

LSE Global South Unit Policy Brief Series

Policy Brief No. 2/2023

**Navigating Argentina's BRICS Entry: between domestic dynamics
and geopolitical Implications**

By Ariel González Levaggi and Tomás Múgica

Navigating Argentina's BRICS Entry: between domestic dynamics and geopolitical Implications

The XV BRICS Summit is where Argentina finally received its official invitation to join BRICS. It was the culmination of a process that began in August 2022, when the country first officially expressed a desire to join the influential group. The matter of enlarging BRICS, which had stirred internal disagreements, particularly between China and the rest, has swept-in nations as diverse as Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates.

Argentine President Alberto Fernández enthusiastically welcomed his country's membership, which is slated to take effect on January 1st, 2024. He believes Argentina will gain enhanced access to external financing and become an integral part of a Global South reformist coalition that advocates a new and better international financial architecture. Yet his political opposition openly denounced membership of BRICS in the midst of an unanticipated electoral process.

Notwithstanding that President Fernández (now in the twilight of his tenure) has been the main advocate of BRICS membership, Argentina's future with that organization is still uncertain. The nation has commenced its electoral process, and a new President is expected to be elected by October (or November if a second round is required). Consequently, an important question looms: What position will the new government take regarding BRICS?

The primaries held on August 13th blew the electoral landscape wide open, with three candidates vying for the Presidency: Javier Milei (La Libertad Avanza-LLA), the libertarian who has emerged as the rising star of Argentine politics; Patricia Bullrich (Juntos por el Cambio), who emerged victorious from a grueling internal battle with Horacio Rodríguez Larreta and now leads the center-right coalition that governed the country from 2015 to 2019; and Sergio Massa (Unión por la Patria), the current Economy Minister, who aspires to both continue and rejuvenate Kirchnerismo.

To gauge how these candidates might approach the issue of BRICS membership, it is essential to consider two critical factors: the external opportunity structure confronting any incoming administration and the ideological orientations and political self-interests of the rival coalitions.

BRICS: is now the right business?

Argentina's fragile economy relies heavily on external financial support, primarily from the IMF, to maintain a minimum of economic stability in the short to medium term. This has significant geopolitical implications, as it gives the US that wields control of the IMF Board considerable influence over the Argentine government. This situation is unlikely to change after the next election regardless who the new President is. Although the current administration has sought to reduce financial dependence on the US and Western financial markets by engaging with China and other lenders, such as CAF (a Latin American regional financial institution) and Qatar, this path has clear limits, given the sheer size and long-termism of Argentina's indebtedness to the IMF, of which approximately US \$45 billion is to be repaid by 2034.

Consequently, external financial dependence will continue to constrain Argentina's geopolitical choices. Against the backdrop of escalating rivalry between the US and China and the ongoing conflict in Ukraine, joining BRICS could be seen as a “statement” in the context of international political realignment. BRICS, with its focus on global governance, is increasingly perceived as an anti-American coalition and an alternative to the G-7. Despite substantial internal differences among its members, including huge variability along an autocratic-democratic continuum as well as an anti-Western-non-aligned continuum, BRICS as a whole has converged on a shared agenda that challenges key aspects of the liberal international order. This includes advocating reforms to international financial institutions and the United Nations, and the institution of alternatives to the US dollar as the global reserve currency.

Consequently, both the Fernández administration and any future government considering BRICS membership must frame Argentina's participation circumspectly. It is essential to avoid any hint of an anti-American or anti-imperialist movement, in either conception or practice. Instead, membership should be presented at all times as a strategy to diversify external connections and create economic opportunities.

Nevertheless, Argentina's effective membership of BRICS would put significant pressure on the geopolitical balance. For a future government led by Milei or Bullrich, withdrawal from the bloc would carry substantial reputational costs, particularly in the eyes of Brazil, China, and India, which were the main backers of Argentine membership and among its top-five trade partners. The challenge is not confined to Argentina, however; it impacts the entire BRICS condominium, as it opted to accept a country encumbered by a recurring pattern of economic and foreign policy instability rather than as a passing exception.

Turmoil Ahead: Argentina Turns (Ultra) Right

Argentina currently lies in the throes of a heated political campaign, with BRICS membership emerging as a litmus test. Although Javier Milei, the libertarian candidate, has issued no detailed foreign policy program, he has unequivocally expressed opposition to joining BRICS, citing his refusal to engage with Communists. Diana Mondino, his chief foreign policy advisor and prospective Foreign Minister, initially rejected the possibility of joining; however, after Argentina's accession was confirmed, she offered more pragmatic remarks regarding economic opportunities with BRICS members.

Certain clues give insight into how the LLA candidate views the matter. Firstly, Milei is a pro-Western, pro-American leader who has repeatedly stated that, if elected, he would prioritize relations with the United States and Israel as Argentina's most important partners. Secondly, his key stabilization proposal, highly popular among voters, is dollarization as a means to combat Argentina's sky-high inflation. Such a monetary convergence would, naturally, align Argentina more closely with the US. Thirdly, Milei champions economic freedom and admires thinkers like Friedman and Von Mises, strongly opposing both dirigisme as well as the lack of political liberties in countries like China and Russia, the two chief anti-Western members of BRICS. In summary, given his ideological-cum-interest-based rapport with the US, plus his critical stance toward China and Russia, it seems unlikely that a Milei government could support Argentina's continued membership of BRICS.

Shortly after President Fernández announced Argentina's accession to BRICS, Patricia Bullrich, who leads the right-wing faction of Juntos por el Cambio, has voiced her opposition as well. In a meeting arranged by the Council of the Americas in Buenos Aires, Bullrich declared that if she becomes President, Argentina would remain outside BRICS. Her policy implicitly rebukes the bloc's position on the war in Ukraine and its outreach to Iran, a state that has sponsored terrorist attacks in Argentina.

Bullrich, a more traditional, pragmatic politician than Milei, is expected to continue to tie the economic knot with BRICS members too, while avoiding political commitments, particularly with China and Russia. In terms of vision, Bullrich and her wing, including Federico Pinedo, who leads her foreign policy team, strongly favor Western alliances and believe that aligning with wealthy democratic nations is pivotal for Argentina to re-establish its erstwhile economic prosperity and political stability. In this perspective, other international regimes like the OECD are preferable to BRICS.

Lastly, we may reasonably assume that a Massa government would promote and facilitate Argentina's participation in BRICS. It would be seen as economically advantageous, particularly in terms of national finance, given the likely higher fiscal needs compared to an administration led by LLA or Juntos por el Cambio. Moreover, It would chime with the ideological leanings of Massa's electoral base, which still retains a faith in center-left Kirchnerismo. Nevertheless, a Massa Administration is bound to take account of Argentina's financial dependence on Western markets and institutions, mentioned earlier, as well as the prevailing right-leaning domestic political landscape.

Ariel González Levaggi is an Associate Professor at the Political Science and International Relations Department at the Pontifical Catholic University of Argentina (UCA). Senior Associate to the Americas Program of the Center for Strategic and International Studies (CSIS) and Executive Board Member of CRIES (Coordinadora Regional de Investigaciones Económicas y Sociales). e-mail: agonzalez@uca.edu.ar

Tomás Múgica is an Adjunct Professor at the Political Science and International Relations Department at the Pontifical Catholic University of Argentina (UCA). e-mail: tomasmugica@uca.edu.ar