

# Is Argentina Prepared to Be Part of the BRICS?

Laura Tedesco, PhD  
Associate Professor  
Saint Louis University  
Madrid Campus

## Introduction

In 2006, the foreign ministers of Brazil, Russia, India, and China met in New York while they were attending the UN General Assembly meeting. In 2009, the leaders of these countries met in the city of Yekaterinburg in Russia to discuss better ways of economic cooperation between the four countries. The meeting was attended by Luiz Inácio Lula da Silva, Dmitry Medvedev, Manmohan Singh, and Hu Jintao who were, at that time, the leaders of the countries. In 2010, China formally invited South Africa to become a member of the group. In 2011, the President of South Africa, Jacob Zuma, attended the BRICS summit in Sanya, China, as a full member. In 2022, Argentina and Iran formally applied to become full members of the association.

There are two questions to explore: why Argentina wants to join the BRICS and, most importantly, why Brazil, Russia, India, China, and South Africa would accept the entrance of a country which has, at least for the last three decades, a deep and long economic instability, including one of the biggest defaults in modern history.

In 2014, the president Cristina Fernández de Kirchner was invited by Vladimir Putin to the BRICS summit in Fortaleza, Brazil. In 2018, the president Mauricio Macri went to the summit in South Africa. This year, Xi Jinping invited President Alberto Fernández to the online meeting hosted by China.

BRICS was created with the aim to include the most important emerging powers from each continent. Argentina's incorporation would break that spirit and could open the door for the entrance of other countries. While in theory there are no impediments for the BRICS to transform its nature, the question is why a country undergoing a deep economic crisis should be invited to this group.

## Is Argentina an Emerging Power?

Let's not forget recent history when in December 2001 Argentina defaulted on its external debt, a total of US\$ 132 billion (Tran, Marck (2001) *Argentina defaults on debt*, [Argentina defaults on debt | Interest rates | The Guardian](#)).

Argentina, Latin America's third-biggest economy with a population of about 45 million, has been battered by inflation that is approaching almost 100 this year. The data for September was 6.7 percent a small decrease from July's rate of 7.4 percent and August's 7 percent (Bianchi, Walter (2022) [Argentina inflation, highest in decades, seen at 6.7% in Sept \(msn.com\)](#)).

In Brazil, the economic Minister Paulo Guedes, explained that inflation, which reached 7.17% in the 12 months and is expected to fall below 6% by the end of the year (Ayres (2022) [Brazil's Guedes says IMF overlooked inflation surge, praises Brazil for 'acting early' \(msn.com\)](#)) China's inflation rate is projected at 3.10 percent in 2022. South

Africa's inflation is expected at 7.8 percent. Russia's inflation is expected to accelerate to 13.4% due to the sanctions because of the invasion of Ukraine. India is expecting an inflation rate for the current year of 5.9 percent.

Argentina's economy is currently unstable. The IMF is projecting an economic growth for this year by 4 per cent. The unemployment rate could reach 9.2 percent.

Poverty in Argentina reached 36.5 percent in the first half of 2022. According to government data, almost four out of every 10 people in Argentina are considered poor; More than half of children aged up to 14 years old live in poverty, with 5.3 million nationwide in extreme poverty. The National Institute for Statistics and Census (INDEC) shows that 27.7 percent of the country's households are poor, with 6.8 percent in extreme poverty ([Buenos Aires Times | Poverty reached 36.5% in the first half of 2022 \(batimes.com.ar\)](https://www.batimes.com.ar/2022/07/01/poverty-reached-36-5-in-the-first-half-of-2022/)).

It is unclear what Argentina can add to the BRICS now. It is not an emerging country. On the contrary, it is highly indebted. INDEC shows that Argentina's external debt continues to grow, with the total figure now standing at close to US\$284 billion, equivalent to some US\$6,310 per person ([Buenos Aires Times | Argentina's external debt equivalent to US\\$6,310 per person \(batimes.com.ar\)](https://www.batimes.com.ar/2022/07/01/argentina-s-external-debt-equivalent-to-us6310-per-person/)).

Moreover, South America is represented by Brazil which is, economically, in a better shape than Argentina. The Brazilian government has cut its forecast for gross domestic product (GDP) growth in 2022 to 1.5 per cent from 2.1 per cent estimated in November 2021, the Ministry of Economy announced, adding that the forecast for 2023 remained at 2.5 per cent. Even if Brazil's economic growth is lower, the difference is the inflation rate which might reach 100 percent in Argentina and 7 percent in Brazil.

Argentina is a member of the G20 which has been created in 1999 by the 20 richest countries which represent the 85 per cent of the world economy, 60 per cent of the world trade and two thirds of the global population. From the Latin American region, Mexico and Brazil are also part of the G20. All the members of the BRICS are part of the G20. Being part of the G20 shows that Argentina is not isolated in the world economy. It is just a bad player.

From 2015, Argentina has been trying to join the BRICS. While Brazil and China are less reluctant to increase the number of members, Russia, India and South Africa have expressed many doubts ([https://www.eldiarioar.com/politica/argentina-quiere-unirse-brics-apoyo-china-brasil\\_1\\_9088101.html](https://www.eldiarioar.com/politica/argentina-quiere-unirse-brics-apoyo-china-brasil_1_9088101.html))

The last meeting in 2021 showed the group failure to propose specific measures. Jim O'Neill, who coined the name BRICS, argued after the 2021 meeting "While the first decade was a roaring success for all four countries, with each surpassing all four scenarios that I originally outlined, the second decade was less kind to Brazil and Russia, whose respective shares of global GDP have now fallen back to where they were 20 years ago" (<https://www.project-syndicate.org/commentary/brics-20-years-of-disappointment-by-jim-o-neill-2021-09>)

In this uncertain context for the group, plus the Russian invasion of Ukraine, the inclusion of Argentina does not seem a priority. Besides, Argentina is not an emerging power. On the contrary, at this moment it is facing another deep economic crisis.

## **The BRICS do not need Argentina**

Even though China and Brazil, who are main players of BRICS, support Argentina's accession to the Block, not all members unanimously agree Argentina's membership to the organization. For example, India is proceeding cautiously on the crucial issue of expanding BRICS, as it does not want new memberships to skew the 16-year-old bloc towards any particular power center (Rezaul H Laskar, Hindustan Times). The Indian side is wary of the inclusion of new members who could gravitate towards a power centre and make the bloc more China-centric. In this case, we can see a lack of consensus at the Block which shows that Argentina's accession to BRICS is not welcomed by all members. Russian Foreign Minister Sergey Lavrov had announced during his working visit to Ashgabat in June 2022 that Argentina is on track to become a member of the BRICS group of emerging economies along with Iran. However, Russia is now actively involved in the war with Ukraine and adding new membership to BRICS is not their top priority at the moment.

Before enlarging the group, the BRICS should increase trade between themselves. So far, the only initiative which has been implemented with some success is the New Development Bank. The NDB was created in 2014 with the idea to challenge the Bretton Woods system, specifically the IMF and the World Bank.

NDB was established by Brazil, Russia, India, China, and South Africa to mobilize resources for infrastructure and sustainable development projects in emerging economies and developing countries. From its creation, it has approved around 80 projects totaling around US\$ 30.000 million. Most of the projects are related to clean energy, urban development, and social infrastructure. Argentina could become a member of the Bank, other countries such as Uruguay and Bangladesh are members without being part of the BRICS.

Regarding trade, at this moment, Argentina exports to Brazil, Vietnam, United States, China, India, Chile, Netherlands, and Bangladesh. It imports from China, Brazil, United States, Germany, Thailand, Italy, Vietnam, India and Japan ([¿Cuáles son los principales socios comerciales de Argentina? \(comoimportarenargentina.com.ar\)](https://comoimportarenargentina.com.ar)).

Being part of the BRICS does not necessarily mean that Argentina's trade partners will change. Brazil and China are already key trade partners and India is also in the list.

## **Conclusion**

Argentina's Ambassador to China, Sabino Vaca Narvaja, in his interview to Global Times (GT) in June 2022 said that Argentina wants to join BRICS because conditions are not attached on cooperation there. Ambassador Narvaja noted that the BRICS cooperation mechanism has profound significance for the building of a more balanced global order where cooperation will be unconditional and for mutual benefit. The current government of Argentina is trying to be part of the Block believing that it can bring more benefits to the country and its economy, which is facing serious hardships at the moment.

The current president of Argentina, Alberto Fernández, participated virtually on the XIV Meeting of the Leaders of the BRICS which took place last June. Fernández emphasized: "We aspire to be full members of this group of nations that already accounts for 42 percent of the world's population and 24 percent of global gross product. We are safe and responsible suppliers of food, recognized in the field of biotechnology and applied

logistics technology. This means that we are not only able to produce and export food. We also know how to provide services and to train specialists for other countries to grow their productive efficiency and thus improve the quality of life of their inhabitants" (Fernández: [“Argentina quiere formar parte de los BRICS” - DangDai - DangDai](#)).

These are only words; the reality of the country is very different. The National Institute for Census and Statistics informed last September that 10.6 million people (36.5 percent of the total population) are below the poverty line and 2.6 million are indigent. The report indicated that 27.7% of households are below the poverty line, marking a reduction of 0.2 percentage points compared to the second half of 2021 ([INDEC: 36,5% de pobreza en Argentina en 2022 \(todojujuy.com\)](#))

Argentina is not an emergent market. It is, again, in a deep economic crisis with high inflation, high fiscal deficit, high external debt and increasing poverty. It does not have anything to offer to a group of countries which are already in different stages of economic development. Most importantly, the economic hardship that Argentinians had to deal every day with low salaries and high inflation will not go away whether the country becomes a part of the BRICS. So, the answer to the title of this article is a clear *NO*.

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