



Foreign ministers of BRICS nations pose for a family photo with representatives from Africa and the global South during a summit in Cape Town, South Africa, June 2, 2023.

## Iran Becomes A Member Of BRICS, With Hopes And Challenges

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Iran officially became a member of the China-led BRICS economic organization on Monday, as it seeks to overcome the impact of US sanctions and overcome its isolation.

In its policy of finding shelter under Chinese and Russian-dominated international organizations, Iran achieved full membership in the [Shanghai Cooperation Organization](#) in July 2022 and concurrently pursued entry into the BRICS group. Following an official invitation, [Iran announced its acceptance into BRICS](#) on August 24, 2023, with the official membership commencing on January 1, 2024.

Iran's Foreign Ministry spokesman, Nasser Kanaani, [announced the news](#) on Monday as an important achievement for Tehran, emphasizing the potential for economic potential BRICS can offer. [Ehsan Khandouzi](#), Iran's Finance and Economic Affairs Minister, expressed hope for global engagement and for increased trade opportunities with BRICS countries, despite US sanctions.

Iranian officials, who feel the need to calm domestic anxieties about the economic crisis gripping the country since 2018, routinely tell citizens that BRICS could challenge the dominance of the US dollar, and alleviate the financial crisis brought about by the US sanctions. Despite these assertions, domestic markets know that the Chinese themselves heavily rely on the US dollar for trade. Lack of confidence in the foreign and economic policies of the government has played a major role in the 12-fold devaluation of the Iranian rial against major currencies since 2018.

In Iran's domestic political dynamics, BRICS is presented as a mechanism and an opportunity to challenge the United States and boost trade.



Iranian President Ebrahim Raisi (right) during a virtual meeting with heads of states of BRICS countries, November 21, 2023

Despite these **perspectives**, skepticism remains about the practical benefits of Iran's BRICS membership, especially concerning economic implications. Geopolitical tensions, such as Russia's invasion of Ukraine and China's strained relations with the United States, complicate BRICS' role as a counterweight to the West.

During the **BRICS summit** in August 2023, Iranian President Ebrahim Raisi and Chinese President Xi Jinping emphasized bilateral cooperation and opposition to "American unilateralism." While some individuals are optimistic, Tehran observers doubt practical benefits, emphasizing the need to address relations with the US and resolve the dispute about Iran's nuclear program for meaningful membership impact. Former UN diplomat **Kouros Ahmadi** has warned against illusions about potential benefits from SCO and BRICS, suggesting such beliefs could be more harmful than not being members at all.

### Challenges

Not all BRICS members may be equally **enthusiastic** about Iran's inclusion, and not every existing member supported Iran's decision to join. Additionally, the impact of US secondary sanctions, restricting Iran's global business activities, may not be substantially alleviated by BRICS participation, especially given the organization's alignment with **China and Russia**, both with their own serious economic challenges and disputes with the West.

Nevertheless, Iran's energy sector is expected to experience significant changes with BRICS membership, particularly due to its major role in gas and oil production. Joining BRICS is seen as a strategic move to enhance energy trade and collaboration, especially with **China and Russia**. Anticipated benefits for Iran include increased energy exports, investment in energy infrastructure, and potential relief from US sanctions through the use of national currencies in **energy trading**.

While Iran aims to leverage BRICS membership to weaken sanctions, boost its economy, and access broader markets, experts caution that economic gains may be limited without a nuclear deal with the West. The uncertainties about the effectiveness and cohesion of BRICS policies also raise questions about the immediate and long-term benefits of Iran's membership.

### **Financial Action Task Force (FATF)**

The Financial Action Task Force (**FATF**), a global monitor on money laundering, announced on Friday that it has made no modifications to its blacklist, which includes Iran, Myanmar, and North Korea. Iranian economist **Mohammad Mehdi Behkish** has emphasized potential difficulties in business transactions with BRICS countries if the FATF issue is not resolved. He has also underscored that, despite additional countries joining BRICS, the economic significance of the United States to China will surpass that of all BRICS nations, emphasizing the necessity of easing financial restrictions for Iran to fully benefit from BRICS membership.

It is claimed that Iran's membership in BRICS represents a strategic alliance with China and Russia, with opportunities for enhanced infrastructure investment and commerce. The goal to change the dynamics of the global energy market and lessen reliance on the US currency in energy-related transactions is supported by China and Russia. Higher energy exports and the possible use of national currencies as a hedge against **US sanctions** are anticipated benefits. However, Iran or any other country, needs revenues in hard currencies for most imports, and replacing the US dollar in energy exports does not seem to be a wise policy.

Moreover, considering the significant trade volumes they maintain with the United States, some BRICS members would be reluctant to take on economic risks in their dealings with Iran. This complicated situation highlights the numerous difficulties and factors that go along with Iran's involvement in BRICS, calling for a systematic and careful strategy to deal with these complications.

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