

## Catch up: Trump's speech to Congress; Germany's eyes infrastructure overhaul



During the first joint address to Congress of his second term, **Donald Trump** said his administration was “just getting started”. The president read a message from Volodymyr Zelensky indicating that [Ukraine](#) would sign a rare earth minerals deal and was ready for peace—and that Russia, too, had sent “strong signals” it wanted an end to the war. Mr Trump also promised more “reciprocal” [tariffs](#) in the coming weeks. Democratic members protested during the speech, with one—Al Green—being ejected from the chamber.

The parties negotiating **Germany's** next coalition government said they had agreed to set up a €500bn (\$530bn) debt-financed fund for infrastructure. The conservative Christian Democratic alliance and the Social Democrats also plan to exempt defence spending above 1% of GDP from Germany's deficit-limiting [debt brake](#). The outgoing parliament will vote on the deal, which requires a two-thirds majority, this month.

Arab states endorsed a \$53bn plan for the administration and reconstruction of post-war **Gaza**. The plan, which was unveiled by

Egypt and discussed at the Arab League Summit in Cairo, offers an alternative to Mr Trump's suggestion that America "develop" the enclave into the "Riviera of the Middle East". Palestinians would not be forced out of the war-ravaged enclave under Egypt's proposal, [unlike America's](#).

**China** set an annual growth target of 5% for 2025. The figure, which is consistent with the past two years and in line with analysts' forecasts, defies [trade tensions](#) with America and domestic economic malaise. The country also raised the headline budget deficit target from 3% to 4% of GDP and announced plans to increase its defence budget by 7.2%.

**CK Hutchison**, a Hong Kong-based firm, agreed to sell [two ports](#) along the **Panama Canal** to a group of investors led by **BlackRock**, an American asset manager, for more than \$20bn. The companies announced the deal amid reports that Panama was considering cancelling CK Hutchison's contract under pressure from Mr Trump. America's president has baselessly claimed that the waterway is controlled by China.

Two suicide bombers attacked a military base in Bannu, a city in northwestern **Pakistan**. At least 12 people were killed, including several children, and 30 injured. The explosions collapsed the roof of a nearby mosque. A group affiliated with the Pakistani Taliban claimed responsibility for the attack—the third by militants in Pakistan since Ramadan began on Sunday.

Time is money—so suggests the price of the world's most accurate commercial **clock**, on sale from today. Intended for scientific research, the clock tracks the movement of strontium atoms in a "lattice" of laser beams. It deviates less than one second over 10bn years. Shimadzu, a Japanese precision-tool maker, plans to sell ten devices over the next three years at around \$3.3m each.

**Figure of the day:** 65m, the number of tourists who visited New York in 2024—the second-highest number in the city’s history.

[Read the full story.](#)

# China's economy needs to bulk up



Thousands of delegates gathered in Beijing on Wednesday for the week-long annual session of China's parliament, the National People's Congress. Both it and its advisory body, which meets almost concurrently, have little power. But the conclaves will be watched for clues to the [Communist Party's plans](#) for reviving the economy as global trade tensions rise. On the eve of the meeting America placed a 10% [tariff on Chinese imports](#). That comes on top of a 10% levy that Donald Trump's administration had imposed a month ago. China responded with tariffs of 10-15% on American agricultural produce.

As delegates fume, officials will put on a brave face. In his state-of-the-nation address, Li Qiang, the prime minister, predicted that the economy will grow by around 5% this year, the same as in 2024. He also revealed a target of 4% for this year's headline budget deficit, up from 3% last year. That shows a welcome willingness to forgo fiscal piety to raise economic spirits.

## Shovel-seller for the AI gold rush

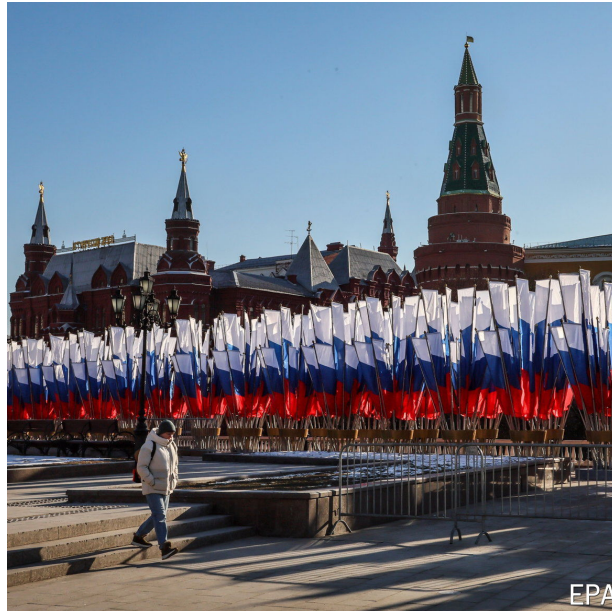


Marvell reports its annual results on Wednesday. The American semiconductor producer has benefited from the artificial-intelligence boom by designing processors for Amazon. Its chips have helped the tech giant's cloud-computing unit to reduce its reliance on [Nvidia](#), the world's most valuable chipmaker. From 2026 Marvell will also supply AI chips to Microsoft, another big cloud player. Jefferies, a bank, projects that this year Marvell will be the world's third-largest AI chip designer, behind only Nvidia and Broadcom. It is expected to ship 1.7m units. Marvell's market value more than tripled between 2023 and 2025.

But risks loom. The company faces competition from AIchip, a Taiwanese company, for designing Amazon's next-generation AI processors. In January the release of an AI model from DeepSeek, a Chinese startup, prompted fears that AI models may need fewer advanced chips. The shares of Marvell and its rivals tumbled. Investors will be watching its forecasts for clues about AI spending plans by cloud giants.



# Is Russia's economy slowing or stalling?



A slew of data released on Wednesday will help answer a crucial question: how is Russia's economy truly faring? In the three years since the country invaded Ukraine, its economy has held up better than most observers had expected. Unemployment fell to just 2%. GDP growth has been decent, thanks in part to oil exports, which were strong despite Western sanctions. And Russian consumers benefited from the knock-on effects of an enormous boost to spending on defence, welfare and infrastructure.

But that could now be changing. In late 2024 the West tightened sanctions on Russia, especially those targeting its financial infrastructure and oil trade. Before Donald Trump's inauguration, on January 10th America hit 143 oil tankers with sanctions. Business confidence has looked more fragile recently. The central bank is struggling to [keep a lid on inflation](#). And GDP growth may be slowing. Some months ago economic weakness might have encouraged Vladimir Putin, Russia's president, to make compromises to end the Ukraine war. Mr Trump's pro-Russia policies may lessen that pressure.

# America's sanctuary cities under pressure



On Wednesday the Democratic mayors of Boston, Chicago, Denver and New York City are set to testify before a mostly hostile congressional committee about their cities' [sanctuary-city status](#). They are among the 200 or so cities, counties and states that limit co-operation with federal immigration authorities. James Comer, the head of the Republican-led committee, called the mayors “reckless” and accused them of “shielding criminal aliens”. The committee released a movie-style trailer in the run-up to the hearing portraying the mayors as villains.

President Donald Trump has threatened to withhold federal funding from sanctuary cities. The Justice Department recently filed a lawsuit against Chicago, accusing local officials of impeding enforcement of federal immigration policies. Last month Tom Homan, Mr Trump's "border czar", threatened to bring "hell" to Boston. Eric Adams, [New York City's](#) mayor, may face less hostility from the committee than other mayors. He has agreed to help federal authorities nab undocumented migrants with criminal records.

# Floods damage the Great Barrier Reef



By the end of the first week in February, rainfall in parts of Queensland, a state in north-eastern Australia, had broken monthly records. Swollen by rainwater, rivers spewed out murky brown plumes over the region's most famous natural wonder. Extending 100km into the ocean, the currents carry sediment, nutrients and pollutants that starve reefs of light, encourage algae to bloom and inhibit coral growth. This exposes the reefs to other threats, such as [bleaching](#) and disease.

Scientists from James Cook University and the Australian Institute of Marine Science will monitor the environmental damage over the coming months. They will use satellite images to identify sites for sampling water and to assess efforts to prevent riverbanks from eroding and sending sediment downstream. Studies of coral cores, similar to tree rings, have shown that [large floods](#) are becoming more frequent. The reef's resilience may depend on how much land-based waste can be prevented from sweeping out to sea.



## Daily quiz



*The Economist*

We will serve you a new question each day this week. On Friday your challenge is to give us all five answers and, as important, tell us the connecting theme. Email your responses (and include mention of your home city and country) by 1700 GMT on Friday to [QuizEspresso@economist.com](mailto:QuizEspresso@economist.com). We'll pick randomly from those with the right answers and crown three winners on Saturday.

**Wednesday:** Which actress is known for roles in “The Princess Bride”, “Forrest Gump” and “House of Cards”? **Tuesday:** Who briefly replaced Jay Leno as host of “The Tonight Show” from 2009 to 2010?

**The longer and more carefully we look at a funny story, the sadder it becomes.**

*Nikolai Gogol*