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Boost to trade with economies in transition

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BISHKEK, Sun: Malaysia's resources to assist economies in transition may be limited but this does not stop the Government from giving out assistance to these countries. This is being done in two ways: training and private sector's involvement in the economies concerned.

Prime Minister Datuk Seri Dr Mahathir Mohamad's four-day official visit to Mongolia and a three-day working visit to Kyrgyz Republic is one example that showed Malaysia's willingness to bring both countries in the mainstream of the international marketplace despite the limited financial resources.

During the visits last week, the prime minister did not disappoint his Mongolian and Kyrgyz hosts, who were seeking some form of help in their efforts to reform their economies, move from a closed market system to an open one.

"As a fellow developing country, our resources are limited," Dr Mahathir told them. "As such, we think that the most effective manner for us to contribute would be in the form of providing training and the sharing of experience, including the provision of hands-on training," he said. Officials from both countries have already undergone training in Malaysia.

He also saw great potential in cooperation between the private sectors of Malaysia and those in Mongolia and the Kyrgyz Republic. "Our chambers of commerce could start by building strategic alliances and exploring potential areas of business."

In fact, Dr Mahathir had led the biggest ever business team received by the two countries, which are economies in transition. Mongolia and the Kyrgyz Republic had been under Russian rule for many, many years.

Dr Mahathir was accompanied by his wife, Datin Seri Dr Siti Hasmah Mohd Ali, seven Cabinet ministers, a chief minister, a deputy minister and a 66-member business delegation.

Some of these cooperative efforts have started. In Mongolia, MM Holdings - a joint venture company between Sriwani Holdings Bhd and its Mongolian counterpart - has opened a duty-free shop at the Buyant-Ukhaa International Airport at Ulaanbaatar and will be building two distribution centres - one near the Mongolian border with China and the other with Russia - to serve as transit houses for distribution into these two markets.

The MM Investment Bank in Mongolia, owned by Malaysians, is said to be the first 100 per cent foreign-controlled bank there.

Gibca Holdings, during the visit, signed a memorandum of understanding with the Mongolian Department of Urban Development, Housing and Public Services of the Ministry of Infrastructure Development for a nine-month study to upgrade, rehabilitate and change the water treatment facilities in Ulaanbaatar.

MEC Sales and Services signed a dealership agreement with a Mongolian company for the distribution of MEC household electrical products in Mongolia.

In fact, International Trade and Industry Minister Datuk Seri Rafidah Aziz said the Malaysian Electrical Corp has been asked to look into the assembling of its products in Mongolia to take advantage of the cheaper labour costs there. Furthermore, MEC can also use Mongolia as a transit base for its products in that part of the world.

In the Kyrgyz Republic, the Business Focus Group has already set foot in

Bishkek when it bought 15 per cent shares of the Ak-Keme Hotel. Following this, Business Focus established a joint venture with the Ak-Keme Joint Stock Company which will see the company venturing into a soft drink and juice bottling enterprise and the construction of a similar hotel in Osh Oblast, a widely recognised and promising region in the republic.

MEC Sales and Services also signed an agreement with Aziz Ltd for the distribution of MEC products in the Kyrgyz Republic.

The business opportunities in both countries are immense.

Mongolia imports almost every little thing. The 6ml shampoo pack at the Chinggis Khan Hotel where the Malaysian delegation stayed while in Ulaanbaatar came from PT Unilever in Surabaya, Indonesia. The spearmint toothpaste in the toothbrush pack is imported from a factory in Shanghai, China. The "Bonaqua" mineral water is imported from Hong Kong.

A visit to the Chinggis Khaany Khuree resort, some 17km outside Ulaanbaatar, saw the Malaysian businessmen getting fairly excited on the possibility of opening a golf resort there. The natural, undulating landscape will make a good fairway, said some.

The signing of an Air Services Agreement between Malaysia and Mongolia will pave the way for more accessibility into Ulaanbaatar. "With a golf course here, we can package golf tours especially for the Japanese," one remarked. The agreement allows Malaysia to mount operations from Kuala Lumpur to Ulaanbaatar, via either Seoul, Beijing or Shanghai.

In the Kyrgyz Republic, Malaysian investments are welcome. Malaysian businessmen on the trip were taken to several factories, which needed rehabilitation, in the Osh Region. Dilapidated as they may seem, these factories are making small profits.

One businessmen remarked at an informal lunch during a visit of the region: "There are two ways of doing it. Buy over the factory, demolish everything and start anew or let it run its course as it is still making money".

The second option, however, is not what Dr Mahathir had in mind when he encouraged Malaysians to seek business opportunities there.

In fact, in his address to Kyrgyz businessmen, Dr Mahathir cited the MEC example. MEC was a contract manufacturer of a number of international household appliance companies. After acquiring sufficient technology from these companies, MEC broke out on its own to set up its own production plant in Penang and Pahang for distribution in South Africa, the Gulf states and other third world economies.

He told the Kyrgyz businessmen to form a joint venture with its foreign counterparts by holding a minority stake in the company. "Build up the expertise and acquire as much technology as you can.

"Then, you can expand. Either you increase your stake in the company to a majority ownership or you take over the entire joint venture.

"This way, you not only acquire a foreign technology but also create employment for your people.

"A good economy is an economy that creates employment for its people," Dr Mahathir said.

And for those businessmen who were first-time visitors to Mongolia and Kyrgyz Republic, they would have already identified souvenir-making as a potential business prospect in the two countries.

Some Malaysians, in between their tight schedule during the visit, managed to slip out to find souvenirs. They were disappointed as there were not many to choose from, especially in the form of t-shirts with the countries' name or motives splashed on it, fridge magnets, mugs and other collector's items.

Both the governments and the private sector of Mongolia and the Kyrgyz Republic have yet to realise the kind of business this will generate,

although there is a growing number of foreigners heading their way.

Dr Mahathir, through these visits, had paved the way for Malaysian businessmen to undertake businesses in Mongolia and Kyrgyz Republic. They will have to follow up with discussions, exchange of visits and focused networking.

These Malaysian companies will not only be making money through their ventures there but will also be helping the Malaysian Government assist these economies in transition.

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