

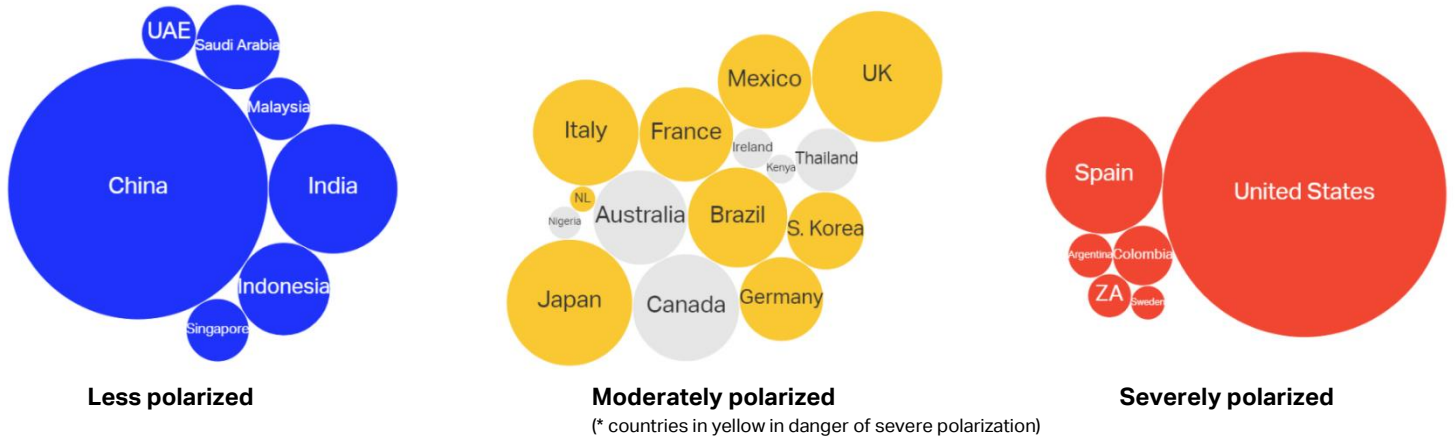


Chart of the Week

12 January 2024

A historic election year in 2024 spells elevated policy risk

The level of polarization and the size of the passenger market



Note: The size of the bubbles in the chart represents the relative size of the passenger market, which is measured by the number of O-D passengers who flew to or from the country as their origin or destination.

Source: IATA DDS, 2023 Edelman Trust Barometer, Global Report, Edelman Trust Institute

- 2024 will be a historic year in terms of national elections around the world. More than 70 countries will go to the polls, involving 4.2 billion people, and hence a majority of the world's population for the first time ever. Together, the countries concerned represent around 60% of global GDP and around 75% of passenger air traffic (measured by O-D passenger numbers).
- Not only is the number of elections unprecedented, but so too the risk of election surprises and outcomes that can potentially have a profound impact on geopolitics and economic developments globally. Contributing to the heightened risks are the wars in Europe and the Middle East, as well as growing insecurity in Asia. Further augmenting the risks is the already highly polarized political situation in many key countries (see chart above).
- The 5 November election in the US will be the pivotal event of the year, and it should come as no surprise that this country is tagged as being severely polarized by the Edelman Trust Institute. The European Union will hold elections to its bodies early June, and it is therefore important to note that Spain and Sweden are considered severely polarized, with France, the UK, the Netherlands, Italy, and Germany all viewed as close to severely polarized. With polarization comes the increased probability that starkly different policies will be adopted depending on the election outcome.
- The leadership elections in Chinese Taipei on 13 January will also be of great importance and likely to set the tone for not only China-Chinese Taipei relations but also impact the region as a whole.
- Increased geopolitical uncertainty usually brings in its wake a stronger US dollar versus most of its trading partners, a higher oil price, less trade, and less risk-taking in general. These trends will weigh on GDP growth as a rule. However, the world economy frequently shows resilience in the face of any election-related impacts that remain contained in the region or country concerned.
- In this fraught global context, we expect growth in air transportation and our industry's profitability to progress in 2024 but at a slower pace than in 2023.

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