BRICS INFLUENCE IN THE MIDDLE EAST

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Introduction

Under the auspices of BRICS, Egypt, Iran, Saudi Arabia, and the United Arab Emirates may redraw a Middle Eastern map defined by oil, trade, and policy changes. Will other Middle Eastern countries follow suit?

The growing influence of BRICS dictates that the Middle East assumes a more prominent position as an emergent participant in the global leadership context. In pursuit of BRICS membership, the Middle Eastern countries are set to unite individual interests in order to secure greater economic development and geopolitical influence. If Middle Eastern countries fully capitalize on BRICS' benefits, especially the New Development Bank's financial assets, which could replace the World Bank and the IMF, the region's economic and political outlook will undergo dramatic change.

Calculated Motivations: Admissions of Iran, Saudi Arabia, the UAE, and Egypt

Iran ranks first among the Middle Eastern countries that are most strongly encouraged to join the BRICS grouping. Decades of political instability and persistent sanctions have deepened the country's economic vulnerability. The BRICS alliance, led by China and Russia's interests, could be the only global platform for Iran to escape US and Western sanctions. Iran's accession to BRICS eases Iran's access to the BRICS financial institutions, most importantly the New Development Bank (NDB). As a regional oil producer, Iran's accession to BRICS will have an impact on both the international oil market and the financial systems that facilitate the trade of crude oil. Major oil channels could fall into the hands of BRICS member countries if Iran's alliance with them holds strong. Energy security concerns are likely to arise as rerouting oil shipments pose serious threats to the interests of Western countries, especially since a large amount of the world's oil is shipped from the Gulf Region.

Determined to grow as a regional force in the Middle East, Saudi Arabia enters the BRICS table with geopolitical and economic expansion goals. The Kingdom is at the pinnacle of economic progress aided by massive income from oil exports. Most importantly, the grouping's long-term plans to transition away from an international monetary system influenced by Western countries align with the Kingdom's strategic objectives. Saudi Arabia seems to have a primary objective of exploring alternatives to the current dollar-based exchange system, particularly in the oil trade. This step, while it might take time, may introduce local currencies in oil transactions instead of the dollar. Ultimately, sanctions will undergo change along with the global financial system from an international monetary system, making it incredibly harder for the West to impose sanctions on countries, such as Iran or Russia.

The United Arab Emirates' decision to join BRICS aligns with its objective of achieving a 100% increase in GDP by 2030, indicating a strong dedication to fostering economic expansion. The UAE's decision to strategically utilize the collective strength of BRICS reflects their proactive approach towards accelerating and amplifying their economic growth ambitions. The stability and open business environment of the UAE plays a crucial role in positioning the country as a thriving hub for trade and investment. The UAE's decision to align with BRICS economies presents an opportunity for shared partnerships with member states. This includes the potential to foster technological innovations, such as with India, and education partnerships with Brazil. This move emphasizes the UAE's commitment to achieving its broad foreign policy objectives and is in line with the nation's objective for a responsible and constructive global strategy.

Egypt's dual objectives are to attract foreign investments and escape its historical dependence on the US dollar. In light of the prevailing economic difficulties encountered by Egypt, such as a surge in inflation and the depreciation of the Egyptian pound, the country is focused on prioritizing a stable market economy. The currency's recent devaluation has led to increased difficulty in meeting repayment of external debts. Considering Egypt’s difficult economic circumstances, the prospect of obtaining funds from the NDB to support its development projects seems like a viable solution.

Assessing the BRICS Debate and Strategic Shifts among Middle East Countries

In the ongoing discussions surrounding BRICS within Middle East countries, it is crucial to consider a balanced perspective. While it is true that Middle Eastern nations have expressed a collective interest in enhancing their regional influence, the decision to consider joining BRICS should be understood as a multi-faceted choice, rather than solely a reaction to Western powers. For example, the United States has maintained long-standing relationships with strong allies such as Saudi Arabia, the United Arab Emirates, and Egypt, through established technology transfers and military partnerships. The BRICS system cannot easily influence such relationships to a large degree. Nevertheless, it is crucial to acknowledge that there exists a persistent challenge that extends beyond conventional perceptions of the Middle East within the context of this debate. In other words, central to this debate is understanding how imperative it is for the Middle East countries to devise collective solutions to the region's outstanding problems. It would be wise to observe the potential impact of incorporating Middle Eastern countries into the BRICS grouping on the development prospects of troubled states, namely Iraq, Syria, Lebanon, and Yemen. These nations have consistently impeded the overall growth and stability of the region, highlighting the pressing necessity for the leading Middle East countries to strategically pursue comprehensive development and resilience.

Intra-BRICS Partnership and the New Development Bank

Following the Seventh BRICS Summit, the BRICS member countries decided to expand their intra-BRICS partnership by establishing the New Development Bank (NDB) and the Contingency Reserve Arrangement (CRA) in response to the emerging global challenges stipulated in the Ufa Declaration. The Ufa Declaration launched these financial institutions as a key step toward prosperity in member states and beyond.

A new economic structure through the NDB and CRA is poised to replace the World Bank through substantial funding of development projects. A total of US$32.8 billion has been approved for funding in various sectors of member states, such as energy, infrastructure, basic sanitation, and environmental protection. With its assets growth approximating $50 billion in subscribed capital, the Bank will largely benefit from Middle Eastern countries' accessions to drive economic progress. Drawing on this, the Energy Institute Statistical Review of World Energy projects the growth of BRICS countries will lead to a substantial increase in oil production from 20.4 to 40.3 percent. This expansion is expected to result in the Middle East playing a larger role in the global economy as well as through NBD funding, generate a favorable impact on the combined GDP of the member Middle Eastern countries. The World Trade Organization projects exports to rise from 20.2 to 25.1 percent during the same period. However, given regional development and growth differences, the aggregate impact across various Middle Eastern economies is uncertain.

Conclusion

A potential shift in the geopolitical and economic structure of the Middle East may result from the possible accession of Middle Eastern countries to the BRICS grouping. Greater oil production and a more prominent Middle Eastern economic role could result from initiatives financed by the BRICS-owned New Development Bank. But with global power dynamics shifting, it is unclear how far BRICS will go to encourage other Middle Eastern countries to join or how much development it will bring to their shores.

ABOUT

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