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From Putin's new Russia with love

Hardev Kaur

MOSCOW: No more meal coupons for ministers. No more maids at each hotel floor keeping an eye on the guests. These are just some of the changes that have taken place in Moscow since 1987, when Prime Minister Datuk Seri Dr Mahathir Mohamad first visited the former Soviet Union.

The Russian capital is now full of shops and some of the world's best brand names and the latest fashion are available in Moscow even before they make an appearance in Kuala Lumpur. The demand for branded apparel in Moscow is said to be higher than in the fashion capitals of the world. This is clearly evident on the streets and hotel lobby.

The free market economy has introduced fast food and branded coffees and offers Moscovites a choice of food from around the world. Gone are the days when nothing much was available even when the menu, at the government-owned Rusia Hotel, boasted of a long list but anything one asked for was greeted with a "Nyet". Today not only items listed on the menu are available, one can order in the comfort of one's even room in the five-star hotels.

"Moscow certainly did not look as bright and full of shops then as it does now. Obviously what we are seeing today is the result of the change over the period from 1986 to 2002," Dr Mahathir observed.

There are also changes both in attitude of the people in their understanding of the free market as well as the prospect of democracy. Russia is now open to the rest of the world for business. The market economy has also enabled many to travel to the outside world on holidays. English is increasingly being pursued.

Russia's large and rich mineral and natural resources combined with the technical and scientific expertise offers new areas of cooperation and business. The potential that the new Russia, under President Vladimir Putin, offers the rest of the world has not gone unnoticed. Businessmen and entrepreneurs from Europe and America have already started to carve out areas for themselves.

Ikea, for example, which started with one store in Moscow, is opening up another one. The demand for new furniture and reconstruction coupled with the demand for imported goods offer opportunities for Malaysians as well.

Dr Mahathir's visit to Russia has paved the way for "an important chapter in the relations of the two countries". The two leaders - Dr Mahathir and Putin - have "very good chemistry between them" and described each other as "strong".

They helped add further impetus to "the existing good and growing bilateral relations". Areas of cooperation specifically mentioned by Putin and reiterated by Dr Mahathir include energy, biotechnology, prospecting and mining, and space vehicles and information technology, including the Multimedia Super Corridor (MSC) information and computer technology, aerospace industry and trade and investment.

New areas of cooperation could include education, culture and tourism. The Russians want to be involved in the MSC. Russia is also ready to participate in the construction of the hydropower project in Bakun. There is scope for developing smart partnership between Malaysia and Russia. This is possible with Malaysia's experience in the market economy and established infrastructure in the commercial and industrial sector, and Russia's wealth of scientific and technological resources.

Putin noted that Malaysia which produced some 24 per cent or almost

about a quarter of the world's electronic products offer opportunities for combining the Malaysian manufacturing skills with the Russian scientific and technical skills. Russia's rich mineral resources including oil, gas, timber and diamonds offer investment opportunities as well. Malaysian investments in Russia are very small. The Investment Guarantee Agreement and the Double Taxation Avoidance agreements need to be pursued to further encourage joint ventures and increase Malaysian investments.

On the trade front too, efforts need to be stepped up. Bilateral trade currently is small and in Russia's favour. The potential for increasing two-way trade is tremendous.

Putin said the two countries should target to increase bilateral trade to US\$500 million (US\$1 = RM3.80) this year. Businessmen from the two countries should establish direct trading links as at present much of the trade is conducted through third countries - Singapore, Dubai and Amsterdam.

A Malaysian-made ceramic pot, for example, found its way to a store in Moscow via Amsterdam. It cost almost 10 times more than in Kuala Lumpur.

Direct trade will help reduce the cost and offer a greater variety of goods and items for consumers.

Undoubtedly there are challenges as Russia is still trying to adjust to the market economy from the command and control system that its citizens have been used to. "But there is no turning back," as Alexander P. Losyukov, Russia's Deputy Minister of Foreign Affairs, said. In an interview, he had pointed out that there is still a lot that needs to be done in terms of adopting and adjusting to the new system.

But Losyukov, nevertheless, expressed confidence that the changes taking place in market-oriented Russia will be even more dramatic in the next decade compared with those in the last 10 years. The vibrancy and the new found confidence of Russia is clearly evident.

Malaysian businessmen, accompanying the Prime Minister on the visit, were surprised at modern and vibrant Moscow. Their Russian counterparts were equally confident of the future of their country and expressed keen interest in venturing to South-East Asia and Malaysia. They are keen to have more people-to-people contacts and called for direct air links between Kuala Lumpur and Moscow.

Under Putin's leadership, Russia is emerging more confidently and preparing to retain and perhaps regain its rightful place on the world stage. Funds have been allocated to implement changes and improve the infrastructure to move the economy forward.

Dr Mahathir noted that Russia has made great steps forward, and this will result Russia becoming one of the great powers again.

Putin is obviously a very strong leader and "I believe, (he) can restore Russia to its position of greatness", the Prime Minister said at the end of his four-day official visit - one which Dr Mahathir described as "very satisfying and successful".

E-mail:hardev@alumni.KSG.harvard.edu

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