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Mahathir-Russia (Wrap-Up)

MAHATHIR'S VISIT MAKES IMPACT ON RUSSIANS

By: Azman Ujang

KHABAROVSK (Russia), Aug 18 (Bernama) -- The three-day visit of Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad to this Russian Far East is best summed up in the words of a Russian television reporter -- "Your visit has made a big impact on the people of Khabarovsk".

"Many people here, including children, now know you and Malaysia from the television coverage of your visit and I would like you to tell us more about yourself and your family," she told the prime minister at a press conference at the end of his visit.

Apparently very pleased with the informal nature of the reporter's question, Dr Mahathir replied: "Thank you very much. I have been prime minister of Malaysia for the last 18 years. My visit here is accompanied by my wife. I have seven children and 12 grandchildren."

Informality has punctuated the prime minister's visit here.

Last night he watched a performance by a symphony orchestra and musical comedy. This morning he went to the wet market and a shopping mall, talking to fruit-sellers and other hawkers just like he did back home at the "Pekan Rabu" market in his home town of Alor Setar.

"I'm pleasantly surprised to see how developed Khabarovsk is. I'm glad that at last I have been able to make this visit because I have always been curious about this part of Russia," he told the press conference.

"I noticed that here there are a lot of young people and children. It looks to me like a very young country. Perhaps some contacts between the people of the younger generation can be made, maybe as cultural exchanges and it would be very useful to bring our peoples closer together."

"There are a lot of very friendly people here and if we can get better acquainted with one another through exchange of visits, I'm quite sure it will bring benefits to both sides," he said.

Explaining why he decided this time to directly visit this region, the prime minister said Russia is a very big country and relations simply could not be conducted through Moscow alone as normally the case.

"We can conduct relations with the various territories of Russia because they are economic entities by themselves," he said.

And Dr Mahathir said he was convinced that his visit to Khabarovskii, one of Russia's fastest growing economic regions, would result in increased trade between Malaysia and Russia, especially with Malaysia sourcing a lot more products from this region and some Malaysian products could find ready markets here.

The prime minister said despite Russia's technological superiority in industries like aircraft-making, especially the Sukhoi series of planes, he was "quite amazed" to learn that this part of the country actually had to import fruits from as far away as Spain and Morocco.

"Because of this, I'm convinced we can have greater economic inter-action between Malaysia and Khabarovsk. When I go back, I will discuss with my Cabinet on how we can improve relations with this region."

One way would be through overcoming the problem of transportation and costs of transportation of goods between Malaysia and Khabarovsk and once this was sorted out, the two-way trade could only go up.

Trade between Malaysia and Russia totalled US\$235.4 million last year, very much in Russia's favour with its exports to Malaysia at US\$149 million and Malaysia's exports to Russia at US\$86.3 million.

The biggest ever two-way trade was chalked up in 1995, rising to

US\$827.6 million. It was the year when Russia sold goods worth US\$725.6 million to Malaysia, the bulk being Malaysia's purchase of 18 MIG-29 fighter aircraft.

Another thing which the prime minister noticed about the Khabarovsk region is its political stability, which, he says, is something that Malaysia has.

" I think you are very lucky you don't have to change you government very often. In Malaysia we value our political stability and I'm sure the people of Khabarovsk also value such stability."

He also mentioned tourism, saying more people could be expected to travel between both places.

Dr Mahathir said after his meeting with Khabarovsk Head of Administration Victor Ishaev in Kuala Lumpur last November, the Malaysian government decided to abolish the visa requirement for Russians from this region when visiting Malaysia for up to a month.

Ishaev was in Malaysia as part of the Russian delegation for the Asia-Pacific Economic Cooperation (Apec) summit.

The Khabarovsk Airline now flies scheduled flights to Singapore and Thailand and it would be a matter of before flights to Malaysia become viable.

In the meantime, the prime minister suggested that chartered flights be tried out.

Ishaev, who was also present at the press conference, gave a strong assurance to foreign companies that it pays to invest in this region, saying that 640 enterprises with foreign capital have already set up their operations locally.

Answering questions mostly from Malaysian journalists who asked about difficulties being faced by Rimbunan Hijau, Malaysia's pioneer investor here, he said his administration guaranteed a three-year tax holiday and had removed some local taxes to further attract foreign investments.

"Here in Khabarovsk, we allow enterprises with 100 per cent foreign ownership while the number of joint-ventures are increasing every year. We are working on specific measures to ensure the stability of businesses through regulations at least five years ahead," Ishaev said through an interpreter.

Officials of Rimbunan Hijau, which has 600,000 hectares of logging concessions in two blocks in this region, had told Malaysian journalists of problems such as new taxations, new rules and regulations for foreign investors being introduced, thus adding to uncertainties over the return on its local investments, already worth US\$23 million in the last two years.

Ishaev, who is also a member of the Russian Duma or Parliament, said the period of Russia's political uncertainty, which has led to frequent changes of the country's prime minister, was only for the short term.

" I personally think that our economic and political instability is only for the short term. We are going to have the elections for the Duma in December this year and the presidential election in June next year. After that there would be a stable development phase and I will personally make every effort to ensure the stability of businesses in this region," he said.

There will be a new Russian President after next year's polls because President Boris Yeltsin, who has sacked and appointed several prime ministers in the last one year as he grappled with Russia's economic crisis, is barred by the constitution from seeking re-election upon finishing his second term.

Ishaev called on foreign investors to put their money in three sectors of the economy in this resource-rich region, timber industry, fisheries and mining, adding that there are already 26,300 businesses registered here.

The forest resources allow harvesting of up to 20 million cubic metres of timber annually but at present only one-quarter is being felled. Like-wise, the region with 2,000 kilometres of coastline guarantees an abundance of fisheries resources while there is gold, platinum, tin and copper to be mined.

He praised Rimbunan Hijau, which employs 350 locals and expects to increase the number to 1,000 in two years, for making very useful contributions to the region's economy.

Turning to Dr Mahathir's visit, Ishaev said: " It's a real honour for the citizens of Khabarovsk to have the head of the Malaysian government visiting us. Malaysia is a very stable country and I think this is because the prime minister doesn't get changed very often."

-- BERNAMA

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