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Rimbunan Hijau creates jobs for Russians in timber sector

Hardev Kaur in Khabarovsk, Russia

RIMBUNAN Hijau, the only significant Malaysian investment in Russia with its initial US\$15 million (RM57 million) investment, has opened up employment opportunities in the timber industry in and around Khabarovsk.

It employs 250 locals and 40 Malaysians at its facilities with the number expected to rise to 1,000 when in full operation.

The locals are not only employed in the lower ranks and as drivers but also in supervisory levels.

The Sibuan-based company started operations two years ago and has timber concessions of 600,000ha in Pichy and Sukpai districts - both in Khabarovsk Territory.

Its concession represents about two to three per cent of the total forest area in the Territory.

The only other foreign investor with significant timber concessions in Khabarovsk Territory is the Boston-based Pioneer Group, which has a concession of one million hectares.

Rimbunan Hijau managing director Tan Sri Tiong Hiew King said the company is fully conscious that it needs to protect the Malaysian name.

As such, he said the company and its Malaysian employees in Khabarovsk "try our best to succeed and hope to make Malaysia proud."

The company's investments of US\$15 million now are expected to increase to between US\$30 million and US\$35 million when its operations are fully commissioned. The current investments are 60 per cent equity and 40 per cent debt.

While it is currently involved in selective logging, it nevertheless has plans for the full range of activities including processing and manufacturing.

He estimates that the processing facilities will require an additional investments of between US\$15 million and US\$20 million.

The logs are transported over land by trucks to the Trans-Siberian Railway to Vladivostok on the eastern seaboard and then on to its main markets in Japan and Korea.

Prime Minister Datuk Seri Dr Mahathir Mohamad who arrived here late Sunday night is scheduled to visit the Rimbunan Hijau Far East Company Limited operations today.

Tiong said while the conditions of work and environment were totally different from those in Malaysia, it is in the interest of both parties to ensure that the operations succeed.

In terms of its management style, Tiong said while the "Malaysian style" predominates, there are also aspects of Russian, Western and Japanese styles that have been incorporated.

One needs to be flexible and adaptable to suit the local conditions and cultures.

Rimbunan Hijau has concessions in a number of areas including Latin America, Africa, Papua New Guinea and New Zealand in addition to Khabarovsk and Malaysia.

Among the difficulties faced are the differences in language culture, severe weather with temperatures in winter dipping to minus 49 degrees, and the frequent changes in government rules, regulation and taxation.

Despite the severe winter conditions, Tiong said most of the logging is done in winter as it is easier to transport the logs.

Most of the equipment used for its logging is imported from Finland and

the operations are highly automated.

While timber is its core business, Rimbunan Hijau has also diversified into the media. It has a stake in a major media group Ming Pao in Hong Kong, and The National in Papua New Guinea.

In addition, it has interests in finance, mining, shipping, information technology, fisheries and agriculture.

Khabarovsk, the first stop on Dr Mahathir's Siberian journey, with a population of nearly 700,000, is close to the border with China and is the last major stop on the Trans-Siberian Railway before Vladivostock.

The city, second only in size to Vladivostock in the Russian Far East, also has three major transport links - air, sea and land - the most famous of which is the Trans-Siberian Railway.

Today, Dr Mahathir is scheduled to visit the aviation plant at Komsomolsk-na-Amur in addition to the Rimbunan Hijau operations. In the evening he will be the guest at a dinner hosted by the Governor.

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