

The world in brief

Catch up quickly on the global stories that matter



Photograph: Getty Images

After 25 years of negotiations, a qualified majority of EU countries backed a trade deal with **Mercosur**, a South American bloc, to create a common market of over 700m people. The European Commission is now expected to ratify the agreement in Paraguay as early as next week. **France** opposed the deal, along with Austria, Hungary, Ireland and Poland, who fear that food imports from Latin America will undercut their farmers.

Iran's supreme leader, Ayatollah Ali Khamenei, said his regime would “not back down” as [huge anti-establishment protests](#) gathered momentum across the country. The authorities cut off the internet after unrest gripped several cities, including Tehran, the capital. Rights groups estimate that Iran's regime has killed at least three dozen people since protests began on December 28th.

Meeting **oil executives** at the White House, Donald Trump said that he [expects](#) the firms to spend at least \$100bn in **Venezuela**. Darren Woods, the boss of ExxonMobil, cautioned the president that the country was currently “uninvestable”. Earlier America seized another oil tanker in the Caribbean. Officials say the *Olina* was suspected of carrying oil due for Venezuela, breaching America's embargo.

The **American economy** added 50,000 jobs in December, fewer than in November and below analysts' expectations. Although the unemployment rate fell to 4.4% from 4.5%, the slowdown is likely to encourage the gloomy view of [America's job market](#). The news may intensify calls for the Federal Reserve to make a further rate cut.

Meta struck deals with several nuclear-power companies to help meet the colossal electricity needs of its AI data centres. It signed a 20-year deal to buy power from Vistra, and also agreed to be an anchor customer for Oklo and TerraPower, firms that are developing [small modular reactors](#) that are expected to go online in the early 2030s.

Russia's armed forces said it fired a hypersonic missile at **Ukraine** during its attack [on energy infrastructure](#) across the country. Russia claimed it used its "Oreshnik" rocket in retaliation for an alleged drone attack on one of Vladimir Putin's residences—for which it has provided little evidence and which Ukrainian officials strongly deny. Russia's strikes killed at least four people in Kyiv, the capital.

"War is back in vogue," lamented **Pope Leo XIV** in his debut "state of the world" address to his diplomatic envoys. He expressed fear that "zeal for war" was spreading and condemned the weakening of "multilateralism". [The American-born pontiff](#) spoke in his native English, perhaps to ensure the [Trump administration](#) understood.

Figure of the day: 4.7m. The number of industrial robots operational worldwide as of 2024—just 177 for every 10,000 manufacturing workers. [Read the full story.](#)



Photograph: AP

America's fragile economy

For most of the past year, America's labour market has wobbled but never toppled over. Figures for December released on Friday showed that, after gradually rising from 4% at the start of 2025 to 4.5% in November, the annualised unemployment rate dropped to 4.4%. The drop was larger than expected, though the previous month's figures were elevated by the government shutdown.

But a wider slowdown in hiring worries many observers. Even though not many people have lost their jobs, those who have are struggling to find new ones. Only 50,000 new jobs were added in December, fewer than the 70,000 that economists polled by Bloomberg, a news wire, expected. November's figure for new jobs was also revised down by 8,000, to 56,000. That leaves the jobs market at a confusing point: clearly softening, but not by enough to sound an alarm—especially since [GDP growth has remained strong](#).



Photograph: EPA

China's prices won't budge

Economists will have to wait until January 19th to find out for sure whether China met its official 5% growth target for 2025. But one benchmark China has certainly missed is its inflation target. Figures released on Friday showed that inflation in 2025 was zero percent. The official goal was “around 2%”.

In practice China's inflation target has often been treated as a ceiling: breaching it is verboten, falling short is forgivable. But even China's leaders now think [inflation is too low](#). Their campaign against “involution”, or [excessive competition](#), is trying to pacify price wars. And their monetary targets have shifted subtly in the past two years to clarify that if growth and inflation slow unexpectedly, money-supply growth should not slow with them. Perhaps when China's leaders reveal this year's inflation target in March, they should set a floor not just a ceiling. They could change the word “around” to “at least”.



Photograph: EPA

At last, Europe's trade deal with South America

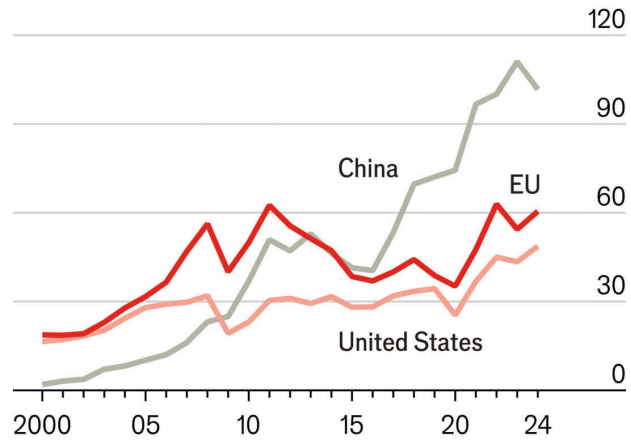
After 25 years of talks and weeks of hesitation, EU countries provisionally approved a trade deal with [Mercosur](#), the South American bloc led by Brazil and Argentina. The agreement was approved by a qualified majority of member countries representing 65% of the union's population. France, Poland, Austria, Ireland and Hungary opposed the deal, while Belgium abstained.

The deal's supporters see a substantial boost to trade, including European agri-food exports. It is also a [geopolitical imperative](#) for two regions struck by America's punitive tariffs and squeezed by China's growing market share.

Friday's decision follows last-ditch efforts to placate [protesting farmers](#) who fear South America's efficient agribusiness. The EU promised to cut import duties on fertilisers and bring forward potential farming subsidies, which appeared to have won over Italy. The deal must still be approved by the increasingly unpredictable European Parliament, ahead of a ceremonial signing in Paraguay later this month.

European opportunity

Mercosur*, goods exports, \$bn



*Argentina, Brazil, Paraguay, Uruguay

Sources: Mercosur; IMF



Photograph: Getty Images

Meloni's new-year's resolutions

"I never want to speak with [the Italian press]," Giorgia Meloni, Italy's prime minister, was heard saying in August. On Friday, however, she will. It is traditional for Italian leaders to hold a lengthy end-of-year press conference. Perhaps because Ms Meloni has dragged her feet, hers is now a start-of-year one.

She has good reasons to avoid interrogation. She has managed to form a [warm relationship with America's president](#), Donald Trump, while persuading her European counterparts that she is a moderate who has [abandoned her Euroscepticism](#). She must satisfy coalition partners with strikingly different outlooks. The press may ask awkward questions about [the economy](#). Growth has slowed to a crawl even though Italy has received more than €150bn (\$175bn) from the EU's post-pandemic recovery fund since 2021. Journalists will also be probing for a date for a referendum on the government's plans to overhaul the judiciary.



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 GMT on Friday to [\[email protected\]](#). We'll pick three winners at random and crown them on Saturday.

Friday: Who wrote the plays “All My Sons” and “The Crucible”?

Thursday: Which baseball player is mentioned in the song “Mrs Robinson” by Simon & Garfunkel?

*A depression is for capitalism like
a good, cold douche.*

Joseph Schumpeter