

The world in brief

Catch up quickly on the global stories that matter



Photograph: Getty Images

Donald Trump threatened to launch strikes against **Iran** should it rebuild its nuclear programme. The American president's warning came after a [meeting](#) with Binyamin Netanyahu, Israel's leader. Mr Trump also said there would be "hell to pay" if Hamas did not disarm in Gaza. He said he wanted to move to the second phase of the [peace plan](#) in the territory, which has stalled in recent weeks.

China fired rockets into the sea near **Taiwan** on a second day of military exercises. Lai Ching-te, Taiwan's president, said the drills were "inconsistent with the conduct expected of a responsible major power". [China is](#) testing its ability to blockade the self-governing island. Mr Trump downplayed the exercises, saying they have been happening regularly "for 20 years".

Saudi Arabia launched strikes on Mukalla, a port city on Yemen's eastern coast. It said the attacks targeted weapons and other machinery being sent by the **United Arab Emirates** to a separatist group in southern Yemen. The strike follows another Saudi attack on separatist forces on Saturday, and reflects the [intensifying](#) rivalry between the ^{UAE} and Saudi Arabia, which supports Yemen's government.

Japanese stocks surged to a record year-end close, driven by the technology sector and big bets on [artificial intelligence](#). The country's Topix index closed the year's final session at 3,408.97, surpassing a peak reached during Japan's asset-price bubble, which burst more than three decades ago. The Topix rose by 22% in 2025, marking its third consecutive annual gain.

Meta announced the purchase of **Manus**, an artificial-intelligence startup, for an undisclosed fee. The tech giant said it would “operate and sell” Manus's service, which is a general-purpose AI agent that performs several tasks, including “coding and data analysis”. The acquisition is part of [Meta's big splurge](#) on AI. Mark Zuckerberg, the firm's boss, wants to be the first to develop “personal superintelligence”.

Annual inflation in **Spain** cooled slightly in December but remained higher than the euro-zone average and well above the European Central Bank's 2% target. Consumer prices increased by 3% from a year earlier, down from 3.2% in November, preliminary figures showed. The data reinforces the case for the ECB to keep interest rates steady in February.

The **Channel Tunnel**, a high-speed line rail which connects Britain to mainland Europe, suffered a power failure that left thousands of passengers stranded. A spokesperson for Eurostar, the company which runs trains between London and European cities including Amsterdam and Paris, said services to and from the British capital had resumed but were facing severe disruption.

Figure of the day: \$700bn, the value, in tradeable stocks, bonds and cash, of Berkshire Hathaway. [Read the full story.](#)



Photograph: Reuters

American isolationism is a golden opportunity for China

Until January 2nd we are looking ahead to next year's big stories. Today, what will shape Asia?

China's core offer in 2026 to countries being bullied by President Donald Trump is this: "You know where you are with us." That promise of predictability cuts both ways. China's neighbours and those reliant on its trade know it as an unsentimental giant, bent on returning to the pinnacle of global power and increasingly willing to use its dominance in rare-earth minerals to coerce and intimidate rivals. But it also offers the developing world a familiar mix of economic investments, loans, trade, infrastructure-building and vocational training, all on Chinese terms.

China is not proposing to fill every vacuum, or to supplant America as a global policeman. Instead it argues that its steely focus on economic development makes it a reliable—if occasionally alarming—partner in these troubled times. In green tech, for instance, Mr Trump is cutting subsidies for clean technologies while China sells solar panels, wind turbines and advanced batteries. China hopes this will set it apart from the mercurial, chaotic Mr Trump.



Photograph: Getty Images

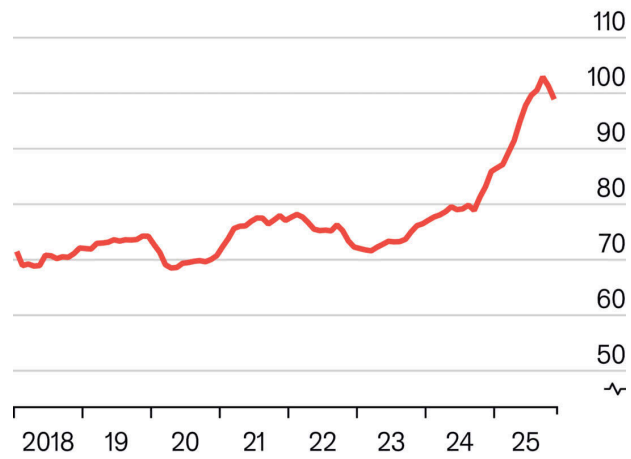
The Chinese economy will slow, but not stumble

Three questions loom over China's economy in 2026. Will retail sales suffer from a period of "payback", as consumers refrain from replacing cars, phones and appliances upgraded in 2025 with the help of government subsidies? Will the trade war with America throw the economy off course? And will the ailing property market recover? The answers to these three questions are yes, no and maybe.

Consumption will probably suffer. The government trade-in scheme prompted many Chinese to make purchases in 2025 that would otherwise have taken place in 2026. The trade war will not derail growth, however. China has found new markets for its goods to replace sales to America. And if exports did falter, the government could cushion the blow through additional fiscal stimulus. As for the property market, a decisive government rescue looks unlikely. Any recovery will instead depend on the slow grind of market forces. The result is that China's economy will slow but not stumble in 2026.

Appliance compliance

China, household electronic sales, yuan bn
12-month moving average



Source: Haver Analytics



Photograph: Getty Images

India's census will be consequential—and controversial

How do you count to 1.45bn? Start with 3.5m. That is the number of people who will knock on doors, compile spreadsheets and crunch data to conduct a new census in India, beginning in 2026. It is the most important census since India's independence and will reshape how power is distributed for decades.

Fresh figures should enable governments to vastly improve the design of their policies. The census will also ask people about caste for the first time since independence. This could rewrite the rules of Indian politics, which is still dominated by caste coalitions, because those whose numbers have grown will be able to demand a greater share of the pie.

Potentially the most significant effect of the census is that the government seems set to redistribute seats after it. That would enable India's cities, which wield almost no political power, to demand more attention and funding. It would also tilt the balance of power to the more populous northern states, which has caused significant controversy.



Photograph: Reuters

Will Bangladesh's revolution bear fruit?

When Muhammad Yunus took charge of Bangladesh's caretaker government in late 2024, he promised a national rebirth. For 15 years Sheikh Hasina had run the country of 170m with increasing despotism. Her downfall after student protests was celebrated as a triumph for democracy. Yet Bangladesh spent much of 2025 in political limbo, preoccupied with pursuing accountability for Sheikh Hasina. Her party, the Awami League, has been banned from political activity, and she has been sentenced to death for crimes against humanity (in a ruling made in absentia as she remains in India). Activists have criticised both moves, saying they recall a vengeful style of politics that has long plagued the country.

The good news is that in early 2026 Bangladesh is expected to hold an election alongside a referendum on democratic reforms. Bangladeshis hope the exercise will herald a period of stability. But even if it does, the new government will still face big challenges. It will need to revive the economy and make difficult decisions on foreign policy.



Illustration: The Economist

Daily quiz

We will serve you a new question each weekday. On Friday your challenge is to give us all five answers and tell us the theme. Email your responses (and your home city and country) by 1700 GMT on Friday to [\[email protected\]](#). We'll pick three winners at random and crown them on Saturday.

Tuesday: What pen-name was assumed by Charles Lutwidge Dodgson, author of a children's classic?

Monday: Which French King was the longest-reigning monarch in history?

*It's a good thing to be laughed at.
It's better than to be ignored.*

Harold Macmillan