

## Catch up: Trump's new tariffs; and his Gaza ceasefire doubts



**Donald Trump** said he would impose 25% **tariffs** on all steel and aluminium imports into America. The **new levies** would take effect on Monday. Canada, China and Mexico are the country's biggest suppliers of the metals. Mr Trump also promised to slap reciprocal tariffs on trade partners. "If they charge us, we charge them," he said. Asian stockmarkets and currencies fell in response to Mr Trump's announcements.

Mr Trump also said America was losing patience with the **ceasefire deal** in **Gaza** because of the "horrible condition" of the "emaciated" hostages Hamas is releasing. On Saturday the militant group set free three men. Earlier, as part of the ceasefire agreement, Israel withdrew its forces from the enclave's Netzarim corridor. Mr Trump **reaffirmed** that he was "committed to buying and owning Gaza".

**France's** president, Emmanuel Macron, announced investments worth €109bn (\$113bn) for projects related to **artificial intelligence**. He warned that European countries must do more to

catch up with [America and China](#) on the technology. Mr Macron made the comments before an AI summit in Paris; world leaders and leading tech executives, such as Sam Altman of OpenAI, are set to attend.

Klaus Iohannis, **Romania's** president, said he would resign after the country's hard-right opposition tried to impeach him. The process could have triggered a referendum to remove him. Mr Iohannis's successor was supposed to be chosen in December, but he remained in office after Romania's constitutional court annulled the election, citing Russian interference. The election is due to be re-run in May.

**DBS**, Singapore's [largest bank](#), reported bumper profits of S\$2.56bn (\$1.9bn) in the final quarter of 2024, an increase of 11% over a year earlier. The stellar results were driven by the lender's retail-banking and wealth-management divisions. DBS's share price rose by as much as 4% in early trading.

**Ecuador's** [presidential election](#) will proceed to a run-off after a "technical tie" between the two leading candidates in Sunday's first round. Daniel Noboa, the 37-year-old incumbent, received 44.3% of the vote; his closest challenger, Luisa González, a leftist, got 43.8%. Since winning power in October 2023, Mr Noboa has tried to crack down on gang violence. The second round will take place in April.

**Iran's** president, Masoud Pezeshkian, accused Donald Trump of trying to bring the country "to its knees". He made the comments in a speech to mark the anniversary of the revolution of 1979. On Friday Iran's supreme leader, Ayatollah Ali Khamenei, rejected the idea of starting negotiations with America over his country's [nuclear programme](#). Mr Trump has threatened to increase sanctions on Iran.

**Fact of the day:** 1.9bn, the number of users TikTok has worldwide.

[Read the full story.](#)

# China strikes back at Trump's tariffs



Last week Donald Trump announced that imports from China would face tariffs of 10% on top of existing duties. On Monday China's response came into effect. A range of American energy exports face a 15% levy; other products, including lorries and agricultural machinery, will have a 10% charge. The [package of counter-measures](#) also includes export controls on rare metals, restrictions on two American companies operating in China and an antitrust investigation of Google, an American tech giant.

China's tariffs are temperate: whereas Mr Trump's salvo applies to \$450bn of Chinese imports each year, China's response targets \$20bn-worth of goods. But it hints at how Xi Jinping, China's ruler, plans to parry Mr Trump. The industries singled out for tariffs support between 400,000 and 700,000 American jobs, according to Brookings, a think-tank. Those jobs are mainly in rustbelt counties in the Midwest, Mr Trump's political heartland.

## An AI power struggle in Paris



The French government's Artificial Intelligence Action Summit begins in Paris on Monday. Tech grandees, politicians and NGOs from around the world will wrangle over how to handle the technology's development. Those fearful that AI's rapid progress could be catastrophic for humanity will push for heavy regulation. The "AI-ethics" camp will seek limits on things like deepfakes, algorithmic discrimination, intellectual-property theft and the burning of fossil fuels to power data centres. Others will argue for unleashing innovation in AI to boost productivity.

Advocates of strict, global rules on AI should expect resistance. [China](#) seems disinclined to heed such entreaties; President Donald Trump has torn up his predecessor's sweeping regulations on AI. The gabfest's French hosts want to limit EU constraints on AI in order to compete with the biggest global players. On Sunday Emmanuel Macron, France's president, announced investments worth €109bn (\$113bn) for AI projects and called on other European countries to "accelerate" such spending.



# Messy talks over America's budget



Elon Musk has captured much attention as the [Department of Government Efficiency](#), which he leads, threatens to shut down federal agencies and cut costs. But the more humdrum task of writing a budget still falls to Congress. Temporary legislation to fund the government lasts until March 14th. Talks to pass a spending bill which would also fund the government in the longer term are not going well. This week both chambers of Congress are expected to suggest proposals to break the impasse.

Republicans control the House and the Senate, but infighting means they have to rely on Democratic votes to agree on a budget. Democrats have little incentive to help Republicans and the two sides don't agree on the main issues. Separately, Republicans want to establish a framework for passing an extension of tax cuts and other priorities. But the House and Senate remain at odds over whether to pass one large bill or two pieces of legislation. There is no guarantee this legislative drama will be resolved.

# Bangladesh's economic struggles



In August students in [Bangladesh](#) overthrew Sheikh Hasina, the country's autocratic leader. One of their main grievances was corruption; the new government is still trying to recover money the regime allegedly stole. Last month Bangladesh's central bank announced the formation of 11 investigation teams to reclaim assets worth \$17bn, which were allegedly bought with money siphoned off from commercial banks.

Taming inflation is another pressing task. The annual inflation rate has not fallen below 9% in nearly two years; consumer prices rose by 10% year on year in January. But on Monday the central bank held interest rates, saying that the impact of five hikes since the start of 2024 were "beginning to show". Yet that could be hindered by Donald Trump. The American president's tariff threats have driven up the value of the dollar, which could stoke inflation by pushing up the cost of imports. That would make the central bank's work even more challenging.

# Vying for influence over the Cook Islands



The prime minister of the Cook Islands, Mark Brown (pictured), began an official visit to China on Monday—the first by a leader of the South Pacific state in a decade. China is vying for influence in the region with America and its partners, Australia and New Zealand. The Cook Islands needs investment to diversify its tourism-dependent economy. The prime minister is expected to sign a “comprehensive strategic partnership” with China to increase co-operation in areas such as deep-sea mining.

That has alarmed New Zealand, which has a “free-association” arrangement with the Cook Islands. Cook Islanders have New Zealand citizenship; in return, the country’s government is required to consult New Zealand on foreign and defence policies. New Zealand complains that Mr Brown has flouted those obligations by failing to share details of its deal with China. Still, the many ties between New Zealand and the Cook Islands may ultimately limit China’s influence in the South Pacific country.



## 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.

**Monday:** What was the Lone Ranger's famous call to speed his horse into action?

**The structure of a play is always the story  
of how the birds came home to roost.**

*Arthur Miller*