



Hermes Institute of  
International Affairs,  
Security & Geoeconomy

*“HERMES” Institute of International Affairs, Security & Geoeconomy*

*SHORT COMMENTS*

*Tehran’s Leap to Become a Member of the BRICS*

*By Associate Professor Ali Omid*

*Athens, August 2022*

“HERMES” Institute of International Affairs, Security & Geoeconomy (“HERMES” I.I.A.S.GE) is an independent, non – governmental, non – profit organization, consisting of scholars dedicated in the research and analysis of international affairs in regional and global level. The Institute aims at providing objective, scientific, and reliable research analysis through a variety of studies contributing effectively and constructively in the public dialogue and the evolution of scientific knowledge.

Copyright © 2022

“HERMES” Institute for Foreign Affairs, Security & Geoeconomy

All rights reserved

“HERMES” Institute of International Affairs, Security & Geoeconomy offers a forum for researchers and scholars to express their views freely, thoroughly and well-documented. The views expressed in this occasional paper are those of the author and do not necessarily represent those of the “HERMES” Institute. Short comments aim to contribute constructively in public debate in a wide range of international politics, defense, security and geoeconomy topics.

## **Tehran's Leap to Become a Member of the BRICS**

**By Dr. Ali Omid, Associate Professor, Department of Political Sciences, University of Isfahan, Isfahan, Iran**

Nine months after accepting Iran's application for permanent membership in the Shanghai Cooperation Organization (SCO), the Spokesman of the Iranian Foreign Ministry, Saeed Khatibzadeh announced on June 27<sup>th</sup>, 2022, that the country has submitted its application for membership in the group of emerging economies, known as BRICS. Khatibzadeh announcement followed the speech of the Iranian President, Ebrahim Raisi's on June 24<sup>th</sup>, 2022, at the last BRICS summit hosted by Beijing via teleconference.

At the same time, the Spokesperson of the Russian Foreign Ministry, Maria Zakharova, wrote on the Telegram messaging application that both Iran and Argentina have applied to join the BRICS adding, "*While the White House was thinking about what else to turn off in the world, ban or spoil Argentina and Iran applied to join the BRICS*"

Since last year, when the conservative administration of Ebrahim Raisi, came to power, Iran has vehemently followed a policy of reinforcing political and commercial relations with neighboring countries and its allies in the East seeking to strengthen its economy as a way to counter the economic sanctions imposed by the United States during the Trump era. In a recent message on social media, Raisi tried to promote the positive development of the "*Look to the East*" project in the form of an 8 to 450% growth in the country's foreign trade with its neighbors.

BRICS was founded in 2009 comprised of Brazil, Russia, India and China. The group was initially called BRIC, which was derived from the English letters at the beginning of each member country's name. After South Africa became a member in 2010 the name was changed to BRICS. The BRICS countries make up for 41% of the world's population, produce 24% of the world's GDP, and cover 16% of world trade. A report from "*Goldman Sachs*" - the world's largest investment bank - claims that the Chinese economy will overcome the American one by 2027, and the BRICS group will have an economy far larger than the

economy of the seven industrialized countries of the world, by 2032. Furthermore, by 2050, nearly 50% of global market assets will belong to BRICS.

One of the most important benefits of joining the group, especially for Iran and Russia, which are subject to the most severe sanctions, is the bank of the BRICS countries, called the “*New Development Bank*” (NDB). Described as a multinational development bank, it has developed a payment notification system for the member countries that is an alternative to SWIFT - the financial system for global interbank communications, to which Iran and Russia are now denied access. At the last BRICS’ summit, the Russian President, Vladimir Putin said that Russia’s banking communication system is ready to connect to the alternative payment notification system of NDB.

Another significant goal of BRICS is to be disengaged from the US Dollar as the standard currency in international trade. During his visit in Iran in July 2022, Putin pointed out that the US uses the dollar as a tool to impose embargos and weaken other countries. He proposed alternative currencies saying “*Russia and Iran are planning new ways to use national currencies in their bilateral relations.*” Iran’s leader, Ayatollah Ali Khamenei has applauded Putin’s proposal claiming that “*the dollar should be gradually removed from the path of global transactions, and this is possible gradually.*” Chinese President Xi Jinping in his address in last BRICS’ summit said “*BRICS countries should oppose hegemonism and power politics, reject Cold War mentality and bloc confrontation working together to build a global community of security for all.*” Of course, the US policy was also vehemently criticized by the three aforementioned leaders.

Under the current situation, BRICS’ states may look for an alternative reserve currency to counterbalance the IMF’s SDR (Special Drawing Rights). Meanwhile, the value of the US dollar is declining. At the beginning of June 2022, the International Monetary Fund published a report showing that the US dollar accounts today for 59% of global reserves, a far cry from the 70% it accounted for in 1999.

BRICS will grow its geo-economic footprint by accepting Iran as a full member of the organization. The geopolitical and geostrategic position of Iran, as the only route between the Persian Gulf and the Caspian Sea in the north and the communication line between the Indian

subcontinent and the Mediterranean Sea, would strengthen Tehran's critical role within the BRICS organization. If Iran's application is accepted and BRICS becomes BRICSI, the country will hold a significant role within the organization being the fifth member in terms of population size, the sixth in terms of economic power, and the second holder of oil and gas reserves after Russia.



Ali Omid, Ph.D., is an Iranian political analyst and Associate Professor of international relations at the University of Isfahan, Iran. Dr. Omid published a few books, dozens of peer-reviewed articles, and many short analyses on Iranian foreign policy and Middle East affairs for professional media outlets. He is regularly interviewed by Iranian news agencies such as IRNA, ISNA, IMNA, and other famous dailies

such as the Washington Post and the Guardian.