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Mahathir-Help  
GOVT HELP FOR M'SIAN INVESTOR IN RUSSIA

By: Azman Ujang

KHABAROVSK (Russia), Aug 16 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has promised to help Rimbunan Hijau, the Malaysian logging company here which is facing problems caused by Russia's tough foreign investment rules.

He told Malaysian journalists accompanying him on his visit here: " We will help them because they have invested here."

" We have an interest to help them so that they succeed," said the prime minister after a closed-door briefing on Rimbunan Hijau's operations at its office Monday.

Rimbunan Hijau was granted a 49-year logging concession lease on 600,000 hectares of forests by the Khabarovsk administration in 1997 and has started producing pine logs for export to Japan, South Korea and China.

Its chairman Tan Sri Tiong Hiew King had told the journalists a day earlier that the company's investment risks had increased because of new rules being introduced that were not there in the first place.

He cited new taxation policies, which had offset projections on return of investments, new federal and local laws as examples.

When asked about this, Dr Mahathir promised to help but did not indicate whether he had raised this matter during today's meeting with the Head of Administration of Khabarovsk Region, Victor Ishaev.

But he said: " If you invest in any country, you are bound to find a lot of difficulties."

The prime minister also said the time would come when pine soft-wood of the kind Rimbunan Hijau was producing would be needed in Malaysia as the country expanded its furniture-making industries.

The logging concession in this Russian Far East region is one of several held by Rimbunan Hijau worldwide.

Rimbunan Hijau, which has its headquarters in Sibuh, Sarawak, is believed to be one of the world's largest logging concessionaires.

During Dr Mahathir's bilateral meeting with senior local administration officials today, Ishaev praised Rimbunan Hijau for being the pioneer Malaysian investor in this region.

He said the company had invested US\$23 million in the last two years since starting operations and this had helped create spin-offs to the local economy.

Ishaev said his administration was giving top priority to economic development in a region whose economic growth was much higher than the other parts of Russia.

This region accounts for 60 per cent of Russia's defence industry output and 50 per cent of its machinery industry production.

The priority areas are the energy sector, transportation, communication and infrastructure.

He said Dr Mahathir's visit to this region showed his commitment to the "practical relationship" between Malaysian and Russia.

Perhaps in reference to Malaysia's political problems that had been given extensive coverage by the international media in the past year, Ishaev said: " We wish you success in your very difficult and complicated job as prime minister of Malaysia."

In his opening remarks during their meeting, Dr Mahathir said when Ishaev, who visited Malaysia last November, invited him to visit Khabarovsk, " I must confess that I did not know about Khabarovsk region."

" I was curious about this Far East of Russia and I have been looking forward to this visit," he said.

Dr Mahathir said the purpose of his visit was to find new trading partners, an important element of Malaysia's economic policy as a trading nation.

Elaborating on his talks with the Khabarovsk delegation at the press conference for Malaysian journalists, Dr Mahathir spoke of possibilities of increased trade and investment as well as the buying and selling of goods between Malaysia and this part of Russia.

Specifically, he said he was looking into Russian-made hydrofoil boats, which could be used to ferry passengers in areas requiring river or sea communication in Malaysia.

Malaysia was already having cooperation with Russia in the aircraft industry under which Malaysia was doing modifications on Russian-made helicopters specially used for cloud-seeding and fire-fighting not only for forest fires but also fires on high-rise buildings.

He said the Khabarovsk Airline was already flying to Singapore and it might be possible for it to fly to Kuala Lumpur if there was sufficient passenger load.

" They are even keen to fly to Kuching. We are looking into this," he said.

-- BERNAMA

AU RYN