

New highs in ties with Moscow

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IT has taken a while, but Russia is finally emerging as a country one can do business with. During most of Boris Yeltsin's turbulent eight-year rule, Russia looked too clumsy unscrewing the rusty bolts of the old Soviet system to interest any other than the bravest foreign businessmen. Confidence hit bottom during its debt default crisis in 1998. Since then, however, the economy has turned around dramatically, growing at about five per cent last year, far better than most countries.

Economic recovery isn't the only reason for Malaysia to look forward to a new stage in bilateral relations. President Vladimir Putin has done much to clean up his predecessor's excesses and polish his country's image as a sturdier state. Politics — getting to grips with a post-Cold War world order — has been a sizable stumbling block to Russia's free market potential. Putin has been trying hard to build a partnership with the US and Europe that is proportionate to his country's real weight. Scaling back the Soviet era's overblown ambitions is not just about new geopolitical realities. Removing the likelihood that Russia will run itself aground chasing objectives it cannot possibly live up to makes it far easier for non-aligned countries to improve ties on a sounder, more secure footing.

The scope for such improvement is huge. It is easy to forget that Russia launched the first satellite and then sent the first man into space. Yet too little of these achievements have translated into civilian applications that can increase trade. For many in the developing world, Russia is still one of the best places to shop for top-class jet fighters, tanks and guns. And not much else. For that reason, Prime Minister Datuk Seri Dr Mahathir Mohamad, in his first visit to Moscow last week since the fall of the Soviet Union, talked at length with Putin about funnelling Russia's high technology downstream in a joint bid to build up a firmer and broader-based economic relationship. If Russia doesn't yet have enough to trade in products, then it can leverage its rocket science into a commodity that Malaysia can buy or barter.

Tapping into valuable Russian expertise in the aviation and aerospace sector makes economic sense and chimes in with Malaysia's plans to widen its own industrial base. There is another good reason to expand technical co-operation and trade — the cheap rouble. That should make collaboration in areas such as education, training, research and development, biotechnology and medicine more appealing. But much depends on the private sectors of both countries. Government-led initiatives can open doors but businesses need to build the right networks and levels of trust that will enable them to deal directly, instead of offloading risks (and paying premiums) to third-party intermediaries.

Bottom-line considerations aren't the only impulse to closer ties. Although few would desire a resumption of Cold War division, many developing countries tacitly regret Russia's descent down the ladder of global power. It could still be a useful counterweight to lopsided globalisation, and revive its role as a bulwark against the overdominance of the Western bloc. To do that it must compete in terms of genuinely marketable goods and services — not in the sort of patronage that had caused it to lose out in the past.