

The world in brief

Catch up quickly on the global stories that matter

Donald Trump said that **America** had reached a trade deal with **Britain** that would “cement the relationship” between the countries. Britain is the first country to reach a deal with Mr Trump since he announced his “Liberation Day” tariffs last month, though the agreement’s details are yet to be revealed. On Tuesday Britain announced a [trade deal](#) with India.

Pakistan shot down 25 drones that entered its airspace from **India**, warning that its neighbour would “pay dearly for this naked aggression”. Earlier Shehbaz Sharif, Pakistan’s prime minister, vowed to “avenge each drop of blood” after India [launched air strikes](#) on Pakistan and Pakistan-administered Kashmir. India was responding to an attack in Indian-administered Kashmir last month. Pakistan denies involvement.

The **Bank of England** lowered interest rates by a quarter of a percentage point to 4.25%, its fourth rate cut since August. The decision had been widely expected by analysts. Slowing inflation, which fell from 2.8% year-on-year in February to 2.6% in March, has allowed the bank to lower interest rates, though Andrew Bailey, the bank’s governor, suggested a more cautious approach ahead, warning that the [global economy](#) was “unpredictable”.

The Trump administration plans to scrap rules put in place by the Biden administration to [limit exports](#) of **artificial-intelligence chips**. The plan—due to take effect on May 15th—was to split countries into three tiers that would determine how many [chips](#) they could buy. An American official said the regulation was “overly complex” and would be replaced “with a much simpler rule”.

Cardinals convened in the Sistine Chapel for a second day of voting in the **papal conclave**. The [punters' favourite](#) to be the next pope is Cardinal Pietro Parolin, right-hand man to the late Pope Francis—but conclaves often produce surprises. The 70-year-old Italian is also presiding over the vote.

Xi Jinping arrived in **Moscow** for talks with Vladimir Putin. They are expected to discuss the [war in Ukraine](#), energy co-operation and relations with America. Ukraine condemned the visit. Mr Xi will also attend Russia's Victory Day parade on Friday, along with several other leaders, including Brazil's president, Luiz Inácio Lula da Silva.

Last month was the **second-hottest April** on record, according to the European Union's Copernicus climate-monitoring service. It was the 21st month of the last 22 in which temperatures exceeded [1.5°C above pre-industrial levels](#). The Paris climate agreement of 2015 committed countries to keep the [increase in temperatures](#) below 2°C and try to limit it to 1.5°C.

Figure of the day: \$50,000, the amount it can cost to train a guide dog. [Read the full story.](#)



Photograph: Getty Images

Can America beat China in the AI race?

Sam Altman, chief executive of [OpenAI](#), is among the tech bosses due to testify before America's Senate on Thursday. The hearing, titled "Winning the AI Race", has been convened by Ted Cruz, a Republican senator. Lawmakers are expected to question the bosses on how to deregulate the industry. Mr Cruz has argued that to get ahead of China on AI, America must facilitate innovation, not "saddle AI developers with European-style regulations".

America knows it needs a new plan. So far it has attempted to hobble China's progress in the AI race by controlling access to advanced semiconductors, which are used to train AI models. That has so far failed to stop such chips getting into the hands of Chinese developers: a shadowy supply chain has sprung up to cater to their demand. Chinese chipmakers are also improving their capabilities. Thus, America wants to outpace China through innovation, not just trade restrictions.

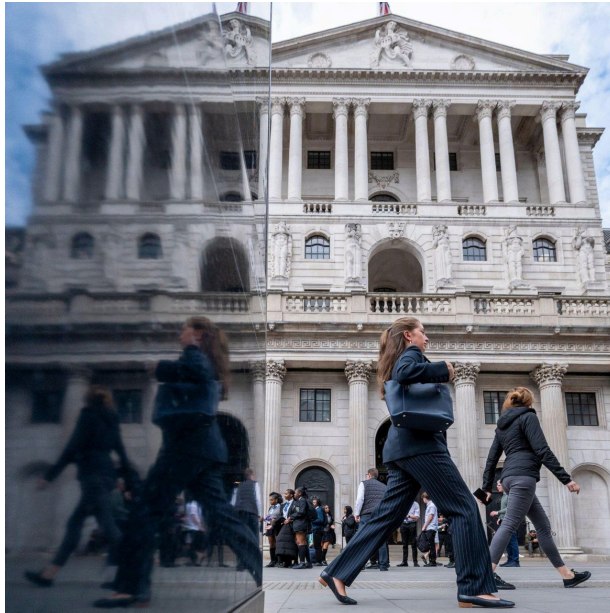


Photograph: Getty Images

Bill Gates vows to give away his money faster

As governments cut foreign aid, Bill Gates says he will give away his fortune more quickly. On May 8th he said the Bill & Melinda Gates Foundation, which has disbursed \$100bn over 25 years, will shell out more than \$200bn in the next 20. Its main goals are to fight infectious diseases, reduce premature deaths and ease poverty, partly by backing new technologies.

Mr Gates told *The Economist* he would give away nearly all his money and then let the foundation close. Plenty of good ideas need funding now, he said; and there will be other rich people in 20 years to attack the problems that remain unsolved. There is little chance, however, that private donors will make up for the fall in official aid, which has left even Gavi (a global vaccination scheme that has saved millions of lives) short of cash.



Photograph: Alamy

The Bank of England's tariff test

For the first time since Donald Trump's tariff shock rattled the global economy, the Bank of England's Monetary Policy Committee met to set interest rates. The bank lowered its benchmark rate by a quarter of a percentage point to 4.25%. Markets had expected the rate cut. Less sure is the number of cuts that could follow later in the year.

The main question for policymakers is how the tariff fallout will affect inflation. If global disruption weakens demand and floods Britain with cheap goods redirected from America, price pressures could ease—giving the bank cover to cut. But if supply chains seize up, shortages may push prices higher. Domestic inflation could also prove stickier than hoped.

That leaves the bank in a bind: ease policy and risk fuelling inflation, or hold firm and watch the economy weaken further. But the MPC's report, published alongside the decision, suggested that the bank would maintain a hawkish monetary policy if inflation looks like it could stick stubbornly above its 2% target.

Sticky situation

Britain, consumer prices
% increase on a year earlier



Source: LSEG Workspace



Illustration: David Simonds

Nintendo's countdown to the Switch 2

Gamers are counting down the days until the launch next month of the Switch 2, the successor to Nintendo's most successful home console. Investors are just as excited: Nintendo's share price is at an all-time high, pushing its market value above \$100bn. The company's quarterly report, to be published on Thursday, will be nothing special—gamers are saving their pocket money for next month—but may offer guidance on how pre-orders are going.

America's tariffs threaten sales of the console, whose supply chain runs through Asia. Nintendo has kept the price of the Switch 2 at \$450 in America, but raised the price of some accessories. It has two reasons to feel confident. One is that demand for the console is outpacing supply. The other is that President Donald Trump has a habit of backing down when faced with the consequences of his tariffs. Smartphones got an exemption. He may consider one for consoles, rather than be the president who [ruined Christmas](#).



Photograph: The Economist/Alamy/Getty Images

Looking back on VE Day

Eighty years ago Berlin lay in ruins and [Adolf Hitler](#) was dead. Soon fighting between the Allies and Nazi Germany would cease. On May 7th 1945 Germany's leaders surrendered. The following day [Winston Churchill](#), Britain's prime minister, declared victory in Europe.

At the time *The Economist* reflected: “where so recently there stood the most powerful and resourceful military tyranny the world has ever seen, there is now nothing but the emptiness of sorrow and silence.” The war against Japan still raged. VE Day celebrations had poignant undertones.

Few of the war's veterans who commemorate VE Day this year will live to mark the next big anniversary in 2035. Europe is in the midst of its biggest war since 1945 and transatlantic alliances are fraying. This year's commemorations will also stir mixed feelings.

To mark the anniversary, we are publishing [Archive 1945](#), which tells the story of the end of the war, week by week, through our contemporary reporting.



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

Thursday: Which Shakespeare play features the line “Cry ‘Havoc!’ and let slip the dogs of war”?

Wednesday: What was Rocky Balboa’s nickname in the boxing movies?

*Originality is the one thing which
unoriginal minds cannot feel the
use of.*

John Stuart Mill