

The 2024 BRICS Expansion: Risks & Opportunities

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Comprehensive report on the risks and opportunities of the upcoming BRICS expansion - with a focus on commodities

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Executive Summary

The BRICS group, composed of Brazil, Russia, India, China, and South Africa, has made significant strides in its aim to foster trade and development since its inception in 2009. By January 1, 2024, six more nations – Argentina, Ethiopia, Egypt, Iran, Saudi Arabia, and the United Arab Emirates – will potentially be joining this group, further developing its trade capacity and prominence in global affairs.

A common characteristic of these potential members is the vast natural reserves they possess, poised to garner great commodity hegemony upon expansion. This report provides insight into the extent to which this commodity hegemony could grow and illustrates the significance of this expansion in terms of trade and development. In particular, our analysis addresses questions regarding the interests of the BRICS+ (the expanded BRICS) countries, the challenges and opportunities for the bloc itself, and the wider commodities sector in general.

The report is structured as follows: 1) the introduction will look at the politics of BRICS, the existing BRICS countries, their interests, and why they accepted or advocated for expansion, 2) the second section of this report will analyse the newcomer countries, why they were selected for BRICS+, how it benefits them, and what the implications for commodities would be, 3) the last section looks at the future prospects of the BRICS+ as a grouping, the concerns and conflicts that come with expansion, and the benefits that it will bring to the group.

The main findings are as follows:

Opportunities

- **Global influence:** With the enlargement of BRICS, the bloc could gain more influence on the international stage. Particularly in the field of trade, commodities, and the international monetary system we have identified potential implications that the enlargement could have.
- **Trade opportunities:** Though BRICS is not a free-market, bilateral (trade) agreements between BRICS countries are frequent and provide significant opportunities. Lots of potential new members (Argentina, Egypt, Iran, Ethiopia) are currently facing either economic crises or challenges and could benefit from potential new markets, inflows of capital, and access to credit.
- **Commodity diversity, resilience, and potential:** BRICS expansion would significantly enhance the group's diversity in commodity reserves – particularly in energy commodities such as natural gas, crude oil (Saudi Arabia, United Arab Emirates, Iran), and metals and minerals such as lithium (Argentina). This, potentially, could 1) contribute to the group's resilience in commodity supplies, and 2) attract investment in newcomer countries, particularly fostering mining industry projects. That is because BRICS will seek to increase investment in critical mineral supply chains among allies.
- **Trade routes and corridors:** Potential member states have strategic value in their geographical locations, extending the group's influence over and access to crucial trade corridors, namely the North-South Trade Corridor, the Suez Canal, and the Strait of Hormuz.

Challenges

- **Harder to reach consensus:** Enlargement brings more diverse viewpoints and opinions into the bloc, thereby complicating the process of reaching (multilateral) agreements.



- **Distancing itself from G7:** Countries that align with BRICS may strain diplomatic relations with Western (G7) nations. Even more so with the inclusion of Iran into the group, which gives more legitimacy to the Islamic Republic.
- **Trade in local currencies and oil trade:** With countries exploring trade in local currencies, challenges emerge for the existing trade dynamics dominated by the U.S. dollar – particularly in the field of oil. While oil market management remains under OPEC+ control, the expanded BRICS group, encompassing both oil and gas exporters and significant importers like China and India, could have long-term implications for energy markets. This enlarged group, resistant to the "price cap coalition" targeting Russia, shares an interest in creating mechanisms for commodity trade beyond the influence of the G7 financial sector.
- **Participation:** Not all members have confirmed their membership, and political changes in some nations have placed their participation in doubt. With the recent election of Javier Milei in Argentina, for example, announcements have already been made that the South American country would not join the bloc as planned.
- **Political strife between BRICS+ members** is a cause for concern. Pre-existing tensions between Saudi Arabia and Iran, and disputes between potential members Ethiopia and Egypt, could reduce collaborative efforts within the expanded group. The expansion itself also has been a source of conflict between member states, and many potential states did not receive an invitation due to these disagreements. China's willingness to invite Pakistan sparked tensions with India, and built onto the animosity between both nations, exacerbated by their recent border dispute.

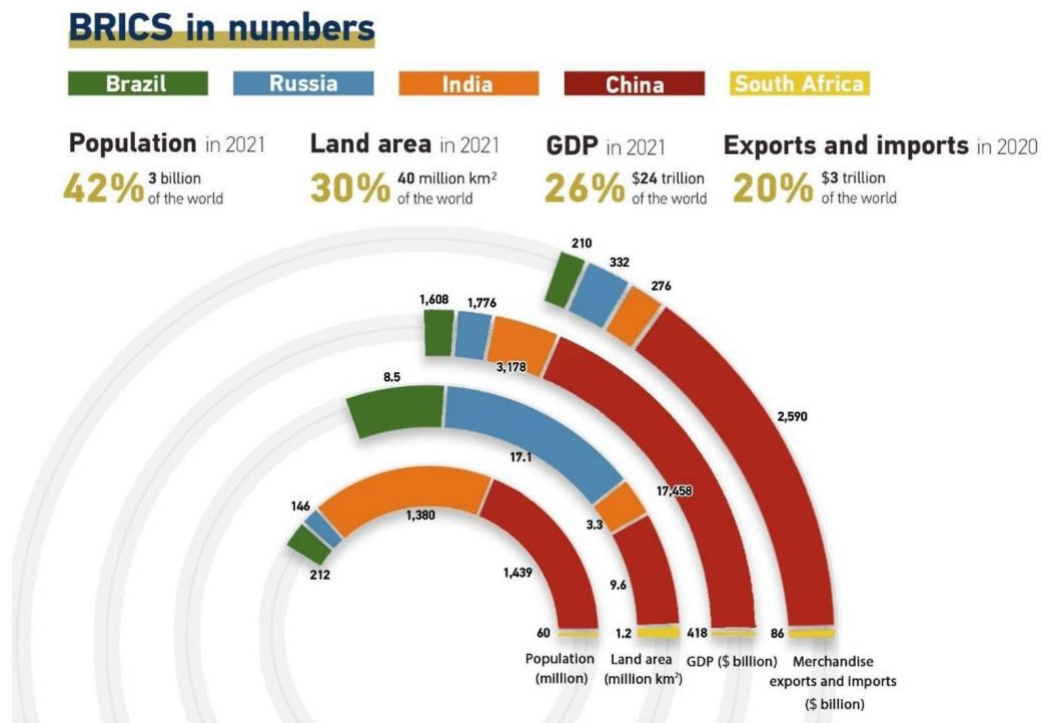


1. Introduction to BRICS

Ojus Sharma, Frank Stengs and Toribio Iriarte

BRICS, originally known as BRIC before the inclusion of South Africa in 2010, refers to a group of major emerging economies: Brazil, Russia, India, China, and South Africa. Coined by Goldman Sachs economist Jim O’Neill in 2001, the group was formalised in 2009 to seek a more democratic and multipolar world, based on the rule of international law, equality, cooperation, and the collective decision making of all states. It operates as an informal group, holding annual summits, with each country taking a rotating one-year chairmanship.

Despite its frequent summits and economic heft - the group represents 42% of the global population, contributes 26% to the global GDP, and holds a significant 20% share of global trade - the group has faced challenges in becoming a major player on the global diplomatic and economic stage. It lacks a permanent bureaucracy, clear agenda, or a structured organisation. In the economic domain, BRICS has made some progress, particularly with the New Development Bank (NDB) and the Contingent Reserve Arrangement. Yet, the impact of the institutions remains limited compared to more traditional (Western) financial institutions like the International Monetary Fund (IMF) and the World Bank. Moreover, calls for a new currency have so far remained hollow.



Depiction of BRICS' Current Role in the Global Economy



Source: Adebayo et al. (2023).¹

With its 15th summit in August 2023, however, the bloc gained increased attention. The main focus of the summit was on the potential enlargement of BRICS by admitting new members, with 22 aspirant countries and 20 more expressing interest. During the summit, it was announced that 6 countries - Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates - had been invited to join the group, with their official entry into the bloc set to take place in January 2024. As such, the BRICS bloc is set to become the BRICS+.

The expansion of BRICS has raised questions regarding the implications for international politics and economics. And while most analysts seem to agree that it means something significant, it remains unclear what exactly. This report, therefore, analyses the potential risks and opportunities of the expansion, with a particular focus on the commodities sector. Our analysis addresses questions regarding the interests of BRICS+ countries, the challenges and opportunities for the bloc itself, and the wider commodities sector in general.

The report is structured as follows: 1) the rest of the introduction will look at the existing BRICS countries, their interests, and why they accepted or advocated for expansion, 2) the second section of this report will analyse the newcomer countries, why they were selected for BRICS+, how it benefits them, and what the implications for commodities would be, 3) the last section looks at the future prospects of the BRICS+ as a grouping, the concerns and conflicts that come with expansion, and the benefits that it will bring.

1.1 China

China is a heavily criticised proponent of the BRICS expansion, accused on many occasions of seeking to create an ‘anti-West’ group.² As tensions with the West deteriorate, chiefly with the United States, many nations BRICS members clash with China in its expansion proposals.

Although fears of ulterior motives are prevalent, it is also evident that China stands to gain from the trade and investment opportunities that the expansion could provide. Strengthening its presence in the Global South is an ambition that will prove fruitful in China’s bid to expand its sphere of influence to key developing nations. China is already heavily invested in nations such as Argentina, and its desire to establish free trade among BRICS members could facilitate these initiatives.^{3 4}

On the bilateral front, China’s import-dependent economic model could receive a significant boost by securing steady inflows of essential commodities. The nation currently leads the world in demand for copper, having purchased 59% of total global copper imports in 2022⁵. Iran has made significant investments in copper-related activities, recently discovering a porphyry copper deposit that holds an

¹ Adebayo et al. (2023). “The potency of natural resources and trade globalisation in the ecological sustainability target for the BRICS economies”. Available [here](#).

² The Financial Times. (2023) “China urges Brics to become geopolitical rival to G7”. Available [here](#).

³ Bloomberg Línea. (2022). “China Increases Investment in Argentina, Eyes Lithium”. Available [here](#).

⁴ South China Morning Post. (2022). “China floats BRICS free-trade deal, while Russia’s Vladimir Putin calls for an alternative to US dollar”. Available [here](#).

⁵ TrendEconomy. (2023). “Copper Ores and Concentrates: Imports and Exports: 2022.” Available [here](#).



estimated 3 billion tonnes of copper ore.⁶ China also relies heavily on food imports, with recent deterioration in food sufficiency ratios raising concerns.⁷ The addition of oilseed and livestock-producing nations such as Ethiopia could provide opportunities for increased intergovernmental collaboration that could benefit both parties.⁸ The nation's energy transition bid could be supported by new opportunities for trade. Despite importing a record-breaking daily volume of 11.4 million barrels of crude oil in the first half of 2023, forecasts show China's oil demand waning in upcoming years.⁹¹⁰ Argentina's vast lithium resources could prove to be a pillar of the energy transition and could add to the group's commodity hegemony.¹¹

1.2 India

As founding member of BRICS, India has been instrumental in shaping the group's trajectory. The decision to embrace the expansion of BRICS reflects India's nuanced strategic outlook. The nation envisions the enlarged BRICS as a platform to reshape global cooperation, positioning itself as a vocal advocate for the Global South and a catalyst for global economic growth. The insistence on expansion through "full consultation and consensus"¹² among existing BRICS members underscores India's commitment to inclusivity in this strategic collaboration.

India's economic engagements within BRICS reveal a bilateral trade volume surpassing a staggering US \$310bn.¹³ As both an importer and producer of key commodities, India stands to benefit significantly from the expansion of BRICS. At the heart of India's trade lies the International North–South Transport Corridor (INSTC)¹⁴, a comprehensive connectivity project that links India to Central Asia, Europe, and the Middle East. This corridor serves as a crucial conduit for trade facilitation and amplifies the economic benefits of its engagement within BRICS. With the addition of Iran, a member in this corridor, India could enhance its trade capabilities and cooperative projects in the realm of lithium extraction.

Recent discoveries of substantial lithium deposits in India (5.9 million tonnes¹⁵) and Iran (8.5 million tonnes¹⁶) add to BRICS' commodity hegemony. India and Iran now rank 8th and 5th, respectively, in global lithium reserves. This discovery positions BRICS as a key player in the green transition, offering abundant

⁶ Bne IntelliNews. (2023). "Iran hails discovery of largest copper deposit in Middle East". Available [here](#).

⁷ Geopolitica.info. (2023). "China struggles to achieve food self-sufficiency" Available [here](#).

⁸ TradingEconomics. (2023). "Ethiopia Exports". Available [here](#).

⁹ U.S. Energy Information Administration. (2023). "China imported record volumes of crude oil in the first half of 2023". Available [here](#).

¹⁰ IEA. (2023). "Growth in global oil demand is set to slow significantly by 2028". Available [here](#).

¹¹ CNBC. (2023). "A new Chile? Argentina is at the epicenter of a new 'white gold' rush". Available [here](#).

¹² Majid, A. (2023). "Which Countries Are Willing to Join BRICS, What Is India's Position & How It Affects West: Explained.". Available [here](#).

¹³ Government of India - Ministry of Industry and Commerce - Department of Commerce. (2023). "Export Import Databank". Available [here](#).

¹⁴ ClearIAS Team. (2023). "International North–South Transport Corridor (INSTC)." Available [here](#).

¹⁵ The Times Of India (2023). "5.9 Million-Tonne Find in J&K Makes India 7th Largest Resource of Lithium in World.". Available [here](#).

¹⁶ CNBC. (2023). "Iran Says It's Discovered What Could Be the World's Second-Largest Lithium Deposit." Available [here](#).



resources crucial for the proliferation of renewable energy technologies. Argentina, part of the lithium triangle¹⁷ in South America, adds another layer to BRICS' potential role in shaping the green landscape.

While the collaborative endeavours on the International North–South Transport Corridor (INSTC) and the shared potential in lithium reserves present a promising foundation for strategic cooperation within BRICS, India's approach towards a common currency differs significantly¹⁸ from certain speculative reports. Unlike some revisionist states that perceive the liberal world order as a hindrance, India sees it as an instrument¹⁹ that can be calibrated to carve a unique position for itself. Contrary to advocating for a common currency union, especially with states that have been traditional competitors or adversaries like China²⁰, India aims to establish the Indian Rupee as a hard currency by 2030²¹. This strategic move reflects India's commitment to maintaining its economic autonomy and leveraging the existing global financial architecture to its advantage, rather than opting for more radical shifts in currency dynamics within the BRICS framework.

1.3 Brazil

Brazil's economy has benefited significantly from its membership, boasting a US \$130bn trade increase since 2009, with nearly 400 companies from member states operating in Brazil.²² This cooperation is set to increase significantly with the proposed expansion, namely through intensified investment and industry development. Bilateral trade and cooperation with Saudi Arabia could develop Brazil's rare minerals and metals mining sector. Saudi Arabia has already expressed interest in Brazil's infrastructure, technology, and renewable energy sector, with an expected US \$10bn²³ in investments being made in the following years. This could also help Brazil depart from its status as an exporter of primary goods, making use of foreign investment and cooperation with experienced foreign entities to develop its exports of value-added products.

The inclusion of new members could also be instrumental in Lula's attempts to balance positive relations with BRICS members and Western nations. Lula has firmly expressed²⁴ that BRICS does not seek to counter prominent countries and organisations, yet its polarising ties and postures on global conflicts have caused friction in bilateral relations, notably with the United States and the EU. Brazil's failure to impose economic sanctions on Russia stood among the most notable controversies, driving a wedge in ties with a host of current and potential trade partners. By increasing BRICS' trade prominence, Brazil could reinforce the proclaimed 'strictly economically cooperative' nature of the group, stifling current tensions.

¹⁷ Wilson Center. (2023). "Lithium Triangle Initiative." Available [here](#).

¹⁸ CNBC. (2023). "BRICS Summit: What Is the Debate over Common Currency: Explained." Available [here](#).

¹⁹ RAND. (2022). "India Upholds the Rules-Based Liberal International Order—but in Its Own Way". Available [here](#).

²⁰ Fortune. (2023). "A BRICS Currency Replacing the Dollar Is a 'ridiculous' Idea, Says the Top Economist Who Named the Group-Unless China and India Become Allies". Available [here](#).

²¹ Priyansh, V. (2023). "By around 2030, Indian Rupee Will Be a Global Hard Currency: Sanjeev Sanyal." Available [here](#).

²² Government of Brazil - Presidency of the Republic. (2023). "Speech by President of the Republic, Luiz Inácio Lula da Silva, during the BRICS Business Forum, in Johannesburg, South Africa". Available [here](#).

²³ BN Americas. (2023) "Brazil Looks to Attract Saudi Investments And Boost Two Way Trade". Available [here](#).

²⁴ Helms, K. (2023). "Brazil's President Says BRICS Not Seeking to Counter Us, G7, or G20 - Pushes for BRICS Currency". Available [here](#).



1.4 Russia

Against the backdrop of economic sanctions and international censure over its actions in Ukraine, Russia finds solace and strategic support within the BRICS framework. With the global community scrutinising Moscow's conduct, BRICS emerges as a crucial platform for Russia to counter perceptions of international isolation. The forum not only provides Moscow with an opportunity to display solidarity with fellow Global South nations but also allows President Putin to align Russian foreign policy with countries sharing similar perspectives. This alignment was particularly evident in Putin's Russia-Africa Summit speech, echoing themes from previous addresses, where he accused the United States and the West of promoting a rules-based system that hampers the political, economic, and military interests of many nations.

Putin's engagement with BRICS extends beyond rhetoric to pragmatic economic considerations. Faced with the fallout from the conflict in Ukraine and Western-led sanctions, Russia seeks to diversify its economic ties. Putin deflects blame for decisions such as exiting the Black Sea grain deal and instead proposes increased trade among Global South countries, a move aimed at mitigating the impact of sanctions on Russia's economy. Furthermore, Russia positions itself as a proponent of BRICS expansion, a strategic move to bolster the group's political and economic influence on the international stage, aligning with Putin's vision of a multipolar world order.

Russia's relations with the new BRICS members, including strong ties with Egypt, highlight the diverse nature of this coalition. While the motivations behind these alliances may vary, they collectively strengthen Russia's position within BRICS. The inclusion of countries like the UAE, Iran, and Saudi Arabia enhances the group's economic (and energy) leverage, aligning with Russia's goals to reduce dependency on the U.S. dollar and advance the objectives outlined in the Strategy for BRICS Economic Partnership 2025. As BRICS continues to evolve, Russia remains optimistic about its potential to shape global politics and economics in line with its vision for a more multipolar world.

1.5 South Africa

South Africa's engagement with BRICS reflects its commitment to fostering a more multilateral world order and redistributing power within the global economic architecture. The nation, guided by a foreign policy marked by scepticism towards Western dominance, perceives such dominance as encroaching upon its democratic national sovereignty. This sentiment was notably evident during the COVID-19 pandemic, with the ruling ANC party staunchly opposing IMF loans due to the stringent conditions attached.²⁵ And more recently, the economic repercussions of working with Russia, created by Western trade and investment partners, has prompted anger and accusations of bullying.

Despite this, South Africa maintains a complex relationship with the West, acknowledging its economic significance. The European Union and the United States collectively constitute over 33% of South African exports.²⁶ Moreover, Pretoria actively cultivates close ties with the West, exemplified by hosting the African Growth and Opportunity Act (AGOA) summit, demonstrating its commitment to discussing the future of programs facilitating tariff-free access to the U.S. market.²⁷ In this context, BRICS serves as a

²⁵ Reuters. (2020). "South Africa should not approach the IMF for help, ANC and allies say". Available [here](#).

²⁶ South African Revenue Service. (2023). "Cumulative Bilateral Trade by Country 2022". Available [here](#).

²⁷ Reuters. (2023). "South Africa to host US-Africa trade summit despite Russia spat". Available [here](#).



strategic counterbalance, providing South Africa with a platform for collective advocacy to create a fairer international economic system that addresses the concerns of the Global South.

The economic benefits of BRICS membership for South Africa, however, remain ambiguous. While the country houses the first regional office of the New Development Bank, the specific advantages derived from its BRICS affiliation are challenging to pinpoint. Increased trade with BRICS nations is often attributed more to China's economic growth than a cohesive BRICS mechanism.

Notwithstanding this uncertainty, expansion within BRICS presents both risks and opportunities for South Africa. Despite the potential dilution of its position within the group, the nation sees an expanded membership as an avenue for engaging in club diplomacy, balancing larger economies in the bloc. Expansion would also lead to a more forceful push for global economic reforms, and an amplification of the collective voice of the Global South.



2. The newcomers

This section looks at the countries that are set to join BRICS in 2024: Ethiopia, Egypt, Iran, Saudi Arabia, and the United Arab Emirates. Despite recent statements of the Milei government that Argentina would not join BRICS in 2024, this section will look at Argentina as well. For each country, the reason that they have been selected to BRICS+, the benefits, and the implications for commodities will be analysed.

2.1 Argentina

Julia Pollo

Argentina, as the second South American nation to join BRICS following Brazil, brings enhanced diversity to the group's commodities production and reserves - particularly in the field of agriculture and lithium. With a GDP of US \$632.8bn in 2022, Argentina stands as the second-largest economy in South America.²⁸ It holds the 48th position among global exporters, with agricultural products constituting over 50% of its total exports.^{29 30}

Commodity Market Overview:

Key export sectors include oilseed products (US \$28bn), cereals (US\$ 16.1bn), crude oil, natural gas, and petrochemical products (US \$9.3bn), automobiles (US \$8.7bn), beef (US \$5.7bn), and metals and minerals (US\$ 5.7bn).³¹ Noteworthy export destinations include Brazil (US \$11.2B), China (US \$5,93B), the United States (US \$4.55B), India (US \$4.19B) and Chile (US \$3.93B), with three of the five top importers belonging to BRICS.³²

Argentina possesses significant commodity potential, particularly in its lithium reserves, which stand as one of the nation's most valuable assets. Ranking as the second-largest producer in South America, Argentina was responsible for 4% of global lithium production in 2022. Remarkably, the country possesses reserves estimated at 106.5 million tonnes of lithium carbonate equivalent (LCE), constituting a significant 23.2% of the world's total reserves.³³ However, challenges stemming from economic instability and a shortage of technical expertise have slowed down progress in this sector.

²⁸ The World Bank. (2023). "GDP (current US\$) - Argentina". Available [here](#).

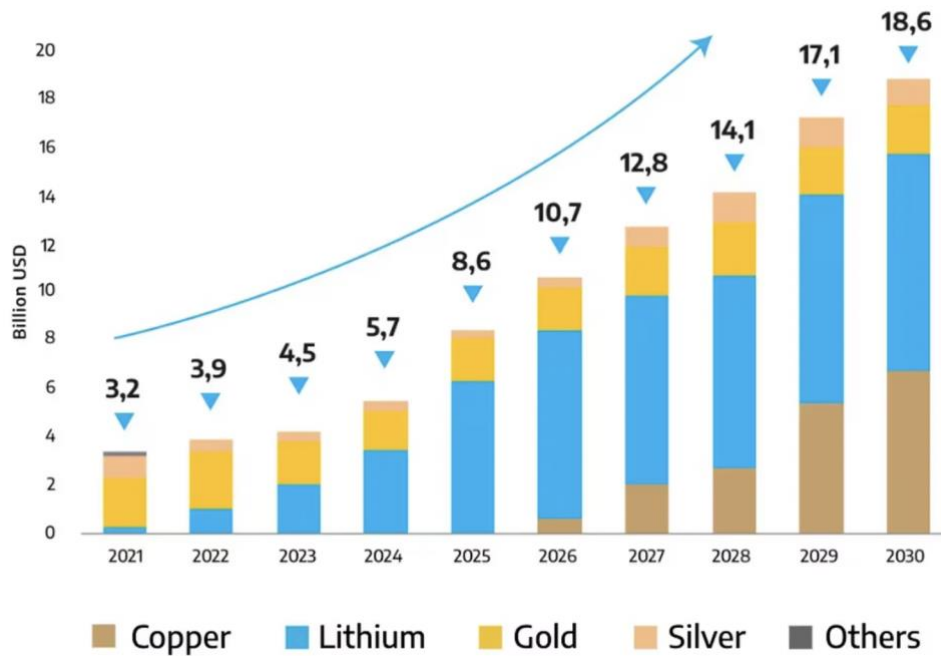
²⁹ The World Bank. (2023). "Exports of goods and services (BoP, current US\$)". Available [here](#).

³⁰ Instituto Nacional de Estadística y Censos. (2023). "Exportaciones por complejos exportadores, según estructura porcentual. Revisión 2018. Años 2019-2022". Available [here](#).

³¹ Instituto Nacional de Estadística y Censos. (2023). "Exportaciones por complejos exportadores. Revisión 2018. Años 2019-2022". Available [here](#).

³² The Observatory for Economic Complexity. (2023). "Argentina". Available [here](#).

³³ U.S. Geological Survey. (2023). "Mineral Commodity Summaries". Available [here](#).



Argentine Mineral Exports Forecasts for 2030

Source: Bloomberg Línea³⁴

Additionally, Argentina offers potential in its oil deposits. In this regard, the Vaca Muerta region emerges as a critical area. The shale formations in this region have the potential of extracting over 1 million barrels per day of crude oil in 2030, offering a substantial contribution to the primary goods sector.³⁵ However, potential hurdles such as infrastructure bottlenecks and a shortage of pipelines could hamper rapid progress.³⁶

Benefits of joining BRICS:

Joining BRICS presents a myriad of potential benefits for Argentina, particularly in the face of its current severe economic crisis, marked by a staggering 142.7% inflation rate in October 2023 and projections indicating a 2.8% contraction in the economy for 2023.³⁷³⁸ There is a lack of foreign currency reserves and an array of capital control, which hurts trade. Struggling with limited resources, Argentina is hindered

³⁴ Bloomberg Línea. (2023). "Argentina Poised to Be World's Third-Largest Lithium Producer by 2030, JPMorgan Says." Available [here](#).

³⁵ Reuters. (2023). "Argentina's Vaca Muerta could pump 1 million barrels per day of crude by 2030, Rystad says". Available [here](#).

³⁶ Reuters. (2023). "Argentina's Vaca Muerta could pump 1 million barrels per day of crude by 2030, Rystad says". Available [here](#).

³⁷ Instituto Nacional de Estadística y Censos. (2023). "Índice de precios al consumidor (IPC): Octubre de 2023". Available [here](#).

³⁸ Reuters. (2023). "Argentina braces for election with economy in 'intensive care'". Available [here](#).



in investing in untapped markets with growth potential. Its agriculture sector, for example, faces high taxes, despite recent reforms.³⁹

The BRICS expansion holds the potential to develop key sectors of Argentina's economy by potentially providing stable import sources, forging strategic partnerships, and by receiving investments to strengthen its commodity markets, both from bilateral relations and credit from the New Development Bank.⁴⁰ Moreover, in joining BRICS, Argentina could gain expertise from current leaders in the commodities sector.

Though uncertain because of Milei's recent election, the anticipated increase in bilateral trade⁴¹ and investment between China and Argentina holds promise for Argentina to secure resources, for example, to invest in new agricultural technologies - as China is a major importer of foodstuffs. Additionally, Argentina's strategic position in lithium production aligns with China's efforts to diversify its own lithium supply sources.⁴² As such, Argentina would be well positioned to receive additional investments from China that benefit its own economy.

For the bloc, Argentina's inclusion presents significant advantages as well, particularly in securing a robust lithium supply. Argentina, boasting the third-largest lithium reserves globally, is predicted to increase its share of the global lithium supply from 6% in 2021 to 16% by 2030, making it the second-largest lithium producer by 2027.⁴³ With 13 lithium projects in progress, more than any other country, Argentina's addition strengthens BRICS with three of the world's top five lithium producers, alongside China and Brazil.⁴⁴ This diversification enhances the bloc's strategic standing in the lithium market and facilitates collaboration on shared economic interests and technological advancements. Overall, Argentina's inclusion bolsters BRICS' global influence and resource resilience, particularly in the critical field of lithium production.

Risks of joining BRICS:

Argentina's potential alignment with BRICS and the denominated "emerging markets," often characterised by political and economic opposition to Western powers, poses a significant risk. Argentina, for example, could benefit from accessing the American EV battery market, which may become more challenging depending on the economic and political behaviour of the bloc.

Apart from the geopolitical alignment, Argentina could develop economic dependency on stronger members, such as China, due to excessive foreign investment. However, it is important to note that acquiring membership in this group does not automatically imply mandatory involvement in any projects, thus, the path followed by Argentina highly depends on the country's policy.

³⁹ Reuters. (2023). "Argentine farmers: Milei victory an opportunity for 'radical change' for grains sector". Available [here](#).

⁴⁰ Central Banking. (2023). "Argentina applying to join New Development Bank". Available [here](#).

⁴¹ Ministry of Foreign Affairs and Worship Argentine Republic. "New Boost to Strategic Relations with China." Ministry of Foreign Affairs and Worship Argentine Republic, 2023. Available [here](#).

⁴² The Wall Street Journal. (2023). "China's Risky Strategy to Control One-Third of the World's Lithium Supply". Available [here](#).

⁴³ S&P Global. (2023). "Argentina's lithium incentives push industry prospects above neighbors". Available [here](#).

⁴⁴ Bloomberg. (2022). "Hunt for Lithium Sparks Frantic Rush Into Argentine Mountains". Available [here](#).



The recent election of Javier Milei, for example, could drastically change the country's membership, as the president stated that "Argentina won't join BRICS as scheduled"⁴⁵. However, the incumbent's actions need to be analysed carefully, as he has already been softening his speech in an attempt to gain proximity to the parliament's centre-right wing. The proximity to other BRICS nations might present opportunities that are vital in a situation of economic distress, creating an unsteadily scenario of participation.

2.2 Ethiopia

Toribio Iriarte

Commodity Market Overview

Ethiopia is the second-most populated nation in Africa, boasting the continent's sixth largest⁴⁶ GDP (US \$111.27bn). Exports contribute 8.25% of the GDP (US \$10.45bn) at a current annual growth rate⁴⁷ of 6.1% as of 2022, consisting mainly of coffee (US \$1.16bn), gold (US \$860mn), and seed oils (US \$337mn).⁴⁸ Ethiopia has an import overreliance that has amounted to a first quarter trade deficit of US \$3.3bn⁴⁹, with an average deficit value of US \$2.5bn in the last 16 years. Most exports are destined for the United States, Saudi Arabia, Somalia, and Germany, while many of its imports are sourced from current BRICS members. Ethiopia's imports⁵⁰ consist of physical capital such as machinery, appliances, and nuclear reactors (9.72%–US \$1.6bn), vehicles (9.07%–US \$1.5bn), electrical machinery and equipment (8.21%–US \$1.35bn), and essential foodstuffs such as fats and oils (8.59%–US \$1.42bn) and cereals (8.13%–US \$1.34bn). Most imports are sourced⁵¹ from China (29%, or \$4.96bn), India (14.3%, or US \$2.36bn), and the United States (6.7%, or US \$1.1bn). Despite being among the largest economies in Africa, it ranks below many smaller African nations in GDP per capita. As of 2022, this metric was measured at US \$1020⁵², falling below the global average of US \$12,607⁵³, with 60%⁵⁴ of its population living in multidimensional poverty.

The nation's territory holds vast, untapped⁵⁵ natural resources. The gold extractive sector provides the most value to the Ethiopian economy, accounting for 10%⁵⁶ of export revenues in the last two decades. Total

⁴⁵ AP News. (2023). "Argentina won't join BRICS as scheduled, says member of Milei's transition team". Available [here](#).

⁴⁶ World Population Review. (2023). "Richest African Countries 2023." Richest African countries 2023, 2023. Available [here](#).

⁴⁷ Addis Standard. (2023). "News: IMF Forecasts Ethiopia GDP to Grow at Lower Rate Compared to Gov't Figures." Available [here](#).

⁴⁸ The Observatory for Economic Complexity. (2023). "Ethiopia". Available [here](#).

⁴⁹ Trading Economics. "Ethiopia Balance of Trade." Trading Economics, 2023. Available [here](#).

⁵⁰ The Global Economy. (2021). "Ethiopia Gasoline Consumption". Available [here](#).

⁵¹ TrendEconomy. (2023). "Ethiopia: Imports and Exports: World: All Commodities: Value (US\$) and Value Growth, Yoy (%): 2011 - 2022.". Available [here](#).

⁵² World Bank. (2023). "The World Bank in Ethiopia: Overview.". Available [here](#).

⁵³ MacroTrends. (2023). "World GDP per Capita 1960-2023.". Available [here](#).

⁵⁴ Eshetu, Fasil, Jema Haji, Mengistu Ketema, and Abule Mehare. (2022) "Determinants of Rural Multidimensional Poverty of Households in Southern Ethiopia.". Available [here](#).

⁵⁵ The Ministry of Mines and Petroleum. (2023). "Overview of Ethiopia's Mining Sector.". Available [here](#).

⁵⁶ Lemma, Yared Tenkir. (2022). "Impact of Gold Export on Economic Growth in Ethiopia Using ARDL Approach ...". Available [here](#).



gold reserves are estimated at around 200 metric tonnes⁵⁷, grossing US \$560mn⁵⁸ in exports in the 2021–2022 fiscal year. Gold made up nearly 100%⁵⁹ of mining exports in 2015 and has held a similar prominence in recent years. Many reserves are yet to be exploited, with various locations showing promising reserve potential. Recently, Akobo Minerals announced⁶⁰ the discovery of their third gold deposit in Segele. The nation is also rich in iron ore and carbon, holding an estimated 70 million⁶¹ and 430⁶² million metric tonnes in reserves, respectively. Recent explorations in the region of Ogaden have also found over 7 trillion⁶³ cubic feet of natural gas.

Benefits for Ethiopia:

Despite being in the coveted Horn of Africa, a strategic region with a myriad of trade corridors, Ethiopia's land-locked nature and poor infrastructure severely limit its trade capacities. The Ethiopian government has recently requested a US \$300mn loan⁶⁴ from the World Bank to develop rural roads to connect 80% of its population living in rural areas. Although the World Bank has been a key financing agent in the past two decades, various infrastructure projects still require funds that the indebted Ethiopian government is unable to provide.

The Ethiopian government has developed a ten-year development plan⁶⁵ to foster agricultural production, mining, manufacturing, and technology development. Set to conclude in 2030, the government seeks to incentivise private sector participation through infrastructural and regulatory reforms. Parallel to this project, Ethiopia's 2050 transport master plan works towards connecting the infrastructure-deficient nation, connecting arable land and natural resource hotspots to its vast nation and trade corridors.⁶⁶ This ambitious plan seeks to mitigate the current food insecurity crisis and increase the nation's primary and manufactured goods production, and it bears a cost of 3.04 trillion birr⁶⁷ (US \$54bn). Access to the New Development Bank, whose largest shareholder is China, could provide loans and credits for these private and public sector initiatives. These ambitious plans could benefit from steady foreign investment and cooperation with foreign entities, ensuring a steady inflow of capital, machinery, and expertise.

⁵⁷ Casey, JP. "A New Golden Age: Inside Ethiopian Mining." *Mining Technology*, February 17, 2022. Available [here](#).

⁵⁸ The Independent. "Ethiopia Earns over \$560 Million from Gold Exports in 2021/2022 Fiscal Year." *The Independent*, September 8, 2022. Available [here](#).

⁵⁹ World Bank Group. "Can Ethiopia's Resource Wealth Contribute to Its Growth and Transformation?" World Bank, January 26, 2015. Available [here](#).

⁶⁰ Bulbulia, Tasneem. "Akobo Minerals Makes Third Gold Discovery at Ethiopia Project." *Mining Weekly*, December 15, 2023. Available [here](#).

⁶¹ Africa Business Communities. "Ethiopia Possesses 70 Million Tons of Iron Ore Deposit." *Africa Business Communities*, March 18, 2014. Available [here](#).

⁶² Trading Economics. "Ethiopia Balance of Trade." *Trading Economics*, 2023. Available [here](#).

⁶³ Anyango, Anita. "Ethiopia Discovers 7 Trillion Cubic Feet of Natural Gas in Ogaden." *Pumps Africa*, August 28, 2022. Available [here](#).

⁶⁴ Reuters. "Ethiopia, World Bank Agree \$300 Million Grant for Reconstruction." *Reuters*, May 17, 2022. Available [here](#).

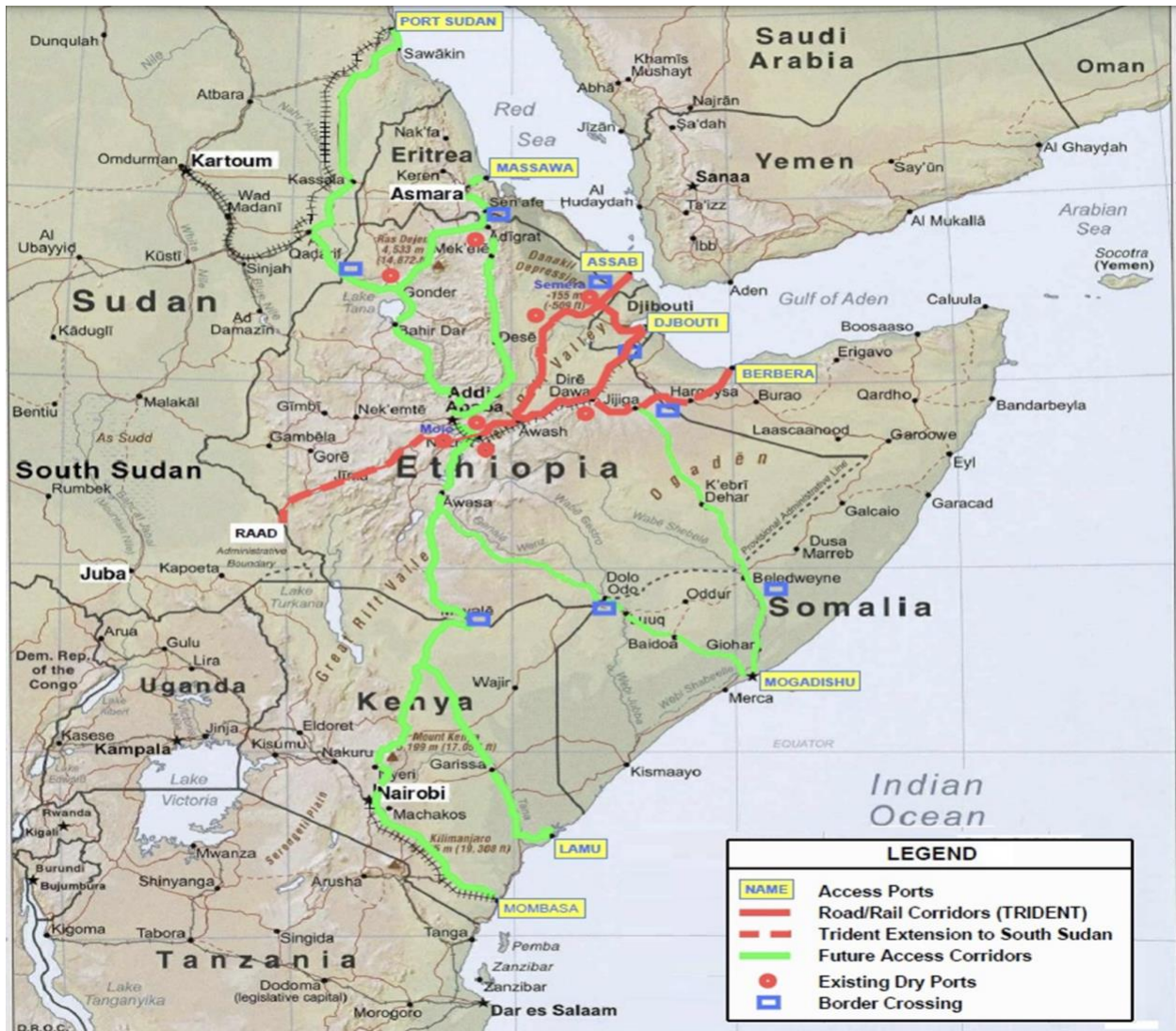
⁶⁵ The Ethiopian Messenger. "Ethiopia Unveils 10-Year Development Plan." *issuu*, August 17, 2020. Available [here](#).

⁶⁶ Ethiopian Ministry of Transport and Logistics. (2022). "ETHIOPIAN TRANSPORT MASTER PLAN: 2022-2052". Available [here](#).

⁶⁷ Teshome, Metasebia. "Paving the Future: An Insight of the Ministry of Transport 10-Year Plan." *Capital Newspaper*, February 1, 2021. Available [here](#).



Dependence on Djibouti's ports also negatively impacts trade prospects and subjects Ethiopia to supply-chain risk and volatility, especially the geopolitical risk⁶⁸ posed by the presence of U.S., Chinese, French, Italian, and Saudi Arabian naval bases. The development of the Berbera, Moyale, and Assab line transport corridors, which could establish stable connections with ports in Somalia and Eritrea, could reduce this risk and reliance. In the long term, the project could connect Ethiopia to all its neighbouring countries through a 5400-kilometre railway network, a system of rural roads, and air travel. Securing funding directly from member states or the development bank could bolster Ethiopia's development plans. Being a member of BRICS could also provide support and bargaining power in port and trade corridor disputes, such as the recently rejected⁶⁹ Red Sea Port Plan that proposed direct port access in Djibouti.



Map of Current and Future Access Corridors in Ethiopia

⁶⁸ The Reporter . “Geopolitical Hotspot: Significance of the Red Sea.” The Reporter Ethiopia, October 28, 2023. Available [here](#).

⁶⁹ Rédaction Africanews . “Ethiopian Pm Affirms ‘No Plans for Invasion over Red Sea Ports Access.’” Africanews, November 15, 2023. Available [here](#).



Source: Ethiopian Ministry of Transport and Logistics⁷⁰

Benefits for BRICS:

While other prospective members have a pronounced foreign entity presence in resource-rich areas, operating and developing extraction projects, Ethiopia's extractive sector is not as developed. This provides challenges for prospective investors within BRICS, but also lucrative opportunities with substantial regulatory incentives and wide profit margins. Project development and investments benefit from the nation's permissive legal framework, developed to encourage private ventures and economic activity. Ethiopia's mining laws provide large incentives for extractive endeavours, setting royalty rates ranging from 2% to 7%⁷¹, depending on the commodity. Investments are thoroughly protected by private property guarantees⁷² in constitutional and investment law, along with non-commercial risk guarantees provided by the World Bank.

Integrating Ethiopia into BRICS would provide vast amounts of trade potential for current and prospective members. The nation's population is 128 million⁷³, 70%⁷⁴ of whom are younger than 30, and has a steady growth rate of around 2.5%. These prospects are set to improve, with projections showing positive economic growth in future years as private consumption and investment increase.⁷⁵ By encouraging income equality and the integration of rural communities, BRICS could make this ample market a main destination for their exports. This addition could also enhance multilateral cooperation with African nations through Ethiopia and into the Horn of Africa, providing vast trade potential and strategic geographical positioning. Increased involvement in Ethiopia's promising projects by investing in current infrastructure development plans could create stable transport corridors and new supply chains of natural resources. By establishing a trade hub in Ethiopia, BRICS could tap into the vast natural reserves of Eastern African nations, namely energy commodities, precious metals, and metallic minerals, and expand its influence over the Cairo-Gaborone Trans-African Corridor.

⁷⁰ Ministry of Transport and Logistics. "Ethiopian Transportation & Logistics Master Plan 2022 - 2052." Ethiotransport, 2022. Available [here](#).

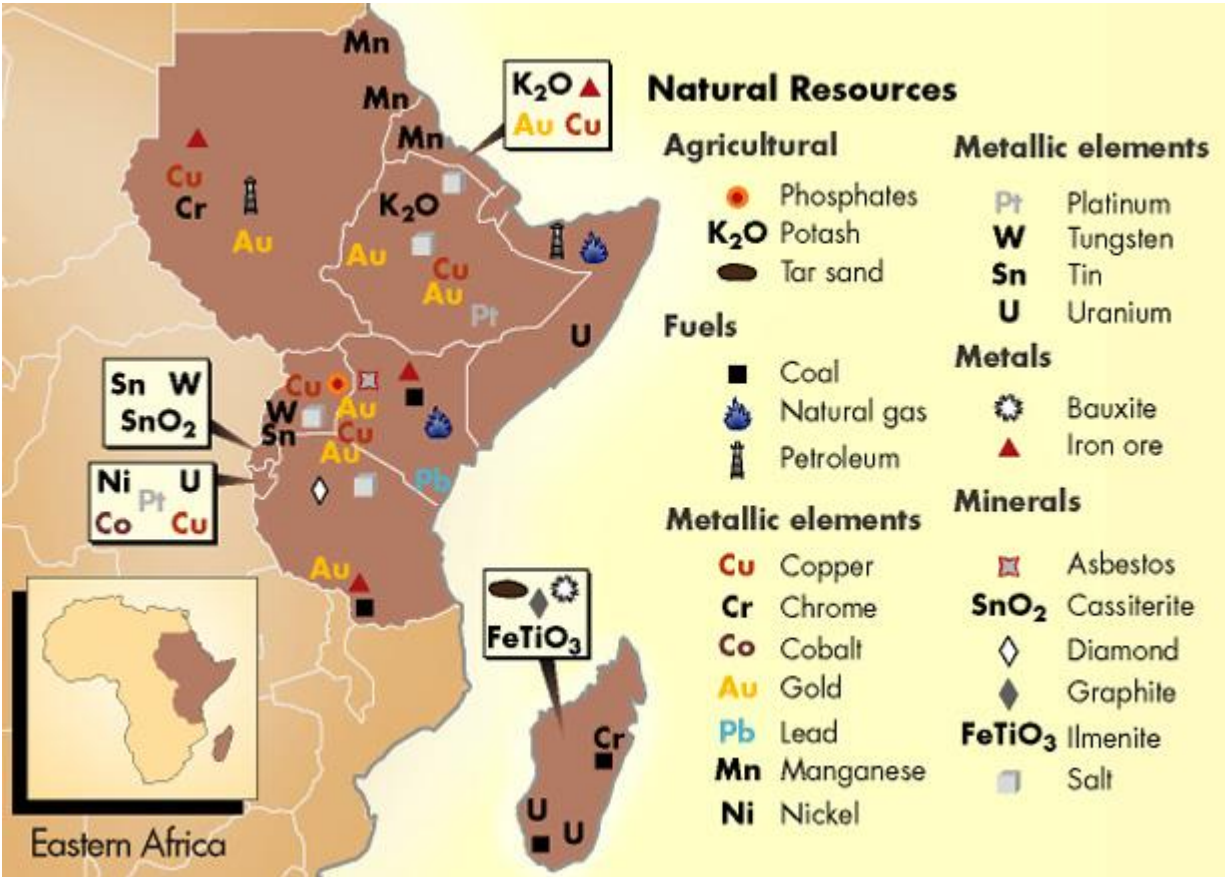
⁷¹ Casey, JP. "A New Golden Age: Inside Ethiopian Mining." Mining Technology, February 17, 2022. Available [here](#).

⁷² Embassy of Ethiopia in Brussels. "Why Invest in Ethiopia?" Embassy of Ethiopia, 2023. Available [here](#).

⁷³ Worldometer. "Ethiopia Population (Live)." Worldometer, 2023. Available [here](#).

⁷⁴ International Trade Administration. "Ethiopia - Market Overview." International Trade Administration, July 21, 2022. Available [here](#).

⁷⁵ African Development Bank Group. (2023). "Ethiopia Economic Outlook". Available [here](#).



Map of Eastern Africa's Natural Resources
Source: Penn State African Study Programme⁷⁶

By connecting Ethiopia, South Africa, and potentially Egypt in a trade pact, the group could actively contribute to Agenda 2063's⁷⁷ integrated continent initiative. This would also align with BRICS' bid to develop trade and development in the Global South⁷⁸ and the proposed African Continental Free Trade Area⁷⁹. This inclusion stands as an opportunity for BRICS to demonstrate that it is a group that seeks to promote growth and prosperity through trade rather than form a counter to the G7 and influential Western countries.

⁷⁶ Penn State. "African Studies Program at Penn State." African Studies Program, 2023. Available [here](#).
⁷⁷ African Union. "Agenda 2063: The Africa We Want." African Union, December 2023. Available [here](#).
⁷⁸ Carvalho, Lucas Resende. "BRICS: The Global South Challenging the Status Quo." Global & European Dynamics, September 21, 2023. Available [here](#).
⁷⁹ African Continental Free Trade Area. African Continental Free Trade Area, December 2023. Available [here](#).



2.3 Iran

Ojus Sharma

Commodity Market Overview

With a GDP of US 388.5bn in 2022, Iran is the smallest economy in the Middle East that will be added to BRICS.⁸⁰ It holds the 52nd place among global exporters, with oil and gas constituting around 50% of its total exports in 2021.⁸¹ Its key exports include mineral fuels, oils, and distillation products (US\$ 32.3bn), iron and steel (US \$7.6bn), plastics (US\$6.3bn), and organic chemicals (US\$ 4.4bn). Noteworthy export destinations include China (US \$20bn), Iraq (US \$8.9bn), Turkey (US \$6.8bn), and the United Arab Emirates (US \$4.9bn).⁸²

Iran, along with the other Middle Eastern newcomers to BRICS, will add to BRICS' energy resource heft, particularly in the fields of oil and natural gas. Ranking as the eight-largest producer in the world, Iran was responsible for the production of 3.6 million barrels per day in 2021, or the equivalent of 4% of global production in that same year.⁸³ According to 2022 estimates, the country is home to 208.6bn barrels or 13.3% of the global oil supply.⁸⁴ Though less important because of limited export opportunities, Iran, as the third-largest producer, also produced 256.7bcm of natural gas in 2021, or the equivalent of 6.4% of global production.⁸⁵ It is home to 33.9tcm or 16.5% of global natural gas reserves.⁸⁶

Apart from its oil and gas reserves, Iran also possesses significant commodity potential in the field of critical minerals. Iran's diverse mineral wealth includes copper, iron ore, zinc, lead, and molybdenum. Iran has the world's largest Zinc reserves and the second-largest copper deposit in its Sarcheshmeh mine.⁸⁷ Recent discoveries, estimated at 8.5 million tonnes, have the potential to disrupt the global lithium market⁸⁸. However, the actual reserves remain uncertain, the associated mining costs remain unknown, and potential production could be years away.

Benefits for Iran

A significant factor in this calculation may lie Iran's involvement in the International North–South Transport Corridor (INSTC)⁸⁹, a crucial connectivity project spanning 7200 km and linking India, Russia, Iran, Europe, and Central Asia; and the Belt and Road Initiative, linking it to Central and East Asian markets. These serve as vital conduits for trade facilitation, enhancing Iran's trade capabilities and

⁸⁰ The World Bank. (2023). “GDP (current US\$) - Iran”. Available [here](#).

⁸¹ UN Comtrade Database. (2023). “Trade Data” Available [here](#).

⁸² UN Comtrade Database. (2023). “Trade Data” Available [here](#).

⁸³ BP. (2022). “Statistical Review of World Energy”. Available [here](#).

⁸⁴ OPEC. (2022). “OPEC Annual Statistical Bulletin 2023”. Available [here](#).

⁸⁵ BP. (2022). “Statistical Review of World Energy”. Available [here](#).

⁸⁶ The U.S. Energy Information Administration. (2020). “Dry natural gas reserves”. Available [here](#).

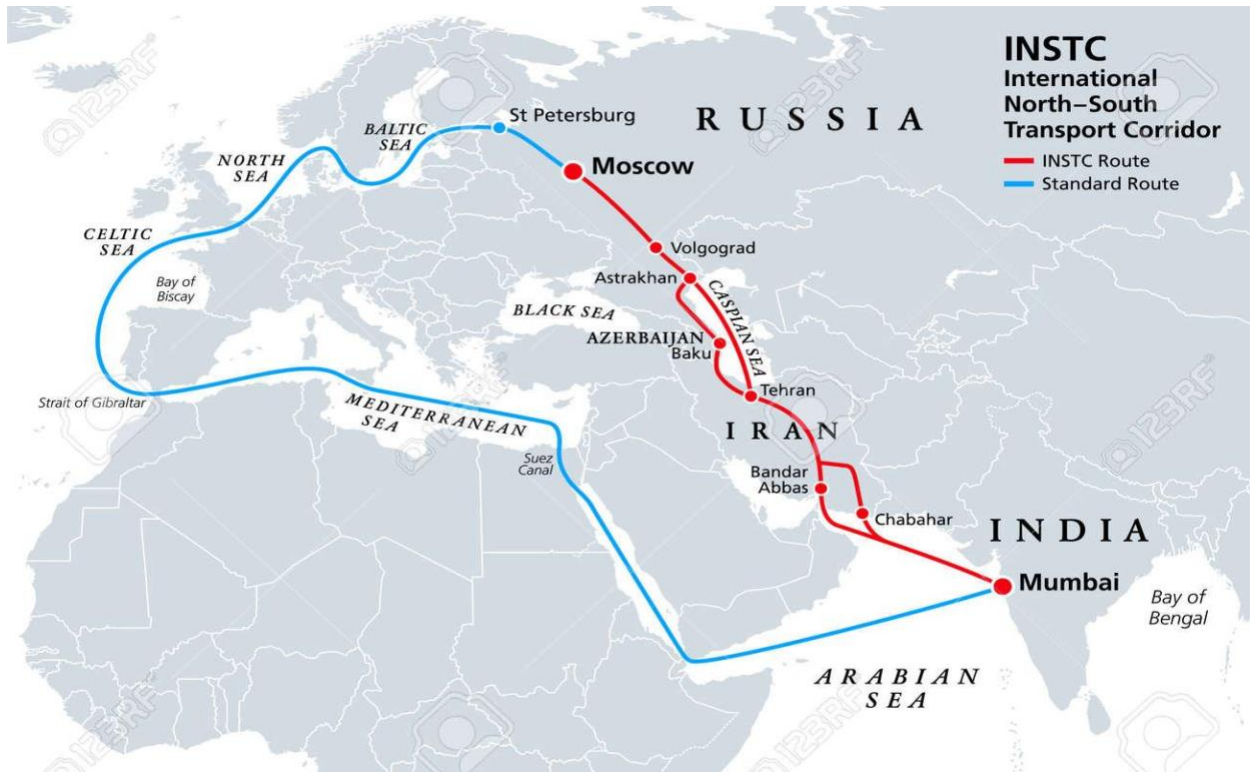
⁸⁷ Centre for Strategic and International Studies. (2023). “Six New BRICS: Implications for Energy Trade”. Available [here](#).

⁸⁸ Mining.com (2023). “Iran's lithium discovery and potential implications to the global battery and electric mobility ecosystem”. Available [here](#).

⁸⁹ ClearIAS Team. “International North–South Transport Corridor (INSTC).” ClearIAS, November 19, 2023. Available [here](#).



solidifying closer ties with the Russia-China axis⁹⁰. This strategic positioning not only strengthens Iran's position but also serves as a deterrent against sanctions from the West⁹¹. By controlling access to key commodities such as lithium, ⁹²Iran becomes a linchpin in global supply chains, particularly for the decarbonisation and transition towards renewable energy.



Map of the International North-South Transport Corridor

Source: *Center for Euroasian Studies*⁹³

Politically, Iran would (re)gain legitimacy by gaining acceptance within a coalition that includes countries with diverse political ideologies and alignments. The fact that BRICS nations, including those with closer ties to the West, technically accept Iran within their cooperative alliance could contribute to a perceived normalisation of Iran's government on the global stage. However, this restoration of legitimacy is contingent on factors such as continued internal stability, the country's nuclear program, and its role in the Middle East, which could impact the international perception of Iran's political system.

Economically, Iran's pursuit of BRICS membership⁹⁴ aligns strategically with its goals of economic diversification and reducing dependence on Western alliances, particularly in the face of stringent sanctions.

⁹⁰ India Today. "Russia, China, Iran New 'axis of Evil' Posing Threat to America, Says US Senator." India Today, October 23, 2023. Available [here](#).

⁹¹ Laub, Zachary. "International Sanctions on Iran." Council on Foreign Relations, July 15, 2015. Available [here](#).

⁹² Turak, Natasha. "Iran Says It's Discovered What Could Be the World's Second-Largest Lithium Deposit." CNBC, March 6, 2023. Available [here](#).

⁹³ Ünver, Deniz. "International North-South Transit Corridor." Center for Euroasian Studies, 2023. Available [here](#).

⁹⁴ Hafez, Parisa, and Guy Faulconbridge. "Iran Applies to Join China and Russia in BRICS Club ." Reuters, June 28, 2022. Available [here](#).



BRICS, collectively representing almost half of the world's population, could provide a substantial market for Iranian exports, particularly in sectors such as oil and gas. If Iran can negotiate favourable trade terms within the bloc, it may mitigate the impact of existing U.S. sanctions and expand its economic resilience. This may be done by boosting exports using the Chinese yuan and other local currencies.

Other commodities - in particular metals and minerals - potentially stand to gain too. Despite possessing significant reserves of numerous metals and minerals, Iran is no major player in the metals market. That is because of a lack of investment in the industry. The expansion of BRICS may lead to increased investments in projects and regions that non-members might avoid.

Benefits for BRICS

The addition of Iran, Saudi Arabia, and the UAE to an expanded BRICS group would bring together three of the world's largest oil exporters, constituting 42% of the global oil supply. While the management of the oil market remains under the purview of OPEC+ in the short term, an enlarged BRICS grouping could have significant implications for energy markets in the long term. The expanded BRICS would include major oil and gas exporters along with two of the largest importers, China, and India. This diverse group, united in its resistance to joining the "price cap coalition" targeting Russia, shares an interest in creating mechanisms for commodity trade outside the influence of the G7 financial sector. As energy sanctions prompt a shift towards bilateral deals settled in currencies like the Chinese renminbi or Indian rupees, the potential enlargement of BRICS is seen as a symbolic step signalling countries' exploration of alternatives to the U.S. financial system and the dominance of the dollar in energy trade.

Recent discoveries⁹⁵ of substantial lithium deposits in Iran (8.5 million tonnes) also add to BRICS' influence in renewable energy commodity markets. This discovery positions Iran as a key player in the green transition, offering abundant resources crucial for the proliferation of sustainable energy initiatives. Iran's potential membership in BRICS enhances its geopolitical influence and provides a platform for shared economic prosperity.

Yet, Iran's inclusion in the BRICS+ will put countries with warmer ties to Washington in an awkward position. The potential continuation of the West's 'maximum pressure' strategy could not only impede Iran's economic progress but also contribute to a regional and global security challenge. In the absence of viable economic alternatives, and sanctions being the only passive indirect non-confrontational weapon, Iran may find itself compelled to pursue nuclear ambitions in it having "nothing to lose," especially if a comprehensive deal akin to the Joint Comprehensive Plan of Action (JCPOA) is not instated within this decade. This scenario presents a significant risk of nuclear proliferation⁹⁶ in the region, with far-reaching consequences for global security; and places Iran at a critical juncture, making its membership potential particularly important to observe closely.

⁹⁵ Ross, Kit Million. "Iran Claims to Have Discovered 8.5 Million-Ton Lithium Deposit." *Mining Technology*, March 7, 2023. Available [here](#).

⁹⁶ Al Jazeera. "Iran Advances Nuclear Enrichment While Still barring Inspectors: IAEA." *Al Jazeera*, November 15, 2023. Available [here](#).



2.4 Egypt

David Neef

Background

Egypt has experienced severe economic difficulties since the Covid-19 pandemic.⁹⁷ Multiple external shocks⁹⁸ resulted in a 50% decline⁹⁹ in foreign exchange value since March 2022, accelerated inflation, and a fiscal and balance of payment imbalance that amounted to a sovereign debt¹⁰⁰ surpassing 95% of its GDP.¹⁰¹ The Central Bank of Egypt (CBE) acted decisively in response to rising inflation and mounting investor pressure as they moved from developing market securities to more stable markets in the wake of Russia's invasion of Ukraine.¹⁰² The CBE raised interest rates by one percent on March 21, 2022, and depreciated the Egyptian pound to protect reserves and address the problems caused by worldwide inflation.¹⁰³ After remaining stable since November 2020, the currency saw a devaluation from EGP 15.7 to EGP 18.2, or about 16% versus the US dollar. The quick actions taken by the Egyptian government and IMF-mandated reforms resulted in an astounding 5.9 percent growth in the country's GDP in 2021, among the highest growth rates in the Middle East and North Africa (MENA).¹⁰⁴ Egypt's growing macroeconomic imbalances reflect long-standing domestic issues, such as the country's stagnant non-oil exports and foreign direct investment (FDI), limited private sector growth and job creation, and mounting public debt.¹⁰⁵

Commodity Market Overview

The hydrocarbon industry, whose main industrial activity is the production of oil and gas, accounted for around 24% of the country's GDP in FY 2019–2020.¹⁰⁶ Egypt is Africa's second-largest producer of natural gas and possesses the fourth-largest reserves, making it a noteworthy figure in the oil and gas production sector in Africa¹⁰⁷. In 2021, Egypt's large reserves included over 3.3 billion barrels of crude oil and 63 trillion cubic feet of natural gas¹⁰⁸.

⁹⁷ "Egypt - Country Commercial Guide," International Trade Administration | Trade.gov, August 8, 2022, <https://www.trade.gov/country-commercial-guides/egypt-market-overview>.

⁹⁸ The world Bank. "Egypt - Oil and Gas Equipment." The world Bank, October 10, 2023. Available [here](#).

⁹⁹ Al Jazeera. "Egyptian Pound Has Lost Half of Its Value since March." Al Jazeera, January 11, 2023. Available [here](#).

¹⁰⁰ Foreign Policy. (2023). "BRICS Expansion Could Help Egypt's Ailing Economy." Available [here](#).

¹⁰¹ "The World Bank In Egypt," World Bank, October 10, 2023. Available [here](#); Al Jazeera, "Egyptian Pound Has Lost Half of Its Value since March," Al Jazeera, January 11, 2023. Available [here](#); Nosmot Gbadamosi, "BRICS Expansion Could Help Egypt's Ailing Economy," Foreign Policy, August 30, 2023. Available [here](#).

¹⁰² "Egypt - Country Commercial Guide," International Trade Administration | Trade.gov.

¹⁰³ Ibid.

¹⁰⁴ Ibid.

¹⁰⁵ "The World Bank In Egypt," World Bank, October 10, 2023, Available [here](#).

¹⁰⁶ "Egypt - Oil and Gas Equipment," International Trade Administration | Trade.gov, August 8, 2022, Available [here](#).

¹⁰⁷ "Egypt Oil and Gas Exploration and Production Market Volumes and Forecast by Terrain, Assets and Major Companies, 2023 Update," Market Research Reports & Consulting | GlobalData UK Ltd., May 2, 2023, Available [here](#).

¹⁰⁸ Ibid.



The oil and gas industry has experienced a notable surge in foreign direct investment, with figures rising from US \$9bn in the 2014/2015 fiscal year (FY) to US \$47.8bn in FY 2019/2020.¹⁰⁹ Significantly, the oil refining industry demonstrated an exceptional growth rate of 25% in FY 2019/2020, outpacing other important economic sectors in Egypt, such as construction, communication, and wholesale and retail trade.¹¹⁰ With more than fifty international oil corporations (IOCs) already operating in Egypt, the Egyptian government aggressively encourages IOC participation in the oil and gas industry.¹¹¹ Egypt's strategic control over the Suez Canal and the Suez-Mediterranean (SUMED) pipeline places it in a unique position in the global energy landscape.¹¹² An essential route for the southward flow of oil and LNG supplies from North Africa, Europe, and North America to Asia is the Suez Canal, which was extended in 2015.¹¹³

Benefits of Joining BRICS

The Egyptian government has borrowed heavily¹¹⁴ in response to economic difficulties, which have been made worse by a substantial outflow of almost US \$20bn from Egypt because of the economic fallout from Russia's invasion of Ukraine.¹¹⁵ With a heavy debt load from the International Monetary Fund (IMF), Egypt joined the BRICS New Development Bank (NDB) in February to secure funding.¹¹⁶ To facilitate 30% of lending in local currencies by 2026, the NDB has set up a currency reserve pool¹¹⁷ of US \$100bn for its members.¹¹⁸

Egypt has become receptive to the opposition to the US dollar's hegemony and the growth of BRICS as a counterweight to the Western-centric financial system.¹¹⁹ The strength of the US currency and high US interest rates caused the cost of their imports to increase¹²⁰. Egypt has stated its aim to settle payments for imports from China, India, and Russia in their individual currencies, as it searches for alternative finance avenues free of Western-imposed limitations.¹²¹ Egypt could benefit from being a member of BRICS despite the current economic crisis.¹²² Egyptian President, Abdel Fattah al-Sisi, has expressed the country's desire to increase the voices from the Global South. Egypt's Finance Minister, Mohamed Maait, hopes that the country's membership in BRICS will open chances for export and investment in local currencies.¹²³ Although being a member of BRICS does not guarantee economic improvement, it may encourage investment and reduce the nation's debt burden¹²⁴.

¹⁰⁹ "Egypt - Oil and Gas Equipment," International Trade Administration | Trade.gov, August 8, 2022

¹¹⁰ Ibid.

¹¹¹ Ibid.

¹¹² Ibid.

¹¹³ Jared Malsin, "Egypt to Open Suez Canal Expansion Two Years Early," The Guardian, August 2, 2015, Available [here](#).

¹¹⁴ Foreign Policy. (2023). "BRICS Expansion Could Help Egypt's Ailing Economy." Available [here](#).

¹¹⁵ Ibid.

¹¹⁶ Ibid.

¹¹⁷ Ibid.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ Ibid.

¹²² Ibid.

¹²³ Ibid.

¹²⁴ Ibid.



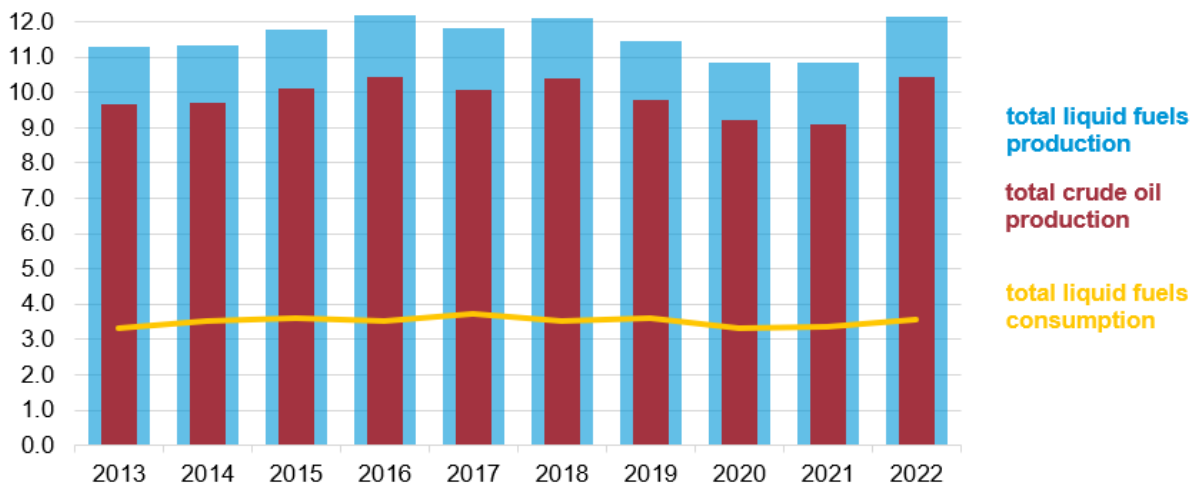
2.5 Saudi Arabia

Lorenzo Rezzonico

Commodity Market Overview:

Saudi Arabia, globally renowned as the largest exporter of crude oil, commands an impressive annual revenue of US \$138bn from this sector alone.¹²⁵ Additionally, it holds a notable position among the leading exporters of refined oil, generating US \$35.9bn annually, despite ranking below certain other countries in this category. The prominence of Saudi Aramco, the national oil and gas company, is evident as it secures the second-largest revenue globally, with a remarkable 51% increase in revenues observed last year.¹²⁶ Furthermore, it stands as the third-largest corporation by market capitalisation. The country's commitment to energy production extends beyond oil, with gas production steadily increasing to nearly 125 million cubic metres in 2022, propelling Saudi Arabia into the top 10 countries globally for gas production.¹²⁷ This upward trajectory is expected to continue, driven by the geopolitical impacts of the Ukraine war and recent strategic investments by Saudi Aramco.

Figure 2. Total annual liquid fuels production and consumption in Saudi Arabia, 2013–2022
million barrels per day



Data source: U.S. Energy Information Administration, International Energy Statistics database and *Short-Term Energy Outlook Data Browser*; Energy Institute, *Statistical Review of World Energy*

Saudi Arabia's Total Fuel Production from 2013 to 2022

Source: U.S. Energy Information Administration¹²⁸

¹²⁵ The Observatory for Economic Complexity. (2023). "Saudi Arabia". Available [here](#).

¹²⁶ Fortune. (2023). "Global 500 2023". Available [here](#).

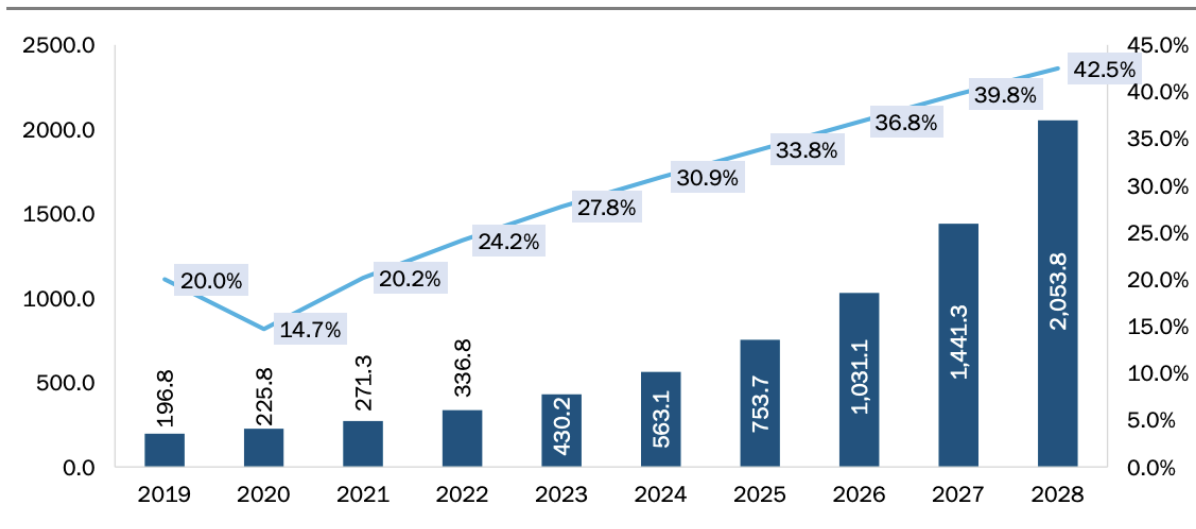
¹²⁷ Statista. (2023). "Natural gas production in Saudi Arabia from 1998 to 2022". Available [here](#).

¹²⁸ U.S. Energy Information Administration. "Saudi Arabia." International - U.S. Energy Information Administration (EIA), October 11, 2023. Available [here](#).



Beyond its dominance in the energy sector, Saudi Arabia exhibits significant activity in various other commodity markets. As of July 2023, the country's top exports include mineral products (US \$19bn), chemical products (US \$1.5bn), plastics and rubbers (US \$1bn), and metals (US \$500mn).¹²⁹ Notably, Saudi Arabia ranks among the top exporting nations for minerals. Furthermore, Saudi Arabia has made substantial financial commitments to the renewable energy sector under the "Vision 2030 Project," with ambitious plans for solar, wind, and nuclear power.¹³⁰ While not currently leading in these sectors, the country's ambitious goals signal its intent to play a pivotal role in shaping the future of renewable energy, although the realisation of these aspirations remains pending.

FIGURE 2. SAUDI ARABIA RENEWABLE ENERGY: MARKET SIZE AND FORECAST, 2019-2028 (US\$ MILLION)



Source: Gulf Research Center Analysis, 2021.

Saudi Arabia's Renewable Energy Market Size Forecasts

Source: Gulf Research Center¹³¹

Potential benefits of Expansion (imports and exports) for both country and BRICS as whole

There are several potential benefits¹³² accruing to Saudi Arabia as a result of its accession to BRICS. First, among the current and future BRICS members there are many of the countries' main trading partners. Indeed, UAE, China, India, Egypt all occupy¹³³ this position and three of them are due to enter BRICS alongside Saudi Arabia. Geopolitically, the move might also serve as a tool to position the country in a strategic position in the power struggle between the US and China/ non-Western world, thus also helping

¹²⁹ The Observatory for Economic Complexity. (2023). "Saudi Arabia". Available [here](#).

¹³⁰ Kingdom of Saudi Arabia. (2023). "Saudi Vision 2030". Available [here](#).

¹³¹ Gulf Research Center. "Saudi Arabia Renewable Energy Industry Outlook." Gulf Research Center, 2022. Available [here](#).

¹³² Newsroom. "Why Does Saudi Arabia Want to Join BRICS." Modern Diplomacy, June 18, 2023. Available [here](#).

¹³³ Attijari Trade. "Saudi Arabia: Trade Profile." Attijari Trade, 2023. Available [here](#).



the countries in its diversification efforts. Commodities-speaking, this balancing purpose is further evidenced by the fact that, once the BRICS expansion will be completed, OPEC and BRICS will be composed largely by states which do not share the Western view of the world. The comparison¹³⁴ between these two institutions is reasonable since the new members will heavily shift the focus of BRICS on the commodities sector.

With the inclusion of Saudi Arabia, UAE, and Iran, the group would include three of the world's largest oil exporters and would constitute 42 percent of global oil supply. Moreover, according¹³⁵ to the Centre for International and Strategic Studies (CSIS), BRICS might become similar to the Minerals Security Partnership (MSP), created by the U.S to strengthen critical energy security for itself and 13 of its allies. Saudi Arabia is instrumental for BRICS to increase investments in lithium and other critical minerals. Indeed, the country has recently bought¹³⁶ a 10 percent stake in Brazil's largest mining company, Vale's base metals division, to access minerals like nickel and copper, deemed fundamental for the country's diversification away from fossil fuels. The CSIS also notes that an expanded BRICS would have 72 percent of rare earths (and three of the five countries with the largest reserves: China, Brazil, and Russia). The expanded bloc would also hold large manganese, graphite, copper, and nickel reserves. Benefits for Saudi Arabia are also related to these sectors: indeed, the country has reportedly¹³⁷ untapped mineral resources - worth about US \$1.33tn - including copper, lithium, phosphate, and gold. Thus, the hidden potential¹³⁸ is great and Saudi Arabia has already started to conclude partnerships¹³⁹ on that front: an important thing to note is that the country is not a leader in neither of these sectors yet, but it has committed huge resources to them: thus, the rationale for current BRICS members to have Saudi Arabia as a new member is evident.

The overall benefits for Saudi Arabia to join BRICS are mutual: the country stands to gain an increased geopolitical and commercial relevance and aggrandise its importance as a pivotal player in the commodities sector, relating both to current energy sources and those for which the country is investing in the future and the current and future BRICS members are already important global players. Accordingly, for BRICS, the addition of Saudi Arabia will signify a huge geopolitical realignment¹⁴⁰, an influence on oil markets almost akin to that of OPEC and the possibility to drive the push towards alternative sources of energy and rare earths thanks to the promised financial investments by the country.

¹³⁴ Bloomberg Professional Services. "Larger Brics to Dominate Oil Pricing?" Bloomberg, October 2, 2023. Available [here](#).

¹³⁵ Baskaran, Gracelin, and Ben Cahill. "Six New Brics: Implications for Energy Trade." CSIS, August 25, 2023. Available [here](#).

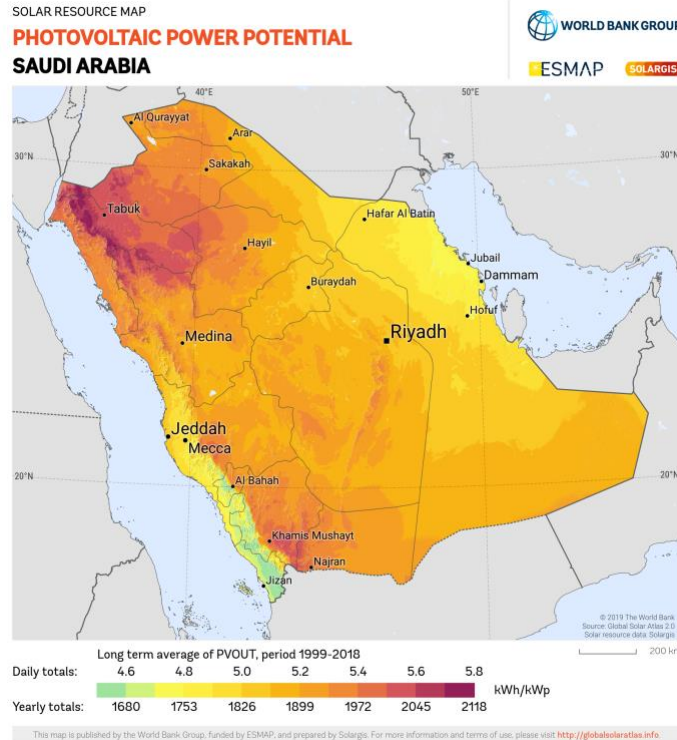
¹³⁶ Reuters. "Saudi Arabia's Ma'aden to Acquire 10% of Brazil Base Metals Firm." Reuters, July 30, 2023. Available [here](#).

¹³⁷ Reuters. "Saudi Arabia Studies Graphite, Rare Earths Trading Platform." Reuters, November 30, 2023. Available [here](#).

¹³⁸ RAMADY, MOHAMED. "The Saudi Mineral Sector: A Hidden Gem Revealed." Arab News, January 9, 2022. Available [here](#).

¹³⁹ Writer, Staff. "Japan and Saudi Arabia Seek Joint Rare-Earth Investments." Nikkei Asia, July 15, 2023. Available [here](#).

¹⁴⁰ France 24. "'Strong Enough Now': BRICS Nations Eye Global Geopolitical Shift." France 24, August 20, 2023. Available [here](#).



Map of Saudi Arabia's Photovoltaic Power Potential
Source: Solargis and The World Bank¹⁴¹

Risks

One of the first evident risks of Saudi Arabia joining the BRICS group is linked to one of its benefits, that is, the increased politicisation of the forum. If both BRICS and Saudi Arabia are perceived as tilting against Western countries, then this might have consequences on the political, economic and trade levels. Moreover, an additional risk is represented by the fact that Saudi Arabia might not concretely implement its de-carbonization promises, and thus, funds made available to other BRICS members might actually be lower than expected through the New Development Fund¹⁴². From a commodities sector point of view, the potential risks are great. Indeed, as outlined in the above section, with the new members, BRICS will almost become as consequential a player in the commodities market as OPEC. This will increase the threats coming from an increased monopolisation of the market, which are already amplified by the heightened geopolitical tensions of our times. Additionally, current, and future members are already discussing alternative¹⁴³ trade and exchange rules for oil and other commodities, and this will only have the effect of exacerbating the emerging division of the world into two contrasting blocs.¹⁴⁴

¹⁴¹ Solargis. "Saudi Arabia Map and Data Downloads." Global Solar Atlas, 2019. Available [here](#).

¹⁴² International Network for Economic, Social and Cultural Rights. "The BRICS New Development Bank." International Network for Economic, Social and Cultural Rights, 2023. Available [here](#).

¹⁴³ Gamal, Reham. "The 'New BRICS' to Re-Route the Global Oil Supply: Egypt Oil & Gas." Egypt Oil & Gas , October 1, 2023. Available [here](#).

¹⁴⁴ Egypt Oil & Gas. (2023). "The "New BRICS" to Re-route the Global Oil Supply". Available [here](#).



Consequently, it is also reasonable to say that the potential benefits accruing from an expansion of the bloc, especially in the energy sector, will only¹⁴⁵ be shared among its members, and will not “trickle down” to other, external countries. It is important to remember that being Saudi Arabia, one of the emerging players in all commodities beyond oil and a pivotal player in the power struggle between US and China, the country will play a decisive role in an expanded BRICS in both these aspects. Finally, it might suffice to say that the risks of Saudi Arabia joining the BRICS are mainly political and geopolitical, with the country’s addition heavily increasing the perception of the bloc as an adversary to Western states. In the commodities sector, new trade routes and relationships are likely to be built which will only benefit BRICS members and thus jeopardise global supply chains¹⁴⁶.

2.6 United Arab Emirates

Ellen Cameron

Commodity Market Overview:

The UAE could prove to be a significant asset to BRICS, boasting a GDP of US \$507.5bn and the rank of 11th largest commodity exports in the world as of 2022.¹⁴⁷ ¹⁴⁸ This marks a noteworthy 41% growth from the preceding year, with a dominance of oil and natural gas resource exports.¹⁴⁹

Petrochemical exports consist of crude petroleum¹⁵⁰, valued at US \$58.1bn, refined petroleum at US \$32.3bn, and petroleum gas at US \$6.51bn. Gold, another pivotal commodity for the UAE, stands as the second-largest exporter globally, contributing US \$32.8bn¹⁵¹ to the economy. Additionally, precious commodities such as diamonds hold significance, with a valuation of US \$13.4bn¹⁵² in 2021.

While commodities (mainly natural gas and crude oil) exports continue to dominate the UAE's export portfolio, there is observable evidence of diversification into digital services and devices, accompanied by a heightened presence of precious metals and stones.

¹⁴⁵ Shrivastava, Rashi. “An ‘Outsider’ In European VC, Midas Newcomer Hussein Kanji Wants To Bring Silicon Valley To Europe.” *Forbes*, November 29, 2023. Available [here](#).

¹⁴⁶ Russ, Cameron. “Brics Supply Chain Dynamics: Reshaping Global Trade.” LinkedIn, May 17, 2023. Available [here](#).

¹⁴⁷ The World Bank. (2023). “GDP (current US\$) - United Arab Emirates”. Available [here](#).

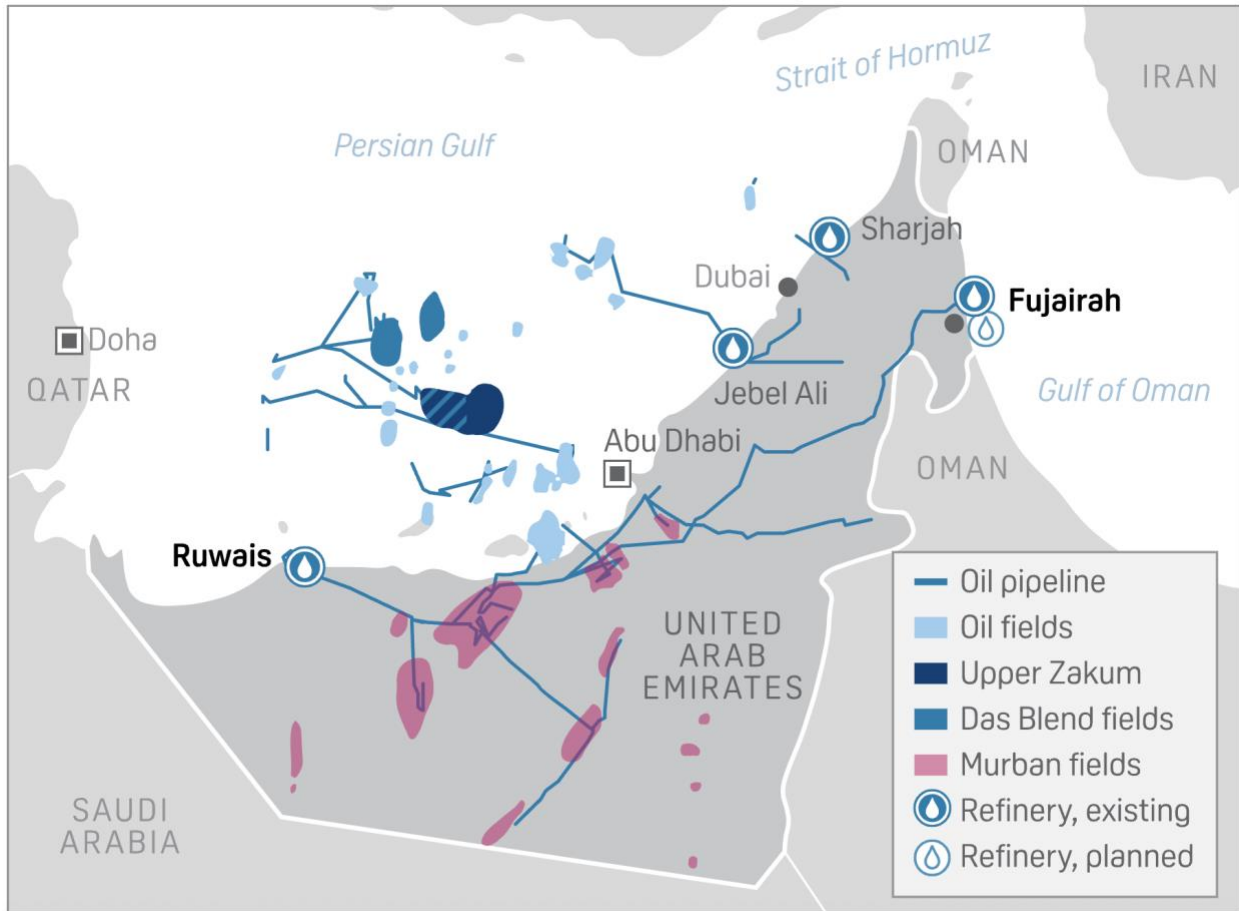
¹⁴⁸ Ministry of Economy - UAE. (2023). “UAE ranks 11th globally in commodity exports in 2022 with a 41 per cent growth”. Available [here](#).

¹⁴⁹ Ministry of Economy - UAE. (2023). “UAE ranks 11th globally in commodity exports in 2022 with a 41 per cent growth”. Available [here](#).

¹⁵⁰ Pines, Lawrence. “United Arab Emirates Trade: Gold Tops Both Imports & Exports.” *Commodity*, November 20, 2020. Available [here](#).

¹⁵¹ Observatory of Economic Complexity. “Gold in United Arab Emirates.” *The Observatory of Economic Complexity*, 2021. Available [here](#).

¹⁵² Observatory of Economic Complexity. “United Arab Emirates (ARE) Exports, Imports, and Trade Partners.” *The Observatory of Economic Complexity*, 2021. Available [here](#).



Map of UAE's Oil and Gas Assets
Source: S&P 500¹⁵³

Potential benefits of Expansion (imports and exports) for both country and BRICS as whole

As the UAE sets out to double its GDP, aiming to reach over US \$800bn¹⁵⁴ by the end of 2023, fostering bilateral trade and partnerships will be of utmost importance. By joining BRICS, the UAE could facilitate current trade deals and develop diplomatic relations with new member states. The UAE has recently increased its trade with two members, namely China and India. In 2022, trade with China increased by US \$28bn, and over US \$84.5bn were traded with India. These trades were also largely conducted in local currency, a goal that many BRICS nations hold. By decreasing the use of the dollar and opting for domestic currencies¹⁵⁵, these nations reduce transaction costs and external monetary policy risk. Deals with the Indian

¹⁵³ Carpenter, Claudia. "Jackup Barge Demand Spreads in Persian Gulf as Oil Nears \$100/B." S&P Global Commodity Insights, September 21, 2023. Available [here](#).

¹⁵⁴ Alexander, Kristian, and Gina Bou Serhal. "UAE Entry into BRICS Increases Its Diplomatic and Economic Options ." Stimson Center, September 13, 2023. Available [here](#).

¹⁵⁵ Alexander, Kristian, and Gina Bou Serhal. "UAE Entry into BRICS Increases Its Diplomatic and Economic Options ." Stimson Center, September 13, 2023. Available [here](#).



Oil Corporation¹⁵⁶ have already adopted this change, and the growth of BRICS could provide further avenues of trade where this change can be implemented.

A key aspect highlighted with the UAE's commodity market overview is the diversification of their export portfolio, moving away from petrochemical exports as the world transitions into renewable energies. The UAE wishes to fuel this diversification by developing relations with Brazil, their largest trade partner within Latin America. A deal seeking to exchange economic expertise¹⁵⁷ and develop trade of non-oil commodities and goods is currently underway, with an estimated value of US \$4.2bn. Brazil also benefits from developing these relations, as the UAE is the largest imports of Brazil's poultry exports¹⁵⁸.

Russia is facing isolation from the West particularly through the strategy of placing sanctions. This has forced Russia to forge new partnerships, one notably is through the UAE. While the UAE is a large exporter of gold, the country was also labelled the 4th largest importer of gold in 2021¹⁵⁹. The UAE has become an attractive market and focal trading partner for Russia within the gold market. As Russia seeks alternative trade partners, hindered by the gold sanctions imposed by the US, UK, and Canada in an effort to reduce Russia's funding of the war, the UAE could prove to be fruitful trade partners. The UAE's interest in Russian gold has already engendered increased trade, with gold imports amounting to 75.3 tonnes¹⁶⁰ from February 2022 to March 2023, growing from the previous years' measly 1.3 tonnes. As tensions drive a wedge between BRICS members and Western nations, the inclusion of the UAE could provide a stable consumer for their exports.

Risks

While the UAE aims to increase its economic opportunities by joining BRICS, it must consider its diplomatic relations with the West in wake of their ties with controversial countries. As the UAE increases its trade with Russia, and potentially Iran, its wish to maintain stable relations with the US could be thwarted. While the UAE has focused solely on increasing its economic relations with the Global South through its BRICS membership, they must be cautious of becoming involved with BRICS geopolitics¹⁶¹.

The UAE's decision to implement its trade with India in local currencies could also increase tensions with the West. Lula's proposal to adopt a common BRICS currency¹⁶², while still not confirmed or outlined, could allow countries such as Russia and Iran to evade economic sanctions placed on them by the US. This economic sovereignty could deteriorate relations with the US, reinforcing the idea that the expansion of BRICS is set out to create a counter to G7 and prominent Western nations.

¹⁵⁶ Alexander, Kristian, and Gina Bou Serhal. "UAE Entry into BRICS Increases Its Diplomatic and Economic Options ." Stimson Center, September 13, 2023. Available [here](#).

¹⁵⁷ Sambidge, Andy. "UAE and Brazil Boost Non-Oil Trade with Partnership." Arabian Gulf Business Insight, September 6, 2023. Available [here](#).

¹⁵⁸ Aquino, Camila. "Poultry and Products Annual. Country: Brazil." United States Department of Agriculture, September 21, 2022. Available [here](#).

¹⁵⁹ Reuters. "Western Ban on Russian Gold Imports Is Largely Symbolic ." Reuters, June 27, 2022. Available [here](#).

¹⁶⁰ The Cradle. "Russia Becomes UAE's Main Gold Supplier." The Cradle, September 21, 2023. Available [here](#).

¹⁶¹ Alexander , Kristian, and Gina Bou Serhal. "UAE Entry into BRICS Increases Its Diplomatic and Economic Options." Stimson Center, September 13, 2023. Available [here](#).

¹⁶² Alexander , Kristian, and Gina Bou Serhal. "UAE Entry into BRICS Increases Its Diplomatic and Economic Options." Stimson Center, September 13, 2023. Available [here](#).



3. Future Prospects

3.1 Concerns and conflicts in expansion

David Neef, Toribio Iriarte

GERD Dam Dispute

In September, Ethiopia announced the completion of the Grand Ethiopian Renaissance Dam's (GERD) fourth and final filling on the Nile.¹⁶³ As Africa's largest hydroelectric dam, it is situated on a tributary of the Blue Nile and spans more than a mile in length and 145 metres in height. With the potential to increase Ethiopia's electrical output, the US \$4.2bn dam seeks to meet the country's electricity demand.¹⁶⁴ However, the completion has escalated tensions in the dispute with Egypt and Sudan. The dam has caused controversy as Egypt and Sudan have expressed concerns about how it would affect their shares of the Nile River's water. With the ability to produce more than 5,000 megawatts¹⁶⁵, the GERD is critical to Ethiopia's energy production, but downstream countries, especially Egypt, are concerned about a shortage of water, which could leave the country water-scarce by 2025.¹⁶⁶

Thus far, negotiations have been unsuccessful in resolving the dispute. Egypt has investigated alternative initiatives to address its water shortages, but it has come with no success. Given its involvement in Ethiopian infrastructure projects, China's role in mediating the GERD conflict becomes critical, especially with Ethiopia and Egypt scheduled to become official BRICS members next month. China's significance is a result of its financial ties to Ethiopia, which include its participation in the GERD's construction.¹⁶⁷ Ethiopia and Egypt may benefit economically by joining BRICS, but the GERD controversy could exacerbate current BRICS divisions.

¹⁶³ Al Jazeera. (2023). "Filling of Grand Renaissance Dam on the Nile complete, Ethiopia says". Available [here](#).

¹⁶⁴ BBC. (2023). "Why is Egypt worried about Ethiopia's dam on the Nile?". Available [here](#).

¹⁶⁵ Al Jazeera. (2023). "Filling of Grand Renaissance Dam on the Nile complete, Ethiopia says". Available [here](#).

¹⁶⁶ World Politics Review. (2023). "BRICS Now Owns Egypt and Ethiopia's Nile Dam Dispute". Available [here](#).

¹⁶⁷ World Politics Review. (2023). "BRICS Now Owns Egypt and Ethiopia's Nile Dam Dispute". Available [here](#).



Nile Path and Grand Ethiopian Renaissance Dam

Source: *The BBC*¹⁶⁸

Iran-Saudi Arabia

Iran and Saudi Arabia have been at odds for years due to political, religious, and economic differences¹⁶⁹. Both nations have engaged in a series of proxy wars, namely the wars in Syria and Yemen, which deteriorated relations and caused Saudi Arabia to cut ties in 2016. After a series of problematic events, communication between both countries has resumed, in great part due to international mediation¹⁷⁰.

Current member states could increase mediation efforts through participation in forums and summits to promote diplomacy in the group. China, for one, included Saudi Arabia as a dialogue partner¹⁷¹ in the Shanghai Cooperation Organisation (SCO), a Eurasian multilateral organisation that holds China, Russia,

¹⁶⁸ BBC. “Why Is Egypt Worried about Ethiopia’s Dam on the Nile?” BBC News, September 13, 2023. Available [here](#).

¹⁶⁹ Soliman, Mohammed, and John Calabrese. “From Normalization to Non-Aggression: The next Step in Iran-Saudi Ties.” Middle East Institute, December 12, 2023. Available [here](#).

¹⁷⁰ Alotaibi, Lujain. “Saudi Arabia and Iran: Beyond Geopolitics - Carnegie Endowment For ...” Carnegie Endowment For International Peace, June 6, 2023. Available [here](#).

¹⁷¹ The New Arab Staff & Agencies. “Saudi Agrees to Partner with China-Led Security Bloc.” The New Arab, March 29, 2023. Available [here](#).



and India, and Iran, among other nations, as member states. The SCO also features Egypt as a dialogue partner and seeks to foster political, economic and security stability among member states. Saudi Arabia's willingness to participate in the organisation and consider full membership points towards a potential alignment in foreign policy and strengthened diplomatic relations. Bilateral trade could significantly ameliorate relations between both nations, and collaboration in extractive projects could develop cohesion in the Persian Gulf and create potential trade corridors.

These efforts, however, are susceptible to Saudi Arabia's diplomatic relations with the West. Talks of an India-Middle East-Europe Economic Corridor (IMEC) trade route, which would connect India to Europe through the Middle Eastern nations of Saudi Arabia, Israel, and the UAE, could aggravate tensions by bypassing Iran and reducing their influence over key trade routes¹⁷². This initiative, led in great part by the United States, could also deteriorate relations with Iran, China, and Russia, generating hostility among BRICS members and reducing collaborative efforts. The risk of including nations allied with the West, exemplified by Milei's interest in strengthening relations with the US¹⁷³, could prove detrimental in efforts to establish diplomatic cohesion and mutual development in BRICS. The future of the group depends on whether Crown Prince Mohammed bin Salman's pledge of economic reform¹⁷⁴ hinges on developing relations with the West or fostering peace and collaboration with the likes of Iran, China, and Russia.

Transport Corridors

The development of the India-Middle East-Europe Economic Corridor could also deteriorate India and Saudi Arabia's relations with Egypt. The proposed project, which would circumvent the Suez Canal trade route and connect India and Europe through trade routes in Saudi Arabia, Jordan, the UAE, and Israel, could significantly hinder Egypt's Suez Canal trade revenues. The ambitious project would significantly reduce the Suez Canal's contributions to the Egyptian economy, which amassed US \$9.5bn¹⁷⁵ in the 2022/2023 fiscal year. The loss of trade volumes could prompt conflicts between Egypt and potential member states UAE and Saudi Arabia, placing additional burdens on BRICS' internal dynamics.

¹⁷² Iran International Newsroom. "New Indo-Saudi Trade Route to Bypass Iran as Transit Hub." Iran International, 2023. Available [here](#).

¹⁷³ Grinspan, Lautaro. "Changing Course: How Javier Milei Will Transform Argentina's Foreign Policy." Al Jazeera, December 11, 2023. Available [here](#).

¹⁷⁴ Global Business Outlook. "Crown Prince Mohammed Bin Salman Pledges Economic Growth Commitment." Global Business Outlook, December 11, 2023. Available [here](#).

¹⁷⁵ Reuters. "Suez Canal Annual Revenue Hits Record \$9.4 Billion, Chairman Says | Reuters." Reuters, June 21, 2023. Available [here](#).



India-Middle East-Europe Economic Corridor

Source: *Middle East Monitor*¹⁷⁶

Argentina

According to Diana Mondino, President Javier Milei's appointed foreign minister, Argentina will not be joining the BRICS group of developing economies as originally scheduled next month.¹⁷⁷ Milei, the newly elected President of Argentina, made harsh remarks toward China during his campaign, showing his opposition, which contrasted with the departing president's pledge of collaboration with China.¹⁷⁸ Indeed, Milei's harsh rhetoric could damage diplomatic relations and bilateral trade between both nations. China is the largest consumer of meat and soybeans from Argentina, a significant investor in the country's lithium industry, and the supplier of a US \$18bn currency exchange.¹⁷⁹ There are also large-scale projects, such as nuclear power plants and hydroelectric dams, which need stable interactions between both countries. Should diplomatic relations deteriorate, several projects funded by China on Argentine soil could be delayed or halted altogether. However, China has stated that it is prepared to continue having stable relations with Argentina in the wake of Milei's election.¹⁸⁰ Milei has even changed his rhetoric during public statements, recognising President Xi Jinping's letter of congratulations.¹⁸¹ Still, it remains uncertain whether Argentina will pursue membership in BRICS, and how bilateral relations will develop.

¹⁷⁶ Middle East Monitor. "Reports: Egypt to Loss Massive Revenue Due to India-Middle East-EU Economic Corridor." Middle East Monitor, September 13, 2023. Available [here](#).

¹⁷⁷ AP News. (2023). "Argentina won't join BRICS as scheduled, says member of Milei's transition team". Available [here](#).

¹⁷⁸ Reuters. (2023). "China ready to work with Argentina despite president-elect Milei's criticism". Available [here](#).

¹⁷⁹ Reuters. (2023). "With soy and lithium trade in the balance, Argentina's Milei has a China conundrum". Available [here](#).

¹⁸⁰ Reuters. (2023). "China ready to work with Argentina despite president-elect Milei's criticism". Available [here](#).

¹⁸¹ Al Jazeera. (2023). "Changing course: How Javier Milei will transform Argentina's foreign policy". Available [here](#).



3.2 A Potential New Age/Benefits and Implications for BRICS

Ojus Sharma, David Neef, Toribio Iriarte

The potential expansion of BRICS could play a significant role in de-dollarisation, straying from the use of U.S. dollars as the standard currency in international trade. This shift could disrupt key commodities supply-chains, powered by these nations' prominence in commodity production and consumption. This impact could be particularly felt in the Global South, where the cost of living could increase due to fluctuations in commodity prices and exchange rates. Perhaps more influential than its regional influence and bilateral trade capacity is the aggregate value of key commodities and natural resources that the expansion would provide. Estimates show that, should all proposed members join, the expanded BRICS would hold 72% of the world's rare earths,¹⁸² 42% of the oil supply, and over 50%¹⁸³ of the natural gas reserves. Excluding Iran's reserves, the group would own 75% of global manganese reserves, 50% of graphite, 28% of nickel, and 10% of copper. With the inclusion of the resource-laden regions of the Red Sea, Vaca Muerta, and Persian Gulf, among others, the group would increase its share of global oil production to 41%¹⁸⁴. The group would also gain prominence in the clean-energy sector, featuring two of the five largest lithium producers in the world¹⁸⁵ (China and Argentina) and the world's largest importer of lithium carbonate¹⁸⁶ (China, 64% of global imports). These statistics account for confirmed resources and active productive capabilities, which could increase drastically as extractive activities and exploration projects are developed.

The commodity hegemony that the expanded group would possess could also provide great bargaining power and leverage in export-restriction negotiations. With various current and prospective group members being subject to economic sanctions and trade restrictions, a concerted effort by member states to counter and abolish these restrictions could prove effective. With the West's current overreliance on natural gas and oil and concerns for rising commodity prices, a concerted effort from the groups' most prominent producers could force sanctioning nations to acquiesce. This influence could also be approached from a transport perspective, where key transport corridors under BRICS' influence could be used as leverage to convince nations to reduce export restrictions and resume trade with the affected BRICS nations. This could, however, aggravate relations with the West and further cement the idea that BRICS was created as a counter to Western nations and organisations. This concerted effort would also depend on absolute alignment within BRICS, as withdrawal from any state could reduce leverage significantly. As it stands, various nations would oppose such a strategy and steer the group towards trade facilitation and economic development instead.

The inclusion of prominent and potential trade routes is sure to increase exports and trade volumes, and influence over key trade choke points could reduce supply-chain risk to member states. The Strait of

¹⁸² Baskaran, Gracelin, and Ben Cahill. "Six New Brics: Implications for Energy Trade." CSIS, August 25, 2023. Available [here](#).

¹⁸³ Natural Gas World. "Expanded BRICS: Implications for Global Energy Trading [Gas in Transition]." Natural Gas World, November 1, 2023. Available [here](#).

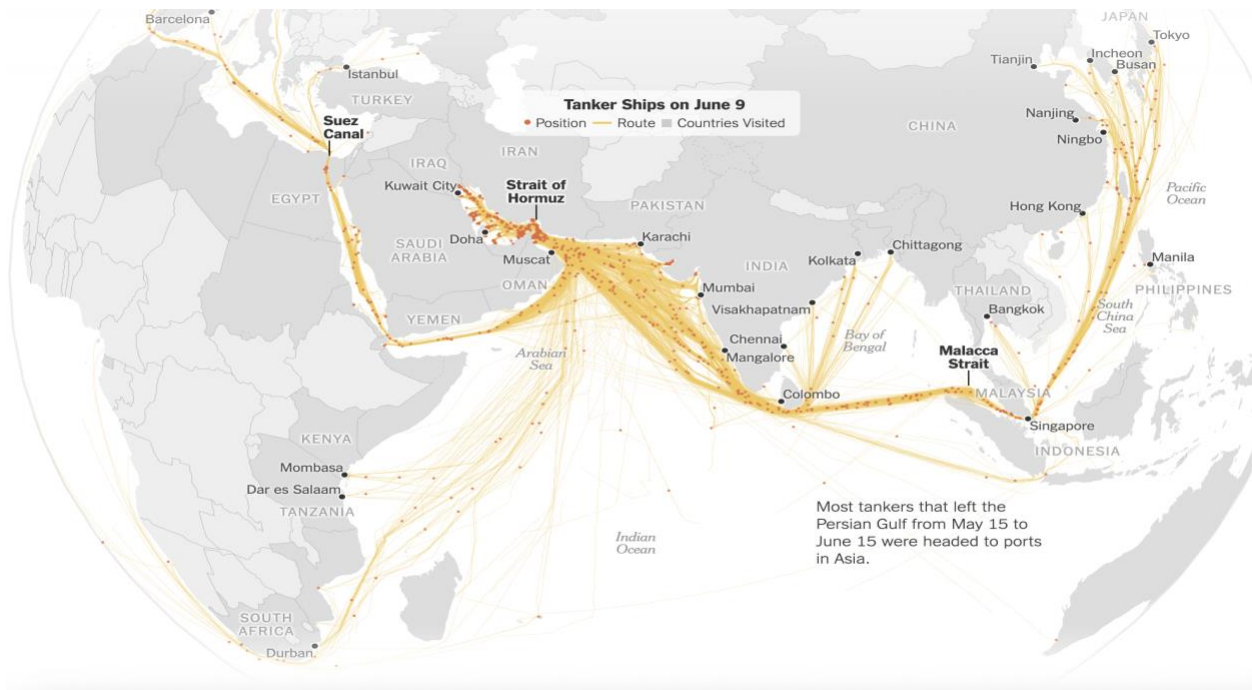
¹⁸⁴ Ergöçün, Gökhan. "Economy to Energy: Expanded BRICS Set for Bigger Share of Global Pies." Anadolu Ajansı, August 30, 2023. Available [here](#).

¹⁸⁵ IntelliNews . "BRICS Materials: Top Holders of Lithium Resources Clamour to Join BRICS." bne IntelliNews, August 23, 2023. Available [here](#).

¹⁸⁶ TrendEconomy. "Lithium Carbonates: Imports and Exports: 2022." TrendEconomy, May 14, 2023. Available [here](#).



Hormuz, where average daily trade volumes amount to 20.5 million barrels of crude oil, is especially susceptible to geopolitical risk given Iran's conflicts.¹⁸⁷ Key to OPEC's trade and global oil markets, this chokepoint could see reduced risk from BRICS' support and bargaining power. Similar benefits would be accrued in the Suez Canal, where over 12% of global trade and 30% of container traffic traverse.¹⁸⁸ The inclusion of Ethiopia, which would beget a growing presence in the Bab-el-Mandeb Strait, could foster BRICS' relations with Yemen, Eritrea, and Djibouti, and the membership of Saudi Arabia would provide nearly absolute dominance in the Red Sea and its vast trade corridor.



Map of Trade Through the Strait of Hormuz

Source: *The New York Times*¹⁸⁹

By increasing BRICS' economic prosperity and financial might, various potential trade corridors could be developed. The Cairo-Gaborone Trans-African Trade Corridor, which connects Egypt, Ethiopia, and South Africa, could be instrumental in expanding the group's reach to developing nations with substantial natural resources and economic potential. As cooperation between the three African nations develops, this route could see a substantial inflow of capital that would be instrumental in developing infrastructure. Apart from accessing new markets and fostering economic growth in struggling nations, building new trade routes in Africa would also mitigate supply-chain risk. The creation of alternative pathways for the group's commodities could prove useful in the case of interruptions or disputes in any of its current trade routes, heralding a new era of trade connectivity and prosperity.

¹⁸⁷ Reuters. (2023). "Strait of Hormuz: the world's most important oil artery". Available [here](#).

¹⁸⁸ New Zealand Foreign Affairs & Trade. (2023). "". Available [here](#).

¹⁸⁹ Russell, Karl, Denise Lu, and Anjali Singhvi. "Why This Narrow Strait next to Iran Is so Critical to the World's Oil Supply." *The New York Times*, July 7, 2019. Available [here](#).