

# The world in brief

Catch up quickly on the global stories that matter



Photograph: Getty Images

**America** began implementing **tariffs** on all packages entering the country on Friday, removing the *de minimis exemption* for parcels worth less than \$800. During a six-month transition period shippers will be able to pay a flat duty of \$80-200 per package depending on their place of origin. In response some global postal services said they would stop delivering to America.

**India's** <sup>gdp</sup> grew by 7.8% year-on-year from April to June, driven by a strong services sector. The figure beat the central bank's prediction of 6.5% by a wide margin. But the world's *fastest-growing large economy* now faces tariffs of 50% on exports to America. Economists warn the measures could shave 20-90 basis points off future growth.

**Thailand's** constitutional court dismissed the country's prime minister, **Paetongtarn Shinawatra**, for violating ethical rules. The move comes just one year into her term and makes her the fifth leader to be removed from office since 2008. Ms Paetongtarn was *suspended* last month when a leaked recording appeared to show her disparaging a Thai general while speaking with Cambodia's strongman, Hun Sen.

[Christopher Waller](#), a Trump-appointed **Federal Reserve** governor, said he supported cutting the central bank's headline interest rate by 0.25 percentage points at the next policy meeting in September—and would back a bigger cut if the labour market substantially weakened in August. Jerome Powell, the Fed's chair, has hinted that interest-rate cuts may be coming. Meanwhile, **Lisa Cook** sued Donald Trump over [his unprecedented attempt](#) to fire her from the Fed's board.

**Indonesia's president**, Prabowo Subianto, called for calm as police struggled to quell protests across the country. Protestors are [angry](#) at lavish monthly housing allowances of around \$3,000 being given to members of parliament. Some are also demanding higher wages. In Jakarta, the capital, demonstrators hurled Molotov cocktails and firecrackers at police headquarters after one person was killed by a police vehicle last night.

America's State Department approved a potential \$825m sale of more than 3,000 air-launched cruise missiles to **Ukraine**. It would be funded by Denmark, Norway, the Netherlands and America. The long-range missiles could be fired by Ukrainian warplanes from a distance, with [less risk](#) of a fighter jet being shot down. The announcement follows a major Russian attack on Kyiv on Thursday.

A 1.5-mile beach in **Canada** will be returned to the Saugeen First Nation after the country's top court found it had been mistakenly omitted from their reserve. It had originally been promised to them in a 1854 treaty with the crown. A local town, South Bruce Peninsula, had fought to keep control of the popular stretch of sand. Saugeen First Nation called it a "historic vindication".

**Figure of the day:** 2,000. The rough number of Russian fighters in Mali today. [Read the full story.](#)



Photograph: Getty Images

## **Modi's Asian outreach tour**

India's prime minister visits Japan on Friday, the first stop en route to China. Narendra Modi hopes to attract investment and soften the impact of Donald Trump's tariffs. Japan offers a big economic prize: it is expected to invest up to \$68bn in India over the next decade, focusing on critical minerals and advanced manufacturing. The two countries are also partners in the Quad security grouping with America and Australia.

Mr Modi will then continue to China for his first visit in more than seven years. At the weekend he will attend a summit of the Shanghai Co-operation Organisation, where he will meet his Chinese counterpart, Xi Jinping. Recent talks have improved the prospect of mending diplomatic ties after deadly border clashes in 2020. Here too, Mr Modi's outreach reflects pressure from America's tariffs, which have hit India harder than China, fuelling Mr Modi's fears that if America and China set aside their differences, [India would be sorely sidelined](#).



Photograph: Getty Images

## The Fed's foggy outlook

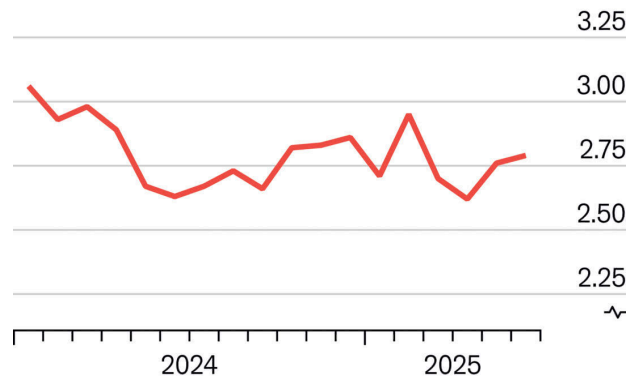
After Jerome Powell, chair of the Federal Reserve, [hinted last week](#) that interest-rate cuts may be coming—a marked shift from his earlier language—markets now expect a reduction at its meeting next month. That would please Donald Trump, who has repeatedly demanded lower rates and is attempting to [sack one of the Fed's governors](#).

The decision will partly hinge on Friday's release of the Personal Consumption Expenditures index, the Fed's preferred inflation gauge, for July. Economists expect the “core” measure, which excludes food and energy costs, to increase by 2.9% year on year, above the Fed's 2% target.

Tariffs make the outlook less predictable. Their [impact on consumer prices](#) is beginning to show: *The Economist* estimated last month that tariffs had added 0.3 percentage points to  $PCE$ . So far businesses have mostly absorbed higher costs by running down inventories. But as stockpiles run out, they will probably have to pass higher costs on to shoppers, which could push up inflation again.

## Hard to say

United States, core PCE\* prices,  
% increase on a year earlier



\*Personal-consumption expenditures excl. energy and food  
Source: Bureau of Economic Analysis



Photograph: Getty Images

## What's down the road for BYD

It appears that all is not well at BYD, the world's largest producer of electric vehicles. For years it has sold more cars worldwide than Tesla, Elon Musk's EV maker. In July it outsold Tesla in Europe, too. But July also brought bad news for BYD: its [vehicle production](#) fell for the first time in 17 months, hinting at bigger problems.

On Friday came more bad news, when BYD reported lower earnings than expected in the second quarter of the year, dropping 30% from the first quarter, to Rmb6.4bn (\$897m). That ends a growth streak of three and a half years. Under pressure from authorities in Beijing, the company has promised to halve the payment time to suppliers. But the firm is months behind on payments to suppliers. The cause is probably a [price war](#) among Chinese EV makers. Few of the country's hundred or so manufacturers turn a profit.



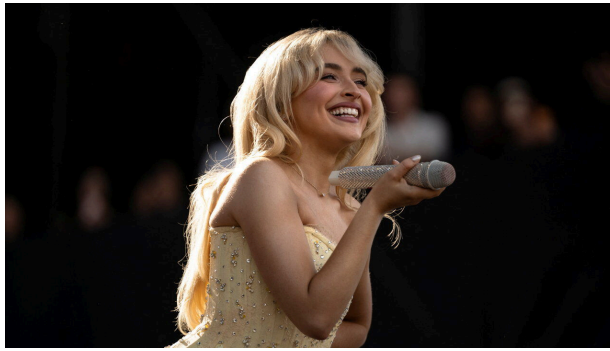
Photograph: AP

## A tough time to be a shopaholic

On Friday a tariff exemption that benefits America's online shoppers ended. Last year 1.36bn packages entered America under the *de minimis* rule, which exempts from duties shipments worth \$800 or less. That has been a boon to buyers of fast fashion and cheap electronics. But the White House alleged that fentanyl smugglers take advantage of the scant scrutiny given to *de minimis* packages.

The Trump administration ended *de minimis* treatment of goods from China in May, forcing Chinese e-retailers like [Shein](#) or [Temu](#) to adjust quickly. Now the government is ending the waiver entirely. Shoppers will lose out as new duties push up prices. Retailers are already warning customers. The rule change will add to the impact from Donald Trump's other tariffs, which are [beginning to show up](#) in higher prices for consumer goods.





Photograph: Reuters

## Sabrina Carpenter thrives on flirt

Few events in pop recently have created more hubbub than Sabrina Carpenter's new album, "Man's Best Friend". It arrives on Friday, almost exactly a year after "Short And Sweet", from which three songs ranked in the top five of the *Billboard* chart in America simultaneously—a feat previously managed only by The Beatles. The lead single, "Manchild", has already topped charts on both sides of the Atlantic.

But it isn't just Ms Carpenter's [effervescent melodies and sultry lyrics](#) that have caused the excitement. Rather, it's the cover photograph of Ms Carpenter kneeling before a male figure who grasps her hair, drawing comparisons with the fictional LP "Smell The Glove", from cult rock spoof "This Is Spinal Tap". Some dismiss the cover as regressive, and Ms Carpenter's sexualised self-image as inappropriate. But the former child television star is following a tested route of others, from Britney Spears to her contemporary Olivia Rodrigo, of taking pains to shake off a once wholesome image.





Illustration: The Economist

## Daily quiz

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 BST on Friday to [\[email protected\]](#). We'll pick randomly from those with the right answers and crown three winners on Saturday.

**Friday:** Which dating app, in its original form, required women rather than men to make the first contact in opposite-sex pairings?

**Thursday:** In America, Amazon allows some users to select what delivery option if the item weighs five pounds or less?



Illustration: The Economist

## The winners of this week's crossword

Thank you to everyone who took part in our weekly crossword, published in the weekend edition of Espresso. The winners, chosen at random, were:

**Teemu Riipi**, Helsinki, Finland

**Betty McIntosh**, Toronto, Canada

**Abhishek Goel**, New Delhi, India

They all gave the correct answers of c-suite, Siren, Gazump and Cloud-seeding.

*How strangely do we diminish a thing as soon as we try to express it in words.*

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***Maurice Maeterlinck***