

## Politics



**Italy's** general election resulted in a badly hung parliament, with none of the three main political groupings close to a majority. Populist parties did better than expected, winning more than half the vote. Weeks of uncertainty lie ahead, though either one of the two big populist parties—the Five Star Movement and the Northern League—looks sure to end up in power.

In **Germany** the Social Democratic Party's membership voted to approve a new coalition government with Angela Merkel's Christian Democrats, paving the way for Mrs Merkel to start her fourth term as chancellor later this month.

British police said a nerve agent had been used to try to murder Sergei Skripal, a former **Russian spy**, and his daughter. Mr Skripal had been jailed in Russia for passing secrets to British intelligence, but he was released in 2010 under a swap arrangement for the return of Russian agents. The attack is reminiscent of the fatal poisoning in London of Alexander Litvinenko in 2006, probably on the orders of the Russian government.

### Time to talk?

During a meeting with South Korean envoys, Kim Jong Un, **North Korea's** dictator, opened the possibility of talks with America about ending his country's nuclear programme and suggested he would suspend missile tests once negotiations began. Donald Trump welcomed the “possible progress”. Seasoned observers poured oceans of scepticism

over Mr Kim's remarks, wondering if it was a strategy to weaken Chinese and Russian support for sanctions.

In **South Korea** Ahn Hee-jung resigned as governor of the province of South Chungcheong after his secretary accused him of raping her several times. Mr Ahn had been tipped to run for president in 2022. The secretary said she was inspired by South Korea's #MeToo movement, which has played a part in the resignations of several other prominent figures.



An outbreak of violence directed at Muslims prompted the government of **Sri Lanka** to declare a state of emergency for the first time since the end of the country's civil war in 2009. The unrest was allegedly sparked by the killing of a Buddhist man by a group of Muslims in the city of Kandy. Communal tensions have risen over the past year, fanned by Buddhist nationalists.

**Australia** and **East Timor** ended a dispute over their maritime border that had carried on since East Timor's independence from Indonesia in 2002. They signed a treaty setting the boundaries, which opens the way for both countries to share the spoils from gasfields in the Timor Sea.

Against the backdrop of maritime territorial disputes and nervousness about America's increased focus on the Pacific, the Chinese government said it would increase **defence spending** by 8%, to 1.1trn yuan (\$175bn). It is the biggest rise in years, though the amount China actually spends on defence is much higher than the official figure.

**China** set its target for economic growth this year at 6.5%. Last year GDP grew by 6.9%.

### Her day in court

Judicial authorities in **Argentina** said Cristina Fernández de Kirchner, a former president, would face trial on charges of covering up Iran's suspected role in the attack on a Jewish centre in Buenos Aires in 1994 that killed 85 people. Ms Fernández is not under arrest.

**Brazil's** supreme court said President Michel Temer's bank accounts could be scrutinised in an investigation into possible corruption involving port permits. Another court denied a petition by Luiz Inácio Lula da Silva, a former president, to be allowed to stay out of jail while he appeals against a 12-year sentence.

**Venezuela's** electoral authorities postponed a presidential election scheduled for April 22nd until May 20th. Most of the opposition intends to boycott the poll, believing it will be rigged by the socialist president, Nicolás Maduro.

Police in **Honduras** arrested a senior company executive in connection with the murder in 2016 of Berta Cáceres, an environmental activist. Roberto David Castillo Mejía was president of the hydroelectric company building the dam that Ms Cáceres was protesting against. Prosecutors say he helped plan her murder.

### No let up

The regime of Bashar al-Assad in **Syria** stepped up its assault on rebel-held Eastern Ghouta. The bombardment has already killed hundreds of people in recent weeks. A UN convoy, stripped of medical supplies, was allowed to deliver aid to civilians, but had to cut its mission short because of shelling. A Russian military transport plane crashed near the Syrian coast, killing 39 people.

Rex Tillerson, America's secretary of state, tried to improve relations with **Africa**, two months after Donald Trump

reportedly used foul language to disparage African countries. Ahead of a week-long trip to the continent, Mr Tillerson promised \$533m in new aid. He also criticised China's dealings with Africa, saying it relied on “opaque contracts, predatory loan practices and corrupt deals that mire nations in debt”.



Voters in **Sierra Leone** braved long queues to pick a new president. Ernest Bai Koroma, the incumbent, has completed his maximum two terms in office. Over a dozen candidates hope to replace him. The winner's first task will be to turn around the economy, which has yet to recover from an Ebola epidemic and a commodities slump.

### His next gig

The UN secretary-general, António Guterres, appointed Michael Bloomberg as his special envoy on **climate change**. The former mayor of New York has a brief to chivvy governments into meeting targets for reducing greenhouse-gas emissions. He already jointly oversees an effort to get American cities, states and businesses to reduce their emissions in line with the Paris accord on climate change, which America is in the process of withdrawing from.

The March 5th deadline, by which time the Trump administration had wanted the Deferred Action for Childhood Arrivals programme to end, came and went. Federal courts have put those plans on hold, leaving around 800,000 of the programme's **Dreamers**, immigrants who came to America illegally as children under 16, in some uncertainty about their future.

## Business

Donald Trump's intent to impose tariffs of 25% and 10% on steel and aluminium imports precipitated talk of a new **trade war**. China warned that it would retaliate in an "appropriate" way, but the announcement also rattled America's allies. Republicans pushed back against the idea in an open letter. Paul Ryan, the Speaker of the House of Representatives, publicly called on the White House to drop the plan. The Aluminium Association, representing 114 American companies, was also opposed, warning that tariffs could cause job losses in downstream manufacturing.

A few days after Mr Trump issued his proclamation **Gary Cohn** resigned as the president's chief economic adviser. Mr Cohn, who had been in the job since the start of the Trump administration, had strong misgivings about the tariffs.

### Fortress America

The American government said it would look into potential national-security concerns over **Broadcom's** hostile takeover bid for **Qualcomm**. Based in Singapore, Broadcom has been pursuing a reluctant Qualcomm for months, offering \$142bn in what would be the tech industry's biggest-ever acquisition. This week the Committee on Foreign Investment in the United States ordered Qualcomm to postpone a shareholders' meeting to discuss the offer while it investigates the implications of transferring its chipmaking technology to an overseas rival. Broadcom went on the offensive, criticising Qualcomm's board for "secretly" requesting an official review by the committee.

Cvs Health, America's largest chain of pharmacies, issued \$40bn-worth of **bonds** across several maturities, one of the biggest sales of corporate debt to date. It is using the proceeds to fund its proposed \$69bn takeover of Aetna, a health insurer.

**Renault's** share price surged amid a flurry of reports that **Nissan** wanted to buy the French government's 15% stake in the carmaker, which would be a prelude to a full merger. Nissan and Renault have operated a strategic alliance since 1999. They, and the government, denied the reports.

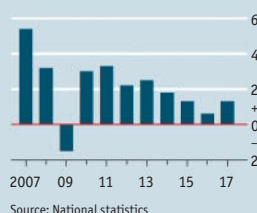
Dieter Zetsche, the boss of **Daimler**, welcomed the recent investment by Geely, a Chinese carmaker, in his company, but said any working alliance would require the backing of BAIC, Daimler's current partner in China. Mr Zetsche also scotched press reports in Germany that Daimler had been alarmed by the speed at which Geely accumulated its 9.7% stake.

### Its bricks are not clicking

**Lego** reported its first decline in annual profit for 13 years. In 2017 pre-tax profit fell by 18% to DKr10.2bn (\$1.7bn), despite cutting nearly a tenth of its worldwide workforce in an attempt to "reset" the business. The Danish toymaker said that last year had been "challenging" but hoped the improvement in sales in its established markets in the fourth quarter could be maintained and provide the building blocks to increase revenue in 2018.

### South Africa

GDP, % change on a year earlier



**South Africa's** economy grew by 1.3% last year, helped by a better performance than had been expected at the end of the year. Rebounding from drought in 2016, the country's agriculture industry expanded by 37.5% in the fourth quarter compared with the previous three months. Trade was also buoyant. Cyril Ramaphosa's inauguration as president has raised expectations that the government will contemplate serious economic reforms.

**AXA**, a French insurance company, offered \$15.3bn to buy **XL Group**, which has its headquarters in Bermuda. The deal strengthens AXA's pivot towards commercial insurance and away from life insurance and savings.

Following last October's revelation that the safety-inspection records on some aluminium, copper and steel

products it had shipped to customers had been forged, **Kobe Steel** purged its senior management ranks and said its chief executive would resign. The Japanese steelmaker also acknowledged that the practice of falsifying safety data stretched back 50 years.

### We chat a lot

**WeChat** reached a new milestone of 1bn user accounts (its users often operate two accounts). Launched in 2011 by Tencent, one of China's internet giants, the Chinese social network now hosts a wide range of online services in addition to its messaging features, such as food deliveries and bank payments.

Jeff Bezos topped the *Forbes* annual list of **billionaires** for the first time with an estimated net worth of \$112bn. Mr Bezos owns 16% of Amazon, which saw its share price soar in value last year. There are now 2,208 billionaires in the world, worth \$9.1trn in total with an average net worth of \$4.1bn. Because of the decline in the value of his properties in Manhattan, Donald Trump tumbled 222 places in the ranking to 766. He is worth \$3.1bn.

For other economic data and news see Indicators section

