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Malaysia to pay in hard currency for trade with Russia

Fauziah Ismail in Ulan Ude (Buryatia, Russian Federation)

ULAN UDE (Buryatia, Russian Federation), Sun: Malaysia will pay in hard currency, if necessary, for its trade with Russia as it has huge foreign exchange reserves totalling US\$32 billion (US\$1 = RM3.80).

Prime Minister Datuk Seri Dr Mahathir Mohamad said, however, that Malaysia would prefer to "contra the cost of our purchase against what we export to you and pay the difference".

He was speaking at a press conference at the end of his working visit to Buryatia today.

He was asked by a journalist how Malaysia would pay for its trade with Russia and whether it would honour contracts following the recent economic crisis.

"We have largely overcome the problem and we are back on the growth path," Dr Mahathir added.

Total Malaysia-Russia trade at present amounted to US\$300 million.

Dr Mahathir, who described his three-day working visit here as "successful", said the Russian aerospace technology, timber processing and mining are the three sectors which can be of interest to Malaysian investors.

However, he added while there is potential, for example, in the mining sector, "we still need to know the regime to extract the mineral...whether we have to sell to the state authorities. Also, we need to know more about the laws and policies of the country, so that we can take advantage of what the republic is offering".

He also identified accessibility as one of the problems which may hinder growth in trade and investments between the two countries.

"There are no direct flights. If we were to buy from here, we would have to find the most efficient way to transport the products home. Similarly, if we were to export here, we will also find it difficult because of accessibility," he added.

Malaysia, he said, is looking closely at the Russian-made helicopters and the Sukhoi two-seater twin-jet trainer-combat attack aircraft "not because we want to acquire them but to look at the manufacturing and technology used in these aircraft".

He added that Malaysia's interest in the military hardware is not out of fear of a security threat. "Like other countries, we have to renew our weapon systems...shop around for the best."

At the moment, the Malaysian Government has no plans to buy the Sukhois but "we need to include the Sukhoi as a possible competitor for other aircraft whenever we want to buy such aircraft", he said.

Malaysia, he said, has already bought two Russian helicopters to be used for fire-fighting and cloud seeding exercises. "We are looking at the MI-171 helicopters but they have to be modified for our use."

Dr Mahathir also said although there is a big market for the Russian helicopters in South-East Asia there is no proper marketing of the product. "We think we can help in marketing these helicopters in the region."

The Prime Minister said Buryatia is still an unknown region among Malaysians. The first thing which needs to be done is to publicise its potential and beauty, so that people would be interested to do business and visit. He suggested an exchange of television programmes for this purpose.

He earlier described his visits to the Russian Federation region as "an extension of our contact with Russia. There is obviously tremendous potential in the vast territory. We discovered that the Russian helicopters are made here and we decided to come here to find out as Buryatia is part of Russia".

Asked if his visits to provinces in the Russian Federation would also include a visit to Moscow, he said: "At the moment, I am a bit busy at home because we have to hold the elections before the middle of next year. After that, I will consider going to Moscow."

Dr Mahathir leaves for home today. Earlier, he and his wife, Datuk Seri Dr Siti Hasmah Mohd Ali, accompanied by Buryatia President Leonid Vassilievich Potapov and Madame Potapova, visited the world's deepest lake, Lake Baikal.

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