

The world in brief

Catch up quickly on the global stories that matter



Photograph: Getty Images

The **United Arab Emirates** said it would pull its troops out of **Yemen** after **Saudi Arabia** backed an ultimatum by Yemen's government for their withdrawal. The retreat follows Saudi strikes on Mukalla, a city on Yemen's eastern coast, targeting Emirati weapons shipments destined for the Southern Transitional Council, a separatist group. Earlier this month the UAE-backed STC [captured territory](#) held by Saudi-backed factions, deepening the rift between the Emiratis and the Saudis.

Warner Bros Discovery plans to reject its rival **Paramount's** bid of \$108bn to purchase the Hollywood studio. According to reports, Warner's board still considers the [\\$83bn offer from Netflix](#) to be superior. Paramount had swooped in with its bid just days after Warner and Netflix had announced their deal. No final decision has been made yet, but Warner's board is expected to meet next week.

Factory activity in **China** increased unexpectedly in December, ending eight consecutive months of contraction. The [country's](#) official manufacturing purchasing managers' index climbed to 50.1, up from 49.2 in November (any value above 50 indicates an expansion). The figures will be a welcome boost for policymakers

following disappointing consumer and investment data released earlier this month.

Protests over **Iran's ailing economy** continued for a third day, reportedly spreading to university campuses. The demonstrations began on Sunday after shopkeepers in Tehran, the capital, went on strike in response to soaring inflation and the collapse of the rial, which has fallen to record lows against the us dollar. Masoud Pezeshkian, the president, said his government would listen to protesters' "legitimate demands".

Burkina Faso and Mali banned **Americans** from entering their countries. In separate statements, the west African countries said their decision was made in retaliation for a similar move by America. Earlier this month Donald Trump expanded [travel restrictions](#) on visitors to 20 more countries, including Burkina Faso and Mali. His administration said the presence of armed groups in the countries was one reason for the travel ban.

Italy's parliament approved a **budget** for 2026 in a boost for the prime minister, [Giorgia Meloni](#). The budget aims to reduce the fiscal deficit from 3% of GDP in 2025 to 2.8% in 2026. It also includes a moderate tax cut for those earning between €28,000 (\$33,000) and €50,000. The package had been subject to significant wrangling within Ms Meloni's right-wing coalition.

Thieves in Germany stole cash and jewellery worth €30m (\$35m) from a savings bank in the city of Gelsenkirchen. Several men working together reportedly drilled through a concrete wall into the bank's vault to make off with the loot. Police said the crime was "very professionally executed", likening it to the heist in the film Ocean's Eleven.

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

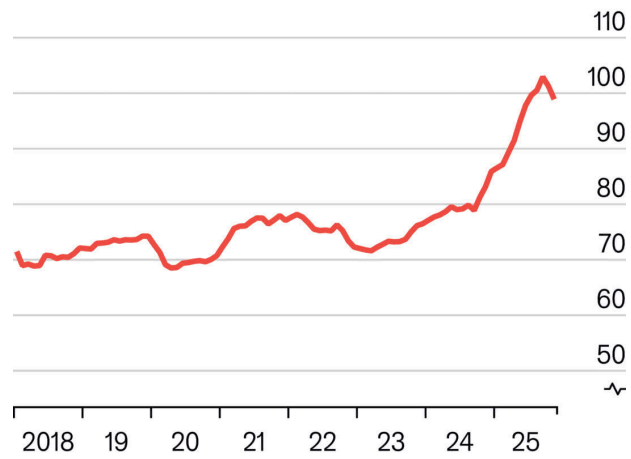
The Chinese economy will slow, but not stumble

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