

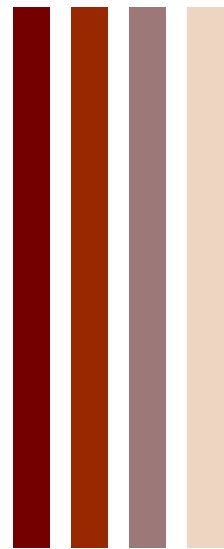


Nigeria's *Brics Membership*– Implications

The recent expansion has significant geopolitical implications. With more than a quarter of the global economy and almost half of the world's population now represented (42%), BRICS has become a major player in the global landscape.

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INTRODUCTION

Recently, we have seen a frenzy of conversations about BRICS, its expansion and what it means for new participating countries like Nigeria. It would seem as though it is a new phenomenon or the latest 'in-thing', but not so. Actually, BRICS has been an 'in-thing' since 2001, when a Goldman Sachs economist, Jim O'Neill, wrote a research paper in which he reported that the growth of the founding members of 'BRIC' (it was without the 'S' at that time) was poised to challenge the G7 wealthy economies as a result of their 'healthier environment'.

**What then is all the fuss about brics?
Why does it matter?
What is important about brics?**

Initially an investment term, BRICS has now evolved into a coalition of a loose bloc of non-Western economies. It is an informal group of states that started by comprising the Federal Republic of Brazil, the Russian Federation, the Republic of India and the People's Republic of China (the BRIC countries) in 2006. In 2010, the Republic of South Africa joined and with effect from January 2024, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates (UAE) were invited to become members. In January 2025, Nigeria, alongside Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Thailand, Uganda, and Uzbekistan, were announced as partner countries. This partner-country category was created at the 16th BRICS Summit, held in Kazan in October 2024.

There are currently three categories of countries within the BRICS, the first of which are the full members. The full members include Brazil, Russia, India, China, South Africa, UAE, Iran, Egypt, Ethiopia, and Indonesia. There are also partner countries, which include Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Nigeria, Thailand, Uganda, and Uzbekistan. Finally, there are observer partner states, which include Algeria, Turkey, and Vietnam.

The recent expansion has significant geopolitical implications. With more than a quarter of the global economy and almost half of the world's population now represented (42%)¹, BRICS has become a major player in the global landscape. This is a very big deal in our present economy and any group with such statistics is bound to matter. It is, therefore, no surprise that there's so much fuss about BRICS.

So, what does BRICS do? How do they operate?

Despite this informality, BRICS has developed an institutional character over the years through political interactions, such as the annual summits and the creation of economic institutions like the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA).

So, what's the point? Why do they convene?

Although informal, BRICS has become an important global actor. The bloc prioritises some themes, some of which include:

- 1. Greater Representation in Global Organisations:** BRICS seeks to establish a united front of emerging economy perspectives in existing multilateral institutions. For instance, expanding the UN Security Council to include more member states and to form negotiating blocs within the multilateral institutions.
- 2. Coordination of Economic Policies:** The 2008 global recession hit the BRICS member states hard and led the group to emphasise economic coordination on issues such as tariff policy, export restrictions of critical resources and investments.
- 3. Creation of Alternative Finance Systems:** As stated above, the bloc's creation of the NDB and the CRA intends to mimic the World Bank and the International Monetary Fund (IMF), respectively, essentially to serve as alternatives. Specifically, the Agreement on the NDB provides that the Bank shall *'support public or private projects through loans, guarantees, equity participation and other financial instruments'* and *'shall cooperate with international organisations and other financial entities and provide technical assistance for projects to be supported by the Bank.'* On the other hand, the CRA aims at providing protection against global liquidity pressures as expressed in the Treaty for the Establishment of a BRICS Contingent Reserve Arrangement.
- 4. De-dollarisation:** A very interesting theme of the bloc is the aim to reduce reliance on the US dollar. At the annual Summit in August 2023 where Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates (UAE) were invited to join the bloc, frustration with the dollar was an important topic of conversation.

There were discussions on how to make BRICS local currencies' use in commerce and finance within and between emerging markets more attractive than the dollar's use—essentially, how to de-dollarise. This ambition has been the focus of the bloc for close to 15 years, yet the vast majority of cross-border transactions involving BRICS member states continue to trade with dollars.

This is because de-dollarisation is not as easy as it is to propose. Unlike the world's other currencies (like the Chinese renminbi, which is proposed by BRICS), it is easier to trade with dollars, especially in emerging economies, as it is more stable, and external debts, which a lot of these emerging markets have, are often denominated and paid in dollars. This just cements the dollar's dominant global role and impedes the efforts to de-dollarise.

Nigeria joined BRICS. Really?

On January 17, 2025, Nigeria's official admission as a BRICS partner country was announced during Brazil's pro tempore presidency. With the world's sixth-largest population, Africa's largest population, as well as being one of the continent's major economies, Nigeria shares convergent interests with other members of BRICS, particularly in strengthening South-South cooperation and reforming global governance—issues that are top priorities during Brazil's current presidency².

As expected, this move raises the following questions: *What is in it for Nigeria? Is this move the best for Nigeria's standing globally?*

First of all, what does it mean for Nigeria to be a BRICS 'Partner Country'?

The introduction of the BRICS' partnership as a category of membership is an expansion mechanism designed to bring in more participants without giving them full membership. This category is quite different from the full members as, while the partners can participate in special sessions of summits and foreign ministers' meetings and high-level events and also contribute to the organisation's official documents and policy statements, they cannot host annual BRICS summits or determine the venue neither can they also select new members or partners. These remain in the exclusive privilege of full members.

Observer partner countries, on the other hand, are countries that have been invited to join the BRICS but have not yet confirmed their status.

What's in it for Nigeria?

One of the main benefits would be access to finance offered by the bloc's NDB. Nigeria has been running a budget deficit of about 5% of GDP since 2019 and needs funding to pay for the deficits. The NDB could be an important source of funding for investment in Nigeria's infrastructure, manufacturing, and agriculture. More importantly, NDB's loans are available in member countries' local currencies, so the countries do not have to earn One of the main benefits would be access to finance offered by the bloc's NDB. Nigeria has been running a budget deficit of about 5% of GDP since 2019 and needs funding to pay for the deficits. The NDB could be an important source of funding for investment in Nigeria's infrastructure, manufacturing, and agriculture. More importantly, NDB's loans are available in member countries' local currencies, so the countries do not have to earn foreign exchange to repay the loans. This fosters exchange rate stability and promotes economic growth.

Another benefit for Nigeria is **global governance and development**. Nigeria could use its BRICS' partnership to garner the group's support in matters that affect Nigeria globally. The joining of a bloc generally gives a country a louder voice as it becomes part of a larger community as opposed to being a single voice. So, in situations where Nigeria has opinions on issues that have world impacts, if agreed to by the bloc, the bloc forms a better platform to push forward the country's position with a much stronger force than standing alone. This gives room for global governance and development.

Furthermore and very important, is the **better trade opportunities** the bloc can offer. Nigeria's trade profile shows that member states of BRICS 'have what we want to import and need what we have to export' in simple terms. For instance, Nigeria exports crude petroleum, petroleum gas, nitrogenous fertilizers, cocoa beans and boats, which India imports and Nigeria imports mineral products, machinery, chemical products and vehicles, which India and China export. This mutually beneficial engagement could help Nigeria not only diversify its trade structure but also help stabilize its exchange rate and build up its foreign exchange reserves.

The membership of this bloc facilitates better trade opportunities between the parties as it will encourage favourable terms of transfer and trade leading to a mutually beneficial relationship.

Is the membership really worth it? Is all the fuss necessary?

While Nigeria's partnership with BRICS has clear benefits, it needs to address its internal challenges—particularly instability in trade policies, infrastructure and fluctuating currency—and prioritise appropriate policy reforms before attempting to fully leverage these benefits.

The country's struggling economy and inadequate infrastructure raise concerns about its capacity for meaningful growth through BRICS. The benefits of joining this bloc can only be fully optimised if the government implements measures that will foster sustainable development, accountability, and good governance. There would be no point in being a member of a trade bloc without implementing the structure to harness its benefits; it would be like pouring water into wide-hole baskets.

There is also concern about how Nigeria will balance its alliances with the United States and European nations. Theoretically, Nigeria's membership of BRICS can impact on benefits it enjoys from institutions of other blocs and it is not clear/definite whether or how it can get the same or even similar benefits from BRICS' institutions or proposed institutions. Hence, Nigeria must be careful to ensure that while strengthening its relationship within the bloc, it should not sideline its current partners to balance the relations with them and this new one to benefit from both satisfactorily.

CONCLUSION

In a nutshell, it is noteworthy that Nigeria has been admitted to partner with BRICS however, in order to fully optimise the benefits of joining the bloc, the government needs to be deliberate and strategic to put in facilities for the country to develop and harness the benefits of the bloc.

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