

# Hormuz Crisis: Strategic Implications for BRICS

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## Geopolitical Context

Since late February, the Middle East has witnessed a major military escalation – the most significant in 20 years – involving the U.S. and key regional states. **For BRICS, this crisis has resulted in severe consequences:** the disruption of critical trade routes and energy supply chains, strained bilateral relations among several bloc members, interference with the bloc's agenda-setting capacity, as well as damage to local digital and banking infrastructure.

With the conflict's duration and wider ramifications remaining uncertain, **we have formulated seven key questions concerning the impact of this crisis on BRICS and its business agenda.**

## I. Could Rising Tensions Jeopardize Iran and UAE's Standing in BRICS?

By striking the UAE (*BRICS member*) and Saudi Arabia (*BRICS invitee; pending official confirmation*), **Iran risked eroding its own position within BRICS** and undermining the bloc's integrity. However, **the crisis is unlikely to weaken Iran's engagement with BRICS.**

Growing geopolitical pressure and persistent risk of new severe economic restrictions will **increase Iran's interest in the bloc** as a platform for both alternative financial mechanisms and political mediation with affected regional partners.

When it comes to the UAE, **Abu Dhabi has made no diplomatic or policy-making changes to BRICS**, despite publicly stating it would reassess its multilateral engagements – a process that, so far, has resulted only in its withdrawal from OPEC in early May.

Thus, despite bilateral tensions, **representatives of Iran, Saudi Arabia and the UAE maintain full participation in BRICS meetings**, covering both decision-making platforms (*such as Foreign Ministers / Sherpa meetings*) and sectoral working tracks. This suggests that no motion to expel Iran has been raised or, at the very least, seriously discussed within BRICS.

## II. What Is the Collective BRICS Response to the Escalating Hormuz Crisis?

The crisis has exposed **the institutional limits of BRICS as a geopolitical platform for addressing major international crises**, even when member states or affiliated countries are directly engaged.

Despite the escalation involving its members, **BRICS has not taken collective diplomatic or security-related actions**, with political positions being articulated on a bilateral basis (*while the Iranian leadership issued an explicit appeal to the bloc, the UAE refrained from publicly calling for a BRICS response*):

- In mid-May, Russian Foreign Minister Sergey Lavrov revealed that Russia had proposed to issue a joint BRICS statement on the Strait of Hormuz (*remains effectively closed by a “double” U.S.-Iran blockade following the outbreak of hostilities*). Ultimately, **the initiative did not materialize, as Iran and the UAE were unable to align their positions on the document’s wording**.
- At the same time, the Chair’s statement (*released after the BRICS Foreign Ministers’ meeting on May 14-15*) noted “differing views” between “some” member states on the Hormuz crisis, **offering no joint BRICS stance on conflict assessment or resolution measures**.

Critics might argue that this crisis yet again revealed **the diverse geopolitical alignments within the bloc**: Iran’s confrontation with regional actors has affected Gulf states, which maintain close security ties with Western partners, while also participating in BRICS cooperation frameworks.

However, this lack of firm condemnation or a coordinated political response **should not be interpreted as an institutional crisis or dysfunction within the bloc**. Instead, it reflects BRICS’ mandate and operational focus as a platform for economic coordination rather than a military or crisis-response alliance.

## III. Will the Crisis Deepen Divisions Within BRICS?

As Saudi Arabia and the UAE were reportedly considered joining the U.S.-Israeli operation (*and even allegedly conducted covert strikes*), this development brought the conflict **closer to a direct military clash between BRICS members**.

Though military conflicts among members have occurred in integration associations, this **does not necessarily indicate a decline or overall weakening of a bloc’s functioning**.

In particular, in the Commonwealth of Independent States (*the first integrated association among post-Soviet countries after the collapse of the USSR*), military conflicts have repeatedly erupted between Armenia, which is also in a military alliance with Russia within the Collective Security Treaty Organization, and Azerbaijan. As a result, the CIS political agenda has been gradually **refocused to more selective economic cooperation in priority areas**.



Therefore, **the same pattern may apply to BRICS**: as a loosely integrated association, it is unlikely, in the long term, to face a significant disruption of its economic agenda.

#### IV. Could the Conflict Disrupt India's BRICS 2026 Agenda?

Even if the long-term effects remain modest, **the conflict could complicate India's 2026 BRICS presidency**. Economically, a prolonged conflict **could shift India's priorities**. Planned focus areas – such as showcasing India's digital public infrastructure (DPI), promoting payment interoperability and aligning AI governance standards with the Global South's concerns – may be **overshadowed by political crisis-mitigation efforts**.

However, following the mid-May meeting, BRICS Foreign Ministers demonstrated a clear intention to **decouple geopolitical and economic matters, thereby securing continued progress on core business-related priorities** under India's presidency, including in the digital and financial domains.

At the same time, since late April, **BRICS appears to be accelerating its key sectoral working tracks** – some of which, such as payments, had been largely on hold since the crisis erupted. Although meetings are proceeding in a closed format, with no annual calendar published to date.

#### V. How Could the Crisis Reshape the BRICS Economic Agenda?

Considering that BRICS is a rather loosely coordinated economic bloc, the crisis is unlikely to significantly change the BRICS economic agenda, but it may **affect both the items' prioritization and the implementation pace**.

In terms of priority areas, **discussions might be shifted to urgent issues** such as energy flows, supply-chain disruptions and rising inflation, caused by energy market shocks.

A similar pattern is emerging in the G20, where the **U.S. Presidency struggles to maintain focus on its economy-driven agenda**. Thus, following the G20 Finance Ministers and Central Bank Governors meeting of April 16, the U.S. Treasury Department issued a Chair's Statement, which was largely concentrated on ensuring agricultural and fertilizer supply chains, **completely sidestepping U.S. core priorities**, such as financial and digital asset regulation.

All in all, the diversion of members' attention to short-term challenges stemming from the Iranian crisis **may slow the progress of discussions on key projects and initiatives in BRICS economic cooperation**. However, the established timeline for the Summit (*scheduled for September 12-13*) provides an additional window for sectoral track discussions.

## VI. What New Opportunities Could Emerge for BRICS Business Collaboration?

Although it is premature to draw definitive conclusions about BRICS international profile in the aftermath of this crisis, **several observations can be made:**

- As the Hormuz crisis unfolds, sustaining business operations through alternative financial, insurance and digital channels less exposed to Western-involved geopolitical disruptions becomes increasingly important.
- This may **accelerate efforts within BRICS to develop independent and alternative business-supporting infrastructure**, including in financial, insurance and transport domains.

Thus, BRICS is expected to prioritize business-focused initiatives aimed at **strengthening trade, financial and reinsurance infrastructure:**

- **The establishment of the BRICS Reinsurance Company**, which is a BRICS-level initiative intended to provide reinsurance services to support trade and investment operations in emerging markets.
- **Developing alternative cross-border payment mechanisms** to ensure sanctions-resilient and secure transactions among BRICS countries on bilateral or multilateral bases. This may include the launch of CBDC-based payment projects (*BRICS Bridge*), as well as broader efforts to increase the use of national currencies in trade and improve interoperability between national payment systems.

## VII. Which areas of BRICS economic cooperation may face challenges amid the current crisis?

The ongoing crisis has the potential to disrupt select parts of the BRICS economic agenda, most **notably those initiatives that rely on the UAE's active and prioritized engagement.**

- As of now, **the UAE is currently the key to implementing the BRICS Grain Exchange project** – an initiative launched under Russia's 2024 Presidency to establish an agricultural commodity pricing mechanism for the Global South. In 2025, Russia's national bodies devised the exchange concept, **providing for an UAE-based operator**, likely the Dubai Multi Commodities Centre (DMCC).
- However, with Abu Dhabi likely focused on the Iran war, **the concept approval and the project's subsequent implementation might be postponed to 2027.**

Despite an apparent demand for energy-related crisis mitigation, both the limited scope of the BRICS energy track and the track record of other international organizations **constrain its effectiveness at the BRICS level.**

BRICS countries are both net importers of hydrocarbons (*China, India*) and net exporters (*the UAE, Iran, Russia, Saudi Arabia*). Key decisions in the oil and gas sector among BRICS countries are made in two formats:

- Through bilateral negotiations between exporting and importing countries.
- Within OPEC+ among exporting countries (*which also includes Venezuela, a non-BRICS member*).

The UAE's withdrawal from OPEC+ on May 1 could potentially **intensify bilateral negotiations between BRICS oil-importing countries and the UAE**. However, the UAE's continued membership in BRICS is unlikely to have a positive impact on decision-making regarding oil and gas issues within BRICS.

Therefore, the formal continuation of the energy track within BRICS, **relevant issues will be shifted to the bilateral level** (*perhaps even within the BRICS framework, but without the creation of special structures*). At the same time, OPEC+ will dominate decision-making in the oil and gas sector, **with little to no prospect of overlap between OPEC+ and BRICS**.



For consultations on this topic,  
you can contact Evgeny Roshkov,  
Partner [e.roshkov@kesarev.com](mailto:e.roshkov@kesarev.com)

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