

Russia is back in Africa

Gerrit Olivier

**Former South African Ambassador to Russia and
Kazakhstan, and Professor Extraordinary,
Dept of Political Sciences, University of Pretoria**

Dmitry Suchkov

**Executive Secretary of Coordinating Committee on
Economic Cooperation with Sub Saharan
Africa (AfroCom)**

Abstract

The end of the Cold War and the demise of the Soviet Union brought an end to the ideology driven special relationship between Russia and various African states. However, after ten years these relations were resuscitated due to major changes on both sides. Under Vladimir Putin's presidency and the economic recovery that followed, Russia made efforts to reclaim a leading role in global politics, while various African states grew politically more stable and economically more successful. This time around, relations were focussed dominantly on economics and trade, rather than on ideology as during the Cold War period. Attracted by Africa's abundant resources, particularly energy and minerals, a small number of mega Russian companies started to do business with the continent at the turn of the century. This re-engagement with Africa came somewhat belatedly, after major players, particularly China, the United States and the European Union, had intensified their engagement. At the same time, Russia and Africa found common cause in international political relations, as witnessed by similar policies in multilateral organisations, particularly aimed against Western hegemony in world finance and economy. And as pointed out in this article, Russia needs to embark on a more integrated, user-friendly, transparent and competitive engagement strategy to become a

major role player in doing business with Africa. Russia and Africa need also familiarise themselves better with each other, particularly how to do business with one another. As yet, one cannot really speak of a visible Russian pivot towards Africa in its overall international relations. However, if conditions remain favourable, this may develop over time.

1. Introduction

During the Cold War years, the Soviet Union (SU) was the ideological role model, ally and supporter of various African client states seeking self-determination and freedom, as well as diplomatic leverage in the struggle between West and East. Leaving aside the well-known negatives of the SU's involvement in Africa, its most lasting contribution was the important role it played in ending colonialism and racism on the continent, and helping to put African related issues squarely on the international agenda. But contrary to the colonial powers, which gave Africa the Anglophone, Lusophone, Francophone regions and lasting Eurocentric cultural traits, the SU did not leave much of a footprint in Africa. No socialist, Marxist or 'Russophone'-Africa survived the SU. On the up-side, however, the new Russia enjoyed the advantage of engaging Africa without the debilitating colonialist chip on the shoulder.

The SU invested substantially in the promotion of strategic geopolitical relations with "progressive" governments in the underdeveloped southern hemisphere, particularly Africa. Bilateral relations with newly independent states benefitted particularly from Moscow's authentic anti-colonial stance by way of supporting the liberation course at the United Nations (UN), substantial material assistance to liberation movements, economic and technical aid. Various future African leaders received education in the SU. The Patrice Lumumba University in Moscow was started specifically for the purpose of training of African and other 'third world' students (Feuchtwanger and Nailor 1981: Chapter 4; Saivetz and Woodby 1985: Chapters 1 and 3).

This involvement became largely undone when the SU disintegrated in December 1991, the revolutionary Marxist-Leninist dogma being no longer a motivational force, the Cold War over, democracy instated, a centrally planned economy replaced by a market-based economy, and Russia's global power and status utterly diminished. Henceforth the new Russia fundamentally reorganised and re-prioritised its foreign policy objectives and priorities. The ideological global ambitions

and objectives of the old order were discarded and replaced by a much reduced regional Eurasian role. The emphasis shifted to the so-called 'near abroad' (that is, the space of the former SU), the North Atlantic area, and Asia, in general the politics of the 'Global North' (Liska 1980; Olivier 2000).

At the behest of the anti-communist Boris Yeltsin government (1991-2000), relations between the new Russian state and African states cooled considerably, reduced, in substantive terms, to the barest minimum. Africa perforce moved to the periphery of the Kremlin's foreign policy radar screen. With the Cold War over, ideology gone, interest and involvement in the continent dissipated. Apart from the absence of the erstwhile ideological fervour, Russia simply lacked the interest and capacity to compete with other major role players in Africa. With the free market system only getting off the ground, there were in fact very few business enterprises with capacity interested in far-flung Africa during the 1990s (Tralac 2011: 1-2).

Although intent not to alienate Africa completely, Russia's involvement remained limited to mainly a holding action by way of maintaining diplomatic links with most African states (Arkhangelskaya and Shubin 2013: 14), and making supportive statements on African issues in international fora. Otherwise, there was really little by way of substance or growth in Russo-African relations in the 1990s.

2. Joining the new 'scramble for Africa'?

The lure of a 'new dawn' in various African countries, bucking the trend of the 2008 global economic crisis, set loose what was being called, a new 'scramble for Africa'. The attraction radiated by the economic performance of a number of modernising and peaceful African states, and the availability of abundant resources, became well-nigh irresistible to industrialised nations in the Global North. On the policy level, a surge was created in various African states by government action "to end armed conflicts, improve macroeconomic conditions, and undertake microeconomic reforms to create a better business climate" (McKinsey 2010: 1).

It took Russia more than a decade after the collapse of the SU to re-engage Africa, this time largely to promote economic and commercial interests, taking advantage of improving politico/economic conditions on the continent; pursuing an "interest-based and business-

oriented" policy to "make money", as a Russian businessman remarked. Even so, Putin's Russia, in terms of its new global role perception and aspirations, will hardly allow itself to be marginalised, neglect Africa all together, or simply overlook the opportunities that present themselves. This re-engagement came at the time of Russia's return as a global role player under the presidency of Vladimir Putin (Bobo Lo 2003: 5-48), a natural outflow of the rehabilitation of Russia's international status, its new foreign policy role perception, coupled with its new national and international self-confidence and assertiveness on the one hand, and on the other hand, Africa's rise, the emergence of the so-called 'Lions' of Africa, gained international recognition as economic success stories and evidence of greater political stability. No doubt, inspired by the successes of 'new-comer' role players in Africa, China and India in particular, Russia probably realised the advantages of joining the 'great Africa game', not to be left out. It wanted to buy into the new economic opportunities and better conditions in the continent, forge partnerships, and particularly getting access to Africa's abundant natural resources. But in the main it boiled down to doing business and making money, although, no doubt, subdued geo-political strategic interests also playing a role in this scenario.

The 2013 Russian Foreign Policy Concept states as follows:

Russia will enhance multifaceted interaction with African states on a bilateral and multilateral basis with a focus on improving political dialogue and promoting mutually beneficial trade and economic interaction and contribute to settling and preserving regional conflicts and crises in Africa. Developing partnership with the African Union and other regional organisations is an important element of this policy (Ministry of Foreign Affairs of the Russian Federation 2013: 94)

With other major powers, Russia realised, albeit belatedly, that Africa was fast becoming the world's powerhouse in agriculture and mining, offering immense scope for Russian businesses in areas as diverse as agricultural products and machinery, mining, auto components, chemicals, IT and IT-enabled services. Even so, trade links between Africa and Russia remained stubbornly far below their intrinsic potential, particularly constrained by insufficient knowledge of one another, of prevailing conditions in two far-away continents, their mutual capabilities and needs, and how to do business with one another (Tralac 2011: 4; Africa Development Bank 2011: 1-7).

Punctuating the continent's growing importance in Russia's foreign policy matrix were regular high-level visits by Presidents Putin and Medvedev to African states (in 2006 and 2009 respectively) as well as diplomatic, and economic engagement by senior Russian officialdom and the entry of a dozen or so mega-industrial companies to selected African states. During his Africa safari, president Dmitry Medvedev referred to what he called "Russia-Africa traditional friendly relations" foreseeing a "new dynamism in Russia-Africa traditional friendly relations", but also adding that "Russia was almost too late in engaging Africa" (Makarychev and Samao 2014).

These high-level visits resulted in various bilateral agreements with African states, underlining the fact that, Russia saw the continent as an important partner, although the promise of a booming economic relationship still remains in abeyance.

As yet, mainly due to internal limitations and necessity, Russia is highly selective in choosing trade partners in Africa. According to Russia's foreign policy doctrine, approved by the Russian President, Russia's principal partners in South Saharan African are listed as: Angola, Guinea, Namibia, Nigeria, and South Africa while the Democratic Republic of the Congo (DRC), Gabon, Zimbabwe, Ethiopia, Cameroon, Cote d'Ivoire, Kenya, Mozambique, and Tanzania are also targeted for future cooperation (Ministry of Economic Development of the Russian Federation 2008).

In terms of its more ambitious international role and role perception, after Vladimir Putin assumed the presidency, Russia also sought to strengthen its involvement in Africa, not necessarily joining the new 'scramble for Africa', but taking particular note of new and abundant opportunities and the success stories of other countries. But the gap between reality and aspirations still remains wide. Compared with markets such as the United States (US), the European Union (EU), China, India and Brazil, Russia's trade with Africa is quite minimal. For instance, China's bilateral trade with Africa rose massively from \$11 billion to \$166 billion only in the last decade. By 2010, Africa was responsible for only one per cent of total Russian global trade. Since 2000, both Russian exports and imports to and from Africa moved gradually upward, *with the balance in the former's favour*; having a trade surplus with Africa, rising from \$597 million in 2000 to \$3.3 billion in 2008, although falling again to \$2.3 billion in 2009. Russian investments, mostly in the energy and minerals in Africa, peaked to \$20

billion in 2008 (African Development Bank 2011: 2)

Obviously, there is still some way to go given Africa's vast potential, particularly bearing in mind that Russian trade with Africa is still concentrated only in a handful of countries, that is, Algeria, Egypt, Morocco, Guinea, Cote d'Ivoire and South Africa, accounting for 80 per cent of Africa's exports to Russia. At the same time, the question of sustainability of Africa's economic advance arises. For the past number of years, the 'Africa rising theme' has precipitated something of a stampede by foreign fortune-seeking traders to the continent. But the shine shows signs of diminishing. According to the Organisation for Economic Co-operation and Development (OECD) growth rates lately fell short of expectations. Oil and commodity prices came off their peaks, foreign direct investments are falling and perceptions have deteriorated somewhat. Most countries in the continent still have some way to go to raise productivity and competitiveness, accelerate structural transformation and embark on a sustainable growth path (The Economist 2013: 9). These developments may 'level the playing field' for foreign competitors in Africa, something which may benefit Russia given its yet limited comparative level of exposure. Another competitive advantage, being the only oil and gas exporter among global role players active in Africa, Russia seeks partnerships that go beyond merely extracting resources, facilitating in addition also technology transfer and development (African Development Bank 2011: 2; Tralac 2011: 3). In the light of China's present economic difficulties, affecting particularly its commodity-linked engagement with Africa, this long-term strategy by Russia seems to be a wise strategy.

3. Africa's potential as seen from Russia

Russian-African foreign trade will change for the better under certain conditions, particularly if Russian industry undergoes progressive technological modernisation; the state provides Russian businessmen systematic and meaningful support; and small and medium businesses receive wider access to foreign economic cooperation with Africa. Even so, there is a growing understanding in Russian official and business circles that Africa is a lucrative new market of huge global significance, offering more new opportunities for business than any other part of the world. Russian companies already operating in Africa consider expanding their presence and new role players are bound to emerge. Accord-

ing to the Concept of Long-term Socio-Economic Development of the Russian Federation for the Period up to the year 2020, adopted by the Russian government in 2006, by 2020 Russia should complete the transition of its economy based on raw materials export to innovative development and reach the level of economic and social development adequate for its status as a leading world power in the 21st century. The share of innovative products in the industrial production is expected to reach 25-35 per cent (against 2.5 per cent in 2005), while the share of high-tech sector and the knowledge economy in the GDP should be at least 17-20 per cent (against 10.5 per cent in 2006). Russian exports are expected to grow from \$354 billion in 2007 to over \$900 billion in 2020. The export of engineering products will increase more than 6 times and reach \$110-130 billion (Concept of Long-term Socio-Economic Development of the Russian Federation 2008/2009: No 1662).

With these ends in view, the international importance of Africa as a trade and investment partner is recognised as it provides added incentive and an avenue for Russia to proceed from declarations of common interests and goals to practical cooperation and coordinated action. The following factors, in particular, play an important role in this developing scenario:

- Africa's rich oil, gas and other mineral resources (possessing 9.7 per cent of world proven oil and 7.8 per cent of gas reserves, and altogether about 30 per cent of global resources) pose a strong attraction to industrialised nations and lately also to Russian energy companies (Africa Development Bank 2011: 6).
- According to popular theory, Russia, with its own resource base dwindling, needs adequate and sustained access to foreign energy reserves. Hence its focus on Africa's substantial and largely untapped and less costly mineral, oil and natural gas reserves (Tralac 2011: 3). Russia's strategic goal is to remain one of the world's primary exporters of these commodities and to maintain Europe's dependence on its natural gas. In 2009 they alone comprised 67.4 per cent of total Russian exports, 30 per cent of the Gross Domestic Product (GDP) and 40 per cent of government revenues; 75 per cent of its oil and natural gas exports went to Western Europe, creating a *dependence vulnerability* situation which Russia wants to maintain and exploit for

strategic and economic purposes. The energy factor has indeed become an important strategic challenge to the Kremlin, particularly in view of the escalating costs and difficulty to access Russia's reserves of diamonds, uranium, gold, copper, nickel, iron, etc. Volatility in the supply chain and fluctuating market conditions has encouraged large Russian companies, no doubt with strong encouragement from the Kremlin, to look at alternative, cheaper accessible sources in Africa in particular. To this one should add the depletion of the resource base in Russia, falling oil prices, the absence of new discoveries, and technological backlogs. How this scenario will play out in the immediate future depends, of course, on how lower commodity prices will affect the Russian as well as African politics and economy (about a third of Africa's GDP comes from commodities) (The Economist 2013: 9), the unfolding of the Ukraine conundrum, the impact of sanctions, and Russian relations with the West in general (McKinsey 2010: 1-6).

- With a GDP of about six per cent per annum coupled with an exceptional demographic profile, Africa encapsulates a burgeoning consumer market potential. There is a burgeoning middle class, rapid urbanisation, and a continental population that will double to about two billion in 2050 from the present almost one billion which can translate into the most important consumer target markets for companies in Russia. Africa already has more middle-class households, defined as those with yearly incomes of \$20 000 or above, than India. Currently, the African middle class is estimated at 123 million with a projected rise to 1.1 billion by 2060. Investor and philanthropist George Soros has termed this demographic shift as "the world's fastest growing middle class". But even more important is the growth of the urban population. In 2020, the urban population will be 44.6 per cent of the total inhabitants of the continent (against 30 per cent in 2000) (Korendyasov 2013). Obviously, this growth of urbanisation will entail profound changes in import demand for an increased share of sophisticated and high-tech industrial products. Bearing in mind that the continent has a meagre three per cent of global trade, the room for growth is simply gigantic (Kwinika 2015: 25; McKinsey 2010: 2-3).
- Africa is a market with growing demand and significant improvements in its infrastructure. According to a McKinsey Report in

1980, just 28 per cent of Africans lived in cities. But today, 40 per cent of the continent's more than one billion people live in cities, a proportion roughly comparable to China's number of city dwellers and larger than India's number (McKinsey 2010). By 2030, that share is projected to rise to 50 per cent, and Africa's top 18 cities will have a combined spending power of \$1.3 trillion. Africa is a market with growing demand and significant improvements in its structure (Leke, Lund, Roxburgh and Van Wamelen 2010). This growth of urbanisation, coupled with higher individual mobility and societal modernisation, will no doubt precipitate profound changes in import demand for an increased share of sophisticated and high-tech industrial products and consumer goods in general. In 2020, the urban population will be 44.6 per cent of the total inhabitants of the continent (against 30 per cent in 2000) (McKinsey 2010: 3-4). This growth of urbanisation will entail profound changes in import demand particularly for an increased share of sophisticated and high-tech industrial products. Africa's rising consumption will create more demand not just for local products but could also spark demand for made-in-Russia items, which have found it so hard to compete in European markets.

- Industrialised nations in the global north simply cannot ignore the importance for the global economy of a continent of about 30.3 million square km (22 per cent of the total land area), that Africa possesses almost 60 per cent of the world's uncultivated arable land and that the projection that by 2020, 16 out 100 inhabitants of the planet will be African and by 2040, Africa will be home to one in five of the planet's young people, and the size of its labor force will top China's (Vasilyev, Korendyasov 210: 2002; Leke, Lund, Roxburgh and Van Wamelen 2010).
- The rate of return on foreign investment is higher in Africa than in any other developing region, another compelling reason why a strategy for Africa must be an intrinsic part of Russia's long-term planning. Rather than yesteryear's preoccupation with winning an ideological contest, Russia's motivation for today's engagements in Africa is overbearingly economic. Foreign Direct Investment (FDI) in Africa, for example, grew from \$15 billion in 2002 to \$37 billion in 2006 and \$46 billion in 2012 (Mkanachi 2015). Despite longstanding commercial ties with Europe, Africa now conducts

half its trade with developing economic regions, or "south-south trade", according to the McKinsey report. From 1990 through 2008, Asia's share of African trade doubled, to 28 per cent, while Western Europe's portion shrank, to 28 per cent, from 51 per cent (McKinsey 2010). There is a very good chance that when BRICS (Brasil, Russia, China, South Africa) is up and running, this south-south trade flow will be dominated by the trade-bloc member states.

- It is not only natural resources that account for Africa's success. Thanks to economic reforms, democratic transformations and strict financial discipline, in recent years various countries in the region have managed to significantly improve their image with investors, as confirmed by the sustainable increase in investments as a share of GDP. According to forecasts, 17 countries in Sub-Saharan Africa, including Botswana, Burkina Faso, Ghana, Namibia, Rwanda, Sao Tome and Principe, Seychelles, Tanzania, Ethiopia, and South Africa, are likely to come close to the growth rates of Asian tigers and dragons by 2050 (McKinsey 2010).
- Russia is well positioned to extend its role in Africa. Besides a positive image in Africa and a track record of large projects, Russian business uses local African labour in Africa, it respects local rules and traditions, allowing African countries to determine their own policies in respect of implementation of economic projects. Overall, this approach has contributed to a positive image of Russia in Africa. At the same time, African leaders also look at Russia as a partner or link toward building relations with emerging economies and new and existing multilateral organisations, particularly the UN and its Specialised Agencies, BRICS and the Association of South East Asian Nations (ASEAN) (Arkhangelskaya 2013: 153-170).

4. Russian companies engaged in Africa

Mega companies like Norilsk, Sintez, Lukoil, UC Rusal, Severstal, Gazprom, Alrosa, Rosatom, and Renova, have made substantial investments in particularly Algeria, Angola, Botswana, Cote d'Ivoire, Egypt, Gabon, Guinea, Namibia, Nigeria and South Africa (see *Table 1*). Renova Group invested \$350 million in the development and modern-

isation of a manganese mine for the joint United Manganese Kalahari project. The company is reportedly preparing a large-scale project to renovate a ferrous metals factory (estimated at \$250 million) and is also participating in the development of a solar energy park in South Africa (Renova Group). In February 2015, the Ugandan government awarded RT Global Resources, a subsidiary of the largest Russian state holding company, Rostec, a contract to build the country's first oil refinery, a project that could cost as much as \$4 billion (Kommersant, 2015). General Satellite Corporation threw its hat into the ring to become a contender in the race to provide a credible 'direct-to-home' (DTH) Free-To-Air satellite service across the continent (Balancing Act 2011). "Russian Helicopters" is keen to supply and establish service centers for passenger and special purpose (firefighters, rescue, police etc.) helicopters to the Southern African Development Community (SADC) countries especially to South Africa and Angola (Latypov 2012). 100 per cent state-owned "Rosgeologia" tries to establish itself as leading Russian exploration company in Africa.

Wholly-owned by the Russian Government "Vnesheconombank" (VEB) serves as the country's development bank. It also acts as an agent for the Government administering its pension funds and authorised to recover debts that legal entities owe the Russian Federation. VEB in consortium with other Russian banks provides the credit resources that are to be used for funding supplies of Russia's telecommunications equipment to the Republic of Angola under the export contract between Rosoboronexport and the Angolan Ministry of Telecommunications and Information Technologies to build a space satellite communications and broadcasting system of the Republic of Angola (Vnesheconombank 2011; Wise 2015).

The major areas of Russia cooperation with Africa include mineral resources, energy, infrastructure, telecommunications, fishing, education, health, tourism and defense. Russian corporations, companies and private individuals can contribute most effectively by building partnership and reaching out to the African private sector in the areas that Russia knows best: High-Tech, technology transfer and management. What remains in abeyance, and is a huge challenge to Russia's new involvement, is capacity building, skills development and value-addition of products amassed from the continent's vast natural resources and eventual industrialisation, providing the jobs and conditions that would keep the region's migrants home (Kwinika 2015: 1).

Table 1: Major Investments of Russian Companies in Africa					
Russian Investor	Host Country/ Company	Industry	Type of Investment	Value	Year
Norilsk Nickel	South Africa <i>Gold Fields</i>	Gold mining and processing	M&A (acquired 30% of Gold Fields)	US\$1.16 billion	2004
Norilsk Nickel	Botswana <i>Tati Nickel</i>	Nickel mining and processing	M&A (acquisition of Canada Lion Ore Mining gave it 85% stake in Tati Nickel)	US\$2.5 billion	2007
Sintez	South Africa, Namibia, Angola	Oil, gas, diamonds and copper exploration	'Greenfield' Investment	US\$10-50 million	2006
Lukoil	Côte d'Ivoire, Ghana	Oil exploration	M&A (acquired interest in 10.500 km ² deep water blocks)	US\$900 million	2010
Rusal	Nigeria <i>ALSCON</i>	Aluminum refining	M&A (acquired majority stake in Aluminum Smelter Company – ALSCON of Nigeria)	US\$250 million	
Severstal	Liberia	Iron ore	M&A (acquired control of iron ore deposit in Putu Range area of Liberia)	US\$40 million	2008
Gazprom	Algeria <i>Sonatrach</i>	Natural gas exploration	Joint exploration and development projects by debt write-off agreement and arms deal	US\$4.7 billion and US\$7.5 billion	2006
Alrosa	Angola, Namibia, DRC	Diamond mining and hydro-electricity	Greenfield Investment	US\$300-400 million	1992
Rosatom	Egypt	Nuclear power	Ongoing negotiations to build Egypt's first nuclear power plant	US\$1.8 billion	2010

Sources: various media sources; Russian company websites

5. The BRICS connection in Russo/South African/African relations

Both South Africa and Russia are skeptical about, if not opposed to, the prevailing "Washington consensus" in the global financial order, particularly the dominating role played by the West in the World Bank (WB) and the International Monetary Fund (IMF). Both countries regard BRICS as an opportune new strategic mechanism to introduce a greater amount of equity in world finance and economics. As stated by the Russian Foreign Policy Doctrine:

The establishment of BRICS reflects an objective trend in global development ... towards the formation of a polycentric system in international relations, which is increasingly characterized by the use of non-institutionalized mechanisms of global governance and network-based diplomacy, and the growing interdependence of states (Ministry of Foreign Affairs of the Russian Federation 2013)

Both Russia and China (who invited South Africa to join), regarded the country as a 'gateway' to the rest of Africa, hoping to get a foothold from where to advance trade and investment. When President Jacob Zuma successfully lobbied Russian support for South Africa's inclusion in BRICS during a visit to Moscow in 2010, he emphasised the need for Africa to be represented as well as highlighting his country's record as a champion of African interests (BUA Briefs 2010). Russia agrees with this analysis. According to Georgy Petrov of the Russian Chamber of Commerce and Industry "... Russian business is returning to Africa, and South Africa is becoming a gateway to the African continent for Russian people" (Wise 2013)

Under the Zuma administration, relations between Russia and South Africa have grown particularly close and the BRICS connection enabled the two leaders to meet regularly to discuss closer co-operation, particularly in the field of nuclear energy and minerals. However, at the same time, Russia is particularly careful that cooperation on specific issues BRICS should not take precedence over established bilateral relations between member states (Ministry of Foreign Affairs of the Russian Federation 2013).

No doubt, South Africa is well-positioned to play the role of a 'bridge', but as yet, this remains largely an aspiration. South Africa did

not get an African consensus before joining BRICS, and most African nations have not endorsed a 'gateway' scenario. Moreover, both Russia and South Africa suffer from a 'recognition-deficiency' in Africa and much work still needs to be done (Olivier 2013). Perhaps this creates the opportunity for Russia and South Africa to join hands in the context of the recently signed bilateral Declaration on Strategic Partnership to work jointly on strategies how to get Africa's fuller cooperation.

Obviously, South African membership of BRICS has opened a new door, promoting and facilitating deeper engagement between Moscow and Pretoria, adding to the formal strategic partnership that already exists. President Jacob Zuma has made frequent recent visits (so far, six in total) to Russia to meet President Vladimir Putin, and the possibility of a major nuclear contract (eight nuclear reactors) with Rosatom has become a hot, if not controversial, topic in the South African political debate. A nuclear framework agreement between the two countries, valued at an estimated \$50 billion, was signed on 22 September 2014 in Vienna, although other contenders like France, the US, South Korea and China are also in the race (Faul 2015: 9).

Russian exports (mostly mineral, agricultural, machinery and chemical products) to South Africa (2012/2013) increased by about 104 per cent to \$291 million and imports from 113 per cent to \$780 million, giving South Africa a total surplus of \$490 million. Once-off big transactions cause substantial fluctuations in the bilateral trade statistics, making it difficult to predict a long term plateau or optimal scenario. Viewed in holistic comparative context, however, there is still some way to go, particularly considering that South Africa ranks only 69th on the list of Russian trade partner. It is 79th on the list of countries to which Russia exports and 49th in terms of Russian exports. Trade between Russia and South Africa from 2012 to 2013 increased by over 111 per cent to \$1,027 billion. South Africa's total trade with Russia represents only about three per cent of its trade with China, being its largest bilateral trade partner. Russian investments in South Africa are about \$1 billion while the latter's amounted to about \$75 million in 2013 (Embassy of the Russian Federation in the Republic of South Africa 2015).

Given the fact that South Africa possesses in excess of \$3.3 trillion in mineral reserves (being the world's richest nation in terms of resources), with Russia in second place with about \$1.1 trillion (Crowley and Janse van Vuuren 2014) it is rather surprising that the two

countries have not yet embarked on a mineral cartel. It stands to reason that should such a move be made in future, it would be a tremendous boost to the substance of bilateral relations. This rapidly changing economic landscape in Africa remains a direct challenge for Russian companies. Russia's peers in BRICS have been investing heavily and striking multiple business deals on the continent, with China leading the pack with about \$200 billion in trade and investment (Ajodele and Sotola 2014).

One of the hard lessons of the global financial crisis is that emerging economic powers should build institutions and forums that are alternatives to Western-dominated ones. Such an institution is BRICS, of which Russia and South Africa are members. Together the BRICS economies alone account for 25 per cent of global output and 40 per cent of the world's population (Kornegay and Bohner-Muller 2013: xxi-xxviii). A key BRICS objective is to build an effectively functioning internal market capable of easing movement of goods and people within the BRICS member states, comprising 41 per cent of the global population and 25 per cent of global GDP. The newly created BRICS New Development Bank (NDB) starting with a US\$ 100 billion authorised capital, is a potential engine to realise this massive potential.

6. What can Russia offer Africa?

Various factors and indicators point to growth and improvement in Russo/African relations:

- On the diplomatic and multilateral levels, international solidarity and support due to similar Russian and African positions on various key international issues and aspirations. Bilateral and multilateral aid allocation by the Russian Government to Africa takes place on a limited level (\$458 million) in 2012 and in 2014 President Putin appointed Mikhail Bogdanov (Deputy Minister of Foreign Affairs) as Special Representative of the Russian President for Co-operation with African States, indicating the importance of promoting relations with Africa (TASS News Agency).
- Russia's well-established experience and expertise in extracting energy resources; its advanced nuclear, scientific and technological know-how present a partnership and value-adding opportunity in a developing and modernising Africa.

- Reported Russian arms sales to Africa exceeded \$14 billion in 2012 to 14 states (11 per cent of South Saharan Africa (SSA) total). The purpose these days is to make money and not to advance ideology. But it gives Russia strategic leverage and technical advantage. The impact of the recently adopted UN arms trade treaty (154 voted yes, Russia abstained) may have longer term impact though (Wezeman and Beraud-Sudreau 2011: Chapter 4)
- Russia participates in the Pan-African forum, promoting multi-lateral continental cooperation and integration, having an ambassador accredited to the AU and strengthening contacts with the regional economic communities, SADC and the Economic Community of West African States (ECOWAS) in particular, enhancing the effectiveness of inter-governmental commissions (IGCs) on economic, scientific and technological cooperation, and giving comprehensive assistance to Russian entrepreneurial structures participating in the planning and implementation of a number of large-scale investment projects, mineral resources in particular, in the DRC, Angola, Guinea, Nigeria, Ghana, Republic of Congo, Gabon, South Africa and Nigeria (African Development Bank 2011: 2-6).
- A major Russian move was its substantial African debt reduction over recent years. In 2012 Russia announced in the UN that it has written off \$20 billion to several African countries. This was in addition to the \$16 billion written off in 2008. In addition, it pledged to double its Overseas Development Aid (ODA) to African countries (African Development Bank 2011: 7).
- No doubt, a greater plurality of external participants, particularly in the economic field, is good for Africa's advancement; the more the better. It gives Africa wider choice. Russian involvement gives the continent additional options to China, US, India, Japan and Europe (assuming of course African leadership have the diplomatic nous to use it optimally to serve their own national interests).

7. The significance of Russia's Africa role and future challenges

In comparison to the other big players mentioned above, Russia is still a minnow in the African game. On the other hand, Russia can add value in terms of its unique contributions, particularly in the fields of multilateral diplomacy, education, science and technology. And besides, an obvious advantage is that it does not engage Africa with a colonial chip on the shoulder.

In the end, however, Russia's role in a region as remote as Africa is inevitably being hamstrung by demands and priorities closer at home; it simply cannot overstretch beyond the limits of its national capabilities and vital strategic interests. Africa is clearly not one of the bigger fish in the Russian foreign policy/strategic pond. It is by some margin not as vitally important for the Russian national interests such as particularly the Commonwealth of Independent States (CIS), the 'near abroad', China, Europe, America, Japan and India. At the same time, from a Russian economic, diplomatic and geostrategic point of view, its global goal perception, in general, it can or will not simply ignore Africa and for this reason the business and diplomatic initiatives referred to above are important first steps. Africa is simply too important to neglect altogether, particularly for an important aspiring world power such as Russia. However, for the latter to become one of the front-runners on the African continent will take more time, commitment and investments of various kinds. At the recent Economic Forum in St Petersburg it was clear that because of sanctions, the Kremlin seems to push Russia to pivot towards Asia. Africa did not feature as part of the discussions, while it has much to offer beyond commodities. This will send the wrong message, questioning the seriousness of occasional statements made by Putin and Medvedev when visiting Africa if they are not backed up with real deeds.

Beyond engaging Africa economically, Russia does not seem to follow a comprehensive macro strategy. It does not seem inclined to take intermediary steps like active trade promotion like for instance the US, the EU, Canada, and Japan; particularly noteworthy in this respect is the Africa Growth and Opportunity Act (AGOA) which increased trade and business ties between the US and African states by approximately 240 per cent between 2000 and 2006 (Tralac 2014).

More effective promoting of reciprocal trade in addition to weaponry and basic commodities is called for. Better communication is vital: no Aeroflot connections exist, while language and cultural differences create stumbling blocks. Compared to the reach and influence of other major external role players, Russia is still in the backwater. Its involvement in Africa involves mainly about 15 of Africa's 54 states, and leaving out the Maghreb region, the figure is even less impressive.

Russia's role as a developing agent in Africa, insofar as it is engaged, is almost absent from the radar screen: too little public visibility, lagging behind other major external role players. China's role in Africa, in a very short time, is virtually ubiquitous and a hard act to follow, one may add. Particularly Russia's reach-out to African civil society could be heightened and Russian diplomacy should be more open, visible, participatory and public oriented. Most interaction, government and business, it seems, is inter-bureaucratic, behind closed doors and away from the public eye. Africa still knows very little about Russia and *vice versa*. Large Russian companies basically act solo, in isolation, serving their own narrow interests. More could be done to connect and integrate company interests with national interests, to involve civil society, heightening the Russian profile in Africa as a role player.

8. Conclusion

Some challenges still exist in Russia-Africa relations. A major one is probably a mix of negative perceptions and inadequate knowledge about the emerging business potential that have an impact on trade development. Also African countries are closely tied to Western economies by language, culture and history. Beside language obstacles, there are still perceptions about the unstable political situation, poor governance, quality of management and services. Until now Russia lacked instruments of engagement with African countries, like Africa summits, specialised NGOs, bilateral intergovernmental commissions, special institutions for economic cooperation with Africa. For example, the number of binational commissions Russia has with Sub-Saharan governments is limited to ten: Angola, Ghana, Guinea, Zimbabwe, Congo (Brazzaville), Namibia, Nigeria, Sudan, Ethiopia and South Africa. Russia needs to court for development of a specific Africa-focused policy and also craft a more integrated approach between the

public and private sectors in engaging opportunities there. But the situation seems to be improving. Russian businesses interested in Africa have taken small steps such as, for instance, the 2009 formation of the Coordinating Committee on Economic Cooperation with Sub-Saharan African Countries (AfroCom), chaired by Vladimir Dmitriev (chairperson of Vnesheconombank) under the auspices of the Russian Chamber of Trade and Industry. In 2011, the VEB helped to create the Russian Agency on Insurance of Export Credits and Investments (EXIAR), which aims to facilitate the activities of Russian companies in Africa by protecting export credits from entrepreneurial and political risks as well as investments from political risks (Vnesheconombank 2011).

The low cooperation between Russia and the African continent has two primary sources: firstly, there has not been as long a historical relationship between Russia and the African continent as there has been with Western European nations; and secondly, Russian business has not seen Africa as a business destination for a long period of time.

Nonetheless, Russian involvement in Africa must be welcomed as an additional or alternative balancing force to Western and Asian powers. The poor and low level of infrastructural development in Africa constitutes a huge additional potential business opportunity for Russian construction companies to step in. Energy and food production are further sectors Russians are well-equipped to develop. Over the past few years summits have become increasingly common and interactive dialogue involving African elites in politics, business and intellectual life could be used as bridges to stimulate more meaningful. Russia could learn from it. What Russia really needs is a multilayered agenda for Africa.

Bibliography

- African Development Bank (2011), "Russia's Economic Engagement with Africa", *Africa Economic Brief*, Vol 2, Issue 7.
- Arkhangelskaya, A (2013), "The Russian Perspective on global Governance", in Kornegay, F A and N Bohler-Muller, *Laying the BRICS of a New Global Order — From Yakaterinburg 2009 to EtheKwini*. Pretoria: Africa Institute of South Africa.
- Arkhangelskaya A and V Shubin (2013), "Russia's Africa Policy", Johannesburg: South African Institute of International Affairs, *SAIIA Occasional Paper*, No

157, September.

- Balancing Act* (2011), Africa: General Satellite Corporation Ready to Put Money on Table for DTH TV Africa. *Balancing Act*, London, 12 May. (Available at: <http://allafrica.com/stories/201105162093.html>.)
- Bloomberg*, (09/10/2014). (Available at: <http://www.bloomberg.com/news/2014-10-08>, last accessed 15 March 2015).
- Business Day* (Johannesburg) (2015), "Buoyant Africa still faces many risks", 4 June .
- BUA Briefs 9* (2010), South African Government News Agency, 6 August. (Available at: <http://www.gcis.gov.za/contentresourcecentre/newsletters-magazines>, last accessed 15 May 2015.)
- Crowley, K and A Janse van Vuuren (2014), "Investors Shunning the World's Richest Mineral Deposits", *Bloomberg*, 9 October. (Available at: <http://www.bloomberg.com/news/2014-10-0800>, last accessed 15 March.)
- Embassy of the Russian Federation in the Republic of South Africa 2015. (Available at: www.russianembassy.org.za, accessed 24 May 2015.)
- Feuchtwanger, E J and P Nailor (eds) (1981), *The Soviet Union and the Third World*. London: Macmillan Press.
- Faul, L (2015), "Putin's lobolo may seal nuke deal", *Mail & Guardian*, 19-25 June.
- Kwinika, S (2015), "The AU tackles growth", *Mail & Guardian* (supplement), 19-25 June.
- Kommersant* (2015), 18 February. (Available at: www.kommersant.ru/doc/2670120, last accessed 2 June 2015.)
- Kornegay Jr, F A and N Bohler-Muller (2013), *Laying the BRICS of a New Global Order — From Yakaterinburg 2009 to EtheKwini*. Pretoria: Africa Institute of South Africa.
- Latypov T (2012), "Russian Helicopters seek Southern Africa markets", 30 October. (Available at: <http://www.afrocom.ru/news/analytics/40>.)
- Leke A, Lund, S, Roxburgh C and A Van Wamelen (2010), "What's driving Africa's growth", June. (Available at: http://www.mckinsey.com/insights/economic_studies/whats_driving_africas_growth, last accessed 3 June 2015.)
- Liska, G (1980), *Russia and World Order—Strategic Choices and The Laws of Power in History*. New York: The Johns Hopkins University Press, pp 23-50.
- Lo, Bobo (2003), *Vladimir Putin and the Evolution of Russia's Foreign Policy*. Hoboken, N.J.: Wiley-Blackwell, pp 5-48.
- Makarychev, M M and L Samao (2014), "Russia's development assistance with a Focus on Africa", Oslo: Norwegian Peace Building Resource Centre (NOREF), *Policy Brief*, July.
- McKinsey Global Institute (2010), "Lions on the move, the progress and potential of African Economies". (Available at: <http://www.mckinsey.com/insights/africa/lions>)

on the move.)

- Ministry of Economic Development of the Russian Federation (2008), Foreign Economic Strategy of the Russian Federation until 2020, December. (Available at: http://economy.gov.ru/minec/activity/sections/foreigneconomicactivity/doc091225_1901.)
- Ministry of Foreign Affairs of the Russian Federation (2013). Participation of the Russian Federation in BRICS, approved by President Vladimir V Putin on 9 February, (Available at: <http://www.mid.ru/brp-4nsf/0/58404FEA180B30AD44257B35002871F3>, last accessed 21 May, 2015.)
- Ministry of Foreign Affairs of the Russian Federation (2013). Concept of the Foreign Policy of the Russian Federation, approved by President of the Russian Federation V Putin on 12 February.
- Mkanachi, K (2015), "The Challenges of Growth in Contemporary Africa", *The African Executive*. (Available at: http://www.africanexecutive.com/modules/magazine/article_print.php?article=757, last accessed 3 June 2015.)
- Natufe, I O (2011), "A Review of Russia-Africa Relations; New challenges and New Opportunities", *Geopolitics*, Vol 6, No 7, p 9.
- Olivier, G (2000), "Redefining Russia's Place in the World, Global Focus", *An international Journal of Business, Economics and Social Policy*, Wiley Publishers, Vol 12, No 4, pp 123-138.
- Olivier, G (2013), "South Africa within BRICS: Substance or Piggybacking" in Kornegay, F A and N Bohler-Muller, *Laying the BRICS of a New Global Order—From Yakaterinburg 2009 to Ethekwini*. Pretoria: Africa Institute of South Africa, pp 399-417.
- Saivetz, C R and S Woodby (1985), *Soviet Third World Relations*. London: Westview Press.
- TASS News Agency (2013), 14 May. (Available at: <http://en.ita-tass.com/russia/693455>), and Bloomberg (2014), 9 October (Available at: <http://www.bloomberg.com/news/2014-10-08>, last accessed 15 March 2015.)
- Tralac (2011), "Africa trade at a glance, Economic and trade policy overview". Stellenbosch: Tralac Trade Law Centre.
- Tralac (2014), Agoa.info/data/total-trade.htm
- The Economist* (2013), 2-8 March.
- Thompson, A and O Sotala (2014), "China and Africa: An evaluation of Chinese Investment, Initiative for Policy Analysis". (Available at: www.oecd.org/dag/inv/investment-policy-papers, last accessed 20 June 2015.)
- Tovkailo, M (2013), "Africa needs state guaranties", *Vedomosti*, 11 March. (Available at: <http://www.vedomos>, http://www.vedomosti.ru/newspaper/articles/2013/03/11/afrika_trebuets_gosgaranti.)
- Vasilyev, A and E Korendyasov (2013), "Russian-African relations in ten years: a

- new start". (Available at: http://russiancouncil.ru/en/inner/?id_4=2002#top-content, last accessed 27 May 2015.)
- Vnesheconombank Press-release (2009), 18 June. (Available at: http://www.veb.ru/press/news/index.php?id_19=5429&filter_year_19=2009&filter_month_19=6, last accessed 11 March 2013.)
- Vnesheconombank Press release (2011), 31 March. (Available at: http://veb.ru/en/press/news/?id_19=27885&filter_year_20=2011&filter_month_20=3#, last accessed 3 June 2015).
- Wezeman, P D, and S T Bernaud-Sudreau (2011), "Arms flows to Sub-Saharan Africa", *Sipri Policy Paper 30*. Stockholm: Sipri.
- Wise, B (2013), "Brics Summit Talks Trade, Africa Potential". (Available at: <http://connection.ebscohost.com/c/articles/86658024/brics-summit-talks-trade-africa-potential>, last accessed 3 June 2015.)