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Putin Ally Looks to Take Over Aircraft Industry

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The Russian government is considering bringing the United Aircraft Corporation (UAC) aerospace conglomerate into the fold of state-owned defense and technology behemoth Rostec. But according to Trade Minister Denis Manturov, the idea is still to be evaluated.

"We have not ruled such a decision out, insofar as there is a trend in this direction," Manturov say. "There is a great deal of synergy between [Rostec holding] Russian Helicopters and UAC. This will only increase each year due to the optimization of production processes."

On March 14, Rostec CEO Sergei Chemezov said in an interview with Rossiya 24 that a takeover of UAC would be "expedient, but not for today." In the meantime, cooperation between Rostec and UAC will be streamlined.

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Rostec owns around 60-70 percent of the means of aviation component production in Russia.

In other words, Rostec supplies UAC with parts like engines, electronics and even landing-gear. UAC's holdings such as MiG and Sukhoi then assemble planes by using those components.

Kommersant, citing unidentified sources within the government, reported that the idea is occasionally raised, but has traditionally found little support.

Rostec under Chemezov, an old friend of President Vladimir Putin's, has accumulated around two-thirds of the Russian defense industry's assets under its umbrella. He is known to some insiders as Russia's "shadow minister of the defense industry."

A leadership shakeup at UAC in Jan. 2015 saw a strong-headed aviation engineer, Mikhail Pogosyan, ousted from his post at the top of the organization. His replacement, former deputy trade minister Yury Slyusar, was seen as a replacement loyal to Chemezov.

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