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A BRICS Energy Stability Framework

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About the Series

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This issue paper forms part of the inaugural set of three papers published under the series. Collectively, these papers examine key themes including geoeconomic strategy, digital power, energy resilience and the future of institutional and plurilateral cooperation, contributing nuanced perspectives to ongoing debates on governance and institution building in an increasingly complex global order.

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Executive Summary

The Persian Gulf conflict of 2026 has elevated the agenda of energy security for the BRICS members. This issue paper argues that while BRICS cannot act as a unified geopolitical bloc on energy owing to the divergent positions of its member states, it can build a collective economic unit for managing price and supply disruptions.

The vulnerability to oil supply disruptions and subsequent price shocks is shared by all regions of the world. For major oil-importing members such as India, elevated prices translate directly into billions of dollars in additional monthly foreign exchange outflow, industrial shutdowns, and downstream food inflation. Egypt, Ethiopia and Indonesia face currency depreciation, fuel rationing and supply shortages. China, with the world's largest strategic petroleum reserve at over 90 days of import cover, is relatively insulated. Oil-exporting members such as Russia remains under sanctions while Iran, Saudi Arabia and the UAE are embroiled in a full-fledged military conflict on opposing sides. The crisis has exposed a membership that is simultaneously affected by the disruption and unable to act collectively in response.

The BRICS Energy Cooperation Roadmap 2025-2030 published only last year, offers limited relief. Its focus on long-term energy transition, green hydrogen, and decarbonisation is misaligned with the immediate imperative of market stabilisation. Unlike the International Energy Agency which compels members to maintain 90-day reserves and mobilised 400 million barrels of emergency supply in March 2026 or the ASEAN's Petroleum Security Agreement model, BRICS has no substantial framework as a grouping to respond to a supply shock of the present scale.

This paper underscores the urgent need for internal reform within BRICS energy cooperation and proposes a set of institutional and financial measures to strengthen the grouping's collective resilience. It argues for deeper coordination through shared reserve mechanisms, targeted financial support for vulnerable members, expanded joint energy infrastructure, and stronger cross-border investment frameworks in both hydrocarbons and critical minerals. Together, these measures aim to reduce external vulnerabilities, enhance energy security, and position BRICS to build more integrated and resilient supply chains for both conventional energy and the transition to cleaner energy systems.

The underlying rationale herein is of economic unity prevailing over geopolitical divide within BRICS. Stable energy markets are a shared interest across BRICS regardless of political alignment. The foremost requirement behind the proposed measures is the recognition that collective economic architecture is both urgent and achievable for members.

A BRICS Energy Stability Framework

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Introduction

Since 2020, the world has witnessed multiple disruptions to global supply chains – particularly the energy supply domain. In early 2020, oil prices briefly plunged as the Covid-19 pandemic sharply reduced energy demand. In 2022, the Russia-Ukraine crisis caused acute spike in oil & gas prices and later food grains prices. In early 2026, oil prices crossed multi-year highs following the U.S.-Israel military strikes against Iran, triggering a fresh conflict in the Persian Gulf. This latest shock has caused shortages of petrol, diesel, cooking-gas, aviation fuel, and industrial fuels such as natural gas. Critical damage to Qatar’s energy infrastructure has reduced the supply of natural gas and is also likely to cause a shortage of fertilizers and food inflation in the subsequent months.

Concerns for BRICS

Of the five original BRICS members, India and China are major energy importers, while Russia is a major exporter of oil and natural gas. Brazil has also become a significant exporter of oil, though at a scale much smaller than Russia. The expanded BRICS membership includes three other important oil exporters: Saudi Arabia, the United Arab Emirates (UAE), and Iran. At present, Russia is unable to export its oil freely owing to the imposition of economic sanctions, whereas Saudi Arabia, UAE and Iran have been affected by the conflict in the Persian Gulf.

Table 1: Major Oil Importers and Exporters

Country	Per Capita Income	Oil Importer/Exporter
Brazil	Upper Middle	Exporter
China	Upper Middle	Importer
India	Lower Middle	Importer
Russia	High	Exporter
South Africa	Upper Middle	Importer
Egypt	Lower Middle	Importer
Ethiopia	Lower	Importer
Indonesia	Upper Middle	Importer
Iran	Lower Middle	Exporter
Saudi Arabia	High	Exporter
United Arab Emirates	High	Exporter

Source: Compiled by the author using World Bank country income classifications and U.S. EIA international energy statistics.

The disruption originating from the Persian Gulf has severely affected all players. Oil importing nations face an immediate impact of elevated energy prices.

For a high-demand country such as India, which imports 4.5 million barrels per day of oil, the higher price implies an additional outflow of \$4 billion a month from the economy. This is a direct loss to oil consumers that will reflect in slower GDP growth. Further, the disruption in natural gas supplies has resulted in several industries shutting down in India as fuel supplies have been restricted. Higher natural gas prices will drive up the fertilizer costs, given that gas is a raw material used for manufacturing urea. This in turn will disproportionately impact the world's poorest. Higher energy prices are typically followed by higher food prices, as has been seen during the past price shocks of 2006-07 and 2022.

Amongst other BRICS energy importers, the impact has also been dire. Egypt's currency has fallen by approximately 9% against the U.S. dollar, compared to its level in February. Cairo has introduced energy-saving measures including early closures of shops and restaurants (Hakim, 2026). Ethiopia's gas stations witnessed long queues, and the government sent its employees on leave to reduce fuel consumption (Mom, 2026). Indonesia has imposed rationing at fuel stations to head off potential shortages (The Jakarta Post, 2026). Amongst the energy importers, China is the world's second largest oil consumer, using about 16 million barrels per day or about 15% of the global consumption. It is relatively better placed due to its massive Strategic Petroleum Reserves (SPR), pegged at over 1 billion barrels, which is the highest in the world. China's SPR gives it a comfortable buffer of over 90 days of import cover.

BRICS Energy Cooperation Roadmap 2025-30

In 2025 the BRICS members released an energy cooperation roadmap for the period from 2025 to 2030, with four key objectives (Ministry of Mines and Energy [Brazil], 2025):

- (i) Strengthening BRICS energy cooperation and coordination in the international energy agenda;
- (ii) Expanding the scope of cooperation with energy security and just and inclusive energy transitions as essential backdrops;
- (iii) Improving governance, decision-making and implementation processes for cooperation initiatives;
- (iv) Expanding trade in energy-related goods and creating favourable conditions for mutual investments.

However, these efforts are largely concerned with issues of energy transition, use of green hydrogen, greening of transport etc., in the form of long-term plans with limited relevance for the crisis at hand.

One advantage the BRICS holds over other multilateral grouping is that its roadmap recognizes the role of fossil fuels, and explicitly addresses measures regarding decarbonization of upstream oil production, and investment in coal and natural gas infrastructure. Notably missing, however, is any reference to stabilize energy markets or deal with price/supply shocks, which are increasingly recurring. BRICS currently has no plans for dealing with a shock such as the present one.

Models for BRICS

International Energy Agency (IEA)

BRICS can draw from other existing associations and their mechanisms. The International Energy Agency, set up in the aftermath of the 1974 first oil shock, concerns itself with the possibility and mitigation of energy supply disruption. The IEA has 32 member countries, almost all of which are Western or developed nations. Of the five ‘accession’ countries that have applied for full membership, only one is from BRICS being Brazil. There are 13 other ‘association’ countries, which share information but are not bound by IEA rules or have voting rights. This includes China, India, Egypt, Indonesia and South Africa.

BRICS would benefit by adopting some of its clauses such as binding obligations that the IEA has bound its members with, such as binding obligations to maintain a reserve of crude-oil/petroleum products equivalent to 90-days and mandatory cooperation in emergency responses to any crisis (International Energy Agency, n.d.). In March 2026, for instance, IEA members collectively agreed to release 400 million barrels of oil to stabilize the energy markets after the start of the Persian Gulf conflict. This additional volume of oil helped partly offset the supply shock arising from blockade of the Strait of Hormuz, without which the hike in oil price would have been much worse.

Association of Southeast Asian Nations (ASEAN)

Established in 1967, ASEAN has had an ASEAN Petroleum Security Agreement (ASEAN, n.d.) since 1986 primarily designed to deal with energy disruptions. The agreement comprises of both short-term emergency responses and long-term measures (ASEAN, 2009). Short-term responses include demand management (via higher prices) and supplying energy to fellow ASEAN members in distress at market prices. However, the latter is not a binding obligation. Medium and longer-term measures include greater efforts in exploration, diversification of energy sources, as well as stockpiling. Unlike IEA, ASEAN was not specifically created to address energy issues, and its measures lack the binding force and intensity comparable to the IEA.

BRICS Responses to Energy Disruptions

Many of the causes for energy market disruptions are geopolitical such as the U.S.-Israel war on Iran and U.S’ sanctions on Russia and Iran. A unified geopolitical response by BRICS as a consolidated bloc is not realistic given the differing motivations and interests of separate actors. As of early 2026, Iran, Saudi Arabia and the U.A.E. have established divergent geopolitical positions. Likewise, the differing stances between China and India make a joint response to the aforementioned crisis difficult.

However, an economic response to energy disruptions, encompassing the objectives of price stabilisation and tiding over short term shocks appears more feasible.

For instance, trade between India and China has continued to increase despite border disputes. Stable and predictable energy markets represent a shared interest, provided they can be achieved by purely economic measures.

Strategic Reserves and Energy Stability Fund

Amongst the BRICS oil importers, China keeps the maximum volume of strategic petroleum reserves (SPR) estimated at 1.2-1.3 billion barrels) which cover over 90 days of imports (Paraskova, 2025). Comparably, India's SPR is considerably smaller, at about 75 million barrels, covering 10 days of oil imports. For India, a 90-day reserve would imply 400-million barrels of oil in storage. The value of this oil would be approximately \$28-\$32 billion at the pre-conflict oil price of \$70 per barrel. The fiscal burden on other lower-income states, including Indonesia, Ethiopia and Egypt, will be proportionately high. This is one reason why it is primarily higher income countries (IEA members, China) that maintain SPRs, while for most emerging economies SPRs are minimal or non-existent.

Oil exporting countries such Russia, Saudi Arabia and the UAE do not have to maintain SPRs as they do not import oil. However, there is a strategic logic for oil exporters to partly invest in and own SPRs based in oil importing economies. During times of low oil prices, which characterised much of the past decade, these SPRs can be replenished, especially when oil demand is low and prices fall below a threshold, thereby providing price support. At times of high prices, like the present, oil can be released from these reserves to stabilize the market. From the exporters' of view, there is additional value because for most of the past decade, the oil market has been well supplied and prices have been low. Exporters need long-term demand security, and investing in SPRs provides the channel for developing deeper ties with buyers and create the required visibility.

There is an additional issue of resources, especially for the lower income members. One objective of BRICS should also be to enable these countries to finance their own petroleum reserves through a custom created financial institution on lines of New Development Bank, with ownership split amongst the member countries.

Deconsolidation of the Oil Industry

Amongst the key BRICS members, a small number of mega-corporations account for the bulk of energy consumption and production. For instance, a single firm Petrobras, dominates oil production and refining in Brazil. In China, three state-owned firms (Sinopec, PetroChina and CNOOC) account for the bulk of upstream, refining, and retail. Likewise, in India it is four companies, with three being state-owned and one private (ONGC, IOC, BPCL and Reliance respectively) that dominate upstream, refining and retail. The upstream sector in Saudi Arabia and the UAE is also dominated by a single, state-owned entity.

This is in sharp contrast to the U.S., that houses thousands of oil companies, ranging from global super-majors such as Exxon and BP, to small producers operating a few wells.

Scale brings advantages including the ability to execute large projects, mobilize resources and investments, and maintain widespread operations. However, it also encompasses its own vulnerabilities. Companies with global operations are more exposed to facing unilateral U.S. sanctions, which has become a recurring event in recent few years. A single company also has limited bandwidth to undertake projects at a given time, and may not find projects such as a small oil field viable, given its cost overheads.

Therefore, for oil-importing countries within BRICS, smaller oil companies with limited operations are preferable as they are less vulnerable to unilateral sanctions due to their lower dependence on external capital and technology.

In the case of petroleum refining, “teapot” refineries a the term used to describe small refineries (1-5 million tons per annum capacity) can process sanctioned crude as they have limited global exposure. Such stand-alone refineries are common in China, and often serve this function of processing sanctioned crude. This may be a workable model for other BRICS economies as well.

Facilitating Cross Border Investments

Petroleum prices can be volatile as they are susceptible to events beyond the control of a company, a country, or even groups of countries. For oil producers dependent on export income, this can be a source of financial uncertainty. Similarly, importers also suffer in such events of sudden price hikes.

One way to mitigate price fluctuations can be for BRICS countries to cross-invest in each other’s companies. For instance, Aramco (Saudi Arabia), Rosneft (Russia) and Adnoc (Abu Dhabi) have investments in petroleum refining and retail across multiple countries. These investments provide a cushion in times of low oil prices, as well as demand security. China and India have also invested in several oil fields across the world to secure oil supplies.

A more direct measure could be to cross-invest in listed companies in upstream/downstream sectors within the BRICS member states, via dedicated sovereign wealth funds. For the investee company, this provides a stable, long-term investor that is particularly valuable in sectors where investment horizons are stretched out over years and decades. For the investors, the cash flow from these investments will provide a cushion against price volatility, depending on where they are positioned.

Within the BRICS grouping, upstream oil majors such as Saudi Aramco, Rosneft, Petrobras, ONGC and PetroChina are all listed in their home markets. Likewise, downstream (refining and marketing) companies such as Indian Oil and Sinopec are also listed and actively traded. An Exchange Traded Fund (ETF) can serve as a mechanism to create baskets of upstream and downstream energy companies within BRICS countries, which can then be opened to investors within the grouping.

This model can also be used for other strategic commodities such as lithium, rare earths, nickel etc., which are classified as critical minerals and are essential for energy transition. Supply chains for many of these minerals are currently not at a stage where they can support a large-scale shift to electric transport. For instance, two-thirds of the global supply of cobalt comes from a single country, the Democratic Republic of Congo. Similarly, China controls the extraction of rare earths and production of high-power magnets and has leveraged its position as these are crucial for electric vehicles. However, adoption of new technologies is unlikely without reliable supplies and therefore, directing investments towards such resources is imperative in improving the overall supply of these minerals.

Finally, not all BRICS countries have listed upstream/downstream majors and the level of financial disclosures varies across different countries as well. A longer-term objective for BRICS should be to promote greater transparency and facilitate listing of resource companies to be open for cross border investments. This is an important prerequisite if BRICS is to become a serious economic grouping.

Recommendations

1. Create a BRICS energy reserve located in energy-importing states, co-owned by importers and exporters. As a starting point, the reserve can cover 15 days of oil imports, and can be expanded over time. This reserve should be for use only within BRICS member states.
2. Set up a BRICS Energy Stability Fund, with contributions from all members, which will help finance SPRs for lower income BRICS members. The loan made by this fund will be backed by the oil held in SPRs.
3. Create smaller oil companies as joint ventures among BRICS members where possible, to build and operate small sized 'teapot' refineries and associated retail networks.
4. Facilitate cross-investment in the upstream sector of BRICS members by creating an ETF with shares of listed oil producers such as Saudi Aramco, Rosneft, Petrobras, ONGC, and PetroChina. Create a downstream ETF with shares of listed refiners and retailers such as Indian Oil, Sinopec, and Reliance. Inclusion in the BRICS ETF should require high levels of transparency, disclosures and corporate governance.
5. BRICS should also facilitate the creation of ETFs for resource companies in critical minerals including lithium, cobalt, nickel and rare earths. Development of these new reserves will require patient capital, which can be accessed via this route. Improving the supply of critical minerals will help in energy transition, which is also hampered by the availability of critical natural resources.

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