

## Russian Markets Attracting African Exporters



By Kester Kenn Klomegah

**MOSCOW, Sept 20, 2014 (Business Africa) --** The Russian market has always been attractive for many Western and European countries, many have exported their agricultural products including fruits and vegetables for high profits. But that has changed recently as the United States, Western and European Union members have slapped Russia with sanctions for the political developments in Ukraine, a former Soviet republic.

Russia has also imposed reciprocal sanctions and introduced restrictions on the import of certain food and agricultural products from the European Union (EU), the United States, Canada, Australia and Norway. The products include meat, fish, dairy products, fruits, vegetables, oils and other commodities.

In their recent remarks, the Prime Minister Dmitry Medvedev, Russian Agriculture Minister Nikolai Fyodorov and Economic Development Minister Alexei Ulyukayev have pointed to the possibility of finding alternative sources for the aforesaid commodities by replacing European markets with markets in other countries. Russian authorities have been looking for potential agricultural products exporters in Latin American, Asian and African regions.

South Africa, Kenya, Egypt, Tunisia and Morocco have shown their preparedness to cooperate and are still looking at the possibility to boost exports of agricultural products especially fruits and vegetables to Russian food market to help fill in the gap after President Vladimir Putin slapped sanctions that severely limit food imports from those foreign countries.

In mid-Sept, Egyptian Minister for Industry and Trade, Mounir Fakhry Abdel-Nour, headed of a heavyweight delegation of Egyptian business executives, industrialists and economists to Russia, among key areas for exploration was to discuss the possibility of giving a boost to food exports as requested by authorities to Russia.

The Russian Agriculture Minister Nikolai Fyodorov headed Russian delegation to discuss with the visiting Egyptian group with participation of Egypt's Ambassador in the Russian Federation Moahamed al-Badri and Minister Plenipotentiary Mohammad Daoud, the head of commercial representation office, at the headquarters of the Egyptian Embassy in Moscow.

According to reports, Egypt will increase agriculture products to Russia, especially in light of the European ban imposed on Russia. The meeting tackled the needs of Russia's market of the Egyptian products during the coming period. Abdel-Nour stressed that his visit to Moscow has opened new and larger avenues for Egyptian products on the Russian market. For his part, Fyodorov said Russia welcomes the Egyptian products on its markets, saying coordination is under way with Egyptian officials to tackle any obstacles hindering the movement of trade between the two countries.

The delegation includes heads of 64 major Egyptian companies operating in food industry and agricultural sector, participated in the World Food Moscow exhibition scheduled from September 15 -18. The Egyptian authorities said Cairo was ready to enlarge the list of traditionally supplied to Russia vegetable products, as well as to offer different kinds of dairy, meat and fish products.

In addition to Egypt, the Arab Republic of Tunisia has unreservedly promised to lend supporting hands to Russia. Tunisia is ready to supply products to Russia to replace imports from Europe, including olive oil, Tunisian Foreign Minister Mongi Hamdi said while on an official working visit to Moscow.

"We are ready to supply many goods that Russia does not receive from Europe now," he said. Tunisia is ready to export olive oil, Mongi Hamdi said, adding that olive oil from the European Union (EU) was of worse quality. The minister informed further that they wanted to work without intermediaries.

Morocco is one of the leading trade partners of Russia in north Africa. Morocco has already exported some of its agricultural items especially fruits and vegetables to the burgeoning market. According to the Moroccan business daily L'Economiste, Russia, where Moroccan tangerines have been traditionally popular, accounted for just 4% of Morocco's agricultural exports in 2008 and 12% in 2013. The figure could reach 15% by the end of 2014.

Philip Mundia Githiora, who is the Minister Counsellor at the Kenyan Embassy in Moscow, pointed out explicitly that Russia offers a large market for Kenyan agricultural products and that Kenya already exports some agricultural products including cut-flowers, tea and coffee to the Russian Federation.

He explained to Business Africa, however, that "a preferential trade agreement with Kenya in particular and Africa in general would be a positive step because such agreements hasten the progress of trade negotiations, leads to the achievement of timely, substantial reduction in barriers to trade, particularly agriculture, non-tariff barriers, and dispute settlement procedures, and stimulate economic growth and development."

In August, Interfax News Agency also reported that Kenya plans to begin direct supply of seafood and fruits to Novosibirsk region in the Russian Federation. According to the information obtained from the Embassy of the Republic of Kenya, there are negotiations with the Russian Phytosanitary body as well as with the Federal Customs authorities with the aim of exploring the possibility of importing seafood and fruits into the Russian Federation as a whole, not only Novosibirsk. Novosibirsk, as a region, has expressed interest in this effort. But, the requirements to import these products are set by the two aforesaid Russian authorities. The negotiations are ongoing and hopefully, it will materialize in the near future.

According to the Kremlin press service, during the August meeting between President Vladimir Putin and South African President Jacob Zuma, among the main topics - to increase bilateral trade, particularly by increasing the supply of agricultural products from South Africa. President Zuma was on a six-day working visit to Russia.

Many African countries consider Russia as an important market. Justin Chadwick from the Citrus Growers' Association in South Africa told Business Africa: "Russia is no longer an emerging market for South African citrus – it is the largest volume importer (as a single country) of South African citrus. It is a very important market. Granting trade preferences can help potential exporters, absolutely – without trade preferences product is more expensive than countries that do have trade preferences."

Chadwick acknowledges that external markets are favorable for exporters in South Africa, and offered the following statistics: "in 2013, South Africa exported 42% to European Union, 20% to Middle East; 12% to Russia (biggest single country), 6% to North America and 16% to Asia. " The Citrus Growers' Association has been optimizing access to all markets through continued research and development.

On his part, Nyaniso Isaac Miti, Minister – Counsellor in charge of Agricultural Affairs at the South Africa Embassy in Moscow also stressed firmly in an email response that South Africa's agricultural export basket too is dominated by citrus fruit, grapes and apples, and Russia has stated their readiness to increase the purchase of these products.

The Russian Federation has offered customs preferential depending of the volumes the Southern African Customs Union (SACU) can meet. The only challenge thus far is the exportation of meat and fish products from South Africa to Russia.

"However, it is pleasing to mention that Russia has temporarily lifted the ban on pork products from South Africa for one year and talks are afoot between the parties to lift the ban permanently. Likewise, work has been undertaken for Russia to lift the existing ban on sea food products. At this stage, the Russian Veterinary and Sanitary Agency is planning to visit South Africa for the inspection of the processing facilities," Nyaniso Isaac Miti wrote to Business Africa.

"In my view, there are huge opportunities for South Africa to expand and diversify its agricultural products in the Russian market. The annual World Food Moscow event gives South Africa a platform to identify further opportunities. With an already established export base of more than US\$ 250 million per year for fresh fruit, South Africa could consider establishing a solid vegetable market in Russia," according to the Minister – Counsellor for Agricultural Affairs.

In an interview discussion, Elena Nagornaya, CEO and Founder of Kenny Group of Companies and Africa Trade Alliance (ATA) told Business Africa: "It is time to get changed – Africa Trade Alliance is ready to help potential African exporters into Russian market. The perspectives of the Russian market have been appreciated long ago by the exporters from Europe, America and Asia. A number of Africa countries, especially those in Northern Africa and Republic of South Africa are present in Russia. Amid the embargo, the question of considering a wide-range of imported agricultural products from some African countries is becoming a reality. Now, it is a unique opportunity for raising the agricultural supplies to Russia from Africa."

In fact, Africa Trade Alliance (ATA) supports African business in reaching the powerful Russian market. It offers ready-to-use business solutions to help manufacturers to export products to Russia and with individual schemes, and is ready to help potential African exporters into vast Russian market. In Russia, ATA has a number of offices that coordinate mostly delivery and distribution of African agricultural and manufactured products, help to increase trade levels both ways.

President Vladimir Putin said Russia's decision to limit food imports from the West is not clearing a niche for Russian producers and that the missing imports will arrive from other countries.

"Unfortunately, our producers cannot fully substitute imports from the West. Therefore, we are dealing now with producers in Latin America: Brazil, Argentina and Chile. We are also working with our partners in the East - China and other countries," Putin said in an interview with the weekly summary TV program, Voskresnoye Vremya. "It was strange to hear our European partners asking them not to export foods to Russia. It's absurd! I don't think any businessman will reject this chance to enter our market," the Russian president said.

Roselkhoznadzor, the Russian Veterinary and Phytosanitary watchdog, has been working to check the quality of imported products that the potential suppliers bring from foreign countries including Africa.

The African diplomatic community in the Russian Federation has asked the Russian government for an initiative to waive its import tariffs on or grant special preference to African agricultural exports to Russia. "This might help potential African exporters looking to transact agro-business or searching to export fruits and vegetables to Russia's burgeoning market under new preferential trade agreements, a significant step that will strengthen Russia-African trade relations," an out-spoken African Ambassador told me in an interview by phone and asked that his name be withheld.

According to an existing document dated 2007 from the Ministry of Foreign Affairs, seen by Business Africa, only traditional goods from African countries are eligible for preferential tariff treatment. Products from Least Developed Countries (LDCs), including those in Africa, will be exempted from import duties. This encompasses the bulk of Russia's imports, only traditional goods that are eligible for preferential customs and tariffs treatment, from African States. **(Source: Business Africa)**