

## Catch up: aftermath of the Washington crash; China's new military command centre



Investigators in **Washington, DC** will try to retrieve the wreckage of a passenger plane and military helicopter that **crashed** into the Potomac river on Wednesday. The collision killed 67 people. Investigators have already recovered the plane's black boxes, but hope to "salvage" the aircraft to establish the crash's cause. Donald Trump suggested, without evidence, that [diversity policies](#) at the Federal Aviation Administration could be to blame.

**China** is reportedly building a massive **wartime command centre** in Beijing. According to the *Financial Times*, American officials believe that the complex would be [bigger than the Pentagon](#), based on satellite images of the construction site. The Chinese embassy in America said it was "not aware" of the project, but insisted that China was committed to "a defence policy that is defensive in nature".

**Apple** reported better-than-expected results for the last quarter of 2024. The [tech giant's](#) revenues increased by 4% year on year to \$124bn, despite lower iPhone sales in China. Profit increased by 7% to \$36bn. The firm also said that the roll-out of artificial-intelligence features on its phones in December had been successful. Apple's shares rose by around 3% in after-hours trading.

Mr Trump suggested he may exclude oil imports from the 25% tariffs he plans to impose on **Canada** and **Mexico**. He said the [tariffs](#), which “may or may not rise with time”, would be implemented on Saturday, but possible exemptions would only be finalised on Thursday night. Mr Trump also said he was “thinking about something” for China because it is “sending fentanyl” into America.

**Hamas** announced the names of three male hostages it plans to release on Saturday as part of the ceasefire deal in Gaza. The list includes Keith Siegel, an American-Israeli citizen, as well as two others captured on October 7th 2023. On Thursday the [militant group](#) freed eight hostages—three Israelis and five Thais; Israel released 110 Palestinian prisoners in exchange.

**Norway** seized a Russian-manned ship suspected of [damaging underwater cables](#) in the Baltic Sea. Authorities stopped the Norwegian-owned ship off the country's northern coast. Concerns are growing over **Russian sabotage** in the region: police said the seizure was linked to the recent damaging of cables between Sweden and Latvia. Swedish police boarded another ship in relation to the incident on Monday.

Italy's data-privacy watchdog opened an investigation into **DeepSeek** and blocked the [Chinese AI-model maker](#) from processing Italian users' information “with immediate effect”. This week regulators in Italy and Ireland asked [DeepSeek](#) to clarify its data-collection practices amid concerns about its [Chinese origins](#).

France's watchdog also said it plans to question DeepSeek about data privacy.

**Figure of the day:** 73%, the proportion of voters for Germany's centre-right Christian Democrats who reject collaboration with the hard-right Alternative for Germany. [Read the full story.](#)

## No Trump bump for Big Oil



Despite war in the Middle East, which threatened to reduce supply, and output cuts by OPEC, a cartel of oil exporters, global oil prices remained below \$80 a barrel for most of 2024. This was largely due to rising supply from non-OPEC producers and weaker-than-expected demand from China. Profit margins for refined products also slumped as new refineries came online and demand for diesel and petrol declined. Thus, when ExxonMobil and Chevron, America's two largest energy firms, post fourth-quarter earnings on Friday, they are expected to underwhelm.

This year may not bring much relief. Donald Trump has pledged to [boost American oil production](#), but OPEC is also expected to raise output, which could push crude prices even lower. In response, oil majors are shifting strategy. Chevron is investing in gas-powered plants to supply AI data centres. Mr Trump's efforts to dismantle green-energy policies may slow the transition to renewables—but they won't spark a fossil-fuel boom.

# Costco's battles over pay and politics



On Friday about 18,000 workers at [Costco](#), the world's third-largest retailer, are set to go on strike, demanding higher pay and better benefits. Though they make up a small fraction of the company's 320,000 employees, their action challenges the big-box retailer's reputation as a top employer. More than a third of Costco workers have been with the company for over a decade, and staff turnover is just 8%—far below the retail industry's average of 60%.

Costco is also under fire for its diversity, equity and inclusion policies: 19 Republican attorneys-general have urged it to scrap DEI programmes, echoing Donald Trump's attempt to end federal initiatives. On January 23rd Costco's shareholders rejected a proposal for an independent report on its DEI efforts. The company has defended its stance, stating its commitment to be an "enterprise rooted in respect and inclusion". Costco's position is in contrast to that of other retailers like Walmart and Target, which have reduced their DEI commitments.



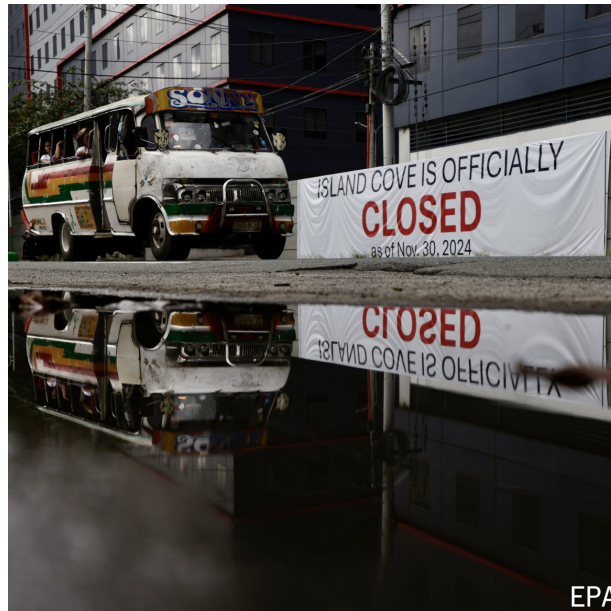
# German industry in the doldrums



Germany is due to release preliminary figures on inflation in January and unemployment in December on Friday. Annual inflation is expected to stay at around 2.6%, while unemployment is likely to be unchanged at 6%. Neither figure will offer much comfort to German industry, which is in deep crisis. Peter Leibinger, the head of the Federation of German Industries (BDI), expects a third straight year of contraction in 2025—unprecedented in post-war history.

Industry leaders are looking to Friedrich Merz, the centre-right candidate for chancellor, to [revive growth](#). He has promised corporate-tax cuts, deregulation, reductions in social spending and the abolition of the solidarity tax—introduced after reunification to finance development in the former East. But even if he wins next month's [election](#), businesses will remain anxious about the threat of American tariffs. The BDI warns that such measures could deepen the expected contraction of GDP this year from 0.1% to 0.5%.

# Game over for POGOs in the Philippines



Friday marks the deadline for Philippine authorities to certify that POGOs—offshore gambling operators catering mainly to Chinese punters—have been eradicated from their regions. Gambling is illegal in mainland China, making POGOs a direct challenge to the ruling Communist Party’s authority.

The Philippine government initially tolerated the industry, tacitly dangling its potential shutdown as a bargaining chip in territorial disputes with China over the South China Sea. But as POGOs flourished, so did organised crime, including human trafficking and illicit financial networks linked to [Chinese gangs](#). At the same time, the influx of thousands of Chinese workers drove up rents, pricing out many Filipinos. In July Ferdinand Marcos junior, the president, lost patience and ordered a full shutdown of the lucrative industry. China has welcomed the move. It appears to have won a concession—without offering one in return.

# European rugby scrums down



Wales take on France to kick off the annual Six Nations rugby union tournament on Friday. In 13 of the 24 editions of the Six Nations so far, one team has won all of its five matches, a feat called a “grand slam”. France and Wales have won four grand slams each; Ireland have won three. Italy and Scotland are usually the weakest teams in the tournament.

England are the tournament’s great enigma. Over the lifetime of the Six Nations they have reached three World Cup finals and won one. That is by far the best record among European teams. But they have just two Six Nations grand slams. To win a third, they will have to start on Saturday by beating Ireland in Dublin—something they have not done since 2019. Odds are against them this year, too. Ireland are joint favourites with France to win the tournament.



## 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 GMT 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.

**Friday:** Which number is commonly used to denote an introductory course at an American university?

**Thursday:** What name is shared by a university in Indiana and a French cathedral?

# The winners of last week's crossword



Thank you to everyone who took part in our weekly crossword, published in the weekend edition of Espresso. The winners, chosen at random, were:

**Caron O'Hara**, Harare, Zimbabwe

**Tushar Patel**, Hillsborough, New Jersey, America

**Jane Cunha**, São Paulo, Brazil

They all gave the correct answers of [inauguration](#), [Islam](#), [Urdu](#) and [Nepal](#). Check back tomorrow for this week's crossword.

**Weeds are flowers, too, once you get to  
know them.**

*A.A. Milne*