



By: Daniel Lacalle

# The real threat to global trade—the BRICS



According to the 2023 International Trade Barrier Index (TBI), the countries that **ranked** the worst for imposing the highest trade barriers were India, Russia, and Indonesia. The index, which ranks eighty-eight nations affecting 72% of the world population and 96% of the global GDP, highlights some interesting facts:

The countries with the worst tariff scores are India, Russia, Indonesia, Thailand, and Egypt. China and Brazil also ranked poorly, placing 77th and 79th overall in the TBI.

South Asia as a region had the highest trade barriers, with little variation among its countries. Thus, the BRICS that some analysts love so dearly are the global leaders in tariffs and trade barriers.

The United States fell from the 51st place to the 65th during the Biden administration.

There is an important lesson to be learnt from this information. For decades, the West has opened trade to the world and trade barriers have been lifted, leading to an unprecedented improvement in access to goods and services and making everyone richer in the process. The development of free trade has helped many nations lift millions of citizens out of poverty.

No one denies the powerful good that free trade brings to the world. However, some nations have built barriers while the world was opening and, instead of joining the world in open trade, they have become a group that is trying to build a strategic alliance exempt from free and open markets, the BRICS.

## An alliance of protectionism

It is evident that these BRICS nations are not interested in open trade, free movement of capital and independent institutions. Furthermore, it seems that these nations are building an alliance of protectionism, financial repression and government intervention that is also financing dictatorships in Venezuela and Cuba and the rise of radicalism.

The world has developed into an enormous unfair trading system where the World Trade Organisation has failed to implement effective measures to combat the rising protectionism of the BRICS. Furthermore, “free trade” seems to mean “export freely to the U.S. but limit U.S. imports as much as possible”.

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In the case of the European Union, trade barriers and tariffs have been disguised under the environmental and regulatory umbrella. The European Union presents itself as a leader in free trade but places such insane demands on imports that makes it almost impossible to talk about a level playing field.

President Trump’s tariff **response** to some of its global trading partners comes from the relevant challenges affecting trade and security for the United States.

The U.S. goods and services trade deficit for 2023 was \$773.4 billion and is expected to reach \$900 billion in 2025. The United States recorded a record-high current account deficit of \$310.9 billion in the third quarter of 2024, according to the Bureau of Economic Activity.

## Unfair imbalances and security costs

The Trump tariffs are focused on correcting some of the current unfair imbalances and security costs, including drug smuggling and people trafficking in the case of Mexico and Canada. Therefore, one could call these measures “tariffs for fair and free trade”.

The Committee for a Responsible Federal Budget states that President Trump has announced a 10 per cent tariff on all imports from China and a 25 per cent tariff on imports

from Mexico and Canada starting on 1 February.



*Today, there is no free trade. There is a free ride for increasingly interventionist nations - Daniel Lacalle*

Assuming these are minimum tariffs, they estimate these policies would increase revenue by about \$140 billion over 2025 and, if made permanent, they would raise \$1.5 trillion through Fiscal Year (FY) 2035.

As a libertarian, I do not like tariffs. I defend free trade. But today, there is no free trade. There is a free ride for increasingly interventionist nations. What we need in an increasingly polarised world is free trade but also freedom of capital and civil liberties.

## The Achilles heel of the BRICS

Interventionist and autocratic governments are using the current free trade system to undermine civil liberties and destroy Western economies.

Reality has shown that governments simply do not want free trade, they want a free ride on exports to the U.S. that will provide them with billions of US dollars in reserves and stabilise their countries' weak currencies.

President Trump has found the Achilles heel of the BRICS and America's neighbouring nations. They need US dollars to maintain their weakening currencies and stabilise their financial systems, but neighbours do not want to invest in border security, and others reject independent institutions, democracy, free

speech and open markets.

## Tariffs are not a threat to free trade. The BRICS are the threat

These nations cannot have free trade and no tariffs when they impose capital controls and financial and civil liberty restrictions on their citizens.

President Trump's tariffs are more than a weapon against the protectionism of others, they are a weapon against the lack of border security and threats to freedom coming from nations that love to sell to American consumers while they finance the destruction of America's freedoms.

Tariffs are not a threat to free trade. The BRICS are the threat. A threat to freedom that is coming from those that use open trade to finance autocracy.