

Russia: Trade, Investment & Tourism

December 2021

Executive summary

This country fact sheet provides key trade, investment and tourism related statistics for Russia. Specifically, it shows global trade and investment flows including an analysis of top markets and products for Russia in relation to South Africa and the Western Cape, highlighting the largest and fastest growing products and sub-sectors. It also analyses tourism trends between Russia and South Africa. The key highlights are provided below:

TRADE

- Russia was the 19th largest global importer and the 26th largest exporter of services in 2020. The country's services exports accounted for 12% of its total exports in 2020.
- Services exports have risen significantly over the last 10 years, increasing by 86% from ZAR417.33bn in 2011 to ZAR776.03bn in 2020
- In 2020, services imports declined by 26.03%, while services exports fell by a softer 14.36%, largely as a result of restrictive trade measures implemented to curb the impact of the Covid-19 pandemic.
- Russia is ranked as the world's 17th largest exporter of goods (accounting for 1.8% of global exports) and 22nd largest importer of goods (accounting for 1.2% of world imports).
- Russia was South Africa's 35th largest export market and 32nd largest import market in 2020.
- South Africa's trade with Russia remained robust in 2020, with exports increasing by 13.07% while import growth tracked closely at 12.20%.
- This impressive growth in exports were largely driven by growth in fruit exports such as citrus, apples, pears and quinces, which grew at 106% y-o-y from 2019 to 2020.

FDI

- Between 2003 and 2020, Russia recorded a total of 6,484 FDI projects, which generated a total capital expenditure of ZAR5.80 trillion and created over a million jobs.
- Germany was Russia's largest source market for FDI both in terms of number of projects invested as well as capital expenditure (capex) over the period 2003 to 2020.
- Russia's outward FDI resulted in 2,392 capital projects invested globally, which reached a capital expenditure value of ZAR3.43 trillion and created 352,930 jobs worldwide.
- Russian-based companies invested 23 capital projects into South Africa with a total capital expenditure of ZAR8.04bn, resulting in 3,006 jobs over the period 2003 to 2020.
- South Africa invested 11 FDI projects into Russia over the period 2003 to 2020. This capital undertaking resulted in a total capital expenditure of ZAR18.55bn and created 5,856 jobs in Russia.
- In totality, five Russian companies invested five projects into the Western Cape, which reached a total capex of ZAR408.54m and created 104 jobs.
- There were no FDI projects invested into Russia from the Western Cape over the period 2003 to 2020.

TOURISM

- A 60,1% decline in Russian tourist arrivals was experienced in 2020 due to the impact of the pandemic on international travel.
- In 2020, Russian tourists to South Africa primarily travelled for Holidays (49,1%), Business (16,0%) and VFR (15,8%).

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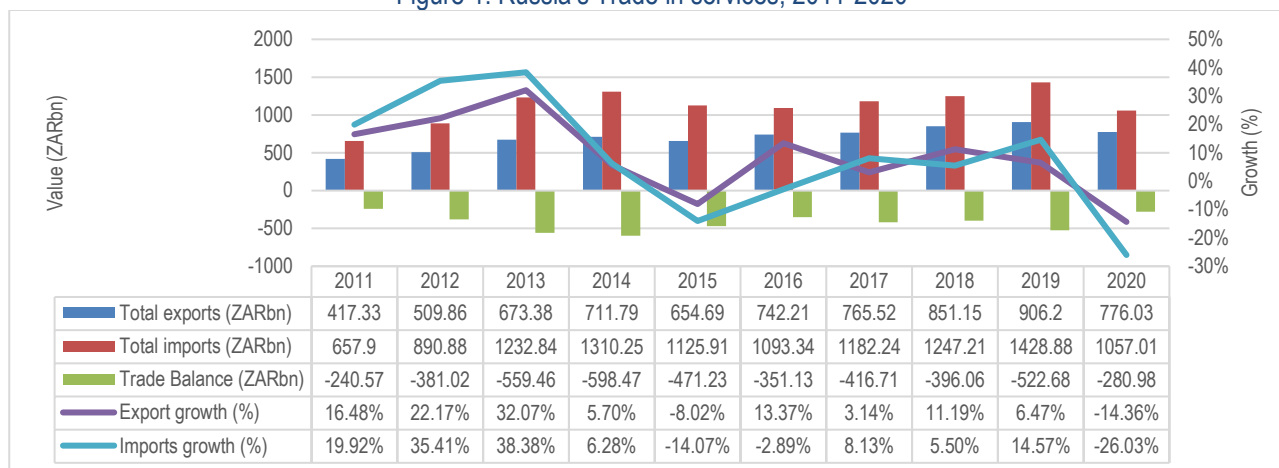
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1. Trade

1.1 Trade in services

Russia was the 19th largest global importer and the 26th largest exporter of services in 2020. The country's services exports accounted for 12% of its total exports in 2020. Figure 1 shows Russia's global trade in services over the period 2011 to 2020. As indicated in Figure 1, Russia is a net importer of services, with services imported nearly doubling from ZAR657.9bn in 2011 to ZAR1.05tr in 2020. Similarly, services exports rose significantly over this period, increasing by 86% from ZAR417.33bn in 2011 to ZAR776.03bn in 2020. That said, while services exports and imports followed an upward trajectory over the period 2015 through 2019, both declined sharply in 2020 as restrictive trade measures were implemented globally to curb the impact of the Covid-19 pandemic. Services imports fell by 26.03% y-o-y, while services exports declined by a softer 14.36% y-o-y, leading to a sharp narrowing of the country's services trade shortfall.

Figure 1: Russia's Trade in services, 2011-2020



Source: Trademap, 2021

As shown in Figure 2, transport services, which include transport by freight, air, sea, passenger and postal services, were Russia's top exported services in 2020, reaching a value of ZAR268.92bn and accounting for 34.65% of the services export basket in this year. Other key service exports included other business services (ZAR188.85bn at 24.34%); telecommunications, computer and information systems (ZAR97.08bn at 12.51%), and construction services (ZAR76.82bn at 9.9%). Furthermore, charges for the use of intellectual property were the fastest growing service exported by Russia, growing at an average annual rate of 16.77% per annum over the period 2016 to 2020.

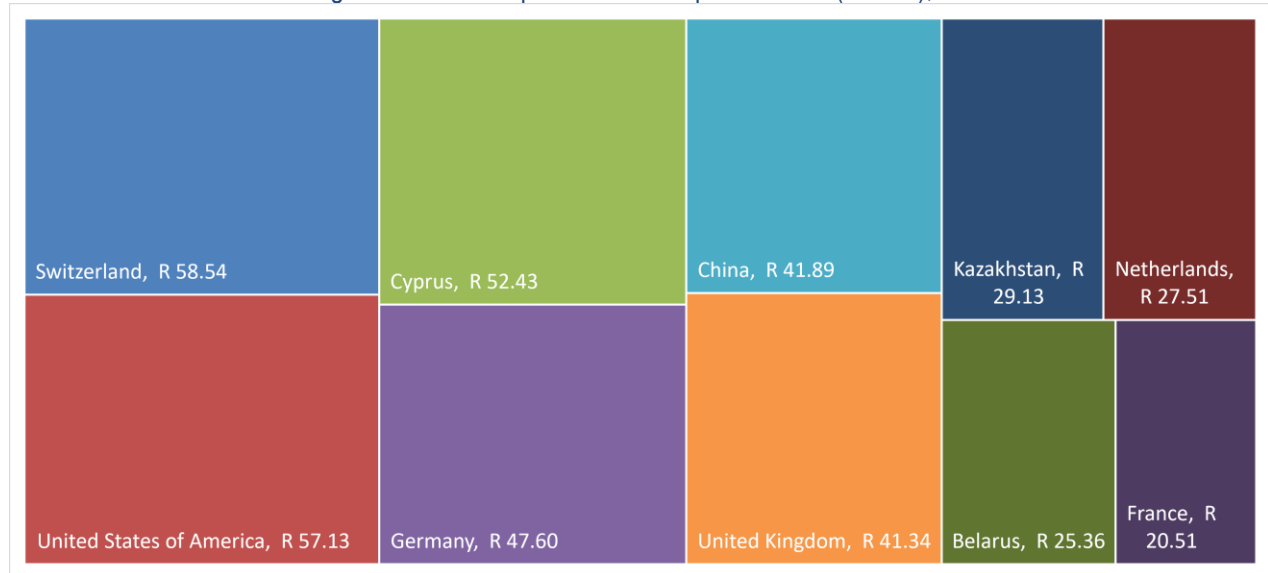
Figure 2: Top 10 services exported by the Russia, 2020

	Exports (ZARbn), 2020	Share (%), 2020	Ave Annual Growth (%), 2016-2020
Transport	268.92	34.65	5.53
Other business services	188.86	24.34	3.53
Telecommunications, computer, and information services	97.08	12.51	14.34
Construction	76.82	9.9	10.67
Travel	46.68	6.01	-5.49
Maintenance and repair services n.i.e.	27.25	3.51	7.03
Financial services	19.07	2.46	5.63
Charges for the use of intellectual property n.i.e.	19.03	2.45	16.77
Government goods and services n.i.e.	12.2	1.57	4.3
Insurance and pension services	7.66	0.99	5.27
All services	776.03	100	3.96

Source: Trademap, 2021

As seen below in Figure 3, Russia's services export markets were widespread in 2020, with services exported to the top six markets reaching similar values. More specifically, Switzerland was Russia's top services export market in 2020, with services reaching a total value of ZAR58.54bn, while the US followed in a close second (ZAR57.13bn), and Cyprus in a close third place with services export value reaching ZAR52.43bn in 2020.

Figure 3: Russia Top 10 services export markets (ZARbn), 2020



Source: Trademap, 2021

Turning to services imports, other business services and transport services were Russia's top import services in 2020. In particular, other business services, which is comprised of professional and management consulting services; research and development; and technical trade-related services ranked as Russia's top import service, with an associated cost of ZAR264.69bn in 2020 and accounting for 25.04% of the import service basket. Further, with a share of 17.76%, transport was the second most imported services by Russia over the same period, followed by travel (14.14%), and construction (11.58%). Moreover, construction had the highest growth rate among the top 10 services imports, growing at an average annual rate of 16.71% per annum from 2016 to 2020.

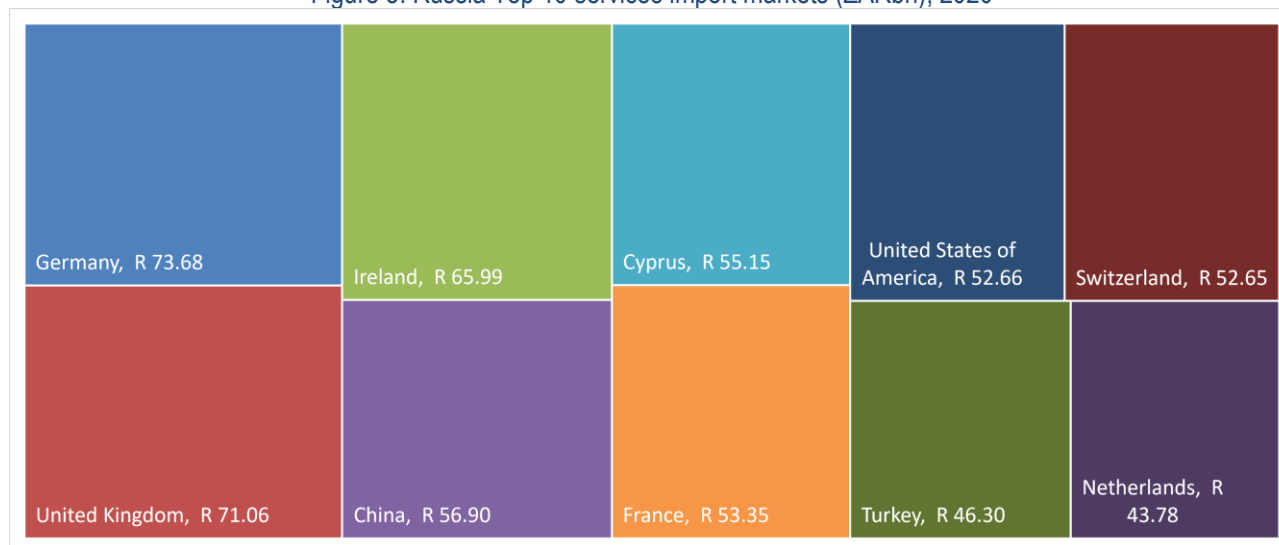
Figure 4: Russia's top 10 service imports, 2020

	Imports (ZARbn), 2020	Share (%), 2020	Ave Annual Growth (%), 2016-2020
Other business services	264.69	25.04	3.24
Transport	187.7	17.76	4.75
Travel	149.47	14.14	-9.92
Construction	122.36	11.58	16.71
Charges for the use of intellectual property n.i.e.	111.35	10.53	9.45
Telecommunications, computer, and information services	96.51	9.13	7.24
Financial services	36.75	3.48	9.44
Maintenance and repair services n.i.e.	28.38	2.68	11.11
Personal, cultural, and recreational services	20.55	1.94	9.27
Government goods and services n.i.e.	19.62	1.86	0.75
All services	1,057.01	100	-0.15

Source: Trademap, 2021

Russia's services import markets are relatively diverse and widespread. Germany was the largest import services market, reaching a total import value of ZAR73.68bn, while the United Kingdom (ZAR71.06bn), and Ireland (ZAR65.99bn) ranked in second and third position.

Figure 5: Russia Top 10 services import markets (ZARbn), 2020

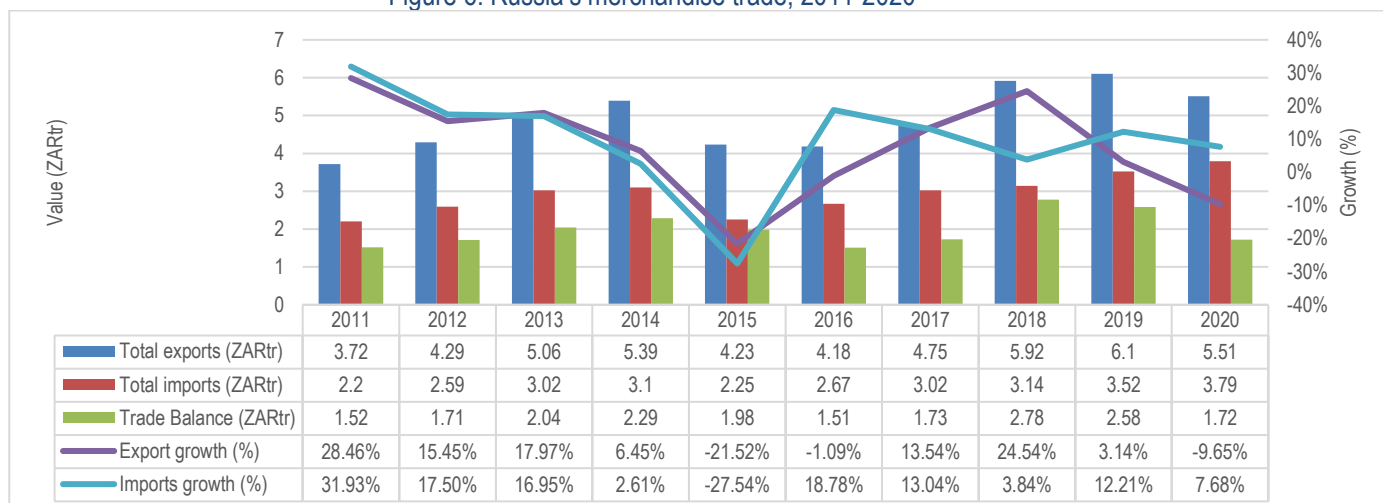


Source: Trademap, 2021

1.2 Trade in goods

Russia is ranked as the world's 17th largest exporter of goods (accounting for 1.8% of global exports) and 22nd largest importer of goods (accounting for 1.2% of world imports). As evident in Figure 6 below, Russia consistently recorded a trade (goods only) surplus from 2011 to 2020, with both imports and exports following an upward trend over most of the latter half of the decade. However, as the world battled the coronavirus pandemic and the associated disruption of global supply chains set in, Russia's goods exports to the rest of the world declined from ZAR6.1tr in 2019 to ZAR5.51tr in 2020, representing a -9.65% growth rate. In contrast, Russia's goods imports from the world increased by 7.68% y-o-y, from ZAR3.52tr in 2019 to ZAR3.79tr in 2020. The net effect of this being a narrowing of the country's trade surplus to a value of ZAR1.72tr in 2020, down from ZAR2.58tr recorded in 2019.

Figure 6: Russia's merchandise trade, 2011-2020



Source: Trademap, 2021

Russia's goods exports are relatively concentrated, with the export of refined oils (at a value of ZAR2.32tr) accounting for 42.10% of the country's total export earnings in 2020. Commodities not elsewhere specified were the country's second largest export category, collectively reaching a value of ZAR642.96bn (or 11.66%) in 2020, followed by natural and cultured pearls at a value of ZAR496.5bn, equivalent to a 9.0% share of exports in 2020. The export of natural or cultured pearls had the highest growth, increasing at an average

annual rate of 46.62% over the period 2016 to 2020. This was followed by the export of cereals (18.65%); copper (12.57%); and wood (11.59%).

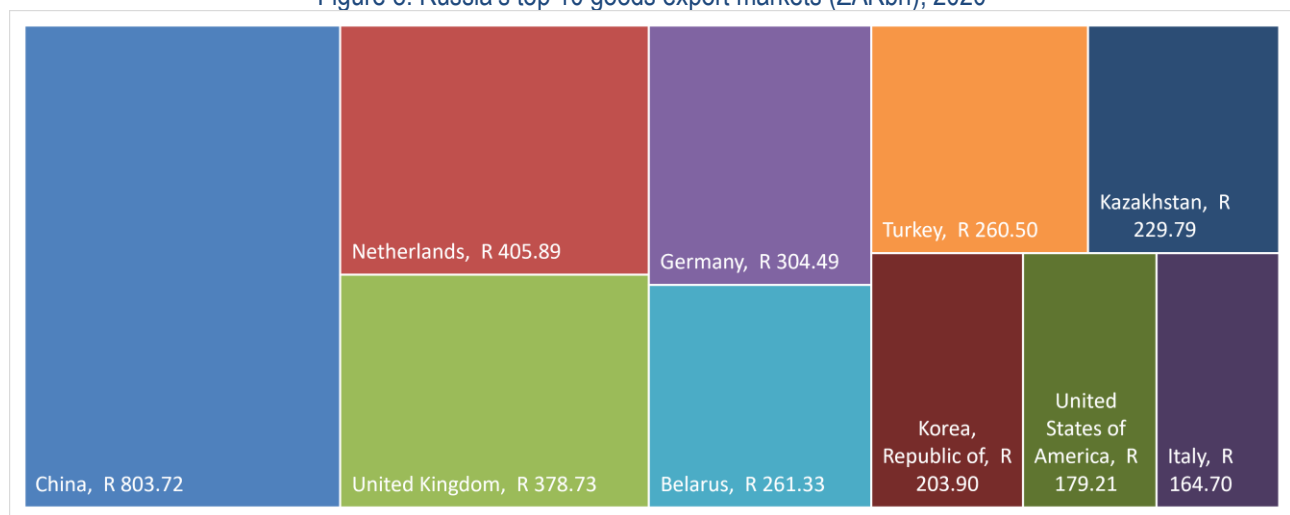
Figure 7: Top 10 exports from Russia, 2020

	Exports (ZARbn), 2020	Share (%), 2020	Ave Annual Growth (%), 2016-2020
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	2,320.89	42.1	3.88
Commodities not elsewhere specified	642.96	11.66	-0.91
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	496.5	9.01	46.52
Iron and steel	261.76	4.75	7.67
Cereals	152.75	2.77	18.65
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	135.81	2.46	5.78
Wood and articles of wood; wood charcoal	134.04	2.43	11.59
Fertilisers	114.4	2.08	1.37
Copper and articles thereof	92.34	1.68	12.57
Aluminium and articles thereof	89.35	1.62	0.52
All products	5,512.92	100	6.1

Source: Trade Map, 2021

Given the strong economic relations between China and Russia, it is unsurprising that China was the country's largest export market, with exports reaching ZAR803.72bn in 2020. This was nearly double that of Russia's second largest export market, the Netherlands, where trade reached a total value of ZAR405.89bn in 2020. Other key export markets for Russia's exports were the UK (ZAR378.73bn); Germany (ZAR304.49bn); and Belarus, which reached a total export value of ZAR261.33bn in 2020.

Figure 8: Russia's top 10 goods export markets (ZARbn), 2020



Source: Trade Map, 2021

Approximately 39% of all products imported by Russia in 2020 belonged to three categories, namely, 1) machinery; 2) electrical machinery and equipment; and 3) vehicles. To contextualise this, the top three imported products by Russia in 2020 were machinery (18.62%); electrical machinery and equipment machines (13.04%); and vehicles including parts (7.05%). Growth among the top 10 imported products was robust, reaching two-digit growth figures for all of its imports. Unclassified commodities had the highest average annual growth, increasing at a rate of 27.22% per annum from 2016 to 2020, while organic chemicals (17.97%), and measuring instruments (16.31%) ranked in second and third place as depicted in Figure 9 below:

Figure 9: Top 10 products imported by Russia, 2020

	Imports (ZARbn), 2020	Share (%), 2020	Ave Annual Growth (%), 2016-2020
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	705.38	18.62	11.14
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	494.05	13.04	13.65
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	301.14	7.95	10.51
Pharmaceutical products	176.73	4.66	12.61
Plastics and articles thereof	152.72	4.03	10.13
Commodities not elsewhere specified	148.4	3.92	27.22
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	132.63	3.5	16.31
Articles of iron or steel	92.02	2.43	13.16
Edible fruit and nuts; peel of citrus fruit or melons	84.86	2.24	11.76
Organic chemicals	74.76	1.97	17.97
All products	3,788.63	100	11.11

Source: Trade Map, 2021

In turn, Russia's import partners are highly concentrated, with China accounting for the majority share of Russia's imports. More specifically, imports from China reached a total value of ZAR898.04bn in 2020, while its second largest import partner, Germany, supplied goods at a third of the value (ZAR382.41bn) in 2020. Other large Russian import partners were the US (ZAR216.09bn); Belarus (ZAR206.13), and Italy (ZAR166.93bn).

Figure 10: Russia Top 10 goods import markets (ZARbn), 2020

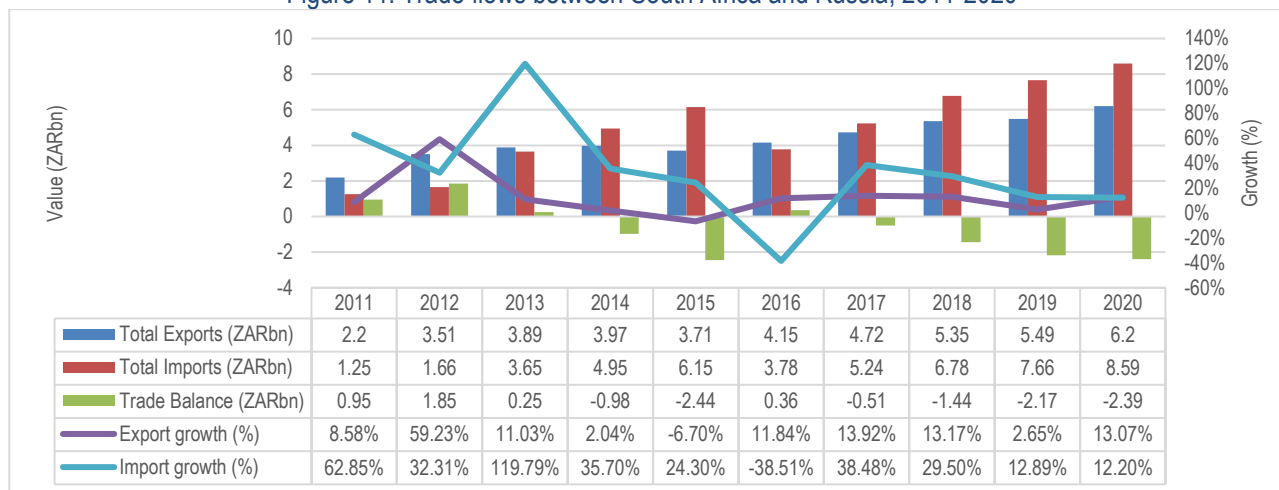


Source: Trade Map, 2021

1.3 Trade between South Africa and Russia

Russia was South Africa's 35th largest export market and 32nd largest import market in 2020. Figure 17 shows South Africa's trade with the Russia between 2011 and 2020. Despite the adverse impact of the coronavirus pandemic on global commerce, South Africa's trade with Russia remained robust, with exports increasing by 13.07% in 2020 while import growth tracked closely at 12.20% in 2020. This impressive growth in exports was largely driven by growth in fruit exports such as citrus, apples, pears and quinces, which grew at 106% y-o-y from 2019 to 2020. In turn, import growth from associated trade with Russia was predominantly driven by the import of wheat and crude oil, with the latter increasing by to ZAR735.96m in 2020 from zero or negligible crude oil imports over the previous five years.

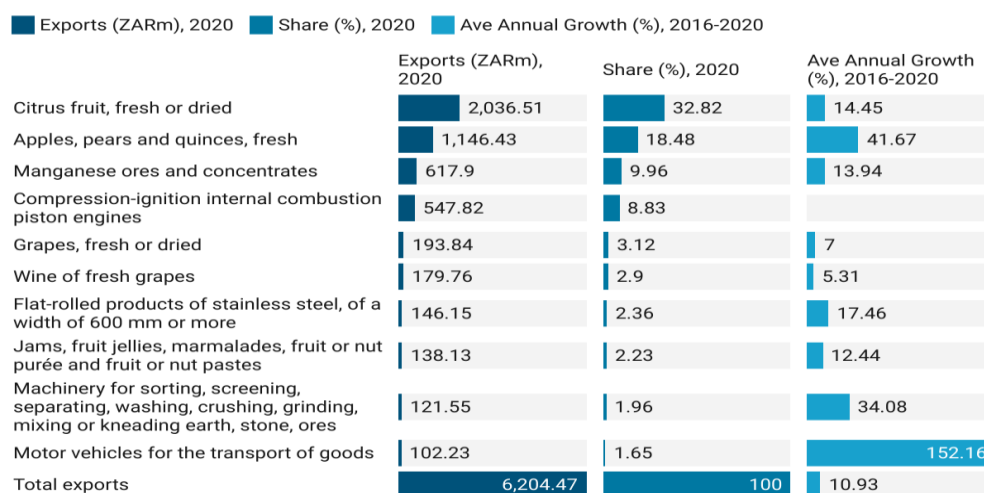
Figure 11: Trade flows between South Africa and Russia, 2011-2020



Source: Quantec 2021

As noted above, citrus fruit was the largest export category from South Africa to Russia in 2020, accounting for 32.82% of all exports to the nation and reaching a total export value of ZAR2.03bn. Apples, pears and quinces followed in second place at a value of ZAR1.15bn (18.48%), while manganese ores and concentrates followed in third position at an export value of ZAR617.90m in 2020 (9.96%). Interestingly, the export of motor vehicles for the transport of goods had the highest growth over the last five years, increasing at an average rate of 152.16% per annum from 2016 to 2020, while apples, pears and quinces grew at the second fastest rate of 41.67% over the same period.

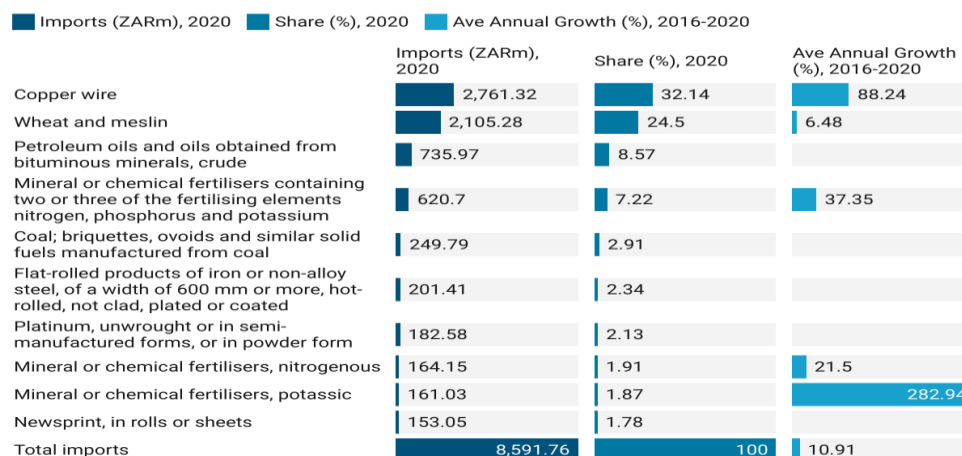
Figure 12: Top 10 products exported from South Africa to Russia, 2020



Source: Quantec 2021

Turning to imports, copper wire imports were the largest import category from Russia in 2020, accounting for 32.14% of total imports from the country at an import cost of ZAR2.76bn in 2020. This was followed by wheat and meslin imports (ZAR2.11bn or 24.5%) in second place, while crude oil followed in a distant third place at a value of ZAR735.97m in 2020. The import of mineral or chemical fertilizers, potassic had the highest growth over the last five years, increasing at an average annual rate of 282.94% per annum over the period 2016 to 2020. Other high growth imports over the same period were copper wire (88.24%).

Figure 13: Top 10 products imported from Russia into South Africa, 2020



Source: Quantec 2021

1.4 Tariffs imposed on South African exports to Russia

Table 1 below highlights the equivalent ad valorem tariff imposed by Russia on South African exports to the Federation:

Table 1: Equivalent ad valorem tariff applied by Russia on imports from South Africa, 2020

Product Category	Equivalent ad valorem tariff (%)	Product Category	Equivalent ad valorem tariff (%)	Product Category	Equivalent ad valorem tariff (%)
Edible fruit and nuts; peel of citrus fruit or melons	3	Miscellaneous edible preparations	10	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	5
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	2	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	10	Man-made staple fibres	6
Ores, slag and ash	1	Glass and glassware	11	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	4
Preparations of vegetables, fruit, nuts or other parts of plants	7	Knitted or crocheted fabrics	6	Carpets and other textile floor coverings	3
Iron and steel	4	Products of animal origin, not elsewhere specified or included	5	Footwear, gaiters and the like; parts of such articles	3
Beverages, spirits and vinegar	24	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	7	Headgear and parts thereof	10
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	10	Raw hides and skins (other than furskins) and leather	3	Umbrellas, sun umbrellas, walking sticks, seat-sticks, whips, riding-crops and parts thereof	15
Rubber and articles thereof	6	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	6	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles ...	11
Miscellaneous chemical products	4	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	10	Residues and waste from the food industries; prepared animal fodder	4
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	2	Albuminoidal substances; modified starches; glues; enzymes	4	Cocoa and cocoa preparations	4
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	4	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, ...	2	Pharmaceutical products	4

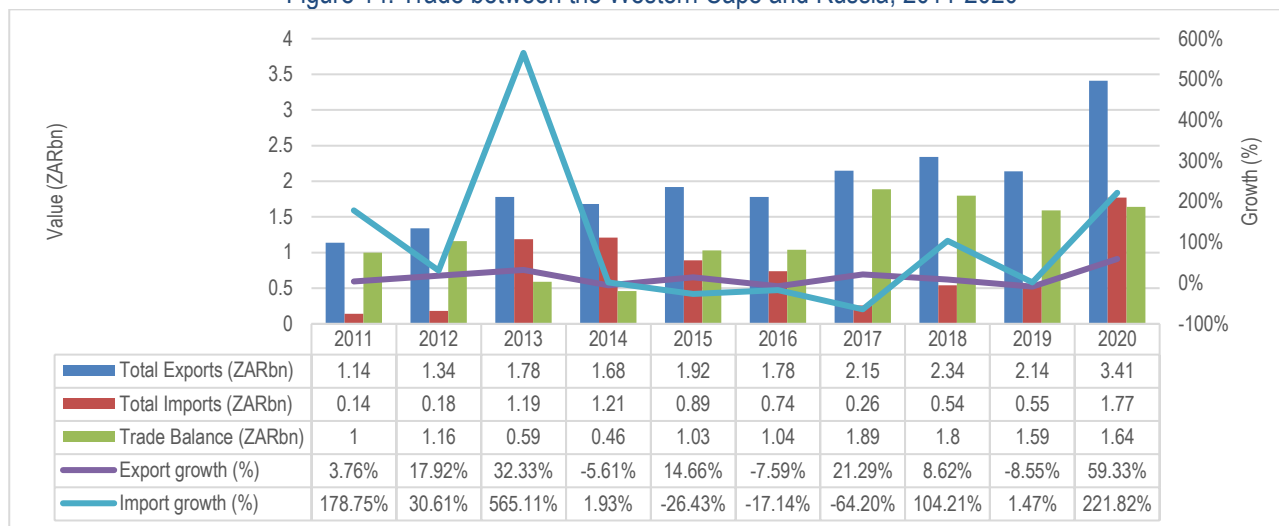
Articles of iron or steel	8	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable ...	5	Fertilisers	6
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	3	Coffee, tea, maté and spices	2	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	12
Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial ...	5	Furskins and artificial fur; manufactures thereof	5	Products of the milling industry; malt; starches; inulin; wheat gluten	7
Salt; sulphur; earths and stone; plastering materials, lime and cement	4	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	7	Lac; gums, resins and other vegetable saps and extracts	4
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	2	Paper and paperboard; articles of paper pulp, of paper or of paperboard	7	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	4
Organic chemicals	4	Articles of apparel and clothing accessories, knitted or crocheted	6	Live animals	4
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	1	Articles of apparel and clothing accessories, not knitted or crocheted	8	Meat and edible meat offal	36
Plastics and articles thereof	5	Miscellaneous articles of base metal	9	Fish and crustaceans, molluscs and other aquatic invertebrates	4
Works of art, collectors' pieces and antiques	0	Articles of stone, plaster, cement, asbestos, mica or similar materials	8	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	11
Cereals	3	Vegetable plaiting materials; vegetable products not elsewhere specified or included	6	Toys, games and sports requisites; parts and accessories thereof	8
Tobacco and manufactured tobacco substitutes	6	Sugars and sugar confectionery	19	Miscellaneous manufactured articles	7
Essential oils and resinoids; perfumery, cosmetic or toilet preparations	6	Commodities not elsewhere specified		Clocks and watches and parts thereof	7
Man-made filaments; strip and the like of man-made textile materials	6	Preparations of cereals, flour, starch or milk; pastrycooks' products	11	Musical instruments; parts and accessories of such articles	7
Edible vegetables and certain roots and tubers	8	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	9	Ships, boats and floating structures	7
Ceramic products	11	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles ...	13	Lead and articles thereof	3
Aluminium and articles thereof	5	Photographic or cinematographic goods	4	Zinc and articles thereof	3
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	3	Silk	2	Tin and articles thereof	1
Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	6	Cork and articles of cork	4	Other base metals; cermets; articles thereof	8
Wood and articles of wood; wood charcoal	9	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	5	Copper and articles thereof	3
Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures ...	7	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or ...	5	Nickel and articles thereof	4
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	7	Cotton	6		

Source: Trade Map, 2021

1.5 Trade with the Western Cape

Russia was the Western Cape's eighth largest export market and its 21st largest import market in 2020. Given this dynamic, it can be expected that the Western Cape is likely to record a trade surplus with the Federation, and this has indeed been the case with the province's trade surplus with Russia widening from a value of ZAR1bn in 2011 to a surplus of ZAR1.64bn in 2020. Notwithstanding the general slowdown in global economic activities seen in 2020 as the Covid-19 pandemic took hold, the province's exports to Russia increased by 59.33% y-o-y to a value of ZAR3.41bn in 2020, up from ZAR2.14bn earned in 2019. In parallel, imports from Russia increased dramatically in 2020, with import costs rising by 221.82% from a value of ZAR0.55bn in 2019 to ZAR1.77bn in 2020.

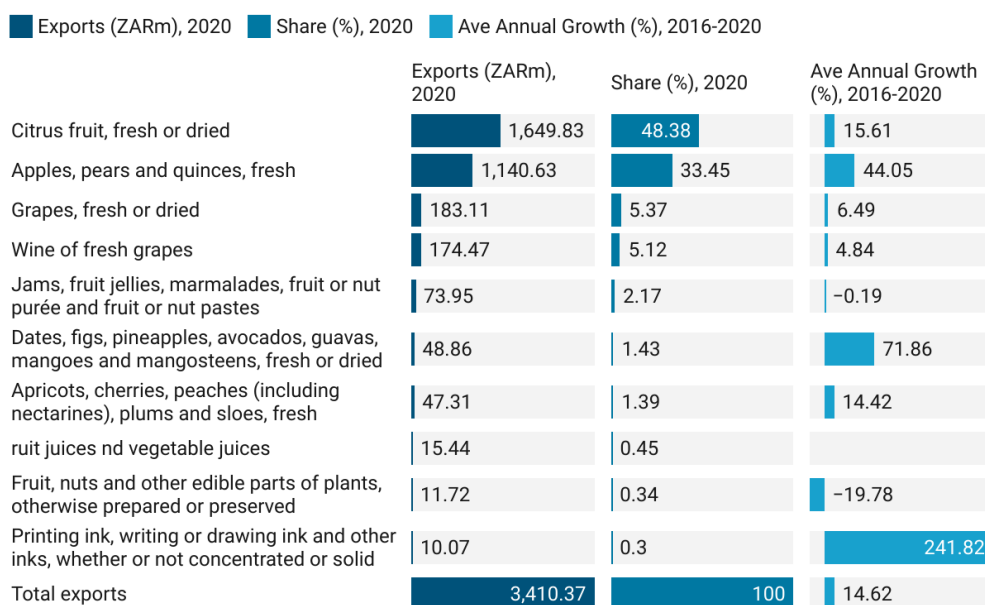
Figure 14: Trade between the Western Cape and Russia, 2011-2020



Source: Quantec 2021

Given the Western Cape's comparative advantage in citrus production, it is unsurprising that the export of citrus to Russia was the Western Cape's top export to the Federation, reaching a total export value of ZAR1.65bn and accounting for 48.38% of exports to this country in 2020. This was closely followed by the export of apples, pears and quinces, which ranked as the Western Cape's second largest export to Russia at a value of ZAR1.14bn (or 33.45%) in 2020. Other key exports to Russia were grapes (ZAR183.11m); wine (ZAR174.47m), and jams (ZAR73.95m). Interestingly, the export of printing ink was the province's fastest growing export to Russia, increasing at an average annual rate of 241.82% per annum from 2016 to 2020.

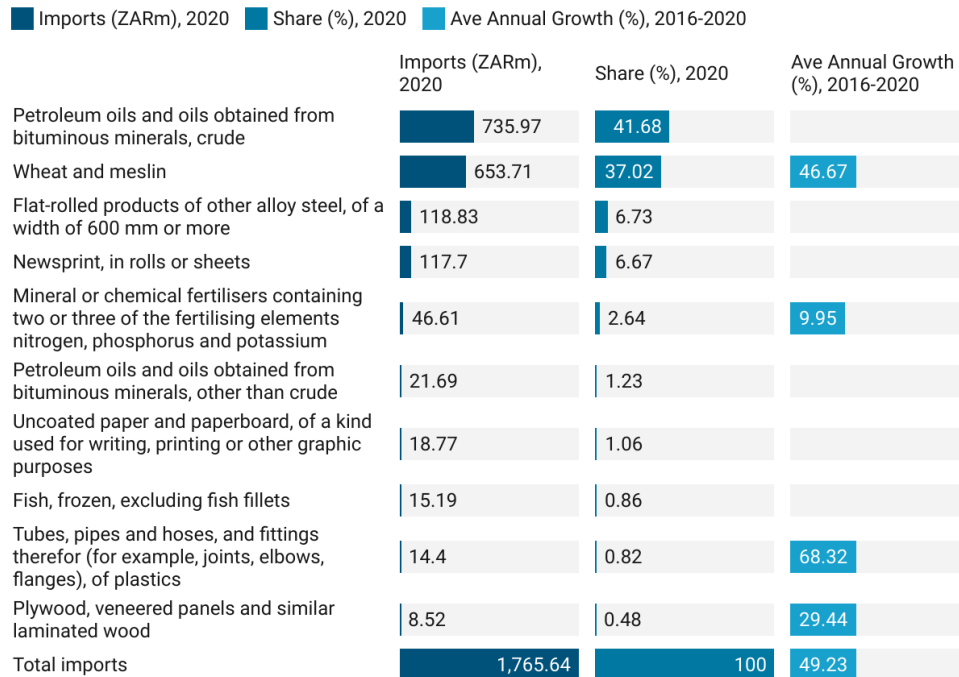
Figure 15: Top 10 products exported from the Western Cape to Russia, 2020



Source: Quantec 2021

The Western Cape's import basket from Russia was relatively more concentrated, with the import of crude oil and wheat accounting for just over 70% of all imports from Russia in 2020. More precisely, the import of crude oil was its top import from the Federation, reaching a value of ZAR735.97m (41.68%), while the import of wheat reached a value of ZAR653.71m and accounted for 37.03% of total imports from Russia. Of the top 10 imported products in 2020 (and from what was available in the data), the import of tubes and pipes had the highest growth, increasing at an average rate of 68.32% per annum over the period 2016 to 2020, while the import of wheat and meslin increased at 46.67% over the same period.

Figure 16: Top 10 products imported from Russia to the Western Cape, 2020



Source: Quantec 2021

1.6 Travel distance and time from Cape Town to the major ports in Russia

The table below shows the transit times for shipping from Cape Town to the key ports in Russia

Table 2: Transit time from Cape Town port to the top ports in Russia

	Port	Distance	Transit Time
1	Port Magadan	12 124 nm	50.5 days
2	Ust-Port	10 265 nm	42.8 days
3	Port of Adler	7 691 nm	32 days
4	Port of Ambarchick	10 949 nm	45.6 days
5	Port of Anapa	7 652 nm	31.9 days
6	Port of Arkhangelsk	9 670 nm	40.3 days
7	Port of Azov	7 864 nm	32.8 days
8	Port of Baltiysk	8.318 nm	34.7 days
9	Port of Belomorsk	9 610 nm	40 days

Source: Ports.com, 2021

2. Foreign Direct Investment

This section analyses inward and outward Greenfield Foreign Direct Investment (FDI) flows to and from Russia between 2003 and 2020.

2.1 Inward FDI from the rest of the world to Russia

Between 2003 and 2020, Russia recorded a total number of 6,484 projects, which generated a total capital expenditure of ZAR5.80tr and created over a million jobs. This investment undertaking was conducted by 3,696 companies, globally.

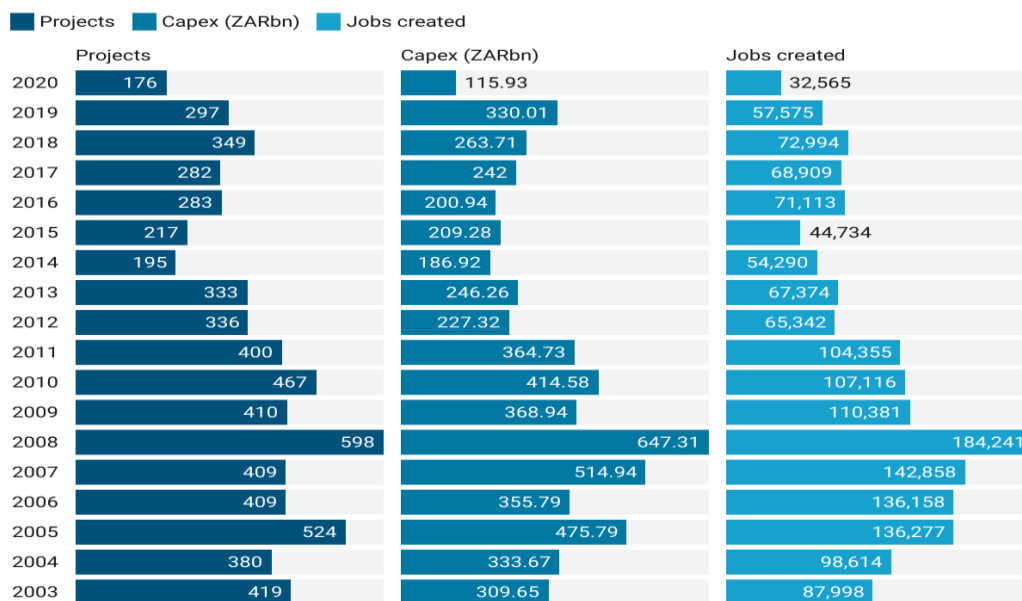
Figure 17: Inward FDI into Russia, 2003-2020



Source: FDI Markets, 2021

There has been a notable downward trend in capital projects invested into Russia since 2008, where FDI projects decreased from 598 projects invested in 2008 to 176 projects by 2020, representing a 70% decline. Capital investment followed a similar trend, decreasing from its strongest value of ZAR647.31bn in 2008 to ZAR115.93bn by 2020.

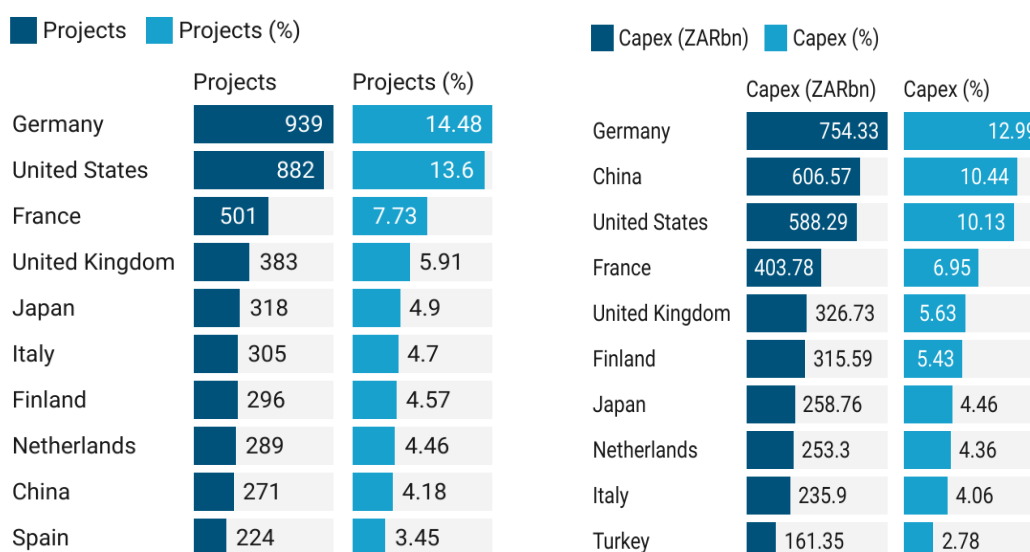
Figure 18: Inward FDI into Russia, 2003-2020



Source: FDI Markets, 2021

Germany was Russia's largest source market for FDI both in terms of number of projects invested as well as capital expenditure (capex) over the period 2003 to 2020, accounting for 14.48% of projects (939 projects invested) and 12.99% of capex (ZAR754.33bn). The United States was the second largest source market for projects (882 projects representing a 13.6% share) while holding the rank as the third largest source market in terms of capex (ZAR588.29bn or 10.13%). France, the United Kingdom and Japan were other noteworthy source markets for FDI into Russia over the period 2003 to 2020 as shown below in Figure 19:

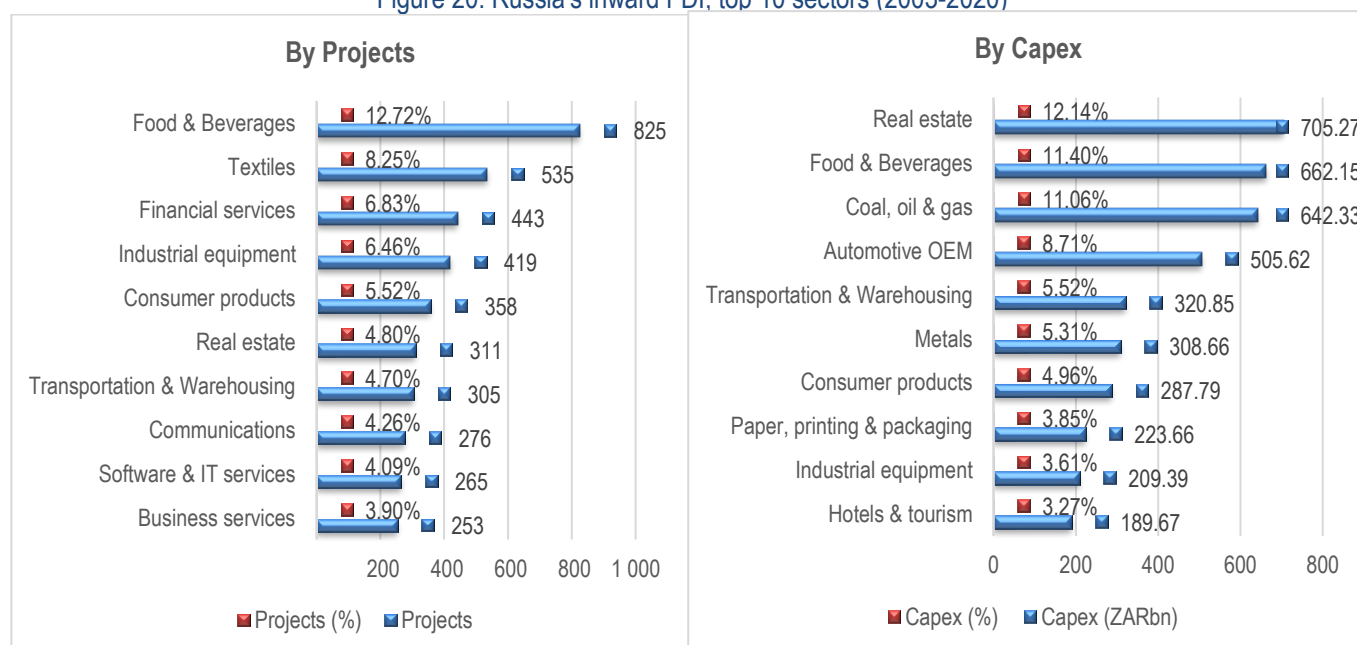
Figure 19: Top 10 source markets for inward FDI into Russia, 2003-2020



Source: FDI Markets, 2021

As shown in Figure 20, the food and beverage sector held the largest share of FDI into Russia at 12.72% (825 projects). Following in a distant second was the textile sector (535 projects or 8.25%), while financial services (443 projects or 6.83%); industrial equipment (419 projects or 6.46%) and consumer projects (358 projects or 5.52%) concluded the top five sectors attracting FDI projects over the period 2003 to 2020. Although the real estate sector was the sixth largest recipient of FDI projects over the period, it attracted the largest proportion of capex, accounting for 12.14%, which reached a capex value of ZAR705.27bn over the period 2003 to 2020. Other large capex attracting sectors were food and beverages (ZAR662.15bn); coal, oil and gas (ZAR642.33bn) and automotive OEM (ZAR505.62bn).

Figure 20: Russia's inward FDI, top 10 sectors (2003-2020)



Source: FDI Markets, 2021

Table 3 below details the top 10 global companies investing into Russia by the number of FDI projects undertaken in the Federation over the period 2003 to 2020. Ceconomy (Metro), headquartered in Germany invested 108 FDI projects into Russia's food and beverage sector over the period under review. This undertaking created 34,950 jobs.

Table 3: Top 10 global companies for inward FDI into Russia, by project (2003-2020)

#	Company name	HQ country	No. of projects	Total capex (ZARbn)	Total jobs	Primary sector
1	Ceconomy (Metro)	Germany	108	51.53	34,950	Food & Beverages
2	Association Familiale Mulliez (AFM)	France	101	85.81	54,551	Textiles
3	Inditex	Spain	78	12.08	7,103	Textiles
4	Inter Ikea Holding	Netherlands	71	115.28	90,005	Consumer products
5	Ikea	Netherlands	59	93.53	76,586	Consumer products
6	Metro Cash & Carry	Germany	42	22.19	14,834	Food & Beverages
7	Tele2	Sweden	42	16.32	4,525	Communications
8	Enka Insaat ve Sanayi	Turkey	40	32.81	15,653	Food & Beverages
9	Enka TC (Ramenka)	Turkey	40	32.81	15,653	Food & Beverages
10	Leroy Merlin	France	39	46.79	31,312	Consumer products

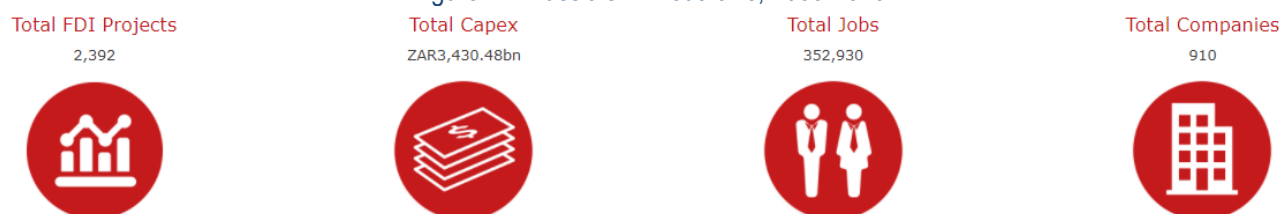
Source: FDI Markets, 2021

2.2 Outward FDI from Russia to the rest of the world

Russia's outward FDI missions were nearly a third of its inward missions, with 2,392 capital projects invested globally. This FDI undertaking reached a capital expenditure value of ZAR3.43tr and created 352,930 jobs worldwide.

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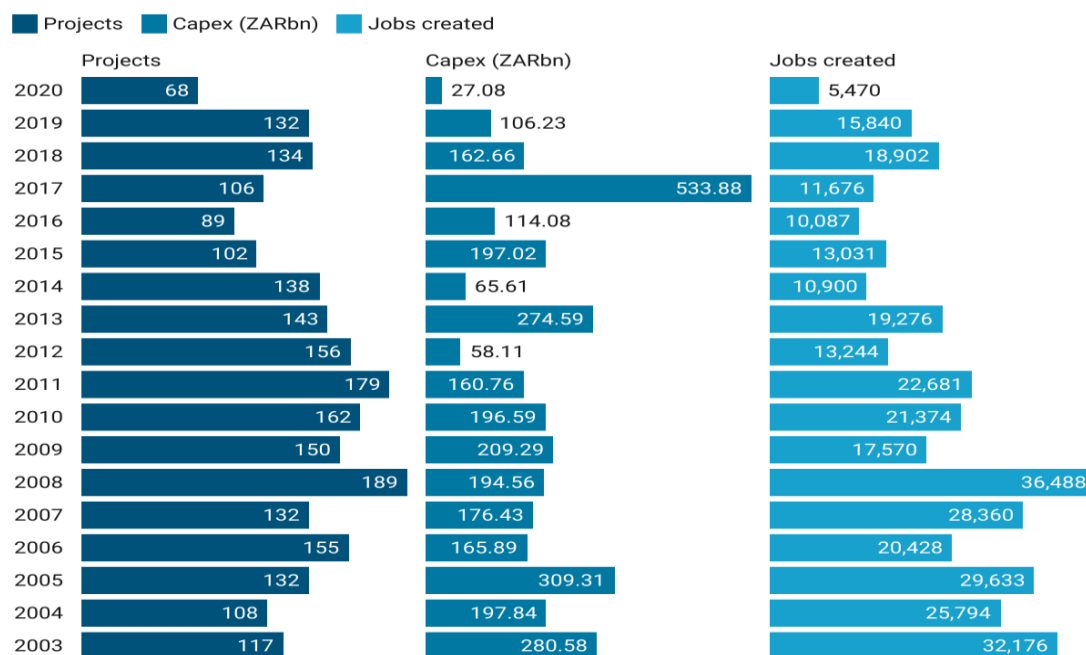
Figure 21: Russia's FDI outflows, 2003-2020



Source: FDI Markets, 2021

As Figure 22 depicts, Russia's volume of outward investment projects reached a peak of 189 projects (invested) in 2008 before declining to its lowest point of 89 projects invested globally in 2016. As expected, the global economic landscape painted by the advent of the Covid-19 pandemic resulted in economic contraction in most if not all economies across the globe in 2020. This is reflective in the particularly low level of outward FDI by Russia, with only 68 projects invested with a capex investment of ZAR27.08bn in 2020.

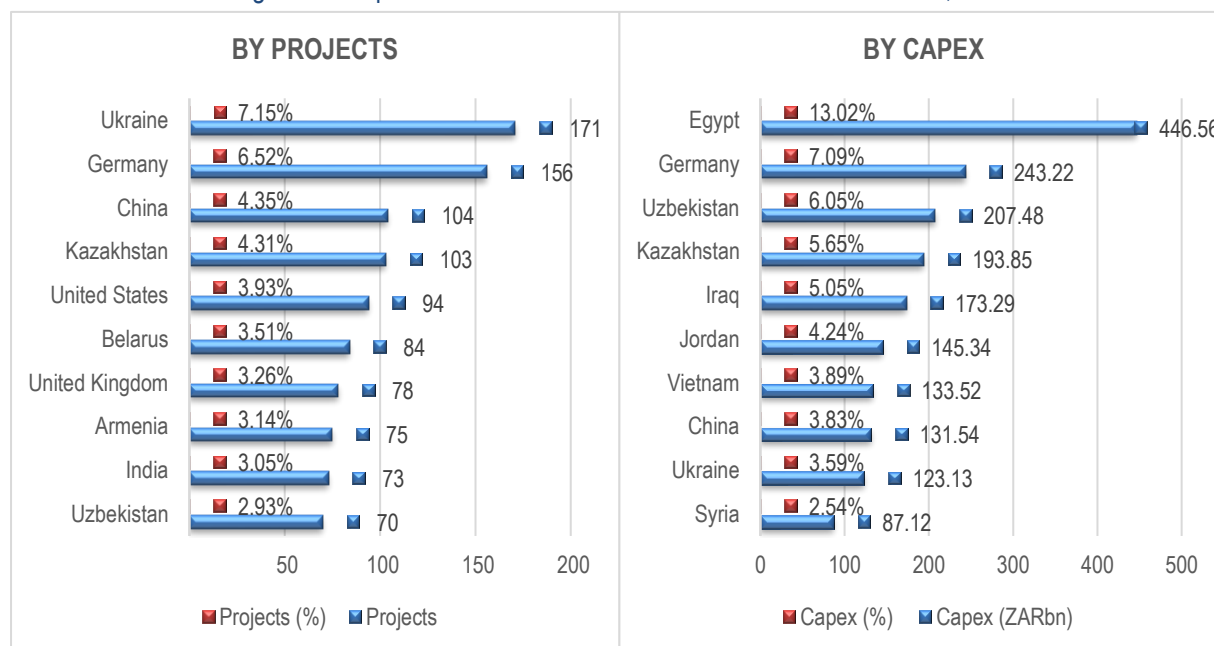
Figure 22: Russia's FDI outflows, 2003-2020



Source: FDI Markets, 2021

The Ukraine was the largest recipient of outward FDI (as measured by number of projects) from Russia over the period 2003 - 2020; with 171 projects invested which represented 7.15% of total capital expenditure. Other notable FDI attracting countries were Germany, at 156 projects (or 6.52%); China (104 projects) and Kazakhstan, which received 103 projects accounting for 4.31% of total FDI projects invested from Russia over the period under review. In contrast, Egypt held the largest share of capex from Russia, accounting for 13.02% (ZAR446.56bn) of total capex invested over the period reviewed. This was followed by Germany (ZAR243.22bn or 7.09%) in second place and Uzbekistan in third place at ZAR207.48bn over the period analysed.

Figure 23: Top 10 destination markets for outward FDI from Russia, 2003-2020

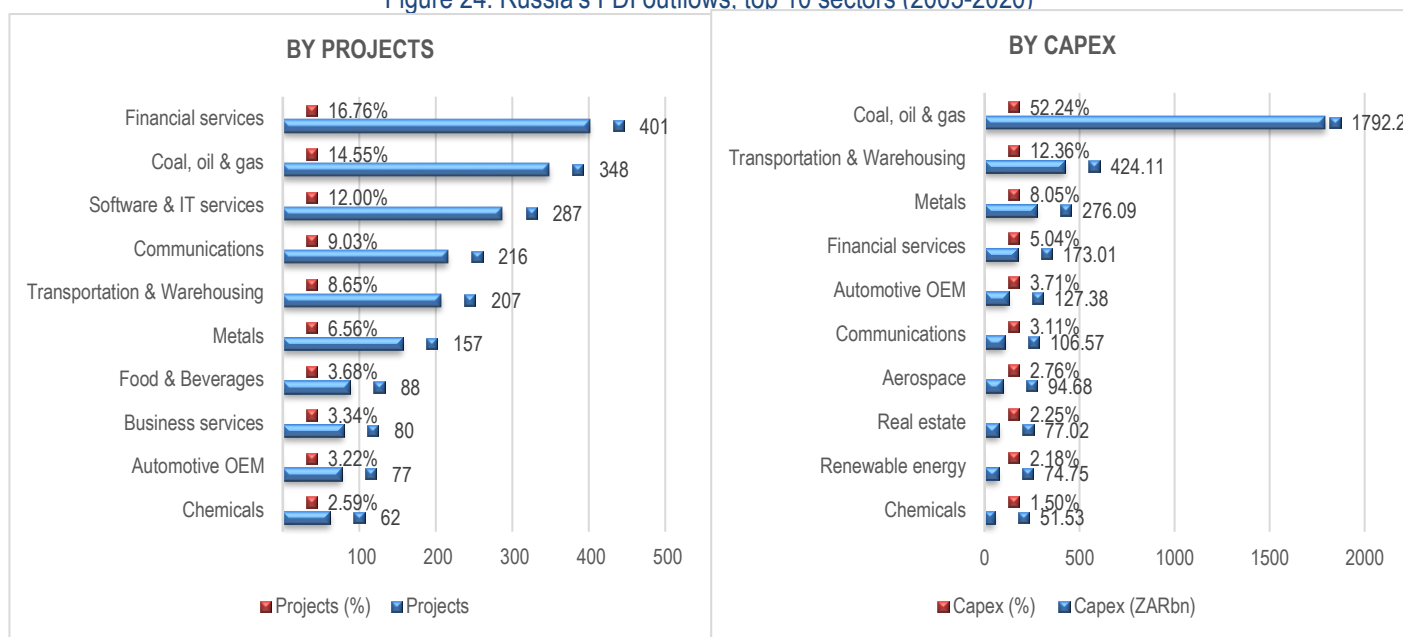


Source: FDI Markets, 2021

Approximately 16.76% of capex from Russia to the rest of the world during the 2003-2020 period were made in the financial services sector, which reached a total of 401 projects invested at a capex of ZAR173.01bn. Other large project attracting sectors were coal, oil

and gas (348 projects); software and IT services (287 projects), and communication (216 projects). In terms of capex, the coal, oil and gas sectors topped the list, reaching a total capex of ZAR1.79bn which represented more than half the value of total capex invested from Russia over the period 2003 to 2020.

Figure 24: Russia's FDI outflows, top 10 sectors (2003-2020)



Source: FDI Markets, 2021

With 171 FDI projects, Gazprom tops the list of the leading 10 companies from Russia that invested in the rest of the world between 2003 and 2020. Lukoil (116 projects) and Russian railways (84 projects) completed the list of the three Russian companies with the highest number of FDI projects across the globe during the period under review.

Table 4: Top 10 companies for outward FDI from Russia, by project (2003-2020)

	Company name	Revenue (ZARbn)	No. of projects	Total capex (ZARbn)	Total jobs	Primary sector
1	Gazprom	1,492	171	687.75	47,954	Coal, oil & gas
2	Lukoil	1,520	116	403.82	27,065	Coal, oil & gas
3	Russian Railways (Russkiye Zheleznye Dorogi) (RZD)	490	84	41.46	4,351	Transportation & Warehousing
4	Vneshtorgbank (VTB Group)	117	68	30.13	3,841	Financial services
5	Kaspersky Lab	10	64	18.67	2,801	Software & IT services
6	Mobile TeleSystems (MTS)	99	53	41.14	3,968	Communications
7	Rosatom	95	47	677.61	6,035	Coal, oil & gas
8	Sberbank	563	37	25.68	5,430	Financial services
9	Kamaz	35	36	64.25	21,157	Automotive OEM
10	IBS Group	13	33	6.27	3,355	Software & IT services

Source: FDI Markets, 2021

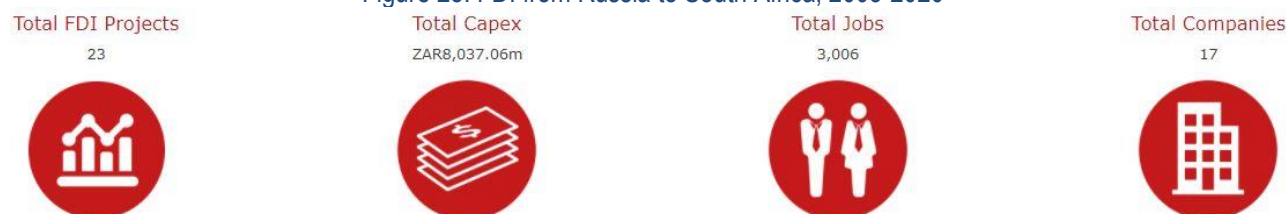
2.3 FDI flows between South Africa and Russia

This sub-section focuses on FDI flows between Russia and South Africa from 2003 to 2020.

2.3.1 FDI flows from Russia to South Africa

The Russian Federation invested a total of 23 capital projects into South Africa which reached a total capital expenditure of ZAR8.04bn, resulting in the creation of 3,006 jobs over the period 2003 to 2020.

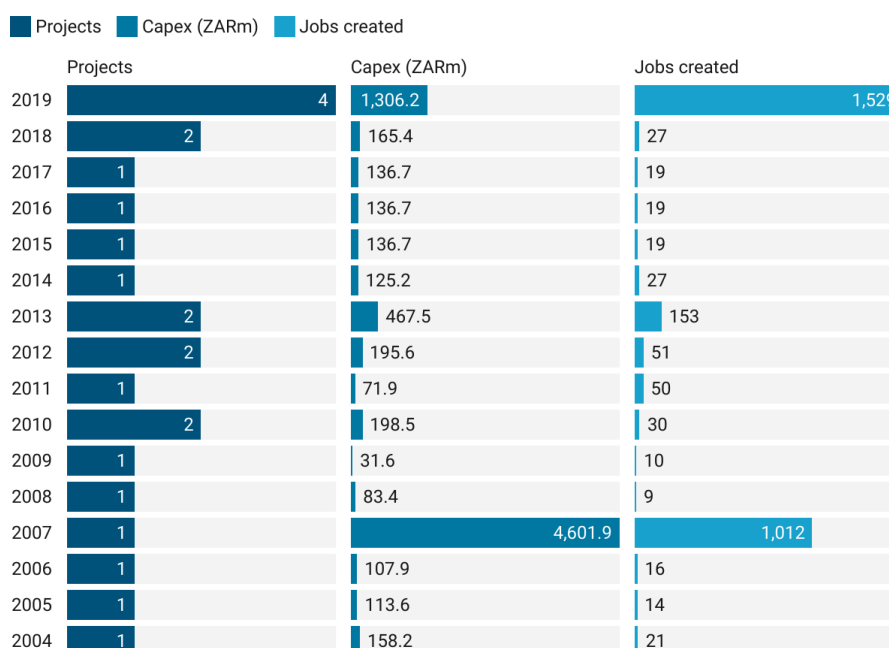
Figure 25: FDI from Russia to South Africa, 2003-2020



Source: FDI Markets, 2021

The largest number of projects invested into South Africa by Russian companies occurred in 2019, where four projects were invested with a total capex ZAR1.30bn, which created 1,529 jobs. One project has been invested in in each year over the period under review, except in 2012, 2013 and 2018 where two projects were invested in. The largest capital expenditure occurred in 2007, where a total of ZAR4.60bn in capex was reached.

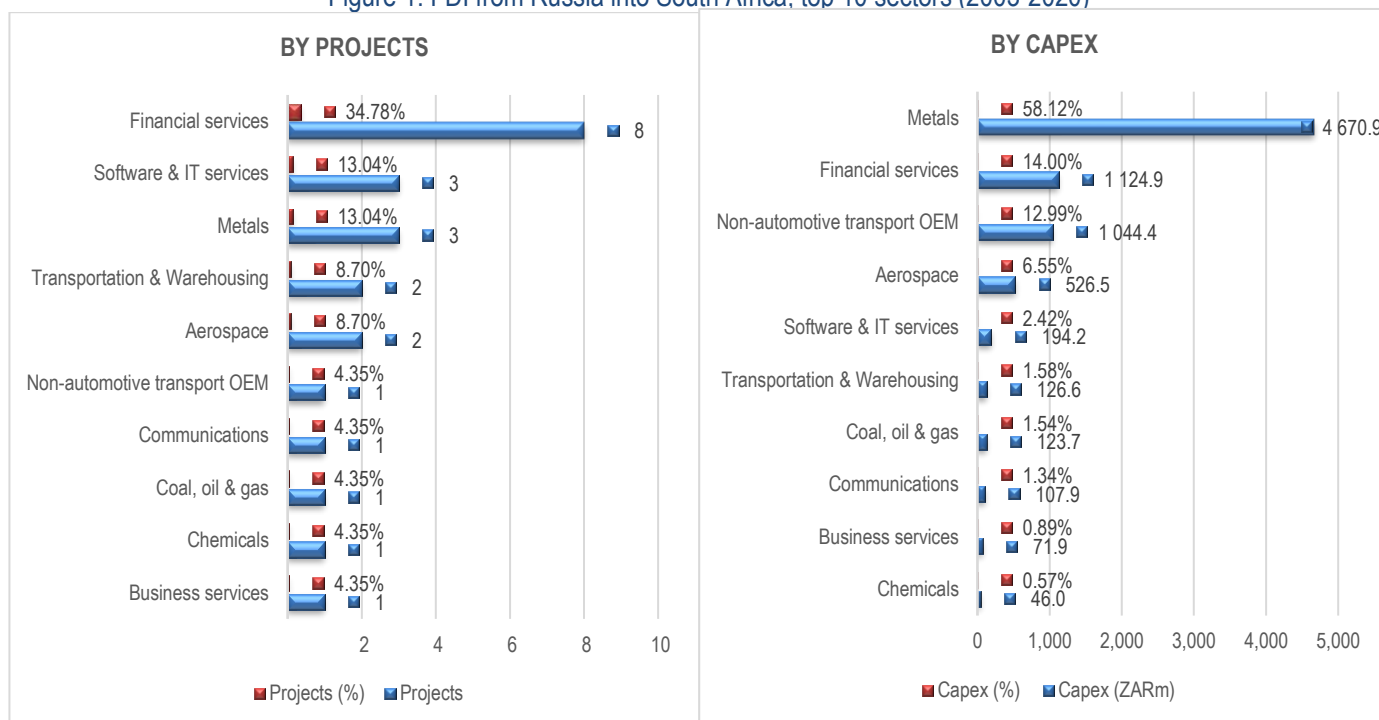
Figure 26: FDI from Russia into South Africa, 2003-2020



Source: FDI Markets, 2021

The South African industry that received the largest number of FDI projects from Russia during the 2003-2020 period was the financial services industry, which received eight projects representing 34.78% of all projects invested by Russia into South Africa. The software and IT services, and metals sector each attracted three FDI projects, while the rest received less than three projects. Moreover, albeit only securing three FDI projects from Russia, the metals sector received the largest proportion of capex, which reached ZAR4.67bn (accounting for 58.12%) of capex. Other large capex attracting sectors were the financial services sector (ZAR1.12bn), and the non-automotive OEM sector (ZAR1.04bn).

Figure 1: FDI from Russia into South Africa, top 10 sectors (2003-2020)



Source: FDI Markets, 2021

As shown in Table 5, Grand Capital; Gefco; and Kaspersky Lab were the top three Russian companies with the highest number of FDI projects invested into South Africa from 2003 to 2020

Table 5: Top 10 Companies from Russia investing in South Africa, by project (2003-2020)

	Company name	Revenue (ZARbn)	No. of projects	Total capex (ZARm)	Total jobs	Primary sector
1	Grand Capital	4.09	4	546.64	76	Financial services
2	Gefco	71.40	2	126.59	30	Transportation & Warehousing
3	Kaspersky Lab	9.85	2	115.08	19	Software & IT services
4	Renaissance Capital	28.93	2	294.90	40	Financial services
5	Russian Railways (Russkiye Zheleznnye Dorogi) (RZD)	489.99	2	126.59	30	Transportation & Warehousing
6	Bercut		1	107.89	16	Communications
7	Gazprom	1491.95	1	125.15	27	Coal, oil & gas
8	Gazprombank	90.10	1	125.15	27	Financial services
9	Neoflex		1	79.12	137	Software & IT services
10	Norilsk Nickel	101.30	1	4601.85	1,012	Metals

Source: FDI Markets, 2021

2.3.2 FDI flows from South Africa to Russia

From Figure 28 it is clear that nine South African companies invested 11 FDI projects into Russia over the period 2003 to 2020. This capital undertaking resulted in a total capital expenditure of ZAR18.55bn and created 5,856 jobs in Russia over the period under review.

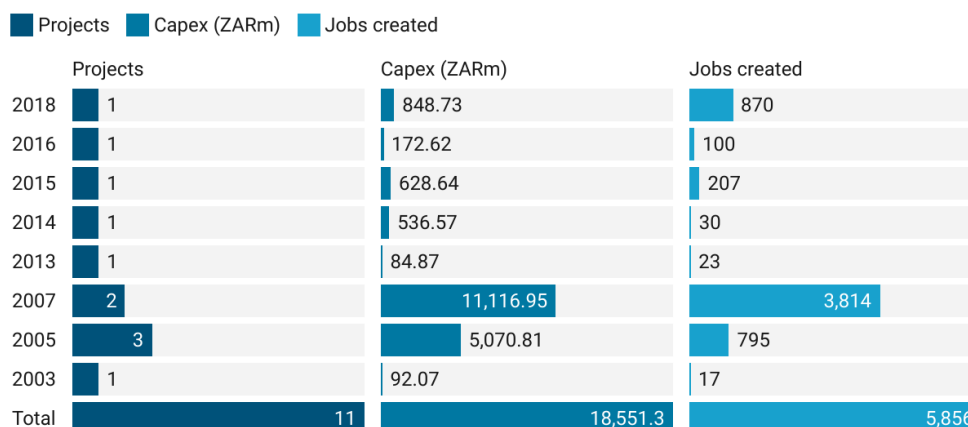
Figure 28: FDI from South Africa into Russia, 2003-2020



Source: FDI Markets, 2021

One project was invested in annually from 2013 to 2018, with three projects and two projects invested in 2005 and 2007, respectively. The largest capex outflow occurred in 2007, where two FDI projects invested in reached a total capex of ZAR11.12bn and created 3,814 jobs in the Russian economy.

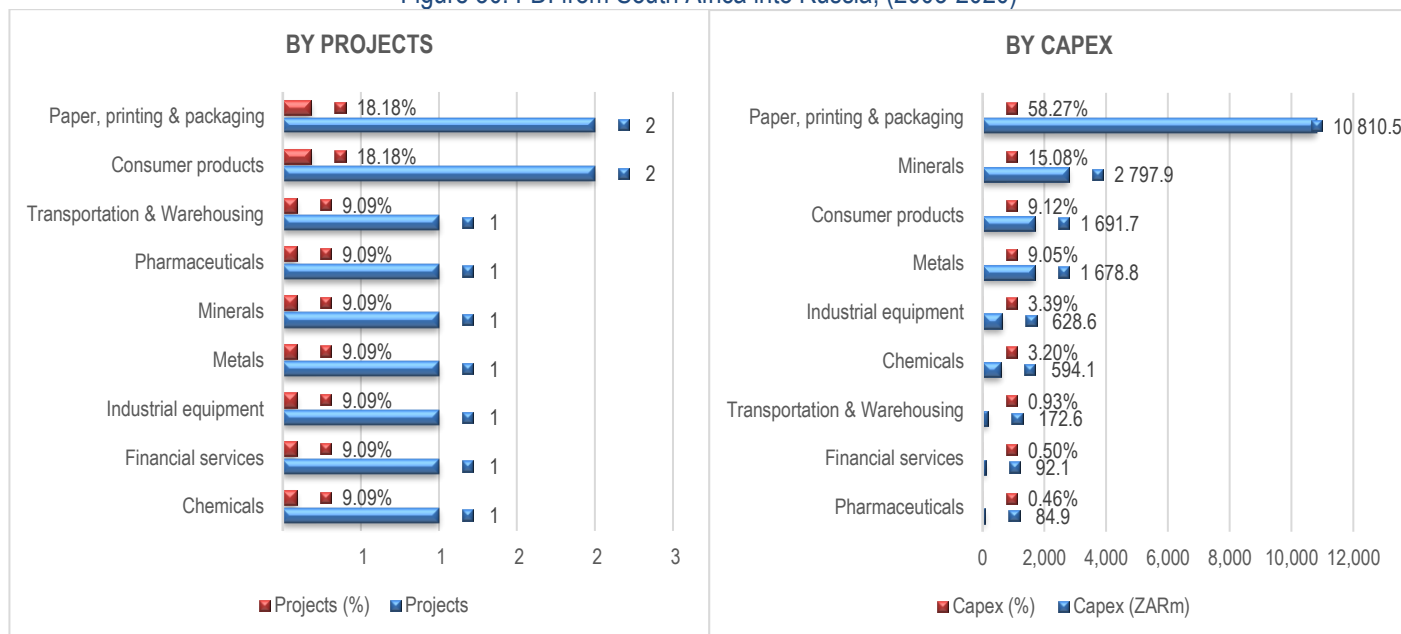
Figure 29: FDI from South Africa to Russia, 2003-2020



Source: FDI Markets, 2021

As shown in Figure 30 below, the Russian paper, printing and packaging sector, as well as the consumer products sector, each received two FDI projects, while all other relevant sectors each received one FDI project over the period 2003 to 2020. In parallel, the paper, printing and packaging sector was the largest recipient of capex, where a capex of ZAR10.81bn invested accounted for 58.27% of total capex invested into Russia by South Africa over the period 2003 to 2020. Other sectors in Russia which attracted capex in excess of ZAR1bn were the minerals (ZAR2.79bn); consumer products (ZAR1.69bn); and metals sector (ZAR1.67bn).

Figure 30: FDI from South Africa into Russia, (2003-2020)



Source: FDI Markets, 2021

De Beers invested the most number of projects into Russia with three projects, followed by the Mondi Group (two projects). All other relevant companies investing into Russia invested one project each as is tabled below:

Table 6: South African companies investing in Russia, by projects (2003-2020)

	Company name	Revenue (ZARbn)	No. of projects	Total capex (ZARm)	Total jobs	Primary sector
1	De Beers	66.24	3	4489.65	3,468	Minerals
2	Mondi Group	115.17	2	10810.48	1,629	Paper, printing & packaging
3	Anglo Platinum	77.73	1	1678.76	348	Metals
4	Aspen Pharmacare Holdings	41.30	1	84.87	23	Pharmaceuticals
5	Barloworld	62.91	1	172.62	100	Transportation & Warehousing
6	Barloworld Logistics		1	172.62	100	Transportation & Warehousing
7	Bell Equipment	6.51	1	628.64	207	Industrial equipment
8	Mondi Syktyvkar		1	536.51	30	Paper, printing & packaging
9	SASOL	189.83	1	594.11	64	Chemicals
10	Standard Bank Group	93.94	1	92.07	17	Financial services

Source: FDI Markets, 2021

2.4 FDI flows between the Western Cape and Russia

This section details FDI flows between Russia and the Western Cape

2.4.1 FDI from the Russia to the Western Cape

In total, five Russian companies invested five projects into the Western Cape, which reached a total capex of ZAR408.54m and creating 104 jobs over the period 2003 – 2020,

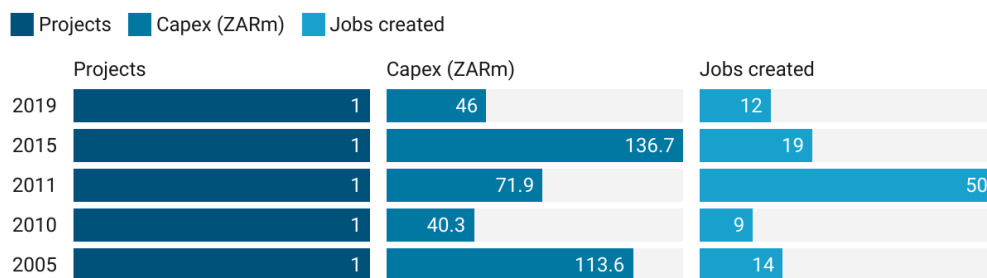
Figure 31: FDI from Russia to the Western Cape, 2003-2020



Source: FDI Markets, 2021

As detailed, there was one FDI project invested in each of the five years shown below, with the largest inflow of capex occurring in 2015 at a total value of ZAR136.7m in this year.

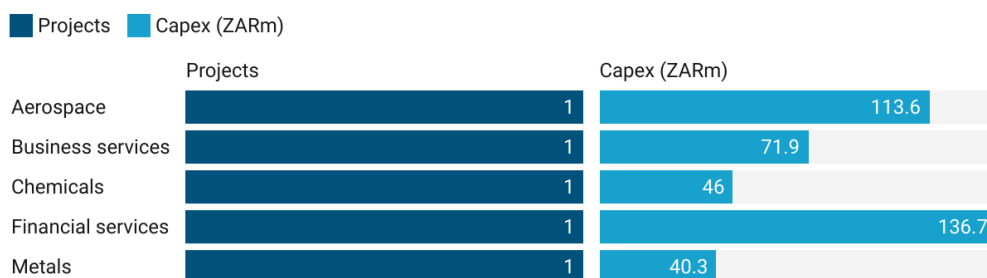
Figure 32: FDI from Russia to the Western Cape, 2003-2020



Source: FDI Markets, 2021

The Western Cape's aerospace, business services, chemicals, financial services and metals sector each received one FDI project spanning the period 2003 to 2020, with financial services being the recipient of the largest influx of capex at ZAR136.7m in 2015.

Figure 33: FDI from Russia to the Western Cape, top 10 sectors (2003-2020)



Source: FDI Markets, 2021

All five projects invested into the Western Cape occurred in Cape Town, with Russian companies such as PhosAgro investing in Cape Town's chemicals industry reaching a total capex of ZAR46.03m in October 2019. Other Russian companies investing into the Western Cape over the period reviewed are tabled below:

Table 7: Companies from Russia investing in the Western Cape, 2003-2020

	Project date	Investing company	Destination city	Sector	Jobs created	Total capex (ZARm)
1	Oct, 2019	PhosAgro	Cape Town	Chemicals	12	46.03
2	Dec, 2015	Renaissance Capital	Cape Town	Financial services	19	136.66
3	Jul, 2011	Zagranstroy	Cape Town	Business services	50	72.26
4	Jun, 2010	Pipe Metallurgical Company (TMK)	Cape Town	Metals	9	40.28
5	Apr, 2005	UTair South Africa	Cape Town	Aerospace	14	113.64

Source: FDI Markets, 2021

2.4.2 FDI from the Western Cape to Russia

There were no projects invested from the Western Cape into Russia over the period 2003 to 2020.

3. Tourism

This section provides tourism flows between South Africa and Russia

3.1 Overview

According to the latest tourism report released by South African Tourism (SAT, 2021), global tourism suffered its worst year on record in 2020, with international tourist arrivals dropping by 74% according to data from the World Tourism Organizations (UNWTO) World Tourism Barometer. This was due to the Covid-19 pandemic and the travel restrictions that followed. The consequent dramatic fall in demand meant that there were 1.1 billion fewer international tourist arrivals in 2020 than 2019.

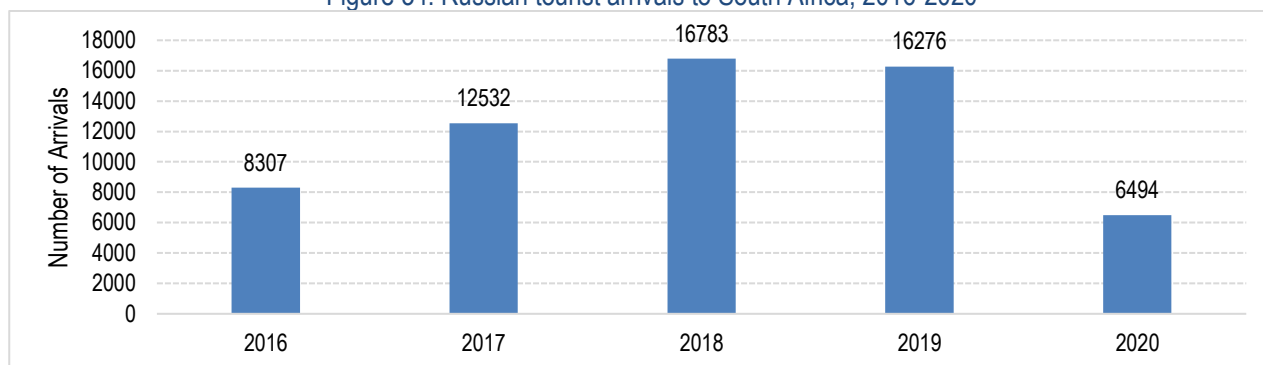
The Covid-19 pandemic has caused sharp declines in both inbound and outbound tourism flows as well as commercial activity across Russia. Outbound departures declined by 52% in 2020 from the previous year. By 2022 the number of outbound trips is expected to recover to 2019 levels. For Russian residents, spending time with family is a top priority. Many social gatherings shifted online as Russians tried to avoid physical interactions due to the spread of COVID-19. When travelling, nature and outdoor activities are at the top of the list of holiday activities sought out by Russian travellers.

Safety in the destination, relaxation, family-orientated or child friendly experiences, all-inclusive hotels and resorts, and the quality of food or dining are among their top travel destination features. Travellers from Russia to South Africa are predominantly visiting for holiday purposes or to visit family and friends. A fair amount also visited for Business and Meetings, Incentives, Conferencing and Events (MICE) in 2019.

3.2 Russian tourist arrivals to South Africa

The graph below depicts total tourist arrivals from Russia into South Africa from 2016 - 2020. A -60,1% decline in Russian tourist arrivals was experienced in 2020 due to the impact of the pandemic on international travel. In 2020, Russian tourists to South Africa primarily travelled for Holidays (49,1%), Business (16,0%) and VFR (15,8%). Travelers from this country are typically youth, between the ages of 25-34 (32,9%) and 45-54 (25,1%).

Figure 34: Russian tourist arrivals to South Africa, 2016-2020

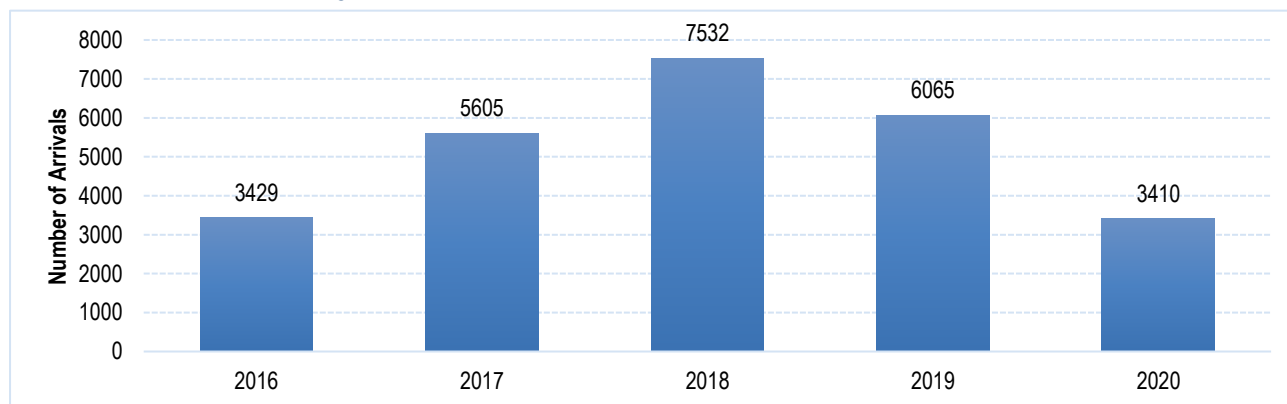


Source: South African Tourism (SAT), 2021

3.3 Russian tourist arrivals to the Western Cape

Over the years under review, the Western Cape saw the strongest volume in Russian tourists in 2018 with (7 532) visitors, however 2019 saw a decrease of -19,5% to reach 6 065 arrivals. The Western Cape has consistently recorded the largest share of Russian tourists amongst all provinces in South Africa and is followed by the Gauteng province.

Figure 34: Russian tourist arrivals to Western Cape, 2016-2020



Source: South African Tourism (SAT), 2020

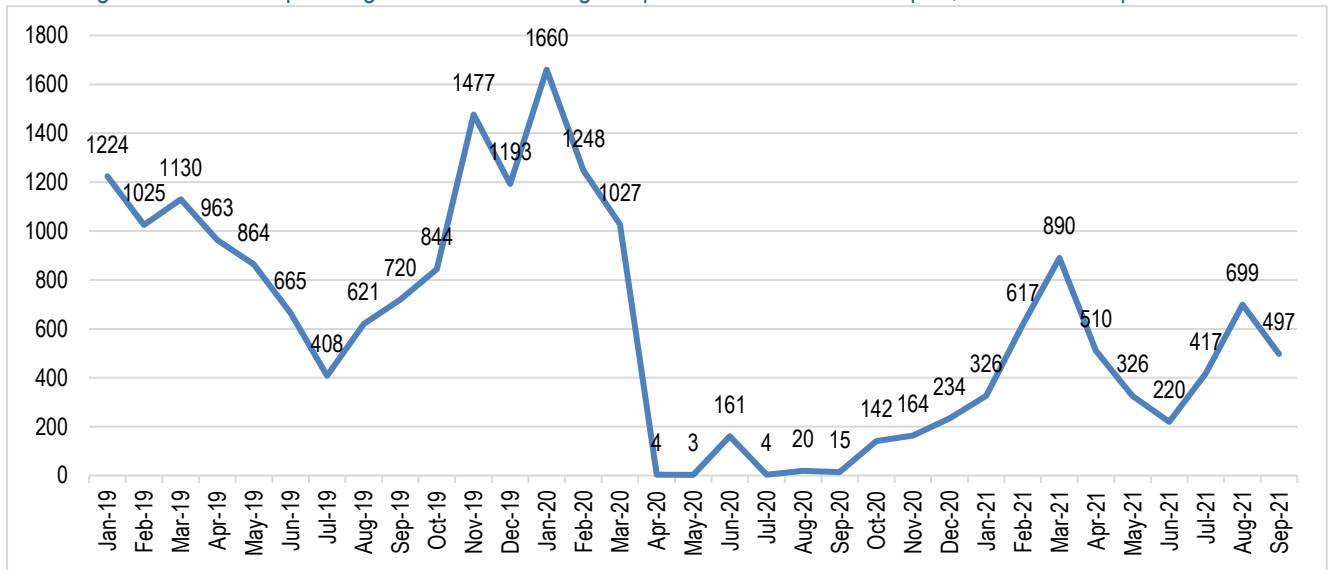
3.4 Russian passenger movement through Cape Town International Airport

According to the latest OAG Traffic Analyzer data, passenger movement from Russia through the Cape Town International Airport started to plummet in April 2020. The decline followed after the nationwide lockdown commenced on 26 March 2020, resulting in no travelers for the period April – July 2020. Only four travelers were recorded in April and a mere 3 in May.

In spite of the severe decline in air-travel between the two countries, recovery in passenger movement picked up in the remainder of 2020. In March 2021, arrivals from Russia reached nearly 80% what it was in March 2019 and exceeded its July and August 2019 figures during the same months in 2021.

When observing movement over the first seven months of 2021, February and March recorded the largest number in Russian passengers since the start of lockdown, with each month recording over 500 passengers.

Figure 35: Russian passenger movement through Cape Town International Airport, Jan 2019 – Sept 2020



Source: OAG Traffic Analyzer, 2021

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