

The world in brief

Catch up quickly on the global stories that matter



Photograph: Getty Images

Donald Trump said he will lower the overall tariff rate on China from 57% to 47% following a [meeting with Xi Jinping](#) in South Korea. Levies intended to push China to stem the flow of fentanyl will be halved to 10%. In return China has promised to continue rare-earths exports, crack down on the fentanyl trade and restart purchases of soyabeans, America's president said. He also announced plans to visit China in April.

The **European Central Bank** kept its benchmark interest rate at 2% for a third straight meeting. **Christine Lagarde**, the ECB chair, said monetary policy is “in a good place” as the economy begins to show signs of a recovery. Policymakers didn’t rule out future cuts, however, noting that the impact of America’s tariffs [could weigh](#) on growth in the months ahead.

Mr Trump said he had instructed the Department of War to immediately start **nuclear-weapons testing** for the first time since 1992. Separately, Vladimir Putin said Russia had successfully tested Poseidon, an underwater drone with “no existing interception methods”. The [nuclear-powered](#) and nuclear-capable weapon may have a range of 10,000km, a speed of 185km per hour, and could trigger tsunamis.

Novo Nordisk has muscled in on rival drugmaker Pfizer's \$7.3bn takeover bid for Metsera, a biotech startup making obesity-fighting drugs, with an unsolicited offer of up to \$9bn. If successful, Novo Nordisk would block Pfizer from entering the lucrative GLP-1 weight-loss drug market, which Novo Nordisk currently leads along with competitor Eli Lilly. The proposal is being reviewed by Metsera's board.

Protests erupted in **Tanzania** after [Samia Suluhu Hassan](#), the president, was re-elected in a general election on Wednesday that was marred by violence and the exclusion of her two main rivals. Police in Dar es Salaam, the country's largest city, fired tear-gas to disperse crowds demanding a rerun. Activists reported several deaths amid a curfew and nationwide internet blackout.

Volkswagen reported a €1.3bn (\$1.5bn) operating loss in the third quarter after Porsche, one of its subsidiaries, delayed parts of its electric-vehicle rollout and shifted focus back to hybrids and petrol models. The U-turn increased costs by €4.7bn across the group. Those losses add to a €5bn hit expected from American tariffs. Volkswagen has stepped up cost-cutting to rebuild profitability.

The liberal D66 party seemed to have [won](#) the most seats in **the Netherlands'** general election. The vote followed the collapse in June of a short-lived, shambolic government in which the hard-right PVV, led by Geert Wilders, was the largest party. Exit polls give D66 27 of 150 seats. Rob Jetten, its leader, will almost certainly form a coalition and become prime minister.

Figure of the day: \$1.5bn, the projected value of India's GLP-1 weight-loss drug market by 2030. [Read the full story](#).



Illustration: David Simonds

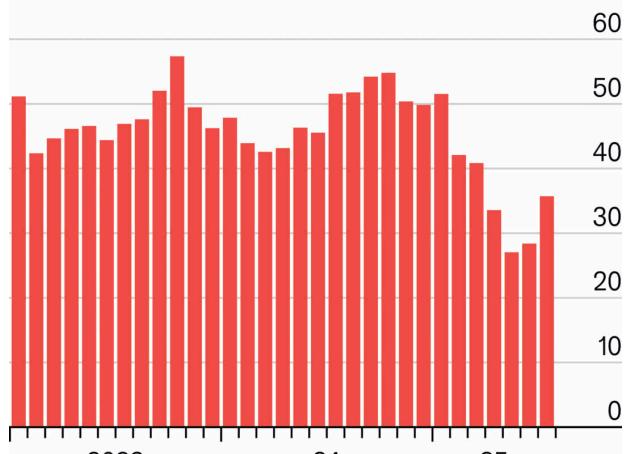
A tariff truce, for now

Donald Trump met his Chinese counterpart, [Xi Jinping](#), in South Korea on the sidelines of an Asia-Pacific summit on Thursday. It was their first meeting since 2019. Markets rallied ahead of the talks, hoping that the two countries will de-escalate the economic warfare they have been conducting. This week a bullish Mr Trump predicted “a very good outcome”.

The countries’ negotiators have already hashed out a “framework” for a [deal](#). Details of Thursday’s meeting are still emerging, but America will probably postpone an upcoming tranche of tariffs on Chinese goods and lower existing ones. Mr Trump said China will buy more American soyabeans, a boon to Trump-friendly farmers. The country may also delay implementation of restrictions on exports of rare earths. China has a near-monopoly on the supply of the minerals, which are used to make high-tech goods. All this should enable the two men to declare a truce. But past bargains between the superpowers have never lasted very long.

Tariff-ic times

United States, goods trade with China, \$bn



Source: Census Bureau



Photograph: AP

Signs of life in Europe's economy

Europe's economy has had a rough few years. An inflation and energy crisis was worsened by Russia's invasion of Ukraine; America, its closest ally, has turned protectionist; and China, once a vital export market, has become a fierce competitor, flooding Europe with cheap goods. To top it all off, the strong polling of [hard-right parties](#) has deterred many governments from carrying out essential reforms and cutting spending. Even so, the euro zone's GDP quarterly-on-quarterly growth of 0.2% in the third quarter—boosted by France—was slightly stronger than expected.

There are further reasons for [optimism](#). Surveys of business sentiment have improved in recent months, and euro-zone firms report rising orders. Even German manufacturers are seeing stronger demand from abroad, according to [S&P Global](#), a financial-data provider.

What Europe needs now is a revival in [consumer](#) confidence. In the first half of 2025 households increased the share of income they saved. If that trend reverses, the recovery could gain momentum.



Photograph: Reuters

Japan's interest-rate tightrope

The Bank of Japan (BOJ) kept benchmark interest rates at 0.5% on Thursday. Earlier this year it raised rates, hinting at an end to Japan's deflationary past. But uncertainty persists. Donald Trump's new tariffs have clouded the outlook for exporters, while [falling real wages](#) continue to sap consumer spending. With growth weak and the yen under pressure, policymakers decided to hold fire.

Politics is adding to the uncertainty. Japan's new prime minister, [Takaichi Sanae](#), is more inclined than her predecessor to support tax cuts or stimulus to cushion households from inflation. Her broader agenda remains vague. Ms Takaichi's new finance minister has hinted at wanting a stronger yen—something that would require higher rates. Still, the BOJ seems in no rush. After decades [battling deflation](#), a few more months will hardly matter.



Photograph: EPA

Precarious peace in Gaza

Gaza's shaky ceasefire is being [tested](#) again. On Tuesday Israel accused Hamas of violating the deal, both by opening fire on its soldiers near Rafah (one was killed) and by being slow to return the bodies of hostages who died in captivity (13 are still in Gaza). It carried out a string of air strikes that killed more than 100 people, according to Palestinian officials.

America is putting pressure on [Israel](#) to stay the course. Donald Trump said the incident did not mean the ceasefire would collapse: "Nothing is going to jeopardise that," he said. Indeed, after hours of bombardment, the Israeli army confirmed the ceasefire was back in effect.

For now, an uneasy truce [holds](#). Yet little progress has been made towards disarming Hamas or standing up an international peacekeeping force, both of which are prerequisites for the next phase of Israel's military retreat. Gaza's future remains in doubt.



Illustration: The Economist

Daily quiz

We will serve you a new question each weekday. On **Friday** your challenge is to give us all five answers and tell us the theme. Email your responses (and your home city and country) by 1700 BST on Friday to [\[email protected\]](mailto:). We'll pick three winners at random and crown them on Saturday.

Thursday: Which human organ is contained within the pericardium?

Wednesday: Which university did Prince William and his wife, Kate, attend?

Liberty, once lost, is lost forever.

John Adams