

Aircraft Firms Ink Technology Deals

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A Ka-32 helicopter during a demonstration flight at the MAKS air show. **Vladimir Filonov**

ZHUKOVSKY, Moscow region — The second day of the MAKS 2013 air show in the city of Zhukovsky revealed a recent trend for domestic aircraft makers to import technology first and sell planes later.

Moreover, a proposal to incorporate modern technology from abroad does not necessarily have to come from a Russian producer.

Bombardier Aerospace, one of the largest aircraft producers in the world, and state corporation Rostec signed an agreement on Wednesday to set up a joint venture that will manufacture 78-seat Q400 regional airplanes intended for the domestic market.

Rostec will invest about \$100 million to build a factory in a special economic zone in Ulyanovsk region. Bombardier will contribute airplane technology, design and intellectual property rights.

Starting from 2016, all plane components will be assembled locally, Rostec said in a statement.

The proposed new assembly line will be the only one of its type outside Bombardier headquarters in Canada.

Rostec also signed a pre-order for 50 Q400 planes that could evolve into a firm order after the joint venture is established. The catalog price for the whole deal stands at approximately \$1.6 billion.

Rostec will also be able to lease another 50 Q400 aircraft as experts estimate that the market for small regional planes in Russia and other members of the Commonwealth of Independent States will need 250 planes until 2030.

Markets in Eastern Europe and the U.S. have been slow over the last few years, and this is why Bombardier Aerospace is making all possible efforts to increase its presence in Russia, said Mike Arcamone, the president of Bombardier Commercial Aircraft.

"Growth markets such as Russia are expanding double digits in year-on-year capacity growth," he said.

Bombardier was not the only foreign company that sought to establish a foothold on the Russian market and come here with its own technology.

Another major aircraft producer, Airbus, has signed an agreement with a Rostec subsidiary, RT Biotechprom, to set up a joint venture that will produce biofuel in the country.

"Together with Airbus we are planning to come up with a cutting edge technology to produce biofuel from various reusable materials in the nearest future," said Sergei Kraevoi, chief executive of RT Biotechprom.

A day earlier Airbus signed another agreement on technology cooperation with its main titanium supplier, VSMPO-Avisma. They plan to set up a joint venture to produce metal alloys.

Speaking about his impression of the atmosphere at MAKS, Airbus executive vice president Christopher Buckley confirmed that the exhibit was more about technology cooperation than about actual aircraft deals. He added that the Russian market was important for the French company.

"We are very proud of the commercial success we have here. We have almost 260 aircraft operating in Russia," he told The Moscow Times. "But for us this MAKS has been about the overall relationship with Russia's industry. And our objective is to have deeper technology cooperation in almost every domain."

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