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To go where no one has been before

PRIME Minister Datuk Seri Dr Mahathir Mohamad has visited some of the most obscure of places. This week he has just returned from Khabarovsk and Buryatia, places whose names many Malaysians would, otherwise, never have heard of. And each time he comes back from such places, he can be expected to have paved the way for the private sector to trade or do business with them. Once upon a time not so long ago, many Malaysians were sceptical about doing business with these small and poor nations. Through the years, however, Dr Mahathir's vision and philosophy of enriching-thy-neighbours have proved beneficial to corporations as well as the Malaysian economy as a whole.

Malaysia's economic cooperation with the so-called non-traditional markets really blossomed only in this decade. With the introduction of the bilateral payments arrangement (BPA) during the 1980s, the country's export and import with developing countries in Africa and Latin America have increased by at least five-fold to RM90 billion last year from just RM20 billion in 1990. For the first half of 1999, RM44.5 billion of trade was recorded between Malaysia and the developing countries. For a country that has just gone through two of its worst economic years, the performance of its export and import with the relatively weak economies of the South shows that this is a direction that Malaysia must continue to take.

Malaysian investors are also big in many African, Latin American and Asian countries, including South Africa, Namibia, Cambodia, Argentina, and the Philippines. Malaysia Airlines today flies to many destinations it would never have dreamt of flying profitably had not the Prime Minister insisted that it did. The excuse of not flying to inconsequential destinations then was the absence of traffic to justify the service; Dr Mahathir's favourite argument was that if Malaysia Airlines did not fly to a certain destination, it would not encourage the kind of traffic that can guarantee profits. Perusahaan Otomobil Nasional Bhd (Proton), the national car manufacturer, has also established toeholds in markets in the South as a result. So have Telekom Malaysia Bhd, Petronas, YTL Corporation, Rimbunan Hijau, Mechmar, and many other Malaysian companies, big and small.

But what, one might ask, could Buryatia and Khabarovsk, two relatively backward states which form part of the 89-state Russian Federation, offer a relatively developed South country like Malaysia? Perhaps little, perhaps a lot, but Malaysia cannot dismiss small and far away countries as trading partners, Dr Mahathir said. At first we may not see the potential. But if we make studies and gather useful information about the countries, we will find that we can increase our trade with them. What's important is to identify the potential and create the opportunities. In South Africa, despite the presence of Western industrialists and investors, Malaysian businessmen succeeded in creating niches for themselves and have formed a very significant presence there. In the lagging economies of Cambodia and Myanmar also, Malaysians have fared quite well through investments and trade, even barter trade.

During his visits to Khabarovsk and Buryatia, Dr Mahathir saw some potential. Only one company has operations in Khabarovsk and that is in a plywood plant, but this is expected to increase considerably soon. The Prime Minister had a close look at the state's aircraft manufacturing industry and in Ulan Ude toured a helicopter manufacturing facility.

Buryatia has now entered into a cooperation pact with Malaysia's Airod for the refurbishing of helicopters. Aerospace Industries Malaysia, which already has a successful collaboration with Lockheed of the US, plans to open an office in Moscow together with Buryatia's Ulan Ude Aviation Plant and set up in Subang a training, maintenance and logistics support centre for Russian-made helicopters. This is just a start; other companies should start finding out what could be in store for them in these far-away markets.

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