

The world in brief

Catch up quickly on the global stories that matter

America's economy shrank by an annualised 0.3% in the first quarter—the first contraction in three years. The [dramatic drop](#) from 2.4% growth at the end of 2024 was accompanied by a deepening trade deficit, as businesses rush to ship in goods before tariffs make them more pricey. Consumer sentiment has dropped to its lowest level since the recession in 1990.

Pakistan claimed that it has “credible intelligence” that **India** is poised to launch a [military strike](#) within the next two or three days. Tension has mounted between the nuclear-armed neighbours after an attack in India-controlled Kashmir killed 26 tourists last week. India argues that Pakistan backs the militants behind the attack, a claim which Pakistan denies.

Taiwan's economy was supercharged by a surge in exports as global tech companies front-loaded orders before American tariffs bite. The country's economy expanded 5.4% from a year earlier in the first quarter of 2025; its statistics agency unexpectedly raised the full-year forecast to 3.6%. Taiwan, [a chipmaking powerhouse](#), has also benefited from surging demand for AI-powered appliances.

Britain said that, in a joint operation with **America**, it carried out **strikes** on **Houthi** rebels in Yemen. Britain's defence secretary, John Healey, said that the mission targeted buildings where Houthis make drones they use to [attack commercial ships](#) in the Red Sea. The strikes were the first that Britain has participated in since Mr Trump took office.

Members of **Germany's** Social Democrats overwhelmingly voted to back the party's plans to form a coalition government with the

Christian Democratic bloc. The parties hammered out a coalition deal on April 9th. [Friedrich Merz](#), whose centre-right party won Germany's election in February, will be confirmed as chancellor next week. He will focus on returning Germany's sputtering economy to growth.

A salvage operation will begin on Wednesday to recover a superyacht owned by **Mike Lynch**, a British tech entrepreneur. The boat sank off the coast of Sicily during a violent storm last summer, killing seven people, [including Lynch](#). The co-founder of Autonomy, a software firm, had been celebrating his acquittal in a years-long legal battle, one of Silicon Valley's biggest-ever fraud cases.

A rule prohibiting Taiwanese passport-holders from entering **Somalia** came into effect on Wednesday. Taiwan says Somalia does not recognise the island as [independent from China](#); its government accused China of instigating the ban and urged Somalia to "immediately" revoke it. [Diplomatic ties](#) between Taiwan and Somaliland, [a breakaway republic](#), have angered both Somalia and China.

Figure of the day: 70. The age of the Bandung conference, a gathering of the global south. Why has its anniversary been a damp squib? [Read the full story](#).

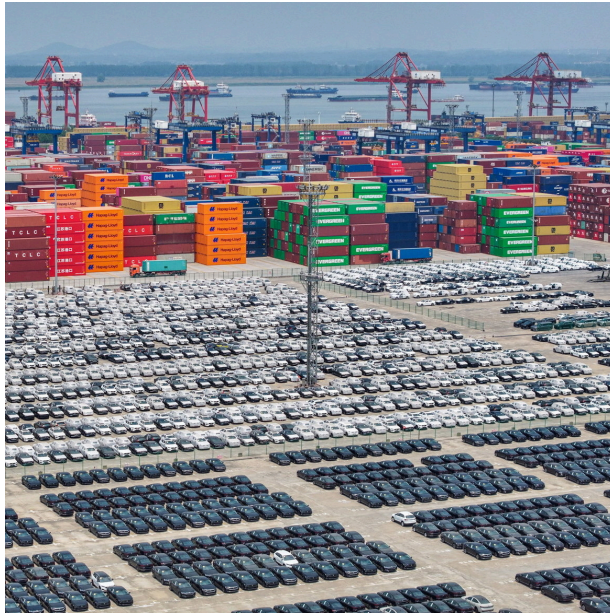


Photograph: Getty Images

Donald Trump's slowing economy

The damage that Donald Trump is doing to the American economy is [starting to come into focus](#). On Wednesday the Bureau of Economic Analysis reported quarterly GDP going negative for the first time since the start of 2022. That data marks a sharp deceleration from the average quarterly expansion of nearly 3% in annualised terms during Joe Biden's presidency. Yet there will still be debate about how to interpret the dramatic slowdown since Mr Trump took office in late January.

The main cause of the dreary data will be a surge in imports, as companies and consumers have tried to get ahead of tariffs. Arithmetically, higher imports subtract from GDP. At the same time, any build-up in inventories will have added to GDP, for now. Looking through those factors, the evidence paints a picture of a slowdown that has been gradual, so far—but may turn more severe in the coming months.



Photograph: Getty Images

China braces for tariff landfall

“Have you heard of the eye of the storm?” asks a new video posted by China’s Ministry of Foreign Affairs. The centre of a tropical cyclone can appear deceptively calm. But it is actually a “deadly trap”. The world economy is caught in a similar predicament, the ministry argues, thanks to [the “tariff storm”](#) America has conjured up. President Donald Trump’s exorbitant levies on Chinese goods went into effect on April 9th. But as container ships chug slowly across the Pacific, American shoppers are still waiting to feel the full impact.

China’s exporters are registering the effects first. On Wednesday China’s National Bureau of Statistics and *Caixin*, a business magazine, each released monthly surveys of manufacturers. They both showed a marked decline in new export orders as American buyers reduced purchases to avoid the new tariffs. The eye of the storm may be calm. But the impending havoc is visible for those who look.

Freightening stuff

Shanghai to Los Angeles,
container-freight costs, \$'000
Per 40-foot container



Source: Freightos



Photograph: Getty Images

Myanmar's junta ends its fake ceasefire

At midnight in Myanmar, a ceasefire declared by the country's junta after a devastating earthquake a month ago will come to an official end. Nothing, however, will change on the ground. The army never observed the ceasefire.

The earthquake that struck on March 28th killed over 3,000 people and injured a further 4,600 or so. It devastated Naypyidaw, the junta's capital; the damage is so bad that some ministries have moved back to Yangon, the capital until 2005. The second-largest city, Mandalay, was hit hard, too. But rather than redirecting resources towards rescue and recovery, the generals stepped up attacks on ethnic armed groups and anti-junta insurgents who have been fighting the army since it took power in a coup d'état in 2021. The subsequent civil war has displaced over 4m people, and left thousands dead. Tragically, there is no end in sight.



Photograph: Alamy

Volkswagen idles in the trade wars

Europe's [largest carmaker](#) published dreadful final results for the first quarter on Wednesday. Though sales for Volkswagen improved by around 3% year on year to €78bn (\$89bn), operating profit dropped by around 40% to €2.9bn, compared with €4.6bn a year ago. The German group is spending to meet the EU's new emissions regulation and a costly restructuring of CARIAD, its automotive-software company.

Bosses trying to plan around Donald Trump's tariffs will be tearing their hair out. In the latest twist, America's president largely reversed course on additional tariffs on imported car parts, which had been planned to take effect this weekend. vw runs a big car plant in Chattanooga, Tennessee. And Audi (part of the vw group) is planning to build a factory in America. The carmaker left its forecast of up to 5% sales growth unchanged, but did not factor in American tariffs. They will no doubt have a big impact.



Photograph: Getty Images

Fifty years since the fall of Saigon

Fighter jets soared above tanks and troops in Ho Chi Minh City on Wednesday. Vietnam's business capital is marking the 50th anniversary of “reunification day” with huge military parades, fireworks and drone shows. On April 30th 1975 soldiers from communist North Vietnam captured the city—then called Saigon—from American-backed South Vietnam, ending the Vietnam war. The Communists soon united the country under their rule. They have remained in power since.

The fall of Saigon also changed America, for which it was an embarrassing, painful loss. Images of America's evacuation—aboard overloaded helicopters, as some desperate Vietnamese were left behind—became symbolic of the superpower's humbling. *The Economist* [wrote in 1975](#) that these events damaged America's credibility and potentially threatened its role atop the liberal world order.

In the end, American supremacy endured for decades. But today, as Donald Trump pursues an “America First” foreign policy, the American-led order is again being seriously questioned.



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 geographical area, around 7m square kilometres in area, is bounded by the Atlantic ocean to the east and the Andes mountains to the west?

Tuesday: What well-known word is formed from the first two Greek letters?

In a political struggle, never get personal—else the dagger digs too deep.

Jack Valenti