

## Catch up: Starmer's plan for Ukraine; Europe's need to “urgently rearm”



After a security summit in London, Sir Keir Starmer, **Britain's** prime minister, said European allies would form a “coalition of the willing” to “guarantee peace” in Ukraine. He said Britain, France and other countries had agreed to develop a plan with Ukraine to end the fighting, which they would then [show to America](#). He also announced a deal worth £1.6bn (\$2bn) for Ukraine to buy missiles.

Other leaders at the summit called for [further increases in defence spending](#). **Ursula von der Leyen**, president of the European Commission, said that Europe needed to “urgently re-arm” and that EU leaders would discuss the matter at an emergency meeting on Thursday. Meanwhile NATO's secretary-general, Mark Rutte, suggested that more European countries would shortly announce rises in spending.

**America's** commerce secretary, Howard Lutnick, said the country would impose **tariffs** on [Canada and Mexico](#) on Tuesday as planned. However, he added that Donald Trump was still determining the final rate of any such levies. In February the

president said he would delay the introduction of 25% tariffs on America's neighbours by one month, after the countries' leaders promised to bolster their border security.

Shares of **Mixue Group**, the owners of China's biggest bubble-tea chain, jumped by up to 38% in Hong Kong after a heavily oversubscribed IPO worth HK\$3.45bn (\$444m). That boosted optimism over the prospects of Hong Kong's IPO market, which is expected to double this year according to Bloomberg Intelligence. Shares of other Chinese [bubble-tea companies](#) listed in Hong Kong rose on Monday morning.

**Iran's** parliament voted to force the economy minister, Abdolnaser Hemmati, from office. Critics blame him for the recent depreciation of Iran's currency, the rial. The move is a blow to the president, Masoud Pezeshkian, who admitted his hopes of restarting [nuclear talks](#) with America to loosen sanctions had faltered. Last month Iran's supreme leader, Ayatollah Ali Khamenei, dismissed the idea of such talks.

**NEOS**, an Austrian liberal party, approved a coalition deal with the centre-right ÖVP and the social democratic SPÖ. The decision will finally allow the formation of a government in **Austria** some five months after an election in which the hard-right FPÖ claimed the most votes. Christian Stocker, the leader of the ÖVP, will probably be the next chancellor.

**"Anora"**, a [tale of strippers and oligarchs](#) directed by Sean Baker, won five Oscars including those for Best Picture and Best Director at the 97th Academy Awards. Mikey Madison, the film's lead, also secured the award for Best Actress. News and politics were mostly absent from the speeches—perhaps because Mr Trump's return is [making Hollywood nervous](#).

**Figure of the day:** 53, the number of people who became billionaires in 2023 by inheriting money, according to UBS, a bank.

[Read the full story.](#)

# A big week for China's economy



The coming days will be eventful for China's economy. On Tuesday [America](#) is set to hit Chinese goods with a fresh 10% tariff, only a month after a similar levy came into effect on February 4th. The threat has already sent Chinese stocks tumbling. On Wednesday thousands of delegates will gather in Beijing for the annual meeting of China's rubber-stamp legislature, the National People's Congress. The delegates will hear how much fiscal stimulus the government plans to provide this year to dispel deflation.

Before either event, *Caixin*, a business magazine, published a monthly survey of purchasing managers on Monday. It showed that manufacturing regained some momentum after the Spring Festival break. The index rose to 50.8 in February, its fifth month in a row above the 50-point threshold that indicates an expansion. The worry is that higher tariffs and inadequate stimulus will nip any recovery in the bud. For China's economy, the drama will not end this week.

# Russian drones pummel Ukraine



Transatlantic diplomacy is [mired in chaos](#) as America pursues bilateral talks with Russia, and Europe scrambles to support Ukraine. Yet the battlefield situation has barely changed. For most of the past year Russia has achieved incremental advances at huge cost. They have slowed in recent weeks, though it remains unclear if this is simply an operational pause before a new push when the weather improves or an indication of, at least temporary, exhaustion.

Ukraine also has acute [manpower problems](#). But its biggest difficulty is countering an increase in Russian attack drones. Intelligence sources reckon Russian production of Shahed-type kamikaze drones has recently more than tripled to 150 a day. Some of these drones fly faster than old models and carry a much heavier payload. The number of days in which 100 or more attack drones flew into Ukraine doubled last month compared with January, to 22. Most are shot down but more are getting through all the time.



# Canada's Liberals are back



The campaign to replace Justin Trudeau as leader of Canada's Liberal Party has entered its final week. The winner will become prime minister before an election to be held this year. Opinion polls long suggested the Conservative Party would coast to victory. Yet that suddenly looks in doubt. A mere two months ago the Conservative leader, Pierre Poilievre, was 20 points ahead. Now the gap has been cut by more than half or disappeared entirely in some polls.

Mr Trudeau's [decision to step down](#) changed the race. So did Donald Trump's cantankerous suggestion that [Canada become America's 51st state](#) to avoid tariffs. Meanwhile the emergence of Mark Carney (pictured), former governor of the Bank of England, as the frontrunner to replace Mr Trudeau has boosted the Liberals' chances. Some surveys that include Mr Carney's name have even put his party in front. Should he win the Liberal leadership on March 9th, he may choose to call an election within weeks.

# Rare good news for Europe's economy



Europe is nervous. American inflation is [ticking up again](#), prompting fears that the same might happen on the old continent. The economy is already weak, and lower interest rates are needed to make an inevitable surge in government borrowing to spend on Europe's defence slightly more affordable.

Flash euro-zone inflation numbers for February, released on Monday, will probably provide some relief. France already reported a steep drop in its annual inflation rate, from 1.8% to just 0.9%; Italy's came in at 1.7%, below expectations. Germany's headline inflation rate is stuck at 2.8%, in part because of food prices. But core inflation, which strips out volatile prices for energy and food, came down to 2.6%, from 3.3% in December. That should be enough for the European Central Bank to cut interest rates by a quarter of a percentage point again at its monetary-policy meeting on Thursday.

# Fashion's biggest week



Models will take to the catwalks in Paris this week for the finale of fashion month. The French capital hosts the biggest of the main four annual fashion extravaganzas (the others are in New York, London and Milan). Top luxury labels including [Chanel](#), Dior and Valentino will showcase their autumn and winter collections. The week will include some designers' keenly awaited debuts at brands, such as Sarah Burton for Givenchy and Haider Ackermann for Tom Ford. Other designers to watch include Burc Akyol and Julie Kegels, promising newcomers with their own labels from France and Belgium respectively.

Luxury fashion boomed in recent years. Profits in the sector nearly tripled from 2019 to 2024, according to McKinsey, a consultancy. But economic uncertainty, particularly in China, a big market, caused a slowdown in the past year. And there is more bad news: Bain & Co, another consultancy, suggests Gen Z's interest in expensive togs is waning. Events like Paris Fashion Week provide a chance for brands to show them what they're missing.



## 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.

**Monday:** Which baseball team last won the World Series in 1991?

**You cannot force ideas. Successful ideas  
are the result of slow growth.**

*Alexander Graham Bell*