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U.S. Buying $370M of Helicopters

By The Moscow Times

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Afghanistan's military forces will be getting 21 Mi-17 choppers, along with spare parts, servicing and training.

Russia and the United States have agreed on the terms for supplying 21 Russian military helicopters worth $370 million to Afghanistan, the daily Kommersant reported Wednesday.

Long-running talks are expected to end soon over the deal for Russia to supply the helicopters that Afghans will use for transport in their fight against insurgents as they take over security from U.S. and NATO troops, Afghan Air Force Chief General Abdul Wahab Wardak was quoted as saying.

"The Americans told me the agreement is about to be signed. They are delivering 21 Mi-17 helicopters," he said. "We expect that the machines will begin to arrive by the end of the year."

Wardak said the helicopters had been priced at $17.5 million each, making the deal worth $367.5 million. The Mil Mi-17 helicopter is a military transport vehicle known in NATO jargon

as the Hip.

The price of one Mi-17 is usually between $7 million to $10 million, according to Russia's top military think tank CAST. A source close to the Defense Ministry said the additional cost included spare parts, servicing and training.

Russia has recently improved relations with NATO, for example with a deal allowing NATO transit across Russia for military equipment and personnel going to Afghanistan.

Moscow, haunted by a disastrous military intervention in Afghanistan more than two decades ago that cost 15,000 Soviet lives, has refused to send troops to Afghanistan.

But Russia is looking to boost its relations with the country as U.S. and NATO troops begin to hand over security to Afghan authorities starting in July.

Despite escalating violence, a full handover is expected by 2014.

The Russian government last year brought 11 regional helicopter manufacturers under one holding company, Russian Helicopters, to help boost efficiency and develop new models, both for civil and military use.

Russian Helicopters is preparing for a potential $500 million London stock market float as part of the state's privatization plans, sources familiar with the deal have told Reuters.

The company plans to start meeting with investors in Europe next week to judge interest and then will decide on the amount of shares to offer, the people said, declining to be identified while the details are still under consideration.

The company wants to sell a 20 percent to 30 percent stake, two of the people said. Ilya Yakushev, a spokesman for Oboronprom, declined to comment when called by Bloomberg.

Bank of America Merrill Lynch, BNP Paribas and VTB Capital will manage the deal, the people said, confirming a report by Interfax on March 25.

Russian Helicopters had revenue of $2.8 billion and debt of about $1 billion last year, said Artyom Lavrishchev, an analyst at TKB Capital in Moscow. He estimates the value of the company at about $2 billion to $2.5 billion.

(Reuters, Bloomberg)

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