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Contracts worth US\$5b up for grabs in Kyrgyzstan

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CONTRACTS valued at almost US\$5 billion (US\$1 = RM3.80) await Malaysian investors in the Republic of Kyrgyzstan, particularly under the Government's privatization programme.

The projects, mostly in telecommunications and power generation, are up for grabs by next year as the legal framework for privatizing the industries is almost complete, according to Prime Minister of the Kyrgyz Republic Amangeldi Muraliev.

Speaking to Business Times yesterday, he said Malaysian companies should take up the opportunity as priority will be given to them based on the good and sound diplomatic relations between the republic and Malaysia.

"I would personally like to guarantee Malaysian investors that they are most welcomed to invest in our country... and that our Government will provide them with the necessary assistance to facilitate their business.

"Malaysia is not a new name to our people. Investments by some Malaysian companies in the Kyrgyz Republic are already helping us to boost our economic development... but we have more to offer," he said.

Muraliev, who arrived in Kuala Lumpur last Friday for a week-long visit to improve bilateral ties and economic cooperation, would like to see an increase in the volume of two-way trade between the two countries.

"Bilateral trade, which stood at only RM2.63 million last year, needs to be enhanced as one of the many ways to improve our economic cooperation. No doubt our relations is new (the Kyrgyz Republic gained independence in 1991), but our two-way trade is not reflective of the true potential of our countries.

"That is why I am leading a group of businessmen and senior government officials to explore a more meaningful approach in addressing such a problem... and I personally think that your leaders are of the same opinion."

Two-way trade between the two countries has always been in the republic's favour. In 1999, Malaysia exported goods such as medical equipment and rubber products worth RM1.26 million.

Its imports were insecticides, chemical products, printing and book binding machinery, edible products, meters and counters.

Expressing his satisfaction with Malaysian investment in his country, which stood at RM700 million, the premier nevertheless said he was confident more Malaysian companies would come to the republic, especially after his first official visit to Malaysia.

Among Malaysian companies making inroads in the republic are Anggun Permai, Safuan Group and Malaysian Mining Corp, mostly in mining, hospitality and manufacturing.

A few smaller companies are also involved in two-way trading and other services.

Malaysia and the Kyrgyz Republic signed three agreements in 1995 in trade, economic and investment guarantee. Both are expected to conclude agreements in the avoidance of double taxation, aviation, immigration, tourism, education and communication this week.

As to whether the Kyrgyz Government allows the repatriation of profits from the country, the Prime Minister said that foreign investors are permitted to do so once they settle their taxes.

"Our investment and taxation regime is similar to other countries. In fact, we are following the footsteps of Malaysia on how to create a

conducive business environment to lure more foreign direct investments into the country.

"We are very much impressed with the way (Prime Minister Datuk Seri) Dr Mahathir Mohamad tackled the economic crisis which hit your country in 1997.

"His prudent approach in steering Malaysia out of the crisis in less than 16 months was perhaps the most drastic and practical method ever being introduced in any other nation," he said with regard to the selective capital controls imposed in 1998.

While complementing Malaysia's economic growth, Muraliev also thanked the Malaysian Government for its assistance in conducting a study on how the republic could further enhance its position in the international market.

The Malaysia-Kyrgyz Special Joint Commission, which holds its third meeting today and tomorrow, was lauded as the most important element in cementing Malaysia-Kyrgyz relations since 1991 as it helps in generating more business-to-business, Government-to-Government and people-to-people linkages between the two countries.

Muraliev also noted the vast opportunities for Malaysian investors in other areas such as tourism, railroad, transportation, ports, oil and gas, and mining.

"We have large deposits of gold, coal, and oil and gas. Investment in these areas will definitely give lucrative returns in the years to come.

"Of course, we can invite investors from other countries to tap the opportunities, but we would like Malaysians to be there first," he said.

With about 4.5 million people, the Kyrgyz Republic has a lot to offer, he added, pointing out its political and macroeconomic stability, favourable business environment, skilled and trainable workforce, and liberal trade and currency regimes as the main key elements.

"You may also find easy access to the markets of Russia and neighbouring Kazakhstan, Uzbekistan and China. Your business will be in good company - we already host several large international investment projects and a number of small and medium-sized enterprises," he said.

Fundamental economic and political changes have taken place since its independence in 1991 when the Government implemented one of the fastest privatization programmes and the most democratic and market-oriented reforms in Central Asia.

Its economy, which grew steadily at the rate of between 5 and 6 per cent since 1995, is expected to meet the 7 per cent growth forecast for gross domestic product next year.

Being the first country in that region to join the World Trade Organisation (WTO) in 1998 - after an unprecedented quick processing of the application - the Kyrgyz Republic is poised to regain its "Silk Route" position in connecting the East and the West.

"We are committed to maintaining a business environment which gives every incentive for companies to prosper... and we are learning it fast from Malaysia," he said.

Apart from his wife, other senior officials in Muraliev's delegation were Foreign Minister Imanaliev Muratbek and State Committee on Foreign Investments and Economic Developments chairman U. Isayev.

His visit, at the invitation of Dr Mahathir, is also expected to see the signing of several business agreements at the private sector level.

After meeting Dr Mahathir last Friday, Muraliev is scheduled to meet key business leaders. Yesterday, he was in Langkawi for an international business dialogue.

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