

The world in brief

Catch up quickly on the global stories that matter

America and **China** reached a deal to remove China's export controls on rare earths after two days of [negotiations](#) in London. In May the countries agreed to temporarily lower reciprocal tariffs, but the agreement had stalled over China's curbs on rare-earth exports. The new deal will now be presented to Donald Trump and Xi Jinping, the countries' leaders.

Los Angeles's mayor, Karen Bass, imposed a curfew on the city's downtown area in a bid to restore order after five days of protests. She said she wanted to "stop the vandalism, stop the looting". Around 200 people were arrested on Tuesday in anti-deportation protests. California's governor, Gavin Newsom, has sued Mr Trump over his deployment of 4,000 troops in the [National Guard](#).

Qantas, Australia's flag carrier, will shutter **Jetstar Asia**, a Singapore-based [budget airline](#) it part-owns, amid stiff competition as well as rising airport and supplier fees. That will free up A\$500m (\$326m) for the renewal of Qantas's fleet. The firm will redeploy 13 planes for routes across Australia and New Zealand. Jetstar Asia is on track to record a loss of A\$35m this financial year.

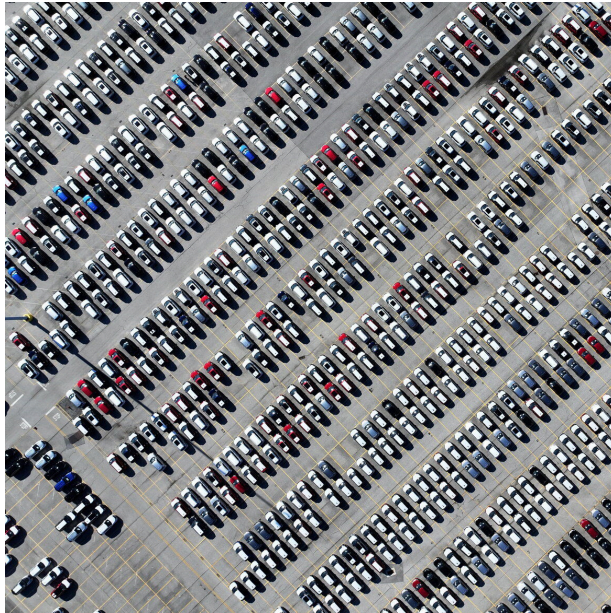
Argentina's Supreme Court upheld a [corruption conviction](#) against its former president, Cristina Fernández de Kirchner, sentencing her to a six-year jail term and barring her from politics for life. Ms Kirchner has clashed repeatedly with the libertarian president, Javier Milei, and had announced plans for a political comeback. Supporters blocked roads around Buenos Aires, the capital, ahead of the decision.

Australia, Britain, Canada, New Zealand and Norway announced sanctions against two hard-right **Israeli ministers**, Itamar Ben-Gvir and Bezalel Smotrich, for “inciting violence” against Palestinians in the West Bank. Meanwhile at least 17 **Palestinians** were killed by Israeli gunfire near an aid site in central Gaza, according to local health authorities. Israel said it fired warning shots at suspects approaching troops and is investigating the incident.

The EU proposed lowering its \$60 [price cap](#) on Russian oil and banning transactions with **Russia’s Nord Stream pipelines** in a new package of sanctions against the country. Earlier Russia launched another round of drone attacks on **Ukrainian** cities, a day after conducting its [biggest aerial assault](#) since the war began. Ukrainian officials said large parts of Kyiv, the capital, were struck.

Pakistan announced plans to increase its defence spending by 20%, to \$9bn, compared with its budget last year. The proposal follows a [military showdown](#) last month with **India**, sparked by a terrorist attack in India-controlled Kashmir. Pakistan’s budget for the year beginning July 1st, which must be approved by Parliament, would cut overall spending by 7%.

Figure of the day: 3m, the number of young Chinese who have gone to study in America since China opened up in the late 1970s. [Read the full story.](#)



Photograph: Getty Images

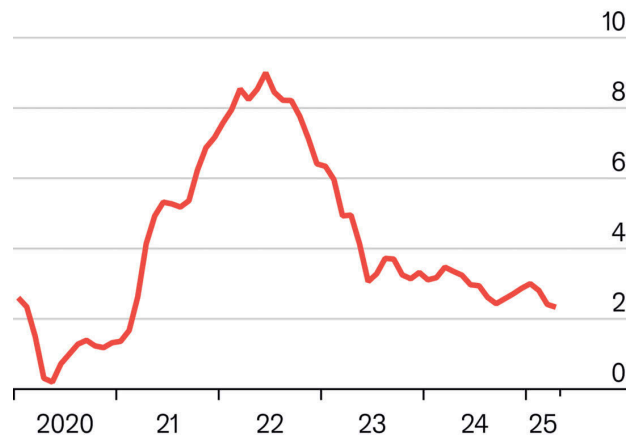
Will tariffs push up American inflation?

America releases [inflation figures](#) for May on Wednesday. The big question is whether tariffs are pushing up prices. For parts of the economy unaffected by the trade war, such as transport services and used cars, inflation could continue to decline. That is good news for Americans, who like many across the world have put up with years of rapid price rises.

But inflation could creep up in areas more exposed to [tariffs](#). Goods with a high share of imported elements, such as clothing and furniture, may start to get pricier. Some analysts are paying close attention to categories like photographic equipment, around 40% of which is imported, and new cars, where the share is around 35%. Still, overall inflation is not expected to surge. Economists reckon that year-on-year inflation in May was 2.5%, only a modest rise from the previous month's 2.3%. But it is still early days in the tariff wars: many companies have hoarded imports to avoid raising prices.

Bracing for impact

United States, consumer prices
% increase on a year earlier



Source: Haver Analytics



Photograph: dpa

Hamas's new leaders have new ideas

On Sunday Israel confirmed the death of Muhammad Sinwar, the military chief of Hamas and the younger brother of Yahya Sinwar, who orchestrated the October 7th attacks. Previously, the killing of Hamas leaders had made little difference to the course of the war in Gaza. But now the dynamics of Hamas's leadership [may be shifting](#), thereby improving the prospects for a peace deal. In recent days Hamas has indicated it is open to discussing new terms.

Now that Israel has all but wiped out Hamas's commanders inside Gaza, a quartet of leaders outside the territory—in Doha, Beirut and Istanbul—have the upper hand. Three are expected to support a deal under which Hamas would relinquish control of post-war Gaza (bowing to a demand by Israel) but continue to exist outside it. That could pave the way for a ceasefire. So too might the continuing destruction of Gaza by Israel's army.



Photograph: EPA

Britain's economic squeeze

After raising cash at last October's budget with tax rises and higher borrowing, Rachel Reeves now gets to dole it out. Britain's finance minister will use a spending review on Wednesday to announce how much government departments get up to the 2028-9 fiscal year. A geopolitical imperative for higher defence spending and a need to turn around the National Health Service may swallow up much of the cash, squeezing the rest of the state.

And looming uncomfortably over the whole process is the question of whether the government's broader spending assumptions, finalised at the Spring Statement in March, are still credible. Donald Trump has since announced his "[Liberation Day](#)" tariffs, endangering Britain's [growth prospects](#). The Office for Budget Responsibility, a fiscal watchdog, is contemplating whether to revise down its rosy assumptions about Britain's long-term growth. That would limit the government's ability to borrow while remaining within its self-imposed fiscal rules. The squeeze isn't going anywhere.



Photograph: Reuters

Poland's government tries to restore confidence

Hours after the result of [Poland's presidential elections](#) was announced last week, a downbeat Donald Tusk addressed the nation. "Things may be more difficult than many of you imagined when you went to the polls," said the prime minister. His candidate, Rafal Trzaskowski, had lost to Karol Nawrocki, a nationalist backed by Mr Tusk's arch-rivals, the Law and Justice party.

Mr Tusk bears much of the blame. After more than 15 months in power, he has made little progress on his liberal agenda, largely because of disagreement within his own coalition government. In the parliamentary election of October 2023, his camp collectively received 11.6m of the vote; in this election Mr Trzaskowski obtained just 10.2m.

On Wednesday Mr Tusk will try to reassert his mandate with a no-confidence vote in parliament. Next, he is expected to fire some ministers. Then comes the hard part: trying to [win back](#) the trust of his voters alongside a president who may be no more co-operative than the last.



Photograph: Getty Images

Cricket's test of Tests

On Wednesday at Lord's cricket ground in London, South Africa will face Australia in the final of the World Test Championship. The tournament was created to crown the best team in Test cricket—and to revitalise the traditional, long-format game, which some worried was losing ground to fast-paced Twenty20 leagues. But its design is not ideal—teams play unequal numbers of matches and the points system is convoluted.

It held its first final in 2021, when unfancied New Zealand beat mighty India. South Africa will be underdogs this time. Their captain, Temba Bavuma, became the first black South African to score a Test hundred in 2016. His recent performances have been mixed. But he has led the team ably through a huge turnover of players and, crucially, a clear decision among selectors to prioritise T20.

Australia will field a relatively settled side, including a vastly experienced and fearsome bowling attack. But the Kiwis showed that upsets are perfectly possible in one-off games.



Illustration: The Economist

Daily quiz

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 BST on Friday to [\[email protected\]](#). We'll pick randomly from those with the right answers and crown three winners on Saturday.

Wednesday: Which actress starred in the 1970s TV series “Police Woman”?

Tuesday: What title did Lauren Weisberger give to her novel about life in the fashion publishing industry?

*Wisdom without honesty is mere
craft and cozenage.*

Ben Jonson