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The Impact of Trump's Tariff Policies on the Economic Stability and Trade Flows of BRICS+: A Comparative Analysis.

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Abstract - *This study analyzes the stock market reactions of BRICS+ countries to President Donald Trump's announcement of a tariff policy delay on April 9, 2025. Using an event study approach in a 10-day window (D-5 and D+5 from the event), the study evaluates the abnormal returns on the stock indices of eight BRICS+ countries using the Wilcoxon test, since the data are not normally distributed. The results show that only Russia on D+2 and India on D+3 experienced significant changes after the announcement. The impact in Russia was due to its high dependence on energy exports, while India was affected through pressure on the diamond industry due to tariff uncertainty. This reflects a semi-strong form of inefficiency in both markets. In contrast, the stock markets of Brazil, China, South Africa, Egypt, Indonesia, and Saudi Arabia did not show significant reactions, indicating the presence of structural factors that affect the level of efficiency of each market. These findings confirm that global trade policies have an asymmetrical impact on emerging markets.*

Keywords - *BRICS+, tariff delay, market efficiency, event study, abnormal Return*

I. INTRODUCTION

BRICS+ is an intergovernmental organization comprising ten member countries: Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, Indonesia, and the United Arab Emirates[1]. This group represents an emerging economic power that seeks to serve as a counterbalance to the dominance of Western countries in the global economic order [2]. On April 2, 2025, President Donald Trump announced a high import tariff policy aimed at rebalancing the United States economy. The imposition of high tariffs prompted negotiations with various trading partners, ultimately resulting in a 90-day postponement of the policy's implementation, from April 9 to July 8, 2025 [2]. This delay has the potential to affect global stock market volatility, particularly in the equity markets of BRICS member countries, as illustrated in the BRICS Countries' Stock Market diagram.

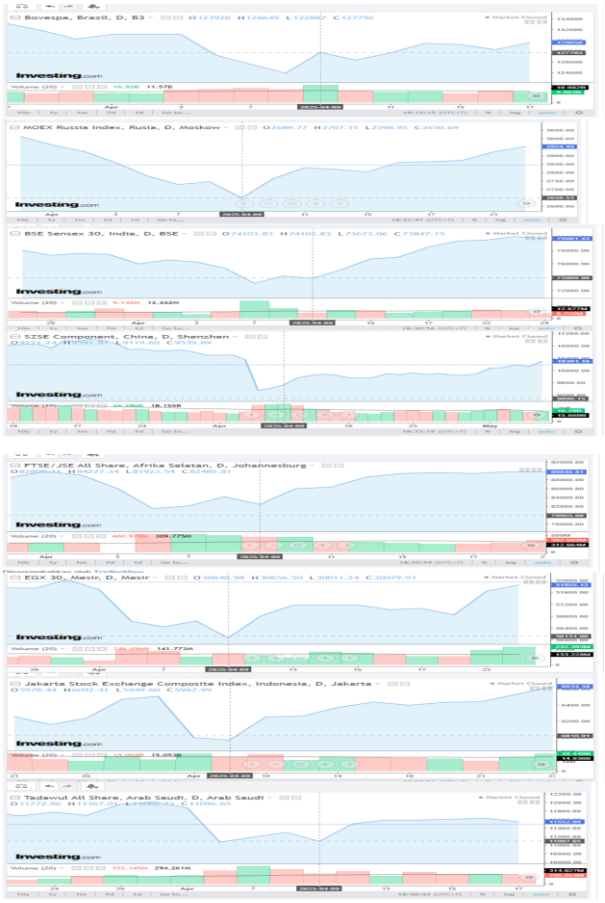

Figure 1 Market Reactions to Trump's Tariff Delay Announcement

Figure 1 shows that some countries responded negatively (India, South Africa, Egypt, Indonesia, Saudi Arabia), while others responded positively (Brazil, Russia, China). This study aims to determine whether there are changes in the stock markets of the BRICS+ countries (Russia, India, China, South Africa, Egypt, Indonesia, and Saudi Arabia) to the announcement of the postponement of Trump's tariff policy.

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II. LITERATURE REVIEW

Fama's Efficient Market Hypothesis (EMH) states that security prices fully reflect all available information and encompasses three levels of market efficiency. The first level is weak-form efficiency, where prices fully absorb historical information, making technical analysis ineffective because price movements follow random patterns. The second level, semi-strong-form efficiency, states that prices not only reflect historical data but also quickly adjust to all new public information, making it difficult for fundamental analysis to produce consistent abnormal returns. The highest level is strong-form efficiency as an ideal condition where prices reflect all information, including private information, although in practice, this condition is difficult to achieve because empirical evidence shows that insider trading can still generate abnormal profits[3].

Market reaction refers to the response of security prices to new information entering the market. According to Fama (1970), in an efficient market, prices will adjust quickly and fully to new information[3]. On the other hand, information overload can create reaction delays for complex information[4]. In the digital era, stock prices reflect macro information. Stock price movements are unpredictable because they reflect all available information. If the market is efficient, stock prices only react to new or unexpected information, so their movements cannot be predicted from past data. As a result, technical and fundamental analyses cannot consistently beat the market[5].

Global markets meet the criteria for semi-strong efficiency, even during periods of high volatility such as the pandemic, when behavioral finance theory predicts greater inefficiencies. These markets can absorb macroeconomic information quickly during crises, strengthening the resilience of this form of efficiency. However, some markets remain less efficient due to structural factors[6]. In addition, strong-form efficiency is difficult to achieve due to three key factors: (1) information asymmetry allows market participants with exclusive data access (such as hedge funds) to consistently generate alpha of 4-6% per year; (2) regulatory constraints and high costs limit insider information arbitrage despite the existence of high-frequency trading (HFT); and (3) technological latency that shows a systematic advantage (10-15 milliseconds) for participants with the best infrastructure, evidences an uneven distribution of information[7]. However, it does not rule out the possibility of market anomalies.

The existence of market anomalies is compensation for additional risks that have not been measured. Many reported anomalies may be just the result of data mining and will disappear after being published[8]. Identified three categories of market anomalies. First, seasonal return anomalies such as the January Effect (high returns in January due to tax-loss selling and window dressing) and the Weekend Effect (negative returns Friday-Monday due to differences in information accumulation and liquidity). Second, firm characteristic anomalies, including the size effect (high returns on small stocks) and the value effect (high returns on high book-to-market stocks), are not fully explained by the CAPM but by liquidity factors, analyst coverage, and behavioral biases. Third, corporate policy anomalies such as stock splits (post-split price increases due to signaling and liquidity) and gradual reactions to dividend announcements (underreaction) indicate market inefficiencies[9].

BRICS+ is more likely to be viewed as an analytical 'mirage' than a substantive entity. The group is valuable as a symbol of resistance to the West, not as a functional entity. While it embodies aspirations for multipolarity, BRICS+ lacks the economic or institutional foundations to be a coherent alternative block. The group's sustainability depends on its ability to manage internal differences and create more concrete mechanisms for cooperation[10] BRICS+ symbolically challenges Western hegemony, but its capabilities as a unified force are limited. The group functions more as an economic forum than a solid political or security block. The main challenges for BRICS+ lie in three areas: (1) internal reconciliation, (2) consolidation of a shared vision, and (3) transformation of economic power into real geopolitical influence. Despite its multipolarity concept, BRICS+ has not been able to develop into a true counterweight to the West[11]. BRICS+ is an economic group with an asymmetric level of integration, not a unified trading block. Although this integration can be enhanced through trade facilitation, efforts to create real integration remain hampered by two main factors: (1) China's dominance, and (2) member countries' dependence on external markets. These conditions make BRICS+ claim to economic unity more political than substantive[12].

BRICS+ is building an alternative financial system that is eroding Western dominance, though not replacing it entirely. Its viability as a counterweight depends on: (1) unifying member positions, (2) managing Chinese hegemony, and (3) providing a more inclusive governance model. Despite being a pioneer of the multipolar order, the group is still hampered by weak internal cohesion. BRICS+ is an economic group with an asymmetric level of integration, not a unified trading block. Although this integration can be enhanced through trade facilitation, efforts to create real integration remain hampered by two main factors: (1) China's dominance, and (2) member countries' dependence on external markets. These conditions make BRICS+ claim to economic unity more political than substantive[13]. This study aims to determine whether there are any changes at the time of the announcement of the postponement of Trump Tariffs on April 9, 2025.

H1. There was a difference in the Brazilian stock market 5 days before and 5 days after Trump's Tariff Delay Announcement

H2. There is a difference in the Russian stock market 5 days before and 5 days after Trump's Tariff Delay Announcement

H3. There is a difference in the Indian stock market 5 days before and 5 days after Trump's Tariff Delay Announcement
H4. There was a difference in the Chinese stock market 5 days before and 5 days after Trump's Tariff Delay Announcement
H5. There was a difference in the South African stock market 5 days before and 5 days after Trump's Tariff Delay Announcement
H6. There was a difference in the Egyptian stock market 5 days before and 5 days after Trump's Tariff Delay Announcement
H7. There is a difference in the Indonesian stock market 5 days before and 5 days after Trump's Tariff Delay Announcement
H8. There was a difference in the Saudi Arabian stock market 5 days before and 5 days after Trump's Tariff Delay Announcement

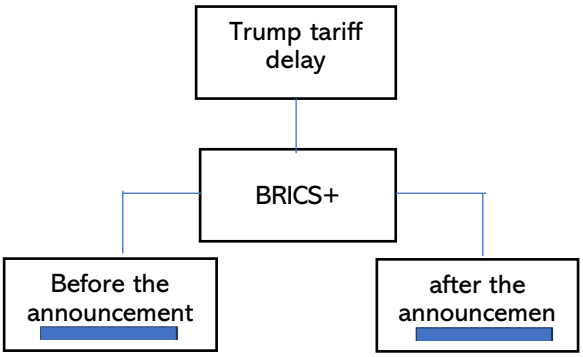

Figure 2 Research Framework

Country	Shapiro-Wilk		
	Statistic	df	sig
Brazil pre	0,879	5	0,306
Brazil post	0,917	5	0,512
Russia pre	0,885	5	0,331
Russia post	0,909	5	0,461
India pre	0,986	5	0,965
India post	0,889	5	0,351
China pre	0,692	5	0,008
China post	0,969	5	0,866
South Africa pre	0,943	5	0,685
South Africa post	0,876	5	0,292
Egypt pre	0,902	5	0,421
Egypt post	0,717	5	0,014
Indonesia pre	0,828	5	0,134
Indonesia post	0,918	5	0,515
Saudi Arabia pre	0,768	5	0,044
Saudi Arabia post	0,694	5	0,008

III. METHODOLOGY

The samples used in the study are the Bovespa index (Brazil), MOEX (Russia), BSESN (India), SZSE Component (China), FTSE/JSE All Share Index (South Africa), EGX30 (Egypt), IHSG (Indonesia), Tadawul All Share (Saudi Arabia). Observations were made using the Event Window method with an observation period of 10 days, divided into 5 days before and 5 days after the delay. The use of a 10-day window dressing aims to observe market changes before and after the tariff delay. This study aims to determine the differences in stock market reactions in BRICS+. Therefore, data analysis uses statistics with the paired t-test if the data is normal. However, because the data tested is not normal, the test is replaced with a non-parametric test (Wilcoxon). This study uses abnormal returns and expected returns.

Abnormal Return: The difference between the actual Return of a stock and the expected Return[3]

$$ARit = Rit - E(Rit)$$

Arit = Abnormal Return of security i in period t
Rit = Actual Return for security i in period t
E(Rit) = Expected Return of security i for event t

Expected Return is calculated using a market model, which relates the returns of investment assets [14]

$$E(Rit) = Rf + \beta i(E(Rm) - Rf)$$

E(Rit) = Expected return on security i in period t
Rf = Risk-free returns
βi = Asset sensitivity to the market
E(Rm) = Market return expectations

Actual Return is difficult to predict because asset prices reflect all available information[3]

$$AC = ((Pt - Pt\text{-}1) + Dt / Pt\text{-}1) \times 100\%$$

Pt = Asset price at period t
Pt-1 = Asset price at period t-1
Dt = Dividends/income other than assets in period t

IV. FINDINGS AND DISCUSSION

Table 1 Normality Test

Table 2 Wilcoxon Test

PAIRED	Z	Sig (2-tailed)
PAIR 1 (Brazil)	-1,214	0,225
PAIR 2 (Russia)	-2,023	**0,043***
PAIR 3 (India)	-1,753	**0,080****
PAIR 4 (China)	-1,483	0,138
PAIR 5 (South Africa)	-1,483	0,138
PAIR 6 (Egypt)	-1,214	0,225
PAIR 7 (Indonesia)	-0,674	0,500
PAIR 8 (Saudi Arabia)	-1,214	0,225

Source: * = t > 0,05
**** = t > 0,10**

Based on Table 2, it can be concluded that of the eight countries studied, only Russia and India showed significant changes between the periods before and after the policy intervention. This change refers to the difference in conditions before and after implementing tariff policies or similar interventions. The analysis yields significance values (Sig. 2-tailed) of 0.043* for Russia and 0.080** for India, falling below the critical thresholds of 0.05 to 0.10. This indicates statistically significant changes in these two countries. In contrast, other countries (Brazil, China, South Africa, Egypt, Indonesia, and Saudi Arabia) showed no significant differences, with significance values exceeding both 0.05 and 0.10 thresholds. Furthermore, the policy impact on Russia and India is evident beyond statistical calculations.

Russia has been hit hardest by its extreme dependence on energy exports. Oil and natural gas account for about 33% of federal government revenues, making state revenues vulnerable to commodity price fluctuations. The resulting drop in energy revenues has significantly damaged Russia's fiscal capacity, including its ability to finance its military operations in Ukraine[15]. These findings demonstrate that the Russian stock market does not reflect all available information directly, indicating semi-strong form inefficiency. This conclusion aligns with prior studies that have consistently characterized the Russian capital market as semi-strongly inefficient[16]

The diamond industry in Surat, Gujarat—the global hub for diamond cutting and polishing—has been among the hardest-hit sectors in India. The 10% tariff policy has eroded the sector's profitability, while a proposed additional 27% tariff hike threatens to significantly reduce export earnings. This development would severely undermine the competitiveness of Indian diamonds in the US market. Facing these pressures, industry leaders in Gujarat warn that full tariff implementation could slash export revenues by up to 50%, jeopardizing the livelihoods of tens of thousands of workers in Surat's diamond industry[17].

Table 3 Abnormal Return Changes in the ASIA region from the BRICS+ group

DAY	INDIA	CHINA	INDONESIA	SAUDI ARABIA
-5	-0,0099	-0,0020	-0,0099	0,0045
-4	0,0080	0,0039	0,0080	0,0047
-3	0,0134	0,0116	0,0134	0,0034
-2	-0,0021	-0,0147	-0,0021	0,0108
-1	0,0434	0,0288	0,0434	0,0389
1	-0,0858	-0,0129	-0,0858	0,0127
2	0,0024	-0,0950	0,0024	0,0135
3	0,0338	-0,0076	0,0338	-0,0672
4	0,0085	0,0074	0,0085	-0,0089
5	-0,0035	-0,0065	-0,0035	0,0030

Table 4 Abnormal Return Changes in Latin America, Africa, and Eurasia from the BRICS+ group

DAY	BRAZIL	RUSIA	SOUTH AFRICA	EGYPT
-5	-0,0052	0,0219	0,0014	-0,0021
-4	0,0004	-0,0030	0,0084	0,0030
-3	0,0158	-0,0016	0,0258	0,0031
-2	0,0125	0,0255	0,0036	0,0146
-1	-0,0093	0,0440	0,0416	0,0269
1	-0,0113	0,0081	0,0242	0,0093
2	-0,0112	-0,0169	0,0068	-0,0032
3	-0,0281	-0,0255	-0,0546	-0,0311
4	0,0016	-0,0211	-0,0351	-0,0074
5	0,0020	0,0020	-0,0006	0,0029

Tables 3 and 4**,** The analysis reveals that all BRICS+ nations experienced significant changes. The most substantial change occurred in Indonesia with an absolute value of 0.1292, while the smallest change was observed in Brazil with an absolute value of 0.0020. Figure 3 demonstrates that the Russian and Indian capital markets exhibit semi-strong form inefficiency characteristics *[16], [18]*as evidenced by significant changes at H+2. This finding is reinforced

by significant Wilcoxon non-parametric test results for both countries. Furthermore, these markets continued to decline post-H+2, while other BRICS+ stock markets had already recovered.

The empirical test results show that the financial markets in Russia and India efficiently incorporate public information, consistent with the semi-strong form of the Efficient Market Hypothesis (EMH). Russia responded to falling oil prices and Western sanctions due to its reliance on energy exports, while India was significantly affected by U.S. tariffs on its diamond industry. In contrast, other countries—including Brazil, China, South Africa, Egypt, Indonesia, and Saudi Arabia—exhibited no significant market reaction, which may be explained by high informal sector dominance, greater economic diversification, or limitations in market information systems and transparency. These findings indicate that the level of market efficiency in incorporating public information varies across countries and is strongly influenced by each economy's structural characteristics. Therefore, policymakers in Russia and India should prioritize export diversification, contingency trade agreements, and improved market transparency. For investors, the semi-strong form inefficiency observed in these two countries offers short-term opportunities for event-driven strategies. At the same time, other BRICS+ members, showing no significant reaction, require structural improvements in their information systems. Firms operating in the affected sectors in Russia and India should adopt adaptive strategies through hedging, market diversification, innovation, and value-added product development, while simultaneously building strategic relationships with governments and industry associations to lobby against adverse policies and strengthen both domestic and regional economic resilience.

V. CONCLUSION

The Trump administration's tariff delay policy (April 9, 2025) triggered price swings in BRICS+ markets. While six members (Brazil, China, South Africa, Egypt, Indonesia, and Saudi Arabia) showed relative market resilience, two countries showed significant impacts: (H2) Russia in D+2, due to its extreme dependence on energy exports (oil and gas account for 33% of state revenues), and (H3) India in D+3, particularly in the Surat, Gujarat diamond industry, which faced eroded export competitiveness to the US due to tariff uncertainty.

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