

The world in brief

Catch up quickly on the global stories that matter



Photograph: Getty Images

After 25 years of negotiations, a qualified majority of EU countries backed a trade deal with **Mercosur**, a South American bloc, to create a common market of over 700m people. The European Commission is now expected to ratify the agreement in Paraguay as early as next week. **France** oppose the deal, along with Austria, Hungary, Ireland and Poland, who fear that food imports from Latin America will undercut their farmers.

Huge anti-establishment [protests](#) gripped Tehran, **Iran's** capital, and the city of Mashhad. The country was hit by an internet blackout after Reza Pahlavi, the exiled son of the late shah, called on Iranians to demonstrate “as a united front”. Rights groups estimate that Iran's regime has killed at least three dozen people since protests began on December 28th.

The **FBI** took sole charge of the investigation into the killing on Wednesday of **Renee Nicole Good** by an Immigration and Customs Enforcement agent in Minneapolis, elbowing aside local investigators. Meanwhile J.D. Vance, America's vice-president, doubled down on the [hotly contested](#) claim that Ms Good was a left-wing ideologue who tried to ram ICE officers. Separately,

Border Patrol shot two people in Portland, Oregon, whose condition is unknown.

Donald Trump said he had cancelled a second wave of attacks against **Venezuela** because the two countries are “working well together”. Earlier America’s Senate advanced a bill designed to stop further [military action](#) against Venezuela without Congress’s approval. The chamber will debate the bill next week. Mr Trump railed against the five Republicans who joined Democrats to push through the motion.

Russia’s armed forces said it fired a hypersonic missile at **Ukraine** during its attack [on energy infrastructure](#) across the country. Russia claimed it used its “Oreshnik” rocket in retaliation for an alleged drone attack on one of Vladimir Putin’s residences—for which it has provided little evidence and which Ukrainian officials strongly deny. Russia’s strikes killed at least four people in Kyiv, the capital.

Shares in **Minimax** soared by more than 100% on Friday after the Chinese generative AI startup raised \$619m in its Hong Kong IPO. Shares in Zhipu, its rival and the first large language model to list on the exchange, have risen by 29% since its debut on Thursday. Chinese firms are rushing to take advantage of investors’ optimism about their country’s [advances in AI](#).

Elon Musk’s social-media site, X, restricted access to its generative-AI platform, **Grok**, following a backlash over the tool being used to create sexualised images depicting real women. Now only paying subscribers can use the chatbot to make [pornographic material](#). Earlier, Britain’s prime minister, Sir Keir Starmer, indicated X could be blocked in the country if the company does not “get a grip”.

Figure of the day: 4.7m. The number of industrial robots operational worldwide as of 2024—just 177 for every 10,000 manufacturing workers. [Read the full story.](#)



Photograph: EPA

At last, Europe's trade deal with South America

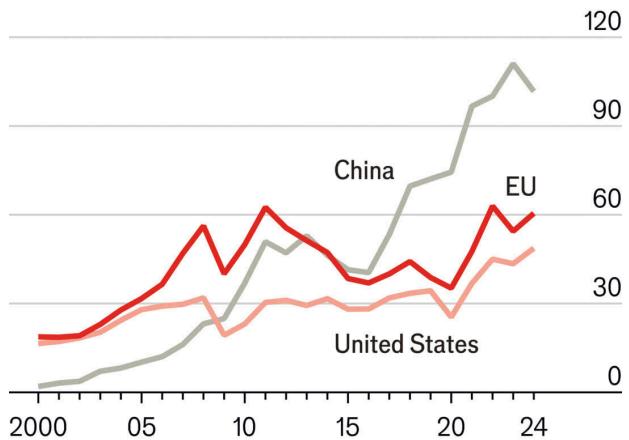
After 25 years of talks and weeks of hesitation, EU countries provisionally approved a trade deal with [Mercosur](#), the South American bloc led by Brazil and Argentina. The agreement was approved by a qualified majority of member countries representing 65% of the union's population. France, Poland, Austria, Ireland and Hungary opposed the deal, while Belgium abstained.

The deal's supporters see a substantial boost to trade, including European agri-food exports. It is also a [geopolitical imperative](#) for two regions struck by America's punitive tariffs and squeezed by China's growing market share.

Friday's decision follows last-ditch efforts to placate [protesting farmers](#) who fear South America's efficient agribusiness. The EU promised to cut import duties on fertilisers and bring forward potential farming subsidies, which appeared to have won over Italy. The deal must still be approved by the increasingly unpredictable European Parliament, ahead of a ceremonial signing in Paraguay later this month.

European opportunity

Mercosur*, goods exports, \$bn



*Argentina, Brazil, Paraguay, Uruguay

Sources: Mercosur; IMF



Photograph: EPA

China's prices won't budge

Economists will have to wait until January 19th to find out for sure whether China met its official 5% growth target for 2025. But one benchmark China has certainly missed is its inflation target. Figures released on Friday showed that inflation in 2025 was zero percent. The official goal was “around 2%”.

In practice China’s inflation target has often been treated as a ceiling: breaching it is verboten, falling short is forgivable. But even China’s leaders now think [inflation is too low](#). Their campaign against “involution”, or [excessive competition](#), is trying to pacify price wars. And their monetary targets have shifted subtly in the past two years to clarify that if growth and inflation slow unexpectedly, money-supply growth should not slow with them. Perhaps when China’s leaders reveal this year’s inflation target in March, they should set a floor not just a ceiling. They could change the word “around” to “at least”.



Photograph: AP

America's fragile economy

For most of the past year, America's labour market has seemed to teeter but has never actually collapsed. The unemployment rate has crept up gradually, from 4% at the start of 2025 to 4.6% according to the latest figures, covering November. That is low by the standards of recent history, but the rise has many worried nonetheless. So does a wider slowdown in hiring. Even though not many people have lost their jobs, those who have are struggling to find new ones.

Figures for December are due out on Friday. Forecasters expect a small decline in overall unemployment to 4.5%, because November's number was knocked higher by the government shutdown. That would leave the jobs market at a confusing point: clearly softening, but not by enough to sound an alarm—especially since [GDP growth has remained strong](#).



Photograph: Getty Images

Meloni's new-year's resolutions

“I never want to speak with [the Italian press],” Giorgia Meloni, Italy’s prime minister, was heard saying in August. On Friday, however, she will. It is traditional for Italian leaders to hold a lengthy end-of-year press conference. Perhaps because Ms Meloni has dragged her feet, hers is now a start-of-year one.

She has good reasons to avoid interrogation. She has managed to form a [warm relationship with America’s president](#), Donald Trump, while persuading her European counterparts that she is a moderate who has [abandoned her Euroscepticism](#). She must satisfy coalition partners with strikingly different outlooks. The press may ask awkward questions about [the economy](#). Growth has slowed to a crawl even though Italy has received more than €150bn (\$175bn) from the EU’s post-pandemic recovery fund since 2021. Journalists will also be probing for a date for a referendum on the government’s plans to overhaul the judiciary.



Illustration: The Economist

Daily quiz

We will serve you a new question each weekday. On Friday your challenge is to give us all five answers and tell us the theme. Email your responses (and your home city and country) by 1700 GMT on Friday to [\[email protected\]](mailto:). We'll pick three winners at random and crown them on Saturday.

Friday: Who wrote the plays “All My Sons” and “The Crucible”?

Thursday: Which baseball player is mentioned in the song “Mrs Robinson” by Simon & Garfunkel?

*A depression is for capitalism like
a good, cold douche.*

Joseph Schumpeter