The World Cup and Economics 2006

Contents

The World Cup and Economics

Welcome to our 2006 book on the World Cup and Economics. We hope you enjoy it, use it as a companion as you watch this year's competition and peruse the contents before, during and after. Maybe it will give you some new ideas for benefiting from the exciting world we live in!

The style of the 2006 book is similar to the previous two but with some new twists. We are especially delighted to have contributions from some very famous guests.

Former German Foreign Minister Joschka Fischer welcomes you to Germany and discusses football and globalisation.

British Chancellor Gordon Brown writes about his hopes in 'Let's Bring Back the Cup'.

We are delighted to have England Captain David Beckham tell us his all-time World Dream Team.

Some of our country pages are written by guests. Former Brazilian Central Bank Governor Arminio Fraga, President of the Board of Costa Rica's Stock Exchange Orlando Soto Enríquez, and Dutch star Edwin Van de Sar write about their nations' hopes, and Britain's June Sarpong writes about her family roots in Ghana.

Four years ago, the legendary Sir Alex Ferguson gave us his all-time World Dream Team. This year, Sir Alex gives us his top British team of all time. Imagine how many times they might have won the Cup with those teams!

In addition to our external contributors, my colleagues from all around the world at Goldman Sachs offer their thoughts on what the World Cup means to their countries and the current state of the economies.

We have a new twist on the World Cup Dream Team. On the inside back cover, we show you the team you have selected. In late March, we invited GS employees and clients to vote for their favourite 11 players, from a broad list of 90 players. Amazingly, nearly 2100 of you voted. So you can't criticise us for the players selected!

Finally, on page 53, we offer you our tentative suggestions as to the likely semi-finalists. Eight years ago we named three of the four that made it to the semis in France. This year, we hope at least to emulate our 1998 record!

Please enjoy our 2006 World Cup and Economics Report.

Jim O'Neill
May 3, 2006

Groups & Key Statistics

Team	Odds	FIFA World Ranking	GS Probability	Team	Odds	FIFA World Ranking	GS Probability
Group A				**Group E**			
Germany	7/1	19	5.5%	Italy	8/1	14	5.3%
Costa Rica	350/1	26	0.6%	Ghana	250/1	50	0.4%
Poland	80/1	28	1.6%	USA	80/1	4	2.2%
Ecuador	125/1	39	0.8%	Czech Republic	33/1	2	5.0%
Group B				**Group F**			
England	6/1	10	8.6%	Brazil	11/4	1	12.4%
Paraguay	80/1	33	1.1%	Croatia	50/1	24	1.8%
Trinidad and Tobago	750/1	47	0.2%	Australia	125/1	44	0.6%
Sweden	33/1	16	3.6%	Japan	150/1	17	0.9%
Group C				**Group G**			
Argentina	7/1	8	7.4%	France	12/1	7	8.3%
Ivory Coast	66/1	32	1.2%	Switzerland	100/1	35	1.2%
Serbia and Montenegro	66/1	46	0.6%	South Korea	150/1	30	0.9%
Netherlands	10/1	3	8.0%	Togo	350/1	59	0.3%
Group D				**Group H**			
Mexico	40/1	6	4.2%	Spain	12/1	5	8.3%
Iran	250/1	22	0.5%	Ukraine	50/1	41	1.1%
Angola	500/1	58	0.3%	Tunisia	200/1	21	0.9%
Portugal	20/1	8	5.8%	Saudi Arabia	500/1	34	0.4%

Source: Odds, www.Ladbrokes.com, April 26, 2006; FIFA World Ranking, www.Fifa.com; GS Probability, see page 61.

Football and Globalisation, by Joschka Fischer

Welcome to Germany 2006! The FIFA World Cup will start soon and almost the whole world will watch what is the biggest global sports event. Only the Olympic Games achieve a similar level of worldwide attention and media coverage. Some estimates suggest up to 80% of people around the globe will watch the games, while economic productivity will drop, and a football will become the symbol of our One World.

My memories of the victory of the German team in the World Cup of 1954 are very fragmentary. At that time, there were hardly any television sets in the German countryside. My father, a great soccer fan, was one of only a few Germans who were very unhappy about the defeat of Hungary's "magic team". I can even remember that he had tears in his eyes. You wonder why? It is very easy to explain. For two hundred years, my family had been part of the German minority in Hungary, and they were expelled in 1946 after the Potsdam conference. But in soccer, my father's sympathies were still with Hungary. Since 1958, when Sweden hosted the World Cup, I have never missed a World Cup on TV.

In 1958, it was the moment of another magic team, maybe *the* magic team of all times: the Brazilians, featuring a young Pelé, Didi and Garrincha. Chile in 1962 was special because there was no live TV coverage. I followed the games of the German team on our old-fashioned radio (with the famous green eye). I remember very well the decisive match between Germany and Yugoslavia in Arica. Germany lost the match and was eliminated. The radio commentary sounded a bit like Neil Armstrong on the moon. On shortwave you could hear the voice of the reporter for a time, and then it would fade away to nothing before coming back again. In 1966, I happened to be in London during the World Cup final, but not in Wembley (No, Sir, it wasn't a goal!!!). That night, I was in Trafalgar Square and in Soho – oh man, what a great party! Mexico in 1970 for me marked the beginning of a new era, the first championship on colour TV with wonderful matches! Brazil won again. In 1974, for the first time in history, the World Cup took place in Germany and the German team won its second title (after 1954), maybe with its best team ever, led by Franz Beckenbauer and including the unforgettable Gerd Müller as the top scorer.

Let's forget about history (even if the history of the World Cup is essential for a real soccer fan) because it could easily lead to endless talk and more than a few beers. Since the old days of the World Cup in the 1950s, soccer itself has changed tremendously. Today, soccer is not only big business, but also a really impressive example of successful globalisation between the First World and the Third World.

Until the 1980s, the World Cup was the exclusive domain of European and Latin American teams. Now, it has become a real world championship with teams from all continents, including – and this is very important from an Old Europe point of view – the USA! Over the last four decades, the most astonishing development has taken place in Africa. It started in the 1960s, when very few European soccer managers were willing to go to Africa and help develop African soccer. They started with the basics and it took time, know-how and passion. A new generation of young African soccer players learned not just how to play, but how to play effectively and use modern tactics. In the 1970s and early 1980s, the first African professionals arrived in the major European leagues. They gained experience here, improved their skills and transferred these back home.

A ruling by the European Court of Justice in the late 1990s marked a real breakthrough. It opened up Europe's major soccer leagues to foreign professionals. This ruling has had a very positive impact on European and African soccer. Since then, African players (together with the Latin Americans) have been key to the success of the top European soccer clubs. And this has led to a tremendous development in African soccer. Effective technical and financial aid, and market access to the most important First World soccer market, are the elements of an unprecedented success story. I think we should learn from this example. Effective aid and education to help people develop their own capabilities and give them market access to become competitive and successful in politics and in economics is a lesson that can be learned from the African soccer revolution.

I am sure we will see fascinating matches in this year's World Cup and we will also watch these young African teams, with their wonderful art for playing the ball. As the host, Germany will be honoured to welcome all our guests and friends from around the world. We will see a great tournament and, well, if someone asks about the German soccer team, the answer is simple: We still need to adjust a little bit to the challenge of globalisation …

Joschka Fischer

Former Foreign Minister, Germany

Let's Bring Back the Cup, by Gordon Brown

On June 20, I will be one of the lucky fans in Cologne to watch England play Sweden, as a guest of Germany's finance minister, and I must admit I cannot wait. I have been at three previous World Cups, and I have followed all of them since I was a youngster. But I can't think of any football event more exciting than this summer's tournament in Germany, and then the prospect of the World Cup coming to our shores in 2018.

I can recall watching the classic Brazil team at Spain 1982, with Sócrates, Zico, Falcão and Júnior. I stood on the terraces in Seville and saw David Narey put Scotland one-up. But that night Brazil were literally playing to the beat of the samba bands on the terraces and they went on to win 4-1.

Although the Brazil and Scotland teams were different at the opening game of France 1998, watching from the stands at St-Denis, I saw the same outcome: Brazil marched on and Scotland went home early.

The Legendary 1966 Team

That July afternoon in 1966 I watched the great England victory over Germany on a small television at a friend's home. The stars of that match have become legends in their lifetimes and just before the March Budget, I had the honour of welcoming seven of the stars of that 1966 England team to a Downing Street reception: Jack and Bobby Charlton, Gordon Banks, Alan Ball, Martin Peters, Roger Hunt and George Cohen, all swapping their memories with Franz Beckenbauer and other stars of the Germany team also present. Also at Downing Street was the late Sir Bobby Moore's wife, Lady Stephanie Moore, and the current England boss, Sven Goran Eriksson.

It is amazing to think that 40 years ago, even though it was England's greatest sporting moment, there was no suggestion of an open-top bus parade, a rally in Trafalgar Square, or a reception for the team at Downing Street. It took more than 30 years for players like Alan Ball, Nobby Stiles and George Cohen to receive MBEs.

Back in 1966, there were no press conferences, no big million-pound interview deals with newspapers or TV shows the next day. Instead, the players told me they were paid just 75 pounds between them to spend the afternoon watching a re-run of the game at Elstree studios. And when the gentlemen of the press approached Sir Alf Ramsey at Elstree to ask him for a quote for the Monday papers, Sir Alf just said: "It's Sunday – my day off – you know I never give interviews on my day off."

It will certainly be very different for Sven and the current England team if they can lift the World Cup 40 years on this summer. And as we look forward to the tournament in Germany, we know that never has interest in football been higher, never the quality of the game greater, and never the excitement of a World Cup more intense.

A Bid for World Cup 2018

I believe that intense excitement will grow in this country if England is able to mount a bid for World Cup 2018. To follow the London Olympics in 2012 with the World Cup six years later would be a magnificent achievement for our country. It would emphasise just how much of a sporting nation we are.

And I am determined to play whatever part I can in making it possible. Wherever I go in the world over the next few years, I will be on a mission to persuade other countries that it is time for the World Cup to come here in 2018. We supported Nelson Mandela in taking the World Cup to Africa in 2010, and on my recent visits to Mozambique and other African countries, I asked them to back our bid.

In future years, we will support our friends abroad in taking the tournament to Australasia, and back to Asia and the Americas. But in 2018, it will have been more than 50 years since this country – which gave football to the world – has had the chance to host the world's greatest tournament. So we will ask others to support us in bringing football back home.

Everyone who, like me, remembers the Euro '96 tournament in England will be excited at that idea: our crowds, our stadiums and our hospitality to visiting fans did the tournament proud. Sport brings the country together like nothing else, and football like no other sport.

And it is because of the power and importance of football that we are investing a record amount in grassroots football, with money going to organisations such as the Football Foundation and Supporters' Direct. And with the launch of the new National Sports Foundation in April 2006, backed with nearly £35m of public money over the next two years, we aim to work in partnership with football, the private sector and other sports to improve participation, coaching and facilities for all those who take part in sport, young and old, across the country.

So What of This Summer's World Cup Tournament?

I am looking forward to seeing teams taking part for the first time, such as the Ivory Coast, Angola, Togo, and Trinidad & Tobago; and World Cup veterans such as Mexico and the Czech Republic fielding perhaps their strongest-ever teams.

And in England, France, Germany, Italy, Holland, Portugal and Spain, we may see the strongest-ever contingent of top European teams to take on the giants from South America – Brazil and Argentina.

I cannot wait to see exciting young players like Cesc Fabregas, Lionel Messi, Robinho and (we hope) Wayne Rooney making their World Cup debuts, as well as great stars such as David Beckham, Zinedine Zidane, Luis Figo and Ronaldo perhaps taking their last bow on the World Cup stage. And after their performances for seven different teams in this year's Champions League, it will be thrilling for me to see Beckham, Gerrard, Lampard and hopefully Rooney take on Ljungberg, Larsson and Ibrahimovic on the same pitch in Cologne.

I believe this is England's best chance to win a major tournament since Euro '96. Even to get to the final this summer, England will probably have to get past Germany in the second round, Argentina in the quarters, and Brazil in the semis, but I think Sven has the right balance of quality and strength throughout his squad to take on any team.

After suffering at the hand of Maradona in 1986, and falling to cruel penalty shoot-out defeats in 1990 and 1998, surely England are due a change of luck this time. If they get it, I believe David Beckham can lift the World Cup this summer.

And according to a recent BBC survey, the England team will have 85% of Welsh people behind them in Germany, and three-quarters of people from Northern Ireland, not to mention two-thirds of all Scots!

I know the England team will do the whole of Britain proud.

Gordon Brown

UK Chancellor of the Exchequer

David Beckham's Dream Team

My **goalkeeper** has to be (and I was lucky enough to play with him) **Peter Schmeichel**. He was a commanding goalkeeper, a huge presence on the pitch and for our team he was incredible.

Left back has to be **Roberto Carlos**. I think both attacking and defending wise he is incredible, an immense talent and for me one of the best left backs in the world. **Centre halves**? **Bobby Moore**, Sir Bobby Moore. To have him in my team, and to have actually played with him, would have been an honour. He's the only English captain ever to win the World Cup for our country so, as I said, I'm honoured to be able to pick him in my team. Next to him would have to be **Franz Beckenbauer**, another immense player. Obviously, I never played against him (though I met him several times and he's a truly nice man), but on the pitch he was incredible. **Right back** has to be a good friend of mine, **Gary Neville**, of course. I'm not biased, I just think he is one of the best right backs around. I have full confidence when I'm playing in the same team as him, and having played in the same team for a long time at Manchester United, he has to be my right back!

Right wing? I suppose I have to pick **myself** as it's my team! With all these great players it would be something special to get a chance to play alongside them. **Centre midfielders**? **Lothar Matthäus** could get forward, score goals, defend and break up opponents' attacking play. A truly superb player! Next to him has to be a ball player and the best one that I can think of is **Zinedine Zidane**. Zidane is one of the best players, if not the best player, I've ever played with and, again, it would be an honour to pick him for my team. On the left would have to be **George Best**, one of the Manchester United greats, a special player, special person and an immense talent.

The two **strikers** that I have chosen are **Ronaldo** and **Diego Maradona**. Ronaldo is another player I have been fortunate enough to play with and truly an exceptional forward. Last, but definitely not least, Maradona. Diego Maradona, I think, was one of the best – if not the very best – player, in the world!!

David Beckham

Captain of the England World Cup Team

The History of the World Cup

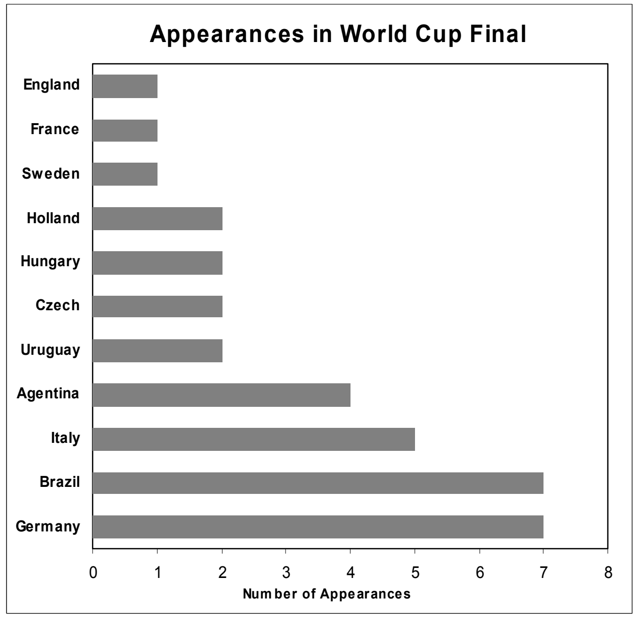
For most males from Africa, Europe and Latin America, football is an obsession. We often think of it as the only true 'global' sport. Of course, that is probably not true given the historical lack of interest in the US, India and parts of Asia – and the fact that participation in athletics is arguably more widespread (especially for some events, such as running). In the last 10-15 years, though, the popularity of football has been on the rise in the US, Japan and other parts of Asia, and in some countries the participation of women is rising faster than that for men. In coming decades, we may be writing a report about the Women's World Cup.

The World Cup has a grand history, which partially mirrors the world's economy and society. It arrived on the scene in the years between the two World Wars and its early winners were Uruguay and Italy. Interrupted by the Second World War, the competition has been staged every four years since.

Except for 1978, every competition since 1938 has involved either Germany or Brazil in the final. Argentina and Italy are the two other names immediately associated with glory in the competition, and of course France and England have enjoyed the loftiest level – once each.

Are Football and Economics Really Linked?

Is there any link between football and economics, or are we just finding excuses to have some fun? We live in a changing world, where the big emerging market economies (BRICs) are becoming larger parts of the world economy. Is this good, bad or irrelevant for football? If it's good, are Manchester United, Chelsea, Real Madrid, Milan, Juventus and Barcelona really good financial investments as well as just an obsession to millions of us? Could these sports brands be the best BRICs investments that exist?



We have updated the table we used four years ago to show GNP per capita (probably the best measure of wealth) and the rankings of each country's success at football. A negative correlation shows that the wealthier nations are generally the better footballing nations. Six of the G7 are in the Top 20 ranked successful football nations by FIFA.

Of the top economies by size, the G7's four European economies rank highest. Until recently, Japan, the US and Canada had not been successful in football, while none of them have ever truly made their mark in football. Interestingly, on the FIFA index, both the US and Japan now rank in the Top 20. Is football's success related to relative economic power? If yes, how come football has not thrived in the US and Japan until now? If no, why has

World Cup Finals

Year	Host Country	Winner	Runner-up	Score
1930	Uruguay	Uruguay	Argentina	4-2
1934	Italy	Italy	Czechoslovakia	2-1 (extra-time)
1938	France	Italy	Hungary	4-2
1950	Brazil	Uruguay	Brazil	2-1
1954	Switzerland	West Germany	Hungary	3-2
1958	Sweden	Brazil	Sweden	5-2
1962	Chile	Brazil	Czechoslovakia	3-1
1966	England	England	West Germany	4-2 (extra-time)
1970	Mexico	Brazil	Italy	4-1
1974	West Germany	West Germany	Holland	2-1
1978	Argentina	Argentina	Holland	3-1 (extra-time)
1982	Spain	Italy	West Germany	3-1
1986	Mexico	Argentina	West Germany	3-2
1990	Italy	West Germany	Argentina	1.0
1994	United States	Brazil	Italy	0-0 (3-2 penalty kicks)
1998	France	France	Brazil	3-0
2002	Japan/Korea	Brazil	Germany	2-0
2006	Germany	?	?	?

Malcolm Glazer bought Manchester United for over £800mn, one of the most highly priced public sports acquisitions ever? So many difficult questions to answer. Simple answers do not exist, unfortunately!

Football and the BRICs

As for the BRICs and soccer, Brazil has, of course, been the greatest ever national football team and in recent years its stock and equity market one of the best investments. What a lucky country! Long of many commodities that China needs, high interest rates and a fantastic football culture.

Within the other BRICs, Russia is a credible football nation (although not participating in this World Cup). Many football chiefs at the top clubs in Europe hope the apparent interest in China will become substantive and long-lasting. Perhaps Europe's top club teams will open 'sister' teams in China if their BRICs dream comes true.

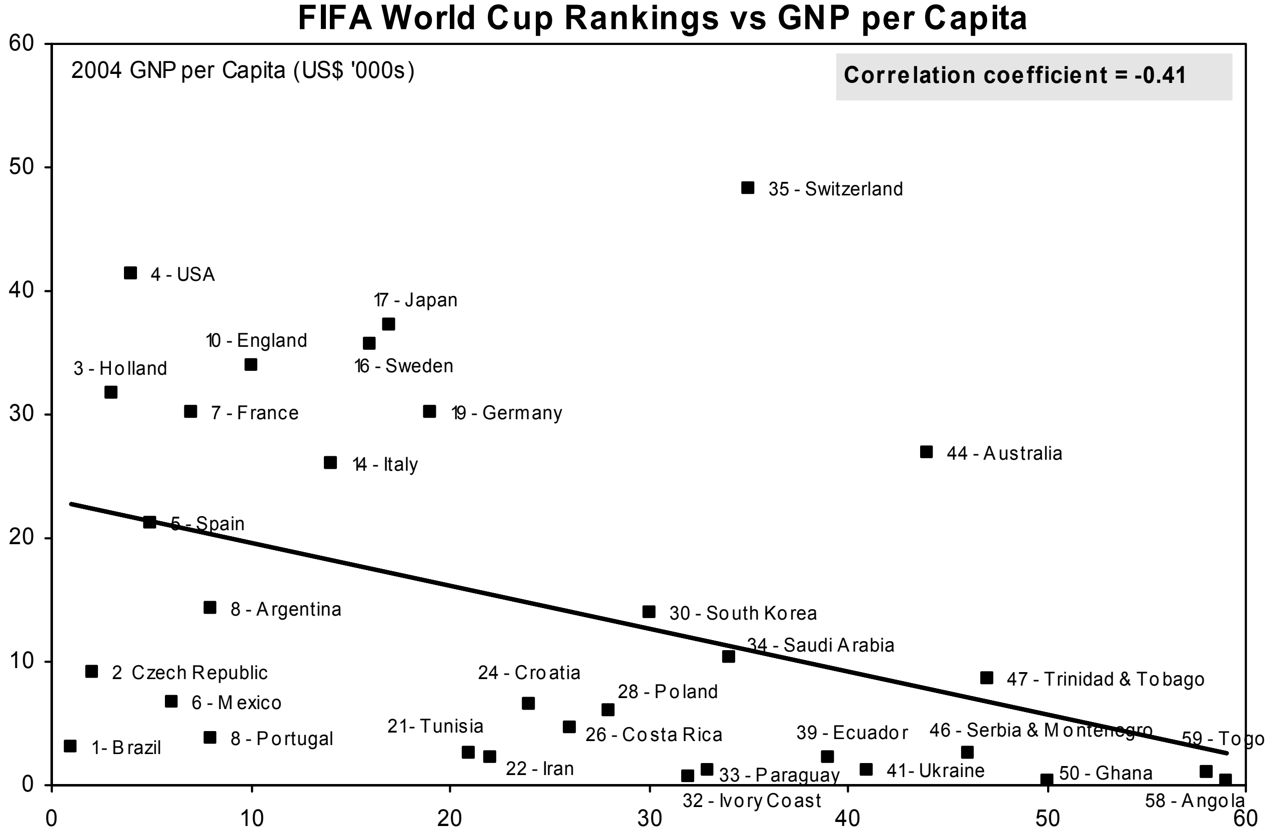
While it is difficult to see a clear correlation between football success and economic success on a global basis, on a regional basis, evidence of a relationship can be found. In Europe, the largest economies appear generally to support the most successful national teams. In addition, the top club teams tend to come from the largest nations – and often the largest, most prosperous cities.

No nation in Europe outside of the Big Four, has ever won the World Cup. This suggests that there may be a common denominator between size and football success. Perhaps it is simply the size of population that matters for football success in Europe. Other economic measures matter less.

Luxembourg, Switzerland and Norway produce decent footballers but there are often not enough of them. In the UK, surely England's larger size is the key factor behind its relative success compared with Ireland, Scotland and Wales? It could be simply that the number of males between the ages of 16 and 35 is the main driver for national football success. This raises fascinating – and potentially contrasting and complicating – issues for the future. Could Italy's and Russia's current high ranking in football be heading for decline as a result of their poor demographic outlook? Conventional forecasts suggest that both nations may be about 20% smaller by 2050. In contrast, could Turkey become Europe's top footballing nation simply because of its population trend?

If population is the key, the World Cup of 2050 could have a very different flavour from that of 2006. Perhaps Turkey will be challenging Germany as the automatic top European football country. US, Russian and other billionaires might be trying to buy Turkish clubs instead of British and Italian ones! Can you imagine what would happen if India were to discover a taste for football, and if the trends emerging in China and the US were sustained? Just as in economics today, Europe collectively wouldn't get a look in!

FIFA World Cup Rankings vs GNP per Capita



Source: World Bank

Europe's football masters must hope that size of population is not the only thing that matters, and that education, productivity and wealth are an influence.

In Latin America, of course, the evidence that size matters is persuasive also. Brazil's dominance coincides with its ranking as the continent's largest population, and Argentina is also relatively large. An interesting business phenomenon that could emerge in the future **if** the recent signs of enhanced economic stability continue is that the club leagues in Latin countries might start to flourish commercially. Perhaps this might stop the exit of top Latin football talent to Europe's premier leagues? Indeed, maybe the reverse could happen. Italy's best players might start to flock to Brazil and elsewhere! Currently, this seems like a ludicrous idea but 15 years ago who would have thought that the world's top strikers would be playing in England's premier league today? Many of them (Crespo, Henry, Van Nistelrooy) now do. Perhaps the financial rewards of a more vibrant British economy, allowing clubs to compete, has helped this process.

It will be fascinating to observe how sports content providers and advertisers will judge these issues, and whether the 2006 World Cup will in any way change attitudes.

This last table shows the performance of the equity markets of those countries competing in 2006, year to date, and since the last finals in July 2002. As can be seen, some of the best markets would include nations that are fancied to win this year's competition, both in terms of the year to date returns, and those since 2002! Argentina and the Ukraine seem to be in a good position. Perhaps a visit to your friendly bookmaker is in order!

Jim O'Neill

Equity Market Performance

Country	YTD 2006	Since July 2002
Argentina	+53	+548
Australia	+11	+72
Brazil	+16	+260
Croatia	+22	+122
Czech	+5	+251
Ecuador	+7	+119
England*	+7	+41
France	+8	+48
Germany	+9	+51
Ghana	+0	+103
Holland	+6	+24
Italy	+5	+51
Japan	+7	+80
Mexico	+12	+223
Poland	+12	+172
Portugal	+18	+62
Saudi Arabia	-+17	+353
South Korea	+4	+94
Spain	+6	+83
Sweden	+11	+112
Switzerland	+5	+56
Trinidad and Tobago	-+14	+107
Tunisia	+15	+61
Ukraine	+28	+699
USA	+5	+44

Sources & Notes: All Data in local currency, except Ecuador; MSCI data for all indices except: Croatia = Crobex index, Ecuador = Ecuador ECU (U$), Tunisia = BVM index, Ukraine = PFTS Index, Trinidad & Tobago and Ghana = S&P/IFC Frontier index (only available monthly, not considered investable), Saudi Arabia = S&P/IFC Emerging market. * For England we have used the UK market.

All-Time World Cup Table

	Team	Played	Won	Drawn	Lost	Goals For	Goals Against	Points
1	Brazil	87	60	14	13	191	82	150
2	Germany[1]	85	50	18	17	176	106	129
3	Italy	70	39	17	14	110	67	103
4	Argentina	60	30	11	19	102	71	77
5	England	50	22	15	13	68	45	63
6	Spain	45	19	12	14	71	53	56
7	France	44	21	7	16	86	61	55
8	Sweden	42	15	11	16	71	65	45
9	Netherlands	32	14	9	9	56	36	43
10	Russia/USSR	37	17	6	14	64	44	42
11	Yugoslavia	37	16	8	13	60	46	42
12	Uruguay	40	15	10	15	65	57	40
13	Mexico	41	10	11	20	43	79	35
14	Poland	28	14	5	9	42	36	34
15	Hungary	32	15	3	14	87	57	33
16	Belgium	36	10	9	17	46	63	32
17	Austria	29	12	4	13	43	47	28
18	Czech Republic[2]	30	11	5	14	44	45	27
19	Romania	21	8	5	8	30	32	26
20	Denmark	13	7	2	4	24	18	20
21	Chile	25	7	6	12	31	40	20
22	Paraguay	19	5	7	7	25	34	19
23	Croatia	10	6	-	4	13	8	18
24	United States	22	6	2	14	25	45	17
25	Bulgaria	26	3	8	15	22	53	17
26	Cameroon	17	4	7	6	15	29	16
27	Switzerland	22	6	3	13	33	51	16
28	Portugal	12	7	-	5	25	16	15
29	Turkey	10	5	1	4	20	17	15
30	Scotland	23	4	7	12	25	41	15
31	South Korea	21	3	6	12	19	49	15
32	Rep. of Ireland	13	2	8	3	10	10	14
33	Nigeria	11	4	1	6	14	16	13
34	Northern Ireland	13	3	5	5	13	23	11
35	Peru	15	4	3	8	19	31	11
36	Colombia	13	3	2	8	14	23	10
37	Norway	8	2	3	3	7	8	9
38	Morocco	13	2	4	7	12	18	9
39	Senegal	5	2	2	1	7	6	8
40	Costa Rica	7	3	1	3	9	12	8
41	Japan	7	2	1	4	6	7	7
42	Saudi Arabia	10	2	1	7	7	25	7
43	East Germany	6	2	2	2	5	5	6
44	South Africa	6	1	3	2	8	11	6
45	Wales	5	1	3	1	4	4	5
46	Algeria	6	2	1	3	6	10	5
47	Tunisia	9	1	3	5	5	11	5
48	Iran	6	1	1	4	4	12	4
49	Ecuador	3	1	-	2	2	4	3
50	North Korea	4	1	1	2	5	9	3
51	Jamaica	3	1	-	2	3	9	3
52	Cuba	3	1	1	1	5	12	3
53	Honduras	3	-	2	1	2	3	2
54	Israel	3	-	2	1	1	3	2
55	Egypt	4	-	2	2	3	6	2
56	Kuwait	3	-	1	2	2	6	1
57	Australia	3	-	1	2	0	5	1
58	Bolivia	6	-	1	5	1	20	1
59	Iraq	3	-	-	3	1	4	0
60	Slovenia	3	-	-	3	2	7	0
61	Canada	3	-	-	3	0	5	0
62	Dutch East Indies	1	-	-	1	0	6	0
63	Utd Arab Emirates	3	-	-	3	2	11	0
64	China	3	-	-	3	0	9	0
65	New Zealand	3	-	-	3	2	12	0
66	Greece	3	-	-	3	0	10	0
67	Haiti	3	-	-	3	2	14	0
68	Zaïre	3	-	-	3	0	14	0
69	El Salvador	6	-	-	6	1	22	0

Source: www.planetworldcup.com. Here is the official all-time ranking compiled by FIFA under the new guidelines. "How can Brazil have 150 points when they have 60 wins and 14 draws?! That is not possible - neither with 2 nor with 3 points for a win!" Some earlier tables were based on 2 points and some on 3 points for a win. The solution now is something in between. At the 1994 World Cup, teams received 3 points for a win for the first time in history. Therefore this table is based on 2 points for wins in games 1930-1990 and 3 points for wins 1994-2002.

1. Includes statistics for Germany and West Germany; 2. Includes statistics for Czech Republic and Czechoslovakia.

Angola

The 2006 World Cup

The World Cup offers Angola a rare chance to generate positive international headlines. The Palancas Negras (Black Impalas) will make their World Cup debut in Germany, having already scored a remarkable upset by beating Nigeria in the African qualifiers. The team is led by striker Akwa, the country's all-time best goal-scorer, and is coached by Luis Oliveira Gonçalves, who is widely credited with bringing the team up to international standards. Angola will face its former colonial power, Portugal, in its first match; it will also play Iran and Mexico in the first round. At the bottom of the tournament rankings and facing 500/1 odds of winning the World Cup, Angola will surely be hoping for a spectacular upset.

Football in Angola

Angola takes football seriously, perhaps because it is felt that sport can help unite this war-torn country. There is even an official government committee to develop a National Plan of Aid for the team's first-ever appearance at the World Cup. Previous Angolan football highlights include the Luanda police team's victory at the 2001 African cup and the African Youth under-20 championship the same year. The hugely popular coach Gonçalves led the under-20s team to its 2001 victory before taking over the national team in 2003. Star players include captain Akwa, goalkeeper João Ricardo and Benfica striker Mantorras.

State of the Economy

Angola is rich in oil, gas and diamonds, and has substantial agricultural, timber and fishing resources. It is the third largest producer of oil in Africa and the world's fourth largest diamond producer. Good economic performance in recent years and high global oil prices have made the country the fourth richest, in terms of US Dollar GDP, in sub-Saharan Africa. But nearly three decades of civil war – which ended only in 2002 – have left the country's infrastructure in tatters and some two-thirds of its population living on less than US$2 per day.

Since 2003, Angola's macroeconomic policy management has improved, while rising oil prices have provided a welcome windfall for government coffers. Real GDP grew by about 11% in 2004 (about 9% outside the oil industry) and is projected to average 18% a year in 2005-2007, according to the IMF. Inflation, which exceeded 400% in 2000, has been reduced to about 30%, and the government is targeting a further reduction to about 10% this year. The fiscal budget has improved significantly on the back of rising oil revenues and reduced oil subsidies. Government spending is very high by international standards (more than 40% of GDP), but the IMF would like to see spending reallocated away from the public payroll and towards improved social services and infrastructure.

Statistics

Odds: 500/1		World Ranking: 58	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
11-Jun	Cologne	Portugal	21:00
16-Jun	Hanover	Mexico	21:00
21-Jun	Leipzig	Iran	16:00

Oil output accounted for about half of GDP in 2004, with the government benefiting from both tax revenues and production-sharing agreements. Oil production increased by one-third between 2001 and 2004 and is expected to reach 2 million bpd in 2007, according to the IMF. Not surprisingly, international oil companies have targeted the country, investing more than US$2 billion over 2003-2004.

Development of the private sector has been stunted by war, nationalization, anti-competitive practices, a rising real exchange rate and a risk-averse banking system. The rising exchange rate is hurting competitiveness in the agricultural and manufacturing sectors particularly hard. Transparency remains a critical issue, especially in the oil and diamond sectors, where state-owned companies are market participants as well as regulators.

State of the Nation

Angola's history since independence from Portugal in 1975 is a story of civil war and poverty. The 1970s and 1980s saw the ruling MPLA, backed by the Soviet Union and Cuba, fight the rebel Unita group, which was supported by the US, South Africa and Zaire. An African-brokered ceasefire and UN-supervised elections in 1992 gave the country only a short respite before Unita resumed fighting. Since the war finally ended with an MPLA victory in 2002, some 4.5 million internally displaced people and refugees have been resettled and the rebel army demobilized. The last elections were held in 1992; new elections are provisionally scheduled for autumn 2006.

Economic and social reconstruction is a daunting task. Severe poverty, ruined infrastructure, an underdeveloped political system and poor transparency are all stiff obstacles to long-term development. Angola's human development indicators are extremely poor, with high infant mortality, low primary school enrollment and a growing (though still low by southern African standards) prevalence of HIV/AIDS. One-third of the adult population is illiterate, close to half the population is under age 15, and life expectancy is just 41 years. Angola ranks 160th on the UNDP's Human Development Index and 158th of 170 countries on our own Growth Environment Score. Success in Germany may boost spirits, but Angola needs to do more to improve life.

Sandra Lawson

Argentina

The 2006 World Cup

Despite an erratic performance of late, the recognized talent of its players makes Argentina one of the favorites to win the World Cup. Individual talent abounds, so it will be up to the coach to find the right line-up and up to the players to work as a team to ensure a good performance. Currently, Argentina lies in eighth place in FIFA's world ranking.

Coached by José Pekerman, Argentina was the first South American team to qualify for Germany 2006. The qualifying campaign was uneven. After leading the South American qualifying tournament for almost its entire two-year duration, Argentina finished second, giving up first place to Brazil at the very end on goal difference. Out of 18 games, the team chalked up 10 wins, 4 draws and 4 defeats, scored 29 goals and conceded 17. The high point was the 3-1 victory over arch-rival Brazil last June, which secured Argentina a place in Germany. Another important achievement was defeating Bolivia in La Paz, despite the altitude, for the first time in 32 years. The lowest points in the campaign were the defeats against Paraguay – in a World Cup qualifier for the first time – and Uruguay, bringing to an end a 16-year unbeaten run against its traditional River Plate rival. Friendly games following the qualifiers saw more erratic, unconvincing playing (most recently the 3-2 defeat against Croatia in a match played in Switzerland on March 1).

In 2006, as in Korea/Japan 2002, Argentina will once again face a difficult first-round group. Luck (or lack of it) has put Argentina alongside Ivory Coast, Serbia & Montenegro, and the Netherlands in Group C, considered by many the toughest first-round group of the World Cup, or the 'Group of Death'.

The first match will be on June 10, in Hamburg, against Ivory Coast. Argentina has only met Ivory Coast once before, at the 1992 King Fahd Cup, when it defeated the African team 4-0. Argentines have mixed memories of matches against African teams. No-one in Argentina has forgotten the inaugural game of the Italy 1990 World Cup, against Cameroon, when the Africans defeated the Argentine squad 1-0. The difficult encounters with Nigeria in the 1994 and 2002 World Cups, and the 1996 Olympic Games in Atlanta are also fresh in their memories. The Argentines won on two occasions – the two World Cup games – but lost in the final match in Atlanta, winning silver rather than gold.

The second match will be in Gelsenkirchen on June 16 against Serbia & Montenegro. The Balkan team is likely to prove a difficult rival. They have been shown to have a tight defence, which conceded just one goal in 10 matches during the European qualifiers. Argentina has previously encountered the Balkan team, then Yugoslavia, in the quarter-finals in Italy 1990. At that time, the game ended in a draw and Argentina only made it to the semi-finals on penalties.

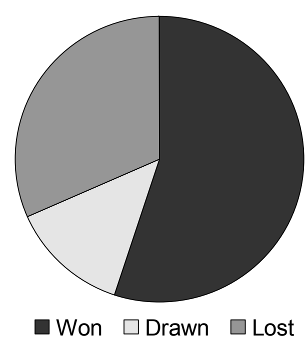
On June 21, Argentina will play the Netherlands in Frankfurt in the final match of the first round. It will be the fourth time that Argentina and the Netherlands have met in a World Cup. On the previous three occasions, the Netherlands won twice (in 1974 and 1998) and Argentina won once – in the 1978 World Cup final match.

Statistics

Odds: 7-1		World Ranking: 8	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
10-Jun	Hamburg	Ivory Coast	21:00
16-Jun	Gelsenkirchen	Serbia & Montenegro	15:00
21-Jun	Frankfurt	Netherlands	21:00

Previous Appearances: 13		
Host	**Year**	**Outcome**
Uruguay	1930	Runner-up
Italy	1934	Eliminated in 1st Round
Sweden	1958	Eliminated in 1st Round
Chile	1962	Eliminated in 1st Round
England	1966	Reached Quarter Finals
Germany	1974	Reached 2nd Round
Argentina	1978	Winners
Spain	1982	Reached 2nd Round
Mexico	1986	Winners
Italy	1990	Runner-up
USA	1994	Reached Round of Sixteen
France	1998	Reached Quarter Finals
Korea/Japan	2002	Eliminated in 1st Round

World Cup Results



Games Played	60
Won	33
Drawn	8
Lost	19
Goals Scored	102
Goals Against	71
Yellow Cards	80
Red Cards	9

Football in Argentina

Argentines are passionate, almost crazy, about soccer; they always expect a great deal from their team in the World Cup and this year will be no exception. Twenty years have passed since Argentina, led by Diego Maradona, won its last World Cup, in Mexico 1986. The country is hungry for a new conquest. This time, the team will not have its all-time superstar Diego Maradona, but will arrive in Germany with a good blend of young and old, an interesting balance between experience, hunger for success and youthful zeal.

The coach, José Pekerman, is a measured man, with extensive experience in the international soccer arena. He has been highly successful coaching the young players, taking Argentina to victory in the World Youth Cups of 1995, 1997 and 2001. Many of the young players he coached and helped develop in the 1990s will likely now form the core of the national team.

Pekerman is still to find the optimal line-up. His task will not be an easy one: there is plenty of talent for every position in the field. Most of the potential team members are currently playing in foreign leagues; some are recovering from injuries. The difficult decisions will begin with the position of goalkeeper. The most likely candidates are to be found in the local league: Boca Juniors' Roberto 'El Pato' Abbondanzieri, River Plate's Germán Lux and Independiente's Oscar Ustari. For the defence, there is a longer roster, including players such as Fabricio Coloccini from Deportivo La Coruña; Inter's Nicolas Burdisso, Walter 'Il Muro' (The Wall) Samuel and Javier 'Pupi' Zanetti; Real Zaragoza's Leonardo Ponzio and Gabriel Milito; Valencia's Roberto Ayala; or Gabriel Heinze from Manchester United. For the midfield, Pekerman's main alternatives are Maxi Rodríguez from Atlético de Madrid; Porto's Luis 'Lucho' González; Inter's Esteban 'El Cuchu' Cambiasso; Valencia's Pablo Aimar; and Villareal's Juan Román Riquelme and Juan Pablo Sorín (likely team captain). Add names such as Barcelona's wonder-kid Lionel Messi; Chelsea's Hernán Crespo; Carlos Tévez from Brazil's Corinthians; Real Zaragoza's Diego Milito, and Sevilla's Javier Saviola for the forward positions, and Argentina should have a fantastic team.

High expectations are placed on young Lionel 'La Pulga' (The Flea) Messi, often touted in the media and acclaimed by Diego Maradona himself as the potential successor to Diego. Messi is certainly one of Argentina's most promising players.

The State of the Economy

The Argentine economy is now in much better shape than it was four years ago at the time of the Korea/Japan World Cup. The economy has staged an impressive recovery, posting real GDP growth of 9% for three years in a row (2003, 2004 and 2005). Growth momentum remains strong, auguring another year of remarkably robust growth (of at least 7%) in 2006.

The fiscal and external accounts have also greatly improved. From chronic deficit until 2001, the fiscal accounts have shifted to unprecedented surpluses. In 2006, the consolidated public-sector primary surplus is likely to exceed 4% of GDP. The external accounts have also shifted from large deficits to a sizable surplus. At present, the surplus on the current account balance is 3% of GDP, on the back of strong export growth. The strong current account surplus, together with a still low, but rising, surplus in the capital account, explains why the country's international reserves are rising fast.

In 2005, Argentina restructured most of its bonded public debt, on which it had defaulted in 2001, in a highly controversial negotiation process. The country obtained a large debt reduction, which greatly improved its financial profile. Still, many bondholders did not accept the proposal and are currently in litigation with Argentina in courts around the world. Despite the large debt reduction achieved, the economic crisis forced the government to issue additional debt. As a result, Argentina's public indebtedness is still high, hovering around 80% of GDP, and leaving little room for policy flexibility.

At present, Argentina faces a different set of policy issues to four years ago when the economy was in deep recession. The main challenges now are: dealing with rising inflationary pressures in an economy that shows increasing signs of overheating, improving the business environment to attract new investment and sustain the economic expansion, and continuing to reduce the still high level of public debt.

The State of the Nation

Having achieved a significant level of social and economic development and been among the richest countries in the world during the first half of the twentieth century, Argentina then underperformed the rest of the world during the second half of the century, when it was plagued by political instability, high inflation and recurrent financial crises. At present, the country is trying to emerge once again.

The country has been a "laboratory" for economic policy experiments and has changed policies frequently. After decades of heavy-handed government intervention in the economy, the country passionately embraced free market policies in the 1990s. The latest financial crisis triggered a new shift in economic policies, but their direction is not yet totally clear.

Much has improved in the last four years, but levels of poverty, unemployment and underemployment are still high. In addition, income distribution has worsened. In a country that is crazy about soccer, nothing could be better than winning the World Cup to boost morale and deal with the daunting challenges still facing this nation's economy.

Pablo Morra

Australia

The 2006 World Cup

After three decades in the wilderness and four successive near-misses at qualifying, excitement reached fever pitch on 12 November 2005 as 83,000 fans witnessed the deciding qualifying game against two-time World Cup winners Uruguay.

With bitter memories of four years earlier when Uruguay salvaged a 3-0 win in Montevideo to deny Australia a World Cup spot, and a loss 1-0 to Uruguay on the same stage just four days earlier, the return bout in Sydney seemed as much about soccer's survival in Australia as World Cup entry.

The battle ended in a dramatic penalty shoot-out with Socceroo goalkeeper Mark Schwarzer making two miraculous saves before John Aloisi sealed Uruguay's fate. The celebrations and out-pouring of national pride that followed not only granted the Socceroos entry to the World Cup for the first time since 1974, it has likely underwritten soccer's very future in Australia.

Football in Australia

It's not difficult to imagine that with the dramatic influx of migrants to Australia during the gold boom of the 1850-1890 the odd soccer ball was kicked around a dusty paddock. But it took until Australia's second great immigration boom in the 1950s before soccer became entrenched.

It was the children of the post-war Southern European migrants who helped take Australia to its only World Cup appearance in West Germany in 1974. On paper it was hardly an auspicious debut. Australia not only failed to win a game, it failed to score. More recently, however, the Socceroos have knocked over four former world champions in the last five years: France, Brazil, England and, of course, Uruguay – a feat that somewhat belies their FIFA ranking of 44.

Ask about football while visiting Australia and prepare for a lecture on the virtues of the local invention of Australian rules football (AFL), or rugby if you're visiting a northern state, and a pasting on the disaster of over-protective parents pushing their mollycoddled children into soccer. This is an evolution from the 'all soccer players are poofs' mantra of a decade earlier. However, this insecurity of AFL and rugby fans is well-founded. Although three times as many people attend an AFL game as a soccer game, 30% more Australians now participate in soccer compared with AFL (and 160% compared with rugby).

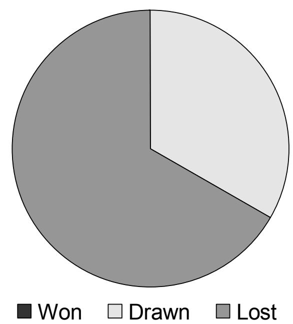
Soccer's popularity is clearly on the rise. Combined with the formation of a new National Soccer League and the publicity surrounding the World Cup entry, soccer in Australia has arguably never looked healthier.

Statistics

Odds: 125-1		World Ranking: 44	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
12-Jun	Kaiserslautern	Japan	15:00
18-Jun	Munich	Brazil	18:00
22-Jun	Stuttgart	Croatia	21:00

Previous Appearances: 1		
Host	**Year**	**Outcome**
Germany	1974	Eliminated in 1st round

World Cup Results



Games Played	3
Won	0
Drawn	1
Lost	2
Goals Scored	0
Goals Against	5
Yellow Cards	2
Red Cards	1

The State of the Economy

It's a remarkable historical coincidence. The combination of booming commodity prices and ongoing disinflation in manufactured goods has resulted in a surge in Australia's terms of trade to a high last seen in 1974. In fact, the 1974 World Cup marked the peak in Australia's terms of trade since records began in 1959. Currently, the terms of trade is just 2.4% below that peak.

The terms of trade boom has enabled Australia to navigate the economic drag of a reversal in mortgage equity withdrawal, fiscal fade from earlier stimulus, rising real interest rates and flat house prices. Indeed, it has enabled gross domestic income to grow 1.5%pa faster than GDP during the last two years, it has returned unemployment to 30-year lows and the tax windfall has swollen the fiscal purse.

A probit model of World Cup qualification based upon the terms of trade reveals that the probability of Australia reaching the World Cup when its terms of trade approach current levels exceeds 90%. Moreover, Granger causality tests indicate that terms of trade spikes cause World Cup entry, whereas reverse causation fails!

One can only assume that should commodity prices continue on their current trajectory Australia will feature prominently at future World Cups. Back testing the model using long-term commodity price trends, we estimate that if the World Cup had been held in the late-19th century, Australia would surely have been the dominate soccer power.

State of the Nation

Australia has always considered itself a passionate sporting nation and took great pride in finishing fourth in the medal tally at the Athens Olympics behind the heavy-weights: the US, China and Russia. Perhaps it's a mixture of favorable climate, easy access to red meat and a healthy lifestyle that has enabled Australia to do well in international sporting events. Then again, perhaps it's because it spends as much on sport funding per capita as it does on national defence.

Australian politicians have long been aware that success in international sporting events correlates reasonably well with electoral success. However, the current administration has taken this to new heights.

A Coalition of the Liberal and National Parties, led by Prime Minister John Howard, has held government since March 1996. At their fourth and most recent election victory in October 2004, the Coalition took control of both houses of parliament (the first government to do so in 20 years), giving the government a mandate to introduce their reform agenda, spear-headed by industrial relations reform.

Holding the election immediately following the Athens Olympics and before the Ashes defeat to England in 2005 was a hallmark of the Coalition's political cunning. A quick glance at Australia's opponents in group F – tournament favorites and four-time winner Brazil, 2002 World Cup joint host Japan and an always competitive Croatia – has not only ruled out any prospect of an early election, it has virtually guaranteed income tax cuts!

Tim Toohey

Brazil, by Arminio Fraga

Double Excitement in 2006

The World Cup coincides with Presidential elections in Brazil. As always, it promises to be an exciting year. Last time, after a marvelous win in football, Brazil went on to elect Mr Luiz Inácio Lula da Silva (or Lula as he prefers to be called), a labor leader and founder of the Workers' Party. This was supposed to blow the Brazilian economy to smithereens, but in the end it did not. As it turned out, the campaign was a bloody affair, one of those instances where the tension around the elections easily surpassed that of the World Cup. But I must not get ahead of myself: first, a bit of history.

A Bit of History: Football and the Economy

As part of the homework I did to write this article I watched some tapes of old World Cups. One in particular caught my attention, that of 1982. Brazil had at the time a team that many considered one of our best ever. It was loaded with talent, including names such as Zico, Sócrates, Falcão, Júnior, Eder and Cerezo. Brazil breezed through the early matches, and needed only a tie with Italy to move to the next round. In a game that few Brazilians (and Italians for that matter!) will ever forget, we lost 3-2 (three goals by Paolo Rossi). Twice Italy scored and twice we managed to tie, beating a very solid defense. Each time we went back on the offensive, we allowed Italy to score again and pull ahead. Italy went on to win the Cup, and we came back home thinking about what had gone wrong.

I was a 24-year-old graduate student then, full of dreams and hopes, and somewhat impatient in defeat. My view of that game was that it showed Brazil at its very worst: a talented bunch lacking the ability to get their act together to win. After the game I swore never to watch another football game in my life, a promise I kept for 11 years until my football-crazy children (born in 1983 and 1986) dragged me back in time to see our sweet win in 1994.

Little did we know in 1982 that soon after the defeat in Spain would come the debt default in Mexico, and shortly after in Brazil as well. The Latin American debt crisis marked the beginning of what became known as the Lost Decade for Brazil, a period most of us would like to forget. As in the match against Italy, during this period we were unable to get our act together, in this instance with more dramatic consequences: from 1982 until 1993 we experienced no growth in income per capita, hyperinflation and the impeachment of a President. Brazil as a nation was incapable of organizing itself so as to deliver good economic and social results. The fight against inflation is a good example: we tried every gimmick in the book, from price controls to freezes on bank deposits, but nothing worked until the Real Plan of 1994, when the proper monetary and fiscal tools were combined with an ingenious approach to dealing with the 100% indexation of wages and most prices.

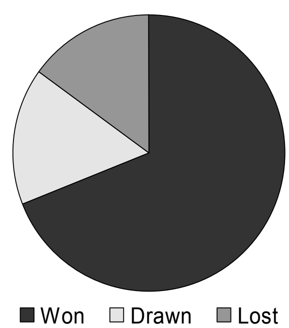
Statistics

Odds: 11/4		World Ranking: 1	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
13-Jun	Berlin	Croatia	21:00
18-Jun	Munich	Australia	18:00
22-Jun	Dortmund	Japan	21:00

Previous Appearances: 17

Host	Year	Outcome
Uruguay	1930	Eliminated in 1st Round
Italy	1934	Eliminated in 1st Round
France	1938	Reached Semi Finals
Brazil	1950	Finished in 2nd Place
Switzerland	1954	Reached Quarter Finals
Sweden	1958	Winners
Chile	1962	Winners
England	1966	Eliminated in 1st Round
Mexico	1970	Winners
Germany	1974	Finished in 4th Place
Argentina	1978	Finished in 3rd Place
Spain	1982	Eliminated in 2nd Round
Mexico	1986	Reached Quarter Finals
Italy	1990	Eliminated in 2nd Round
USA	1994	Winners
France	1998	Runners Up
Korea/Japan	2002	Winners

World Cup Results



Games Played	87
Won	60
Drawn	14
Lost	13
Goals Scored	191
Goals Against	82
Yellow Cards	64
Red Cards	9

Quite a lot has been achieved since then, including significant fiscal adjustment, the privatization of many industries, better education and health, financial sector adjustment and a successful move to an inflation targeting and floating exchange-rate regime. Growth did improve, but modestly. If we compare the growth of GDP per capita in the BRIC countries over this period, Brazil's 1.2% pales in comparison to China's 8.0%, India's 4.5% and even Russia's 2.3%. This is the key issue for Brazil's future. Can Brazil do what it takes to deliver sustainable economic growth and development? Can we derive any lessons from the recent history of Brazil's football?

Football Back on Track...

In 1994 Brazil finally wiped out hyperinflation at home and won the World Cup in the US. Was this just a coincidence, or was it a sign of some positive underlying force propelling Brazil forward? Obviously, it is hard to push this analogy too far, but the Brazilian economy had a good run after the win in Pasadena, and struggled after losing in the finals of the 1998 World Cup in Paris to a fine French squadron.

This year's team is once again loaded with talent, and is in essence very similar to the winning team of 2002. Granted, a few new names (such as Kaká and Robinho) bring some new blood to the action, replacing Rivaldo and a few others. But the core unit of Ronaldinho, Ronaldo, Cafú and Roberto Carlos is back. One cause for concern is the age and condition of the last three, now past 30 and showing signs of less energy. Their presence in the line-up is subject to heated debate here in Brazil, and Mr Parreira (the head coach) is, for the moment, keeping his cards close to his chest. My view is that Ronaldo is a winner and will once again deliver a top-notch performance for Brazil. He came back from a horrendous injury to become the star of the Cup in 2002, and it is likely that he will pull it off one last time this year. As for the two wings, most observers in Brazil worry that it would be too much for them to run up and down the field again, as they did in 2002, and so we must follow the news to see whether they convincingly prove to be ready for another World Cup or must be replaced. All of this brings back memories of 1966, the year an injured Pelé and a past-his-prime Garrincha played together for the last time – and failed to make it past the first round for the only time in Brazil's history.

My take on all this is that Brazil will once again be competitive, blending experience and youth, and playing hard and smart. Can we do the same in the economic and political sphere?

...But the Economy Still Needs Some Work

As for the economy, much is at stake in these elections. The debate is just starting, so it is a bit early to draw conclusions, but for now the main focus seems to be on the corruption scandals that have grabbed the headlines since last year. Needless to say, these are matters of great importance that must be debated and addressed. But the winner of this year's elections must also deal with the challenge of returning Brazil to a path of fast and sustainable growth.

Brazil's low growth is caused by low investment (under 20% of GDP) and by numerous microeconomic barriers, as illustrated by Brazil's rank of 119 out of 155 in the World Bank's most recent Doing Business evaluation. In the near term, some pick-up in growth is to be expected because interest rates have started to come down from the ultra-high levels needed to curb inflation. Rates should continue to go down so long as fiscal discipline is maintained.

But further work must take place if Brazil is to sustain faster rates of growth. Some topics deserve the urgent attention of the next administration: at the top of the list is the need to curb the growth in government expenditure, which has kept an average pace of nearly 10% in real terms over the last decade. As this is done and lower interest rates become a reality, the supply side of the economy must also be freed, so as to avoid the stop-and-go pattern of growth so often seen in recent decades. This means tackling a myriad of microeconomic and regulatory issues – a daunting but not unfeasible task.

As with Brazilian football, some basic lessons for economic success appear to have been learned: for example, a solid macroeconomic framework is needed for growth, as is a focus on education and health. But unlike in football, where Brazil has played in the last three World Cup finals and won two, in the political sphere a reasonable degree of consensus around a growth strategy still needs to be articulated. Let us just hope that as in football (where our drought lasted 24 years) in the economy the current 24-year era of low growth is coming to an end. I am hopeful, but still a bit skeptical. It could well be that at 48 I have become even more impatient than I was at 24.

Arminio Fraga
Founder, Gávea Investimentos
Former President, Central Bank of Brazil

Costa Rica

The 2006 World Cup

The 2006 World Cup marks the third time Costa Rica will attend this most important of soccer events. The team is in Group A, along with Germany, Poland and Ecuador, and will play against Germany – the host country – in the opening match on June 9.

This time around, the Costa Rican team will display a mix of experience and energy (from the younger players on the team) – a perfect combination that should help them to progress comfortably to the Round of 16. Experienced players such as Paulo Wanchope, Walter Centeno, Ronald Gómez and Gilberto Martínez, who all played in the 2002 World Cup, are expected to bring their savvy to the soccer field. The team's young players include Carlos Hernández, Winston Parks, Christian Bolaños, Gabriel Badilla and Alvaro Saborío. The large number of young players on the team reflects the efforts of regional soccer federations within Costa Rica: they have spent the past four years recruiting the cream of this young class of players, many of whom have participated in Under-17 and Under-21 World Championships, as well as in the 2004 Olympics in Athens. Costa Rica's National Soccer Federation (Federación Costarricense de Fútbol) was founded in 1921 and is in charge of the national team.

With this blend of experience and youth, and with Alexandre Guimaraes as coach, expectations are high that the Costa Rica team will perform better than ever this summer in Europe. Although Costa Rica was eliminated in the first round in Korea-Japan 2002, the team's performance in Italy 1990 was stellar: they reached the Round of Sixteen, defeating great teams such as Scotland and Sweden along the way.

Economics and Politics

On the economic front, the past four years have been characterized by high uncertainty on the fiscal front and the Central American Free Trade Agreement (CAFTA), which is currently being debated in the Legislative Assembly. Going forward, Costa Ricans have their hopes set on the new government leading the economy onto a sustainable growth path, and providing better opportunities for the country as a whole. Oscar Arias Sánchez – President of Costa Rica between 1986 and 1990, and awarded the Nobel Peace Prize in 1988 – was recently re-elected as President.

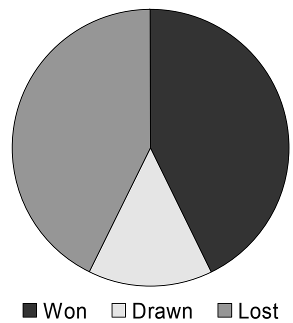
Local economists estimate that the Costa Rican economy would need to grow above 5% over a sustained period to reduce poverty below current levels. Despite the great achievements on the social and economic fronts in the past, Costa Rica is entering an important phase of its economic development, in which technological catch-up, greater trade openness, and the ability to attract foreign

Statistics

Odds: 350/1		World Ranking: 26	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
09-Jun	Munich	Germany	18:00
15-Jun	Hamburg	Ecuador	15:00
20-Jun	Hanover	Poland	16:00

Previous Appearances: 2		
Host	**Year**	**Outcome**
Italy	1990	Reached Round of Sixteen
Korea/Japan	2002	Eliminated in 1st Round

World Cup Results



Games Played	7
Won	3
Drawn	1
Lost	3
Goals Scored	9
Goals Against	12
Yellow Cards	12
Red Cards	0

investment will determine the success of the country. A number of reforms are required for the economy to settle on a sustainable growth trajectory.

Key to this process will be the forms of capital available. Since 1976 the Costa Rican Stock Exchange has played an important role as the source of debt financing for the largest conglomerates in Costa Rica and in Central America as a whole.

The road is likely to be bumpy. Although entrepreneurs and civil society look to this government to turn the country around, the new President will be working with a divided Congress. His negotiation skills, as well as his international leadership and support, will be essential to overcome the political hurdles and lay the foundations for stronger economic fundamentals: increased economic activity, job creation and lower inflation.

Orlando Soto Enríquez
Chairman, Board of Directors
Costa Rican Stock Exchange

Croatia

The 2006 World Cup

Based on current rankings, Croatia faces a tough challenge in Group F. The group includes tournament favourite Brazil, Japan (ranked 17) and Australia (ranked 44). Since coming third in France eight years ago, Croatia's results have been mixed, and its world ranking has dropped to 24. However, performance was solid during the qualifying round, in which Croatia beat Sweden twice on their way to finishing top of Group 8, with Dario Srna scoring both goals in the two 1-0 wins over Sweden. While they will struggle in their initial match against Brazil, they will be more than hopeful of qualifying from their group.

Football in Croatia

Football is by far the most important sport in Croatia, both in terms of players and spectators. Since it was admitted to international competitions in the early 1990s, Croatia has qualified for five out of six major tournaments. Croatia's great schooling system for young players has helped bring about its success. As teenagers, Zvonimir Boban, Robert Jarni, Davor Suker, Robert Prosinecki and Igor Stimac all played in the Yugoslavian team that won the Youth World Champions in 1987. These same players were part of the 1998 World Cup team in France that brought about Croatia's largest sporting achievement in its history. Although many of the talented players from the 1998 team have now retired, Croatia still boasts a number of key players. Rangers' striker Dado Prso has been the most consistent and influential Croatian forward over recent years. Darijo Srna has been very successful in converting free kicks and penalties into goals, and Robert Kovac is arguably one of the best defenders in Europe.

The State of the Economy

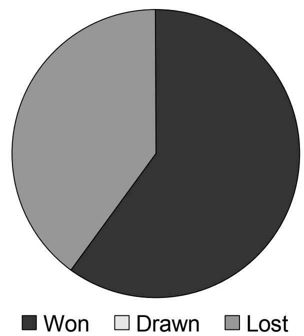
Tourism helped pull Croatia out of a mild recession in 2000, and has remained a consistent source of growth since then. High fiscal deficits and rapid credit growth, however, have also been a contributor to strong growth over the last few years, and have led to high external imbalances and growing external debt. These trends have accelerated since the turn of the decade and have made Croatia vulnerable to external shocks. Both monetary and exchange rate policy options are relatively limited for Croatia due to the economy's heavy Euroisation and openness, which limit the extent to which Kuna interest rates affect credit demand. These features also make it desirable for the Croatian National Bank to maintain a stable exchange rate against the Euro. The burden for demand management, therefore, falls mainly on fiscal policy, which is also somewhat restricted by the weak political position of the government. The EU accession process should accelerate fiscal and structural reform.

Statistics

Odds: 50/1		World Ranking: 24	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
13-Jun	Berlin	Brazil	21:00
18-Jun	Nuremberg	Japan	15:00
22-Jun	Stuttgart	Australia	21:00

Previous Appearances: 2		
Host	**Year**	**Outcome**
France	1998	Reached 3rd Place
Korea/Japan	2002	Eliminated in 1st Round

World Cup Results



Games Played	10
Won	6
Drawn	0
Lost	4
Goals Scored	13
Goals Against	8
Yellow Cards	22
Red Cards	1

State of the Nation

Much of the reform process in Croatia has been aimed at achieving close integration with Western Europe, and the EU in particular. Developments in the football labour market have in this sense been ahead of the broader integration trends. This is clear from the high mobility of Croatian football labour, which has been driven towards the EU by large wage differentials. The EU opened accession talks with Croatia in October last year, and the arrest of accused war criminal General Gotovina in December removed the largest obstacle in Croatia's relations with Brussels. While we now expect accession talks to move forward much more smoothly, the EU still needs to consider its internal problems before accommodating any new members after Bulgaria and Romania. The French and Dutch rejections of the EU constitution last year will make it difficult to accommodate more members under the Nice Treaty.

Neena Sapra

Czech Republic

The 2006 World Cup

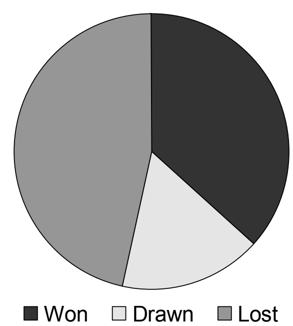
Despite being ranked second in the world by FIFA, the Czech Republic only just made it through the qualifying rounds in play-offs. Placed in a difficult group with the Netherlands at the top, their position in the finals was never really in doubt once they reached the play-offs. They beat Norway 2-0 fairly convincingly to book a place in the finals. The Czechs face a tough group in Germany: Italy (ranked 14), the USA (4) and Ghana (50). Italy has a good record in tournaments and will be hard to beat, while the USA has a good outside chance of winning, so the Czech team will have to play at the top of their game to proceed to the next round. Pavel Nedved, Europe's Footballer of the Year in 2003, came back from retirement to help the Czechs qualify and will now be the focal point of the team. With his creative influence and ability to score goals, the Czech Republic pose a strong threat upfront. Petr Cech has become one of the best keepers in the world and could potentially be one of the players of the tournament.

Statistics

Odds: 33/1		World Ranking: 2	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
12-Jun	Gelsenkirchen	USA	18:00
17-Jun	Cologne	Ghana	18:00
22-Jun	Hamburg	Italy	16:00

Previous Appearances: 8		
Host	**Year**	**Outcome**
Italy	1934	Runners Up
France	1938	Reached Quarter Finals
Switzerland	1954	Eliminated in 1st Round
Sweden	1958	Eliminated in 1st Round
Chile	1962	Runners Up
Mexico	1970	Eliminated in 1st Round
Spain	1982	Eliminated in 1st Round
Italy	1990	Reached Quarter Finals

World Cup Results



Games Played	30
Won	11
Drawn	5
Lost	14
Goals Scored	44
Goals Against	45
Yellow Cards	18
Red Cards	4

Note: Includes statistics for Czechoslovakia.

The Economy

It is sometimes said that the Czech Republic is the Switzerland of Central Europe. Mountains are not as high as in Switzerland, but macroeconomic policy is reassuringly boring, the currency is strong and stable, and when the Central Bank talks about the "worrying" fiscal problems of the country, it means the deficit might rise above 2.6% of GDP. Interest rates are below ECB levels, but the recent GDP growth rates are definitely un-Swiss. After disappointing figures in the late 1990s and early 2000s, GDP growth accelerated in the run-up to and after the 2004 EU accession, reaching 6% in 2005. We don't expect this pace to be maintained in the future, but the country should manage 3%-4% growth rates in the next couple of years. Inflation has never (even in Communist times) been high, the trade balance is in surplus, and there is an FDI inflow that more than compensates for the current account deficit. Currently the country plans to introduce the Euro in 2010, but there could be a one- or two-year delay. This would be the first time "interest rate convergence" means interest rates will actually increase in the converging country (they are currently below Euroland levels).

The State of the Nation

The country goes to the polls in early June, just before the World Cup begins. This is just as well, given that the election would have a hard time competing for attention with football. The election is unlikely to change the course of the country drastically. There is broad consensus on EU membership, pro-market policies and macroeconomic stability. Satisfaction with life in general is among the highest in Central and Eastern Europe. Part of the reason for cheery responses to surveys might be that average per capita beer consumption consistently tops the world rankings at around 160 litres a year (in case you were wondering, Ireland is second and Germany third, although Bavarians often protest that they should be measured separately and would easily take first place). It's a sign of the times that the Socialists increasingly cooperate with the Communists, as they no longer pose a serious threat to the established order.

Football in the Czech Republic

Football in the Czech lands goes back a long way, to as early as the late 19th century, with separate Czech clubs in the Austro-Hungarian empire. Football competes with (and beats) ice hockey as the country's most popular sport. The predecessor Czechoslovakia team did make it to the World Cup on eight occasions, but this is the first time it has reached the finals since the Czech Republic became independent in 1993. The performance of the Czech team bears some resemblance to the performance of the economy. After a somewhat disappointing and sometimes unfortunate 1990s, the Czech football team really started to sparkle in 2004 just as the country entered the EU and growth accelerated. The Czech Republic produced some of the most fluent and spectacular football, making it to the semi-finals in the European Championships.

Istvan Zsoldos

Ecuador

The 2006 World Cup

Ranked 39 in the latest FIFA world ranking, Ecuador is drawn with Costa Rica, Poland and hosts Germany in Group A. Given that Germany is the clear favorite in the group, the key match to advance to the knockout phase could turn out to be against Poland. The team is coached by Luis Suárez and qualified for the World Cup for the first time in 2002. They were eliminated in the first round.

The team is confident of a good campaign in Germany as it finished a strong third in the South American World Cup qualifying round, beating soccer powerhouses Argentina and Brazil on its way to reach its second consecutive World Cup appearance. The side was undefeated at home.

Football in Ecuador

When playing at the high-altitude home stadium, the squad is as hard to beat as it gets. Passion for the national team '*La Tri'* transcends the country's sharp social, ethnic, and political divisions. Most likely the team will go as far as imposing forward Agustín 'Tin' Delgado can carry them. Delgado's powerful shot and tremendous heading skills can change the score before you can say "who is marking the big guy?" Delgado will partner in the attack with another prolific scorer, Edison Méndez, best known for his intelligence and creativity on the pitch, accurate passing, and top-notch free-kicking efficiency.

The main strength of the squad is the unity and familiarity among the team players, as most play in the national league and half the team plays for the same club. Playing consistency is still a question-mark. Since qualifying, the team has lost four preparation games: 0-1 to Japan, 0-3 to Poland, 1-2 to Uganda, and 0-1 to the Netherlands. The team is definitely looking forward to the opportunity to get even with the Poles in their first group match.

The State of the Economy

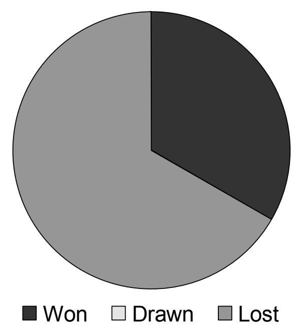
Few would disagree that the national side has looked much stronger than the state of the economy in recent years. If the national squad were to be as divisive and confrontational as national politics, many would argue that it would be better not to go to Germany this summer.

Inflation, at about 4%-5%, is still higher than that of Ecuador's main trading partners, which in the context of a dollarized economy could start to harm domestic competitiveness. Real GDP growth continues to disappoint (mostly likely under 3% in both 2005 and 2006) as does, amid an oil price boom, investment spending. Growth is expected to remain under par as lack of reforms and electoral uncertainty should weigh negatively on private investment and consumption.

Statistics

Odds: 125/1		World Ranking: 39	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
09-Jun	Gelsenkirchen	Poland	21:00
15-Jun	Hamburg	Costa Rica	15:00
20-Jun	Berlin	Germany	16:00
Previous Appearances: 1			
Host	**Year**	**Outcome**	
Korea/Japan	2002	Eliminated in 1st Round	

World Cup Results



Games Played	3
Won	1
Drawn	0
Lost	2
Goals Scored	2
Goals Against	4
Yellow Cards	9
Red Cards	0

Notwithstanding the strong commitment of Finance Minister Borja to fiscal discipline, the crescendo of social and political pressure for an increase in spending ahead of the October Presidential elections could eventually weaken the administration's political resolve to stick with conventional policies.

The State of the Nation

Ecuador is a multiethnic and multicultural nation that boasts some of the most varied and spectacular bio-diversity in the planet. The country is home to 10% of the world's plant species and 8% of its animal species. The Galapagos Islands are home to some of the most ancient and unique ecosystems. Political instability and interrupted Presidential terms seem to have turned into a recurrent rather than an exceptional event. The unicameral National Assembly is populated by an array of parties, representing mostly regional interests. Weak governability conditions are a major stumbling block for the approval of structural reforms needed to unleash the growth potential of this country, rich in natural resources.

Regional and ethical divisions contribute to an overall weak policy implementation backdrop. Oil is an important source of wealth for the country. However, hesitations in defining an appropriate regulatory framework and designing a clear set of policies for this critical sector have hurt investment in the oil industry.

Alberto Ramos

England

History is Bunk

Ah, the glory boys of 1966. Bobby Moore's tackle, Bobby Charlton's "hair" style, Geoff Hurst's hat-trick, the Russian linesman, "they think it's all over"....

As historians know, England won the World Cup, just the once and a long time ago. But while most sports fans are generally happy to dwell on past successes, there's history…and there's ancient history. More recently spoiled by successes in England's other national sports – yes, Australians, we're talking about the Rugby World Cup and last year's Ashes series in the cricket – most football fans have forgotten England's victory in 1966.

The team's record since then (one semi-final and four quarter-finals) is decidedly moderate. Should we be happy with having a better record than home rivals Scotland? Of course. But perhaps the bar should be a little higher than that.

Wayne's World (Cup)?

Could England win this year's World Cup? Yes. Or rather, "we could have if Wayne Rooney wasn't injured!" Dreadfully disappointing for Rooney, the squad and the nation, it now looks like Rooney might not make it. He broke the fourth metatarsal in his right foot in a league game in late April. Doctors estimated it would take him six weeks to recover but others with the same injury have taken longer. We all hope he will recover and even if he is not available for the first-round games, he should be taken in case England qualify for the quarter-finals. The team should be able to qualify from the group without Rooney but they will need him to go further. Why? While not quite blessed with David Beckham's looks, Rooney has footballing talent in abundance: fantastic control, speed, strength and a great eye for goal. He was by far the best player for England, and arguably in the tournament, at Euro 2004, before a similar injury ended his (and England's) run. He puts in spectacular performances, week in week out, for his club, Manchester United (his club manager, Sir Alex Ferguson, has described him as "the best young player this country has seen in 30 years"). And, readers, he is only 20.

Throw in two world-class midfielders (Gerrard and Lampard), a couple of world-class central defenders (Terry and Ferdinand) and England have the makings of a very good team, probably the best they've sent to the World Cup finals since 1970. Allez les blancs!

Why England Won't Win

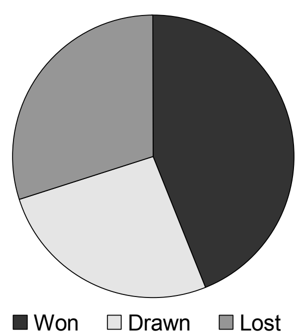
So are we advising clients to go long England? No. For one thing, it's an expensive investment. With the bookies England are currently 6/1 to take home the trophy (if they win you get $6 profit for every $1 staked), second-favourites behind Brazil. England are good, but they're not twice as good as France (12-1). Second, we very much doubt they will win. Here's why:

Statistics

Odds: 6/1		World Ranking: 10	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
10-Jun	Frankfurt	Paraguay	15:00
15-Jun	Nuremberg	Trinidad & Tobago	18:00
20-Jun	Cologne	Sweden	21:00

Previous Appearances: 11		
Host	**Year**	**Outcome**
Brazil	1950	Eliminated in 1st Round
Switzerland	1954	Reached Quarter Finals
Sweden	1958	Eliminated in 1st Round
Chile	1962	Reached Quarter Finals
England	1966	Winners
Mexico	1970	Reached Quarter Finals
Spain	1982	Eliminated in 2nd Round
Mexico	1986	Reached Quarter Finals
Italy	1990	Finished in 4th Place
France	1998	Reached Round of 16
Korea/Japan	2002	Reached Quarter Finals

World Cup Results



Games Played	50
Won	22
Drawn	13
Lost	15
Goals Scored	67
Goals Against	46
Yellow Cards	32
Red Cards	2

- **Wayne Rooney, Red Devil**: In addition to doubts about his recovery from a broken foot, the boy wonder's temperament could let him down. In his last season at Everton he picked up more bookings than goals, and opponents will surely try to provoke a reaction that will get him sent off (footballers are not known for their moral scrupulousness). And without Rooney England are a much less impressive outfit, as we saw at Euro 2004.

- **The left flank**: There are, on our estimates, 650,000 left-footed men in England between the ages of 18 and 35. Try telling that to Sven-Goran Eriksson, England's (Swedish) coach. Apart from Ashley Cole, who plays at left back, there are no natural left-footed players in England's first choice team. England played without wingers in 1966, so perhaps history is telling us this imbalance doesn't matter. As we know, however, history is bunk.

- **The draw**: On the face of it, England's preliminary group is fairly straightforward. Their opponents are Paraguay, Trinidad & Tobago, then Sweden, none of them recognised powerhouses of the international game. But Sweden punches above its weight, and hasn't lost to England (except in a friendly match) since 1968. So there is a real risk that England will only come second in their group, in which case they're likely to face the host nation Germany in the first knock-out match, in Munich, on 24 June. And we know what that means. As Gary Lineker has told us (team captain when England lost to a frankly mediocre German team in the semi-final of the 1990 World Cup), "football is a game with 22 people and in the end the Germans always win". Gulp.

Our prediction? We think England probably will get through as group winners, but then come up against Argentina in the quarter-finals and, in time-honoured tradition (England have been knocked out by South American opposition in three of their last World Cup finals), lose.

The Economy

Sustained by excessive consumer borrowing, itself the result of an overpriced housing market, the UK economy is heading for a fall. Thus goes the routine account of the past few years. Our view? Housing, schmousing. Here are the facts:

1. In nominal terms, consumer spending has grown more slowly than GDP for the past five years.

2. Most of this reflects relatively slow growth of household income, thanks to higher taxes and (recently at least) rising import prices. In fact, despite all these touted "wealth effects", and big swings in housing and equity prices in recent years, in both directions, the saving rate has remained stubbornly flat for almost a decade now.

3. Rental yields on housing are much less far below their long-term average than real gilt yields: relative to bonds, housing is cheap.

Overall, we expect the economy to grow in line with trend (around 2½%) this year and next. Annual growth, on our central forecast, actually rises to close to 3% later this year, implying that the next move in interest rates is more likely to be up than down.

Does this mean everything is rosy in the UK's economic garden? No. There are some serious longer-term concerns:

1. **Productivity**. Output per hour worked has converged very slowly with that in other G7 economies over the past fifteen years but is still 11% lower than in the US.

2. **Taxes**. Average tax rates are falling in most OECD countries but rising significantly in the UK. This will not help productivity growth; it also threatens to push up structural unemployment.

3. **Pensions**. Unless average working lives rise, income and consumption growth will slow in the decades ahead, at least for those outside the public sector (where employees still enjoy generous defined-benefit pension schemes). The government set up a Commission to suggest solutions to the problem but is now divided about how to respond to its recommendations.

All these present serious challenges for economic policy. But that is hardly likely to concern most England football fans this summer. And perhaps the pensions problem is overblown anyway. People are already starting to work significantly beyond the conventional retirement age. More importantly, history tells us that, if England were to bring home the World Cup, it would keep its fans happy for decades to come.

Ben Broadbent

France

France's Self-Doubt

There is a weird feeling in France these days. A terrible atmosphere of "*fin de règne*" prevails, as the country seems to lack leadership to project itself into the new globalised world. The end of Chirac's mandate is turning into a period of political uncertainty and frustrating procrastination.

Chirac seems to be accumulating political disasters in addition to political blunders. First, the resounding "*Non!*" to the European constitution in May 2005, then the violent riots in the suburbs in November 2005, and now the failure of Prime Minister Villepin to introduce a blitz reform of the labour market, after two months of student protests and massive demonstrations. Even more symbolic, the French bid to host the 2012 Olympics in Paris sank without glory against London. A full year before the next Presidential elections, the country is already preparing for the future, openly debating the merits of the two most likely contenders, Sarkozy for the centre-right and Royal for the centre-left.

Meanwhile, France has lost confidence in itself, in its youth, and in its political leaders. There have never been so many books, articles, interviews, or editorials suggesting that France is sliding into a second-tier zone, failing to reform and adapt to new challenges. The French are obsessed with the decline of their social model, their past grandeur and their vanishing influence in the world.

This is sometimes a bit overdone. After all, life is not that bad in France, and anybody who has experienced spring on a beautiful *terrasse* at a *café* watching Paris life knows how seductive and attractive the country can be – a clear sign that not everything is rotten. In fact, the economy is cruising at a speed close to trend (slightly above 2%), but with a certain sense of fragility. France is losing market shares in world exports, because of insufficient exposure to fast-growing markets. This lack of external stimulus is largely offset by sturdy consumption growth thanks to a buoyant housing market and distribution of credit. This puts France in an average position within Europe, but still better positioned than Germany and Italy.

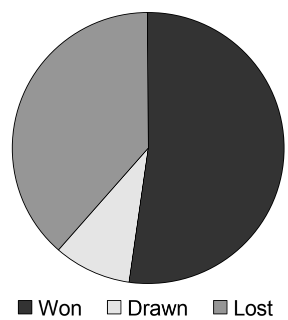
Overall, the macro picture is not as bad as suggested by gloomy commentators ("*déclinologues*") on France's withdrawal from the group of important nations. The French economy has some structural strength and enough momentum to muddle through in the next few years, although the lack of reform is gradually eroding its performance. What is missing is the feeling that the nation is united, and that all components of society are moving in the same direction – everyone is in the same boat. The country is divided, anxious, and in the middle of an important transition towards reinventing itself.

Statistics

Odds: 12/1		World Ranking: 7	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
13-Jun	Stuttgart	Switzerland	18:00
18-Jun	Leipzig	Korea	21:00
23-Jun	Cologne	Togo	21:00

Previous Appearances: 11		
Host	**Year**	**Outcome**
Uruguay	1930	Eliminated in 1st Round
Italy	1934	Eliminated in 1st Round
France	1938	Reached Quarter Finals
Switzerland	1954	Eliminated in 1st Round
Sweden	1958	Finished in 3rd Place
England	1966	Eliminated in 1st Round
Argentina	1978	Eliminated in 1st Round
Spain	1982	Finished in 4th Place
Mexico	1986	Finished in 3rd Place
France	1998	Winners
Korea/Japan	2002	Eliminated in 1st Round

World Cup Results



Games Played	44
Won	21
Drawn	7
Lost	16
Goals Scored	86
Goals Against	61
Yellow Cards	30
Red Cards	4

Can Football Save Chirac?

Against this background, the fate of the French football team will raise many unrealistic hopes that some of the magic of the 1998 victory might set the country alight again. There is no more vivid recollection of collective euphoria than 12 July 1998, when *Les Bleus* took Brazil apart in a fantastic 3-0 victory on its home turf. A million people danced all night on the Champs Elysées in Paris, and celebrations went on for days, with scenes of jubilation only comparable to those at the Liberation of Paris.

The football successes were regarded at that time as indirect evidence of the strength of the country. The 1998 victory was also celebrated as a success of the French integration model for former immigrants.

No doubt many in the country would love a repeat of this miracle in 2006. This is especially true for Chirac, who would find some reason to hope that his second mandate as President would not end too sourly. Unfortunately, these hopes are likely to come up against a sad reality. The French football team seems to mirror the current weakness of the country, as was already the case in 2002.

The 2002 Debacle

2002 proved to be the most dreadful in France's recent history.

On the political front, the presidential elections ended in a truncated debate. Because of the shocking first-round results, the elections degenerated into a referendum against Le Pen. For sure, Chirac was re-elected triumphally in the second round with 82.2% of votes, but he only garnered 19.9% in the first round. In a way, France's current lack of decision is still a reflection of this false start.

The political catastrophe was matched by the horrendous counter-performance of the French team in the 2002 World Cup. France was automatically qualified as defending champions. But the ensuing debacle was spectacular: the French team failed to score a single goal and finished bottom of their group. Beaten 1-0 by first-time participants Senegal in the opening match, they drew 0-0 with Uruguay and lost 2-0 to Denmark before returning home.

Lost in Transition

Just as the nation is struggling to find its path for the next decade, the French football team seems unable to make the transition from its old generation of players. When in doubt France tends to look with nostalgia at its glorious past, instead of projecting itself into the future. This is the very essence of French conservatism, which still makes French society not very well adapted to the process of modern growth. France fears confrontation with the sometimes disruptive Schumpeterian process of creative destruction, and this may be true also in football.

The recent history of French football was shaped by two fantastic generations of players.

The Platini generation (1978-1986). In the 1980s, Platini, Giresse and Tigana constituted one of the best midfields ever assembled. France qualified twice for the semi-finals, in the 1982 and 1986 World Cups. They lost twice against Germany, but delivered extraordinary performances in matches that have proven to be classics. The dramatic thriller in Seville in 1982, when France led 3-1 in extra time before Germany fought back to win on penalties, is still a vivid and aching memory for every French football fan. This generation won the European championship in 1984.

The Zidane generation (1996-2004?) has proved even more successful, winning both the World Cup in 1998 and the European Championship in 2000. Led by their genius midfielder and brilliantly coached by low-key Aimé Jacquet, players such as Deschamps, Thuram, Dessailly, Djorkaeff and Barthez contributed to the 1998 triumph.

In between, French football has been marked by ten years of disillusionment on the international scene, as France failed to qualify for the 1990 and 1994 World Cups.

Unconvincing Qualifiers

The tough question now is whether the Zidane generation is over, as suggested by the 2004 debacle and the mediocre performance at the European championship in 2004 (beaten in the quarter-final). If true, French football fans may have to wait another 5-10 years before a new football genius emerges to lead another generation.

Zidane himself has implicitly answered that question. The 33-year-old player (who suffered from a persistent groin injury earlier in the season) has already retired from the international scene once before (in 2004). But he was called back in August 2005 as France struggled to qualify for the World Cup. Along with Thuram and Makele, Zidane played his part to squeeze through ahead of Switzerland, Ireland and Israel. The genius midfielder announced at the end of April that he would retire after the World Cup, hopefully on a very high note...

France never lost a match during the qualifier. But, despite having top-class scorers such as Henry or Trezeguet, it was also the lowest scorer in the qualifier (among the countries that finally qualified), with only 14 goals. And their clumsy performance against the Slovaks in their latest friendly (France lost 1-2 at home) suggests that the current FIFA ranking for France (one of the top eight seeds for the World Cup) is more a reflection of its glorious past than evidence of its current strength.

The 2006 World Cup

France is in a medium-strength group (G), but the competition will prove tough and is more open than one might assume. France and South Korea (semi-finalists on home soil in 2002) will start as slight favourites. But the qualifiers have shown that Switzerland runs very close behind the French side, as evidenced by the two hard-fought draws (0-0 and 1-1) in Group 4 of their qualifying campaign. The match against Togo – making its first appearance in the World Cup – may look a bit easier, but the French will have to be extra cautious not to repeat the same blunder as in their match against Senegal in 2004.

Thereafter, if France manages to qualify, things could be more open. But it would be a surprise if France managed to go far beyond the quarter-finals. Online betting markets suggest that France has an 84% chance of qualifying for the second round, only a 12.5% chance of reaching the final, and a 7.5% chance of becoming 2006 World Champions (bookmakers' odds for France are 12/1).

But if France were to win, the country will have found its new leader: Zidane for President!

Nicolas Sobczak

Germany

The Economy is Outperforming the National Squad

Since the last World Cup in 2002 the German economy has been going through a difficult phase of restructuring. Only now is the country harvesting the benefits of this deep restructuring process. Just like the economy, the German national team has also undergone a transformation after its disappointing first-round exit in the 2004 European Championship. However, unlike the economy, it may be too early for the national team to expect a revival to match the economic upswing. For the first time in more than 20 years, it seems that the economy is doing better than the national team.

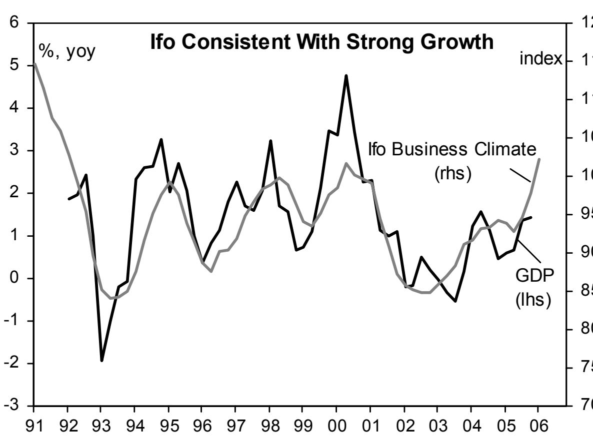
Restructuring pays (after a while)

Since the beginning of this year business confidence has risen strongly in Germany, bringing it close to the record levels reached during the unification boom at the beginning of the 1990s. Though there are not yet enough hard data available to confirm this surge in confidence, there is little reason to believe that the current recovery is just another 'false start' like in 2002.

Looking at the fundamental position of the German corporate sector and the favourable external environment, it is easy to understand the rise in optimism. After some fairly brutal cost-cutting, the German corporate sector is in great shape. Unit labour costs in the manufacturing sector, for example, have declined by more than 10%.

On the back of their regained competitiveness and strong global growth, German companies are recording strong export growth.

The good news is that companies are now using their regained strength to invest again in Germany. Investment in machinery and equipment has risen robustly over the last couple of quarters. Consequently, growth in Germany has become less dependent on exports, with the domestic leg showing signs of life as well. Even the construction sector, which has been a dragging anchor for the economy over the last 10 years, is recovering.



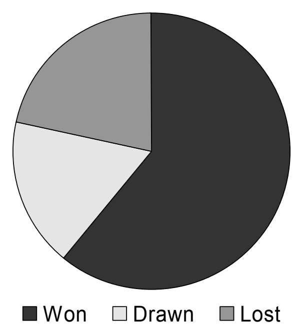
Source: Destatis, Ifo Institute

Statistics

Odds: 7/1		World Ranking: 19	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
09-Jun	Munich	Costa Rica	18:00
14-Jun	Dortmund	Poland	21:00
20-Jun	Berlin	Ecuador	16:00

Previous Appearances: 15		
Host	**Year**	**Outcome**
Italy	1934	Finished in 3rd Place
France	1938	Eliminated in 1st Round
Switzerland	1954	Winners
Sweden	1958	Finished in 4th Place
Chile	1962	Reached Quarter Finals
England	1966	Runners up
Mexico	1970	Finished in 3rd Place
Germany	1974	Winners
Argentina	1978	Eliminated in 2nd Round
Spain	1982	Runners up
Mexico	1986	Runners up
Italy	1990	Winners
USA	1994	Reached Quarter Finals
France	1998	Reached Quarter Finals
Korea/Japan	2002	Runners up

World Cup Results

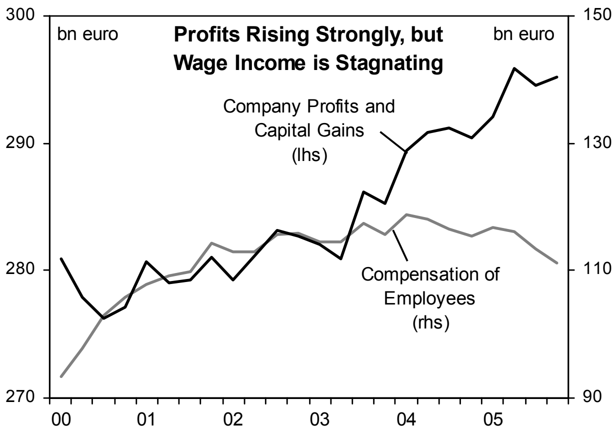


Games Played	85
Won	50
Drawn	18
Lost	17
Goals Scored	176
Goals Against	106
Yellow Cards	41
Red Cards	3

Note: Includes statistics for West Germany.

There are also signs that the labour market has turned. Business surveys signal an improved employment outlook. However, the latest hard data from the labour market are still mixed. Taking statistical changes and calendar effects into account, there are growing signs that more jobs are being created then shed. That said, the outlook for private consumption remains modest as pressure on wage costs remains high. Though wage growth will accelerate this year, the bargaining power of unions and employees in general remains fundamentally weak.

Overall, the economic outlook for this year looks bright. Unfortunately, this cannot be said about next year as the German government seems determined to engineer a significant fiscal tightening that includes, among other measures, a 3 percentage point hike in VAT. There is a high degree of uncertainty over to what extent the German economy will be able to digest the envisaged



Source: Bundesbank

fiscal measures. The government hopes that the economy will have gained enough momentum by then to digest the shock. However, there is a clear risk that the fiscal tightening will coincide with a moderation of the world economy and an appreciation of the Euro.

A Team in Transition

Just like the economy, German football is going through a difficult transition phase. The German football association had a difficult time finding a new head coach after the resignation of Rudi Völler, following the disappointing first-round exit at the European Championship in 2004. It was some time before former international Jürgen Klinsmann took over as the new head coach. The reluctance of other potential candidates to take on the job probably reflected concerns that the quality of the team would not meet the high expectations the public has for the 2006 World Cup.

Early on Jürgen Klinsmann said that he aimed at nothing less than winning the World Cup. In order to reach this ambitious goal he made clear that a reform of the structure and team management was unavoidable. In his view, the weakness of the team was also a consequence of an outdated training and tactical regime. The world had changed, but the German national team had not.

From the very first game under his auspices, Klinsmann demanded a quicker, more active style from his team. All parts of the team were to try to push the ball as quickly as possible towards the opponents' goal. Such a strategy was clearly prone to mistakes, but this was seen as the price that had to be paid for an offensive – and presumably more successful – style of football.

As it turned out, however, this strategy meant asking too much of the team. In recent matches against high-calibre opponents, the defence made many costly mistakes. A solid defence had been the German national team's trademark, but the defence was now its biggest problem. To some extent, this simply reflects the relative inexperience of the defenders. Klinsmann promoted several young players to the national team, hoping that they would adapt more easily to the new style. Unfortunately, there is not much time left to overcome the remaining problems and to make up for the lack of experience.

Judging from the latest friendly matches played, the German team does not look like a real contender for the World Cup. With the exception of Michael Ballack, the 2006 team cannot claim to have a world class player in its ranks. Thus, the hopes of the German fans rest on two factors: the advantage of playing on their home ground and the tournament factor. Throughout the history of the World Cup the home team has usually done well. It is not difficult to understand why and the German team will certainly benefit from this. In addition, past experience shows that the German team was able to improve during the course of a tournament. As the 2004 European Championship showed, however, this rule does not always hold.

The German team will certainly not be a push-over and it can rely on its physical fitness and determination. The first games will set the tone and will decide whether the team will be able to surprise once again – like it did in the 2002 World Cup.

Dirk Schumacher

Ghana

The 2006 World Cup

Ghana qualified for Germany 2006 by comfortably winning Group 2 of the African zone qualifiers. Their closest rivals in the group, Congo DR and South Africa, were left trailing Ghana by five points each after the Black Stars won their final game 4-0 in Cape Verde. The opposition in Germany will surely offer stiffer competition.

Ghana start as rank outsiders in a first-round group that has three-time winners Italy, the formidable Czech Republic, and the ever-improving USA, who are playing in their fourth consecutive World Cup. A poor showing at the African Cup of Nations in January, where they were eliminated in the first-round group stage, would not have done wonders for the Black Stars' odds going into the World Cup. Ghanaians can, however, take heart from the feats of unheralded Cameroon and Senegal, who made the quarter-finals in 1990 and 2002 respectively, despite having to play opening matches against World Cup defending champions. A lot of the responsibility will rest on the shoulders of Chelsea midfielder, Michael Essien, currently Africa's most expensive player.

Nicknamed 'the bison', Essien went on strike at French club Olympique Lyon, in the summer of 2005, to force through his transfer to the English champions. Such bullishness has been carried onto the field of play and seen Essien suspended at least twice for rough play in his first season in England. His outstanding skills, pace and stamina are, however, not in doubt. In Germany, the Ghanaian supporting cast will include veteran defender Sammy Osei Kuffour, currently playing for Roma after a distinguished career in Germany, and team captain Stephen Appiah, a midfielder who left Juventus last summer for Turkish club Fenebarhce.

Statistics

Odds: 250/1		World Ranking: 50	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
12-Jun	Hanover	Italy	21:00
17-Jun	Cologne	Czech Republic	18:00
22-Jun	Nuremberg	USA	16:00

Football in Ghana

It has been one of the wonders of African football that Ghana's Black Stars had never qualified for the World Cup finals before. Long known as the Brazil of Africa for the exquisite skill of its players and the breathtaking play produced by national teams, Ghana dominated African football for decades. By 1982, the Black Stars had won the African Cup of Nations for an unprecedented fourth time and been runners up twice. Yet, World Cup qualification continued to prove elusive.

The mercurial talents and international renown of Abedi Pele and Tony Yeboah notwithstanding, the Black Stars suffered something of a decline through the 1990s. It was left to the youth teams to carry the flag. There were remarkable showings at FIFA's U17 and U20 competitions, with the Starlets winning the U17 trophy twice. It is perhaps that promise of youth that has finally borne fruit in Ghana's eventual qualification for the World Cup itself. Ghana's most famous current star, Michael Essien, played for Ghana at the U17 championship in 1999 and the U20 version in 2001.

The World's Cup, by June Sarpong

I was hoping that one of my uncles, who returned recently from a visit to Ghana, would come back with a Black Star Football top. But no word as of yet. I suspect that the male members of the extended family may have already staked their claim. For the next couple of months and during the World Cup Ghanaian football tops will be the equivalent of gold – which incidentally Ghana also exports. Any sports shop not selling Black Star football tops can definitely consider themselves having missed an open goal.

The link between Ghana and football has probably not been established in the minds of many of us yet. At the moment Michael Essien, who plays for Chelsea, is the only member of the Ghanaian national side who plays in the English Premiership. However, after the Black Stars dazzle Germany 2006, I think English football may be welcoming a few more Ghanaian stars, as managers eagerly sign up a few in time for next season. The host nation, on the other hand, already seems to be aware of the footballing potential of Ghanaians. Gerald Assamoah, the first Black player to play for Germany, will be playing for the host nation in Germany 2006 and is of Ghanaian descent. With many English school boys of Ghanaian descent holding aspirations of footballing glory, it probably won't be long before England follows suit.

The social significance of football can never be overstated. More than a game, it is a multi-million pound industry, which holds the aspirations and dreams of the world's affluent and disenfranchised alike. I remember the Chancellor, Gordon Brown, recently asking what the British equivalent of Independence Day is. Well, I think the World Cup is as close as you can get to it and it lasts for a whole month! The reverence of this festival is universally accepted by fans and non-fans alike. At what other time would women accept weddings being put on hold and employers join their staff as they sneak off to watch games and indulge in "post-match sickies" after an important game. The World Cup is a festival that brings the world together and is the celebration of identity for a multicultural nation.

Virtually all of Ghana's probable starting 11 at the World Cup play for teams in Europe or Israel. The flow of Ghanaian players to professional leagues abroad, which started as a trickle in the mid-1980s, has since turned into a flood that shows no signs of abating. As with most African countries, the top talent has either been poached by clubs abroad or actively sought to move to foreign leagues that offer much better incomes, opportunities and facilities. The quality of the local league has suffered as a result.

The State of the Economy

With an international single-B+ credit rating, Ghana currently is considered one of Africa's economic success stories. Like other African countries, Ghana relies on exports of primary commodities – gold, cocoa and timber – as key sources of foreign exchange. In recent years, Ghana has been credited with implementing successful fiscal and monetary stability programmes, and has embarked on a credible privatisation programme.

Although Ghana continues to rely on external aid and technical assistance, its literacy rate (around 75%), and its policy focus on economic diversification away from over-reliance on the agricultural sector, bodes well for longer-term sustainable economic development.

The State of the Nation

Ghana was the first sub-Saharan African country to gain independence from the British in 1957. Since then, Ghana has had a tumultuous political past, including a number of coups, a ban on political parties, and the suspension of its constitution in 1981.

However, over the past decade, a constitutional democracy has been established and sustained, providing much-needed political stability. With a population of approximately 22 million, most development commentators are optimistic on Ghana's economic and political prospects.

Dambisa Moyo

Iran

2006 World Cup

Iran returns to the World Cup this year after an easy qualification run. While the team is ranked 22 in the world and has odds of 250/1 to win the World Cup, their key second-round match against Japan in Tehran broke the world record for largest crowd at a qualifying match (120,000). On the way, Iran's captain, Ali Daei, also broke the record for the highest number of international goals scored by a player. His record stands at 110 goals recognized by FIFA in 147 matches.

Iran dominated the Asian confederation in the 1970s, winning the Asian championships three times, the Asian Games and qualifying for three Olympics. However, they failed to qualify for West Germany 1974, losing in a play-off to Australia (a loss they avenged in another play-off in 1998). They made their first appearance on the world stage in Argentina 1978. In a tough group facing Holland, Peru and Scotland, their only achievement was knocking out Scotland, Dalglish, Souness and co, in a 1-1 draw.

Their decade of dominance in Asia ended six days after the start of the Iran-Iraq war in September 1980. The eight-year war stopped most domestic competitions and with a whole generation of young men at the front, it took until 1994 before the national team mounted a serious challenge in Asia again. Their next appearance at the World Cup was in France 1998, where they achieved their first victory with a 2-1 win against USA. That appearance showcased Iranian domestic players on the world stage. Following this "free advertising", a large number of the top players moved abroad to play mainly in the Bundesliga, but also Serie-A, the Premiership, and even the MLS.

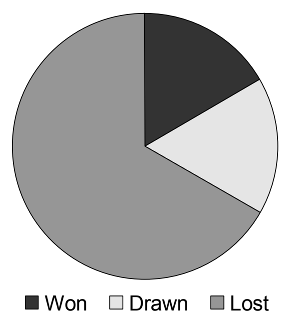
Today's key players include Ali Daei and Ali Karimi. Ali Daei is a 37 year old veteran of the team, and has been instrumental in rebuilding the national squad since the early 1990s. He was the first player to move to Europe, playing for various German teams, including Bayern Munich. The highlight of his European career, though, was scoring two goals for Hertha Berlin at Stamford Bridge in the Champions League. This strong performance against Chelsea may have provided some comfort to Australian football fans: Chelsea owner Abramovich has reportedly provided the financing to lure current Socceroos coach Guus Hiddink to Russia after the World Cup, so at least one Iranian player is helping indirectly to make up for knocking Australia out of earlier World Cups!

Ali Karimi, who plays for Bayern Munich, was the 2005 Asian Footballer of the Year. Many in Iran regard Karimi as the best Iranian player of recent times. Regarded as too flamboyant by some (his hair style was the subject of parliamentary debate, which says as much about the importance of football in Iran as it does about his coiffure!), Germany 2006 could be the stage for him to show his talent and claim Ballack's spot at Bayern next season.

Statistics

Odds: 250/1		World Ranking: 22	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
11-Jun	Nuremberg	Mexico	18:00
17-Jun	Frankfurt	Portugal	15:00
21-Jun	Leipzig	Angola	16:00
Previous Appearances: 2			
Host	**Year**	**Outcome**	
Argentina	1978	Eliminated in !st Round	
France	1998	Eliminated in !st Round	

World Cup Results



Games Played	6
Won	1
Drawn	1
Lost	4
Goals Scored	4
Goals Against	12
Yellow Cards	6
Red Cards	0

State of the Economy

The relative recovery in the football outlook is partly mirrored in economic developments. GDP growth has averaged north of 5% since 2000/01. While this was partly on the back of strong oil prices, it is also in response to the recent opening up of the economy and reduction in the major obstacles to trade, in much the same way as the current status of the team is enhanced by the international flow in players. Nonetheless, just as the team is perhaps overly dependent on a small number of players, its economy is still heavily dependent on the oil industry.

The demographic trends are, however, quite different: the football team captain is nearing 40, but Iran's population is unusually young, with nearly three-quarters of the population under 30. If anything, the demographic problem for the economy will be in finding jobs for the surge in new workers.

More immediately, the outlook is clouded by uncertainty over international tensions associated with the nuclear issue. In terms of the economy, the issue is causing the Iranian private sector to hold back investment until the situation becomes clearer; and in football, it has also reportedly made some international sides hold back on travel to Iran for pre-Cup friendlies. Punters on the World Cup may thus await the team's performance in the away-friendly against Croatia in Zagreb on May 28 before taking a stronger view on the team.

Mike Buchanan

Italy

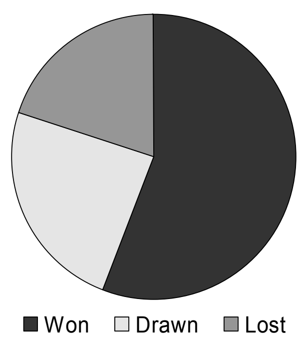
Statistics

Odds: 8/1		World Ranking: 14	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
12-Jun	Hanover	Ghana	21:00
17-Jun	Kaiserslautern	USA	21:00
22-Jun	Hamburg	Czech Republic	16:00

Previous Appearances: 15

Host	Year	Outcome
Italy	1934	Winners
France	1938	Winners
Brazil	1950	Eliminated in 1st Round
Switzerland	1954	Eliminated in 1st Round
Chile	1962	Eliminated in 1st Round
England	1966	Eliminated in 1st Round
Mexico	1970	Runners Up
Germany	1974	Eliminated in 1st Round
Argentina	1978	Finished in 4th Place
Spain	1982	Winners
Mexico	1986	Reached Round of 16
Italy	1990	Finished in 3rd Place
USA	1994	Runners Up
France	1998	Reached Quarter finals
Korea/Japan	2002	Reached Round of 16

World Cup Results



Games Played	70
Won	39
Drawn	17
Lost	14
Goals Scored	110
Goals Against	67
Yellow Cards	68
Red Cards	5

The 2006 World Cup

Gli Azzurri, as the national squad is also known (*azzurro* is the Italian for sky-blue, the colour of the team's jerseys), have been world champions three times: in 1934, 1938 and, more recently, in 1982. This performance is on a par with that of archrival Germany, and second only to Brazil, which has five titles under its belt. Italy have been runners up on two occasions (in Mexico 1970, losing 4-1 in an epic match against the Brazilians and in USA 1994, defeated again by the Latin Americans on penalties after a goal-less draw).

After a somewhat controversial (at least according to the Italian side) loss to Korea in the Round of 16 four years ago, Italy is among the favourites to win the tournament. The team is coached by Marcello Lippi, who took over from Mr Trapattoni in 2004 and is credited with leading Turin's Juventus F.C. to many domestic and international victories.

Considering the average Italian male's innate tendency to think of himself as a natural football strategist, living up to his fellow citizens' high expectations will not be an easy task for Mr Lippi. In previous World Cup tournaments, public opinion has split, particularly over the choice of a striker (from the famous Mazzola/Rivera debacle in the 1960s, to the more recent one involving Totti and Del Piero in 2002). Exactly who the country will fight over this year is yet unclear, but judging from previous form, a scrap is very likely to develop.

In friendly games disputed so far, Mr Lippi has frequently fielded players from teams outside the top five, fishing for younger talent further down the ranks. At an estimated 28 years, the average age of the national team is expected to be a tad lower than in previous competitions (28.2 years). For a country whose demographic trends are worsening rapidly (Italy has one of the lowest fertility rates in the OECD, while life expectancy is among the highest), this in itself may already be an important achievement.

Italy's most serious competitor in Group E is the Czech Republic. Once in the second stage of the tournament, it is likely to meet Brazil or Croatia, which could prove a bigger challenge. At the time of writing, Italy's chances of winning the world Cup are considered to be similar to Argentina's.

Football in Italy

Il calcio is one of the Italians' strongest passions, cutting through age, geographical and socio-economic groups. Particularly on Sunday and Monday evenings, dodging one of the numerous TV and radio programmes devoted to the famed *Campionato* – the premiership tournament running from end-August to the following May – is near impossible. Sales of the Monday edition of *Gazzetta dello Sport* – the pink-coloured daily commenting on the matches disputed the day before – comes narrowly close to those of the top two national broadsheets. And *Gazzetta* is only one of three daily newspapers among the top ten by national distribution that devotes almost 70% of its pages to football.

The national team and Ferrari Formula One are probably the two things that bring Italians closest together, with an estimated two-thirds of the population declaring themselves 'interested' in their performance. Interestingly, however, a study by think-tank Nomisma shows that, among football fans, the passion for a club surpasses, if only by a small margin, that for the national team. Such deep-rooted parochial affiliations at times culminate in violence, marring premiership matches.

Given the broad following, it is no surprise that football is synonymous with business in Italy. Data for 2003 indicates that overall revenues generated by the sport stand at around EUR4.2bn, corresponding to those of the country's 13th-largest industrial group. Three of the Italy's top football clubs (Lazio, Roma and Juventus) are listed on the Milan stock market, with the others mostly privately-run by local entrepreneurs. Unlike in the UK, most clubs do not own the stadiums in which the games are played, but rent them from local authorities. Revenues are derived from the sale of tickets, TV rights, sponsors, and some merchandising. As is the case in other sectors of the economy, escalating wage costs frequently come up as an issue to address. Four of the 20 top-paid players in the World Cup play for Italian teams.

State of the Economy

The Italian economy has not fared so well lately, and is now epitomised as the 'sick man of Europe'. Over the past decade, real GDP growth has averaged only 1.5% a year, 0.6% below the Eurozone's average. Since the last World Cup in 2002, the gap has widened to almost a full percentage point. This is particularly worrisome given that over this period short-term real rates, set by the ECB, have been slightly negative in Italy's case, given that average inflation has outstripped the Eurozone's average.

The country's woes for the large part stem from a too 'rigid' supply structure. Shackled by regulations and relatively high taxes and social security contributions, many businesses have been unable to react fast enough to the new challenges (and opportunities) posed by globalisation. Economy-wide nominal wage growth has persistently surpassed that of productivity, translating into higher unit labour costs. With currency devaluation no longer an option, this has resulted in a progressive loss of market share for Italian exporters. Italy's export mix also happens to be concentrated in sectors like consumer goods (e.g., clothing and footwear, household appliances) and intermediate goods (precision machinery) that have suffered most from competition from Asia and Eastern Europe.

Demographics pose a further challenge, and not only for *Gli Azzurri*. On the positive side, labour force participation is increasing, and working age has been extended. But the low birth rates which, like the high household savings rate, are probably a function of uncertainty surrounding the job outlook, are a burden, particularly for the state sponsored pay-as-you-go pension scheme. At 106%, the debt-to-GDP ratio is among the highest in the developed world, and has stopped declining.

The situation is far from irreversible. As typified by their national football team, Italians are tenacious and have frequently proven capable of making skilful tackles. Like the rest of Euroland, the country is currently enjoying a cyclical upswing, as heralded by business surveys. Moreover, consumer confidence has been on an upward trend since last fall (probably supported by optimism ahead of the World Cup!).

On balance, we expect growth to lag behind the Eurozone average. Specifically, we forecast GDP expanding 1.6% 2006 and 0.9% in 2007, compared with 2.4% and 1.7% for the Euro area. The growth gap, projected at 0.8% of GDP, could decline further if structural reforms increasing competition in the product and labour markets are enacted.

State of the Nation

A centre-left coalition led by Romano Prodi narrowly finished ahead in the general elections held on April 9-10, defeating the centre-right government headed by media-tycoon Silvio Berlusconi, in office since 2001. Mr Prodi can rely on a fairly solid majority in the Lower House of Parliament, but his lead in the Upper House is down to a minuscule 1-2 seats. This may stir up political uncertainty around crunch votes on controversial bills. On the economic front, Mr Prodi has promised to pursue growth-enhancing policies, such as cutting social security contributions for firms, and at the same time bring public finances under stricter control. These are two formidable objectives to juggle, especially given how deeply entrenched Italy's vested interests are. As the keen cyclist he is, Mr Prodi no doubt will recognize that true talent emerges on uphill roads.

Francesco Garzarelli

Ivory Coast

2006 World Cup

Ivory Coast (Côte d'Ivoire) finished top of their qualifying group, with Didier Drogba proving he is one of the world's best strikers after scoring nine goals and a double against Egypt. His feast of goals meant the team's slip-up in their penultimate match against Cameroon did not prove too costly. The Ivory Coast has a world ranking of 32 and many believe they have a good chance of reaching the quarter-finals in their first finals in eight attempts.

Football in the Ivory Coast

Don't underestimate this team from West Africa. In the past few years, the Ivory Coast's national football team, nicknamed Les Éléphants (The Elephants), has emerged as one of the most powerful soccer teams in all of Africa. Indeed, The Elephants knocked out Cameroon and Egypt – seen by many as part of the African football elite – on their way to the World Cup.

Perhaps more importantly, team spirit is likely to be very high going into this summer's competition. The players returned home as heroes despite losing 4-2 to Egypt in the recently concluded African Cup of Nations. Thousands of fans waited at the airport in Abidjan to get a glimpse of the men who, at least for now, have brought a certain degree of unity to a country that is currently undergoing economic and political instability. If public adoration was not enough to convince the players how important football is to the people, they will surely not forget that each of those who were part of the squad that qualified for the World Cup got a house as a gift from President Laurent Gbagbo!

So the incentives are arguably in place. And the team has two of the best players in the English Premiership. Chelsea star striker Didier Drogba is easily the Ivory Coast's most important player, and he'll be key if the team is to advance to the knockout phase of the World Cup. Having found the back of the net nine times in World Cup qualifying, Drogba will be looking to make his mark in front of a global audience. At the same time young Arsenal defender Kolo Touré – he's only 24 years old – will need to use his finely honed tackling skills to prevent the world's best strikers (including those from Argentina and Holland in the qualifying stages) making a mockery of the Ivory Coast defence.

If both Drogba and Touré are on top form in Germany, this African side is going to be tough to beat. Memories of the 1992 World Cup flood back, when Senegal beat all expectations and reached the quarter-finals. Can the Côte d'Ivoire do better in 2006? Don't bet too much money against it!

Statistics

Odds: 66/1		World Ranking: 32	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
10-Jun	Hamburg	Argentina	21:00
16-Jun	Stuttgart	Netherlands	18:00
21-Jun	Munich	Serbia & Montenegro	21:00

The State of the Nation

Once hailed as a model of stability, Ivory Coast has seen significant political unrest since an attempted military coup in September 2002 that split the nation in two. Although the fighting has stopped, Ivory Coast remains tense and divided. French and UN peacekeepers patrol the buffer zone that separates the north, held by rebels known as the New Forces, and the government-controlled south. Although there have been a number of peace talks brokered by other African nations, so far they have failed to reunite the country. Hope for lasting peace and transition to an elected government acceptable to all parties were fuelled by the Pretoria Accord brokered in April 2005 by South African President Thabo Mbeki. A new African Union peace initiative in October 2005 extended the original peace accords for another 12 months, until October 2006. If these peace initiatives fail, the country will likely remain divided and peace threatened by the prospect of renewed fighting.

As the Africa Cup Nations competition showed, football can unite the people of the Ivory Coast, even temporarily. A good showing by the Ivory Coast team in this summer's World Cup will be important in more ways than one.

The State of the Economy

Political unrest and corruption at many levels of government has impeded economic growth in recent years. GDP growth was negative through 2000 to 2003, and according to the IMF the economy grew 1.6% in 2004, 1% in 2005 and is expected to grow 2% this year.

The country's economy basically relies on agriculture. The agriculture sector employs over two-thirds of the active population and accounts for nearly one-third of its GDP. Ivory Coast is among the world's largest producers and exporters of coffee, cocoa beans (40% of export revenues) and palm oil. Its top export partners are France, the Netherlands and the United States. But due to the nature of export goods, the economy is consequently highly sensitive to exogenic risks, such as fluctuations in international prices and climatic conditions.

With the tripling of oil prices in recent years, the government hopes that the ongoing exploration of Ivory Coast's offshore oil reserves will result in significant production that could boost daily crude output from roughly 33,000 barrels per day to over 200,000 barrels per day by the end of the decade.

Binit Patel

Japan

Football in Japan

Japan, which co-hosted the 2002 World Cup with South Korea, was the first country to qualify for the 2006 tournament. In its third successive outing in the finals, Japan hopes to improve on its last-16 performance in 2002.

Football took off in Japan following the start of the country's professional league (J-League) in 1993. The number of people playing football in Japan rose to 5.29 million in 1996 from 3.26 million in 1991, representing average annual growth of over 10% during that period and establishing Japan as a developing country in football terms. Growth peaked in 1996 and numbers are not increasing at present, but who knows what the future holds. Japan's status as a football-playing nation has risen steadily following its first qualification for the World Cup finals in 1998 and its co-hosting of the tournament in 2002.

This is evident in changes in the player trade balance. The shift to professional status in the domestic league in 1993 (domestic demand expansion) resulted in a sharp increase in the number of overseas players in Japan (imports), with most clubs having several foreigners in their regular line-ups. Before 1998 the appearance of Japanese players in foreign teams (exports) was limited to a handful, led by Kazoyoshi Miura's signing for Serie-A team Genova, and Japan ran a large football player trade deficit. However, the 1998 transfer of Hidetoshi Nakata (now playing for Bolton in England's Premier League) to Perugia of Serie A sparked an increase in the number of Japanese players signed by foreign clubs. At present there are nine Japanese players at clubs in foreign professional leagues, a major increase compared with a few years ago. Some, like Shunsuke Nakamura, who has helped Celtic win the Scottish Premier League this year, are playing prominent roles at top-level clubs. While the large number of foreigners playing in the J-League means that Japan is still running a trade deficit, the scale of that deficit has shrunk, and with foreign clubs still keen to transfer Japanese players, we expect it to go on shrinking.

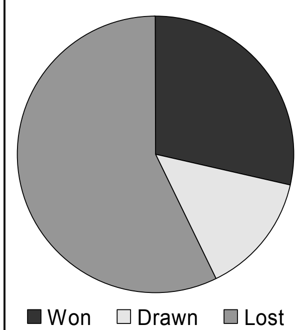
Although Japan is still a relative newcomer at the World Cup finals, its performance has improved with each tournament it has participated in. Japan's first appearance in the finals in 1998 prompted much interest, but the failure to win any of the three first-round games and the scoring of only one goal exposed the gulf still separating Japan from the football world elite. In 2002, however, co-host Japan advanced past the first round with victories against Tunisia and Russia, and a draw with Belgium. While it lost 1-0 in the first knock-out round to Turkey, which eventually took third place in the tournament, Japan nevertheless achieved its initial goal of making it to the last 16.

Statistics

Odds: 150/1		World Ranking: 17	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
12-Jun	Kaiserslautern	Australia	15:00
18-Jun	Nuremberg	Croatia	15:00
22-Jun	Dortmund	Brazil	21:00

Previous Appearances: 2		
Host	**Year**	**Outcome**
France	1998	Eliminated in 1st Round
Korea/Japan	2002	Reached Round of 16

World Cup Results



Games Played	7
Won	2
Drawn	1
Lost	4
Goals Scored	6
Goals Against	7
Yellow Cards	13
Red Cards	0

The 2006 World Cup

However, the performance in the 2006 World Cup will be crucial in determining whether or not Japan has really gained ground on the rest of the world. Home advantage played at least some part in reaching the last 16 in 2002, and this year Japan will not benefit from seed status, which it enjoyed last time thanks to its co-host status. In Germany the Japanese team face a tough first-round group that pits it against Brazil, Croatia, and Australia. While every game is likely to be tough, most attention is likely to focus on the one against Brazil, defending champions and currently ranked No. 1 in the world. In the eight times Japan has faced Brazil in the past, it has drawn three games and lost five, and has never beaten the South American giants. (Japan did beat Brazil 1-0 in the Atlanta Olympics, in what is known in Japan as the "Miracle of Miami", but Olympic football bears little resemblance to the professional game.) The previous two meetings between the teams have ended in draws, including a 2-2 result in the last meeting a year ago in the Confederations Cup, a pre-World Cup tournament. This means little in relation to the full-blooded contest to come, but a first win for Japan against the world champions is not inconceivable. If Japan can secure a draw or better against Brazil, this could be the springboard to a better performance than its last-16 achievement in 2002.

The person most in the spotlight is likely to be Zico, Brazilian hero and currently the coach of the Japanese team. When Japan and Brazil drew in their previous meeting in the Confederations Cup, Zico said " My heart started pounding when the Brazilian national anthem was played, but fortunately it was the shorter version (I might have been in trouble if the full version had been played). Thereafter I was proud as Japan's coach that Japan at least matched Brazil, but now when I think back my feelings are complicated." Attention is certain to focus on Zico's tactics in the game against his mother country, and his comments before and after.

Earlier this year Japan won the first-ever Baseball world cup, called the World Baseball Classic, beating the mighty Americans as well as Asian rivals South Korea and amateur champions Cuba. This world-beating performance in the long-popular sport of baseball has raised expectations that success in football could be next. While Japan is still some way from the summit of world football, as a developing football nation we expect it to produce something special in Germany.

State of the Economy

The economy is in a good solid state. Domestic demand is growing, led by consumption and capital expenditure. We have pulled ourselves out of a decade-long deflationary period, going into the football year in the best condition ever.

For the past decade, Japan has suffered a painful process of structural change to resolve the three "excesses" of the economy – excess capacity, excess labor and excess debt. These involved under-investment, cutbacks in labor, reduction in bank borrowing and bad-debt disposals. For the first time, Japanese employees had to live with the fear of lay-off on a day-to-day basis and learned that employment is not eternal. For the first time, Japanese households had to eat into their savings. And of course for the first time, the central bank reduced the policy rate to zero, and adopted an unprecedented quantitative easing policy for five long years.

The pain has finally paid off. Through the rigorous restructuring process, the corporate sector has built in a low-cost operating structure that is less vulnerable to external shocks, such as the currency fluctuation, overseas demand and input price shocks. Debt reduction is over now that companies are free to use their cash flow for purely investment purposes – capex recovery started off with replacement demand for equipment, but this is extending to production enhancement, structures and IT-related investment not only for manufacturers but also for non-manufacturers. With deflation fading and nominal sales growth turning up, corporations are enjoying high profit growth through the gearing effect.

	1998	2002	2006
Real GDP	-1.8	0.1	**3.2**
Consumption	-0.5	0.6	**1.3**
Capex	-0.8	-0.8	**1.3**
Nominal GDP	-1.8	-1.4	**2.7**
Core CPI	0.4	-0.8	**0.5**
Tokyo residential land price	-3.7	-4.6	**0.8**
Nikkei (chg during the year)	-9.3	-18.6	**7.5**

Consumption is on a persistent recovery trend, not only due to a stabilized labor market and rising income, but also due to pent-up demand on durable goods and housing purchases. The wave of baby-boomer retirement should also bring about increased spending on non-discretionary service-related consumption.

As can be seen in the table provided, we are going to the World Cup in the best economic condition ever. The past two World Cup experiences were dismal, but let's blame that on the state of the economy at the time.

For 2006, Go Japan Go!

Japan Economics Group

Mexico

Can the Sol Azteca and the Tricolor Win in 2006?

Year after year, the Mexican soccer team has continued to improve, and now FIFA ranks Mexico the sixth-best team in the world. Mexico qualified in second place behind the USA for the North/Central America & Caribbean Zone. The Mexican team played well in the FIFA Confederations Cup in Germany, but despite some good matches, it finished in fourth place. This explains our analogy between a competent and physically fit national squad, *El Tri,* and the opposition PRD, or *El Sol Azteca*. Like *El Tri*, the *Sol Azteca* fights hard and fields a strong campaign (as in 1988), but so far neither *El Tri* nor *El Sol Azteca* have managed to win.

Coach La Volpe has developed a fit and highly mobile team. La Volpe stunned Mexicans by denying veteran striker Cuauhtémoc Blanco his chance to go to his third World Cup. The main talents of *El Tri* are header Borgetti and striker Fonseca.

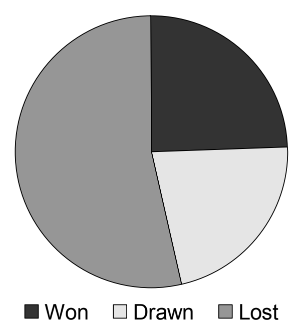
Mexico plays its inaugural match for Group D in Nuremberg against Iran on June 11, meeting Angola and Portugal thereafter. We believe both Mexico and Portugal can qualify for the Round of 16, but we doubt Mexico will go beyond that stage, because *El Tri* would have to play against the Netherlands or Argentina, and Germany, Italy, or France in the quarter-finals. In other words, we don't expect the team to break its quarter-finals curse in Germany.

Statistics

Odds: 40/1		World Ranking: 6	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
11-Jun	Nuremberg	Iran	18:00
16-Jun	Hanover	Angola	21:00
21-Jun	Gelsenkirchen	Portugal	16:00

Previous Appearances: 12		
Host	**Year**	**Outcome**
Uruguay	1930	Eliminated in 1st Round
Brazil	1950	Eliminated in 1st Round
Switzerland	1954	Eliminated in 1st Round
Sweden	1958	Eliminated in 1st Round
Chile	1962	Eliminated in 1st Round
England	1966	Eliminated in 1st Round
Mexico	1970	Reached Quarter Finals
Argentina	1978	Eliminated in 1st Round
Mexico	1986	Reached Quarter Finals
USA	1994	Reached Round of 16
France	1998	Reached Round of 16
Korea/Japan	2002	Reached Round of 16

World Cup Results



Games Played	41
Won	10
Drawn	11
Lost	20
Goals Scored	43
Goals Against	79
Yellow Cards	38
Red Cards	5

Football in Mexico

Of all the countries going to Germany, Mexico has the most experience with ball games. This is because their Olmec, Mayan and Mexica ancestors invented a ball game called the *juego de pelota*, a religious ritual played with a latex ball. Since then, the rules of the game have been relaxed – the losing team no longer ends up on the sacrificial altar. Mexico has a long tradition in soccer, and its team is fondly called *El Tri* or *Tricolor*, in reference to the colors of the flag. Mexico has participated in 12 World Cups and hosted two World Cups (1970 and 1986). According to FIFA, Mexico is ranked ahead of France, England, Portugal and Italy, which seems odd for a team that has never gone beyond the quarter-finals.

State of the Economy

The outlook for the Mexican economy is good for 2006. Thanks to sensible monetary and fiscal policies and supported by competent debt management, the economy is shielded against political shocks in 2006. Moreover, we forecast that growth will rise to near 4.0%, while inflation should decline to 3.5% in 2006. High oil prices and the continued increase in labor remittances should allow Mexico to register a BoP surplus nearing US$5 billion in 2006.

We believe the next administration, which is due to take office on December 1, 2006, will face important challenges to increase growth and employment. Potential GDP growth is undermined by a rapid loss of the external competitiveness of Mexico's manufacturing exports in US markets, particularly against Chinese products. On the energy front, the government will have to implement constitutional reforms if it is to avoid a decline in oil production and natural gas, while on the fiscal side the government will have to implement structural reform to stabilize the growing deficit from social security for civil servants. Without these policies, we believe that the next administration would be undermining the potential real GDP growth of Mexico.

State of the Nation

In Mexico, every other Presidential election coincides with the World Cup. In 2006, the general elections are scheduled for July 2. In our view, the victory of leftist Andrés Manuel López Obrador (PRD) is no longer a sure thing. Following the first Presidential debate, opinion polls show that the official candidate Felipe Calderón (PAN) overtook AMLO by a small margin, from a previous gap of almost 12 percentage points in favor of AMLO three months ago. Roberto Madrazo (of the PRI) weakened in third place. The radicalization of AMLO's discourse against President Fox, bankers and the media, followed by an aggressive TV campaign by the PAN and the PRI against AMLO, seem to have turned the campaign around in favor of Calderón.

AMLO has less than two months to breathe some life into his campaign, with his Presidential hopes now depending on how well he performs in the second debate, scheduled for June 5. The World Cup will de facto reduce the Presidential campaign by about three weeks. The other challenge will be to increase an otherwise declining voter turnout. If Mexico goes to the semi-finals, it would most likely be playing on June 30, two days before the elections.

We believe the Presidential elections will continue to increase financial market volatility, for two main reasons. First, there is a risk that the elections could be too close to call. Second, local investors remain somewhat concerned about the economic policies AMLO would implement if he were to win. To be sure, AMLO and his campaign team have reassured investors that he would preserve sound macroeconomic policies, but ultimately the burden is on him to appoint a strong economic team and adopt sensible macroeconomic policies. If Calderón were to win, we believe the prospects for the Mexican economy would be better, given the higher likelihood of stronger macroeconomic policies and structural reforms. Whoever wins will have to govern with a divided Congress, because polls suggest that the Congressional seats will be equally divided among the three leading parties.

Paulo Leme

Netherlands, by Edwin van der Sar

The Year of My Three Cups

I came to Manchester United in 2005 with the clear intention of joining a team set to restore their 1999 glory of winning the treble. But I am an impatient man, so since it didn't happen in my first year at Manchester United, I have taken it upon myself to score the three remaining cups for this year.

The first one is already under my belt. We won the Carling Cup final 4-0 over Wigan in February, and this turned out to be an important turning point for the club this season, so stay tuned for more victories and more cups for Manchester United next year. I also have my second cup in hand. Almost, at least. If all goes to plan, I can beat Frank de Boer's record 112 caps for the national team in the last group game against Argentina; so, beware everybody, I will be extra-motivated to keep a clean sheet in that game!

But to make it a hat-trick, I'll need to lift the World Cup as well. The World Cup is of course much more than just a part of my personal treble. It really is time for the Netherlands to capture what we have been so painfully close to so many times. Let me take you back.

While I am a late starter when it comes to football (I was a teenager before I really got going), growing up in the Netherlands in the mid- to late 1970s and early 1980s was heavily flavoured by the loss to Germany in the final of the 1974 World Cup (by 1-2 after having been ahead by 1-0) and four years later to Argentina in the final, by 3-1 in extra time. These were the years when we introduced the world to "total football". Before launched at the national level, "total football" was of course developed at Ajax by the great Rinus Michels. As such, I am very proud to be a product of the Ajax school in those formative years.

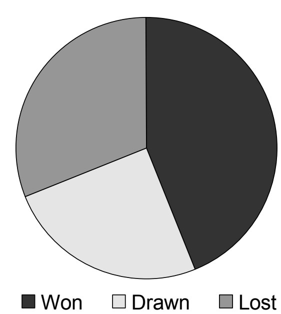
While the two near-misses in 1974 and 1978 were hard to bear, our commitment to "total football" remained unquestioned. In 1988 we took it back to Germany for the European Championship—to seek revenge. And revenge we got. We beat Germany 2-1 in the semi-finals, and the USSR 2-0 in the finals. Some might say we outplayed the USSR so badly that it contributed to the downfall of communism the following year and to the break-up of the Soviet Union a few years later. Certainly, you never saw the Soviet national team again after it had been exposed to Dutch "total football" in 1988. In 1992, our bad run of losing on penalty shoot-outs began. In 1992 we lost in the semi-finals on penalty shoot-outs to Denmark, who went on to win the championship in spite of not even having qualified in the first place. As you'll remember, the Danes arrived for the championship in Sweden straight from the beach when Yugoslavia failed to put together a team, as that communist country was also falling apart. And did the Danes ever thank us for our contribution to the fall of communism?

Statistics

Odds: 10/1		World Ranking: 3	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
11-Jun	Leipzig	Serbia and Montenegro	15:00
16-Jun	Stuttgart	Ivory Coast	18:00
21-Jun	Frankfurt	Argentina	21:00

Previous Appearances: 7		
Host	**Year**	**Outcome**
Italy	1934	Eliminated in 1st Round
France	1938	Eliminated in 1st Round
Germany	1974	Runners Up
Argentina	1978	Runners Up
Italy	1990	Eliminated in 1st Round
USA	1994	Reached Quarter Finals
France	1998	Finished in 4th Place

World Cup Results



Games Played	32
Won	14
Drawn	9
Lost	9
Goals Scored	56
Goals Against	36
Yellow Cards	45
Red Cards	4

In the 1994 World Cup in the US we lost to Brazil in the quarter-finals, and four years later our near-misses continued in France. That year we met the Brazilians in the semi-finals, and we surrendered only after the penalty shoot-out. Two years later at the European Cup, we also lost on penalty shoot-outs in the semi-finals (against Italy)—after having missed two penalties in regular time. The near-misses left us in the wilderness for a while and we didn't qualify to the 2002 World Cup. But we were back two years ago at the European Cup, where we lost again in the semi-finals. But importantly, while we exited four of the last five tournaments up until 2000 on penalty kicks, that all changed in 2004 when we eliminated Sweden from the eleven meter. So let me be very clear to any player stepping up to the spot in Germany looking at a goal with me between the poles: I saved two Swedish penalties in 2004, thus contributing to ending the spell — and I'll do it again this year, with pleasure!

Make no mistake about it. We are going back to Germany to repeat our 1988 success, and we are ready. I'll be captaining a great team, hungry to make it the whole way through. We have a great combination of very experienced and incredibly talented young players. Even more important, our coach Marco van Basten knows how to lift a cup, as he showed in 1988 when he steered the Dutch team to victory, coincidently on German territory.

I understand you guys are professional investors making a living out of coming up with good ideas that will make your clients a lot of money. Well, I have a great idea for you all: How about betting some cash on the Netherlands doing really well in Germany. I can promise you one thing: I'll surely do everything in my powers to turn that into a great investment.

Edwin van der Sar

Captain, The Netherlands

And as for the Economy…

The Dutch economy has broadly followed the fortunes of the national football team over the years. The 1974 defeat to Germany that Edwin van der Sar referred to with considerable pain also led to several years of generally underperforming growth. But during the good football years of 1994-1999, the Dutch economy grew faster than the rest of Europe, only to come to a virtual stand-still during 2000-04, the years van der Sar describes as the ‘wilderness’ years. But things have changed and on the same logic, the Dutch team should do very well this summer in Germany; we forecast Dutch GDP growth to accelerate this year to a robust 2.4%. More than that, recent years' Dutch economic performance has become a virtual mirror image of van der Sar: an ever-stronger growth performance combined with falling inflation (to just 1.4% this year), an ever-lower budget deficit (1.5% of GDP) and a rising current account surplus (3.6% of GDP). The Dutch economy has not had it this good for the last 35 years – maybe it’s a sign of things to come in June…

Erik Nielsen

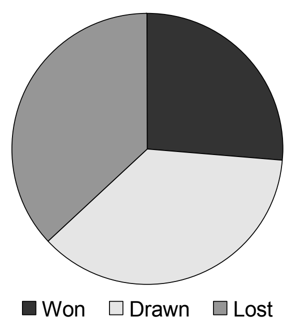
Paraguay

Statistics

Odds: 80/1		World Ranking: 33	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
10-Jun	Frankfurt	England	15:00
15-Jun	Berlin	Sweden	21:00
20-Jun	Kaiserslautern	Trinidad and Tobago	21:00

Previous Appearances: 6		
Host	**Year**	**Outcome**
Uruguay	1930	Eliminated in 1st Round
Brazil	1950	Eliminated in 1st Round
Sweden	1958	Eliminated in 1st Round
Mexico	1986	Reached Round of Sixteen
France	1998	Reached Round of Sixteen
Korea/Japan	2002	Reached Round of Sixteen

World Cup Results



Games Played	19
Won	5
Drawn	7
Lost	7
Goals Scored	25
Goals Against	34
Yellow Cards	23
Red Cards	2

The 2006 World Cup

Ranked 33 in the latest FIFA world ranking, Paraguay is matched with England, Trinidad & Tobago and Sweden in Group B. Given the assumed favoritism of England in the group, the key match to advance to the knockout phase could turn out to be against Sweden. Paraguay finished in fourth place in the South American CONMEBOL qualifying round (tied with Ecuador but with an inferior goal difference). The team is coached by Aníbal Ruiz and reached the final 16 in both 1998 and 2002.

This is a solid squad which excels more in defense than in spectacular attacking football, and which made the country proud by snatching an unexpected silver medal in the 2004 Athens Olympics. Beating archrivals Argentina in the World Cup qualifying round, and qualifying as the third-strongest squad in South America behind perennial favorites Brazil and Argentina have boosted the self-confidence of this squad.

Football in Paraguay

Pretty much like in any other South American country, soccer is king in Paraguay, and the entire nation dresses up in the national colors when the national team “La Tricolor” faces the regional soccer rivals. The most talented players play in leagues outside the country, mostly in Latin America and Europe.

The team is known for its spirited defense and aggressive play, particularly on home turf, and its fans are still haunted by the tough second-round sudden death defeat to France in the 1998 World Cup.

Striker Nelson Valdez, an emerging soccer talent in South America, has had a successful career in Germany and is one of the most recognized footballers of this squad. Speed and uncanny ball-control skills make him a headache for most defenses. Unfortunately, Valdez will probably not partner with Bayern Munich’s star forward Roque Santa Cruz, who has been struggling with a recent injury. Other names to look out for on the pitch are well rounded midfielder Roberto Acuña, and the experienced defender and team captain Carlos Gamarra.

The State of the Economy

The 2006 World Cup will find Paraguay still recovering from the debilitating economic crisis suffered in 2002 when the latest World Cup took place. At that time, the economy was in serious trouble, triggered by economic and financial distress in Argentina and Brazil – countries with which Paraguay has close economic links – and aggravated by an unstable domestic political picture. Since then, the economic outlook has substantially improved. Helped by higher international prices for Paraguay’s main agricultural exports and the noticeable economic recovery witnessed in Brazil and Argentina, the economy began growing again in 2003.

Growth improved but, at 3.5% on average in the past three years, it was still quite modest compared with the region’s recent performance. External shocks (e.g., higher oil prices and the strengthening of the Brazilian currency) raised inflation from 2.8% in 2004 to 10% in 2005. Authorities responded by tightening monetary policy, on the back of which inflation is expected to decline to 5% in 2006. The fiscal balance declined from a deficit of 3.4% of GDP in 2002 to balance in 2005, an important achievement of the stabilization policies of the past years. The authorities appear committed to maintaining the fiscal accounts in broad equilibrium over the medium term as an anchor for macroeconomic stability.

With macro fundamentals now in synch and the external backdrop expected to remain generally supportive, the economy is expected to grow slightly above 3.0% on a sustainable basis. However, it will remain vulnerable to the evolution of commodity prices and the fortunes of the Argentine and Brazilian economies.

The State of the Nation

Since the 35-year military regime of Alfredo Stroessner was deposed in 1989, Paraguay has taken encouraging steps towards embracing democracy. Free and regular elections have been held since then, and a new constitution was drafted, establishing a democratic system of government and providing greater protection for fundamental rights. Still, the country continues to be beset by recurring bouts of political instability and the delivery of public services is still inadequate and inefficient. In 2003, current President Nicanor Duarte was elected on a platform of fighting corruption, increasing transparency and improving the quality of government management.

The Duarte administration faces great economic challenges. Around 60% of Paraguayans still live below the poverty line, unemployment and underemployment are high, and income distribution is highly skewed. The average level of schooling is low and infrastructure is inadequate, constraining economic performance. A key goal should be to create the conditions for faster, sustainable, high quality growth. At 3.5%, the current economic growth pace is too low to improve the living standards of a population that is growing at around the same pace. The growth performance could be much stronger if the government implemented structural and other efficiency-enhancing reforms.

Alberto Ramos

Poland

The MPC (Magnificent Polish Champions)

Polish football has a proud history, but when political and economic turmoil began in the 1980s, the Poles turned to more important things, namely overturning Communism. Not surprisingly, Poland failed to qualify for several of the international tournaments that followed.

But once safely on the road to becoming a ‘normal’ European economy, Poland refocused its attention and established the remaining institutions needed for a proper market economy—an independent Monetary Policy Council and a strong and independent national football team. A team of highly qualified players was selected for the "Magnificent Polish Champions", or the MPC, with the explicit mandate of bringing Poland up to EU standards. But things turned out to be more tricky than expected, and Poland failed to qualify to the 1998 World Cup and the 2000 European Cup.

Going Solo Fails to Qualify

In the name of democracy, nine players were appointed at the same time and all for a fixed and non-renewable six-year term. They were all fine people, but they were not all trained professionals. And those who were strong professionals often proved impatient with their team mates, driving solo frontal attacks that made a lot of noise but little headway in terms of results.

Following the failure to qualify in 2000, team captain Gronkiewicz-Waltz left Poland for a more lucrative career in London—thus following the trend set by other fine Polish players. Lezcek Balcerowicz, a man of world class status and fame, was appointed as the new captain. While Poland qualified for the 2002 World Cup, they were eliminated in the first round.

Two years later, the nine players' term was up, and with the country tired of the MPC's conservative style of play, nine new members were appointed from a pool of people promising a more progressive game. However, once selected, two of the most progressive players—Nieckarz and Pietrewicz—even voted against the adoption of the team's game plan, alerting us to the possibility that team spirit might still be an issue. Seeing trouble on the horizon, Balcerowicz hired a fresh young player with a strong record from a small private club to be his deputy and to run the team's research effort.

Balcerowicz Captains Winning Team

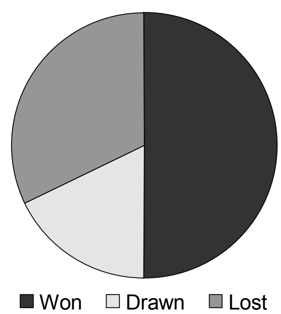
But it didn't pan out the way it was supposed to: the deputy saw inflation everywhere, and by 2004 he had managed to persuade the majority of the team to play a conservative game, causing the MPC to miss its target of qualifying to the 2004 European Cup. As a result, captain Balcerowicz took over the team's research effort himself. This helped, and Poland qualified in grand style to Germany this year.

Statistics

Odds: 80/1		World Ranking: 28	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
09-Jun	Gelsenkirchen	Ecuador	21:00
14-Jun	Dortmund	Germany	21:00
20-Jun	Hanover	Costa Rica	16:00

Previous Appearances: 6		
Host	**Year**	**Outcome**
France	1938	Eliminated in 1st Round
Germany	1974	Finished in 3rd Place
Argentina	1978	Eliminated in 2nd Round
Spain	1982	Finished in 3rd Place
Mexico	1986	Reached Round of 16
Korea/Japan	2002	Eliminated in 1st Round

World Cup Results



Games Played	28
Won	14
Drawn	5
Lost	9
Goals Scored	42
Goals Against	36
Yellow Cards	30
Red Cards	0

And as for Football….

Like many national teams, Poland’s team includes a number of fine individual professionals, although team play is still a challenge. But things are getting better. They join the host, Germany, Ecuador and Costa Rica in Group A, and their first match will be against Ecuador, who they beat 3-0 in a recent friendly. Then it’ll be the tall order of defeating Germany. The coach has taken comfort in the fact that Germany doesn’t know Poland that well, so they may be able to surprise the host.

If anyone can surprise in Germany this year, it’ll be the one and only Jerzy Dudek. Dancing back and forth on the goal line before saving penalty after penalty in the shoot-out at last year’s Champions League final, Dudek deserves special credit for his club’s (Liverpool) victory. He is a Magnificent Polish Champion in his own right. For the captain, however, this looks to be his last performance for his native Poland. For regrettable reasons, the president has already stated that Balcerowicz’s term will not be renewed when his contract runs out in January. But, as for other players of international status, domestic trouble is unlikely to spell a premature end to a fine career. The only question will be which international team will pick up this fine player when he becomes available in early 2007.

Erik Nielsen

Portugal

The 2006 World Cup

By nature the Portuguese are nostalgic. We have invented several words to express the fine nuances of this feeling, such as *saudade*, a complex mix of nostalgia, sadness and a little pride, or s*ebastianismo*, nostalgia for the past glory of Discoveries. But not when it comes to football. Every two years, during the World Cup or the European Championship, we become a nation of (Heaven forbid!) optimists. Despite the odds, regardless of the quality of our players and our external cynicism, we hope deep down that we might go far. Sometimes the disappointment is great. It is with the bitter taste of humble pie in my mouth that I recall writing in the last World Cup Book about Portugal, "we expect the country will make it at least to the quarter-finals". But on occasion, the boundless faith in our cherished players pays off, as was the case in the European Championships of 2000, when we reached the semi-final, and in 2004, when we reached the final.

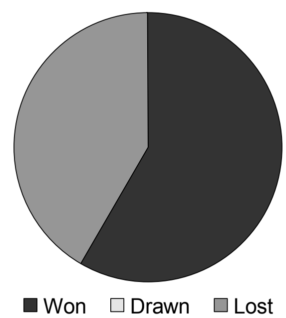
So what are our chances this time? Fifa's ranking places us in eighth position alongside France and England, and way above Germany. Our players are great. None has made it to our clients' Dream Team, but I view that only as a sad oversight. After all, our striker Pauleta was the second-highest scorer in the qualifiers. Our manager Luiz "Filipão" Scolari is up there, having lead Brazil effortlessly to win the 2002 World cup. Passing Stage 1 is well within our reach: the most serious competitor in our group is Mexico. But the round of 16 may prove more of a challenge, as we'll be playing a qualifier from Group C and the teams likely to pass are Argentina and the Netherlands. Making the quarter-finals would be an achievement in itself.

Statistics

Odds: 20/1		World Ranking: 8	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
11-Jun	Cologne	Angola	21:00
17-Jun	Frankfurt	Iran	15:00
21-Jun	Gelsenkirchen	Mexico	16:00

Previous Appearances: 3		
Host	**Year**	**Outcome**
England	1966	Finished in 3rd Place
Mexico	1986	Eliminated in 1st Round
Korea/Japan	2002	Eliminated in 1st Round

World Cup Results



Games Played	12
Won	7
Drawn	0
Lost	5
Goals Scored	25
Goals Against	16
Yellow Cards	10
Red Cards	2

The Portuguese can achieve true greatness when faced with a challenge – whether this is progressing in triumph to the European Championship 2004 semi-finals, leaving behind England and France, the giants of football, or changing our economy dramatically in order to enter the European Union in 1986. If we start performing in the economic sphere half as well as our national football team, that would be a reason for great pride.

Football in Portugal

Football unites my people. In the summer of 2004 we saw, as never before, the lengths to which the Portuguese will go to support their team, as over half of the nation, from all spheres of society, flew the Portuguese flag from their windows. As the team progressed, the demand for flags was so great that it could no longer be met by national producers and we ended up importing them from China. By the end of the tournament, the castles that feature on our flag bore a striking resemblance to pagodas in a prophetic vision of a globalised world!

State of the Economy

But as soon as we leave the world of football to talk about the economy, pessimism returns. Portugal suffers from low productivity growth. Its low technology goods' exports accounted for about 42% of total manufacturing exports in 2003, just below the rate in Turkey. This means we are in direct competition with low-cost countries such as China and India. This needs to change. Turning around the economy is a painful process but it is necessary if Portugal is to stop its descent down the European economic rankings in terms of GDP per capita.

State of the Nation

Legend has it that, on returning to Rome, the Roman governor of Lusitania said that the Lusitans don't govern themselves and don't let anyone govern them. But that is because football hadn't yet been invented! The 2004 European Championship springs to mind again when reflecting on the state of the nation. Scolari managed what no politician has done, bringing together Left and Right, atheists and Catholics, young and old to show a united front for our players. We supported them when they were defeated, cheered when they won, and cried as we watched Cristiano Ronaldo's tears falling at the final, like heavy rain on a cold winter's day.

Is it worth it this time? The potential shattering of our dreams, the stress, the tension headaches, the hours spent in front of the television agonising over whether we'll make it to the next level? "Everything is worth it if the soul is not mediocre", our poet Pessoa said. And so we continue to watch…

Inês Calado Lopes

Saudi Arabia

The 2006 World Cup

This marks the fourth consecutive appearance for Saudi Arabia in the tournament. If its game were as fluid as the country's oil reserves, the Saudi team would surely have no trouble making it to the top. This is probably too ambitious a goal just yet, but the momentum is propitious. Saudi Arabia was undefeated in its Asian qualifying group, a performance which included two wins over 2002 semi-finalists South Korea.

The team is coached by the Brazilian Marcos Paqueta, who took over from Calderón of Argentina only last December. This should not be too big a problem, though. Before moving to the national team Mr Paqueta coached Al-Hilal, the club team to which almost half the squad belong.

A lot of work has gone into improving the defence – one of the Saudi team's notorious weak spots. The goal will be manned by either Mohammed Al-Deayea, a legendary figure in his country's football history, or by the younger Mabrouk Zayed, who let in only two goals in the qualifying matches.

Up front, Saudi Arabia can still count on captain Sami Al-Jaber, the star of all three previous World Cup appearances. He has come out of retirement to bring experience to the team. Al-Jaber is flanked by Yasser Al-Qahtani, who plays for Al-Hilal, along with Tamim Bandar in midfield.

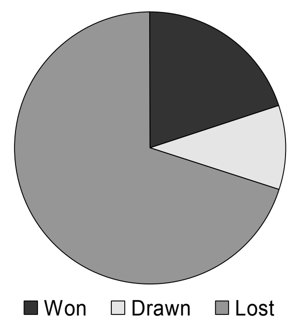
Saudi Arabia will face crunch time right from the start, against Spain, Ukraine and Tunisia in Group H. The team is young and competitive, with its biggest weakness remaining the lack of international experience.

Statistics

Odds: 500/1		World Ranking: 34	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
14-Jun	Munich	Tunisia	18:00
19-Jun	Hamburg	Ukraine	18:00
23-Jun	Kaiserslautern	Spain	16:00

Previous Appearances: 3		
Host	**Year**	**Outcome**
USA	1994	Reached Round of 16
France	1998	Eliminated in 1st Round
Korea/Japan	2002	Eliminated in 1st Round

World Cup Results



Games Played	10
Won	2
Drawn	1
Lost	7
Goals Scored	7
Goals Against	25
Yellow Cards	17
Red Cards	1

The State of the Economy

With the longer-dated price of oil increasing threefold since 2002 to its current level of US$70 per barrel, things cannot have gone too badly for a country sitting on the world's largest known crude reserves. The external surplus swung to a massive 30% last year, GDP growth picked up visibly to 6%, and the state coffers are overflowing with Dollars – the currency against which the local Riyal has been pegged at a rate of 3.75. Some of the cash has been used to pay down public debt, while some went to spread the windfall to the wider population. Compared with previous cycles, this large quantity of petrodollars has sought a home in the region, rather than flowing abroad (mainly to the US). This has led to a spectacular rally in the local property and equity markets. With oil prices rising steadily, the medium-term economic outlook for the Saudi economy remains positive. Longer term, the real challenge is to diversify the economy away from hydrocarbons and undertake extensive market reforms that would help sustain high growth rates and create new employment opportunities for SA's young population.

The State of the Nation

The domestic political scene remains stable in Saudi Arabia. With the economy performing unusually well and living standards improving visibly across the board, the ruling Saud monarchy continues to enjoy unchallenged political authority. The determination of the Saudi authorities to combat terrorism has also yielded material results, improving security conditions across the kingdom. And the succession problem has been resolved, with King Abdullah replacing the late King Fahd in mid-2005.

Political reforms have recently gained momentum. The February-April 2005 municipal elections were an important turning point, allowing Saudi citizens to participate in political processes for the first time in 50 years. However, further political reform is necessary. Democratic institutions will have to be enhanced. Civil society is still weak and democratic participation remains severely hampered by the overwhelming dominance of the Islamic judiciary system and monarchic institutions. Also, the exclusion of women from due political processes and the severe gender bias in Saudi customs call for comprehensive democratic, as well as social, reform.

Francesco Garzarelli and Ahmet Akarli

Serbia and Montenegro

The 2006 World Cup

If Montenegro votes for independence in the upcoming referendum, Serbia and Montenegro may not exist in its current form when the World Cup takes place. But even if it doesn't, the joint team will still represent the two countries. The Serbia and Montenegro team had an unexpectedly good performance during the qualifiers, and managed to reach the finals without losing any of their games. They won 6 out of 10 matches in a group that included Belgium, Spain, Lithuania, Bosnia-Herzegovina and San Marino. The team's defence is legendary: in the qualifiers they conceded only one goal, to Spain. But they will need their luck in Group C, dubbed the 'Group of Death', where they face the Netherlands, Argentina and the Ivory Coast. As the trainer of the team joked, if you substituted Brazil for Ivory Coast, you would have a mini-World Cup in the first round alone!

Statistics

Odds: 66/1		World Ranking: 46	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
11-Jun	Leipzig	Netherlands	15:00
16-Jun	Gelsenkirchen	Argentina	15:00
21-Jun	Munich	Ivory Coast	21:00

The State of the Economy

Even though Serbia and Montenegro form a loose confederation, they are economically independent to a large extent. The two economies use separate currencies: Montenegro, with a population of 0.6 million, adopted the Euro, while Serbia (population 10.2m) retained the Dinar. The two economies also have separate tax and customs administrations. In Serbia, the central bank has an exchange rate target, which it gradually moves weaker against the Euro, despite the occasional appreciation pressure resulting from capital inflows. This is because the central bank wants to maintain a balance between its inflation and current account objectives. But, as a result, it has been unable to break free from the inflation inertia resulting from the country's long history of inflation (in the 1990s, predecessor Yugoslavia set a new world record for the fastest rate of inflation). CPI inflation in Serbia is still well into double-digit levels, also fuelled by fast money growth and lax wage controls in the still partially state owned corporate sector. The current account deficit is also large, around 10% of GDP. On the positive side, the restructuring of the economy is continuing, large state owned companies have been privatized, growth remains strong at around 5%-6% and the government budget is in surplus. The restructuring of the banking sector is progressing well, foreign ownership is already above 60%, and the government plans to sell four additional large banks this year. This should make the necessary monetary policy tightening more effective going forward, but the increasing share of foreign currency loans acts in the opposite direction.

The State of the Nation

There has been a remarkable improvement in the prospects for Serbia and Montenegro since the previous World Cup in 2002. At that time, the country was still called Yugoslavia, and it was just emerging from the mayhem and wars of the 1990s. Now, the EU has indicated that the country may eventually become a member, and is currently in negotiations on a Stabilisation and Association Agreement, which in other countries served as the precursor to actual membership negotiations. The progress of EU accession will depend to a great extent on how cooperative the government is in handing over the remaining suspected war criminals. The exact political status (and borders) of the country will be decided only this year. As we go to press, Montenegro is scheduled to have a referendum on its independence (May 21), and "final status" negotiations on Kosovo are taking place. EU accession is still a long way off for Serbia, and far from guaranteed, even if the government manages to (help to) capture the remaining suspected war criminals. The earliest possible date is some time in the next decade, and the current cautious approach from core EU states means that membership negotiations are unlikely to proceed quickly. Corruption is still a serious problem, there is a long way to go with structural reform, and the core EU countries are turning more hostile towards further EU enlargement.

Football in Serbia and Montenegro

The remarkable turnaround in the country's economic prospects is mirrored by the turnaround in its football. Predecessor state Yugoslavia was banned from attending the 1994 World Cup as a result of international sanctions. In 1998 it made it to Round 2, but it did not qualify in 2002. Even before the war between Serbia and Croatia in the 1990s, confrontations between Serbian and Croatian football hooligans were legendary – and many played a leading role in the fighting in the Balkan wars. Things have changed a lot since then. Football hooliganism is still a problem in the region but a Serbian, Dragan Zilic, now plays in Croatia's First Division, and while fans were skeptical at first, they warmed to him quickly. The World Cup performance of Serbia and Montenegro is so far reminiscent of its bumpy political and economic progression.

Istvan Zsoldos

South Korea

The 2006 World Cup

Expect to see the whole nation swathed in a sea of red, reminiscent of the extraordinary scenes four years ago, when Korea co-hosted the last World Cup with Japan. Korea's unprecedented success in 2002, where it reached the semi-finals, propelled the nation into the upper echelons of world football. It is arguably no longer just regarded as an Asian kingpin: it is now a world footballing heavyweight in its own right.

This time round, with the lack of home ground advantage, Korea is unlikely to repeat its stunning giant-killing acts of 2002. The team had a less-than-impressive road to qualification, stringing together a few unconvincing performances and finishing second in its qualifying group. In Germany 2006, Korea has been drawn together with France, Switzerland and Togo, and would do well to progress beyond the group stages.

State of Football

At the helm of the national team is another Dutchman, Dick Advocaat. The last-minute appointment of this former Dutch national coach perhaps reflects the hope that Dutch expertise could guide the team to success once again. In all fairness, the 2002 success probably had more to do with the fanatical home support and underestimation by opponents, rather than former coach Guus Hiddink's tactics. That said, the current coach has done well so far, turning around the fortunes of the national side since his appointment late last year.

The hopes of the nation rest on midfielder Park Ji Sung and left-back Lee Yong Pyo, both currently plying their trade in the English Premier League, at Manchester United and Tottenham Hotspur, respectively. Watch out also for strikers Lee Dong Kuk and up-and-coming star Park Joo Young, who was awarded the Asian Football Confederation Young Player of the Year in 2004.

State of the Economy

Korea has largely shaken itself loose from the structural woes of household debt overhang following the bursting of the credit card bubble in 2002. After nearly three years of balance sheet adjustment in the household sector, domestic demand has been finally gaining traction. Recovery in capex now looks poised to broaden to construction investment. This provided the impetus for one of the best equity market performances in Asia with the Kospi up some 60% last year.

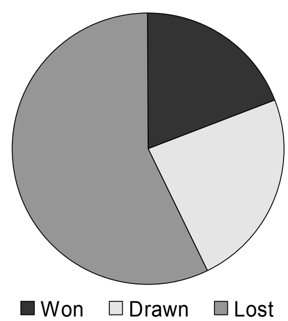
Looking ahead, the exports slowdown linked to the US hurricane-related slump that we saw towards the end of 2005 should turn into more of a tailwind as the US is expected to rebound in the first half of 2006. At the same time, intra-regional trade should become more of a boost as domestic demand in China and Japan continues to gather steam. Monetary policy is expected to remain on a tightening bias for the remainder of the year against the backdrop of robust growth and upside inflation risks. However, overall financial conditions are still expected to remain accommodative and the monetary tightening bears little risk of being an impediment to growth. GDP growth in 2006 should handily top 5%.

Statistics

Odds: 150/1		World Ranking: 30	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
13-Jun	Frankfurt	Togo	15:00
18-Jun	Leipzig	France	21:00
23-Jun	Hanover	Switzerland	21:00

Previous Appearances: 6		
Host	**Year**	**Outcome**
Switzerland	1954	Eliminated in 1st Round
Mexico	1986	Eliminated in 1st Round
Italy	1990	Eliminated in 1st Round
USA	1994	Eliminated in 1st Round
France	1998	Eliminated in 1st Round
Korea/Japan	2002	Reached 4th Place

World Cup Results



Games Played	21
Won	3
Drawn	6
Lost	12
Goals Scored	19
Goals Against	49
Yellow Cards	38
Red Cards	1

State of the Nation

Opinions on the Roh administration remain divided. Roh is widely regarded as a partisan leader whose 'participatory' brand of politics has no doubt irked the more traditional powers of the Chaebol 'elite' in Korean society. On the other hand, he is also seen as inconsistent, especially in the realm of foreign policy. To his credit, the government has been pushing forward with various trade agreements, including the ongoing FTA negotiations with the US. It will also be key to see how effectively the government implements planned financial market reforms such as the Capital markets consolidation act or "Financial Big Bang". This aims to reform the 45-year-old legal framework governing the capital markets as part of the plan to promote Korea as a North East Asian Financial hub.

With regards to North Korea relations, Roh's sympathetic stance towards the North has at times upset the more hawkish elements in Washington. At any rate, policy toward the North will continue to be guided by the desire to minimize the risk of a sudden regime collapse.

Sun-Bae Kim

Spain

The Fundamental Question

Spain is changing fast and the best indicator of this is the impressive growth of its population: about a million a year in recent years – quite something for a country of 40-something million people. However, a fundamental question has nagged some of the brightest minds in the land: do Spaniards, as a result, play better football?

1295 years ago, a party of noisy Moors and Berbers met in Northern Morocco, crossed the Strait of Gibraltar to spend the day in Spain, liked what they saw and decided to stay for the following 800 years. Relationships with the also-noisy indigenous Iberians were not always easy but, judging from the art, science, culture and food that they left behind – and the wonderful improvement in the Spanish complexion during their stay in the Peninsula – one can only assume things ran smoothly, at least some of the time.

10 years ago, in the late 1990s, people started moving into Spain once again. To be sure, Spaniards were already used to seeing foreigners come and go. About 50 million tourists visit Spain every year, mainly to bake themselves under an unforgiving sun, and Spaniards cannot help but have noticed. This time, however, some of them are coming to stay: from Northern Africa and Latin America, from Eastern Europe and China. Some view the changing makeup of communities with diffidence. Like the effect of free trade on economies, the adjustments may be uncomfortable for some in the short term. Longer term, however, the benefits are indisputable. Just allow things to evolve, with a bit of patience and *gracia.*

Good, the more the merrier, the prettier and the wittier – but don't take your eye off the ball! Do Spaniards play better football than 10 years ago? That's the fundamental question.

The Cloud, the "Spanish Fury" and the Silver Lining

Judging from Spain's qualifying round for the 2006 World Cup finals, it is hard to argue that Spain has improved its game over recent years. The last matches have been uninspiring, perfunctory, unimaginative. It hurts to say this but expectations of a good performance in Germany this summer are subdued. This is quite a new feeling and it may not be such a bad thing. In the past Spain often reached the finals with the reputation of being a side to fear. However, the squad would start the first match flat, improve somewhat in the second, pick themselves up at the end, showing a bit of "Spanish fury" (a sort of ferocious response, especially when up against an adverse result and with little time left), and then come home, always too soon, with a weird feeling of both humbleness and desolation. "Spain wins battles but never wars," they would say; or "Spain, the perennial underachiever…"

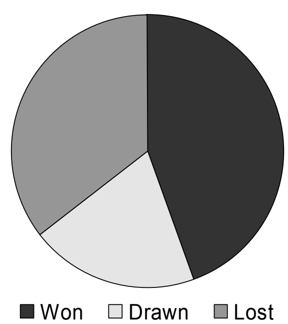
Perhaps this time's lower expectations will help Spain to start the tournament firing on all cylinders. It will need to: the first match, on June 14, is against Ukraine, which knocked out Turkey, Denmark and Greece in the qualifiers.

Statistics

Odds: 12/1		World Ranking: 5	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
14-Jun	Leipzig	Ukraine	15:00
19-Jun	Stuttgart	Tunisia	21:00
23-Jun	Kaiserslautern	Saudi Arabia	16:00

Previous Appearances: 11		
Host	**Year**	**Outcome**
Italy	1934	Reached Quarter Finals
Brazil	1950	Finished in 4th Place
Chile	1962	Eliminated in 1st Round
England	1966	Eliminated in 1st Round
Argentina	1978	Eliminated in 1st Round
Spain	1982	Eliminated in 2nd Round
Mexico	1986	Reached Quarter Finals
Italy	1990	Reached Round of 16
USA	1994	Reached Quarter Finals
France	1998	Eliminated in 1st Round
Korea/Japan	2002	Reached Quarter Finals

World Cup Results



Games Played	45
Won	19
Drawn	12
Lost	14
Goals Scored	71
Goals Against	53
Yellow Cards	43
Red Cards	0

The Wise Man of Hortaleza

That's what they call Luis Aragonés, the Spanish manager (Hortaleza is a town near Madrid, you've never been there?). He has to be the oldest manager in this World Cup final (he turns 68 in July). Despite that, or probably because of it, he is a safe pair of hands with a no-nonsense approach: if there is anyone who can get the utmost from the players, it's Luis.

The answer to the fundamental question – remember, is Spain better at football? – is simple: it's too soon to tell. Luis Aragonés knows this. For the important things in life ten years is nothing: it's how long it takes a child to learn to write correctly, a town to repair its bell tower, a monetary authority to accept that it got it terribly wrong, or a grown-up to learn what the important things in life are. Among which, of course, football ranks pretty high. The people who have come to Spain to work, to learn its language and to make it their new home are a blessing because they are expanding the frontier of possibilities in ways our minds are too limited to apprehend. It will take a generation at least (or 800 years, in a worst case scenario) to see the fruits of this on the pitch. You see, the future, history shows, is wonderfully unforeseeable.

Javier Pérez de Azpillaga

Sweden

An Impressive World Cup Record

Sweden's World Cup pedigree is impressive. They have qualified for the finals 11 times, reaching the semi-finals three times and the final once. Not bad for a country with less than 9 million inhabitants. In the 1958 final against Brazil, they even held the lead before a 17-year-old called Pelé led Brazil to victory with a virtuoso display.

Sweden is ranked 16 in the world and qualified for World Cup 2006 as one of the best-placed runners up (having finished level on points with Croatia). The team has a solid midfield and defence, but its key strength is in attack: Zlatan Ibrahimovic of Juventus has the ability to single-handedly turn a game; Henrik Larsson has recently found a rich vein of form with Barcelona; and Arsenal's Freddie Ljungberg is a world-class attacking midfielder.

The Swedes have been drawn in Group B with England (FIFA world ranking = 10), Paraguay (33) and Trinidad & Tobago (47). On paper, Group B looks to be one of the easier groups in the World Cup, and Sweden and England are the strong favourites to progress to the next round (where they would face the winners/runners up from Group A – Germany, Costa Rica, Poland and Ecuador). But reputation has counted for little in recent major Championship finals. Should England drop points in either of their first two games against Paraguay or Trinidad & Tobago, they could face a nervy clash against the Swedes in the final game of the group on June 20.

Past form favours the Swedes in this match, as they have lost only once to England in 11 games. Even the single loss in 2004 can be explained by the unusual circumstances in which it took place:

- The game was a friendly, so it doesn't really count.
- There were three managers involved in coaching the two opposing teams and all of them were Swedish! Sweden was co-managed by Lars Lagerback and Tommy Soderberg, while the English were also managed by a Swede (Sven Goran Eriksson).

Sweden has now reverted to a more conventional "One Swedish Manager" style (Lars Lagerback, tout seul) and we expect a return to form. Indeed, as an Irishman (and honorary Swede for the purpose of writing this article), I am honour-bound to forecast that Sweden will beat England...

An Irishman's Guide to Why Sweden Will Beat England

1. England has only beaten Sweden once. Ever. And that was in a friendly.

2. England's record against the Vikings ain't too hot either.

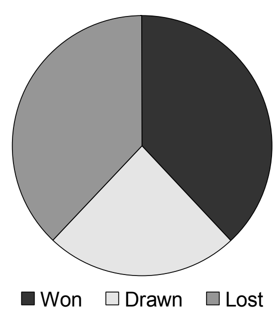
3. Pride always comes before a fall for the England football team and the fact that England is touted as a potential World Cup winner by the British Press is a sure sign that they will flop.

Statistics

Odds: 33/1		World Ranking: 16	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
10-Jun	Dortmund	Trinidad & Tobago	18:00
15-Jun	Berlin	Paraguay	21:00
20-Jun	Cologne	England	21:00

Previous Appearances: 10		
Host	**Year**	**Outcome**
Italy	1934	Reached Quarter Finals
France	1938	Finished in 4th Place
Brazil	1950	Finished in 3rd Place
Sweden	1958	Runners Up
Mexico	1970	Eliminated in 1st Round
Germany	1974	Eliminated in 2nd Round
Argentina	1978	Eliminated in 1st Round
Italy	1990	Eliminated in 1st Round
USA	1994	Finished in 3rd Place
Korea/Japan	2002	Reached Round of 16

World Cup Results



Games Played	42
Won	16
Drawn	10
Lost	16
Goals Scored	71
Goals Against	65
Yellow Cards	31
Red Cards	2

4. Zlatan Ibrahimovic.

5. When Sweden plays England, they will have the best supporters in the world: the Irish, the Scots, the Welsh...

The Swedish Economy

If there was a World Cup for economic performance, Sweden would be among the favourites. Thankfully there isn't, but Sweden's economic prowess is still pretty impressive: (1) Income per capita levels are among the highest in the world; (2) GDP growth in 2006 – projected to be 4% – is likely to be among the fastest in Europe; (3) Inflation is less than 1.5%; and (4) Sweden's current account surplus is close to 7% of GDP.

Sweden owes its economic success to a number of factors: good macroeconomic stabilisation policy (a robust defence), high levels of human capital (the heartbeat of midfield) and low levels of regulation that encourage a high productivity attack (that's enough football analogies – *Editor*).

In football and in economics, Sweden is world class. We expect 2006 to be a banner year for the Swedish football team and its thriving economy.

Kevin "Bjorn" Daly

Switzerland

Switzerland's Other Attractions

The Swiss Football Association was formed in 1895 and was a founder member of FIFA. But despite a long tradition of football, Switzerland has the doubtful privilege of having the lowest FIFA ranking in Europe. This probably reflects two things: the size of the country and competition from other attractions. Our first hunch was that the competition came mainly from winter sports, but recently it has come to our attention that it may be something of quite a different nature. The Swiss Tourist Board has launched an international television campaign inviting ladies to "Spend the summer of 2006 in a place where men are not so much interested in football as in making a fuss of you – in the Swiss Alps, for example?"

But this seeming lack of interest may be about to change. In 2008 Switzerland will host the UEFA European Championship, where a more mature side with home advantage could prove potential winners.

State of the Economy

Winning the World Cup may still be a distant dream for the Swiss team, but Switzerland is likely to be a star performer on the economic front. We expect GDP growth of 2.4% this year, the same as in Euroland. Moreover, we think Swiss trend growth, which we currently estimate at 1.2%-1.3%, may be on the rise thanks to the opening up of the labour market to foreign workers and some progress on further developing the internal market.

The 2006 World Cup

To qualify for Germany 2006, the Swiss had to navigate a difficult qualifying group that included France, the Republic of Ireland and Israel. Although Switzerland were unbeaten in qualifying, they finished as runners up in the group, ahead of Israel and by the narrowest of margins. Their reward was a two-legged play-off against 2002 World Cup semi-finalists Turkey. A 2-0 home win in Bern left the Swiss as favourites going into the away leg. What followed was a thrilling but chaotic night in Istanbul. After a see-saw game and despite losing 4-2 on the night, the Swiss emerged victorious on the away goals rule. It has been 12 years since Switzerland last participated in a World Cup and they enter this year's competition as 'dark horses' for some pundits. It is worth noting that before the defeat in Istanbul, the Swiss had not tasted defeat in more than a year, including all of their Group 4 European games. The Swiss have not seen World Cup success since achieving a quarter final place in the 1954 finals but this year's squad will include some of the stars of the 2002 European under-17 Cup winning side.

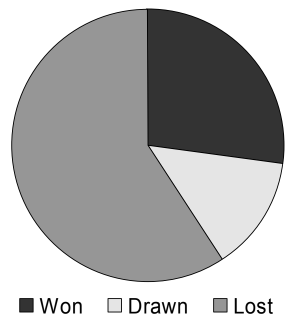
Statistics

Odds: 100/1		World Ranking: 35	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
13-Jun	Stuttgart	France	18:00
19-Jun	Dortmund	Togo	15:00
23-Jun	Hanover	Korea	21:00

Previous Appearances: 7

Host	Year	Outcome
Italy	1934	Reached Quarter Finals
France	1938	Reached Quarter Finals
Brazil	1950	Eliminated in 1st Round
Switzerland	1954	Reached Quarter Finals
Chile	1962	Eliminated in 1st Round
England	1966	Eliminated in 1st Round
USA	1994	Reached Round of 16

World Cup Results



Games Played	22
Won	6
Drawn	3
Lost	13
Goals Scored	33
Goals Against	51
Yellow Cards	8
Red Cards	0

It's possible that this World Cup has come a little too soon for Coach Jakob 'Köbi' Kuhn's team, who previously managed the under-21 side and has been in charge since 2001. But he will not shy away from fielding a young but talented side in the finals. He showed this in a recent friendly win over Scotland, where the average age of the team was less than 23. Scotland had never previously lost to Switzerland on home soil.

Players to watch out for are midfielders Ricardo Cabanas and Raphael Wicky, and captain Johann Vogel. The threat up front is provided by Alexander Frei, who starred in qualifying. The one blot on the landscape is the potential unavailability of the Yakin brothers. Murat has not played since a qualifier against Israel in autumn of 2004 and Hakan has been a long-term injury doubt. Switzerland will again face the French, the favourites for Group G, whom they met previously in qualifying. On both occasions they held them to a draw. The Swiss will assume a win against Togo, so the game against South Korea in Group E could decide who will progress to the knockout stages.

Inês Calado Lopes and Paul O'Connell

Togo

The 2006 World Cup

Togo's "Sparrow Hawks" astounded the footballing world by securing a berth in the 2006 World Cup. On the eve of the competition, the Sparrow Hawks' situation mirrors the unsettled political state of the country in two respects. First, the recent changeover at the top: with barely 100 days to go, the Football Federation of Togo sacked coach Stephen Keshi following a dismal showing at the African Nations Cup, bringing in the legendary Otto Pfister. Second, the team's hopes rest largely on one man – the towering but mercurial striker Sheyi Emmanuel Adebayor, who scored 11 goals in the qualifying round. Like the new government, the team's prospects depend on Pfister's ability to harness the abilities of other team members. He does have good material to work with, many with experience in European footballing – notably goalkeeper Agassa, defenders Akoto, Atte-Oudeyi, and Abalo, and midfielders Mamam and Aziawonou.

The Sparrow Hawks will be lucky to survive Round 1. In Group G, they face France, Switzerland, and South Korea – all teams with better odds. But then nobody expected Togo to qualify in the first place.

Football in Togo

Football has a long history in Togo, beginning before the nation gained independence in 1960. Within the country, there are nine major football leagues. Togo's first international match was a 1-1 tie with Ghana in 1956. However, regular participation in international competition did not start until 1968, when Togo began to compete for the African Nations Cup (ANC).

For the next 30 years, these efforts were fruitless – either withdrawals or failures to qualify – as were the World Cup attempts beginning in 1974. However, Togo's ANC record improved in 1998; since then, the team has failed to qualify only once (2002), although it has never advanced beyond Round 1.

However, Togo's latest ANC experience has cast a pall on its World Cup prospects. The Sparrow Hawks went out 0-3 in Round 1, in part due to a dust-up between coach Stephen Keshi and star striker Adebayor; as a result, Keshi, was dismissed in mid-February.

State of the Economy

The Togolese economy is predominantly agricultural, a sector employing almost two-thirds of the labor force and accounting for more than two-fifths of GDP. Exports of cocoa, coffee and cotton loom large in the country's foreign trade, which is deeply and perennially in deficit. The nation is also a big producer of phosphates.

Statistics

Odds: 350/1		World Ranking: 59	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
13-Jun	Frankfurt	Korea	15:00
19-Jun	Dortmund	Switzerland	15:00
23-Jun	Cologne	France	21:00

A key priority for the new President is to remove European sanctions, which have been in place since 1993 (see below). Although the sanctions have not prevented the Togolese economy from growing – about 3% per year currently according to IMF projections – they have nonetheless limited foreign investment and hurt local standards of living. Toward this end, President Gnassingbé has launched an international campaign to improve the country's image as he seeks to broaden participation in government. Meanwhile, Togo focuses on other projects in the service sector, including development of the port of Lomé as a gateway for land-locked nations to the north and the reform and development of financial institutions.

State of the Nation

Togo is in political transition following the death of President Gnassingbé Eyadèma in February 2005. He held power virtually uncontested for nearly 38 years. Although constitutional government has theoretically been in place since the late 1970s, in practice democracy has been elusive, and Togo's human rights record leaves much to be desired. Following one especially acute crisis in 1993, the European Union imposed economic sanctions that remain in place today.

The vulnerability of constitutional government was on display immediately following President Eyadèma's death. The constitution provided for succession by the speaker of the parliament. However, the military moved quickly to install Faure Gnassingbé, the President's son, instead. Not surprisingly, this provoked charges of military takeover and nepotism from many corners of the globe, including the African Union, the European Union, and the United States.

However, actions taken by the young (39-year-old) President since then have been encouraging, albeit spurred by international pressure and domestic violence. Despite subsequent changes to the constitution to permit his assumption of power, President Gnassingbé stepped down and stood for election in April, which he won handily against several opponents. Since then, he has brought members of opposing parties into the government and seeks reform for the nation's political institutions.

Edward F. McKelvey

Trinidad & Tobago

2006 World Cup

Trinidad & Tobago's "Soca Warriors" are likely to emerge as one of the sentimental favourites for this year's tournament. The smallest country ever to qualify for the World Cup (population: 1.3 million), their victory over Bahrain in a two-game playoff in the qualifiers, having come in fourth in their American group behind Mexico, Costa Rica and the USA, put them on the road to the World Cup finals

The Soca Warriors arrive in Germany as clear outsiders, ranked 47 in the world by FIFA, ahead of only Togo and Angola of the other qualifiers, and 750-1 outsiders to win the tournament. They will be hoping to become giant-killers in their early rounds in Group B, taking on Sweden, England and Paraguay in what is likely to prove a tough set of encounters.

The team boasts a relatively seasoned (read, 'old') line-up, with many of the team's key players well over 30 and several, such as the former Scottish midfielder, Russell Latapy, pulled out of international retirement to serve. Led by former Manchester United striker, Dwight Yorke (now of Sydney FC), they will be hoping to pull off the incredible and any victory over their much more experienced rivals is likely to send World Cup and local fans wild.

State of Football

In a country better known for its cricketers (Brian Lara hails from the islands), soccer fever has taken hold. The game has always been popular in the islands but international success has eluded them until now. While several Trinbagonians have enjoyed successful careers in international clubs, the small nation has never pulled it together the way it has managed to in 2006.

The road through the qualifiers was a tough one, but Dutch coach Leo Beenhakker took over after a poor start in their qualifying group and is widely credited with creating a more effective squad out of an inexperienced team. The search for talent has driven them far and wide (English-born Port Vale midfielder Chris Birchall joined after revealing his mother's Trinidadian heritage), creating a team made up of relative newcomers and old-comers.

At least as distinctive, and a key attraction of their upcoming World Cup matches, will be the Trinbagonian fans. From the birthplace of limbo dancing, and a place where music – like sport – is a passion, their raucous drumming and exuberant support is set to electrify the stadiums in their opening matches with the sound of calypso and steel drums. "Small country, big passion!" as their slogan says.

Statistics

Odds: 750/1		World Ranking: 47	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
10-Jun	Dortmund	Sweden	18:00
15-Jun	Nuremberg	England	18:00
20-Jun	Kaiserslautern	Paraguay	21:00

State of the Economy

Trinidad & Tobago ranks as one of the richest of the Central and South American nations, with income per capita of close to $9,000. Natural resources are the key to the nation's wealth, with significant oil and gas reserves the mainstay of the local economy and the sector accounts for around 40% of GDP. Alongside the energy sector, sugar, cocoa and coffee are also key exports and tourism continues to play an important role in the local economy, though it is far from the dominant source of income that it is in much of the rest of the Caribbean.

The huge increase in crude prices in recent years has clearly been a boon to the local economy. GDP growth has been running at averages of close to 10% in the last three years and the current account has moved into substantial surplus. The result of booming demand has been a pick-up in inflation and an increase in government spending (the non-energy fiscal deficit has picked up) has added to demand pressure.

This has increased the challenges for monetary and exchange rate policy. The exchange rate has been essentially fixed against the dollar for several years, but pressures for real appreciation remain intense given the booming balance of payments situation.

As long as energy prices remain elevated, as we currently expect, the broad backdrop for the island's economy remains very positive. The challenge of managing the demand pressures from this source are likely to dominate the near-term macro outlook and utilizing the windfall gains to invest and save for the future will also be critical for longer-term development.

The political balance also remains quite fragile, with the current government lacking the qualifying majority needed to guarantee passage of many important policy decisions. An election is expected in 2007 but there is widespread expectation that it might occur earlier.

Dominic Wilson

Tunisia

Football in Tunisia

The Tunisian side comes to Germany with some confidence. The team has been improving steadily under the management of Roger Lemerre. It won the 2004 CAF African Cup of Nations (beating arch rivals Morocco 2-1 in the final), and made an impressive appearance in the 2005 FIFA Confederations Cup, coming first in its qualifying group, with five victories, three draws and only one defeat.

The team has also been strengthened by the inclusion of a number of talented non-Tunisian nationals. Brazilian strikers Francileudo Dos Santos and Haykel Guemamdia have boosted the squad's firing power. In addition, veteran mid-fielder Riadh Bouazizi, highly skilled right-side defender Hatem Trabelsi, talented forward Ziad Jaziri and the solid defensive midfielder Adel Chadli continue to constitute the backbone of the Tunisian side.

The Tunisians are in Group H, with the Spanish, the Ukrainians and the Saudis. This will be a challenge for the side. The team has quite a decent defense, but they tend to concede goals too easily and find it difficult to regroup once they fall behind. This might be a problem, especially when faced with aggressive attacking teams, such as Spain and Ukraine. That said, if Tunisia can beat the Saudi side in the critical opening match and hold back the Spanish and Ukrainian offensive, it might stand a chance of topping its rather disappointing World Cup appearances in 1978, 1998 and 2002.

State of the Economy

The Tunisian economy is in good condition. It has benefited immensely from recent economic reforms, enhancing Tunisia's integration with the world economy and facilitating strong investment growth. GDP growth continues to hover around 5%-5.5%; inflation remains fairly well-behaved at around 2.5%-3%; external balances remain in good shape, with FX reserves increasing steadily (thanks to a competitive Dinar, solid tourism revenue inflows, and the recent pick-up in FDI levels); and fiscal (im)balances remain under control, with the nominal budget deficit hovering around a relatively tolerable 3% of GDP.

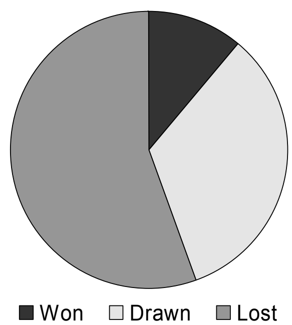
Structural challenges, however, prevail. Further reforms are necessary to increase the rate of economic growth, improve living standards across the board and provide employment opportunities to Tunisia's young population. Here, stronger and more efficient market institutions, a more robust financial sector and a more accommodating business climate are essential in attracting much-needed foreign capital and sustaining strong welfare enhancing economic growth. Also, greater emphasis on educational and vocational training is required to improve Tunisia's human capital base – adding strength to its economy and external balances.

Statistics

Odds: 200/1		World Ranking: 21	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
14-Jun	Munich	Saudi Arabia	18:00
19-Jun	Stuttgart	Spain	21:00
23-Jun	Berlin	Ukraine	16:00

Previous Appearances: 3		
Host	**Year**	**Outcome**
Argentina	1978	Eliminated in 1st Round
France	1998	Eliminated in 1st Round
Korea/Japan	2002	Eliminated in 1st Round

World Cup Results



Games Played	9
Won	1
Drawn	3
Lost	5
Goals Scored	5
Goals Against	11
Yellow Cards	16
Red Cards	0

State of the Nation

Tunisia has distinguished itself from its more turbulent northern African neighbours (Algeria and Libya) with its consistent pro-Western stance and progressive social and economic policies. Citizens enjoy relatively high living standards, boasting a per capita income (c.$3,000) that stands above its North African peers. Public support for the incumbent President Zine al-Abedine Ben Ali remains solid and the heavily fractured opposition poses little challenge. The next challenge will be to strengthen Tunisia's democratic system. Given Tunisia's sensitive geopolitical location and Islamic heritage, political reforms will probably proceed in a more gradualist fashion, keeping a careful balance between further democratisation and political stability.

Ahmet Akarli

Ukraine

The 2006 World Cup

Ukraine finished top of a tough qualifying group to reach its first World Cup final as an independent nation, thanks in part to six goals by star striker Andriy Shevchenko of AC Milan, the 2004 European Player of the Year. In the process, the team managed to knock out Euro 2004 champions Greece, Japan/Korea 2002 third-place finishers Turkey, and a strong Denmark team. The team is coached by the legendary Oleg Blokhin, the 1975 European Player of the Year, who won 112 caps and scored 42 goals for the USSR in the 1970s and 1980s. Apart from 'Sheva' himself, other players to watch are Dynamo Kyiv goalkeeper Oleksandr Shovkovskiy and Bayern Leverkusen forward Andriy Voronin. With Russia failing to qualify, Ukraine will bear the standard of the once impressive Soviet team in this World Cup. Ranked 41 by FIFA, Ukraine is given only a 1/50 chance of winning by the bookies. But the country took the world by surprise with its 2004 "Orange Revolution", and we would not rule out surprises on the football pitch either.

Football in Ukraine

Football is by far the most popular sport in Ukraine. Historically, Ukrainians always played a crucial role in Soviet football, sometimes contributing up to three-quarters of the USSR national squad (as in Mexico 1986). The USSR's top scorer and the most capped player was a Ukrainian (Blokhin) and the republic was home to the Soviet Union's most successful club (Dynamo Kyiv). But in recent years, Ukrainian clubs and the national team have failed to live up to the level of popular support they get at home. In the 2005/2006 season, for the first time in 10 years, Ukraine didn't even manage to get a team into the Champions League.

Football in Ukraine has long been intertwined with the country's politics. In Soviet times, Dynamo Kyiv tended to play especially well when the Communist Party leaders were football supporters. In the post-Soviet era, every established Ukrainian business group was expected to have its own political party, television channel – and football club. Even now, two-thirds of the premier division clubs are owned by so-called "oligarchs".

But many of the club owners found themselves on the losing side in the Orange Revolution, and are struggling to find a secure position in the new political order. Dynamo Kyiv was the centre of a property dispute early last year. Coach Blokhin himself served until recently as a deputy in parliament, though his party failed to win any seats in the March elections, despite the national team's impressive performance in the World Cup qualifiers.

The State of the Economy

Like the national football squad, the Ukrainian economy was mired in a deep depression for most of the 1990s. At the turn of the millennium, however, the economy rebounded, thanks to a turnaround in commodity prices and macroeconomic policy, and growth accelerated to an overheated 12% in 2004 before stumbling again during the upheavals of the Orange Revolution.

Last year's abrupt growth slowdown, along with the realization that the country will have to pay much more for its imported natural gas from Russia, has dampened much of the investor enthusiasm generated by the December 2004 protest movement. But so far, the economy seems to have weathered the shock of higher gas prices surprisingly well, giving some cause for cautious optimism that the economic revival could pick up steam again. With a modest debt level, very low unit labour costs, and a President committed to bringing the country closer to the European Union, the country's medium-term prospects are considerably brighter than its current performance would suggest.

Like the Ukrainian economy as a whole, the country's football league has suffered from a low degree of competition and lack of foreign investment. But European foreign direct investment into Ukraine has picked up significantly since the new President took office, and if Ukraine performs well in Germany, the country may find itself exporting a new commodity to western Europe: its football stars.

Statistics

Odds: 50/1		World Ranking: 41	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
14-Jun	Leipzig	Spain	15:00
19-Jun	Hamburg	Saudi Arabia	18:00
23-Jun	Berlin	Tunisia	16:00

The State of the Nation

The Orange Revolution exposed a deep fault line through the country, dividing the largely Russian-speaking east and south from the more westward-looking centre and west of the country; the line was reinforced by parliamentary elections this March. Ukrainians will be looking to the World Cup to give them a sense of national unity and much needed relief from the political bickering and economic uncertainty that surrounds them at home.

Rory MacFarquhar and Sergiy Verstyuk

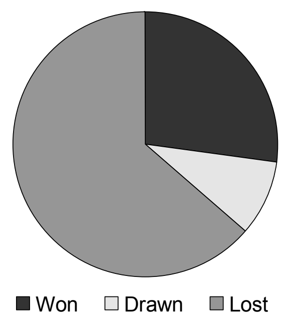
United States

Statistics

Odds: 80/1		World Ranking: 4	
1st Round Match Schedule			
Date	**Venue**	**Against**	**Local Time**
12-Jun	Gelsenkirchen	Czech Republic	18:00
17-Jun	Kaiserslautern	Italy	21:00
22-Jun	Nuremberg	Ghana	16:00

Previous Appearances: 7		
Host	**Year**	**Outcome**
Uruguay	1930	Reached Semi Finals
Italy	1934	Eliminated in 1st Round
Brazil	1950	Eliminated in 1st Round
Italy	1990	Eliminated in 1st Round
USA	1994	Reached Round of 16
France	1998	Eliminated in 1st Round
Korea/Japan	2002	Reached Quarter Finals

World Cup Results



Games Played	22
Won	6
Drawn	2
Lost	14
Goals Scored	25
Goals Against	45
Yellow Cards	32
Red Cards	2

The 2006 World Cup

After the team's implosion in the 1998 tournament, the United States finally earned some respect with its 2002 World Cup performance. Buoyed by a surprise win over Portugal in group play, the team made it to the quarterfinals where it put up a strong fight against eventual runner-up Germany. This time, the US team will have at its disposal a seasoned group of international players, such as keeper Kasey Keller, midfielders DaMarcus Beasley and Landon Donovan, and forward Brian McBride – a unit which helped the US to break into the top five of world rankings in early 2006. It will need all the help it can get, as the US faces one of the tougher first-round groups, playing both "old Europe" powerhouse Italy and "new Europe" star the Czech Republic not far from their respective home turf.

Soccer (sorry, football) in the United States

Believe it or not, soccer is the most popular team sport in the United States – among 7-11 year olds. But as these children enter secondary school, more traditional American sports, especially American football, begin to compete for talent. The competition between American football and global football for young male athletes may help to explain the relative performance of the US women's team (World Cup victor in 1991 and 1999, and gold medals in two of the last three Olympics) and the men's (third place in the 1930 World Cup; no Olympic medals). But the development of secondary school teams and the MLS professional league has helped the men's side to expand its talent pool. The national team won the Gold Cup championship for the third time last year.

The State of the Economy

In many respects, the US economy looks strong. The economy is in its fifth year of expansion and has rebounded sharply from the impact of Hurricane Katrina, growing at nearly a 5% annual rate in the first quarter of 2006. The excesses of the late 1990s "bubble" have been worked off. Business investment is powering ahead, industrial activity remains strong, and job gains continue to push down the unemployment rate. Consumer confidence has reached its highest level of this business cycle as free-spending Americans shrug off the implications of a negative savings rate and signs that the country's housing market boom has reached its end.

Warning signs do point to more difficult times ahead, however. Trade and budget deficits remain massive, reminders of large imbalances in the economy. Higher gasoline prices and rising interest rates are squeezing household budgets, with little offset so far from higher wage growth. The incipient slowdown in the housing market is also likely to weigh on consumer spending later in the year, pulling economic growth below trend in the fourth quarter and throughout 2007. And higher core inflation remains a significant risk, with the potential to force the Fed to continue tightening in the summer months. Perhaps US team success in the World Cup will provide yet another reason for Americans to push these concerns off to another day, and revel in the good times for now!

The State of the Nation

What a difference four years make. Though economic performance has been very strong since the last World Cup, Americans report concern about the future prospects of the economy, and the war in Iraq continues to weigh on the national mood. President Bush's approval ratings have fallen from sky-high levels at the last World Cup to touch all-time lows in early 2006. A breakout World Cup performance might hearten a few die-hard US fans, but is unlikely to give the economy the same boost that it would in a more football-crazed nation. The rest of the world might be troubled by the notion that American hegemony could extend to the football pitch – but for now, the soccer world remains multipolar!

Andrew Tilton

Who Will Make it to the Semis?

This is often the most eagerly awaited section of our book, and seemingly always a source of controversy. In 2002 Brazilians (all the way up to the President) expressed shock and anger at our failure to include them in our guess for the last four. In 1998, similar hostility came from Germany (we were right on that one). To all nations and their politicians, please accept our ideas in the most open and relaxed spirit, and to those we don't select, we apologise – in any case, our forecasts might turn out as they did in 2002!

Failing to include Germany and Brazil as two semi-finalists is a risky business, as one of them has participated in every final since 1938 except 1978. Interestingly, the bookies/odds rate Brazil as favourites at 11/4 and Germany fourth at 7/1. Of course, the 2002 final included them both, in what was, strangely, the first time they had met in a final.

It is often said that the winner typically comes from the continent hosting the Cup. This has been true on 15 of the 17 occasions, 89% of the time. This 'rule' was broken in 2002, the first time the World Cup was hosted in Asia.

Outside of Germany and Brazil, the professional pundits believe the likely winners will emerge from Argentina, Italy or England (this might just be the British media and gambling mad football fans!). Behind this group, France, Spain and the Netherlands are often regarded as serious candidates given the talent of their players and, of course, for the past three or four World Cups, journalists have fantasised about an African team reaching the final.

Looking at the draw, it is not possible for all of Argentina, England and Germany to reach the semis. If they manage to get through their groups, two of them will meet before the semi-final.

Looking at the groups briefly, in Group A, Germany, the hosts, and Poland will presumably emerge victorious. In Group B, England and Sweden look far too strong for Paraguay and Trinidad & Tobago. In Group C, the 'Group of Death', Argentina will fancy their chances but the Dutch will be nervous about both the Ivory Coast and Serbia & Montenegro. As we like Edwin van der Sar, we will go with the Netherlands! Portugal and Mexico should make it from Group D.

In the bottom half of the draw, Italy, Brazil, France and Spain should be the winners, although Spain often seems to find some way to self-destruct. Many of the other countries will fancy their chances of qualifying along with them. Of these, it is tough to see any reaching the semi-finals, although the Czech Republic, Ghana, Croatia and Ukraine would likely disagree with us on that score!

Who Will Win The 2006 World Cup? The Bookmakers' Odds

Team	Odds
Brazil	11/4
England	6/1
Argentina	7/1
Germany	7/1
Italy	8/1
Netherlands	10/1
France	12/1
Spain	12/1
Portugal	20/1
Czech Republic	33/1
Sweden	33/1
Mexico	40/1
Croatia	50/1
Ukraine	50/1
Ivory Coast	66/1
Serbia and Montenegro	66/1
Paraguay	80/1
Poland	80/1
USA	80/1
Switzerland	100/1
Australia	125/1
Ecuador	125/1
Japan	150/1
Korea Republic	150/1
Tunisia	200/1
Ghana	250/1
Iran	250/1
Costa Rica	350/1
Togo	350/1
Angola	500/1
Saudi Arabia	500/1
Trinidad and Tobago	750/1

Source: Labrokes.com; April 26 2006.

Who will be the final four? You can't bet against Brazil or Germany, and of the rest, the draw looks pretty kind to Italy. If Wayne Rooney had been fit and healthy, the chances of England sneaking in ahead of Argentina looked good (if England meet either the South Americans or Germany, as they must to qualify, it will be a memorable occasion, as always). Without England's best player, while not impossible, this will be much harder.

As to the eventual winner, we will leave that to you to guess. It's difficult enough to predict the four semi-finalists!

Jim O'Neill

Sir Alex Ferguson's All-Time British Dream Teams

Choosing the pre-1975 team was pretty straightforward really. Although everyone has their own opinions, it would be hard to argue with the quality and stature of the players I have chosen.

Gordon Banks – Made it to 'best goalkeeper in the world' after that spectacular save from Pelé in Mexico.

In defence *John Charles* and *Jimmy Armfield*, with different styles but both fantastic players, strong and determined. I suppose you could argue that John Charles could play just as well at centre forward, but wherever he played he was outstanding.

Bobby Moore – Such a complete, controlled defender. He always seemed to find time, on the ball and when tackling.

Ray Wilson – For me just edged out Roger Byrne, for his performance in the 1966 World Cup Final. He was such a quick and aggressive player.

Bobby Charlton – Unquestionably one of the greatest players to ever have pulled on an English shirt; tremendous achievement to win 106 Caps for his country.

Duncan Edwards – Bobby Charlton said that he was the best he ever played with, a young colossus who could win a game single-handed.

Jimmy Johnstone 'Jinky' – Not the biggest of players, but would leave defenders in his wake with his blistering speed and change of direction.

Denis Law – One of my greatest heroes. I can pay him no greater compliment than to say that he was probably the only British player who would not have been out of place in a Brazilian team.

Jimmy Greaves – One of the greatest English goal scorers of all time, desperately unlucky to miss out on playing in the 1966 World Cup Final.

George Best – A once in a lifetime player.

Subs: *Frank Swift* (GK) – Another of the all-time great goalkeepers. Giant of a man, who lost his life in the Munich Air Disaster.

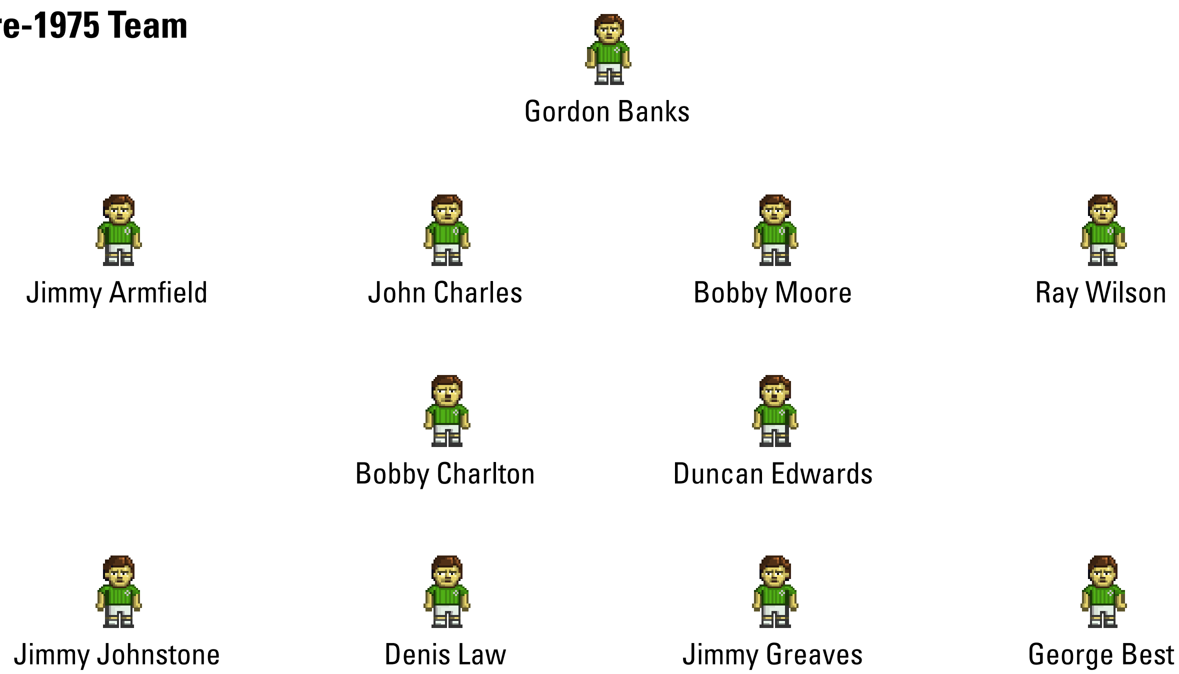
Roger Byrne – Polished, cultured defender, who started his playing days as a winger. Captain of the legendary 'Busby Babes'.

Alan Ball – Pocket dynamo, who rarely had a bad game. Outstanding for club & country.

Tom Finney – In the opinion of some observers he was the greatest of all English players. There certainly haven't been many better.

Dave Mackay – Strong, uncompromising midfield star who always led by example.

Pre-1975 Team



Subs: Frank Swift (GK), Roger Byrne, Alan Ball, Tom Finney, Dave Mackay

Peter Shilton – Took over from Banks: two great keepers of almost the same era; appeared in more than 1,000 first class games during his career, and I'll bet he was flawless in most of them.

Danny McGrain – One of the best full-backs ever produced by Scotland. Brilliant in every facet of his trade.

Tony Adams – Lynch-pin of the Gunners' great defensive unit during the latter part of the 20th Century.

Terry Butcher – Towering, dominant and strong. An archetypal English defender.

Steve Nicol – Possibly underrated in some quarters, he was one of the most accomplished full backs ever to wear the blue of Scotland.

Paul Gascoigne – Enigmatic genius, who was capable of turning a match with just one piece of brilliance. I wish he had taken up the offer to come to us.

Bryan Robson – 'Captain Marvel'. He would literally run through a brick wall for the good of the team. A great captain for both United and England.

David Beckham – Not the perfect player, but he's got enough in his armoury to put him comfortably in the top bracket.

Ian Rush – Truly great marksman for Liverpool and Wales. Had all the attributes of a top centre forward.

Wayne Rooney – Like George Best, a once in a lifetime player.

Ryan Giggs – Occupies third place in United's 'Roll of Honour' behind Bobby Charlton and Bill Foulkes. A terrific player and wonderfully loyal servant to the club.

Subs: *Pat Jennings* – Only just edged out by Peter Shilton. Hands like shovels and the bravery of a lion.

Paul Scholes – One of England's finest-ever midfield players. Great awareness, skilful, talented and scores goal as well.

Frank Lampard – Outstanding player, consistently puts in top performances for club and country.

Rio Ferdinand – Confident, composed and richly talented player who makes defending look easy.

Alan Shearer – Can't help but admire one of the great strikers of the late 20th Century.

Sir Alex Ferguson

Post-1975 Team

Subs: Pat Jennings, Paul Scholes, Frank Lampard, Rio Ferdinand, Alan Shearer

Goldman Sachs World Cup Probability Study

As an aid to our guesses as to who is going to reach the semi-finals, we have calculated the following intriguing probabilities.

We have combined official FIFA rankings and odds from different bookmakers to create a probability model that penalizes teams according to how tough their schedule is on average.

Our model-probabilities are not too far from consensus. Brazil is the undisputed favorite, with a 12% probability of winning the Cup. England is the runner up, although there seems to be a very close probability clustering between positions 2 and 5, with England, Spain, France, Holland and Argentina all with, broadly speaking, similar chances of winning.

Germany, the host, is the 8th most likely team to win the Cup, with a 5.5% probability. We did not award Germany any bonus probability, despite some (debatable) evidence that hosts do have an advantage. Portugal, Italy and the Czech Republic all lie very close to Germany in terms of probabilities. The USA, ranked 13th, has a slim, but not negligible, probability (2.2%) of winning the tournament. Asian and African countries generally rank at the bottom end of the table.

All said, however, we look forward to another exciting competition full of surprises and outstanding games from outsiders and underdogs. That is, after all, what makes football so popular.

Themistoklis Fiotakis

Who Will Win The World Cup?
GS Probabilities

Country	Model Probability
Brazil	12.4%
England	8.6%
Spain	8.3%
France	8.3%
Netherlands	8.0%
Argentina	7.4%
Portugal	5.8%
Germany	5.5%
Italy	5.3%
Czech Republic	5.0%
Mexico	4.2%
Sweden	3.6%
USA	2.2%
Croatia	1.8%
Poland	1.6%
Ivory Coast	1.2%
Switzerland	1.2%
Ukraine	1.1%
Paraguay	1.1%
South Korea	0.9%
Japan	0.9%
Tunisia	0.9%
Ecuador	0.8%
Serbia and Montenegro	0.6%
Australia	0.6%
Costa Rica	0.6%
Iran	0.5%
Ghana	0.4%
Saudi Arabia	0.4%
Togo	0.3%
Angola	0.3%
Trinidad and Tobago	0.2%

Note: This table translates Fifa ranks into odds and combines them w ith the average odds given by bookies to create an "initial probability". Then, it penalizes the countries according to how tough their schedule is and it spits out the final probability as per the table above.

The 2006 World Cup Dream Team (as Selected by You!)

Buffon – Italy
(Juventus)
The Italian keeper scored more than 21% of the votes, with Cech the only serious challenger.

Cafu – Brazil
(Milan)
The Milan right back scored 36.2% of the votes, close to double the score of the next person.

Terry – England
(Chelsea)
The England and Chelsea stalwart scored a massive 45.7% of your votes.

Beckham – England
(Real Madrid)
The England skipper just crept in ahead of some of his team-mates.

Rooney – England
(Manchester United)
45% of you thought Wayne deserved to be in the world's top team, something all United fans would agree with.

Henry – France
(Arsenal)
Nearly 1,200 of you voted for this incredibly talented striker. Thank goodness Chelsea can't get him!

Nesta – Italy
(Milan)
Selected by us in the 2002 team; nearly 40% of those voting wanted him back.

Carlos – Brazil
(Real Madrid)
The Real favourite scored with nearly 50% of you, which is amazing in view of an indifferent season.

Ronaldinho – Brazil
(Barcelona)
Amazing? The world's best? More than 70% of you thought so – he polled over 1,500 votes!

Ballack – Germany
(Bayern Munich)
The host's only selection from you. He just pipped some of Beckham's England colleagues and Zidane.

Ronaldo – Brazil
(Real Madrid)
Over the hill? Overweight? Not according to you guys. He just managed to keep out Shevchenko.

Here is our 2006 Dream Team, selected by you the client. Unlike in 1998 and 2002, we thought it would be fun for clients to pick the team, instead of us! You responded with zest – nearly 2,100 of you voted. Of a total of 90 players on offer, the above were selected in a strict 4-3-3 formation, based on an internet voting system. Consolation to Messrs Cech, Gerrard, Lampard and Shevchenko, who narrowly missed out. We had a lot of fun doing this, and especially enjoyed the comments from all the trainspotters among you, who told us about possible player selections for the wrong positions, among other things! No doubt we will have missed some real superstars in this tournament – just as in past ones.