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Malaysia keen to set up automobile plant in Russia, says PM

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KUALA LUMPUR, Tues. - Malaysia is keen to revive its stalled automotive business in Russia as well as set up a joint venture company to assemble and manufacture Malaysian-made cars in the federation.

Prime Minister Datuk Seri Dr Mahathir Mohamad said Russia's population of 144.7 million was not using as many cars as they should.

"In Malaysia, we have one motor vehicle for every two persons... So, I believe automobile export to Russia is possible and a joint venture to assemble and manufacture them in Russia will result in a fair trade between the two nations."

Dr Mahathir was fielding questions in a dialogue with the private sector of both countries at the Malaysia-Russia business forum held in conjunction with the official visit of Russian President Vladimir Putin.

The two leaders launched the Malaysia-Russia Business Council as well as gave their endorsements to three business agreements on co-operation in communications, defence and science and technology.

"We are also very keen to become the gateway for Russian products in the region. So, when there is balance in trade between the two nations, we will achieve a fair trade," said Dr Mahathir, who is also Finance Minister.

Bilateral trade stood at RM1.34 billion last year which is in Russia's favour. Russian imports from Malaysia totalled RM650 million last year while total Russian exports to Malaysia stood at RM700 million.

Dr Mahathir said Malaysia exported its automobiles, namely, Proton cars to Russia at one stage but due to some problems, the agreement was terminated.

Perusahaan Otomobil Nasional Bhd signed an agreement with Venus Ltd of Russia in June 1997 marking its first entry into the Russian market. Under the agreement, Venus will distribute the four-door and five-door version of the left-hand drive Proton Wira followed by the Satria.

"Malaysia has a very big range of products which we export to the whole world. However, very few are being exported to Russia at this moment."

To another question, Dr Mahathir said Malaysia would also like to see more Russian tourists visit Malaysia, and vice-versa.

"I believe we still do not know enough about each other. We also do not know what we can buy from Russia."

Dr Mahathir also said that if possible, Malaysia wanted to eliminate the use of third parties in bilateral trade.

"It is possible that many of our products reach Russia through third parties. So information is the most important factor at this moment which can be obtained through visits from our businessmen to Russia and visits by Russian businessmen to Malaysia."

Such visits would enable both countries to understand each other's systems, cement relations between people, enhance business activities and simplify business procedures.

"Trade between nations not only involves selling and buying but also transfer of technology. So when we have more trade, exchange of knowledge will be enhanced."

Putin responded to two questions from Malaysian businessmen, the first a query from Datuk Moehammad Izat Emir, president of the Malay Businessmen and Industrialists Association of Malaysia.

He spoke on visa and immigration rulings in Russia which he claimed did

not favour the free flow of capital and human resources into the country.

Agreeing with Izat, Putin said his Government was working on facilitating cross-border movement for Malaysian businessmen, politicians and students.

The Russian leader explained that like many other countries, Russia had tightened entry regulations and security checks at airports due to the danger posed by terrorism, but held to the belief that certain groups should be given preference, especially citizens of countries like Malaysia.

"Despite the threat, we should not limit movements between our people."

To a question on what role Russia could play to counter unilateralism in sustainable development and the need to build a more equitable financial system, Putin said he believed that any business relation should be based on a favourable international relationship.

Offering his views on why the world should be multipolar, he said such a set-up would serve as a basis where the rule of law triumphed and practices of leading international organisations were complied with.

"The strengthening of this international legal framework and of a multipolar world which takes into account the interest of all nations irrespective of dimension and size is a necessary pre-condition for the new economic order," he said.

Earlier in his speech, Putin said there was big potential for growth between the two countries in the telecommunications, aviation and aerospace industries.

Other promising sectors, he added, included co-operation in satellite launching, banking and insurance services.

He also said the sale of Sukhoi jet fighters to Malaysia would help Moscow sell more such aircraft in the region. Singapore has been offered the advanced Su-35 jet fighters.