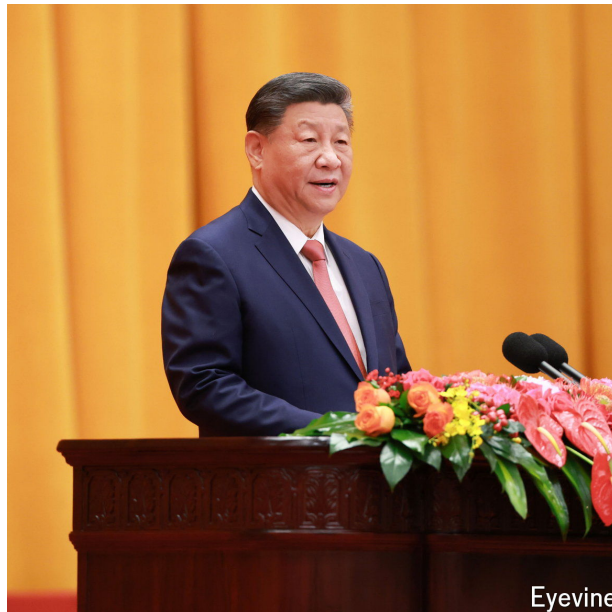


Catch up: China hits back on Trump's tariffs: big shake-up at USAID



China placed retaliatory **tariffs** of 10-15% on certain **American** imports, including liquefied natural gas and crude oil. The move came shortly after Donald Trump's 10% tariffs on all Chinese products came into effect. But Mr Trump **agreed to delay** tariffs of 25% on imports from Canada and Mexico after the two countries pledged to bulk up border security to crack down on the smuggling of fentanyl into America.

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.

Mr Rubio said that Nayib Bukele, the president of **El Salvador**, had offered to jail "dangerous American criminals" in the country's prisons for "a fee". America's secretary of state said that this would include those with American citizenship. Meanwhile America

began deporting **Indian** migrants who had entered the country illegally. Mr Trump has promised to do “whatever it takes” to crack down on illegal migration.

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 out 95% of “jailbreaking” attempts during a trial. Other tech giants, such as Microsoft and Meta, are also racing to develop methods to stop users from getting access to 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.

Norway’s government appointed **Jens Stoltenberg**, the former secretary-general of NATO, as finance minister. He previously served in the same post for the Labour Party from 1996 to 1997, and was dubbed the “Trump-whisperer” for his expert handling of the American president at NATO. His appointment comes after the Centre Party on Thursday pulled out of a coalition with Labour over a disagreement about implementing EU energy policy.

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.

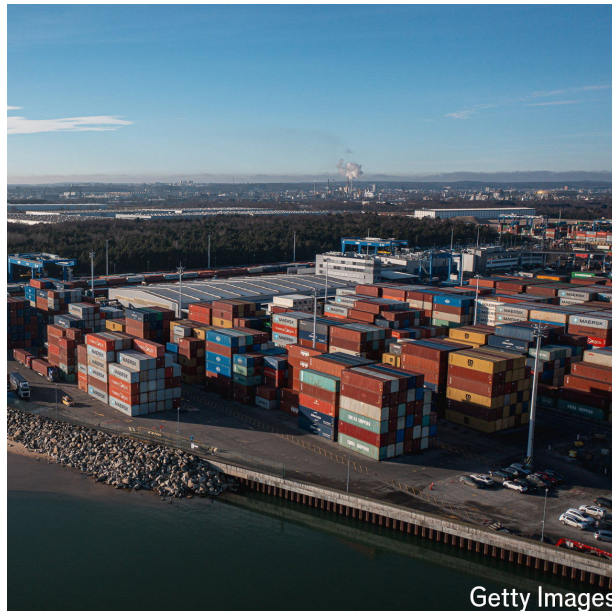
A new era for Syria and Turkey



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, reported solid fourth-quarter earnings on Tuesday. Net profit reached \$770m, surpassing expectations. Strong trading revenues, fuelled by increased risk appetite following Donald Trump's election victory, drove the gains. The bank's global markets division saw a 44% jump in revenue, benefiting from higher equities and foreign-exchange trading.

Despite the upbeat results, UBS's wealth-management division underwhelmed, with client inflows falling short of expectations. The unit brought in \$18bn in assets, down from \$25bn in the third quarter. The bank is expanding its focus beyond ultra-high-net-worth clients to include affluent Americans, a move designed to compete with Morgan Stanley and Bank of America.

Meanwhile, UBS's cost-cutting push, underway since its [takeover](#) of Credit Suisse in 2023, continued in the fourth quarter. The bank trimmed \$700m in expenses and said it remains on track to achieve \$13bn in total savings by the end of next year.

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