

Bombardier Delays Aircraft Production With Russia's Rostec, Citing Ukraine Turmoil

By The Moscow Times

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Flybe Bombardier Q-400 takes off from Manchester Airport, England.

The start of aircraft production in a \$100 billion joint project between Canadia's Bombardier and Russia's Rostec will be delayed for at least a year amid degrading political and economic ties between Russia and Canada over the crisis in Ukraine, business daily Vedomosti reported Tuesday, citing spokespeople from both companies.

Bombardier and Rostec, a state conglomerate with vast holdings in high-technology industries, agreed in 2013 to build a production center in the Russian city of Ulyanovsk for the Bombardier's short-range Q-400 NG turboprop plane.

"We are in negotiations with Rostec and hope to reach an agreement in 2014. But, given the context of what is going on right now, the project's schedule may move to next year,"

Vedomosti quoted Bombardier's spokesperson as saying, in reference to the conflict in Ukraine.

The Ukrainian crisis has sparked a protracted political and economic standoff between Russia and the West, giving many Western business interests pause before executing new projects in Russia.

Rostec and Bombardier had agreed to start production this year.

A Rostech spokesperson told Vedomosti the company was still concerned with the viability of launching a Q-400 production line in Russia, as the value of the aircraft and the issues of localizing component production had yet to be properly resolved.

Also at play is the Russian government's increased interest in supporting production of domestic alternatives to foreign aircraft.

Deputy Prime Minister Dmitry Rogozin, who has been actively involved in revamping the nation's aircraft industry, said on Twitter Tuesday that the government was also looking into the possibility of relaunching production of the Il-114 turboprop jet — a model similar to the Q-400 NG, which seats about 70-78 passengers.

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