

## The world in brief, July 8th 2024



**President Emmanuel Macron** rejected the resignation of France's prime minister, Gabriel Attal. Mr Attal had offered to step down after the second and final round of voting in **France's parliamentary elections** delivered a [hung parliament](#). The New Popular Front, a leftist alliance, won 182 seats, ahead of Mr Macron's centrist Ensemble party which secured 168. Unexpectedly, the hard-right National Rally, led by Marine Le Pen, and its allies finished in third place with 143 seats. No bloc will have an outright majority, heralding a period of political horse-trading and instability.

Several senior **Democrat** politicians reportedly called for Joe Biden to withdraw from **America's** presidential race during a private virtual meeting. In a television [interview](#) on Friday, Mr Biden struck a defiant tone which he maintained at a rally in Pennsylvania on Sunday. Yet that has done little to quell the doubts in his party.

A **Russian strike** on Ukraine killed at least 20 people. In Kyiv, the capital, missiles hit a children's hospital. Meanwhile Viktor Orban,

**Hungary's** Russia-friendly prime minister, met Xi Jinping, **China's** president, in Beijing. The two will reportedly discuss a deal to end the war in Ukraine. **Mr Orbán** visited President Vladimir Putin last week, drawing condemnation from European leaders.

**Boeing** said it would plead guilty to fraud after allegedly misleading American regulators over the cause of two **737 MAX** crashes some five years ago. The aerospace giant reached a deal with America's Department of Justice and could be fined up to \$487.2m. As part of the agreement, Boeing will invest \$455m in its **compliance and safety** programmes over the next three years.

Foreign journalists were allowed into **Rafah** for the first time since an Israeli ground offensive in the Gazan city. They reported **widespread devastation**. On Sunday Binyamin Netanyahu, Israel's prime minister, said that any hostage deal with Hamas must allow his country to keep fighting afterwards. Talks are due to resume this week after the group dropped an important objection that required Israel to commit to a permanent ceasefire.

**Paramount Pictures**, a Hollywood studio, agreed to merge with Skydance Media, a production company. The deal concludes a tumultuous negotiation period; talks between the companies collapsed mere weeks ago. Paramount's future points to **wider disruption** in Hollywood, as "legacy" studios fight to survive in the age of streaming.

**Hurricane Beryl**, currently a category one storm with a wind speed of up to 80 miles (129 km) per hour, made landfall in Texas. The **powerful storm** killed at least 11 people in the Caribbean. Authorities in several parts of Texas have issued evacuation orders as the state braces for flooding and power outages.

**Figure of the day:** 40, the number of Chinese banks that vanished in the week ending June 24th, as they were absorbed by bigger

ones. [Read the full story.](#)

*In the run-up to America's presidential election, we've launched The US in brief—a daily update to help you keep on top of the political stories that matter. Sign up here to receive it as a newsletter, each weekday, in your inbox.*

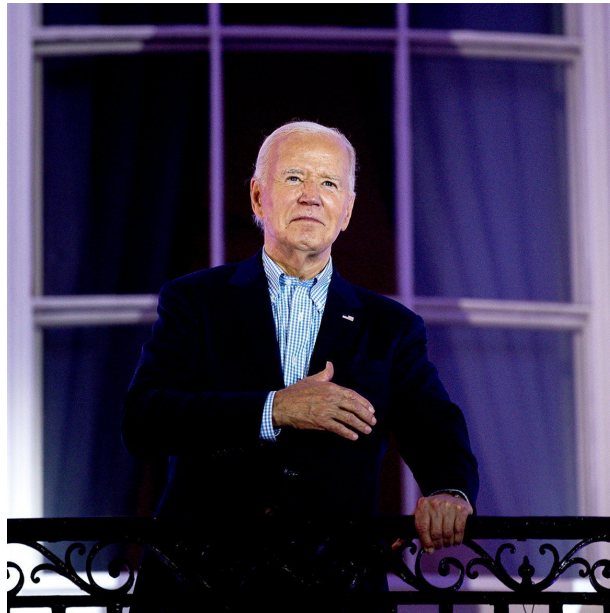
## The Russian president's very welcome guest



Narendra Modi, India's prime minister, travels to Moscow on Monday to meet Vladimir Putin. India has enjoyed warm relations with Russia dating back to the cold war, but had recently been moving closer to the West. However, as Western countries cut ties with Russia and imposed sanctions on the country over the [invasion](#) of Ukraine, India has become an important [buyer](#) of Russian oil. Trade between the two countries soared to an all-time high of \$65bn in the year to April.

Mr Modi is expected to suggest ways to increase Indian exports to Russia to make the trade relationship more balanced. He is also expected to raise the fate of Indians caught up in the war in Ukraine. India's foreign ministry insists it is merely a coincidence that the meeting will take place at exactly the same time as a big NATO summit in Washington. All the same, Mr Modi's visit will be a boon to the beleaguered Mr Putin.

## Support ebbs away from Joe Biden



After a catastrophic debate performance against Donald Trump on June 27th, the president has been trying to stave off a rebellion from Democrats worried that he is too infirm to fight the presidential election in November. Mr Biden's reluctance to give up his candidacy has hardened into defiance. In an eagerly awaited [television interview](#) on Friday, Mr Biden said it was just "one bad night". He refused to acknowledge that he is behind in the polls, or that many members of his party believe he should stand aside.

But Democrats fretting about the president's stubbornness may harden their stances, too. A letter is reportedly circulating among Democratic senators asking Mr Biden to stand aside. At least five Democratic members of the House have asked him to do so, too. Elder statesmen who have hinted at the president leaving, like Nancy Pelosi, may become more explicit. It could be a very consequential week for a man who seems incapable of taking the hint.



# Nippon Steel's takeover headaches



A senior executive from Nippon Steel, a Japanese company, will visit America this week as the company works to salvage its takeover of US Steel. The \$14bn deal has received overwhelming approval from shareholders, but has run into [opposition](#) on several fronts.

United Steelworks, a big union that represents thousands of US Steel employees, opposes the deal. Donald Trump trashed the acquisition. President Joe Biden is also against it, hoping to shore up support amongst union members in key swing states. The Committee on Foreign Investment in the United States, a regulator that screens foreign investments for national-security risks, is now looking into the deal.

Hailing from Japan, one of America's closest allies, Nippon Steel might have expected different treatment. The firm hopes that once the presidential election [passes](#), the process will move more smoothly. Markets are less sanguine. US Steel currently trades at around \$39 a share, at a steep discount to the \$55 a share that Nippon Steel offered.

# Europe re-discovers tariffs



On July 4th the European Union [slapped](#) provisional tariffs on electric vehicles made in China. The EU argues that China's subsidies for its carmakers allow them to export EVs at cut-throat prices. New data released on Monday on tariff levels in 2023 shows that the EU is a very open trading bloc, except when it comes to China.

In 2023, 72% of goods entered the EU without any tariffs—even as “non-tariff barriers” to trade, including regulatory compliance, remained. Chinese exports faced some of the steepest levies: just 46% came in tariff-free. The EU is adapting to a world in which World Trade Organisation rules and multilateralism no longer govern global trade, and more muscular measures become the norm. But as a bloc of 27, it will also struggle to align its members' trade interests, as became apparent when France pushed for tariffs on [Chinese EVs](#) but Germany opposed them. For the EU, benefiting from trade is becoming less straightforward.

# Problems mount up for Mercosur



On Monday heads of state from the Southern Common Market—known as [Mercosur](#), a South American free-trade bloc that includes Brazil, Argentina, Uruguay and Paraguay—hold their biannual summit. A bit like the Holy Roman Empire, Mercosur rarely lives up to its name. Trade between member countries is not particularly free, nor is the bloc very unified. Uruguay has threatened to leave it to pursue bilateral free-trade deals. Javier [Milei](#), president of Argentina, will skip the summit for the Conservative Political Action Conference in Brazil.

Furthermore, negotiations over a free-trade deal with the European Union, under way since 1999, are hanging by an ever-thinner thread. A preliminary agreement was reached in 2019 but has not been ratified by national parliaments. Most significantly, France's farming lobby and Brazilian protectionists in government oppose it. The recent success of the French far right in European parliamentary elections almost surely condemns the accord to death, rendering Mercosur less relevant than ever.



## 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 [QuizEspresso@economist.com](mailto:QuizEspresso@economist.com). We'll pick randomly from those with the right answers and crown three winners on Saturday.

**Monday:** In the imperial system, what measurement equals 0.9144 metres?

*The number of Chinese banks that vanished in the week ending June 24th, as they were absorbed in bigger ones.  
Read the full story*

**The mind is like an umbrella - it functions best when open.**

*Walter Gropius*