharatiya Janata Party (BJP) of Prime Minister Narendra Modi won 303 of the 543 seats in the Lok Sabha at the 2019 elections (with 37.8% of the vote), with an additional 50 seats won by other members of the BJP-led National Democratic Alliance**
 - seats in the Lok Sabha are awarded on a 'first-past-the-post' basis (as in the UK) so a party's share of seats doesn't necessarily reflect its share of the vote
- ❑ **The opposition Indian National Development Inclusive Alliance ('INDIA'), led by Mallikarjun Kharge of the once-dominant Congress Party, has only 52 seats in the current Lok Sabha**
- ❑ **The BJP won sweeping victories in state elections in three states in its Hindi heartland in December, taking the number of states it rules outright to 12 (it is also part of ruling coalitions in 4 other states) out of 28**
- ❑ **Latest opinion polls suggest that the BJP-led NDA would win 42-44% of the vote, and 295-340 seats**
- ❑ **But the BJP isn't leaving anything to chance**
 - thousands of government officials are being deployed to towns and villages across India over the next two months to 'speak about the BJP's successes over the past nine years', while the Ministry of Defence is setting up 822 'selfie points' at war memorials, defence museums, railway stations and tourist attractions where people can take photos of themselves with a Modi cut-out
 - later this month Modi is expected to open a Hindu temple in Ayodhya on the site of a mosque which was demolished during communal violence in 1992 (during which some 2,000 people died) – a harbinger of the way in which Modi is likely to appeal to Hindu nationalist and anti-Muslim sentiment

India's economy has returned to its pre-Covid growth trend, with only a modest rise in inflation, but with persistent large fiscal deficits

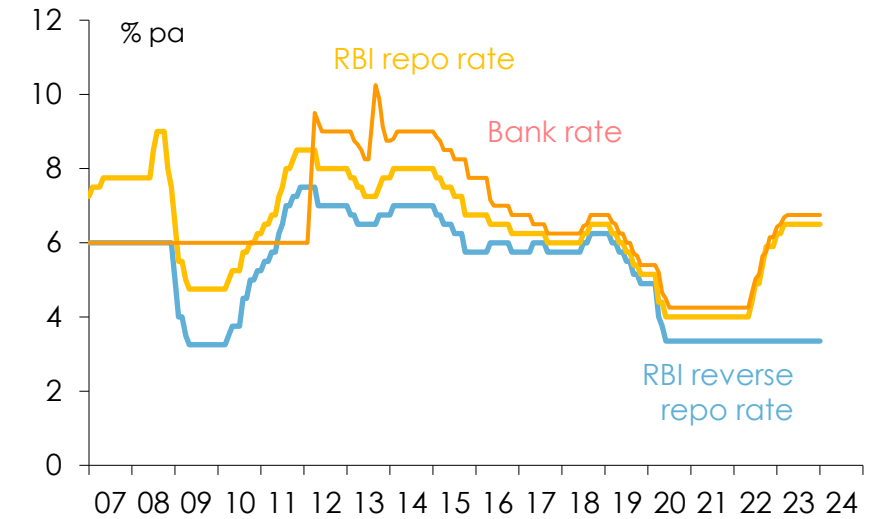
Real GDP



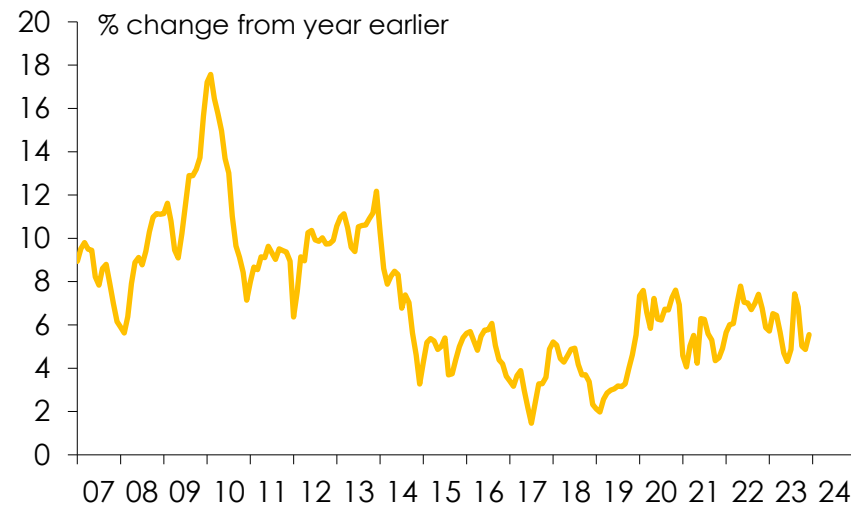
Goods and services trade balances



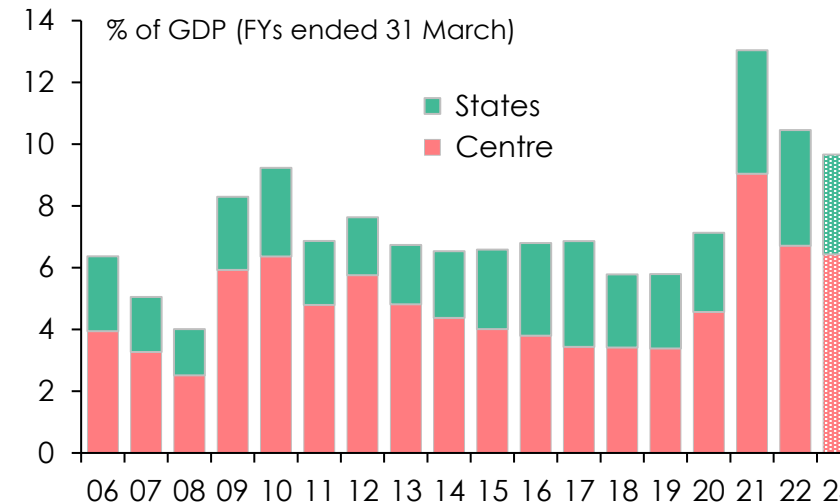
Interest rates



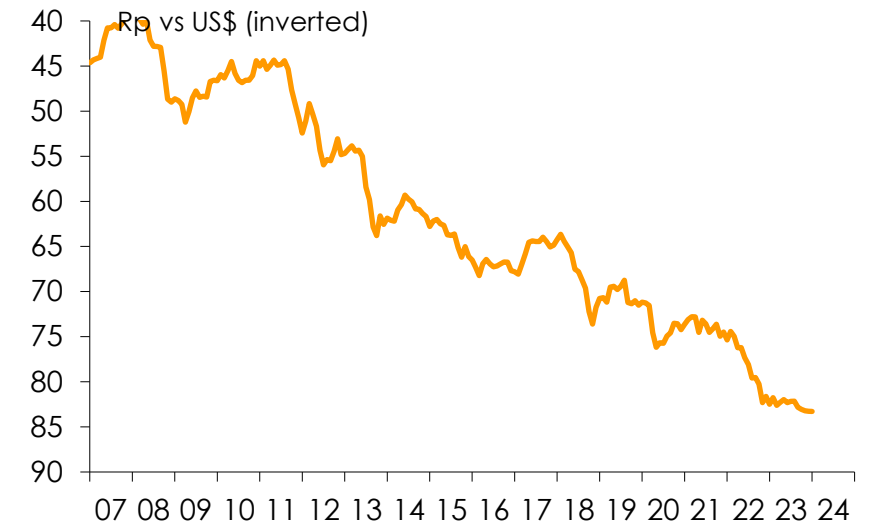
Consumer prices



Government fiscal deficits



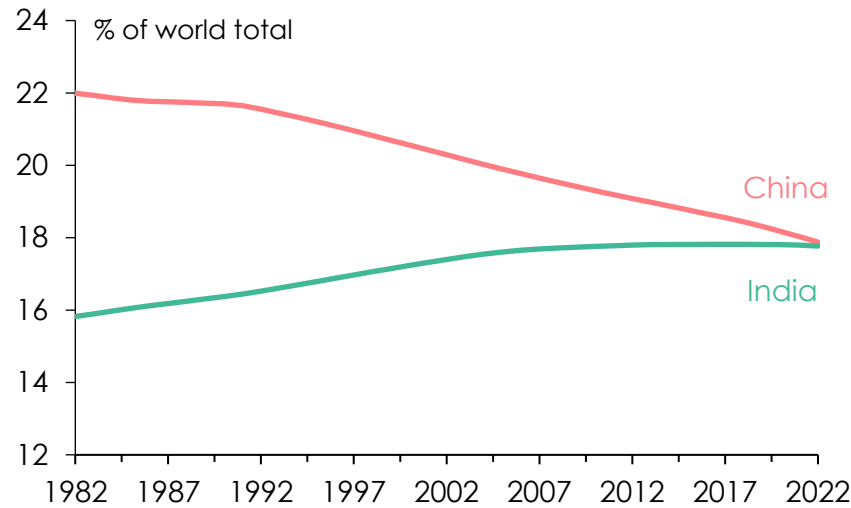
Rupee vs US dollar



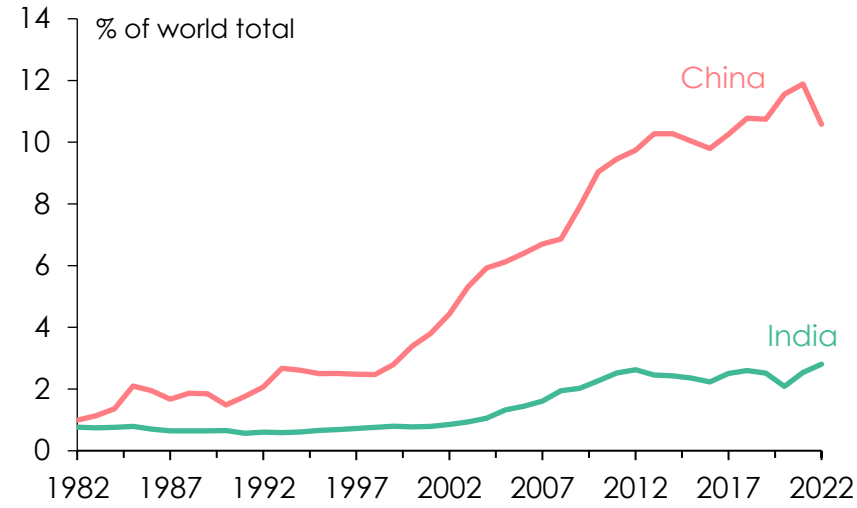
Sources: [Ministry of Statistics and Program Implementation](#); [Reserve Bank of India](#).

Despite now having a larger population than China, India will not have anywhere near the same impact on the world economy as China

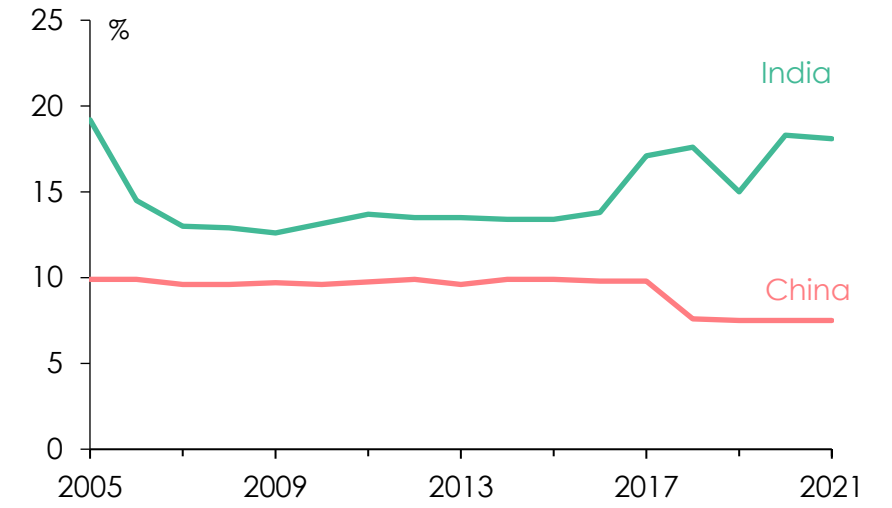
Shares of world population



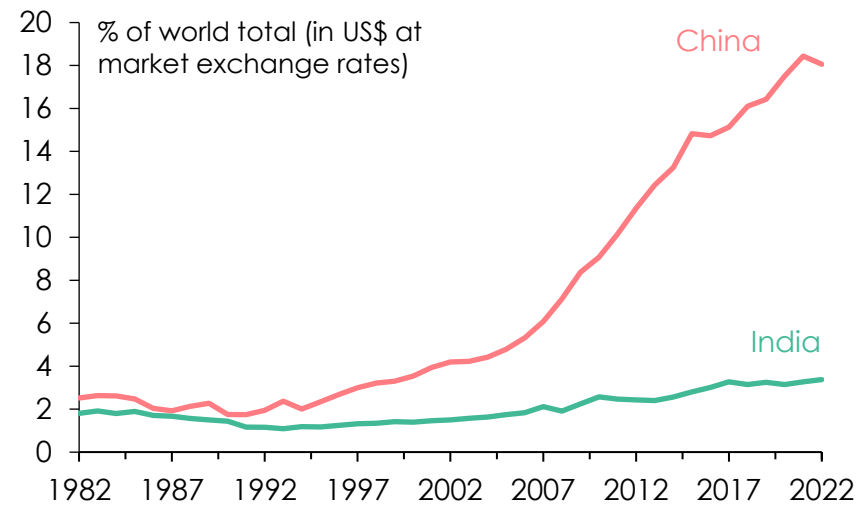
Shares of world merchandise imports



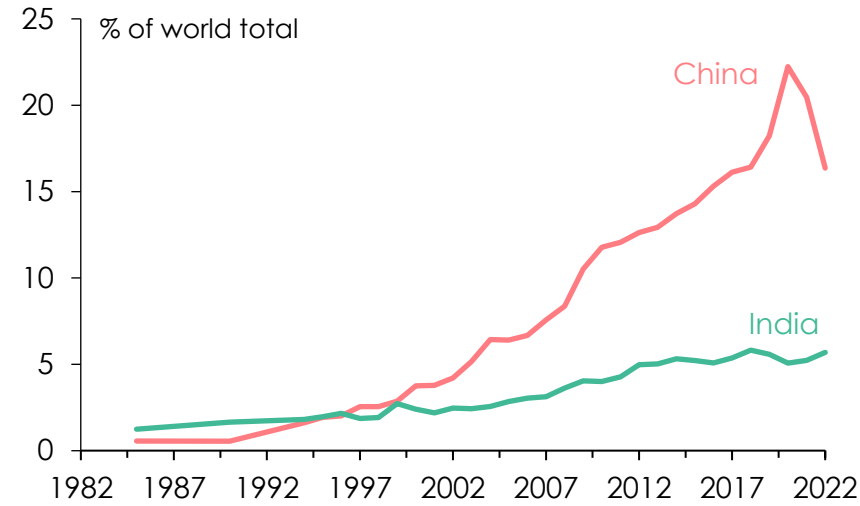
Average applied tariffs



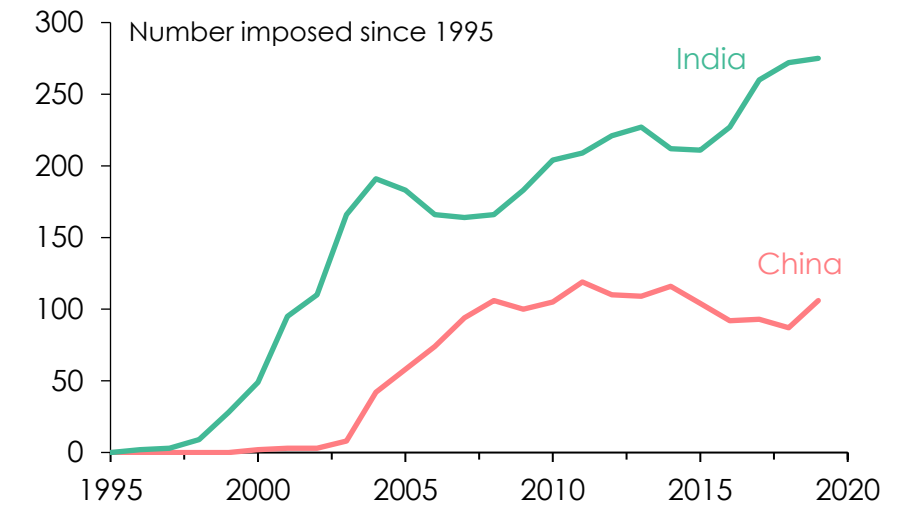
Shares of world GDP



Shares of minerals & energy imports



Non-tariff trade barriers in force



Sources: United Nations Department of Economic and Social Affairs, [World Population Prospects](#), 2022; International Monetary Fund, [World Economic Outlook Database](#), October 2023; World Trade Organization, [WTO Stats](#).

In addition – Korea and Sri Lanka

In addition

❑ Elections for South Korea's National Assembly will be held on 10th April

- the (centre-left) Democratic Party of Korea currently holds 168 of the 300 seats, while the (conservative) People Power Party of President Yoon Suk Yeol holds 112 and other parties 9
- recent opinion polls give the DP 39-42% of the vote, and the PP 30-36%
- implying that President Yoon will continue to have to rely on co-operation with his opposition in order to pass budgets and other legislation, and to approve key appointments

❑ Sri Lanka is scheduled to hold a Presidential election before September

- the current incumbent Ranil Wickremesinghe, who had previously been Prime Minister on four separate occasions between 1993 and 2022, was elected to the position by the Sri Lankan Parliament in July 2022, following the resignation of former President Gotabaya Rajapaksa during the economic and political crisis which engulfed Sri Lanka that year (and from which it is still slowly recovering)
- there are currently five declared candidates for the Presidency, including Wickremesinghe, another former President (Maithripala Sirisena) and the current Leader of the Opposition (Sajith Premadasa)

Important information

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