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Russia eyes Asian economies

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Q: Mr President, your impending visit to Malaysia is historic, in that it will be the first for a Russian President. What do you expect and hope from this visit?

President Putin: The visit has been planned with the Prime Minister (Datuk Seri Dr Mahathir Mohamad) for a long time. Malaysia has made a great leap forward in 20 years under the leadership of Dr Mahathir. Historically, we have had no problems in our relations with Malaysia. We have had business-like and amicable relations. Our economic and trade ties have improved with trade growing by 34 per cent last year.

We are actively co-operating within the framework of international organisations, not only within the United Nations. I am also talking about Apec. We have good prospects for improved relations in various fields, in particular in the high-tech areas. We have concurrent and similar interests in the political and economic area. I hope we will move forward and mark another chapter in improving bilateral relations.

Q: How would you like to see Russia-Malaysia relations developing in the years ahead? Are there areas which you would like to see greater emphasis and attention?

Putin: Co-operation in high-tech and aerospace. We have a number of deals under consideration. We are looking into co-operation not only in the military area and in military aircraft but also in civil aviation.

Space exploration is another area. The possibility of a joint flight with the participation of a Malaysian astronaut is being considered. Co-operation in energy is another area. There are areas of mutual interest which takes into account Malaysia's very good standards in the production of electronics, especially of home electronic products. At the same time, we should think of creating the conditions and the necessary prerequisites for investments both in Malaysia and in Russia.

Q: Dr Mahathir has offered Malaysia to Russian companies as a base to launch their products and services in the Asean region. What specific industries and companies would you like to see take advantage of this?

Putin: I have outlined the common areas for Malaysia and Russia. It is in these areas and industries that Malaysia can become a bridge for our business activities in the Asia-Pacific region. Discussions on creating the necessary climate for our corporations will be held, I mean the infrastructure for the maintenance of our assets and for the business community as a whole.

Q: What is it about Malaysia and the Malaysian leadership that attracts or fascinates you?

Putin: The openness of its position and the consistency with which it stands by its national interests. At the same time, to my mind, Malaysian leaders strictly abide by the rules of international law and take into account the interests of its partners.

I believe that it is a necessary framework for the positive development not only for Malaysia's bilateral relations with other countries but also for the formation of a new and necessary world order for the 21st century.

Q: Currently Malaysian investments in Russia and bilateral trade is small. What should the private sectors in the two countries do to increase and step up direct trade and investments?

Putin: First of all, we need the infrastructure for business interaction. We should contribute to the spread of information about joint

business opportunities and mutual needs. We need to create a system of state support for the promotion of our interests and our capital. And I hope we will be able to talk about all these matters with the Prime Minister.

Q: The business environment in Russia has improved as evidenced from the increased foreign direct investment making its way here just as Russian funds from abroad are returning home. What is your advice to foreign investors, including Malaysians, wanting to do business in Russia?

Putin: They need to know the Russian market and Russian legislation well. That is the major and significant aspect. I would like to stress that the conditions for investment in Russia are improving. Compared with last year, investments in the first six months of this year have increased by 11 per cent. We are strengthening the legislation, guaranteeing the rights of investors and owners. We are sticking to international standards of accounting and we are decreasing the tax burden. And this policy of the Russian leadership will continue.

Q: Russia is a participant in the Apec process. What benefits does your country derive from forums such as Apec and the Asean Regional Forum (ARF), which are not available to Moscow from other forums and organisations?

Putin: Russia is located geographically in Europe and in Asia so we have interests in both. We watch closely how Asia is developing today. And we realise that to a major extent it is there that our national interests lie. Both Russian and international experts give good forecasts for the development of Asian economies. We know the needs of the region including the energy needs. And we can expect efficient co-operation with many countries in the region including Malaysia.

Q: Do you then consider Russia as a European or an Asian nation since the country is spread over both continents?

Putin: I believe that the basis of development of any country and of any nation is its culture. The tradition of a people living in a particular territory stems from the culture of this nation. Russia is a multi-national and multicongregational state. It was formed as such more than 1,000 years ago. And I believe that Russia is in a unique place where many cultures and religions coexist, enhance each other and develop quite successfully.

I believe that we have left in the past the separation of people into the first kind and the second kind, black and white, Muslims and Christians. We are people first of all. And we have to learn how to respect each other and we should learn how to respect the interests of others.

Russia is a state where Christians prevail, but we have approximately 20 million Muslims. They are not immigrants who came to our country from other states.

These are Russians. These are people who consider Russia their motherland. And in this particular sense we can say without any hesitation that Russia is a part of the Muslim world. And in answering your question I would like to say that Russia is a huge oriental state which derives benefits from its wealth. No matter what roots feed us - Asian or European we are trying to utilise all for the benefit and for the development of the country.

Q: How important and urgent is Russia's membership of the EU, Nato and WTO?

Putin: We believe that the only universal organisation that can solve issues of a global nature is the UN. The world is changing and the UN should change with the world if it wants to be effective. But it will be a great mistake to destroy this great organisation. Humanity has no other

organisation of similar character.

Russia is not seeking to be a full-fledged member of Nato or the European Union. We believe that we should develop relations in the security area with Nato and other organisations. We are working on this.

As far as the EU is concerned, given that after the EU's enlargement more than 50 per cent of Russian trade will be with the union, it is of quite substantial interest to the Russian Federation.

Our task now is twofold: first is to eliminate barriers to the flow of capital, to the flow of businesses and of information; the second is to eliminate barriers for the movement (communication) of people.

Russia is going to participate in the international economic organisations. We are working on them step by step and this includes membership of the WTO. But we will pursue the process very carefully so as to minimise the economic disadvantages to our country and hope that we will enter this organisation on a standard basis.

Q: What are the main challenges faced by Russia today both at home and abroad? In addition, what are your ambitions, hopes and dreams for Russia domestically and on the international stage?

Putin: I think for the near future we have two major tasks to ensure a healthy rate of growth for the Russian economy and, based on this, to improve the living standards of the people and solve security issues. And the second, which is related to the first one but rather independent of it - is the solution of the demographic problem.

Q: You are reported to have said: "Our ultimate goal should be to return Russia to its place among the prosperous, developed, strong and respected nations". How do you expect to do this and how much of this goal has been achieved to date?

Putin: A country cannot be called prosperous if the majority of its population continues to fight poverty. To have the right to be called a prosperous state we need to improve the living standards of the population. We have learnt our lesson from the past and it was a rather murky one for us.

To solve the problem (of poverty) efficiently we need to respond to the challenges, which require an increasing rate of economic growth. And here are some areas for consideration - the first is social and political stability, a well-shaped economic policy, primarily in taxation; the development of the judicial system and provision of security; attractive and good conditions for investment and to develop potential areas of the economy.

Q: What role do you envisage for Russia in the current global fight against terrorism, the conflict and instability in the Middle East and to avoid a possible "clash of civilisations"?

Putin: I believe that the slogan "clash of civilisations" is a dangerous one. We are human beings and only after that are we of different religions, congregations, races, etc. If we look around at every one of us, there is more that unites us than divides us. So the implementation of our foreign and domestic policy should be based on human values. Of course, there are people who do not want to admit that and use reasons like religion for their own political goals.

We should devise special means for uniting the efforts of the international community. But it will be very difficult to do so efficiently if we do not realise the roots of this very dangerous phenomenon of today - I mean terrorism. What is the fertile ground for terrorism? It is poverty.

Inequality of the different sections of the population and of the different states. It is the unsettled conflicts, in which the conflicting parties cannot make the necessary compromises.

We should combat the manifestations of terrorism, terrorists themselves and terrorist organisations. And as far as I know, the Malaysian leadership places particular emphasis on this. If we don't simply want to scratch the surface (of the problem) we should tackle the roots of terrorism.

Q: You took a very strong stand against the invasion of Iraq recently. Following from that, is Russia prepared to play a role to ensure that unilateralism does not become a standard practice in future?

Putin: If unilateralism becomes the norm of international life it will lead to chaos and catastrophe. We strongly support the strengthening of international organisations in dealing with peacekeeping and upholding international law. We are satisfied with the pace of our dialogue with our partners, including the United States.

We managed to reach an agreement on the recent (post-war) UN resolution on Iraq. It was adopted unanimously. And we believe that the role of the UN in settling the situation in Iraq should move to a higher level. There is a good example of collaborative work of a similar nature with the UN in Afghanistan.

Q: Russia was a counterforce to the US as a superpower. In a unipolar world, what role can Moscow play to counter the dominant role of the US in almost everything today?

Putin: I believe that no state should ignore the interests of its partners. We have many concurrent and similar interests with the US. Russia and the US today are the most powerful nuclear powers in the world. I would like to stress that in this particular context and in the provision of global stability, the roles of Russia and the US are important.

We signed an agreement with the US on the reduction of strategic offensive weapons. We agreed to the reduction of offensive weapons (under the Moscow Treaty) to between 1,700 to 2,200. We are satisfied with the development of our relations with the US in this most important area for both of us.

We have a positive relation within the framework of the antiterrorist coalition. We are cooperating on the economic front. On many issues our dialogue is not as simple as that and we have different approaches to different problems.

But as a rule we manage to hammer out mutually acceptable solutions. The only exception to this is Iraq. We need to draw conclusions from this situation; we need to step up interaction regardless of any difficulties and any challenges. In my recent meeting with George W. Bush, we confirmed that Russia and the US were ready to work in this direction.

Q: You have spoken about Russia-US relations. Is there any particular area that you would like improved, enhanced and if so why?

Putin: I would like to improve all areas of our co-operation. For decades we believed that we were the greatest enemies in the world. This could not but affect certain aspects of the state of affairs in our society and is still affecting certain areas of our bilateral co-operation. Over time, this heritage of the Cold War should disappear. I hope and I am convinced that it will disappear very rapidly.

There are fundamental issues that unite both Russia and US. First, there are the presentday challenges of the world and the major ones are the proliferation of weapons of mass destruction, terrorism, the construction of a just world, including in the economic area. I believe that the rich countries as well as the poor are concerned that economic relations be just and democratic.

Russia and US have many similar interests of a global nature. We hope that during the upcoming meeting with George W. Bush at Camp David we

would have the opportunity to talk of these issues.

Q: Reports suggest that Russia is trying to reassert itself and is competing with the US for economic and political influence in key parts of the world, for instance, in Eastern Europe and the oil-producing states in the Caucasus. Are these fair? What aspects are high on Moscow's list in determining its economic and political relations?

Putin: Competition in the world today is not what it was 10, 15 or 100 years ago. Quite simply, the stress now lies in economics. The rest, including military power, is a derivative of the economy. Similarly, political power is also a derivative. That is why the major task for Russia is to provide for a stable rate of economic growth. Over the decade, Russia has had serious upheavals in its economy. Unfortunately, many problems were solved by the country at the expense of the population.

Now the Russian economy is growing at a good rate. Last year it was 0.3 per cent. For the last three years the average growth rate was approximately six per cent and over the five months of the current year, a rate of 7.2 per cent was achieved. With this, the real income of the population rose by 14 per cent. Russia has a number of natural advantages: a high percentage of professionals and a high level of culture in education and, of course, great natural resources. All this can be more efficiently exploited compared with previously.

We hope to double our GDP within 10 years. We are not talking about equality in competitiveness and fighting for influence that could result in clashes. We are talking about peaceful cooperation taking into account common interests. We share similar interests in Asia, in Europe and in many other regions and we will pursue them based on civilised principles and on the basis of international law.

Q: Obviously there have been a lot of changes for the Russian people since the Soviet era. How has this impacted and changed the way businessmen have reacted and the way the government has had to conduct its affairs?

Putin: At first many decisions were made at the expense of the population. For example, the population lost all their savings. They were not much but they had accrued over 10 years. The closing down of military capacities led to the closing down of enterprises and that would of course affect the population.

The Soviet-era economic structure has been replaced, step by step, with market forces. And it is not by chance that the market status of the Russian economy was supported by our major partners, including the European community. We are looking to improvements in the market economy in Russia.

The state should get out of economic areas where it should not be. I hope that these processes will lead to a big reduction in corruption and help the development of our economy and of the small and medium-scale industries.

Q: Russia, as a permanent member of the UN Security Council and of the powerful G8, has an important role to play in the future of the world. Will Moscow use its influence to ensure that the plight and interests of developing countries are not ignored and sidelined?

Putin: If we want the world to be stable we must solve the problems of the developing states and we should close the gap between the rich and the poor. Not only Russia holds this view.

I assure you that all my colleagues with whom I managed to develop good business-like relations share this point of view. And Russia is going to ask consistently for step-by-step action in this direction. I would point out that as for writing off the debt burden of developing countries, Russia ranks first in GDP terms. And in absolute terms, in writing off the

debt of poor countries, Russia ranks third after Japan and France. In five years we have written off US\$30 billion (RM114 billion) in the debt of developing countries.

We should develop programmes to improve health care and education in underdeveloped economies. I would like to stress that all these programmes will not achieve their goals if the poor countries themselves do not undertake efforts to improve their position.

And strange as it may seem, the changes must first happen in the political area. We know it. It is our experience. Without political stabilisation, the eradication of corruption and the development and strengthening of the structures of democracy will all be ineffective.

Note: This interview was conducted shortly before President Putin announced that his visit to Malaysia has been postponed by Saturday's terrorist attacks in Moscow.