GZERODAILY

Presented by: RBC Capital Markets

Dear Tracy,

Welcome to Tuesday. In today's edition:

- Trump and China play chicken
- Israel promises massive escalation in Gaza
- UN court says UAE wasn't involved in Darfur genocide
- Friedrich Merz fails to win German chancellorship in first-round vote
- **Small Country, Big Story:** Rwanda's migrant deals
- **On the eve of the conclave:** Who chooses the pope again?
- **Plus:** Our weekly crossword puzzle

Thanks for reading!

– The Daily crew

What We're Watching



Israel promises "concluding moves" in Gaza escalation

The Israeli security cabinet on Monday approved a new plan for Gaza that entails using tens of thousands of additional troops in a fresh campaign that could end with Israel's takeover of the entire enclave.

Following the vote, PM **Benjamin Netanyahu** promised an "intensive escalation" of the IDF's assault on Gaza, which he said would be the "concluding moves" of Israel's 18-month-long response to the Hamas-led massacres and kidnappings in Israel on Oct. 7, 2023. Several dozen of the roughly 250 hostages taken on that day remain in Gaza.

The Israeli Cabinet also approved a plan for Israel to unilaterally oversee the distribution of humanitarian aid, which would appear to largely cut out the UN and other relief agencies. Since the Hamas-Israel ceasefire and hostage exchange expired after just one phase in early March, Israel has cut Gaza off from any humanitarian aid at all, causing "catastrophic" shortages of both food and medicine.

The new push into Gaza would unfold over a period of months, according to Israeli officials, unless a new hostage release and ceasefire deal can be reached before US President **Donald Trump's** trip to the region next week, when he will visit Saudi Arabia, Qatar, and the UAE.

The big question: After a year and a half of war that has largely leveled Gaza, killed more than 52,000 people, and forced the displacement of nearly all of the enclave's roughly 2 million people, Israel has still not met either of its stated objectives: eradicating Hamas or freeing the remaining hostages. Will this "concluding" move lead Netanyahu any closer to … concluding?



Friedrich Merz fails to secure chancellorship in shock vote

Christian Democratic Union leader **Friedrich Merz** did not become Germany's chancellor as planned on Tuesday after at least 18 members of his coalition either abstained or voted against him. His centrist coalition holds 328 out of 630 seats in the Bundestag, Germany's parliament, but he won just 310 of the 316 votes needed to confirm him as the next leader.

Merz isn't kaput yet. The Bundestag will hold a second round of voting, possibly as soon as tomorrow, and if six of the lawmakers who withheld their support come around, Merz will take over from lame duck **Olaf Scholz.** That said, this is the first time since Germany reestablished democratic control after World War II that a leader has failed to win the parliament's backing on the first round.

The culprits? Likely coalition lawmakers who disagree with Merz's plan to take on significant debt to boost defense capacity and revitalize economic growth.

Merz's far-right rivals pounced on him. Alternative for Germany leader **Alice Weidel** said the failure shows the incoming coalition's "weak foundations" and called for fresh elections. Her party came in second place in February and some polls now show that she would win a new contest.

Looking forward: Ultimately, experts still expect Merz to prevail in becoming chancellor, but Tuesday's stunning loss will damage his political credibility and

mandate to govern. If, however, the Bundestag fails to elect a new chancellor within 14 days, Germany could be on the road to another election.



Trump says he might back off on China tariffs – but Beijing holds firm

With US-China trade grinding to a halt, President **Donald Trump** told ABC News on Sunday that he would lower the 145% tariff imposed on China "at some point," explaining that "otherwise you could never do business with them." Beijing has expressed willingness to start talks if Washington is "prepared to … cancel its unilateral tariffs." So China is playing a game of chicken, and Trump hasn't quite swerved out of the way.

"There's no clarity around what Trump wants from China," says Eurasia Group's **Lauren Gloudeman**. "It's been a huge source of frustration for the Chinese side because since November they have been seeking to get that question answered."

Beijing isn't playing ball like Canada or Mexico, which made superficial concessions to Trump to postpone tariffs. China retaliated with 125% tariffs of its own and then moved to protect vulnerable parts of its economy by quietly issuing a series of exemptions on important US imports like aircraft engines, semiconductors, and pharmaceuticals.

"China's leadership cannot be seen as being coerced into giving in to Trump's tactics," says Gloudeman, explaining that Beijing is already facing the worst-case scenario for bilateral trade. "It's quite insulting and humiliating, and the broader strategy for China is counting on Trump to back down first."



UN's highest court dismisses Sudan's claims of Emirati role in Darfur genocide

The International Court of Justice on Monday rejected Sudan's claims that the United Arab Emirates had violated the Genocide Convention by allegedly supplying arms to the Rapid Support Forces, a rebel paramilitary group involved in ethnic violence in Darfur.

What's happening in Darfur? A vicious civil war, one that reached the two-year mark last month, has ripped Sudan to shreds. Darfur has seen the worst of the war, with the RSF allegedly committing genocide there. This latest ethnic-cleansing effort is separate from the one that took place in the region between 2003 and 2005, but RSF leader **Mohamed Hamdan Dagalo**, nicknamed "Hemeti," has been involved in both.

As for the legal case. The Sudanese government claimed that the UAE helped supply weapons to the RSF in Darfur, but the court rejected this. Still, some UN

experts and US lawmakers believe there is evidence that the Emirati nation has played a role.

Nowhere is safe. Sudan's civil war keeps chugging along. The RSF launched strikes on a military airport near Port Sudan on Sunday, according to the Sudanese army. The rebel group didn't confirm the attack. Before the strikes, Port Sudan had been considered one of the safest places in the country.

What's next? A slew of world leaders gathered in London three weeks ago to discuss the war and renew calls for peace, yet there continues to be a stalemate as each side trades blows. The government army seized control of the capital Khartoum in late March, but the RSF snatched Al Nahud, a strategic town in west Sudan, last week. In retrospect, the calls for peace in the UK capital were in hope rather than expectation. The question now is whether either side can gain enough ground to force negotiations — or whether the international community will apply pressure to bring them to the table.

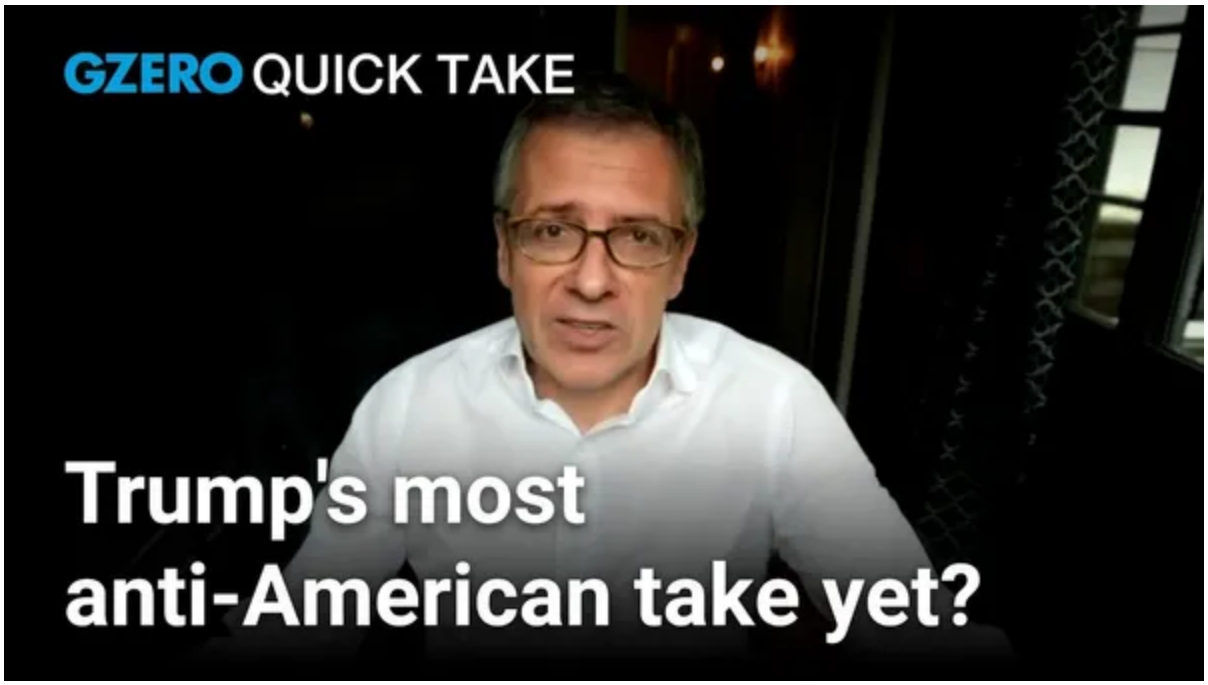
A message from our sponsor RBC Capital Markets

Trade and tariffs: What is the state of play?



Rising geopolitical risks and global trade conflicts demand proactive strategies, not reactive responses. RBC's experts break down the implications of tariffs on the economy, markets, and industries to help you navigate uncertainty, build resilience, and unlock investment opportunities – turning risk into competitive advantage.

Ian Bremmer: Trump's 'less is more' message is un-American



Donald Trump just said one of the most "anti-American things" **Ian Bremmer** has ever heard from an American leader. What did the president say? "I don't think a beautiful baby girl that's 11 years old needs to have 30 dolls. I think she can have three dolls or four dolls. They don't need to have 250 pencils, they can have five," he told an interviewer.

Click here for Ian's insights on how Trump is contradicting foundational American consumerist values in his latest Quick Take.

Small Country, Big Story: How Rwanda's trying to woo Washington



As Western nations adopt increasingly hardline stances on migration, Rwanda has positioned itself to capitalize on these concerns by offering to accept deportees in exchange for payment.

In 2022, then-UK Prime Minister **Boris Johnson** struck a $385 million deal with Rwanda to house and process thousands of asylum-seekers. The controversial plan ultimately cost British taxpayers an estimated $949 million before it was scrapped in 2024 by Prime Minister **Keir Starmer**, following two years of legal challenges and widespread criticism over Rwanda's status as an unsafe destination for migrants. The UK received no refund.

Now, with the Trump administration intensifying its crackdown on migration, Rwanda is exploring a similar arrangement with the United States. The potential deal comes as the White House faces mounting scrutiny for a series of hardline measures, including the high-profile deportation of 238 immigrants to a maximum-security prison in El Salvador, proposals to reopen Alcatraz and Guantanamo Bay as detention sites, and even offering migrants $1,000 to voluntarily leave the country.

But for Rwanda, there's more to gain than just money. These talks are unfolding as the US increasingly takes on the role of power broker in the simmering conflict between Rwanda and its neighbor, the Democratic Republic of Congo. Over the past

year, Rwanda has backed the M23 rebel group, helping it seize control of vast territories in the DRC's mineral-rich eastern provinces — home to an estimated $20 trillion in untapped natural resources.

The United Nations has labeled M23 a proxy force for Rwanda, accusing the group of being led by Rwandan officers and armed by the Rwandan military with advanced weaponry. President **Paul Kagame** has repeatedly denied any support for M23. Yet, according to numerous intelligence analysts, diplomats, researchers, and humanitarian workers, the presence of thousands of Rwandan troops in Goma and elsewhere in eastern Congo leaves little doubt about Rwanda's role.

M23's gains have included the capture of key mining hubs, giving the group control over significant reserves of gold, cobalt, and coltan – a mineral critical to the production of smartphones, medical devices, and explosives.

The US is now weighing a critical minerals agreement with the DRC, under which American companies would gain access to Congolese mines in exchange for helping secure the region against rebel forces. Washington has a strong incentive to expand its footprint in the DRC to counter China's growing dominance: Chinese firms already hold a major share of mining contracts in the country, and the DRC produces roughly 70% of the world's cobalt – a vital component of electric vehicle batteries. The world's largest cobalt mine, located in DRC, is operated by a Chinese company.

As the US and other international actors broker peace talks between M23 and Rwanda, both sides are maneuvering for leverage. While the DRC courts American support by offering access to critical minerals, Rwanda may be betting that a migration deal with Washington could bolster its standing in the region.

Join us tomorrow for a Global Stage livestream from the UN Science, Technology, and Innovation Forum



This **Wednesday, May 7, at 9 am ET**, be sure to catch our Global Stage livestream conversation from inside the **United Nations** headquarters in New York on the sidelines of the **2025 Science, Technology, and Innovation Forum**. Our expert panel will discuss the Forum's key themes, such as inclusive innovation, technology transfer, digital governance, and the future of science, technology, and innovation.

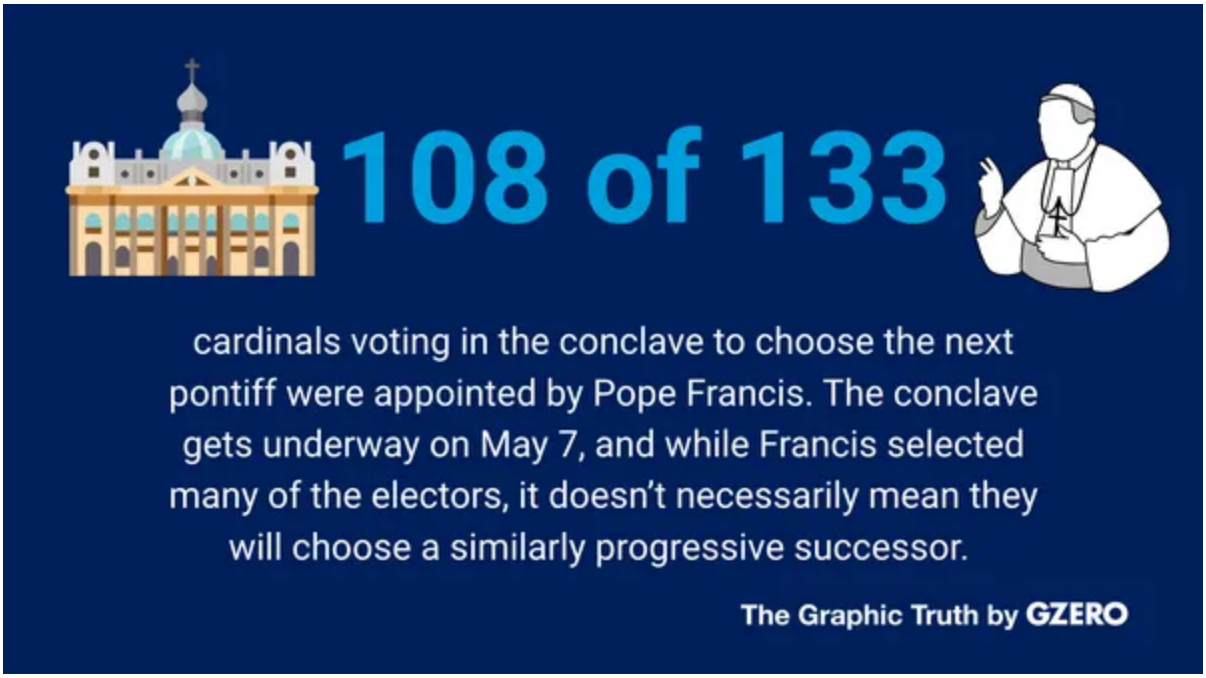
How are technological advancements shaping global power dynamics as part of the AI economy? How can emerging technologies be governed more equitably and collaboratively on a global level?

You can even help spark some of the conversation in advance by answering the poll questions here. We will highlight the results during the livestream.

GZERO's **Tony Maciulis** will moderate a conversation with prominent experts, including **Jeffrey Ding**, author of "Technology and the Rise of Great Powers," and **Juan Lavista Ferres**, corporate vice president and chief data scientist of the AI for Good Lab at Microsoft.

Tune in here.

The Graphic Truth: Who's choosing the next pope?



The conclave to select a new pontiff gets underway on May 7, 2025.

Who selects the next pope? Roman Catholic cardinals, and there are 252 of them worldwide, but only 135 are under the age of 80 and thus eligible to vote for the successor to **Pope Francis**. Two of them, **Antonio Cañizares** of Spain and **John Njue** of Kenya, cannot attend, and of the 133 electors participating, Francis appointed 108 of them.

Is there a list of contenders? The cardinals can vote for their preferred colleague to take the top spot at the Vatican, and there's no official shortlist of candidates. But there are a handful who are considered frontrunners — our sources say to look at French Cardinal **Jean-Marc Aveline** and Filipino Cardinal **Luis Antonio Tagle** on the progressive end, and the Italian Cardinals **Pierbattista Pizzaballa** and **Pietro Parolin** for the conservatives.

All eyes will be on how the trajectory of the largest religious institution in world history shifts under a new pope.

GZERO's Mini Political Crossword, May 6, 2025



Celebrate the 80th anniversary of Victory in Europe Day with us by cracking this week's crossword.

HARD NUMBERS: UK celebrates VE Day, Stock volatility boosts European banks, Trump wants Alcatraz reopened, Manhattan hosts Met Gala, Oceania rebuffs Trump's film-tariff threat



1,300: On Monday, the United Kingdom started celebrating the 80th anniversary of VE Day, which commemorates the Allied victory of World War II, with a slew of street and tea parties across the country. There was also a 1,300-strong military procession along the Mall, the stretch of road connecting Buckingham Palace and Trafalgar Square. One million people flooded the area on the original VE Day, May 8, 1945.

13 billion: Donald Trump's tariff bonanza induced a huge amount of stock market volatility, and the largest European investment banks are pleased as punch. This week, UBS, BNP Paribas, Société Générale, Barclays, and Deutsche Bank posted their largest quarterly revenues in over a decade, reporting a combined €13 billion ($14.7 billion) from equities and fixed income in the first quarter of the year. The stellar performance mirrors the hefty revenues that their American counterparts gathered in the first three months of 2025.

$60 million: Maybe there's no escape from Alcatraz: **Donald Trump** wants to reopen the island prison, which was shut in 1963. "The reopening of ALCATRAZ will serve as a symbol of Law, Order, and JUSTICE," the president wrote on social media. The prison, which sits just over a mile off the coast in the San Francisco Bay, once housed the notorious mobster **Al Capone**. It is currently operated by the National Park Service, which hosts 1.6 million visitors a year, generating roughly $60 million in revenue.

$75,000: New York City hosted the Met Gala on Monday night. Individual tickets sold for a cool $75,000, with the money raised going to the Museum's Costume Institute. Some have used the gala to spread political messages, like when Rep. **Alexandria Ocasio-Cortez** (D-NY) wore a dress with the message, "Tax the Rich," to the 2021 iteration. This year, former VP and presidential candidate Kamala Harris made a quiet, surprise appearance at the event.

540 million: The governments of Australia and New Zealand vowed to protect their film industries after US President **Donald Trump** threatened to impose 100% tariffs on foreign films. The Oceanic pair has become a popular filming spot for Hollywood filmmakers, in part thanks to lower costs and government tax incentives. Australia alone has spent AU$540 million ($349.4 million) since 2019 to attract international film productions.

This edition of GZERO was produced by Writers Riley Callanan, Matthew Kendrick, Alex Kliment, Zac Weisz, and Managing Editor Tracy Moran.

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