DEVELOPMENT OF RUSSIAN FOREIGN ECONOMIC RELATIONS WITH AFRICA UNDER THE CONDITIONS OF INTERNATIONAL COMPETITION

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Purpose: the author aims to identify obstacles to the development of Russian-African economic relations in the context of international competition, to offer options for their elimination, to develop mechanisms to enhance interaction. Discussion: the author analyzes the existing policy documents that systematize the goals and objectives of Russia in Africa, as well as the barriers hindering the dynamic expansion of economic relations.

Results: the author concludes that for the multifaceted development of cooperation between Russia and the African states it is necessary: to develop a unified trade and investment strategy; to implement a number of initiatives aimed at providing greater range of information services to the representatives of the Russian government and business; to optimize the foreign economic activity support system and mechanisms, designed for the Russian companies doing or planning business in Africa.

Keywords: foreign economic activity, export promotion, government assistance, bilateral relations, trade, investment, concept, strategy, Africa, Egypt, Russian Export Center.

DOI: 10.17308/meps.2019.8/2175

1. Introduction
In recent years, Russian-African economic and investment cooperation has been actively developing.

By the results of 2018, according to the data of the Federal Customs Service of Russia, the trade turnover increased by USD 3 billion and amounted to USD 20,4 billion, Russian exports – by 18,1%, and imports to Russia from the African continent – by 11,1% [4, 16].

Investment cooperation has also intensified. According to expert estimates,
five Russian companies invested in 2013-2017 more than USD 30 billion in Egypt only [4, 8].

At the same time, despite the intensive development of the whole complex of relations between Russia and the countries of the continent under the conditions of active international competition for the African market, there are obstacles in the way of realizing the potential of cooperation.

2. Discussion
2.1. Fundamental Policy Documents

In 2018, a decision to prepare a new version of the «Concept of Russian Policy towards Africa» was taken [5]. It can be assumed that this document will mainly focus on the aspects of bilateral and multilateral political cooperation with African partners. At the same time, in our opinion, the issues of economic cooperation are no less important, due attention to which, apparently, will not be given in this Concept.

In this context, it should be noted that the draft of the «National Export Strategy of Russia for the Period until 2030», earlier developed by the Ministry of Economic Development of Russia together with the expert community, was not approved, as the Ministry reported in December 2013. In addition, for unknown reasons in this draft document, sub-Saharan Africa was not considered as a region. The current «Foreign Economic Strategy of the Russian Federation until 2020», firstly, is already outdated, and secondly, it lacks a section that deals with investment cooperation [19, 20, 21].

During the recent meeting of the Committee of the Chamber of Commerce and Industry of the Russian Federation on Economic Integration and Foreign Economic Activity on «Problems and Prospects for the Development of Exports of Russian Goods to African Markets», the Chairman of the Committee, Director of the Russian Market Research Institute, Corresponding Member of the Russian Academy of Sciences A.N. Spartak stated that the Ministry of Economic Development of Russia is currently designing a new version of the «Foreign Economic Strategy of the Russian Federation», outlining that this document will not contain country and sectoral priorities, since they (the priorities) are «very mobile» (are subject to immediate changes) [14].

In our opinion, without a clear planning, identification of industries and sectors with the greatest potential for Russian business, without the guidelines, business community representatives will be disoriented and/or have difficulties in determining the strategies for various African countries. And as a result, that will ultimately affect the level of trade and investment cooperation.

It seems necessary to develop, agree and approve the trade and investment strategy, which would include among others: foreign economic priorities, taking into account the features of potential and promising markets and the existing opportunities in Africa for Russian products, the assessment of the investment potential of each country, the scale and form of the presence of other main players and their TNCs in the states of the African continent.
When preparing the document, it is advisable to take into account the «Foreign Policy Concept of the Russian Federation», the «Concept of Russian Policy towards Africa» (MFA), the «Foreign Economic Strategy of the Russian Federation» (Ministry of Economic Development), and the «Concept of a Unified International Network of Russia's Presence Abroad» (Russian Export Center), country action plans (Ministry of Economic Development), the agreements recorded in the Protocols of the Intergovernmental Commissions (Ministry of Economic Development), the results of the analysis of the current state and plans of cooperation of large businesses and the systemic entities in the Russian regions (Ministry of Economic Development, Russian Export Center, Ministry of Industry and Trade, regional authorities), the current activities of other government agencies and organizations (Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad and International Humanitarian Cooperation, for instance), as well as expert economic developments and assessments (Institute for African Studies of the Russian Academy of Sciences) [3].

2.2. Information Support for the Government and Business Representatives

In 2017-2018, a number of organizations (All-Russian Non-Governmental Organization of Small and Medium Business OPORA Russia, Promsvyazbank, Magram Market Research) conducted a series of studies aimed at assessing the readiness of Russian SMEs for the business expansion abroad. The surveys showed that 46% of companies do not plan to develop exports, 10% and 9% noted a lack of demand for their products and a high level of competition, respectively. 9% declared non-competitiveness of the produced goods in the international markets. If we summarize other results, it turns out that another 10% are not familiar with the government export assistance (7% cannot identify their foreign partner, and 3% refuse to export because of bureaucratic procedures) [11].

Indeed, Russian business representatives that plan their activities in Africa regularly note the absence or lack of information about projects in the states of the continent (we will call that the information «vacuum») [1, 3, 13]. And to regret, today, one of the key institutions responsible for providing assistance to business abroad – the Russian Export Center – does not solve all the problems facing the SMEs.

The organization pays special attention to the creation of a favorable regulatory environment, improving competitiveness (provides access to preferential lending in exchange for the implementation of corporate programs, which improve competitiveness) [12, 22]. Of course, these measures are necessary and in demand. However, based on the above surveys data, in our opinion, it would also be appropriate: 1) to encourage potential exporters to start expanding into international markets, in particular to the African countries; 2) to focus more on development and distribution of free information products. In the meantime, the Russian Export Center provides a great range of services, however, some of them are offered on a fee basis, for example, «Assessment of Foreign Markets» [6].
The cooperation of the Ministry of Economic Development of Russia with the Institute for African Studies of the RAS could be a solution to the problem of the already mentioned information «vacuum». At the first stage, it seems necessary to sign an agreement on strategic cooperation in the field of foreign trade development, which would stimulate the exchange of information between organizations. At the second stage, in order to obtain a synergetic effect from joint activities, the Institute, the Ministry and, possibly, one or two interested businesses could create a Competence Center within the frames of the Institute for African Studies (in public-private partnership format) [10].

First of all, this Center could provide analytical support to the Ministry (development of program documents, preparation of expert assessments, recommendations). Secondly, it would design and, together with various development institutions (for example, the Russian Export Center), distribute materials among regional authorities and export support centers, representatives of business (primarily in the Russian regions, where the information issue is of great interest).

2.3. Assistance for Russian Companies and Development of Foreign Economic Relations with African Partners

From time to time, some, to a certain degree, unexpected suggestions for the development of Russia’s foreign economic relations with Africa are proposed. This year, the Trade Representation of Russia in Brussels announced the possibility of distribution of Russian KAMAZ vehicles, energy solutions, etc. to Africa through Belgian companies [17].

In our opinion, most of the given products are well known in the African market, the automaker already has partners here, that gives him the opportunity to export goods directly or with the support (mediation) of other Russian companies represented in a certain country [9, 18].

When entering a specific African market, it seems appropriate to form consortiums of Russian companies to work on the «infrastructure in exchange for resources» scheme. In this case, several businesses could expand the geography or depth of their presence.

The Embassies and Trade Representations of Russia in Africa could be involved more actively. However, since the number of trade missions on the continent is still limited (Algeria, Egypt, Morocco, South Africa), they could function as regional hubs supporting domestic exporters (for instance, the Trade Representation of the Russian Federation in South Africa already interacts with the companies from neighboring countries) [2, 7]. Of fundamental importance for winning the competition for an African consumer is the development of after-sales and warranty service centers. This could be done by forming the network of partners from reliable local companies interested in cooperation with the Russian automaker.

It should be outlined, that small and medium-sized firms are limited in their opportunities to adjust the trade promotion assistance in respect to the African
continent (for big business there was a Council for Foreign Economic Activity at the Ministry of Economic Development).

As an alternative to solving the latter problem a Russian-African Chamber under the auspices of the Russian Union of Industrialists and Entrepreneurs could be formed (by analogy with the Business Councils under the Russian Chamber of Commerce and Industry, which are headed by the members of the leadership of major domestic companies, but often do not conduct any activity). This Russian-African Chamber could include both the largest Russian companies and representatives of SMEs. All the states of the continent could be distributed among the Russian conglomerates, which would play the role of locomotives in particular markets, providing support to smaller Russian enterprises.

Thus, for instance Egypt, could be «assigned» to ROSATOM, which is the key Russian investor in this Arab state. The corporation would represent and promote all interested Russian entities in the country. By the way, it is worth mentioning that in recent years, Egypt has sought to «return to Africa», developing cooperation with other African countries [23]. In our opinion, more intensive trade, investment and technological cooperation with this country would allow Russian companies to further carry out soft expansion in neighboring countries and regions.

The representatives of leadership of the largest companies-locomotives, in particular ROSATOM, could join the Intergovernmental Commissions between Russia and African states as business co-chairs [15]. At the same time, it seems expedient to form a number of new Commissions with some countries of the continent with substantial economic potential, primarily with Cameroon, the DRC, Kenya, Madagascar, Rwanda, Tanzania, Zambia, and also to open Russian trade missions in Angola, Ethiopia, Mozambique, Nigeria, Sudan, Tanzania, Tunisia, Zimbabwe. The setup of new Russian Trade Representations, some of whose services could be provided on a commercial basis, would have made it possible to offset the costs of maintaining such missions.

It is gratifying that also the Russian Export Center is considering the possibility of forming its offices in Kenya and Nigeria, and in the future in other countries of the continent [3]. It seems that this work should be carried out in conjunction with the formation of Intergovernmental Commissions, the opening of trade missions and taken into account when developing the strategy of trade and investment activities of Russia in Africa.

In general, today the following organizations are responsible for the development of Russian-African economic relations: the Ministry of Economic Development, the Ministry of Industry and Trade, the Ministry of Foreign Affairs of Russia, the Russian Export Center, and Rossotrudnichestvo, regional governments, etc. Such a significant number of organizations aggravates the development of economic cooperation [15]. In the medium term, in our opinion, it is necessary to reorganize the trade and investment assistance system. The most optimal solution could be the re-establishment of the Ministry of Foreign Trade for the development and implementation of foreign economic policy (such
a body existed during the Soviet Union). It is advisable to transfer to the new federal authority the powers of multiple ministries and departments (primarily the Ministry of Economic Development, the Ministry of Industry and Trade, the Russian Export Center) in terms of export and investment development.

In addition, in order to address the challenges facing the Russian Federation in Africa, it would be also desirable to form under the Russian Presidential Executive Office a permanent Council for the Development of Trade and Investment Relations with Developing Countries, which integral part would be a Working group on cooperation with African states. Such a body could be a coordinator of the whole complex of foreign economic relations with the countries of the continent.

3. Conclusion

Today, given the growing role of Africa in Russia’s foreign economic policy and the intensification of international competition for this market, it is extremely important to solve a number of fundamentally important tasks.

The first priority, in our opinion, is the need to conduct a thorough audit of the state of cooperation with African countries, to identify the barriers that stand in the way of strengthening economic ties between Russia and the continent. Based on the results of this assessment, it is necessary to develop the trade and investment strategy, thus laying the foundation for the subsequent optimization of export/import assistance system. In addition to this, a more comprehensive information and analytical support of state authorities and Russian companies is required and should be introduced.

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РАЗВИТИЕ ВНЕШНЕЭКОНОМИЧЕСКИХ
СВЯЗЕЙ РОССИИ С ГОСУДАРСТВАМИ
АФРИКИ В УСЛОВИЯХ МЕЖДУНАРОДНОЙ
КОНКУРЕНЦИИ1

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Цель: автор ставит цель идентифицировать препятствия на пути развития российско-африканских экономических отношений в условиях международной конкуренции, предложить варианты их ликвидации, выработать механизмы активизации взаимодействия. Обсуждение: автором проведен анализ существующих программных документов, систематизирующих цели и задачи России на африканском направлении. Определены преграды, мешающие динамичному расширению экономических связей. Результаты: автор приходит к выводу, что для многопланового развития сотрудничества между Россией и государствами Африки необходимо: выработать единую торгово-инвестиционную стратегию; реализовать ряд инициатив, направленных на обеспечение представителей российских органов власти и бизнеса информационными услугами; осуществить оптимизацию системы поддержки внешнеэкономической деятельности отечественных компаний на африканском направлении.

Ключевые слова: внешнеэкономические связи, внешнеэкономическая деятельность, торговля, инвестиции, стратегия, Африка, Египет, Российский экспортный центр, РЭЦ, Минэкономразвития России.

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15. Предложения в тезисы выступления Президента Российского союза предпринимателей А.Н. Шохина на заседании делового совета при министре иностранных дел Российской Федерации по вопросу: «О международной работе Российского союза предпринимателей» // РСПП. Доступно: media.rspp.ru/documen t/1/8/886915b4c77a844d58e33836449.adff.docx (дата обращения: 30.01.2019).


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