

# Contradictions in Russia-Africa Relations

## Why Russian Brands Still Not in African Homes

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*Russian President Vladimir Putin spoke at the International Parliamentary Conference Russia – Africa in a Multipolar World held in Moscow under the auspices of the State Duma of the Russian Federal Assembly March 20. The partnership between Russia and African countries has gained additional momentum and is reaching a whole new level, he noted in his speech, and along the line added that additional opportunities are opening up by the process of establishing the African Continental Free Trade Area (AfCFTA), which began in 2021, which in the future will become a continental market which favors developing ties both through the Eurasian Economic Union and bilaterally.*

“Mutual trade is growing every year, which reached almost \$18 billion last year. It is unlikely that such a figure can fully suit us, but we know that this is far from the limit. The development of counter commodity exchanges will undoubtedly be facilitated by a more energetic transition in financial settlements to national currencies and the establishment of new transport and logistics chains,” he added.

During the African leaders summit at the Black Sea city of Sochi in 2019, Putin rolled out a comprehensive roadmap, particularly questions relating to the development and consolidation of beneficial partnership with Africa, and that Russia would strengthen overall ties in line with the 2063 concept (agenda) developed by the African Union.

Putin based his arguments on the fact that Africa is increasingly becoming a continent of opportunities. It possesses vast resources and potential economic attractiveness, Putin further noted that interest in developing relations with African countries is currently visible not only on the part of Western Europe, the United States and the People's Republic of China, but also on the part of India, Turkey, the Gulf states, Japan, the Republic of Korea, Israel, and Brazil.

With a view to expanding trade and cooperation, a memorandum of understanding has been signed between the Eurasian Economic Commission and the African Union Commission at

the Sochi Summit. In 2018, Putin's assessment was that Russia's trade with African countries grew more than 17 percent and exceeded \$20 billion. Putin would like to bring it (the trade figure) to, at least, \$40 billion over the next few years.

Admittedly Russia's trade is consistently straddling since 2019 after Sochi, a position which officials seem to accept. "Despite illegal sanctions imposed by Washington, Russia and African states are developing trade and economic cooperation. The trade turnover is increasing: at the end of 2022, it reached \$17.9 billion," according to Chairman of the State Duma Vyacheslav Volodin, addressing African parliamentarians at the plenary session Russia-Africa in a Multipolar World.

Russia, of course, has its own approach towards Africa. It pressurizes no foreign countries neither it has to compete with them, as it has its own pace for working with Africa. With the same optimism towards taking emerging challenges and opportunities in Africa, Russia still has to show, in practical terms, commitment especially with its policy initiatives.

On 29 April 2021, Russian International Affairs Council (RIAC), Russian NGO that focuses on foreign policy, held an online conference with participation of experts on Africa. Chairing the online discussion, Professor Igor Ivanov, former Foreign Affairs Minister and now RIAC President, made an opening speech, pointed out that Russia's task in Africa is to present a strategy and define priorities with the countries of the continent, build on the decisions of the first Russia-Africa Summit.

"Russia's task is to prevent a rollback in relations with African countries. It is necessary for Russia to define explicitly its priorities: why are we returning to Africa? Some general statements of a fundamental nature were made at the first Summit, now it is necessary to move from general statements to specificity," he suggested.

During his address at the opening of the special panel session on Africa at the St. Petersburg International Forum held June 2021, Rwandan Prime Minister Edouard Ngirente has called upon Russians to consider increasing investment in Africa. That Africa has great opportunities that investors from Russia can take advantage of, among these, are the continent's young population and workforce, the fast rate at which urbanization is taking place, and the huge potential that has been demonstrated in technological progress in areas like telecommunications and digitization of the society.

"Therefore, advancing our common prosperity agenda would imply translating the existing business opportunities into reality. And this calls for important flows of investments in priority areas," he said.

In addition, Prime Minister Edouard Ngirente pointed at the African Continental Free Trade Area (AfCFTA) and regional integrations of economic communities as another priority to advance quickly Africa's growth agenda and position the continent as an investment destination.

"This could be an opportunity for Russian businesses to invest in infrastructures such as roads, railways, ports, hydropower plants, and internet connectivity that facilitate trade on the continent of 1.3 billion consumers. The investment required is estimated at \$130 billion to \$170 billion per year," explained Prime Minister Edouard Ngirente.

South African business tycoon, Sello Rasethaba, questioned how Russia was going to

establish a thriving trade relationship with Africa for the benefit of all. In reality and effective practical terms, how does Russia want to reposition itself in relation with Africa? With business relationships, Russia has to consider practical strategies in consultation with African countries. The fact that the middle class is growing in leaps and bounds in Africa makes this market even more attractive and opens more opportunities for Russian businesses.

“The current investment and business engagement by foreign players with Africa is on the increase. There are so many unknowns up there in Russia; it’s crucial that Russia has a clear vision of the relationship it wants with Africa. Russia together with African countries must setup sovereign wealth funds using the resources power of those countries,” he said.

In an interview with Steven Gruz, Head of the African Governance and Diplomacy Programme at the South African Institute of International Affairs (SAIIA), explained that Africa is a busy geopolitical arena, with many players, both old and new, operating. Apart from EU countries, China and the US. There are players such as Iran, Turkey, Israel, the UAE, Japan and others. Russia has to compete against them, and distinctively remain focused its efforts with strategies.

On the other side, Russia uses the rhetoric of anti-colonialism in its engagement with Africa, and that it is fighting neo-colonialism from the West, especially in relations with their former colonies. It sees France as a threat to its interests especially in Francophone West Africa, the Maghreb and the Sahel. It, therefore, focuses on anti-western slogans as its main trading commodity across Africa. The African Continental Free Trade Area (AfCFTA) could be the strongest dimension of Russia’s dealings in Africa.

Many other factors including the geo-political changes are influencing the United States, European and Asian investors to intensify exploring several opportunities in the African Continental Free Trade Area (AfCFTA), a policy signed by African countries to make the continent a single market. As monitored, foreigners are looking at market for new partnerships. The AfCFTA has unlocked value chains for – especially US investors – in key sectors such as pharmaceuticals, automobiles, agro-processing, and financial technology.

Unlike Russian ministries, institutions and organizations, the Corporate Council on Africa (CCA), for instance, shares insights on critical issues and policies influencing the US-Africa economic partnership. It is facilitating trade and investment issues for potential investors interested in pursuing public-private partnerships that support the United States and African businesses, including women-owned and led Small and Medium-Scale Enterprises. The U.S. Agency for International Development is working close with African institutions and organizations. According to documents, there are an estimated 1,200 U.S. companies operating in Africa.

The Bill & Melinda Gates Foundation has made resonating announcement that the foundation will spend \$7 billion, over the next four years, [allegedly] to improve health, gender equality and agriculture across Africa. Strengthening and supporting these sectors have become necessary due to increasing complaints about lack of funds and worse, due to the negative impact of geopolitical changes. It will further continue to invest in researchers, entrepreneurs, innovators and healthcare workers who are working to unlock the tremendous human potential that exists across the continent.

In another related development, U.S. Trade Representative Katherine Tai has signed a memorandum of understanding with African Continental Free Trade Area aims at exploring work on the next phases of the U.S.-African trade relationship. United States sees enormous opportunities to improve the longstanding African Growth and Opportunity Act (AGOA) system of trade preferences, which is due to expire in 2025.

“The world that we’re living in today certainly has been transformed by significant events that we have experienced since 2015, the last time the program was reauthorized,” Tai noted during a meeting of trade ministers from Sub-Saharan Africa to discuss AGOA as part of a U.S.-Africa summit in Washington. “We’ve consistently seen that there are opportunities for the program to be better, there could be much better uptake and utilization of the program.”

In fact, AGOA offers an irreversible solid ground as a “stepping stone to address regional and global challenges,” especially with Africa’s young and entrepreneurial population, she said, before concluding that “the future is Africa, and engaging with this continent is the key to prosperity for all of us.”

Similarly, at least, after its historic UK-Africa Investment Summit held in January 2020, UK has increased its support for business on the continent, a step that aims at strengthening aspects of the planned economic cooperation with Africa. Our random research after the summit, we have noticed different priorities – all of which are supporting and strengthening economic partnerships in a number of countries on the continent. The significance of these is to help unlock opportunity, spread prosperity and thus transform lives in Africa.

The Department for International Trade said in a media release that it would cut import taxes on hundreds more products from some of the world’s developing countries to boost trade links. It explained further that the measure was part of a wider push by the UK to use trade to “drive prosperity and help eradicate poverty” as well as reduce dependency on aid. The scheme covers developing countries and will affect around 99% of goods imported from Africa.

South Africa and Nigeria, the continent’s two largest economies, make up 60% of the entire UK-Africa trade relationship. Only eight nations from sub-Saharan Africa mostly former colonies count the UK in their top 10 export destinations, including Rwanda, Mauritius, Seychelles, Sierra Leone, Ghana, Mozambique, Kenya and South Africa.

Our monitoring shows that American, Asian, European Union members particularly British investors are strategically leveraging unto trade platforms, working to support the creation of an African Continental Free Trade Area (AfCFTA) because trade integration is such a powerful tool to accelerate economic growth, create employment and alleviate or reduce poverty.

The AfCFTA provides a unique and valuable platform for businesses to access an integrated African market of over 1.3 billion people. The growing middle class, among other factors, constitutes a huge market potential in Africa. Quite challenging though, but there are new legislations that stipulate localizing production and distribution inside Africa.

Under the current circumstances, what has Russia done to help Africa? It only contributes to deepening social dissatisfaction, increases the fear of vulnerable groups among the population to rising prices of commodities and consumables throughout Africa.

Nevertheless, it is so common reiterating that Russia has always been on Africa's side in the fight against colonialism. The frequency of reminding again and again about Soviet assistance, that was offered more than 60 years ago, will definitely not facilitate the expected beneficial trade and investment ties under these new conditions.

Afreximbank President and Chairman of the Board of Directors, Dr. Benedict Okey Oramah, says Russian officials "keep reminding us about Soviet era" but the emotional link has simply not been used in transforming relations. Oramah said one of Russia's major advantages was the goodwill. He remarked that even young people in Africa knew how Russia helped African people fight for independence. "So an emotional link is there," he told Inter-Tass News Agency.

The biggest thing that happened in Africa was the establishment of the African Continental Free Trade Area (AfCFTA). That is a huge game-changer, and steps have been made lately in the African countries for creating better conditions for business development and shaping attractive investment climate.

"Sometimes, it is difficult to understand why the Russians are not taking advantage of it? We have the Chinese, we have the Americans, we have the Germans who are operating projects...That is a very, very promising area," Oramah said in his interview 2021.

Secretary-General of the African Continental Free Trade Area Secretariat, Wamkele Mene, has several times highlighted the underlying fact of developing intra-African trade, and even with external players that "the next wave of investment in African markets must focus on productive sectors of Africa's economy in order to drive the continent's industrial development in the decades to come. For foreign investors and traders, it is necessary to support local entrepreneurs to build scale, and therefore improve productivity."

For example, the total United States (US) two-way trade in Africa has actually fallen in recent years, to about \$60 billion, far eclipsed by the European Union (EU) with over \$200 billion, and China more than \$200 billion, as stated by the Brookings Institution in the Africa in Focus post. According to the African Development Bank (AfDB), Africa's economies are growing faster than those of any other regions. Nearly half of Africa's countries are now classified as middle-income countries – the number of Africans living below the poverty line fell to 39 per cent as compared to 51 percent in 2021, and around 350 million of Africa's one billion people are now earning good incomes – rising consumerism – that makes trade profitable.

As the official Russia's Ministry of Foreign Affairs website indicated – it is evident that the significant potential of the economic cooperation is far from being exhausted, much remains to be done in creating conditions necessary for interaction between Russia and Africa. At a meeting of the Ministry's Collegium, Lavrov unreservedly suggested taking a chapter on the approach and methods adopted by China in Africa.

Lavrov said:

"It is in the interests of our peoples to work together to preserve and expand mutually beneficial trade and investment ties under these new conditions. It is important to facilitate the mutual access of Russian and African economic operators to each other's markets and encourage their participation in large-scale infrastructure projects. The

signed agreements and the results will be consolidated at the forthcoming second Russia-Africa summit.”

After the first Russia-Africa summit held 2019, expectations are high as it offers the impetus to substantially increase investment in the economy, industry, transport, telecommunications and tourist infrastructures, as well as in high technology, healthcare, urban development, and other fields that are vital to the quality of life. On the contrary, Russians are consistently trading anti-Western slogans and engaged in geo-political rhetoric, instead of investment and business.

Is Russian torn between the challenges of its own assumptions and understandings about forging trade cooperation with Africa? Are pragmatic measures not necessary for promoting trade between the two regions? Is Russia only paying lip-service to the summit promise of doubling trade with Africa?

Now at the crossroad, it could be meandering and longer than expected to make the mark. Russia’s return journey could take another generation to reach destination Africa. With the current changing geopolitical world, Russia has been stripped of as a member of many international organizations. As a direct result of Russia’s “special military operation” aims at “demilitarization and denazification” since late February 2022, Russia has come under a raft of stringent sanctions imposed by the United States and Canada, European Union, Japan, Australia, New Zealand and a host of other countries.

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*Kester Kenn Klomegah, who worked previously with Inter Press Service (IPS) and InDepthNews, is now a regular contributor to Global Research. As a versatile researcher, he believes that everyone deserves equal access to quality and trustworthy media reports.*

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