

Catch up: Trump promises new tariffs; the end of his federal cases



Donald Trump promised to sign an executive order on his first day in office that would impose **new tariffs** of 25% on goods from **Canada** and **Mexico**, and add 10% to existing tariffs on **China**. The president-elect called the tariffs the “price” for failing to crack down on illegal drugs and immigrants flowing into America.

China said the idea of its knowingly allowing fentanyl precursors to reach America ran “completely counter to facts and reality”, adding: “No one will win a trade war or a tariff war.” Canada said it was already working with America to disrupt **fentanyl** “coming from China and other countries”. Mr Trump and Justin Trudeau, Canada’s prime minister, reportedly discussed matters on Monday evening.

Jack Smith, the special counsel prosecuting Mr Trump for allegedly interfering in the 2020 presidential election, asked the presiding judge to **dismiss the case**. He also dropped an attempt to revive a case against Mr Trump for allegedly hoarding classified documents, which a judge **earlier dismissed** (the government is still

seeking to prosecute two other defendants). Mr Smith pointed to a policy barring the justice department from trying sitting presidents.

Hopes of a ceasefire between **Israel** and **Hizbullah**, an Iran-backed Lebanese militia, rose after reports that negotiators were nearing an agreement to end the [war in Lebanon](#). The draft of the deal reportedly involves a 60-day period in which Israeli forces would withdraw from Lebanon and Hizbullah would move its weapons away from the border. Israel's war cabinet will meet on Tuesday to consider the deal, according to Israeli media.

Calin Georgescu, a [hard-right, Russia-friendly nationalist](#), won a shock victory in the first round of **Romania's** presidential election, taking 23% of the vote. Elena Lasconi, a centre-right candidate, came second, with 19%, narrowly ahead of Marcel Ciolacu, the centre-left prime minister. Mr Georgescu and Ms Lasconi will compete in a second round on December 8th. The result could threaten Romania's pro-Ukraine stance.

Protests turned violent on the outskirts of Islamabad, **Pakistan's** capital, killing at least one police officer and wounding dozens of others. Police barricaded roads into the city after supporters of [Imran Khan](#), a jailed former prime minister, began marching from across the country towards the capital on Sunday. The protesters see Mr Khan's imprisonment last year as an act of political repression.

Macy's delayed an earnings report scheduled for Tuesday after announcing that an employee had hidden more than \$130m-worth of expenses between 2021 and 2024. The American chain of [department stores](#) said the employee was no longer working at the firm and announced an investigation. The scandal is a fresh blow to the ailing retailer, whose shares have dropped by 18% since the start of the year.

Figure of the day: 91%, the increase in the price of shares in GEO Group, a firm that owns and operates prisons, after Donald Trump won America's election. [Read the full story.](#)

Fears of a trade war



With Donald Trump promising to hike tariffs when he returns to power in America, especially on [Chinese imports](#), businesspeople are trying to figure out what China's response will be. Some fear a tit-for-tat trade war. On Monday, the eve of the opening of a supply-chain exhibition in Beijing, multinational bosses, including Tim Cook of Apple, met Li Qiang, China's prime minister.

The early signals from China are reassuring. The central bank has said that it will maintain the “basic” stability of the currency, rather than devaluing it to offset new tariffs. More fiscal stimulus may be on the way. And China is keen to be viewed as doing its bit for globalisation. It says it will remove tariffs on goods from the poorest countries and extend visa-free entry to more countries. When asked how much he values Apple's supply-chain partners in China, Mr Cook raised his hand high. He will hope that Mr Trump does not raise tariffs to similar heights.

Ukraine's plea to NATO



Ambassadors from NATO countries will meet Ukrainian diplomats in Brussels on Tuesday. Ukraine requested the emergency meeting after Russia fired an experimental intermediate-range [ballistic missile](#) at the city of Dnipro on Thursday. Such missiles, especially those equipped with multiple warheads, are typically associated with nuclear weapons. Vladimir Putin, Russia's president, said he was responding to Ukraine's recent use of American and British missiles inside Russia.

Ukraine wants “concrete and meaningful outcomes” from the NATO meeting. That could mean commitments to new weapons or other aid. It is bracing for Russia to open a new front in the southern province of Zaporizhia, where Ukraine mounted an unsuccessful counter-offensive last year.

Russia and Ukraine both know that Donald Trump is keen to start [peace talks](#) when he takes office in January. Each is keen to put itself in the strongest position for the moment when diplomacy begins.

Shifting fortunes in Sudan's civil war



The official Sudanese army continues to retake territory in the country's [agricultural](#) heartlands. On Saturday it pushed the Rapid Support Forces, a mutinous paramilitary group that is its chief adversary, out of Sinja, the capital of Sennar state in central Sudan. The RSF, which had controlled Sinja for most of the past five months, has also been losing ground in Khartoum, the national capital, since the end of the rainy season in September.

The question is whether these shifts will help restart negotiations to bring an end to Sudan's [catastrophic](#) civil war. In a [recent interview](#) with *The Economist* a top official of the RSF said that it was ready to talk. But the army's generals have for months insisted that they will never negotiate with the RSF, which they consider a jumped-up militia. They will probably want to capture more territory before agreeing to discuss terms. Peace remains a long way off.

America's sticky housing market



The Federal Reserve's efforts to [cool inflation](#) remain hampered, in part, by the stagnant housing market. Many homeowners, locked into low mortgage rates, are reluctant to trade up for significantly higher borrowing costs. Though the average 30-year fixed mortgage rate dipped to 6.1% in September, it has since rebounded to 6.8%. Home sales (excluding new builds) remain far below their pre-pandemic levels.

[Home prices](#), meanwhile, are up 4.2% over the past year. The latest nationwide index from S&P Case-Shiller, published on Tuesday, is likely to show that prices continued to climb in November. But this trend could eventually reverse. On the supply side, more properties are coming on the market. Persistently higher interest rates may convince more would-be sellers, until now biding their time, that they can't wait forever. America's housing market may not be stuck for long.

Merkel's memoirs



When Angela Merkel stepped down as Germany's chancellor in 2021, after 16 years, she was Europe's undisputed leader. How rapidly her legacy has turned to ashes. Today, Germany's economy is in a mess; Russia is threatening Europe; and in elections in February the centre is likely to be squeezed by the unMerkel-like extremes on the left and right.

Mrs Merkel's memoir "Freedom", [published on Tuesday](#), is her bid to restore her reputation. She comes across as reasonable and modest. In office she was hard-working and brave. Instead of demonising her opponents, she was the architect of compromises that had something for everyone.

Yet "Freedom" does not succeed. It is too discreet and full of travel schedules and meetings. Mrs Merkel defends positions that look bad today, such as increasing Germany's dependence on Russian energy, as necessary compromises. She insists that she always got the best deal possible. She is asking her critics to take a lot on trust.

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. We'll pick randomly from those with the right answers and crown three winners on Saturday.

Tuesday: What did a man mistake his wife for, in the title of a book by Oliver Sacks?

Monday: Which hit song by Men at Work has a title usually associated with Australia and New Zealand?

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Sojourner Truth