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Enhancing economic ties with Slovenia

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WHAT is so important about Slovenia that Prime Minister Datuk Seri Dr Mahathir Mohamad and his entourage of officials and businessmen had to spend three days there a fortnight ago? It is, after all, relatively unknown.

It is also small - about the size of Perak - and has a population of about two million. It is almost land-locked except for 46km of Adriatic coast. Only five years ago it was part of communist Yugoslavia.

The country is small, yes, but it is fighting trim. It began working itself out of the stifling command economy two years before its final break with Yugoslavia in June 1991.

Today, it is a confirmed free marketeer. Slovenians, by sheer hardwork and ingenuity, have made their country the most successful of those which were once behind the Iron Curtain.

And its per capita gross domestic product is an impressive US\$9,352 (RM30,860), higher than even such western European countries as Portugal and Greece. It is fast modernising its manufacturing sector, although it still has its share of communist-style dinosaur industrial plants - smoke stacks, mines and all.

But Slovenians are quick to cheerfully insist that the dinosaurs are fast disappearing and the landscape is now dotted with upgraded factories as manufacturers which benefited from foreign investments. And its short seafont has an impressive port area - Port of Koper - equivalent to many in western Europe. Dr Mahathir who visited it was told that it is now a gateway for products to southeast Europe.

Slovenians, who are nature lovers and are environment friendly, intend to preserve the forests which still cover about half of the country and the grassland which takes up another quarter of the total land area.

They say that their industrious 882,000 active population generate a GDP of US\$18.5 billion a year and conduct foreign trade in goods and services worth a remarkable US\$20 billion.

"And we are ready to do more business," said their President Milan Kucan to Dr Mahathir. It was Kuchan who had led the Slovenians out of Yugoslavia and into the free market.

The Malaysians, in their encounter with the Slovenians, said that as a trading nation, they had a particular interest in Slovenia. For one, Slovenia which borders Italy, Austria, Hungary and Austria and has free access to the Adriatic Sea, is therefore at a geographical crossroads in southeast Europe.

Said Dr Mahathir: "From the Adriatic Sea which is one of the most easily accessible sea routes for us in Southeast Asia, Slovenia enjoys excellent access to the hinterland of central Europe.

"Coupled with the outward commercial outlook and its imaginative economic, financial and monetary policies, Slovenia is viewed as a natural trading partner for Malaysia."

Almost a year after its declaration of independence, Malaysia recognised it. There was nothing upbeat about their relations at first. Malaysia's Ambassador to Hungary presented his credentials as a non-residential representative to Slovenia only in 1994.

Total trade between the two countries is still quite small due to the structure of trade which is concentrated on a narrow range of products. Last year, total trade was about US\$11.6 million. Malaysia's export,

mostly rubber, was US\$8.7 million while Slovenia's export to Malaysia totalled US\$2.9 million largely comprising electricity meters, paper and paperboard, cement and fabricated construction materials.

But what drew the attention of Malaysians to Slovenia, beside the fact that it is friendly to Bosnia-Herzegovina, is its indefatigable doggedness and tenacious perseverance not just to survive but to prosper. This was acknowledged by Malaysian businessmen.

Immediately after declaring itself an independent state, Slovenia moved fast to establish its credentials among members of the international community. More importantly, it worked feverishly to be accepted, and in 1993, became a member of the Council of Europe. It may be accepted into the North Atlantic Treaty Organisation next year.

The country also moved fast elsewhere. Beginning in 1993, it began relaxing its foreign trade regime, and in 1995, the Government ratified its participation in the World Trade Organisation.

Slovenia's application to become a member of the European Union is being considered although some businessmen said it might be a good idea to remain outside the EU especially after it was only recently that it extricated itself from the stifling federation with Yugoslavia.

It is popular with Europeans who viewed with approval the country's efforts at rebuilding completely what used to be its communist-controlled army and now has "democratic control" over the armed forces.

After numerous contacts at senior civil servants' and Deputy Ministers' level, July this year saw Foreign Minister Datuk Seri Abdullah Ahmad Badawi visiting the Balkan state. He met President Kucan, Prime Minister Dr Janez Drnovsek and Foreign Minister Zoran Thaler.

And a fortnight ago, Dr Mahathir himself was there. When introducing Dr Mahathir to Slovenian businessmen, Chamber of Economy president Jozko Cuk said the visit of the Prime Minister "crowns our unrelenting efforts" to upgrade trade and economic links with Malaysia and its private sector.

During the visit, the Malaysians learnt that despite the reform-minded Drnovsek's Government pledge to speed up the pace of privatisation, it still is reluctant about trimming down bureaucracy as this may increase its unemployment rate of 13.5 per cent.

Its strong labour unions frown on any effort to trim down the bureaucracy until the private sector has grown big enough to absorb excess government workers now that the communist social safety net is no longer there.

But the Government is resolute about enlarging the private sector and has been able to attract a lot of private investments. It intends to get more and has embarked on efforts to introduce more investor-friendly legislations.

About 90 per cent of all companies are small and medium-sized enterprises and they are significantly productive largely due to the successful entrepreneur development programmes of the Government, certainly a Slovenian case-study for Malaysia.

Malaysia is encouraged by all these efforts and Dr Mahathir said so when he spoke at a meeting between Slovenian and Malaysian businessmen organised by the Slovenian Chamber of Economy.

Moreover, he said, the strategic location of Slovenia in the central and eastern Europe could make it the centre of trade for the region and Slovenia's accession to the Central European Free Trade Association which includes Poland, Slovakia, the Czech Republic and Hungary at the beginning of last year opened up new markets.

In his speech to the businessmen and during meetings with government leaders, Dr Mahathir stated Malaysia's keen interest and readiness to participate in various sectors of development of Slovenia.

He also said: "As Slovenia and Malaysia are countries with small domestic markets, it is imperative that we adopt a global outlook to achieve and sustain our economic growth.

"Therefore, apart from exploring the economic potential in each other's country, the Slovenian and Malaysian private sectors should explore opportunities for co-operation in third countries."

And after he had visited the picturesque and idyllic Lake Bled district, he was convinced of the lucrativeness of the Slovenian tourist industry, an area, he said, Malaysians could participate in.

While trade may now be the primary preoccupation of the bilateral relation, it is still probably Bosnia-Herzegovina that motivated the interest for the visit in the first place. In his formal speech shortly after his arrival, Dr Mahathir said: "Malaysia is willing to work with Slovenia to contribute to the process of achieving normalcy in Bosnia-Herzegovina."

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