

## **PROSPECTS FOR 2008**

The year 2008 will usher in a period that will severely test the extent to which the forces of regionalisation and globalisation can prevent negative political and economic downturns in some parts of the world from spreading throughout the international system. Political upheaval in Pakistan, Afghanistan and Iraq will continue to be a source of instability across central Asia and the Middle East and require the full attention of the international community if it is to be contained. While it remains to be seen if the economic downturn in the United States as a result of the sub-prime crisis will spread to other financial markets it is certain that the 2008 international political economy has never been on such uncertain footing in recent times.

The direction of geopolitical trends will again largely be determined by actions taken by the world's current only superpower, the United States. 2008 will be President George W. Bush's final year in the White House. As the 2008 American Presidential campaign gains momentum in the weeks and months to come President Bush runs the severe risk of becoming more of a lame duck. With the shown down against Iran likely to diminish in the aftermath of the recent intelligence report confirming a slowdown in Teheran's nuclear programme, President Bush will be able to dedicate more of his energy to restoring stability in Iraq and moving the Israeli-Palestinian peace process forward.

The Annapolis Middle East summit set the stage for a make or break political scenario in 2008 with Israel and the Palestinian Authority having to seek a compromise on differences between them if a permanent settlement to their conflict is to be found. The Quartet which comprises the USA, the European Union, the United Nations and Russia together with regional neighbours such as Syria, Lebanon, Jordan, Egypt and Saudi Arabia, plus the League of Arab States will have to play a positive influential role if such a breakthrough is to be achieved.

The Republican and Democratic presidential nominees and eventual victor of the Race to the White House on the first Tuesday of November 2008 will be keeping a watchful eye on developments in the Middle East as this will have a major bearing on the next President's foreign policy agenda. The same goes for developments concerning the future of Kosovo. The former Yugoslav province is set to declare unilateral independence or something along such lines from Serbia early in 2008. While the United States is supportive of such an outcome and Russia remains opposed, the incoming EU Presidency of Slovenia will have the extremely difficult task of managing divergent EU member state positions on this complex issue.

Following the successful outcome of the negotiations of the Reform Treaty in late 2007, the incoming Slovenian EU presidency and the French EU presidency in the latter part of 2008 will also focus their attention on advancing a formal debate on how to reform the EU budget which now runs over 100 billion euros a year. A key factor in this initiative will be the willingness of the ever energetic

**French President Nicholas Sarkozy to discuss reform of the common agricultural policy (CAP) which consumes the lion's share of the EU budget.**

**President Sarkozy will also continue to be a leading actor in the Mediterranean with his Mediterranean Union initiative scheduled to be officially launched in June 2008 at the Palais de Faro in Marseilles. The main objective of the Mediterranean Union will be to develop more intensive relations between the riparian states of the Mediterranean in four principal areas: economics, energy, security and culture. The Heads of State attending the summit will define a work plan with implementation taking place through a series of projects.**

**The Mediterranean Union will not replace the Euro-Mediterranean Partnership that was launched in November 1995 but will complement it by boosting regional and international attention in key infrastructural projects that will facilitate interaction of Mediterranean riparian states. In addition to securing the economic support of the EU, the Gulf, and private sources of capital, Sarkozy will also have to successfully articulate the political *raison d'être* of the Mediterranean Union to riparian states if this is to be a sustainable regional initiative.**

**In addition to the presidential race in the United States, other political indicators to watch in 2008 that will have a major impact on the future direction of international relations will be political transitions in Russia, South Africa and Pakistan.**

**2008 will also see the further rise of China as a major power in international relations. With 1.4 billion people and a continuous double-digit economic growth rate and large fiscal and external account surpluses China leads the pack of the big emerging markets of India, Brazil, Russia and South Africa that are all spurring global economic growth. The hosting of the Olympic Games in summer 2008 will further focus international attention on the ever increasing clout of China on the global stage.**

**Professor Stephen C. Calleya, International Relations Analyst, extends his very best wishes for the New Year to all visitors of his website.**