The Countries of North Africa And the Prospects for The Region’s Interaction with The Russian Federation

Agapova, Anna and Budarina, N and Shafiev, R and Tataeva, I. and Bludova, S.

Russian Customs Academy, North-West Institute of Management - branch of RANEPA

5 March 2021

Online at https://mpra.ub.uni-muenchen.de/110766/
MPRA Paper No. 110766, posted 02 Dec 2021 05:56 UTC
Assessment of The Macroeconomic Situation in The Countries of North Africa And the Prospects for The Region's Interaction with The Russian Federation

BUDARINA N.A., SHAFIYEV P.M., AGAPOVA A.V., TATAYEVA I.Y., BLUDOVA S.N.,
Russian Customs Academy
North-West Institute of Management - branch of RANEPA

Abstract

Today Africa is the world leader in terms of consumption growth. Agriculture, chemical industry and agro-technologies, oil refining and extractive industries, energy and peaceful nuclear technologies are rapidly developing on the continent. Most countries are interested in the development of infrastructure, the demand for cars and special equipment is growing. Russia is ready to act as a partner for all African countries in a number of areas. These include projects for the supply of the latest Russian equipment for metallurgical and mining enterprises, the development of a transport and logistics system - including not only the supply of rolling stock for railways, aircraft and helicopters of various classes and purposes, but also control and safety systems for the respective modes of transport. In addition, Russia is interested in participating in the creation of energy infrastructure in the countries of the African region - oil and gas and generating capacities, including hydro and nuclear energy, ensuring food security, as well as developing a health care system and drug supply.

Keywords. North Africa, Cooperation, Export, Import

The internationalization of world economic relations increases the interdependence of their participants from each other, from the impulses and trends generated in this system. It is natural that developed countries with stronger economic potential benefit greatly from the ability to defend their interests. The economically weaker partners, to which most developing countries belong, are forced to adopt general rules of the game, but it does not theoretically prevent them from adopting favourable trends in the world market. An even more important point for these countries is the opposition to negative factors that, through various kinds of world economic relations, have a negative impact on their national economies.
North Africa is a large African region with a population of about 230 million people, or about 19% of the continent's total population. Its total area, a large part of which is the Sahara and other deserts, is 7,916 thousand square kilometers (over 26% of the territory of Africa). [1]

North Africa comprises six countries with varying degrees of development, income and impact on the world economy and commodity markets. Most countries of the region are united not only by the common geographical location, but also by historical and civilizational scrapes. Almost all of the countries we study are Arab states. Natural, climatic and resource factors severely determined the economic profile of the region, which in turn predetermined the key structural and macroeconomic imbalances that affect the socio-economic development of the North African countries. In the end, almost all the current socio-economic problems of the region as a whole are connected in one way or another with two of its fundamental specific characteristics: colossal rental incomes (mainly oil and gas origin) and relative overpopulation. [2]

In 2011-2019, the economic development of some North African countries slowed down compared to the more favourable previous decade, as can be seen from the statistics provided in the table. 1.

<table>
<thead>
<tr>
<th></th>
<th>Libya</th>
<th>Tunisia</th>
<th>Sudan</th>
<th>Morocco</th>
<th>Algeria</th>
<th>Egypt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>40587</td>
<td>45811</td>
<td>85599</td>
<td>101371</td>
<td>200019</td>
<td>231100</td>
</tr>
<tr>
<td>2012</td>
<td>101166</td>
<td>45044</td>
<td>62287</td>
<td>98266</td>
<td>209059</td>
<td>276536</td>
</tr>
<tr>
<td>2013</td>
<td>65826</td>
<td>46252</td>
<td>63934</td>
<td>106826</td>
<td>209755</td>
<td>270782</td>
</tr>
<tr>
<td>2014</td>
<td>33818</td>
<td>47633</td>
<td>78091</td>
<td>110081</td>
<td>213810</td>
<td>300949</td>
</tr>
<tr>
<td>2015</td>
<td>17666</td>
<td>43173</td>
<td>83934</td>
<td>101179</td>
<td>165979</td>
<td>317745</td>
</tr>
<tr>
<td>2016</td>
<td>15320</td>
<td>41802</td>
<td>89671</td>
<td>103312</td>
<td>160034</td>
<td>270255</td>
</tr>
<tr>
<td>2017</td>
<td>25120</td>
<td>39813</td>
<td>124022</td>
<td>109714</td>
<td>167390</td>
<td>195135</td>
</tr>
<tr>
<td>2018</td>
<td>34377</td>
<td>39895</td>
<td>50515</td>
<td>117921</td>
<td>173757</td>
<td>249751</td>
</tr>
<tr>
<td>2019</td>
<td>38424</td>
<td>38788</td>
<td>39517</td>
<td>118405</td>
<td>174316</td>
<td>319056</td>
</tr>
</tbody>
</table>

Over the past two decades, the North African countries have made some progress in economic development. Total GDP increased from $262,287 million in 2000 to $728,506 million in 2019, or 2.8 times, and GDP per capita from $1,480 in 2000 to $3,020 in average, or 2.1 times. Inflation has fallen from 6.7% to 3.96% on average in the region over 20 years, but unemployment remains high at 19.42% in average, with a differential level.

The overall economic performance of North Africa reflects not only domestic economic development trends, but also the main trends in the world economy indirectly. Crisis phenomena in the world economy cause in most cases a decline in the growth rate of national economies, the emergence or increase in deficits of foreign trade balances and state budgets, and an increase in inflation. In order to improve the level of economic development of the state, it is necessary to minimize the impact of negative factors, to prevent the destabilization of the economy.

The focus of the growing competition and rivalry is primarily the resource opportunities of the continent, the markets for the consumption of goods and services in African countries, which are now growing rapidly, the labour and intellectual potential of the world's fastest-growing population. Africa is expected to become the fastest growing market by 2050, with consumer demand for goods from developed countries.

Russia is dramatically stepping up various formats and channels of its cooperation with North Africa. In addition to traditional diplomatic and intergovernmental channels, the development of business partnership, civil initiatives and expert cooperation have been launched. Among the new forms should be highlighted:

- Russians enter the security services market on the continent: the organization of protection of top officials, retraining of local security agencies, cybersecurity services;
- political technology channel: Russian participation in the accompaniment of election campaigns and the development of image strategies of a number of political forces in Africa;
- active work by the leadership of several Muslim republics of the Russian Federation with Islamic communities in Africa, including the field of peacekeeping and conflict resolution;
- religious channels of cooperation.
Thus, the presence of Russia and Russians in North Africa becomes complex and multifaceted. The level of trust in Russia is also growing, both from the elites of North African countries and in local public opinion. This gives Russia and Africa great potential for economic cooperation. It is carried out both through large Russian corporations and in the sphere of small and medium-sized businesses. Promising industries are:

- mining industry and technology;
- energy (including hydropower and nuclear);
- military-technical cooperation and maintenance of military equipment;
- agro-industrial complex;
- Aquaculture and fisheries and technology;
- Medical technology and equipment;
- Cybersecurity and electronic services;
- New educational technologies.

Among the challenges and problems to the Russian strategy in North Africa are:

1. The need to combine economic projects (mainly on raw materials) with the social responsibility of Russian business in North Africa - first of all, with the formation and training of local workforces and the creation of career and social lifts for them; the feasibility of establishing Russian corporate training centres and analogues of professional technical schools directly in Africa; training of Russian and recruiting local teachers for them - otherwise inevitably there will be accusations of neo-colonialism and that "Russia's goal is only to pump out raw materials."

2. The need to combine purely commercial projects with development assistance programmes in North Africa (both through the state and through Russian corporations). In this area, Russia in North Africa at least loses to the West, the Gulf states, China and India; development aid funds make up a significant part of the economies of North African countries, and it is through aid projects that local public opinion will judge "what Russia has brought to North Africa."

3. Image policy in the context of the broadcast of Western anti-Russian cliches on Africa, forming stereotypes that Russian partners on the continent are only(dictators and outcasts; hence the need for image work not only with the elites of North Africa, but also with broad public opinion, the feasibility of creating and developing appropriate media tools for this.

4. Careful and sensitive attitude to the North African diaspora in Russia: helping victims of human trafficking caught in Russia, and suppressing the channels of this trade, overcoming the remnants of racist stereotypes existing in marginal segments of Russian society.

5. For African students in Russia as part of the diaspora, it is appropriate to intensify scholarship and grant programs (both state and corporate) to ensure a decent level of living in Russia during their studies.

Finally, under sanctions, trade with North Africa is already an important source of emerging new needs due to changes in the structure of the Russian consumer market.

Africa, with well-structured foreign economic activity, can become a "target market" for Russia. Due to the remaining loyalty and trust, as well as in connection with the large qualitative leap in the development of a number of local industries, the Russian Federation can find on the African continent "their" buyers - such a target (and price) audience, which will be as satisfied as possible with the product, and this applies not only to the products of the military-industrial complex.

Within the above, the North African markets can become the basis for Russia's cooperation in international and regional economic and financial organizations, serve as a new stage in the direction of world economic cooperation, and become a platform for the implementation of priority national projects.

References

- Compiled by the authors on the data UNCTADStat. URL: http://unctadstat.unctad.org