

To watch: Missile offence. The strength of public opposition to plans for a US anti-missile base on Czech territory will be tested when parliament votes on the issue early in the year.

DENMARK	
GDP growth:	1.5%
GDP:	\$332bn (PPP: \$214bn)
Inflation:	1.9%
Population:	5.5m
GDP per head:	\$60,800 (PPP: \$39,260)

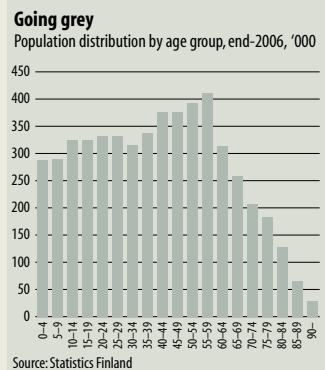
The rise of the newly formed centrist party, New Alliance, offers the minority centre-right coalition government a stable partner, and increases the likelihood that the prime minister, Anders Fogh Rasmussen, will call snap elections before the January 2009 deadline. He would probably be rewarded with another term, with the main opposition Social Democratic Party struggling to regain popularity.

To watch: Hello, neighbour. Denmark badly needs skilled foreign workers, and will change laws to make them welcome.

ESTONIA	
GDP growth:	5.8%
GDP:	\$23bn (PPP: \$32bn)
Inflation:	6.8%
Population:	1.3m
GDP per head:	\$17,270 (PPP: \$23,560)

Internal strains will hamstring the coalition government, a jumble of conservatives, liberal reformers and centre-left social democrats. A superheating economy will slow to a relatively sedate 5.8%. The current-account deficit, at nearly 16% of GDP, is a worry. Stubborn inflation will delay adoption of the euro to beyond 2010.

FINLAND	
GDP growth:	2.7%
GDP:	\$253bn (PPP: \$192bn)
Inflation:	2.2%
Population:	5.2m
GDP per head:	\$48,140 (PPP: \$36,520)



A stable four-party centre-right coalition government, under the second-term prime minister, Matti Vanhanen, will encourage entrepreneurship and

energy reforms, while rejigging the administrative structure of the municipalities. The addition of the Conservatives to the coalition suggests a more active foreign policy, including stronger ties with America, but also a mediating role in the EU's strained relations with Russia.

To watch: Blade runners. Join the 10,000-odd participants in February's Ice Marathon in the northern town of Kuipio. Don't forget your skates.

FRANCE	
GDP growth:	2.2%
GDP:	\$2.68trn (PPP: \$2.17trn)
Inflation:	1.9%
Population:	61.4m
GDP per head:	\$43,640 (PPP: \$35,430)



France's Margaret Thatcher? Perhaps not, but the first full year of Nicolas Sarkozy's presidency will nevertheless focus on a tussle over employment between a reforming government and entrenched unions, whose taste for protest has scuppered most past efforts at reform. Mr Sarkozy will avoid open confrontation, and therefore won't deliver the break with the past he promised during his campaign. Instead of abolishing the 35-hour work week, he may use tax incentives to ease its impact.

To watch: Fiscal delinquent. France will buck the EU trend towards slimmer budget deficits by offering tax cuts without curbing spending. The fiscal spark will boost the economy, driving growth to 2.2% from 1.8% in 2007.

GERMANY	
GDP growth:	2.5%
GDP:	\$3.43trn (PPP: \$2.84bn)
Inflation:	1.6%
Population:	82.7m
GDP per head:	\$41,400 (PPP: \$34,270)

The future of the grand-coalition government, led by the chancellor, Angela Merkel, may hinge on the performance of its junior partner, the Social Democratic Party (SPD), in state elections early in the year, particularly in Lower Saxony and Hesse. Divisions between centrists and left-wingers

could erupt if the party does badly, strengthening those who want to break with Ms Merkel's Christian Democratic Union and its partner, the Christian Social Union. If the "splittists" prevail, the SPD is likely to be punished in the subsequent election.

High-quality German machinery will be in demand by big emerging-market economies and oil-producing countries.

To watch: Business boost. The tax rate on corporations will be cut from 39% to 30%, giving companies more money to invest in a reviving economy.

GREECE	
GDP growth:	3.2%
GDP:	\$372bn (PPP: \$386bn)
Inflation:	2.5%
Population:	11.0m
GDP per head:	\$33,850 (PPP: \$35,150)

The centre-right New Democracy government under Costas Karamanlis begins its second term, following its victory over the Panhellenic Socialist Movement (Pasok) in September 2007 elections. The government must operate with a reduced majority, and contend with a popular ultra-nationalist party in parliament, the Popular Orthodox Rally, that is quickly gaining support.

Having quelled protests from students and teachers against its education reforms, the re-elected government will open a new front against another formidable group: civil servants. Increasingly indebted consumers will spend less, slowing economic growth.

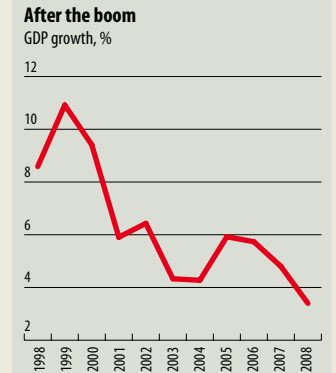
HUNGARY	
GDP growth:	3.0%
GDP:	\$138bn (PPP: \$202bn)
Inflation:	4.1%
Population:	9.9m
GDP per head:	\$13,860 (PPP: \$20,370)

Two years after admitting he lied to voters, Ferenc Gyurcsany's government is still struggling to stay afloat. The yawning budget deficit, the main reason for the economic mess at the heart of Mr Gyurcsany's deception, will narrow, but not to the target of 4.3% of GDP—particularly if an opposition referendum succeeds in stopping some of the government's austerity measures.

Less belt-tightening will boost the economy, as will increasing integration into west European production and supply chains.

To watch: Leadership challenge. Mr Gyurcsany's budget-cutting isn't popular with his Socialist Party's ideological base, and the party may try to replace him if support dwindles further. This would spell the end of austerity and, in effect, open campaigning for the 2010 election.

IRELAND	
GDP growth:	3.4%
GDP:	\$270bn (PPP: \$195bn)
Inflation:	3.0%
Population:	4.3m
GDP per head:	\$62,450 (PPP: \$45,110)



With the Green Party now in the coalition government, policy will shift slightly towards environmental issues, though the government's overall focus—keeping businesses competitive—won't change. Economic management will be more complicated than during the boom years; spending cuts, for example, may now be required, creating stresses within the government. Economic growth will slow to 3.4% from almost 6% in 2005-06. A referendum, expected in May, will approve the new EU treaty.

To watch: Taoiseach on trial. The taoiseach (prime minister), Bertie Ahern, is facing questioning from a judicial inquiry into alleged financial irregularities during his years as finance minister. Should he be seriously tainted, his coalition partners may leave government, bringing early elections.


ITALY	
GDP growth:	1.6%
GDP:	\$2.22trn (PPP: \$1.88trn)
Inflation:	1.9%
Population:	58.1m
GDP per head:	\$38,190 (PPP: \$32,390)

The Unione coalition government, led by the prime minister, Romano Prodi, is odds-on to stay in office in 2008, though all bets are off thereafter. Should the coalition collapse over any of the many issues that divide its ideologically diverse members, Silvio Berlusconi, a former prime minister, and his Casa delle Libertà alliance would probably return to power. But without a change to the electoral rules he himself introduced, a new Berlusconi regime would be no more effective than the last.


Economic growth will slow and the government will miss its budget goal, but won't breach the EU's 3%-of-GDP ceiling.

LATVIA	
GDP growth:	7.5%
GDP:	\$30bn (PPP: \$43bn)
Inflation:	6.2%
Population:	2.3m
GDP per head:	\$13,270 (PPP: \$18,980)

The four-party centre-right coalition government will be lucky to complete the year intact, despite its comfortable legislative majority. Revelations from the trial of Aivars Lembergs, the former mayor of Ventspils, have tainted one of the government's constituent parties. Should the coalition collapse, none of the likely successors would be very durable. Economic growth will slow but remain impressive at 7.5%.


LITHUANIA	
GDP growth:	6.9%
GDP:	\$41bn (PPP: \$66bn)
Inflation:	4.4%
Population:	3.4m
GDP per head:	\$12,240 (PPP: \$19,730)

Elections are due in October, but the four-party minority government led by Gediminas Kirkilas of the Social Democratic Party (LSP) is unlikely to last that long. Strains between the centre-left LSP and the opposition centre-right Homeland Union, which has been voting with the government, are becoming unmanageable.

NETHERLANDS	
GDP growth:	2.3%
GDP:	\$820bn (PPP: \$687bn)
Inflation:	1.9%
Population:	16.6m
GDP per head:	\$49,550 (PPP: \$41,490)

The ruling coalition of the Christian Democratic Appeal, the Labour Party and a small Protestant religious party, the ChristenUnie, plans a modest increase in government spending. Health care, education, environmental protection and urban renewal are the likely beneficiaries. The budget balance therefore will move back into the red.


To watch: *Nee* again. If the government puts new EU treaty proposals to a referendum, Dutch voters could reprise their 2005 "no" vote, which helped to kill the idea of a full EU constitution.

NORWAY	
GDP growth:	2.6%
GDP:	\$426bn (PPP: \$278bn)
Inflation:	2.2%
Population:	4.7m
GDP per head:	\$90,180 (PPP: \$58,850)

A good performance in local elections in late 2007 will assure the three-party "red-green" coalition smooth passage through 2008. High oil prices are bringing in plenty of cash, and the current account will close the year with


a buoyant surplus equal to 15% of GDP. Taxes rose in 2007, and the money will be spent this year on local government and transport initiatives, as well as the staples of health and education.

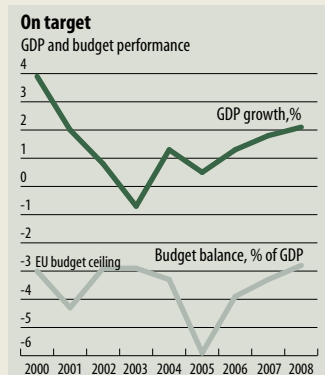
To watch: *All you need is herring.* The port city of Stavanger will share European Capital of Culture honours with Liverpool, home of the Beatles.

POLAND	
GDP growth:	5.1%
GDP:	\$453bn (PPP: \$640bn)
Inflation:	3.0%
Population:	38.1m
GDP per head:	\$11,880 (PPP: \$16,810)

Donald's Tusk's liberal-conservative Civic Platform (PO) defeated Jaroslaw Kaczynski's ruling Law and Justice party (PiS) by an unexpectedly large margin in Poland's 2007 parliamentary election. But a PO-led coalition, which will be needed to secure a parliamentary majority, could be fractious, and will find it difficult to overcome presidential vetoes from Lech Kaczynski, a former leader of the PiS. Thus the PO will find it hard to push economic reforms through parliament. A PO-led government will move ahead in areas which do not require new legislation, such as privatisation. Economic growth will slow, but remain at a comfortable 5.1%.


To watch: *Joyous sounds.* The International Choirs' Festival, Mundus Cantat, will bring amateur voices to the seaside town of Sopot in May.

PORTUGAL	
GDP growth:	2.1%
GDP:	\$231bn (PPP: \$240bn)
Inflation:	2.0%
Population:	10.6m
GDP per head:	\$21,710 (PPP: \$22,550)



One of the EU's budget-busters in recent years, Portugal has been given until 2008 to get its house in order. Belt-tightening is likely to deliver a fiscal gap within acceptable euro-zone limits, but this may be temporary. Austerity has been largely at the cost of public servants, whose powerful unions have put up a strong fight. With elections due in 2009,


Yulia Tymoshenko, who played a leading role in Ukraine's "orange revolution", was later sidelined, but 2008 will see her back with a bang. A big performance in the September 2007 legislative election guaranteed her renewed prominence—though whether as the leader of the government or a thorn in its side was dependent on post-election talks. Ms Tymoshenko's strawberry-blond braids have become a trademark, but she has substance as well as style. She will bring her campaigning zeal to bear on corruption, Ukraine's vital gas industry and relations with Russia. Whether in government or opposition, though, she will have at least one eye on the presidential race expected in 2009.



2008 IN PERSON


commitment to the fiscal cause may slip. Economic growth will tick higher as businesses start spending again.

To watch: *Hang ten.* The World Surfing Games will be held here in October.

ROMANIA	
GDP growth:	5.5%
GDP:	\$185bn (PPP: \$249bn)
Inflation:	4.3%
Population:	21.6m
GDP per head:	\$8,550 (PPP: \$11,490)

With the goal of joining the EU achieved, the country's political forces have little to bind them. Elections, first for the European Parliament in late 2007, then for local government in the first half of 2008 and, finally, in November for the national parliament, will matter. The results will reflect the decline in support for the National Liberal Party (NLP), which heads the minority government, and the rise of the Democratic Party, the NLP's former partner, now in opposition.

To watch: *Deficit dangers.* The current-account gap will exceed 13% of GDP and, with privatisation receipts tailing off, will cause much worry. The budget deficit will also raise eyebrows.

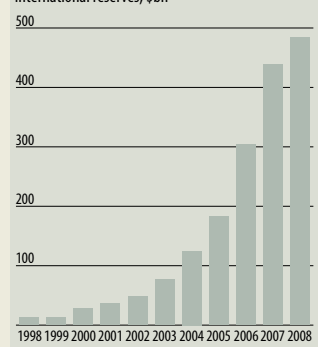
RUSSIA	
GDP growth:	6.3%
GDP:	\$1.42trn (PPP: \$2.08trn)
Inflation:	7.8%
Population:	141.8m
GDP per head:	\$10,010 (PPP: \$14,650)


Russia's democratic traditions are not deep, and Vladimir Putin is at the height of his powers, so the president—whose second and last term ends in 2008—may find a way to keep control. Whether the popular Mr Putin remains president, becomes prime minister or merely fights his successor for influence from the outside, Russian politics will be unsettled. Centralised rule, sustained economic growth and the satisfying spectacle of rising Russian influence abroad will keep the growing middle class content for now, as democracy evaporates.

Another year of high oil prices will keep the economy churning, but weak investment will restrain energy output.


Russia's stuffed coffers

International reserves, \$bn



SLOVAKIA	
GDP growth:	6.0%
GDP:	\$80bn (PPP: \$117bn)
Inflation:	2.5%
Population:	5.5m
GDP per head:	\$14,600 (PPP: \$21,380)

The goal of adopting the euro by 2009 will make for responsible economic policy, although lax budget controls and a volatile currency could force a delay. The leaders of the three coalition parties, the centre-left prime minister, Robert Fico, populist Vladimir Meciar and the far-right Jan Slota, are united in their mutual dislike, but will co-operate in the interests of staying in power. Growth will slow but will still put much of Europe in the shade at 6%.

SLOVENIA	
GDP growth:	4.6%
GDP:	\$48bn (PPP: \$58bn)
Inflation:	2.7%
Population:	2.0m
GDP per head:	\$23,850 (PPP: \$28,870)

The outlook is bright for the prime minister, Janez Jansa, and his Slovenian Democratic Party as the country prepares for elections late in the year. Adoption of the euro has been well received, and the government has a further opportunity to flaunt its credentials when Slovenia takes on the six-month rolling presidency of the EU in the first half of 2008.

A housing-fuelled investment boom that drove the economy in 2006-07 will begin to fade.

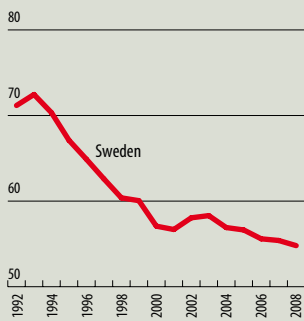
SPAIN	
GDP growth:	2.6%
GDP:	\$1.53trn (PPP: \$1.45trn)
Inflation:	2.4%
Population:	45.7m
GDP per head:	\$33,530 (PPP: \$31,650)

Oddly, groups whose express ambition is autonomy from Spain could decide who governs after the March election. The failure of the Spanish Socialist Workers Party to sustain peace talks with the Basque separatists means a resumption of major attacks is likely. After the balloting, the centre-right Catalan nationalist party, Convergence and Union, will hold the balance of power. The Socialists are narrow favourites to win another term. The economy will slow as consumers pull back and the housing market fades.

SWEDEN	
GDP growth:	3.4%
GDP:	\$464bn (PPP: \$336bn)
Inflation:	2.1%
Population:	9.2m
GDP per head:	\$50,310 (PPP: \$36,420)

Shrinking government

Budget expenditure, % of GDP



The four-party centre-right Alliance for Sweden government will press on with market-friendly reforms, steering the country further from the statist legacy of the long-dominant Social Democratic Party. Privatisation, market liberalisation, an attack on welfare dependency and the promotion of entrepreneurial activity will dominate the government agenda.

SWITZERLAND	
GDP growth:	2.4%
GDP:	\$424bn (PPP: \$306bn)
Inflation:	1.2%
Population:	7.6m
GDP per head:	\$55,780 (PPP: \$40,260)

The ultra-conservative Swiss People's Party (SVP) strengthened its dominant position in government following a hard-fought election in late 2007. The big losers were the left-of-centre Social Democrats. While the SVP's gains have added an adversarial tone to the four-party, consensus-based coalition that has long ruled Switzerland, it will remain intact.

To watch: Blogocracy. Campaigners for the 2007 election used the web extensively. Expect Swiss "people power" to move increasingly online in response.

TURKEY	
GDP growth:	5.3%
GDP:	\$508bn (PPP: \$791bn)
Inflation:	6.1%
Population:	76.2m
GDP per head:	\$6,670 (PPP: \$10,380)

The prime minister, Recep Tayyip Erdogan, and his second-term Justice and Development party government will use a stronger electoral mandate to lock in economic gains and attract fresh foreign investment. It will also advance liberal reforms, including freedom of expression, while the secularist opposition and its military allies still fret over the party's mildly Islamist background. Eventual EU membership will continue to guide economic policymaking, but remains a distant prospect.

UKRAINE	
GDP growth:	6.2%
GDP:	\$152bn (PPP: \$431bn)
Inflation:	9.0%
Population:	46.0m
GDP per head:	\$3,307 (PPP: \$9,370)

Ukraine remains evenly divided between east and west: since the orange revolution, both sides have held power, and neither has achieved much in the face of opposition from the other. The leading figures—Viktor Yanukovich of the Party of Regions, Viktor Yushchenko of Our Ukraine and Yulia Tymoshenko of her eponymous block (see In Person on previous page)—will jockey for control in 2008. The presidency beckons in 2009.

UNITED KINGDOM	
GDP growth:	2.2%
GDP:	\$2.84trn (PPP: \$2.33trn)
Inflation:	1.9%
Population:	60.7m
GDP per head:	\$46,740 (PPP: \$38,340)

Gordon Brown's honeymoon as prime minister is over, following a botched plan to call an early election in October 2007. With no ballot likely in 2008, Mr Brown will be open to charges he has no mandate to govern. But he remains a formidable figure who still attracts people's confidence. The opposition Conservatives, behind a centrist leader, David Cameron, will be a credible force in 2008, but will struggle to bury their ideological differences.

To watch: Continental drift. Mr Brown's pro-American sympathies will be tempered by the political cost of pursuing Mr Blair's engagement in Iraq, and tensions could emerge with America as Britain redefines its military priorities.



ASIA

Main event: China's coming-out party at the 29th Olympiad

Asia and Australasia growth (excl Japan): 6.6% **ASEAN growth:** 5.1%

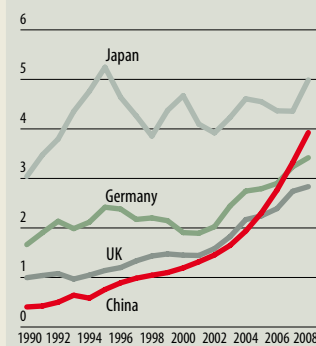
AUSTRALIA	
GDP growth:	3.0%
GDP:	\$874bn (PPP: \$805bn)
Inflation:	2.9%
Population:	20.6m
GDP per head:	\$42,420 (PPP: \$39,060)

A combination of voter fatigue and self-inflicted injury means the 11-year-old government of John Howard and his Liberal-National coalition may well expire when elections are held at the end of 2007. If the opposition Labor party, led by Kevin Rudd, takes power, it is likely to row back on some of Mr Howard's market-oriented reforms, including a 2006 law that limited collective-bargaining rights. Economic growth will slow as companies spend less.

CHINA	
GDP growth:	10.1%
GDP:	\$3.94trn (PPP: \$12.91trn)
Inflation:	3.0%
Population:	1.33bn
GDP per head:	\$2,960 (PPP: \$9,700)

Race for second

Nominal GDP, \$trn



The greatest show on earth comes to the planet's most populous country. China's Communist leaders see the Olympic games as the ideal opportunity to polish an international image tarnished by

autocracy, low regard for human rights, eye-watering pollution and uncertainty over how to wield its growing influence.

At home, the government will continue to wrestle down an economy threatening to break its own speed limit, but will be helped by a slowdown in global demand for its exports.

HONG KONG

GDP growth:	5.2%
GDP:	\$219bn (PPP: \$306bn)
Inflation:	3.6%
Population:	7.0m
GDP per head:	\$31,150 (PPP: \$43,560)

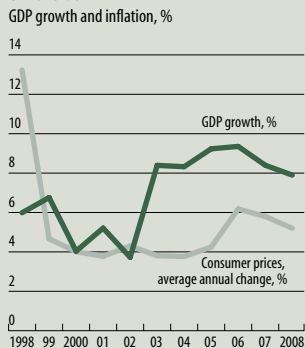
Calls for the early introduction of universal suffrage will intensify ahead of elections for the territory's legislative body, but mainland ears will be firmly plugged. Economic policy will focus on harnessing China's spectacular rise, largely through closer economic ties. Calls will grow for a minimum wage or redistributive taxes to cushion growing inequality, but the government will turn a deaf ear of its own. Economic growth will continue to slow, but only to a fairly comfortable 5.2%.

INDIA

GDP growth:	7.9%
GDP:	\$1.33trn (PPP: \$5.31trn)
Inflation:	5.2%
Population:	1.13bn
GDP per head:	\$1,180 (PPP: \$4,720)

An early parliamentary election is on the cards after the Congress-led United Progressive Alliance (UPA) coalition government fell out with its Communist allies over the nuclear deal with the US (which the Communists consider a betrayal of India's non-aligned status). February is the likely date, though the task of marshalling more than half-a-billion voters may take longer. The UPA is unlikely to be toppled as the biggest block, but neither will it achieve majority

Off the boil



status, so expect further deal-making and political instability.

To watch: Temperature check. Economic growth will slow to 7.9%, and wholesale inflation (which the central bank targets) will fall to 5.2%, so fears of overheating should subside.

INDONESIA

GDP growth:	6.4%
GDP:	\$462bn (PPP: \$1.10trn)
Inflation:	5.8%
Population:	237.5m
GDP per head:	\$1,950 (PPP: \$4,680)

President Susilo Bambang Yudhoyono will be watching for fading loyalty from Golkar, the party whose support has given him a legislative majority, as it prepares for presidential and parliamentary elections in 2009. Golkar is looking to the opposition Indonesian Democratic Party-Struggle; if they co-operated, they could win big in the parliamentary vote, but probably could not stop Mr Yudhoyono's re-election as president. The government will struggle to restore investors' confidence.

To watch: Trade tie-up. A free-trade agreement with Japan, Indonesia's first, comes into force at the start of the year.

JAPAN

GDP growth:	1.9%
GDP:	\$4.96trn (PPP: \$4.48trn)
Inflation:	0.5%
Population:	127.5m
GDP per head:	\$38,930 (PPP: \$35,170)

The prime minister, Yasuo Fukuda, will focus on cleaning up after the disastrous tenure of his predecessor, Shinzo Abe. His main task is to rebuild public faith in the long-ruling Liberal Democratic Party. The disclosure of massive pensions mismanagement will still reverberate, and his competence will be on trial from the start. The temptation will be strong to rebuild rural support by spending lots of government cash, threatening the budget-deficit reduction target. Still, if the world stays healthy enough to buy Japan's exports, the economy should grow by a respectable 1.9%.

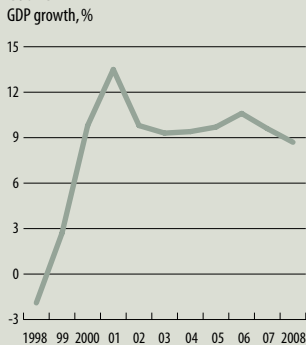
To watch: Brick economies. Future management consultants will be competing at the Open Asia Championship of the First Lego League, to be held in Tokyo in April.

KAZAKHSTAN

GDP growth:	9.2%
GDP:	\$116bn (PPP: \$183bn)
Inflation:	8.7%
Population:	15.6m
GDP per head:	\$7,450 (PPP: \$11,760)

Nursultan Nazarbayev has transferred some of his presidential powers to the legislature, but this is dominated by loyalists, so he faces no threat. With presidential term limits lifted and plans for a dynastic succession on hold, Mr Nazarbayev seems to be settling in for the long term. Disaffection among a growing entrepreneurial class is on the rise, but is unlikely to threaten the incumbent.

Gusher



To watch: Turn at the top. Kazakhstan is a potential alternative to Russia as an energy supplier to the West, and could be encouraged by confirmation that it will chair the Organisation for Security and Co-operation in Europe in 2009.

MALAYSIA

GDP growth:	5.8%
GDP:	\$209bn (PPP: \$358bn)
Inflation:	2.6%
Population:	27.7m
GDP per head:	\$7,550 (PPP: \$12,960)

A string of government successes and a divided opposition suggest the general election due in 2009 will be brought forward. The ruling Barisan Nasional front and the prime minister, Abdullah Badawi, will hold on to power; ideological differences, particularly around the role of Islam in politics, will prevent the opposition figurehead, Anwar Ibrahim, from re-forming the once-successful Barisan Alternatif Front.

To watch: Affirmative action. The policy of favouring the less well-off Malay population in government tenders will come under pressure as America seeks fair access in a free-trade agreement.

NEW ZEALAND

GDP growth:	3.0%
GDP:	\$124bn (PPP: \$126bn)
Inflation:	2.2%
Population:	4.2m
GDP per head:	\$29,240 (PPP: \$29,650)

The coalition government headed by the Labour Party faces flagging public support as high interest rates and stingy tax relief erode spending power. John Key, leader of the opposition National Party, has made hay by attacking this record, and by pointing to the government's poor performance on social welfare. But economic growth will hold firm, at 3%, supporting the government's credibility and ensuring it remains in power—at least until the election due by November.

PAKISTAN

GDP growth:	5.9%
GDP:	\$157bn (PPP: \$492bn)
Inflation:	6.3%
Population:	167.2m
GDP per head:	\$940 (PPP: \$2,940)

President Pervez Musharraf will continue to speak of restoring democracy following the suspension of civil rights in late-2007, but few at home or abroad will take him at his word. Instead, General Musharraf's authority will depend on the support of the army, and on the apparent inability of the political opposition to unite (though the judiciary, something of a proxy opposition, may prove a more effective foil). America will scold, but will carry on backing a key ally in the "war on terror".

PHILIPPINES

GDP growth:	5.6%
GDP:	\$151bn (PPP: \$521bn)
Inflation:	3.4%
Population:	92.7m
GDP per head:	\$1,640 (PPP: \$5,620)

A strong showing in the 2007 mid-terms removes the threat of impeachment from the president, Gloria Macapagal Arroyo. But unrest among lower-ranking soldiers and the constant threat of a "people power" rebellion mean she will

Foreign paychecks



not be altogether secure. The lack of an upper-house majority will slow the pace of economic reform. Strong consumer spending will keep the economy humming, with growth likely to hit 5.6%. Remittances by expatriate Filipinos will relieve pressure on the current account.

To watch: Southern discomfort. Anti-terror legislation introduced in 2007 will fail to quell insurgencies based in the lawless southern islands, and these could make their presence felt in the capital, Manila.

SINGAPORE

GDP growth:	5.1%
GDP:	\$162bn (PPP: \$198bn)
Inflation:	1.0%
Population:	4.6m
GDP per head:	\$35,640 (PPP: \$43,420)

The ruling People's Action Party will continue to provide Singaporeans with rapid economic growth in exchange for tolerating its stifling grip on power. But its capacity to deliver is being eroded, and the party will be tested: it must address increasing regional competition, an ageing population and the need to restructure the manufacturing base. That said, the economy will have another respectable year, thanks to healthy demand for electronics and pharmaceuticals.

To watch: Trade links. A free-trade deal with China, likely to be completed in 2008, is an important part of the government's plan to ride the globalisation wave.

Li Keqiang, party secretary of Liaoning province, is in contention for China's top job. Mr Li was one of two additions (with Xi Jinping from Shanghai) to the nine-member standing committee of the politburo at the Communist Party's People's Congress in late 2007. They will have a bit of a wait, though; the term of Hu Jintao, the current president, runs until 2012. But grooming Chinese leaders is a lengthy process, and it will be important to get a good start. Mr Li will, for example, want to gloss over his association with a blood-transfusion scandal in Henan that raised the province's AIDS death rate. More recently, Mr Li has pioneered reforms linked to Mr Hu's "harmonious society" policy. If Mr Li is the future, he is reminiscent of the present leadership: competent rather than charismatic. He will represent continuity rather than a break with the past.



2008 IN PERSON

SOUTH KOREA

GDP growth:	5.3%
GDP:	\$1.02trn (PPP: \$1.26trn)
Inflation:	2.4%
Population:	49.2m
GDP per head:	\$20,820 (PPP: \$25,550)

The year will probably open with the inauguration as president of Lee Myung-bak, who collected rubbish in the streets of Seoul as a child before growing up to become mayor. His conservative Grand National Party government would concentrate on boosting economic growth, setting aside the previous government's redistributive agenda. Nationalism would be undimmed under Mr Lee, who would nevertheless aim to reinforce relations with America.

To watch: Philosophy. The World Congress of Philosophy will meet in Seoul in July "to call attention to the importance of philosophical reflection on philosophy".

SRI LANKA

GDP growth:	6.1%
GDP:	\$35bn (PPP: \$100bn)
Inflation:	8.2%
Population:	19.4m
GDP per head:	\$1,790 (PPP: \$5,190)

The ceasefire between the government and the Tamil Tigers will be buried in 2008, putting hostilities back on an official footing. The president, Mahinda Rajapakse, may end the political alliance with his coalition partner, the Janatha Vimukthi Peramuna party. But he has enough support elsewhere to control parliament. Improved political stability will boost investment.

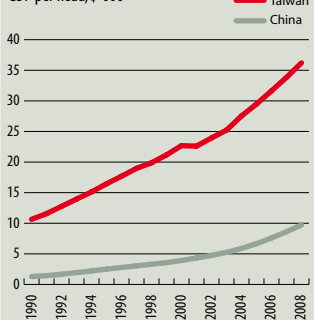
TAIWAN

GDP growth:	4.6%
GDP:	\$409bn (PPP: \$827bn)
Inflation:	1.4%
Population:	22.8m
GDP per head:	\$17,950 (PPP: \$36,330)

Relations with China will be watched closely as Taiwan elects a new legislature (January) and president (March). But with candidates downplaying separatist rhetoric, campaigning will focus on

Still leading

GDP per head, \$'000



corruption and political reform. The outcome of the legislative vote will influence the presidential race but the opposition Kuomintang is well placed to dominate both. A KMT-led government would focus on raising economic growth rates towards the Asian average.

To watch: Strait talking. Direct flights between Taiwan and the mainland may begin in 2008.

THAILAND

GDP growth:	5.0%
GDP:	\$263bn (PPP: \$697bn)
Inflation:	2.1%
Population:	67.0m
GDP per head:	\$3,930 (PPP: \$10,400)

Voters may have thought that by supporting a new constitution in late 2007 they were saying "Thank you and goodbye" to the generals who ousted Thaksin Shinawatra's government a year earlier. But if, as seems likely, candidates from Mr Shinawatra's disbanded Thai Rak Thai party do well in the election scheduled for the end of 2007, the old rifts could re-open, and the model of a military-backed civilian government could return to fashion before the end of 2008.

UZBEKISTAN

GDP growth:	7.3%
GDP:	\$23bn (PPP: \$74bn)
Inflation:	14.5%
Population:	27.1m
GDP per head:	\$847 (PPP: \$2,720)

Re-election for the president, Islam Karimov, in late 2007 will keep Uzbek politics in the freezer. Western investors will be put off by gaps in the legal system and human-rights concerns. Russian and Chinese investors, frequently less squeamish, will help drive the economy to 7.3% growth.

To watch: Northern exposure. Russia will continue a charm offensive designed to recover influence in Central Asia and the oil-rich Caspian basin.

VIETNAM

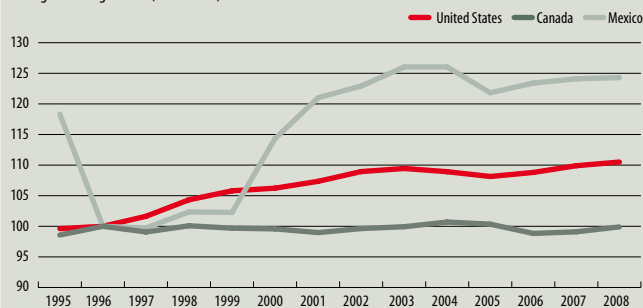
GDP growth:	8.1%
GDP:	\$83bn (PPP: \$347bn)
Inflation:	7.3%
Population:	87.0m
GDP per head:	\$953 (PPP: \$3,990)

The country's Communist leaders will continue to tackle official corruption, seen as the greatest threat to the party's legitimacy. To improve government, the ruling triumvirate, headed by the party secretary, Nong Duc Manh, will grant greater oversight to the directly elected National Assembly, but political reform will stop there. The economy will continue to boom, growing by 8.1%.

To watch: Tax competition. The corporate tax rate will probably be cut to 25% from 28% to compete with the neighbours.

Pay rise

Average real wage index (1996=100)

**NORTH AMERICA**

Main event: Presidential election in the USA **North American (NAFTA) growth:** 2.2%

CANADA

GDP growth:	2.2%
GDP:	\$1.30trn (PPP: \$1.22trn)
Inflation:	2.0%
Population:	33.2m
GDP per head:	\$40,010 (PPP: \$38,500)

The minority Conservative government headed by the prime minister, Stephen Harper, may seek an overall majority in early elections, but another term as a minority is the most likely outcome. The government is under pressure over environmental policy, the revenue share-out with the provinces and the presence of Canadian troops in Afghanistan, but a divided opposition has been unable fully to exploit public discontent. The economy is expected to grow by 2.2%, but this assumes the United States shakes off its subprime mortgage woes and avoids a recession.

To watch: Advance viewing. The Extra-Sensory Perception Psychic Expo will be held at Toronto's International Centre in March.

MEXICO

GDP growth:	3.1%
GDP:	\$900bn (PPP: \$1.29bn)
Inflation:	3.8%
Population:	110.0m
GDP per head:	\$8,200 (PPP: \$11,840)

This is an important year for the president, Felipe Calderón, who must persuade the opposition Partido Revolucionario Institucional (PRI) to support his minority Partido de Acción Nacional government in pushing key reforms through congress. Smooth progress on pensions in 2007 raised hopes, but last-minute wrangling nearly scuppered even more important fiscal reforms. Time for co-operation is running out; PRI magnanimity will decline as the political focus turns to congressional mid-term elections in 2009.

To watch: Cartel wars. Mr Calderón won applause when he despatched soldiers to fight drug cartels along the American

border, but the hardline approach threatens to descend into a messy stand-off, undermining support for the strategy and the government.

UNITED STATES

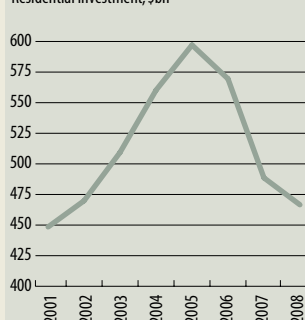
GDP growth:	1.2%
GDP:	\$14.40trn (PPP: \$14.40trn)
Inflation:	2.1%
Population:	304.8m
GDP per head:	\$47,330 (PPP: \$47,330)

Democrat Hillary Clinton is likely to become America's first woman president as a war-weary country turns its back on incompetent Republicans and the painful Bush years. Until November, the year will be dominated by non-stop electioneering, with some state primaries starting in early January. The party nominees could be chosen earlier than ever, setting the stage for months of bitter campaigning. Deadlock between the president and Congress will bring legislation to a halt. The economy will slow appreciably and just might dip into recession as the housing slump drags on. Some troops will leave Iraq, or at least withdraw to less exposed positions.

To watch: Island USA. Growing Democratic influence will push the country in a more isolationist direction, reflected in a less assertive foreign policy but also a more protectionist economic one. Global trade talks may languish.

Home wrecker

Residential investment, \$bn



SOUTH AMERICA

Main event: Chávez-watching **Latin American growth:** 4.5%

ARGENTINA



GDP growth:	5.7%
GDP:	\$270bn (PPP: \$772bn)
Inflation:	10.5%
Population:	39.8m
GDP per head:	\$6,790 (PPP: \$19,420)

Cristina Fernández, wife of the outgoing president, Néstor Kirchner (see In Person), will enjoy a short political honeymoon as she assumes power following end-2007 elections. The economic boom during her husband's tenure was the product of heavy state intervention in markets and prices. Unwinding those distortions will be risky. As economic growth slows, the budget surplus narrows and inflation climbs, discontent will resurface.

BOLIVIA



GDP growth:	4.4%
GDP:	\$15bn (PPP: \$45bn)
Inflation:	7.3%
Population:	9.7m
GDP per head:	\$1,510 (PPP: \$4,630)

A disciple of Hugo Chávez, President Evo Morales lacks the Venezuelan leader's oil wealth, and must also deal with a bigger and better-organised opposition. Even so, he remains popular, and may seek a fresh mandate by bringing forward elections. Worker remittances will help to sustain GDP growth.

To watch: Divide and rule. Demands for regional autonomy were to have been resolved in the national assembly, but will probably go to referendum. Opinion is polarised, and violence is possible.

BRAZIL



GDP growth:	4.5%
GDP:	\$1.27trn (PPP: \$1.97trn)
Inflation:	4.1%
Population:	191.9m
GDP per head:	\$6,600 (PPP: \$10,290)

Politics will be dominated by campaigning for the mid-term elections in late 2008, bringing tensions in the ruling coalition to the surface. The

As the successor to her husband, Argentine President Néstor Kirchner, **Cristina Fernández** will make easy copy for foreign editors because of two eye-catching similarities. First, there is Eva Peron, spiritual leader of the nation glorified on stage and screen as "Evita". Perhaps unsurprisingly, Ms Fernández prefers the similarity with another president's wife, America's Hillary Clinton, a lawyer and senator who is competing for the top job. Beyond the headlines, Ms Fernández could end up outshining both, at least in terms of her contribution to her nation's fortunes. If she can continue the economic revival begun by her husband and place it on a more sustainable footing, she could lay the foundation for a period of remarkable growth.



2008 IN PERSON

Bottom bric



anti-corruption credentials of the ruling party have been shattered during its two terms in power, and the trials of leading figures will embolden critics. The market for Brazil's exports remains strong, but uninspiring economic growth will weaken Brazil's bid for superstar status.

CHILE



GDP growth:	5.1%
GDP:	\$178bn (PPP: \$241bn)
Inflation:	3.8%
Population:	16.8m
GDP per head:	\$10,590 (PPP: \$14,339)

The political consensus behind the liberal economic model is intact, but Chilean society is becoming more liable to protest, and the president, Michelle Bachelet, will face rising unrest. The post-Pinochet glue binding the centre-left coalition that has run things since the strongman's departure is weakening. Conservative management will insulate the economy from political instability.

COLOMBIA



GDP growth:	5.8%
GDP:	\$169bn (PPP: \$462bn)
Inflation:	4.5%
Population:	47.6m
GDP per head:	\$3,550 (PPP: \$9,690)

Álvaro Uribe will continue his second presidential term backed by a congressional majority and solid approval ratings. But longstanding

allegations of collusion between the state and illegal paramilitary forces will come to the fore as the Supreme Court presses its investigations. Despite some discomfort, Mr Uribe's position is secure. Economic growth will remain healthy at around 5.8%.

CUBA



GDP growth:	5.4%
GDP:	\$49bn (PPP: \$134bn)
Inflation:	4.3%
Population:	11.2m
GDP per head:	\$4,350 (PPP: \$11,970)

The country is changing, but at an evolutionary rather than a revolutionary pace. The coming year will see Fidel Castro (81) move upstairs—either to take on the role of elder statesman or to meet his maker. His brother, Raúl (76), will consolidate his power as acting president, but at the head of a government team rather than as undisputed leader. More open political debate will be tolerated.

To watch: Relations with the United States will rise a degree or two above absolute zero as reforms progress in Cuba and hardline Republicans lose influence in Washington.

ECUADOR



GDP growth:	1.7%
GDP:	\$45bn (PPP: \$65bn)
Inflation:	3.5%
Population:	13.8m
GDP per head:	\$3,260 (PPP: \$4,710)

President Rafael Correa, another Chávez protégé, has completed step one of the Bolivarian revolutionary blueprint, winning control of an assembly that could give him sweeping authority via a rewritten charter. Notably less strident than Mr Chávez, Mr Correa has nevertheless hinted that he will intervene heavily in the economy, with the big oil companies among the early victims.

To watch: Debt doubts. Oil exports and worker remittances will give Ecuador the means to pay its debts, but the government's willingness to do so is another matter.

PARAGUAY



GDP growth:	4.0%
GDP:	\$13bn (PPP: \$29bn)
Inflation:	8.8%
Population:	6.2m
GDP per head:	\$2,100 (PPP: \$4,620)

The April presidential election will probably pit a former bishop, Fernando Lugo, against a former general, Lino Oviedo, with the ex-cleric best positioned to win. Mr Lugo admires Venezuela's Hugo Chávez but will emphasise social policy within a sound macroeconomic framework.

PERU

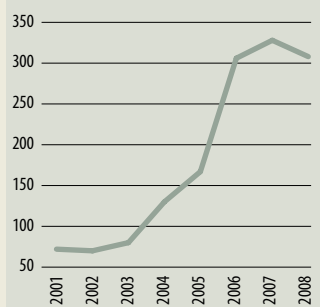


GDP growth:	5.4%
GDP:	\$111bn (PPP: \$227bn)
Inflation:	2.3%
Population:	29.2m
GDP per head:	\$3,820 (PPP: \$7,770)

Strong global growth and high prices for Peru's commodities have allowed President Alan García to pursue modestly populist policies. But a weak position in the legislature, resurgent union activism, corruption scandals and rebellious provincial administrations will weaken his authority. Rising wages and strong investment will sustain the economy.

Copper dad

Refined copper (US cents/lb)



To watch: Swansong. Lima will host one of George Bush's last foreign visits when he attends the Asia-Pacific Economic Co-operation forum in November.

URUGUAY



GDP growth:	4.0%
GDP:	\$24bn (PPP: \$43bn)
Inflation:	7.2%
Population:	3.3m
GDP per head:	\$7,300 (PPP: \$12,780)

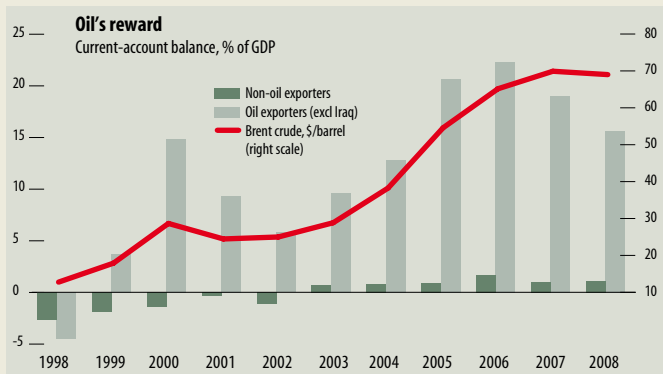
A stalwart of Latin America's "responsible" left, President Tabaré Vázquez will manage the economy prudently, though any delay in social spending will raise tensions within his Frente Amplio coalition. Another year of economic growth will favour the economy minister, Daniel Astori, in his bid to succeed Mr Vázquez from 2009.

VENEZUELA



GDP growth:	4.0%
GDP:	\$268bn (PPP: \$239bn)
Inflation:	19.6%
Population:	27.8m
GDP per head:	\$9,650 (PPP: \$8,620)

President for life? Hugo Chávez, well into his third term, will seek to eliminate presidential term limits through a referendum. The president faces no serious political challenge from a divided opposition, but the economy will be less robust as oil revenue contracts and inflation soars towards 20%. Weaker economic performance may spell trouble, though not in 2008.



MIDDLE EAST AND AFRICA

Main event: Iran's nuclear ambitions and the world's response

Middle East & North Africa growth: 5.6%

Sub-Saharan Africa growth: 6.3%

ALGERIA	
GDP growth:	5.3%
GDP:	\$132bn (PPP: \$287bn)
Inflation:	4.0%
Population:	34.4m
GDP per head:	\$3,850 (PPP: \$8,340)

Stability, political and economic, will be the order of the year. The president, Abdelaziz Bouteflika, will win public approval for a constitutional amendment allowing him to seek a third term in 2009, and will consolidate civilian control. The economy will continue to benefit from strong hydrocarbons prices and big-ticket investments in infrastructure and manufacturing, and more market-friendly reforms will trickle through.

To watch: Jihadi franchise. Algeria's main Islamist radical group has officially joined the al-Qaeda network, and may strike big foreign-linked targets.

ANGOLA	
GDP growth:	21.1%
GDP:	\$66bn (PPP: \$88bn)
Inflation:	13.4%
Population:	17.3m
GDP per head:	\$3,820 (PPP: \$5,120)

Assuming voter registration can be completed, the country will hold its first legislative election for 16 years, with a presidential contest to follow in 2009 (to coincide with the 30th anniversary in power of the president, José Eduardo dos Santos). The elections will confirm the grip on power of both the ruling party, Movimento Popular de Libertação de Angola, and Mr dos Santos, against an opposition still struggling to complete the transition from rebel army to political movement. Improved economic management and rising oil production—Angola still enjoys an OPEC quota waiver—will push economic growth to 21.1%, the highest of any country in 2008.

CAMEROON	
GDP growth:	4.3%
GDP:	\$21bn (PPP: \$56bn)
Inflation:	2.5%
Population:	19.0m
GDP per head:	\$1,100 (PPP: \$3,000)

President Paul Biya is popular, healthy (though 74) and backed by a parliamentary majority, so political stability will not be an issue. But there is growing public disenchantment with the government, exceeded only by disgust about the bickering opposition. The government will use the country's natural resources to attract foreign firms, diversifying investment away from France. Foreign-debt relief has raised expectations of better public services.

EGYPT	
GDP growth:	7.3%
GDP:	\$145bn (PPP: \$440bn)
Inflation:	5.7%
Population:	77.5m
GDP per head:	\$1,870 (PPP: \$5,680)

The five-term president, Hosni Mubarak, will push ahead with economic reforms, which have included sharp cuts in income taxes and customs duties, to improve growth rates and raise living standards. This is a political strategy, designed to cut the popularity of Islamists such as the outlawed Muslim Brotherhood. In the meantime, police repression and strict curbs on civil liberties will remain the weapons of choice against the Islamists.

ETHIOPIA	
GDP growth:	8.0%
GDP:	\$20bn (PPP: \$84bn)
Inflation:	12.0%
Population:	85.1m
GDP per head:	\$229 (PPP: \$990)

Not 2008 at all, but 2000 according to the Ethiopian calendar. This millennium year offers the chance of greater political

co-operation. The release is expected of 40 opposition figures accused of conspiring to overthrow the state, and for whom the chief prosecutor had requested the death sentence. The amnesty will clear the air and should allow more effective lawmaking. Bumper harvests and the government's agriculture-led industrialisation strategy are driving the economy.

To watch: Borderline case. The territorial stand-off with neighbouring Eritrea will fester, but a return to war is unlikely.

IRAN	
GDP growth:	4.0%
GDP:	\$279bn (PPP: \$844bn)
Inflation:	15.5%
Population:	71.3m
GDP per head:	\$3,900 (PPP: \$11,800)

The firebrand president, Mahmoud Ahmadinejad, may find his position increasingly threatened as the reformers he once subdued engineer a comeback. Parliamentary elections in March will provide the test, and a strong showing for reformers would undermine the president's authority and provide the platform for an assault on his job in the 2009 presidential election. This would probably come in alliance between reformers and conservatives of a more pragmatic bent than the hardline leader, under their powerful figurehead Akbar Hashemi Rafsanjani.

To watch: Toxic talk. Far from bringing a moderation in nuclear policy, a stronger reformist camp is likely to intensify the chest-thumping as it competes with hardliners for popular support on this issue of national pride.

IRAQ	
GDP growth:	3.0%
GDP:	\$63bn (PPP: \$91bn)
Inflation:	39.0%
Population:	29.4m
GDP per head:	\$2,150 (PPP: \$3,100)

The drawdown of American troops will remove one of the last constraints on Iraq's religious and tribal factions, freeing them to intensify their turf



wars. This will distract from the political process at the centre, making life even more difficult for Nuri al-Maliki's government. The only thing in its favour is the lack of an obvious replacement.

This may be the year Iraq tips towards de facto break-up, with relative stability in some fiefs contrasting with the continuing battlegrounds in and around Baghdad.

To watch: Invasion. Turkey's government has so far restrained army commanders who want to sweep up Kurdish rebels attacking from over the border in Iraqi Kurdistan, but pressure for military action will rise if attacks continue.

ISRAEL	
GDP growth:	4.5%
GDP:	\$172bn (PPP: \$226bn)
Inflation:	2.3%
Population:	7.3m
GDP per head:	\$23,520 (PPP: \$31,000)

Fear of facing voters in a fresh election is the main force holding the five-party coalition government together. The prime minister, Ehud Olmert of the Kadima party, has been wounded by his perceived mishandling of the Lebanon war in 2006 and by subsequent corruption allegations. But Labour and its new leader, political veteran Ehud Barak, are gaining in the opinion polls. If the rebound continues, Labour may feel it can give the opposition Likud party a run for its money, and try to bring early elections.

Strong export growth and business investment will keep the economy growing nicely, with low inflation and a current-account surplus.

To watch: Missing peace. Political uncertainty, combined with disarray in Palestinian politics, means the peace process with the Palestinians will remain bogged down.

JORDAN	
GDP growth:	5.6%
GDP:	\$18bn (PPP: \$38bn)
Inflation:	5.3%
Population:	6.2m
GDP per head:	\$2,900 (PPP: \$6,310)

The ruler, King Abdullah II, retains a firm grip on power, and needs it to balance conflicting forces: his strategic alliance with the United States is resented by many subjects; war and conflict among neighbours threaten to suck Jordan in; parliament stifles economic reforms; and the country remains as reliant as ever on foreign grants.

Even so, strong investment in tourism and property (much of it from oil-rich neighbours) will keep the economy growing smartly.

KENYA	
GDP growth:	5.6%
GDP:	\$25bn (PPP: \$63bn)
Inflation:	7.4%
Population:	38.5m
GDP per head:	\$640 (PPP: \$1,640)

It looks like a new year and a new term for the president, Mwai Kibaki, who led the pack ahead of the end-2007 presidential election. Pre-election spending will inflate the budget deficit, leaving the government reliant on privatisation proceeds and domestic borrowing to make ends meet. The IMF is back on board after suspending funding in 2006 over governance issues, and adherence to IMF-style economic policies should keep GDP growth above 5%.

LEBANON	
GDP growth:	1.5%
GDP:	\$23bn (PPP: \$33bn)
Inflation:	3.5%
Population:	4.2m
GDP per head:	\$5,620 (PPP: \$7,890)

War economy



A chessboard for neighbouring powers, Lebanon's domestic politics are as fraught as the region's, and the spectre of civil war will hover overhead. The tussle over plans for an international tribunal to investigate the murder of a former prime minister, Rafiq al-Hariri, will be the centre of tension. Economic reforms will be a neglected sideshow, and the economy will limp along with the help of rising foreign borrowing and a wide budget gap.

MOROCCO	
GDP growth:	5.1%
GDP:	\$71bn (PPP: \$185bn)
Inflation:	2.5%
Population:	31.8m
GDP per head:	\$2,250 (PPP: \$5,820)

The shift towards the conservative Istiqlal party in the late-2007 parliamentary elections strengthens the hand of the monarch, King Mohammed VI, and checks the advance of the Party for Justice and Development, moderately Islamist and sharply critical of the government. A high abstention rate, though, was the real

news, with only 37% of voters turning up. The government is aiming to boost employment and living standards, but will struggle to make progress. After drought damaged the economy badly in 2007, a rally is on the cards.

To watch: Saharan samba. Morocco will host leaders from 34 countries in the second Arab-South American summit as both sides seek to diversify trade links.

NIGERIA	
GDP growth:	7.8%
GDP:	\$152bn (PPP: \$212bn)
Inflation:	7.6%
Population:	149.5m
GDP per head:	\$1,020 (PPP: \$1,420)

Nigeria is Africa's most populous semi-democracy, but voters have little say on the appointment of national leaders. President Umaru Yar'Adua exemplifies the system, having come to power in a prodigiously rigged election in April 2007. The new president's first full year in office will reveal whether he is to be the instrument of reform that his background and platform promise. Even a modest push for electoral transparency, official accountability and economic even-handedness would help the country to realise its considerable potential. High oil prices will underpin continued GDP growth, but the rest of the economy—dominated by agriculture—is backward.

SAUDI ARABIA	
GDP growth:	5.6%
GDP:	\$401bn (PPP: \$397bn)
Inflation:	3.2%
Population:	24.9m
GDP per head:	\$16,100 (PPP: \$15,950)

Political reform will lag behind even the modest aspirations of the king, Abdullah bin Abdel-Aziz al-Saud, as he balances the ambitions of his extended family and tries to keep the loyalty of the influential clerical establishment. Islamist radicals will be an immediate threat, and manoeuvring by Iran to become the regional heavyweight will demand attention in the longer term (though the response will fall short of support for military action against Iran). High oil prices will boost government revenue and attract energy investment.

SOUTH AFRICA	
GDP growth:	5.1%
GDP:	\$261bn (PPP: \$695bn)
Inflation:	5.7%
Population:	47.8m
GDP per head:	\$5,460 (PPP: \$14,530)

The political focus will be on the battle to succeed the president, Thabo Mbeki, in 2009. The ruling African National Congress, with the support of two-thirds of the electorate, is in the driving

Marwan Barghouti, an imprisoned leader of the Palestinian Fatah faction, may just be the man to bring about a reunification between the Palestinians' warring factions. In a cautionary tale in these days of asymmetric warfare, Mr Barghouti's popularity was boosted when an Israeli court sentenced him to five life terms in 2004 over his role in the second Intifada. This was the latest in a career of incarcerations, but the one that really made his name among Palestinians looking for a figurehead. If he seemed a thorn in the side to the Israelis then, they may be coming to a different view now as Palestinian in-fighting dims peace prospects. Mr Barghouti may be no Mandela, but his acceptance of a two-state solution and appeals for Palestinian ceasefires to be honoured mark him out as a moderate in comparison with Hamas.



seat, and the appointment of a party chairman at the close of 2007 will set the scene for the internal contest. Mr Mbeki is likely to step down from the party leadership and endorse a similarly pro-market and centrist successor, probably the deputy president, Phumzile Mlambo-Ngcuka. Rivals on the party's left will rally behind a former deputy president, Jacob Zuma, though lingering corruption allegations may force an early change of horses. Economic policy will remain pragmatic and fiscally conservative. The construction and investment boom shows no signs of slowing.

TANZANIA	
GDP growth:	7.2%
GDP:	\$14bn (PPP: \$57bn)
Inflation:	4.9%
Population:	40.4m
GDP per head:	\$353 (PPP: \$1,420)

The president, Jakaya Kikwete, has proved less efficient in office than during his successful election campaign, and Tanzanians will increasingly clamour for delivery of his ambitious platform. Political divisions on the semi-autonomous islands of Zanzibar will fester, despite early promises from Mr Kikwete to resolve the problem. The administration's performance will remain steady rather than stellar, but there is little danger it will not complete its term. The farm-based economy will surge, if the weather is good.

UGANDA	
GDP growth:	6.4%
GDP:	\$13bn (PPP: \$54bn)
Inflation:	5.5%
Population:	32.0m
GDP per head:	\$415 (PPP: \$1,680)

President Yoweri Museveni's government will be kept busy by a host of troubles, any one of which would flummox the most capable administration. Ending the 20-year insurgency of the Lord's Resistance Army, which has impoverished the north, is a particular challenge, but would yield a handsome political dividend. The top prize, a tilt at a fourth term in 2011, would require

progress on another front, the growing fissures between Mr Museveni and his National Resistance Movement party. Meanwhile, energy shortfalls will continue to hold back the economy; growth of 6.4% sounds fast, but is below potential.

To watch: Terror trial. Tensions will persist over the trial of individuals accused of belonging to the People's Redemption Army (which the opposition says is a figment of the government's imagination).

ZIMBABWE	
GDP growth:	-2.0%
GDP:	\$2bn (PPP: \$22bn)
Inflation:	4,200%
Population:	13.2m
GDP per head:	\$133 (PPP: \$1,640)

Up and away



For most of its citizens, Zimbabwe has ceased to function as a state. The government issues policies and statistics, but they mean nothing and no one pays much attention. A third of the population has already left the country, and more than half of the remainder will spend 2008 relying on food aid to stay alive. President Robert Mugabe, a spry 83, will award himself a new term in the March 2008 election and continue suppressing competition from outside and within his Zanu-PF party.

The economy can be summed up in one very big number and one very small one: 4,000%-plus inflation, -2% growth.