

WORLD

Tariffs largely failed to curb reliance on China: Report

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The United States has failed to significantly reduce its dependence on Chinese goods and services through tariffs, according to a new report from the Peterson Institute for International Economics.

Previous PIIIE data showed China's share of US imports fell from about 22 percent in 2017 to 9 percent last year. The research also estimated that Chinese exports to the US fell 60 percent since President Donald Trump started imposing tariffs on Chinese goods in his first term.

The latest report found that the actual drop in exports arriving in the US was only about 2 percent when factoring in indirect imports.

"Basically, this decoupling is not happening," said Mary Lovely, senior fellow at PIIIE, in an online discussion last week about a report released in August that she coauthored with her fellow researcher Christine Wan.

The study looked beyond direct imports from China and collected data on Chinese components in products exported to the US from third countries.

Lovely explained that the conclusion of the report was that the tariffs, as "this very blunt instrument", did not meaningfully reduce trade coming into the US from China.

The conclusion refutes claims by the US administration that goods have been shipped through a third country to dodge tariffs — a process called transshipment. Rather, third countries like Vietnam and Mexico are value-added "connectors" that use Chinese content or components, according to the report.

The White House claimed that \$40 billion to \$303 billion in Chinese goods came to the US through transshipment annually, but Lovely said this lacked an "empirical basis".

"Chinese content coming into the US indirectly has really increased as an overall share of what we consume from China," Lovely said. "About a quarter of what we consume from China is coming in indirectly."

The figures may even be undercounted, Lovely said, because Chi-

nese-owned factories are involved in some of those third-country operations via China's outward FDI.

Lovely said their research showed other countries' supply chains are not changing like those of the US, and that the tariffs subject US companies to higher costs compared to Germany, Japan and other G7 countries.

"Why do I say higher costs? Well, because these work-arounds actually raise costs for American companies," Lovely said. "Much of what we import from China is intermediate inputs that are used in American factories and for American manufacturing."

As a result, the supply chains that serve the US "are becoming increasingly idiosyncratic, isolated, higher cost, less transparent", not conducive to US competitiveness as well as economic security, she pointed out.

The blanket tariffs on almost all countries imposed during Trump's second term "mean that this impetus that firms have to move away from China is much reduced," she said.

In fact, some companies that left China due to the US tariff policy are heading back to China, a recent report by Reuters said.

"While there is not yet hard data showing how much sourcing is returning to China, some buyers who shifted production elsewhere said they are keeping or restoring Chinese suppliers because factories abroad struggle to match their skilled labor, supplier networks and reliable power," the agency reported.

Reuters reported that super-market chain Target has moved some orders back to Chinese suppliers "citing supply-chain disruptions and production constraints".

The US administration's other tools — Agreements on Reciprocal Trade, or ART, and new customs rules — pressure other countries to align with US trade preferences, but they have yet to be ratified by other countries or codified in US law, and could evaporate quickly.

Such maneuvers often meet with resistance, as demonstrated by the recent trade friction with Canada, which, even without an ART, viewed a series of requests from the US as an impingement on its sovereignty, Lovely said.

Air lifeline



Norlia, 49, reacts as she receives oxygen through a nasal cannula provided by volunteers from Oxygen House amid wildfire haze in Kubu Raya, West Kalimantan Province, Indonesia, on Monday.

AJENG DINAR ULFIANA / REUTERS

Top court rejects mail ballot restrictions ahead of midterms

WASHINGTON — The US Supreme Court on Monday rejected President Donald Trump's bid to restrict mail ballots for the midterm elections, capping a flurry of last-minute legal action with voting already underway.

The decision allows states to continue sending out mail ballots under the same processes they've used for years and that have accounted for nearly a third of votes cast.

It represented a stark defeat for Trump on an issue he consistently has emphasized as vital to ensuring election integrity even though there is virtually no evidence of fraud with mail ballots.

The Supreme Court majority wrote that the administration's push to implement the restrictions this year is likely to lose in court, though the brief emergency order didn't detail its reasoning. Two justices, Samuel Alito and Clarence Thomas, publicly dissented.

The administration had asked the justices — once again at the center of a roiling political controversy — to clear the way for restrictions before the pivotal November contests for control of Congress.

Alito wrote in his dissent that the Postal Service "has broad authority to regulate the mail" and likely does have the power to enforce Trump's restrictions.

Justice Brett Kavanaugh, meanwhile, agreed that the restrictions should not go into effect for the midterms but indicated he might rule in favor of the Trump administration if the issue comes back before the court at a later time.

Election officials have said there was simply no way to carry out a complete overhaul in the weeks before the midterms. Indeed, Alabama, North Carolina and Wisconsin began sending mail ballots to voters over the past week while the new system was still not active.



Protesters attend a rally near the US embassy in Seoul on Tuesday against the possible deployment of South Korean troops to the Strait of Hormuz and a US demand for the deployment. AHN YOUNG-JOON / AP

Middle East tensions rise amid fresh strikes

Region on edge as Houthis attack Saudi targets, while shipping woes continue

By **JAN YUMUL** in Hong Kong
and **CUI HAIPEI** in Dubai, UAE

Sustained tensions in the Middle East kept the region on edge on Tuesday as Yemen's Houthis and the Saudi Arabian-backed forces traded strikes overnight, while a super oil tanker caught fire as it attempted to cross a "forbidden" route in the Strait of Hormuz.

The incidents prompted Saudi Arabia's General Directorate of Civil Defense to issue alerts about "potential danger" in the cities of Khamis Mushait and Abha on Tuesday, but the agency announced minutes later that the danger had passed. Other areas where alerts were issued included Jeddah, Taif, Jazan, Yanbu and AlUla.

The Saudi-led coalition supporting Yemen's internationally backed government said on Tuesday that 13 civilians were injured in what they claimed were Houthi attacks on civilian targets in Saudi Arabia on Monday using ballistic missiles and drones, according to Turki Al-Malki, spokesman for the coalition, who added that the attacks also damaged seven houses and two vehicles.

Al-Malki said the coalition's joint forces command would respond to the attacks "responsibly and firmly" to protect Saudi sovereignty and deter the Houthis, as he described their approach as "hostile and extreme".

On Monday, the Houthi group said it had launched dozens of ballistic missiles and drones at King Khalid Air Base in Khamis Mushait in southwestern Saudi Arabia, saying it was in retaliation for more than 300 Saudi airstrikes

that they said had targeted Houthi-controlled areas in Yemen in recent days.

The United Nations said that more than 100,000 people have been displaced by escalating fighting in Yemen in recent days, with many forced to flee for the second or third time.

The UN Security Council was expected to meet on Tuesday after the Houthis seized control of the Red Sea coast and the Bab al-Mandeb Strait last week, multiple media outlets reported, citing diplomatic sources.

Vital waterways

The Bab al-Mandeb, a shipping waterway that links Europe and Asia via the Red Sea, has become increasingly vital as the United States and Iran wrestle over control of the Strait of Hormuz.

Gokhan Erel, an assistant professor in the Department of Political Science and International Relations at Ibn Haldun University in Turkiye, told China Daily that the tactics employed by the Houthis, which are maritime harassment, drone warfare and most importantly asymmetric pressure, are not inherently new to the equation.

Iran and the Houthis "operate in a complementary partnership based on converging interests", he said.

Meanwhile, the navy of Iran's Islamic Revolutionary Guard Corps said on Monday evening that the supertanker *El Gaia*, which was attempting to traverse a restricted zone south of the Strait of Hormuz, exploded after hitting naval mines, Mehr News Agency reported.

Efforts to contain the fire proved unsuccessful, leaving the entire

tanker engulfed in flames, according to the report, which noted that warnings about the risks of the illegal route had been issued previously. The IRGC insists the strait is blocked and remains under its smart surveillance and control.

But the US Central Command rejected the IRGC claims as "false". CENTCOM said the Panama-flagged oil tanker *El Gaia* was struck by an Iranian missile last month and rendered inoperable.

Also, the IRGC said it intercepted and destroyed a fourth MQ-1 drone in several days, over the eastern Strait of Hormuz using its new advanced aerospace air defense system on Tuesday. No further details on the drone's mission or origin were immediately provided.

US President Donald Trump said he is "open" to the "concept" of negotiating a deal with Iran, but also said he "will determine whether or not the (US) will choose to engage". Mohsen Rezaei, the secretary of Iran's Supreme National Security Council, rejected the "mixed" signals from Trump.

"Don't get distracted by the US president's mixed signals — from 'no negotiations' to 'we're ready to talk'. The stakes around oil and the straits have changed. Damage control won't stop what's coming. No talks until Iran's conditions are met. Period!" wrote Rezaei in a post on X.

Meanwhile, South Korean civic groups marched through central Seoul to oppose a possible deployment of South Korean forces to the Strait of Hormuz.

The groups expressed concern after the Defense Ministry recently sent a fact-finding delegation to the United Arab Emirates to examine conditions related to a possible South Korean deployment.

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Briefly

CHINA

Brazil president's special adviser to pay visit

Chinese Foreign Minister Wang Yi will meet with Celso Amorim, special adviser to the Brazilian president, Foreign Ministry spokesman Guo Jiakun announced on Tuesday. Amorim will begin his two-day visit to China on Wednesday, Guo said.

Foreign minister to talk with Iran counterpart

Iranian Foreign Minister Seyyed Abbas Araghchi will make a visit to China on Wednesday, and Foreign Minister Wang Yi will hold talks with him, Beijing announced on Tuesday.

GERMANY

Investment in China surges in H1: Analysis

German companies increased their investment in China by around a third in the first half of 2026, while investment in the United States plunged 65 percent, according to analysis by the German Economic Institute. German companies' direct investment in China increased by around 5.6 billion euros (\$6.5 billion) in the first six months of the year, about a third more compared with the same period last year, the institute said in a report on Monday, citing data from the German central bank.

JAPAN

Takaichi to reshuffle LDP leadership

Japanese Prime Minister Sanae Takaichi, who also heads the ruling Liberal Democratic Party, announced Tuesday that she will reshuffle the party's executive lineup on Wednesday and her cabinet on Thursday, Jiji Press reported. The announcement was made at a meeting of LDP executives held at the party's headquarters in Tokyo.

UNITED STATES

Ukraine, Russia to avoid energy sites: Trump

US President Donald Trump said on Monday that Ukraine and Russia had agreed not to target each other's energy facilities, a day after he chastised Kyiv for hitting Russian oil refineries. "Ukraine has agreed not to hit Russian energy targets. Russia has agreed to do, likewise!" Trump said on his Truth Social network. The Ukrainian presidency declined to comment and the Kremlin welcomed Trump's "good idea" for a truce on striking energy infrastructure. Trump's claim comes as oil prices continue to soar, raising US fuel costs and inflation just weeks before crunch US midterm elections.

SERBIA

Vucic says he will submit resignation on Sept 27

Serbian President Aleksandar Vucic said on Monday that he would submit his resignation on Sept 27 and then campaign as an ordinary citizen for prime minister during the Balkan state's snap parliamentary elections scheduled for Oct 25. Vucic made the remarks when appearing on the Serbian broadcaster Pink TV.

CHINA DAILY—XINHUA—AGENCIES

Raising safety awareness



Members of the "Clown Me In" group perform for schoolchildren to raise awareness about the dangers of land mines and unexploded ordnance, during an event organized by the International Committee of the Red Cross in southern Lebanon, on Monday. HASSAN AMMAR / AP

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