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China to Help Russia Break into Asian Passenger Aircraft Market

By The Moscow Times

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Russian and Chinese investors will pool resources to help sell Russian passenger aircraft in China and southeast Asia, a Russian state-backed investment fund said Friday, as Russia struggles to jumpstart its moribund civil aviation industry.

Signed as Chinese President Xi Jinping visits Moscow for a military parade celebrating the defeat of Nazi Germany in World War II, the deal will fund a leasing operation that aims to sell up to 100 of Russia's medium-haul SuperJet 100 passenger airliners over three years, the Russian Direct Investment Fund (RDIF) said in a statement.

First revealed in 2007, the SuperJet is Russia's attempt to revive a civil aviation industry that has shriveled since the collapse of the Soviet Union. So far, sales have been lackluster.

The basic model of the Superjet costs around $35 million, meaning Friday's deal could be worth more than $3 billion, according to the TASS news agency.

The agreement comes as Russia's spat with the West over the crisis in Ukraine prompts Moscow to seek closer economic ties with China and push for local production in key industries such as civil aviation.

The RDIF said the group of investors included the Russia-China Investment Fund (RCIF), a joint venture by the RDIF and China Investment Corporation (CIC), a Chinese sovereign wealth fund.

The Russian manufacturer of the SuperJet, Sukhoi Civil Aircraft, and its parent company United Aircraft Corporation are also signatories, along with Chinese leasing company New Century International Leasing and Xixian New Area, a government organization in the Shaanxi province of western China, the RDIF said.

The RDIF also announced Friday that Russia and China would launch a $2 billion fund to invest in agricultural projects in the two countries and a mechanism to help Russian companies borrow from Chinese banks.

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