

15 AUG 1999

Russia-Challenge

MALAYSIAN TIMBER TYCOON TAKES UP RUSSIAN CHALLENGE

By: Azman Ujang

KHABAROVSK (Russia), Aug 15 (Bernama) -- When Malaysian timber tycoon Tan Sri Tiong Hiew King won an international tender in 1997 to log timber in this Far Eastern Russian region, he was less than prepared to face up to what has turned out to be the biggest challenge to his formidable business acumen.

With logging operations already spanning Asia, Africa, Latin America, Australia, New Zealand, Papua New Guinea and now Russia, the man known among industry circles as having one of the world's largest forest concessions, rarely gives press interviews, maintaining a low-profile which belies his ranking in the Fortune 500 as among Asia's richest.

But Tiong, 64, who hails from the Sarawak timber town of Sibul, spoke candidly to Malaysian journalists about the plus and minus of doing business in Russia, and with some sense of pride that his investments here have already had the impact of giving a much needed lift-up to the staid local economy.

After only two years of presence here, the Rimbunan Hijau conglomerate that he heads, has provided jobs to over 350 people, with spin-off effects in the contracting and sub-contracting business, technology transfer and training, putting more money into the pockets of citizens whose level of income is low.

"Of course Rimbunan Hijau came to invest in Russia knowing the risks and uncertainties we are up against but we hope we will be able to overcome them and bring about a win-win situation," Tiong told the journalists at the company's office.

Tiong and the journalists are in town because of the visit of Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad who is due here late tonight for a four-day trip.

Rimbunan Hijau was given a logging concession of 600,000 hectares in two blocks in Sukpai and Pitchy, some 10 hours drive from here, on a lease of 49 years.

Tiong is open to discussing the problems Rimbunan Hijau is facing in this largely unchartered territory for foreign investors and says that generally things are quite manageable.

"Our operations involve high risks. Sometimes we are not certain if we can meet our projections. We have to pray hard and we need a lot of luck to succeed," he said half in jest.

When pressed to give examples of the difficulties faced by foreign investors in Russia, he said firstly there are the rules which often keep changing especially when it comes to taxations.

New taxations are being added at short notice which could upset a businessman's projections but Tiong is taking all these in his typical positive fashion that has earned him huge success as the international timber tycoon.

The 50-odd Malaysian expatriates working here with Rimbunan Hijau, the only Malaysian investor in the entire Russia, are coping quite well with the local conditions although language and the weather are a problem.

Some of the Malaysians who are mostly from the company's head office in Sibul have decided to go home as they could not stand the weather which in winter could fall to 50 degrees below zero.

But executive Stephen Tiong, also from Sibul, is getting used to the life here, although he admits that he decided to send his wife and children

home as they find the going tough.

"I like it here. It's a matter of getting used to it," he told Bernama.

Tiong said there is one other big timber concessionaire in this Russian territory, the Pioneer Group from Boston which has a logging area of about one million hectares.

After only two years of operations here, Rimbunan Hijau has already pumped in US\$15 million to log the pine timber and has achieved 60 per cent of its targeted production. It expects to meet the target fully in two years and to double the investment.

From here, the soft-wood logs are exported to Japan and South Korea but processing of the logs will be done later as part of the conditions set by the local authorities.

When in full production, the company expects to increase its workforce to 1,000.

"Of course the working culture of the local people is different as they were long ingrained with the former socialist system but this is changing with the training that we are giving them," said Tiong.

One of the biggest worries of logging companies like Rimbunan Hijau, apart from policy changes, is forest fires, which last year alone destroyed some two million hectares in this region with a loss of between 300 million and 400 million cubic metres of timber.

"So we have to play our part in providing the local government with some fire-fighting equipment," he said.

Dr Mahathir will visit the Rimbunan Hijau office tomorrow, which Tiong described as a great honour to the company as the first Malaysian investor in Russia.

"It is a tremendous encouragement to us. Also it will certainly put Malaysia on the map in this part of Russia.

"Certainly it will encourage us to work even harder to ensure that this investment will succeed in the spirit of 'Malaysia Boleh' (Malaysia Can)".

It's in Russia's interest as well because this will be a showcase for foreign investors wanting to come here.

While Dr Mahathir's visit here is yet another example of his "Prosper Thy Neighbour" drive among developing countries, it's timber tycoon like Tiong who has the vision and the courage to help achieve this.

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