

Catch up: China hits back



China slapped retaliatory tariffs of 10-15% on certain **American** imports, including liquefied natural gas, coal and crude oil. The move came shortly after Donald Trump's **10% tariffs** on all Chinese products came into effect. China also said it would restrict exports of certain minerals used in high-tech products and launch an antitrust investigation into Google. Mr Trump is expected to speak to Xi Jinping, China's leader, in the coming days.

Mr Trump **agreed to delay tariffs** of 25% on imports from Canada and Mexico by a month. The levies were due to take effect on Tuesday. Justin Trudeau, Canada's prime minister, and Claudia Sheinbaum, Mexico's president, pledged to bulk up border security to crack down on the smuggling of **fentanyl** into America.

In his **first interview** since becoming **Syria's** president, **Ahmed al-Sharaa** told *The Economist* he would take the country in "the direction of" democracy and promised to hold presidential elections. He called America's military presence in Syria "illegal", welcomed negotiations with Russia about its military bases and

warned Israel that its [recent advance into Syria](#) “will cause a lot of trouble in the future”.

Anthropic, an [artificial-intelligence startup](#), unveiled a new safeguarding technique to stop users generating illegal or harmful content from its large-language models. It says its “constitutional classifiers” filtered 95% of “jailbreaking” attempts during a trial. Other tech giants, such as Microsoft and Meta, are also racing to develop methods to stop users accessing such information.

Shares in **Palantir** closed at a record high on Monday and rose another 23% in after-hours trading after the [American data firm](#) forecast revenue of around \$3.75bn this year. The average analyst estimate was \$3.5bn. The company, which supplies software that can analyse sensitive data, looks set to benefit from Mr Trump’s focus on national security.

Addressing European Union leaders in Brussels, **Sir Keir Starmer** said that Britain need not “choose” between closer trade ties with America or the EU. The prime minister called for a “[reset](#)” in relations with the bloc after Brexit, including greater military co-operation. Mr Trump seems eager to impose tariffs on the EU, but has been unclear about whether he will do so to Britain.

Marco Rubio, America’s secretary of state, announced that he had become acting director of **USAID** and that the [development agency](#) would in effect be absorbed by the State Department. He said “a lot of functions” would continue as long as they aligned with America’s foreign policy. Earlier, USAID employees were told not to report to work and hundreds lost access to their email accounts.

Figure of the day: 13, the number of people employed by America’s State Department in its “office of diversity and inclusion” last year. [Read the full story.](#)

Google's soul-searching questions



Alphabet's fourth-quarter earnings, due on Tuesday, are likely to be buoyed by a healthy digital-advertising market. But the big question for Google's parent company is the state of its search business as the pace of artificial intelligence picks up. Its introduction of a generative-AI search feature has kept many advertisers happy for now. But Google search is no longer impregnable. Not only does the company face potentially [harsh remedies](#) from the American government following a court ruling that it operated an illegal search monopoly. It also faces growing competition from rival AI chatbots, such as OpenAI's ChatGPT, as well as AI agents that can answer strings of queries.

Google's new chief financial officer, Anat Ashkenazi, will highlight other strengths, such as growth in the cloud business. Like other big-tech firms Google will announce big capital expenditures for running AI models. But the better AI gets, the less money Google can squeeze from its legacy search feature.

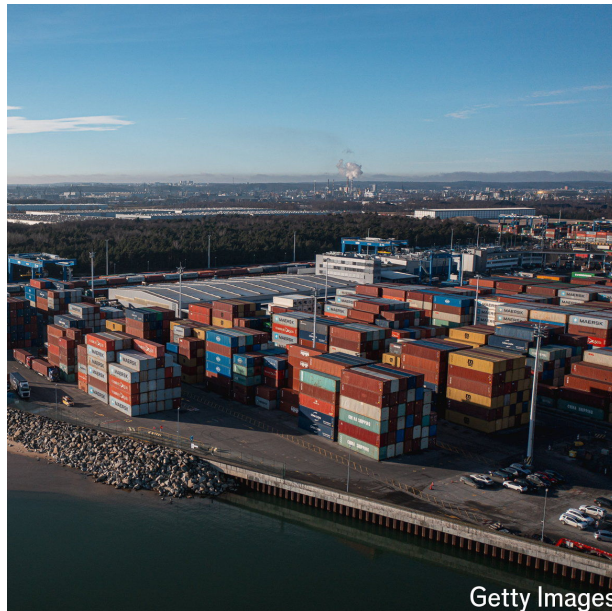
A new era for Syria and Turkey



On Tuesday [Ahmed al-Sharaa](#), Syria's interim president, will meet Recep Tayyip Erdogan, Turkey's longtime leader, in Ankara. Their packed agenda includes discussing [Turkey's plans to train and equip](#) Syria's new national army and to potentially set up bases in Syria; the role Turkish companies can play in Syria's reconstruction; and prospects for mass returns of the 3m Syrian refugees living in Turkey.

Mr Erdogan is expected to quiz Mr Sharaa on Syria's talks with American-backed Kurdish insurgents known as People's Protection Units (YPG). Turkey considers the YPG to be terrorists and has threatened to launch a new offensive against the group unless they disarm. Mr Sharaa is hoping to persuade the Kurds to integrate into his army. "We asked [Turkey] to wait in order to give space for the negotiations," he recently [told *The Economist*](#). Turkey has so far obliged. But its patience may be wearing thin.

How might the EU respond to tariffs?



Donald Trump has said he will “absolutely” impose tariffs on the European Union. It is not yet clear how the EU will respond, but the European Commission has a [retaliation plan](#) in the drawer which is kept tightly under wraps. Since Mr Trump’s first administration the EU has beefed up its trade-defence arsenal. The additions include a new anti-coercion instrument which allows for swift retaliation measures if EU countries are targeted.

But there are problems. If Mr Trump imposes an across-the-board tariff of 10-20%, that might require measures that fall outside the anti-coercion instrument’s scope. The EU may instead have to adopt unprecedented ad hoc legislation. And any retaliation may provoke escalation.

The EU will hope negotiations at least make Mr Trump’s tariffs short-lived. It will try to satisfy him in several ways, for example by offering to buy more energy and weapons from America, or to impose restrictions against China. Either way, some fireworks will fly—on both sides.

UBS's cost-cutting drive



UBS, Switzerland's largest bank, reports fourth-quarter earnings on Tuesday. Investors will be watching to see how effectively UBS, which [took over Credit Suisse](#) in 2023, is cutting costs. It has already slashed \$7.5bn from outlays and aims to cut another \$5.5bn in 2025, partly by shutting down Credit Suisse's IT systems and reducing headcount. Its workforce, which swelled to 120,000 after the merger, has since shrunk by 10,000.

The bank's wealth-management arm will also be in the spotlight. In January UBS took steps to strengthen links between wealth management and its investment bank. The wealth-management unit, which has long catered to the ultra-rich, is now seeking less affluent clients in America, according to the *Wall Street Journal*. The unit generated \$6.2bn in revenue in the third quarter, as higher fee income offset its lower interest earnings. Investors will watch whether that momentum has continued.

Bill Gates's origin story



In “Source Code”, the first of a planned three-volume memoir, Bill Gates recounts his story from his birth in 1955 to the early years of Microsoft in the late 1970s. Mr Gates acknowledges that his was a comfortable upbringing. It is when he encounters a computer for the first time, at the age of 13, that the narrative really gets going. His programming prowess and entrepreneurial zeal are entwined, right from the start, with a propensity to bend rules and push boundaries.

“Source Code” is self-mythologising and self-justifying in places. It ends before the author can discuss tricky topics from later in his life, like antitrust lawsuits and friendships with sexual predators. But Mr Gates writes lucidly about his childhood awkwardness. These days, he speculates, he would probably be diagnosed as being on the autism spectrum. As younger tech tycoons cosy up to Donald Trump, this self-deprecating and self-aware memoir cannot help but be seen as a riposte.

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 BST on Friday to QuizEspresso@economist.com. We'll pick randomly from those with the right answers and crown three winners on Saturday.

Tuesday: Al-Fatiha, the first chapter of the Koran, has what literal meaning?

Monday: Which Hollywood film, set in the Middle Ages, stars Heath Ledger as a character named William Thatcher and Paul Bettany as Geoffrey Chaucer?

You must never be fearful about what you are doing when it is right.

Rosa Parks