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NIGERIA'S ECONOMIC CAPACITY AND BRICS MEMBERSHIP; CHALLENGES AND PROSPECTS

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Abstract

This paper examined Nigeria's Economic Capacity and BRICS Membership; Challenges and Prospects. It critically analyzed the potential benefits and implications of Nigeria joining BRICS, examined its economic, political, and diplomatic impact. The paper armed to assess how membership could affect Nigeria's foreign policy, trade dynamics, financial stability, and regional influence. Additionally, it seeks to explored strategies for Nigeria to maximize the benefits of BRICS while mitigating associated risks, ensuring that its national interests and regional commitments remain prioritized. The paper used a secondary research methodology, drawing from existing literature, reports, and data from credible sources. It employed Mercantilism as the theoretical framework which emphasized self-sufficiency through a favorable balance of trade. It recommends that; Nigeria must ensure that joining BRICS does not reinforce the dependency cycle, where developing nations remain reliant on more powerful economies for investment, trade, and technology, prioritize economic reforms that boost local manufacturing, infrastructure development, and agricultural value chains and conduct thorough cost-benefit analyses before accepting BRICS related loans, ensuring they align with long-term economic growth plans.

Keywords: *BRICS Membership, Mercantilism, Global Economy, Economic Capacity, Growth Rate, Trade Balance.*

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1. INTRODUCTION

The BRICS group has become a major political force in the last two decades, building on its desire to create a counterweight to Western influence in global institutions. The countries that comprise BRICS which stands for Brazil, Russia, India, China, and South Africa, and now five new members states which include Egypt, Ethiopia, Iran, the United Arab Emirates, and Indonesia are an informal grouping of emerging economies hoping to increase their sway in the global order. Established in 2009, BRICS was founded on the premise that international institutions were overly dominated by Western powers and had ceased to serve developing countries. The bloc has sought to coordinate its members' economic and diplomatic policies, found new financial institutions, and reduce dependence on the U.S. dollar. Some analysts warn that the bloc could undermine the Western-led international order, skeptics say its ambitions to create its own currency and develop a workable alternative to existing institutions face potentially insurmountable challenges. BRICS represents a significant alliance of emerging economies. The block, which now has 10 members and 9 partners, makes up 54.6% of the world population and 42.2% of global GDP (PPP). (Ben Norton, 2025). Considering the huge economic and financial potentials of the BRICS, any offer of membership to Nigeria will seem irresistible, especially when such an alliance offers Nigeria's local manufacturers access to markets and to the Nigerian government, an alternative financial market which the New Development Bank (NDB) represents, and diplomatic relations with some global economic and diplomatic superpowers. While the prospect of accessing the BRICS market seems very attractive, opening our market to manufacturing giants like China will pose a significant threat to local manufacturers in Nigeria. This research therefore examines the prospects and challenges associated with Nigeria's potential BRICS membership

Methodology and Scope

This research uses a secondary research methodology, drawing on existing literature, reports, and data from credible sources. The study analyzed Nigeria's economic indicators, the criteria for BRICS membership, and the potential impact of Nigeria's inclusion in BRICS on its economy and global standing.

Objectives of the paper

Nigeria has in January 2025 formally accepted the invitation officially to join BRICS as a partner country, alongside 12 other nations. This portends further strengthening of its economic ties with the intergovernmental bloc. This move has generated questions about how Nigeria stands to benefit. The objective of this paper therefore is to critically analyze the potential benefits and implications of Nigeria joining BRICS, examining its economic, political, and diplomatic impact. It aims to assess how membership could affect Nigeria's foreign policy, trade dynamics, financial stability, and regional influence. Additionally, the study seeks to explore strategies for Nigeria to maximize the benefits of BRICS while mitigating associated risks, ensuring that its national interests and regional commitments remain prioritized. The study is imperative following the recent

2. MERCANTILISM AS THE LENS FOR ASSESSING NIGERIA'S BRICS MEMBERSHIP

Mercantilism is an economic theory that emphasizes self-sufficiency through a favorable balance of trade. Mercantilist policies focus on the accumulation of wealth and resources while maintaining a positive trade balance with other countries. By maximizing exports and minimizing imports, mercantilism is also viewed as a form of economic protectionism. This paper examines Nigeria's potential BRICS membership through the lens of mercantilism, which emphasizes state control over trade, wealth accumulation, and economic self-sufficiency. A mercantilist approach can help Nigeria maximize benefits while minimizing risks within the alliance. A mercantilist framework underscores the importance of economic self-sufficiency, strategic trade, and resource control in Nigeria's BRICS engagement. To avoid economic subordination, Nigeria must actively shape its participation, ensuring that BRICS membership drives national development rather than dependency. BRICS offers Nigeria an opportunity to expand exports, protect local industries, and reduce dependence on Western economies. A strategic trade policy should prioritize preferential trade terms, technology transfers, and infrastructure investments to enhance industrial growth and economic resilience. Nigeria must leverage BRICS to strengthen control over natural resources, ensuring that oil, gas, and minerals are processed locally before export. Access to BRICS financial institutions, such as the New Development Bank, can support industrialization efforts, reducing reliance on Western lenders. Given BRICS' power imbalance, Nigeria must assert its interests, negotiate favorable agreements, and build regional alliances to enhance its influence. Strengthening ties with South Africa and other African members can help ensure that BRICS policies align with African economic priorities rather than serving dominant powers like China and Russia.

Background, Objectives, and Criteria for Joining BRICS

The term BRIC was coined by Jim O'Neill in 2001 to refer to the rapidly growing economies of Brazil, Russia, India, and China. In 2006, these four countries came together to form the BRIC group and held their first summit in Yekaterinburg, Russia in 2009. In 2010, South Africa joined the group, leading to the name BRICS. Egypt, Ethiopia, Iran, Saudi Arabia, Argentina, and the United Arab Emirates (UAE) were formally invited to join as member states, effective January 1, 2024. On December 22, 2023, Argentina announced that it would not be joining the BRICS block. In 2024, Indonesia was added as a member while Nigeria was added as a partner. It is not clear if the expanded group will retain BRICS as its name, but there are indications that the new name will be "BRICS+". The BRICS organization is commonly understood as an attempt to form a geopolitical bloc capable of counterbalancing the influence of Western-dominated global institutions such as the International Monetary Fund (IMF) and the World Bank (Miles K 2025). Russia views the group as a chance to unite the world's emerging economies and challenge the political and economic dominance of wealthier nations in North America and Western Europe. (BBC 2024). During the BRICS summit in Kazan, Russia in 2024, the organization adopted a comprehensive plan to transform the international monetary and financial system, by challenging the dominance of the US dollar and promoting trade and settlement in local currencies (Ben Norton, 2025). On the other hand, China seeks to grow its power and influence - especially in Africa by funding critical infrastructural development in the continent. (BBC 2024). According to the official website of the fifth BRICS summit, which was held in Durban, South Africa, the group aims to promote peace, security, development, and cooperation. It also aims at contributing significantly to the development of humanity and establishing a more equitable and fairer world.

Criteria for Joining BRICS

The BRICS has no founding treaty, no secretariat, and no headquarters. The group's chair, which rotates every year through the different members, manages the agenda for that year and organizes the annual leaders' summit. There are a few flexible criteria for joining BRICS which is the agreement of member states to admit candidates who are committed to progressive ideas, recognize the UN as a premier global institution, not have imposed non-UN sanctions on another member state, believe in peace, and respect for international law, pursue equity and development, and support reform of the UN Security Council. (John Curtis 2024)

3. THE SIGNIFICANCE OF BRICS IN GLOBAL ECONOMY AND POLITICS

BRICS represents a significant force in the global economic and political landscapes. Since its inception in 2001, it has evolved from a mere strange bird-fellows to a formidable organization, hosting regular summits, establishing institutions, and developing policies in line with its aims and objectives.

Economic Impact

With more than 54% of the world population and 42.2% of global GDP (PPP). (Ben Norton, 2025), BRICS have both the market and economic powers to not only shape the global economic outlook but also provide credible alternatives to the Western-dominated economic and political landscapes. The establishment of the New Development Bank (NDB) in 2014 and the Contingent Reserve Arrangement (CRA) has further solidified BRICS' role in providing alternative sources of financing and liquidity support. The expansion of BRICS to include new members such as Egypt, Ethiopia, Iran, Saudi Arabia, the United Arab Emirates (UAE), and Indonesia has significantly increased its economic and diplomatic influence. Political Influence BRICS has emerged as a platform for collective leadership and cooperation among emerging economies. The group's ability to address global challenges, such as climate change, poverty, and inequality, has positioned it as a counterbalance to Westerndominated international institutions. BRICS' influence in global politics is evident in its efforts to reform international financial institutions and promote a multipolar world order. The group's commitment to sustainable development and regional cooperation has also strengthened its diplomatic ties and enhanced its global standing.

Challenges and Opportunities

Despite its significant achievements, BRICS faces several challenges, including economic disparities among member countries, geopolitical tensions, and the need for greater integration and cooperation. The group's diverse economic structures and political systems pose obstacles to achieving uniform policies and goals. However, BRICS also presents numerous opportunities for fostering economic growth, technological innovation, and regional stability. The group's focus on infrastructure development, trade facilitation, and financial cooperation has the potential to drive sustainable development and enhance global economic resilience.

4. NIGERIA'S ECONOMIC CAPACITY

Analysis of Nigeria's Economic Indicators

GDP, Growth Rate, Trade Balance, and Industrial Output

Nigeria returned to democratic rule in 1999 after a long spell of military dictatorship. Plagued by foreign debt, broken diplomatic relations with major Western countries, weak institutions, endemic corruption, and poor infrastructure, the newly elected Olusegun Obasanjo-led government prioritized economic development through privatization and institutional reforms, rebuilt foreign relationships and pursued debt forgiveness from foreign lenders. Despite the country's dwindling revenue, a new era of fiscal stability and repositioning of Nigeria's public institutions inspired investors' confidence in the country's economy. By the end of 2006, Nigeria's national output, measured by GDP, had doubled within four years, from $55.65bn in 2003 to $114.36bn in 2006, with average GDP growth at 7.2% within the same period. (Willey Online Library, 2007) Between 2001 and 2010, Nigeria ranked among the top 15 fastest-growing economies in the world, with an average annual growth rate of 8.2 (World Bank Group). In 2014, after rebasing the economy, Nigeria leapfrogged South Africa as Africa's largest economy with $509.9bn GDP. Given Nigeria's heavy reliance on oil exports, the trade balance has been significantly influenced by fluctuations in global oil prices. While the country has experienced trade surpluses during periods of high oil prices, trade deficits have been common during periods of low oil prices. Industrial output remains relatively low, with manufacturing contributing only about 9% of GDP. This highlights the need for diversification and increased industrialization to boost economic growth. Natural Resource Wealth and its Management Nigeria is endowed with abundant natural resources, particularly oil and gas. The country is one of the largest oil producers in Africa, with proven oil reserves of over 37 billion barrels. However, the management of these resources has been problematic. Issues such as corruption, inefficient resource allocation, and environmental degradation have hindered sustainable development. The Nigerian Extractive Industries Transparency Initiative (NEITI) has made efforts to improve transparency and accountability in the management of natural resources, but challenges remain. Infrastructure and Technological Development Infrastructure development in Nigeria has been slow and inadequate, posing significant challenges to economic growth. The country faces issues such as poor road networks, inadequate electricity supply, and insufficient water and sanitation facilities. The National Integrated Infrastructure Master Plan (NIIMP) aims to address these challenges by increasing infrastructure stock to

70% by 2043. Technological development has also been lagging, with limited investment in research and development (R&D). The government's focus on promoting digital economy initiatives and improving internet connectivity is a positive step, but more needs to be done to enhance technological innovation and adoption.

Challenges in Economic Governance

Corruption is a major issue in Nigeria, affecting all levels of government and hindering economic development. The Corruption Perception Index (CPI) by Transparency International ranks Nigeria low, reflecting its pervasive nature. Efforts to combat corruption, such as the establishment of the Economic and Financial Crimes Commission (EFCC), have had limited success due to weak enforcement and political interference. Policy inconsistency is another challenge, with frequent changes in economic policies creating uncertainty for investors and businesses. This has been exacerbated by institutional weaknesses, including lack of capacity, poor governance, and inadequate regulatory frameworks. Strengthening institutions and ensuring policy coherence are essential for improving economic governance. Overreliance on Oil Exports Nigeria's economy is heavily dependent on oil exports, which account for approximately 90% of export earnings and 60% of government revenue. This overreliance makes the economy vulnerable to global oil price fluctuations and limits the potential for diversification. The government's efforts to diversify the economy, such as promoting agriculture and non-oil sectors, have yielded some results, but more needs to be done to reduce dependency on oil

Comparative Analysis with BRICS Members

When comparing Nigeria to BRICS members, several key differences emerge:

Economic Growth: BRICS countries such as China and India have experienced high economic growth rates, driven by robust industrialization and investment in infrastructure. In contrast, Nigeria's growth rate has been moderate, hampered by structural challenges and policy inconsistencies. BRICS members have diversified economies with significant contributions from the manufacturing and services sectors. Nigeria, on the other hand, has a low industrial output, with manufacturing contributing only a small fraction to GDP. Challenges such as inflation, unemployment, and reliance on oil exports undermines its economic stability.

Infrastructure Development: BRICS countries have made substantial investments in infrastructure, supporting economic growth and improving living standards. Nigeria's infrastructure development has been slow and inadequate, posing significant challenges to growth and development. Technological Innovation: BRICS members have invested heavily in R&D and technological innovation, driving economic growth and competitiveness. Nigeria lags in technological development, with limited investment in R&D and innovation.

Governance and Institutional Capacity:

While BRICS members face their governance challenges, they generally have stronger institutions and more consistent policies compared to Nigeria. Strengthening institutions and improving governance are crucial for Nigeria to enhance its economic capacity.

Prospects of Nigeria’s BRICS Membership

Access to Development Financing: One of the most significant economic benefits for Nigeria in joining BRICS would be access to financial institutions like the New Development Bank (NDB). Established by BRICS in 2014, the NDB focuses on financing infrastructure and sustainable development projects in member countries. Nigeria's infrastructure deficit is a critical constraint on its economic growth. According to the Nigerian National Integrated Infrastructure Master Plan (NIIMP), Nigeria needs an estimated $3 trillion investment over the next 30 years to meet its infrastructure needs (NBS, 2024).

Access to NDB financing could provide Nigeria with the necessary funds to invest in key sectors such as transportation, energy, and healthcare, leading to significant improvements in infrastructure and overall economic development. New Development Bank loans are also available in member countries’ local currencies. They do not have to earn foreign exchange to repay the loans. This fosters exchange rate stability and promotes economic growth. The New Development Bank raises funds in member countries’ local currencies, and lends them to member countries (Rachel Savage and Brenda Goh). The NDB has a flexible approach to funding and offers more favorable terms compared to traditional financial institutions like the World Bank and IMF. This flexibility can help Nigeria finance long-term projects without the stringent conditions often imposed by Western financial institutions. Moreover, the NDB's focus on sustainable development aligns with Nigeria's goals of achieving economic growth while addressing environmental and social challenges (NDB, 2024).

Enhanced Trade and Investment Opportunities: Membership in BRICS would likely enhance Nigeria's trade and investment opportunities. As a member, Nigeria would benefit from increased trade with BRICS countries, which collectively account for a significant share of global trade. This could lead to a diversification of Nigeria's trade partners and a reduction in its dependence on traditional Western markets. For instance, China, a key BRICS member, is already one of Nigeria's largest trading partners. Joining BRICS could further strengthen this relationship and open new markets for Nigerian goods and services. Additionally, BRICS membership could attract foreign direct investment (FDI) from member countries, fostering economic growth and job creation in various sectors. According to UNCTAD, FDI inflows to Nigeria were $2.6 billion in 2023, a decline from previous years (UNCTAD, 2023). By joining BRICS, Nigeria could tap into new investment opportunities, particularly in sectors such as agriculture, manufacturing, renewable energy and technology. Enhanced trade and investment opportunities can stimulate economic development, improve Nigeria's global competitiveness, and contribute to poverty reduction.

Geopolitical Benefits

Greater Influence in Global Governance: Joining BRICS would provide Nigeria with a platform to have greater influence in global governance. BRICS has emerged as a significant player in international politics, advocating for the reform of global institutions like the International Monetary Fund (IMF) and the World Bank. As a member, Nigeria could participate in shaping global economic policies and promoting a more inclusive and equitable international order. This increased influence would allow Nigeria to play a more prominent role in addressing global challenges and advancing the interests of emerging economies (Kolesnichenko et al., 2022). As a key player in African politics and a leading voice in the African Union (AU) and ECOWAS, its inclusion could strengthen BRICS' representation in Africa, following South Africa's membership. Nigeria's inclusion in BRICS would also enhance its diplomatic clout and provide a stronger voice in multilateral forums such as the United Nations (UN) and the G20. By aligning with other emerging economies, Nigeria can strengthen its position on key issues such as climate change, trade, and development, and advocate for the interests of African countries on the global stage.

Strengthened Ties with Emerging Economies: BRICS membership would also strengthen Nigeria's ties with other emerging economies following her foreign policy emphasis on non-alignment. This as well, aligns with BRICS' goal of creating a multipolar world order less dominated by Western powers. Collaborating with BRICS countries would enable Nigeria to share best practices, knowledge, and technologies that are crucial for economic development. Strengthened ties with BRICS members can lead to strategic partnerships in various sectors, including agriculture, manufacturing, and technology. These partnerships can enhance Nigeria's economic resilience and create new opportunities for growth and development (The Conversation, 2024). For example, Brazil's expertise in agribusiness could help Nigeria improve its agricultural productivity and food security. Similarly, India's advancements in information technology could support Nigeria's efforts to build a digital economy. South Africa's experience in mining and natural resource management could provide valuable insights for Nigeria's extractive industries. By leveraging these partnerships, Nigeria can accelerate its economic transformation and achieve more sustainable and inclusive growth BRICS membership is a realistic and beneficial goal for Nigeria, considering economic, political, and strategic factors.

Risks

Geopolitical Alignment – Nigeria may face pressure to shift its foreign policy and economic alliances, potentially straining relationships with Western partners like the U.S. and the EU, which are major trade and aid partners. Its participation in may require aligning with decisions made by dominant members like China and Russia, limiting its policy autonomy in international affairs.

Economic Vulnerability – One of the key challenges Nigeria faces is its overreliance on oil exports. Oil accounts for approximately 90% of Nigeria's export earnings and 60% of government revenue, making the economy highly vulnerable to global oil price fluctuations (NBS, 2024). Economic diversification is essential for achieving sustainable and inclusive growth. Nigeria's economy relies heavily on oil exports, whereas BRICS economies like China and India have diversified industrial bases. Entering BRICS without a clear industrialization strategy may expose Nigeria to unequal trade dynamics. Increased trade ties with BRICS members could expose Nigerian businesses to stronger competition, potentially stifling local manufacturing and entrepreneurship. Consequently, Nigeria may become a market for BRICSmanufactured goods rather than a competitive exporter, reinforcing its position as a raw material supplier rather than an industrial player.

Debt Dependency – Increased access to BRICS' funding sources, particularly China-led initiatives, could deepen Nigeria's debt burden if loans are not managed properly.

Institutional Weaknesses – Nigeria struggles with corruption, policy inconsistencies, and weak institutions. These issues could hinder its ability to fully leverage BRICS opportunities and meet the group's economic and governance expectations.

Monetary Policy and Currency Risks – BRICS has been advocating for dedollarization. If Nigeria aligns with BRICS monetary policies without sufficient reserves and financial stability, it could experience exchange rate volatility and economic shocks.

5. RECOMMENDATIONS

1. Nigeria must ensure that joining BRICS does not reinforce the dependency cycle, where developing nations remain reliant on more powerful economies for investment, trade, and technology. Negotiating from a position of strength to avoid neocolonial economic patterns that perpetuate dependence and limit long-term growth must be upheld.

2. A mercantilist strategy would enable Nigeria to secure favorable trade terms, attract infrastructure investments, and reduce reliance on external economies. Nigeria must maintain a balanced foreign policy, staying non-aligned while fostering cooperation with BRICS, Western, and African nations. Its engagement with BRICS should be framed as a strategy for economic diversification rather than a shift away from existing partnerships. Prioritizing national interests, Nigeria must develop a clear diplomatic strategy, strengthening alliances with African nations and working closely with fellow African BRICS members like South Africa to enhance its negotiating power. Above all, regional organizations such as the African Union should remain at the forefront of its strategic considerations

3. Nigeria should prioritize economic reforms that boost local manufacturing, infrastructure development, and agricultural value chains. Strengthening the nonoil sector would enable the country to negotiate trade terms more effectively within BRICS.

4. Nigeria must conduct thorough cost-benefit analyses before accepting BRICSrelated loans, ensuring they align with long-term economic growth plans. Transparency in loan agreements

and a focus on public-private partnerships (PPPs) could reduce reliance on debt-driven infrastructure projects. strengthening its foreign exchange reserves and stabilizing the naira should come first before making any monetary commitments within BRICS.

5. Nigeria must strengthen governance structures by improving accountability, fighting corruption, and streamlining policy implementation processes. This could be achieved through legislative reforms, digital governance, and increased public sector transparency

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