



Global Counsel

THE POLITICS OF 2024

The view from Asia, North America, Middle East and Europe



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Introduction: The Politics of 2024



In both corporate and investor advisory, Global Counsel's seats in Asia, the Americas, the Middle East and Europe give our teams a perspective that links the particular in each market to global trends and themes. We have put these linkages at the centre of our review of The Politics of 2024.

More than two billion people will vote in elections this year. So it is unsurprising that these votes feature heavily in any review of the year ahead. The US election obviously has potentially far-reaching domestic and foreign policy consequences, not least for Europe contemplating life without a US security guarantee as Russia slides deeper into internal dysfunction and regional revanchism.

We have also drawn a connection to political dynamics across Europe, not least the likely collapse of the Conservative government in the UK. What links the US with politics in the UK and across continental Europe is a reconfiguration of politics driven in part by attitudes to national identity and sovereignty, with migration working as a proxy for both. There are many implications of this shift, including the available political ground for implementing assertive plans for decarbonisation, which our Europe team position at the centre of EU policymaking this year.

In Asia, China is the common thread in a series of key regional elections for our team. The outcome of Taiwan's presidential election has already reminded us that the Cross-Strait issue sits at what remains the most

consequential contested space in geopolitics. Though the outcome of elections in India are all but determined, together with changes in leadership in Japan and Indonesia, it emphasises in different ways the way these countries depend on and are defined by China's growing and undeniable regional hegemony.

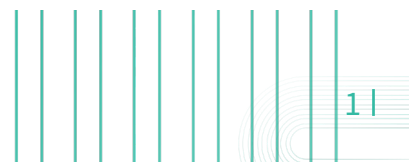
Our Middle East team focus not on electoral politics, but on a technological change with potentially massive political implications: the mainstreaming of generative AI. In this case, they take the MENA's ambitions for building a localised AI ecosystem as a case study in the challenges of shaping the AI revolution to national political and policy preferences.

In recent years, our clients have adapted to a high degree of uncertainty in global politics and policymaking. As ever, the challenge in 2024 remains knowing what we know and do not – yet – know.

Taking stock of some of the most important forces shaping those outcomes is a good place to start.

STEPHEN ADAMS

Senior Director



THE VIEW FROM SINGAPORE

Shifting Power: Asia responds to China

In a diverse set of political transitions in Asia in 2024, the common thread is how to manage relations with the region's dominant power.

ANDREW YEO

2024 will be a year of leadership changes in Asia. Starting with elections in Taiwan, followed by India and Indonesia, a likely election in Singapore, and a change in leadership in Japan and Malaysia. Central to these transitions is the management of economic and political relationships with China, particularly against the backdrop of declining US-China relations.

ASEAN markets are generally most comfortable with the evolving dynamics. They will remain keen to nurture robust economic ties with Beijing under new administrations even where they resent the way Chinese interference in Myanmar's status in ASEAN, or territorial claims in the South China Sea can divide ASEAN states, amongst other issues.

Joko Widodo's successor in Indonesia can be expected to continue to court Chinese investment, whilst neighbour Singapore has elevated relations with Beijing to a full strategic partnership. Malaysia's future king, Sultan Ibrahim, has a reputation as a pragmatist with a record of partnership with Chinese firms. In all these cases, governments will also be more than ready to host firms looking to respond to US-China tensions or hedge the potential for disruption in the mainland market or Taiwan.

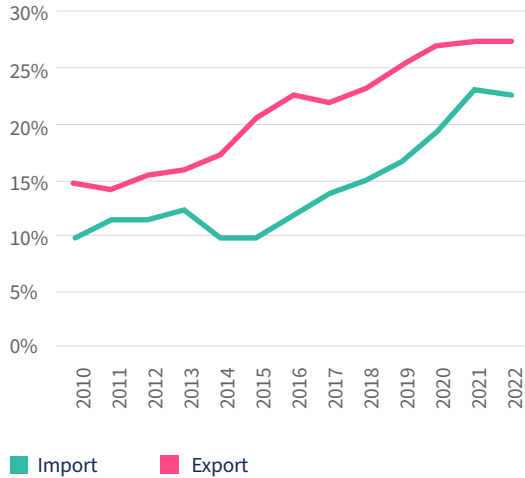
By contrast, Taiwan and Japan will experience transitions that are significantly influenced by growing security concerns and latent tensions with Beijing. Taiwan's January presidential election will not catalyse a deterioration in cross-straits relations in large part because all candidates are under pressure from Washington and Tokyo to minimize provocation. Beijing's intense focus on domestic problems is likely to mean that it continues to rely on isolation, low-grade military intimidation, and economic coercion to keep the Taiwan question at bay until it feels more ready to bring it to a head. Popular candidates in Japan's ruling Liberal Democratic Party's election for a new leader are all staunch China hawks, so we should not expect warming relations.

Completing this picture is a possible third term for Narendra Modi in India. This is likely to cement his established pattern of asserting India's status as a global power, an alternative leadership pole for the Global South and a free agent in leveraging its non-aligned status. This inevitably pushes Delhi and Beijing into a relationship that is tense at best. Fatalities in border skirmishes in 2020 heightened awareness on both sides of the risk of this tension becoming something worse.

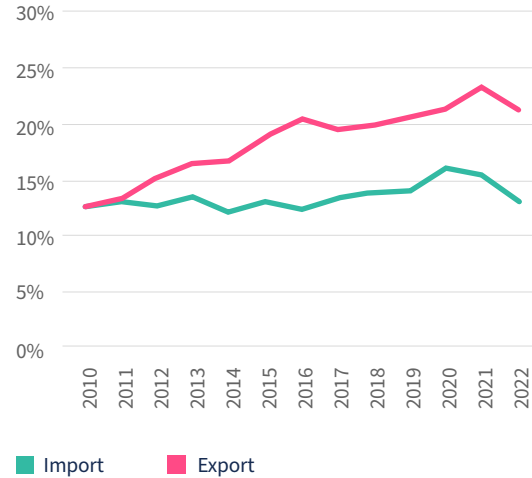
Trade flows mirror the critical role of the Chinese economy in the Saian regional economy

China share of imports and exports, selected partners (%)

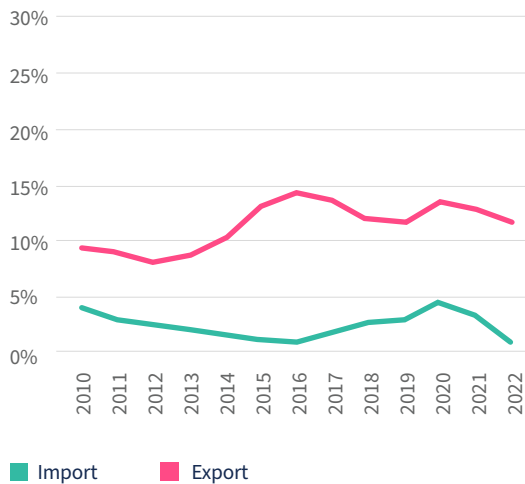
Indonesia



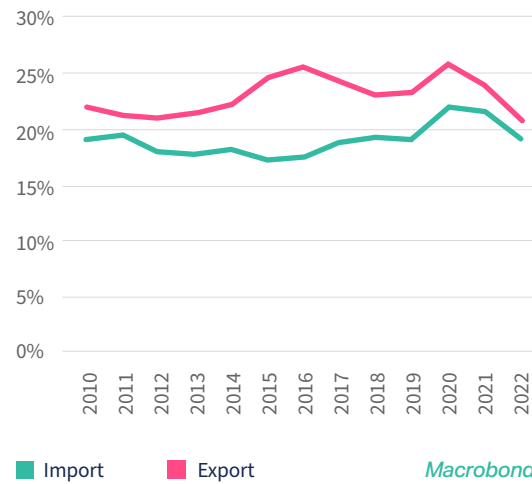
Malaysia



India



Japan



Macrobond

THE VIEW FROM MENA

Artificial Intelligence: global transformation, local models?

The MENA's experiment in creating a local AI ecosystem in 2024 will exemplify the challenges of AI localization.

AHMED HELAL

2024 is set to be the year in which generative AI goes mainstream. Where Europe, the US and the UK have all responded by designing AI regulations of varying complexity and focus, the MENA region has adopted a different route. Governments are much more focused on prioritising large investments in AI technology and courting AI companies and start-ups to establish in the region. Saudi Arabia aims to invest \$20 bn in AI projects by 2030 and the UAE launched its \$10 bn tech-focused fund (42X) last year, to invest globally and to build the AI talent pool locally. By contrast, regulatory frameworks remain in their earliest stages. Most countries in the region have published national AI strategies and some have established governance bodies like the Saudi Authority for Data and Artificial Intelligence and the UAE's Ministry of Artificial Intelligence. But there is no comparable push for regulatory detail.

The contrasting approaches demonstrate a dynamic that will run through the mainstreaming of generative AI. The MENA's ambitions to develop an AI ecosystem have for now produced a cautious approach to regulation. Whether this is the catalyst to innovation that the region hopes will be watched by other

jurisdictions closely, especially where they do not have the EU's deep instincts to think in terms of regulatory soft power projection.

In the short term, the MENA region's challenges in building a local AI ecosystem will be practical ones that are also likely to hamper similar efforts elsewhere. The region is missing two key prerequisites to develop an integrated and localized AI ecosystem: talent and data. The UAE's launch of Falcon and Jais (two Arabic large language models) is a notable success in localising LLMs for the region, though it has also demonstrated the difficulty of training AI models on Arabic content. The Arabic-speaking world needs to access LLMs that can process Arabic language content accurately and efficiently, but less than one percent of all pages on the internet are in Arabic and websites from the region are routinely created in English only. The developers of Jais, for example, had to supplement the 116 bn Arabic tokens it trained on with 279 bn English tokens of data.

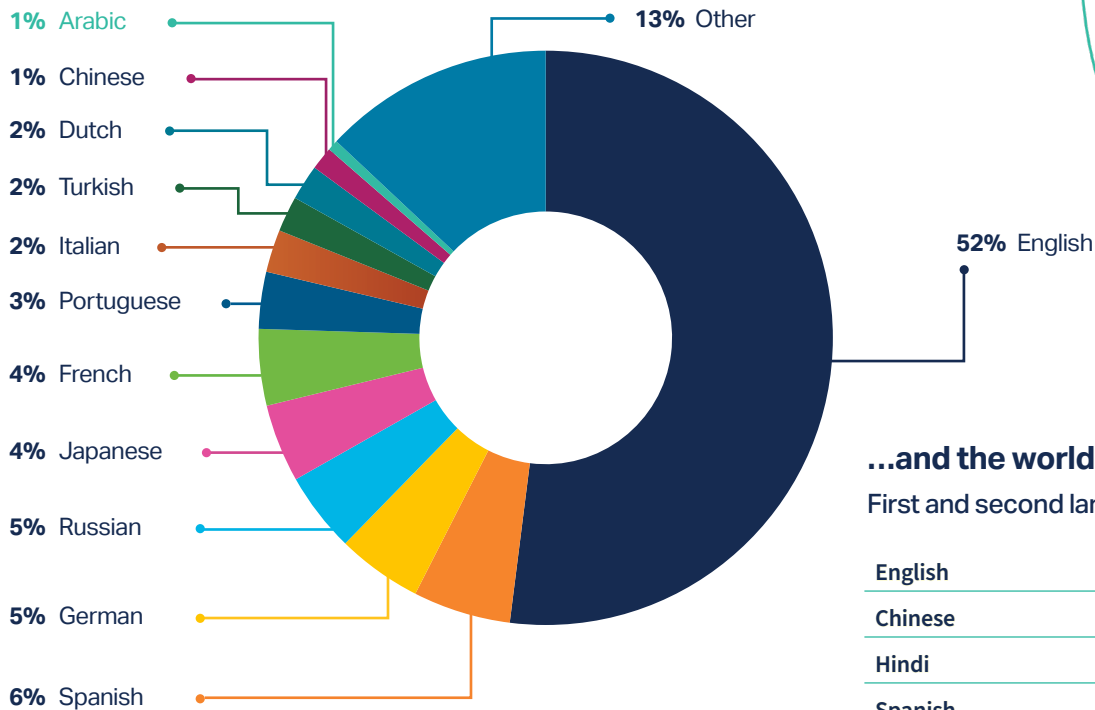
The human capital and skills needed to understand and develop AI systems, ranging from early STEM education to AI-focused long-term education, are also lacking in the region

as well. The MENA AI strategies emphasize cultivating AI talent and position it as a top policy priority, but in the short to medium term, there is a significant shortage of talent that understands and can train AI models. Like the LLM design problem, the Arabic language requirement needed to localize these models is part of the challenge.

The MENA's experience in all of these areas will be a microcosm of the challenges of mainstreaming generative AI. There are likely to be transferable insights in the region's attempts to balance innovation and regulation, to develop LLMs in alternative languages to English and to build and sustain the skills pool needed to underpin an AI ecosystem.

The languages of the internet...

Webpage content languages (%)



...and the world

First and second language speakers

English	1450 million
Chinese	1138 million
Hindi	609 million
Spanish	559 million
French	310 million
Arabic	274 million

THE VIEW FROM BRUSSELS

Transitions: Are European green targets politically deliverable?

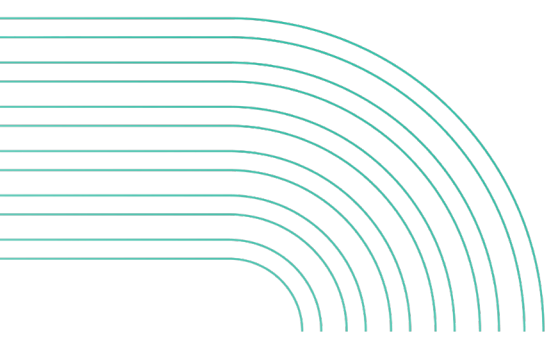
Europe's political transitions in 2024 will define what is possible in setting a credible strategy for the transition to its 2050 net zero targets. The political lessons apply more widely.

TOM WHITE

2024 will be a year of institutional change in the EU. A new European Parliament and European Commission will inaugurate a new political cycle. It will also be a key inflection point for the policies behind the green transition. With 2040 and 2050 emissions reduction and renewables deployment targets drawing constantly closer, finding a politically acceptable way to accelerate EU progress towards them is a key challenge.

The guardrails for the environmental regulatory agenda in this new political dispensation will be set on the one hand by the extent to which the Greens can maintain their voice in the next parliament (they are expected to lose seats) and on the other by whether the wider right and centre-right (who are more skeptical, and expected to do well) can find common ground behind transition measures. In this respect the green transition and the political transition are linked.

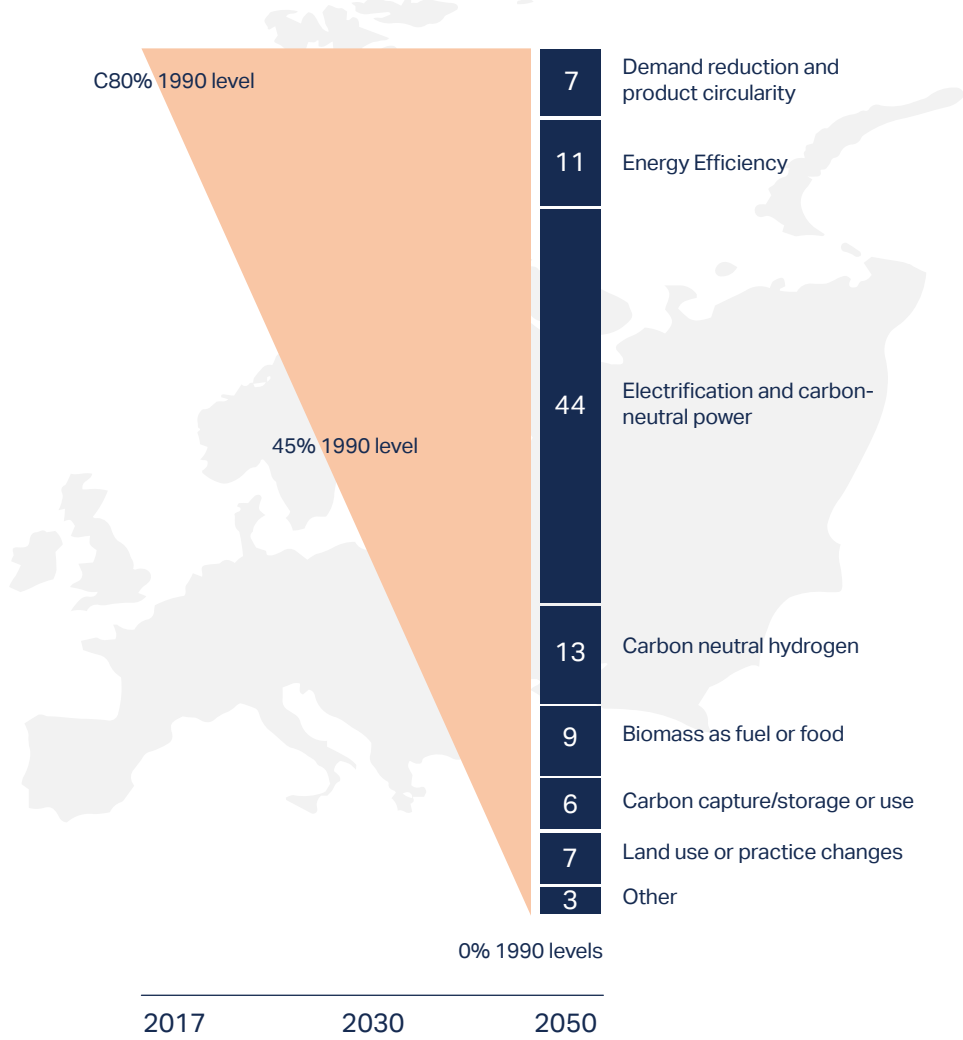
The EU is already legally committed to achieving “net zero” by 2050 and its imminent negotiations over targets for 2040 will spell out in unprecedented detail the consequences for industry and consumers. Achieving a headline target of around 90% or 95% reductions within 15 years will require complete decarbonisation of some sectors such as power generation and brand new interventions in previously unregulated sectors such as agriculture. These will all be harder to agree and achieve than the 55% cut in emissions from 1990 levels required by 2030, which were themselves highly controversial. As the implications become clearer, opportunities could increase for politicians on the right to build a political constituency, for example among those skeptical of phasing out internal combustion engines.



A stronger centre-right is likely to demand more rigorous impact assessments, greater scope for technological solutions and incentives, as well as flexibility for member states. This could potentially even mean breaking the taboo of EU funding for nuclear power generation. Any repeat of the 2021 spikes in wholesale energy prices would also strengthen advocates of delays. However, reducing the overall levels of ambition for 2040 and 2050 remains unlikely in the face of strong commitment from the centre-left, Renew and the Greens, and personal political commitments to the Paris Agreement from most EU leaders. Whether – and how – these targets can be rendered practically and politically credible as part of a wider competitiveness strategy will be important.

In these respects, the EU in 2024 will provide an object lesson in the challenges of converting rapidly-approaching long-term decarbonisation targets into politically digestible change on the ground. These lessons will apply across transitioning democracies. Setting the transition targets is the easy part. Delivering them will require a masterclass in the politics of social and industrial change.

Where will the EU's 2050 carbon emission cuts come from? (Estimated share of abatements by 2050 - %)



Based on McKinsey and Toozee 2023

THE VIEW FROM LONDON

Politics: A reshaping on the right

The likely collapse of the UK Conservative government is another case study in forces at work across western politics in 2024.

ALEX DAWSON

Five years ago, to be an expert in British politics, one had to be an expert on the politics of the Conservative Party. No question on the UK's European policy, industrial policy or geopolitics could be answered without reference to a Tory party faction. The government of Boris Johnson emerged from the 2019 election with a 80-seat majority built on the constituency created by the mix of both traditional Labour and Tory voters that supported leaving the EU in the Brexit referendum. As in the America of Donald Trump, there was much talk of a large-scale structural realignment of the UK electorate.

In 2024 the most likely outcome of the general election is a defeat of that 2019 government, possibly a defeat of historic scale. A merry-go-round of prime ministers and cabinet ministers made the party's narrative as hard

to follow for prospective voters as season nine of a long-running TV serial in which you have somehow missed a season. But the government has also been collapsed from the inside by tensions in itself and in its own electorate. If – in one popular interpretation – its 2019 mandate was to be 'economically left but culturally right', tightly constrained spending saw it disappoint on the former, while a new post-Brexit visa system resulting in record levels of migration disappointed on the latter.

Here the UK experience has clear parallels to the US and other parts of Europe. The key one is in the way in which the Conservative Party has struggled to build a platform that can unify economic liberals and internationalists with advocates of national sovereignty and identity, reduced migration and a slower



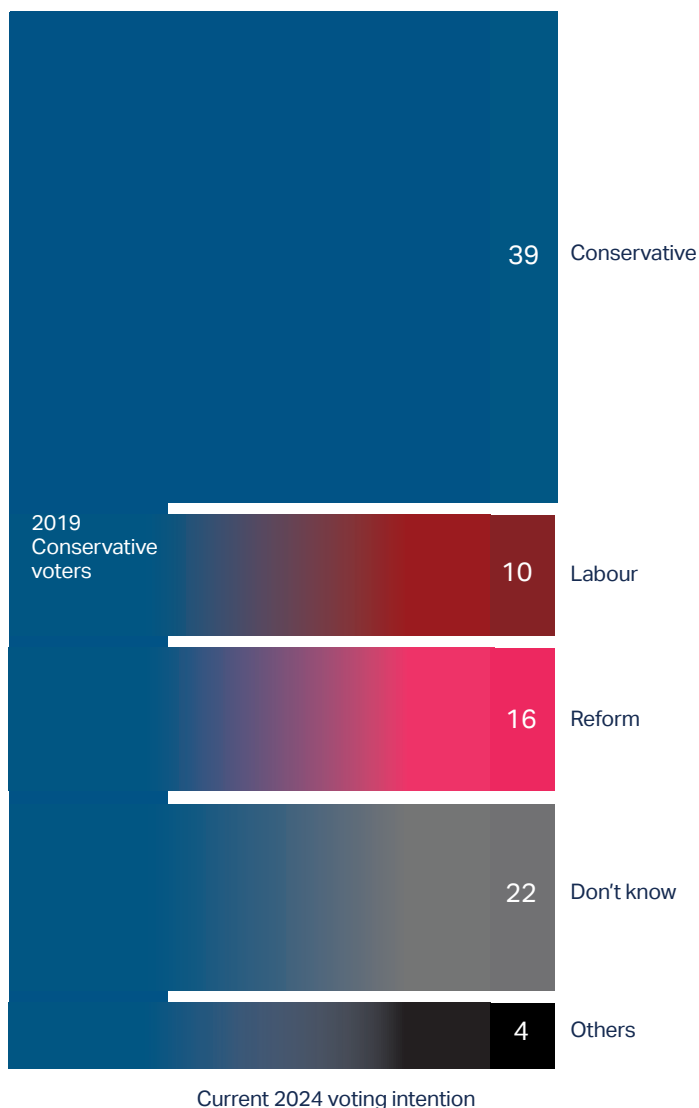
pace of cultural change. The 2019 coalition looks set to break apart in 2024 under these pressures – with part of it potentially moving to a challenger from the right like Reform. These are the same forces that have reconfigured the right wing of politics in America, Italy, France, the Netherlands, Scandinavia and - increasingly – Germany. While this reconfiguration has provided right-wing parties with a route to power, the immediate effect in the UK will probably be to return the Labour Party to power for the first time since 2010.

The Conservatives might regroup by the time of the election and claw their way back into government – stranger things have happened in politics - but it will likely be a more marginal one than the 80-seat majority won in 2019. And the forces that undermined the Conservatives – legal and illegal migration, national sovereignty, the role of governments setting industrial policy or driving shifts like decarbonisation - are likely to be a feature of UK politics for some time.

This will matter even for Labour, because their return to government lies in part by convincing traditional supporters they can be trusted on these questions – and they will need to deliver. It will matter too for us how the Conservatives in opposition respond, because their post-mortem will determine the kind of political offer on the right that will challenge a Labour bid for a second term.

Collapse on the right

2019 Conservative voter voting intention 2024 (%)



Based on YouGov December 2023

THE VIEW FROM WASHINGTON DC

Elections: A US election like no other

Around two billion voters will elect governments in 2024. The US election stands out as among the most consequential.

ERIN CADDELL

The US elections in November 2024 will be unlike any in American history. An 81-year-old incumbent with rock-bottom approval ratings continues to insist that he is the best hope of keeping his 77-year-old leading challenger - who is running in part to keep himself out of jail - out of office. Less than a year from election day, the prospect of either candidate suffering a critical health crisis and one of them being a convicted criminal on election day are serious variables. So is the possibility of either party refusing to accept a close result.

If Joe Biden wins, his administration would judge his activist approach to federal governance, exemplified in the Inflation Reduction Act (IRA) and other legislation passed to direct spending, tax credits and industrial policy to both spark and reorder the US economy, to have been validated. His robust approach to industry oversight, including technology, environment and financial services would also continue. Biden's philosophy of cautious but pragmatic engagement with the rest of the world, best captured by his military support and coordination with allies to assist Ukraine in its war against Russia, would continue, coupled with a deep

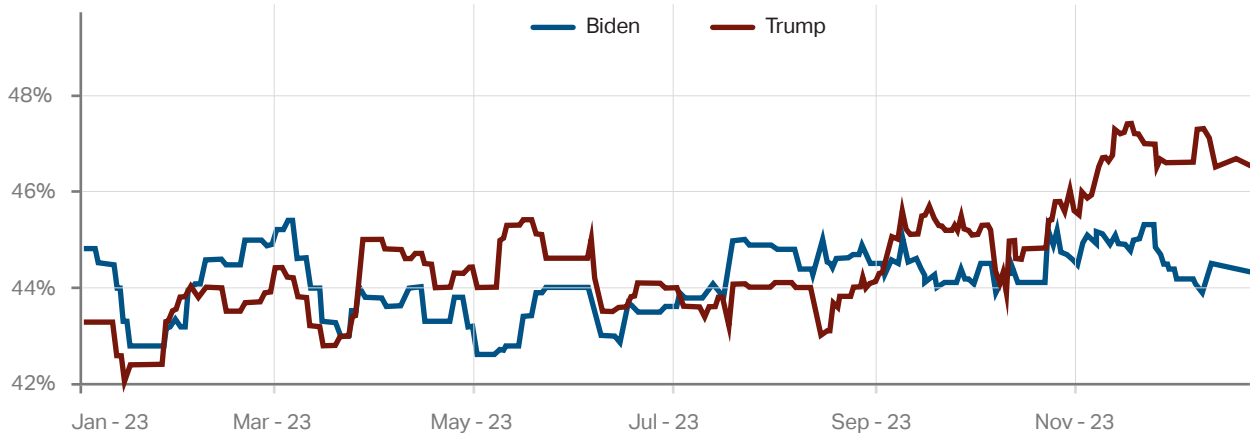
anxiety about escalating confrontations with Moscow, Tehran or Beijing.

Trump would represent a stark policy departure from Biden. Reviving the playbook from his first term, Trump and his appointees could be expected to roll back regulations across a broad swath of industries. Although a repeal of the IRA is unlikely, a Trump administration may blunt the bill's impact by blocking funding and slowing implementation, favoring traditional fossil fuels over the renewable-energy industries bolstered by the IRA. Trump would also reaffirm his "America First" doctrine in defense, climate, trade and elsewhere.

In either scenario, majorities in both houses of Congress would amplify the president's impact, although for now it appears split government and the narrow majorities in both chambers are more likely - reflecting a divided electorate. The two leading presidential candidates head two political tribes that are deeply antagonistic and represent sharply divergent policy preferences. US elections have at times brought periods of consensus and calm to a pluralistic and noisy nation. 2024 will not.

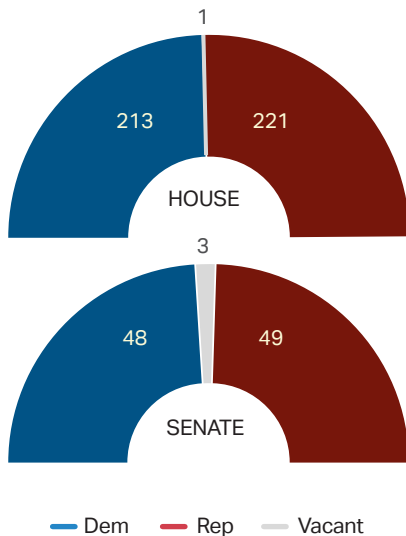
Biden and Trump are currently neck and neck...

% support in hypothetical Presidential vote



RealClearPolitics

...and Congress could go either way



POLICY AREA	DEM SWEEP	SPLIT/DEM WHITE HOUSE	GOP SWEEP	SPLIT/REP WHITE HOUSE
Onshoring/ Friend-shoring	✓	✓	✓	✓
Aggressive SEC agenda	✓	✓	✗	✗
Energy & climate agenda	✓	✓	✗	✗
Drug pricing	✓	✓	✓	✓
Interactions with allied nations	✓	✓	?	?
Big tech regulation	✓	✓	✓	✓
Tax policy	✓	✗	✓	✗

Continuity under uncertainty: the view for business

So what do the politics of 2024 mean for the business of 2024? As always, the operating landscape for most businesses, and especially for regulated businesses, will be materially shaped by changes of government and tensions between them.

Most elections bring a mix of continuity and change; the rhetoric of the campaign is disciplined and shaped by the reality of government. A big part of managing business continuity through political change is knowing what this is likely to mean.

Across a very crowded electoral calendar for 2024 we can already see many areas where change will be important for businesses and investors. A second Trump administration could have potentially far-reaching impact on regulation and the administration of US industrial and trade policy. But the dynamic nature of US politics and the increasing reliance of executive power mean that these changes may last only a single term.

In Europe, a change in the composition of the European Parliament may have potential implications for legislative majorities in key areas such as the low-carbon transition where retail politics in member states is working its way up the system. In the UK, a likely Labour

government with limited money to spend will be looking for ways to make a political impact in areas such as regulation. Across all of these markets a year of political change will start to map out what is likely to be fragmentary approach to tech, ESG and fintech regulation.

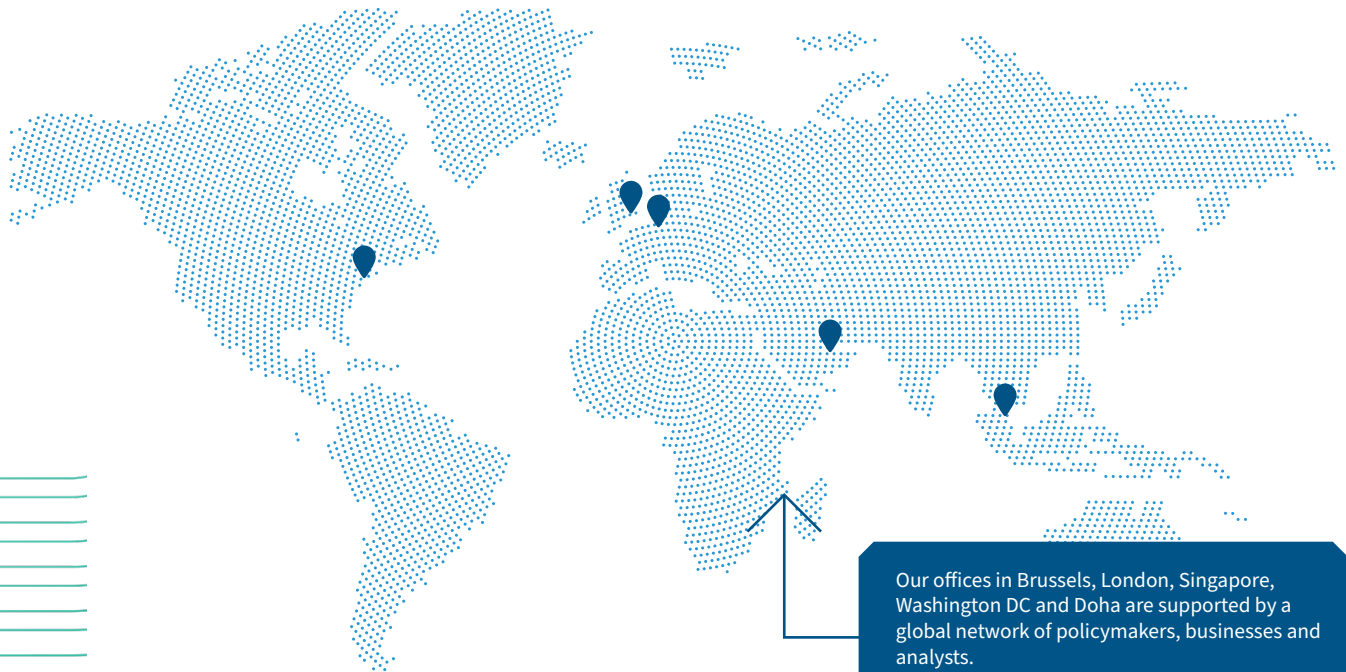
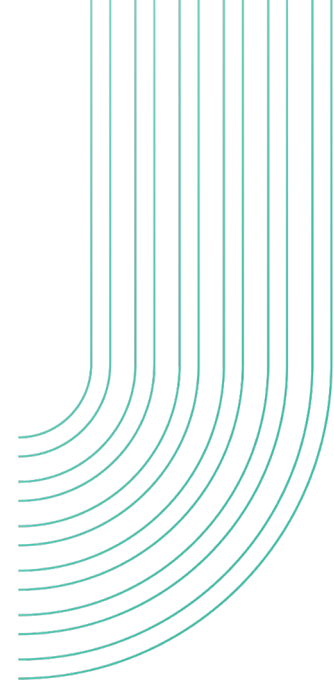
The geopolitics of 2024 matter for every business with a supply chain. Most of the fair-weather assumptions for the global economy in 2024 are based on a calculus that disruptive tensions in the Middle East and elsewhere are containable. The complex realities of building a modern global distribution system that works with the politics and policy of 'curated interdependence' driving capitals is a now a first order problem for businesses and the investors that own them. A resurgence in industrial policy and a blurring of the line between economic security and national security will create winners and loser, risk and opportunity.

Politics matters for businesses and investors because politics is upstream from public policy. Public policy is a key operating condition for almost any modern business of any scale and degree of internationalisation. As a year of political change this will be truer than ever in 2024.

About Global Counsel

GC is a strategic advisory firm

We help companies and investors across a wide range of sectors anticipate the ways in which politics, regulation and public policymaking create both risk and opportunity — and to develop and implement strategies to meet these challenges. Our team has experience in politics and policymaking in national governments and international institutions backed with deep regional and local knowledge.



Our offices in Brussels, London, Singapore, Washington DC and Doha are supported by a global network of policymakers, businesses and analysts.



Event Programme

January 16th 2024

Digital event

Online in-conversation featuring Global Counsel Senior Adviser Keith Zhai and Senior Associate Jiayu Li on the outlook and implications of the Taiwanese general election.

[Watch Recording](#)

January 25th 2024

Digital event

Online in-conversation featuring Patrick Gaspard, President and CEO of the Center for American Progress (CAP). A key senior official in the Obama White House, he also served as US Ambassador to South Africa. He also served Executive Director of the Democratic National Committee from 2011-2013.

[Watch Recording](#)

January 30th 2024

London

Private in-person event in London featuring high-level speakers on the forthcoming general election, what a 'unified' government under Labour looks like across the devolved nations, and how corporates should be responding to this changed picture.

[Learn More](#)

January 30th 2024

Washington, DC

Private in-person event in Washington, DC featuring high-level speakers on the 2024 presidential elections, and what corporates and investors can expect to dominate the policy agenda post-November.

[Learn More](#)

February 8th 2024

Digital event

Online in-conversation featuring Eric Cantor, Vice Chairman and Managing Director, Moelis & Company and former United States Representative from Virginia and US House Majority Leader from 2010-2014.

[Register](#)

February 12th 2024

Digital event

Online panel discussion featuring GC Senior Advisers Dr. Kian Ming Ong, former Malaysia Deputy Minister of International Trade and Industry and Dr. Santi Sathirathai, former Group Chief Economist and member of the senior management team at Sea Ltd, on what's next for Southeast Asia's regional integration, relations with China and more.

[Register](#)

February 15th 2024

Digital event

Online in-conversation featuring Mike Froman, President of the Council on Foreign Relations, and former US Trade Representative.

[Register](#)

February 18th 2024

Doha

Private in-person event in Doha convening leading thinkers across government, regulators and industry to reflect on AI sovereignty in the Gulf, whether the 'regulation vs innovation' characterisation applies to MENA and what we can learn from the region's prioritisation of sectoral AI deployment in education and healthcare.

[Learn More](#)

February 29th 2024

Brussels

Private in-person event in Brussels featuring high-level speakers to look ahead at the European institutions in transition and the global challenges the EU faces over the next five years.

[Learn More](#)



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