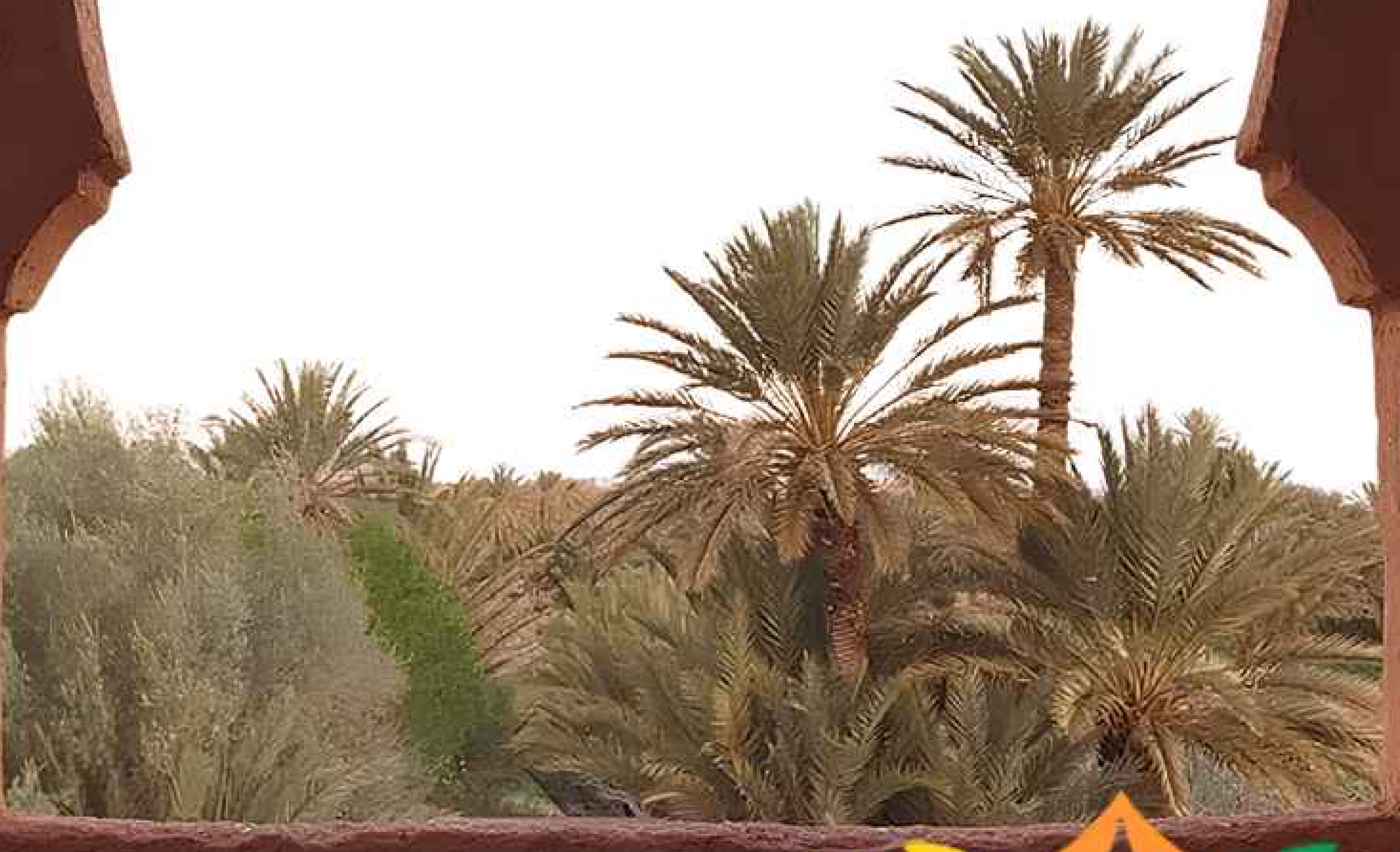
Red Lantern ANALYTICA

Iran and BRICS 2026



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BRICS

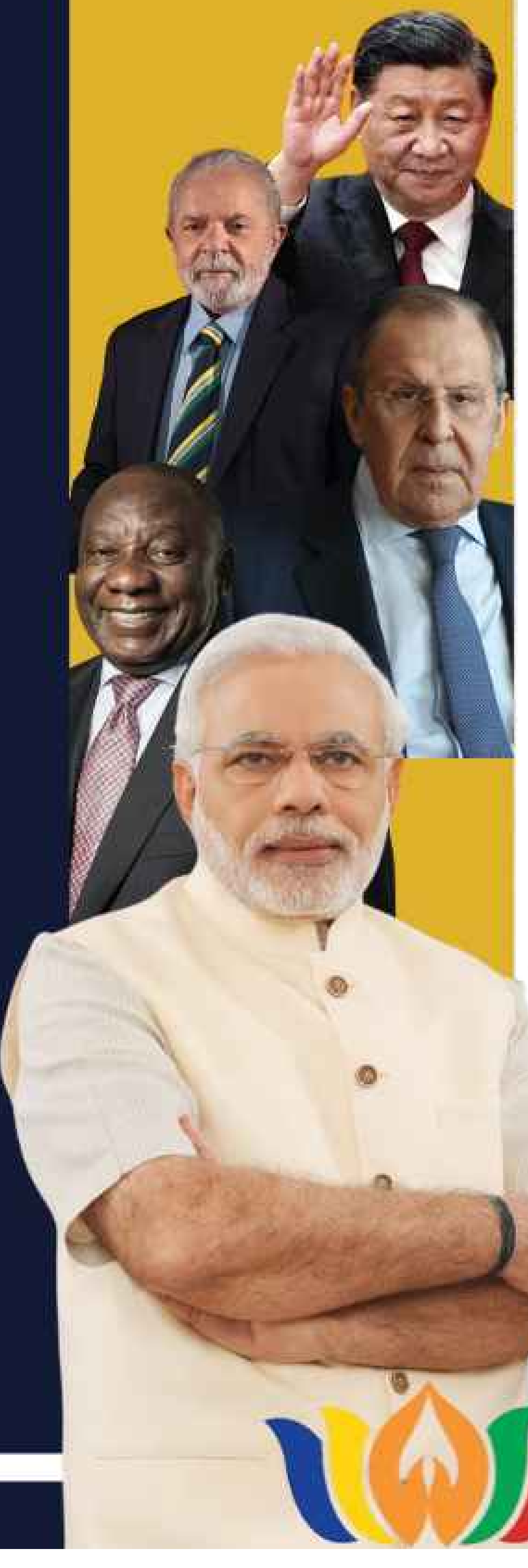
INTRODUCTION

The 18th BRICS Summit to be held on September 12-13, is being held at a time when there is global economic uncertainty and turmoil in West Asia. The conflict in West Asia is likely to impact the Summit. First, tensions between US and Iran have once again risen in recent weeks. US President Donald Trump asked his team negotiating with Iran, to call of talks with Tehran until the latter was "ready to make a deal". US has also announced severe sanctions vis-à-vis Iran referred to as 'Operation Economic Outcast'. While commenting on the same, US Treasury Secretary Scott Bessent, on August 24, said that the aim of these sanctions was to "sever every economic lifeline" which sustained the Iranian regime. He also said that countries which:

"facilitate transactions and are part of the ecosystem that turns Iranian oil into money, into repression, they will be targeted"

On August 28, the US imposed Iran-related sanctions on an Egyptian Bank - Bank Misr's — branches in the United Arab Emirates (UAE) from dollar transactions for its dealings with Iran. While commenting on the decision, Scott Bessent said:

Iran's Foreign Minister described these measures as "desperate". Iran has acknowledged the impact of US sanctions with Iranian President Mahmoud Pezeshkian stating that trade with the rest of the world had witnessed a significant dip.



IRAN IN BRICS :

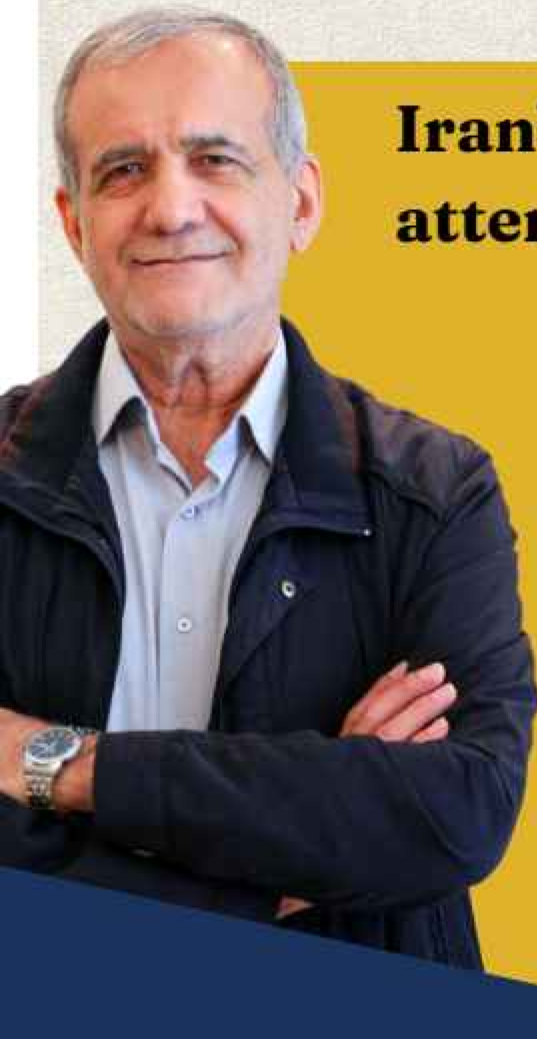
Significantly, Iran has been pushing for greater economic cooperation within BRICS. It has been supportive of trade in local currencies, since this would help it circumvent US sanctions. Over 90 percent of Iran's trade with Russia and China is in local currencies. Chinese purchases account for 90 percent of Russia's exported oil. India, currently the BRICS chair has also been pushing for trade in local currencies, while distancing itself from the idea of a BRICS common currency. The issue of linking central bank digital currencies (CBDCs)has already been discussed during BRICS Finance Ministers and Central Bank Governors meetings. Along with linking of payment systems, this will be high on the agenda during the BRICS Summit.

Apart from trade in local currencies, Iran has also expressed enthusiasm in joining the NDB. The NDB was established in 2015 by the founding members of the BRICS -- Brazil, Russia, India, China and South Africa with the key objectiveof financing infrastructure and sustainable-development projects. So far, NDB has financed projects worth $42 billion. NDB has since expanded its membership beyond the original BRICS founders, including countries such as the UAE and Egypt. Non-BRICS members have also joined the NDB. The latest entrant into BRICS group Uzbekistan. Several countries have expressed interest in joining the NDB including:Colombia, Ethiopia, Angola, Iran and Zimbabwe.

Iran's Central Bank Governor Abdolnaser Hemmati:

"The most important result of cooperation among BRICS member countries is the establishment of the New Development Bank, and our country will soon become a member of this bank,"
Iran had joined BRICS in 2024. While commenting on the upcoming BRICS Summit, Hemmati said:
"The BRICS summit offers a prime opportunity to meet with officials from member nations with whom our country maintains its most extensive monetary and banking exchanges and interactions,"

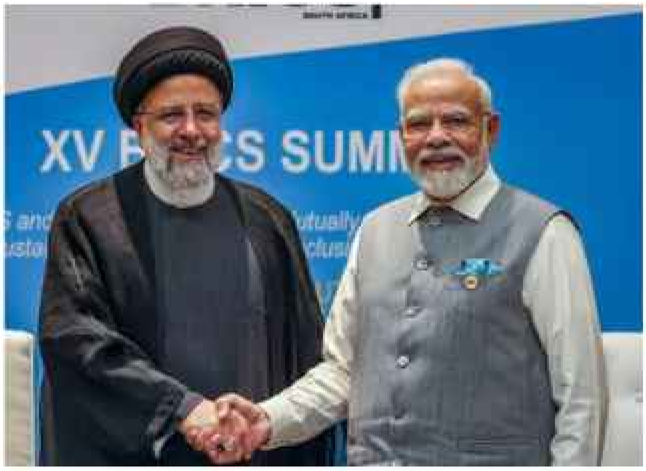
Iran has also pitched for a BRICS financial corridor. Iran has also been pushing for trade in local currencies. China is Iran's largest trading partner, and it has bought a significant percentage of China's oil.

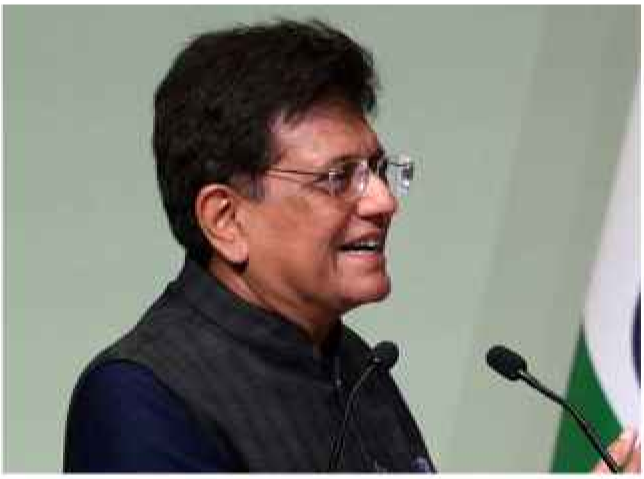


Iran's President to attend BRICS Summit

Iran's President Masoud Pezeshkian is likely to attend the BRICS Summit. Iran has on more than one occasion calledupon BRICS members to criticise the US attack on Iran. India which shares cordial ties with US and Israel while firmly batting for peace has refrained from doing so. During the BRICS Foreign Ministers meeting in May the acrimonybetween the Iranian Foreign Minister Abbas Araghchi and UAE's Minister of State for Foreign Affairs Khalifa Shaheen Al Marar was evident. In recent days, there have been signals that Gulf countries are re-assessing their ties with Iran and this could come as a respite, but the US sanctions vis-à-vis Iran are important.

While India has cordial ties with Iran, and has invested in the strategically important Chabahar Project, it's approach towards the West Asia crisis, while being critical of war has been different from Russia and China.



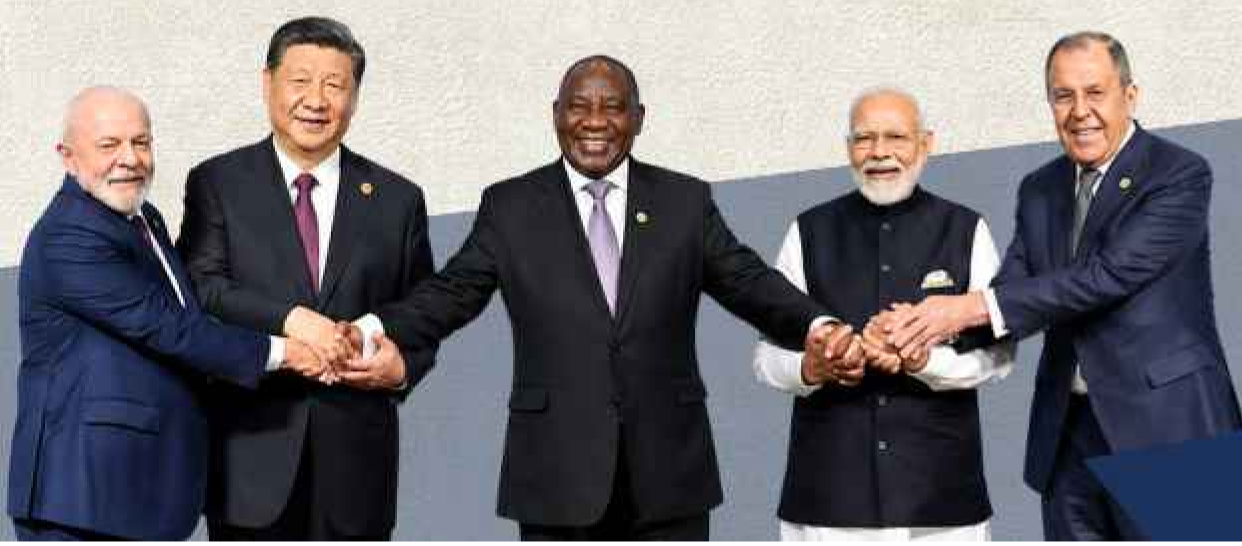


China has been critical of the US sanctions against Iran, saying that this is no solution. China's Foreign Ministry spokesperson said:
"that could further intensify differences and conflicts and disrupt global economic development and financial stability." China is considered the biggest buyer of Iranian oil, and was importing more than 80% of Iranian oil before the US-Israeli war with Iran.

In conclusion, BRICS could face some major challenges and the upcoming Summit. The first is the possibly cautious approach vis-à-vis initiatives pertaining to trade in local currencies. Commerce Minister Piyush Goyal reiterated India's position of opposing a BRICS common currency, while RBI Governor said that initiatives pertaining to trade in local currency would be discussed. Significantly, Parliamentary Standing Committee on External Affairs, headed by senior Congress leader Shashi Tharoor, questioned on whether it will push a de-dollarisation agenda at the 18th BRICS Summit.

While countries will support initiatives related to trade in local currencies, they can not ignore threats from the US. The second is the participation of Iran in BRICS. After the US-Iran conflict, ties have gone downhill. While Iran has expressed interest in joining the NDB, and been supportive of BRICS, it remains to be seen whether Iran pushes for criticism of the US in the joint statement after the summit and how US views Iranian participation. Apart from this, sanctions against Iran as well as countries pursuing economic relations with Iran will also impact the summit.

Third, it remains to be seen how the expansion of BRICS will impact the organisation, since there are differences on economic and geopolitical issues between members of the organisation. While there are immense opportunities for BRICS, in a complex geopolitical order it's task is cut out and India as Chair has an onerous responsibility.



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