
Russian aircraft industry seeks a marriage of convenience

By Maxim Krans

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At the International Air Show in Farnborough outside London, which celebrates its 60th anniversary this year, Russian air companies are expected to sign a series of major deals with their counterparts.

The deals could cover both running projects, such as the Sukhoi SuperJet-100 civilian aircraft, and other upcoming projects. One of the latter is the MS-21 short- and medium-haul jetliner. Like the SuperJet, it is to be developed cooperatively with outside firms. In this case Chinese aircraft makers could become Russia's leading partners.

Alexei Fyodorov, head of Russia's United Aircraft Building Corporation, was somewhat cautious in announcing this news at Farnborough. Russia, he said, was not against a joint venture with China in the development of the "most ambitious Russian project."

This is not the first time the two countries have attempted to join forces in building an aircraft. In 2006, Russia proposed to China they both design and build a long-haul jetliner under a priority national project included in China's 2006-2010 five-year plan. As a starting point, Russia suggested the Russian-made Il-96-300. The results of this joint venture could compete with America's Boeing and Europe's Airbus.

Russia was clear about its motives. Its air carriers today need between 200 and 300 passenger liners of this class. Unfortunately, many of them cannot afford new models and opt for cheaper used foreign makes. This is why Russia needs overseas partners: to share the risk. The Chinese, however, declined the offer, and Russia had to cancel the program.

China's decision is understandable. They need aircraft designed for medium distances, and this is what they will build. One of them - the ARJ-21, seating 78-90 passengers - is expected to go into production in 2009. It was developed with the American firms and Ukraine's Antonov design bureau. Russia was left out in the cold.

Last year, China decided to build a medium-haul 150-passenger airliner, and in May of this year the Chinese Commercial Aircraft Company was set up in Shanghai.

But Russian producers have not abandoned hope. Sukhoi's General Director Mikhail Pogosyan visited Beijing late in May and said his company would cooperate with China in designing civilian aircraft. Now, at Farnborough, he is echoed by Irkut leaders, the corporation planning to build MS-21s.

Unlike Russia, China has never built its own passenger planes. The 1980 project to develop the 178-seat Y-10, a rival of the Boeing-707, ended in failure as did a later attempt to launch mass production of an airliner similar in design to a McDonnell Douglas model. It may be that the Chinese will now look more favorably at Russian proposals.

Russia needs cooperation. When Russian aircraft builders plan production quantities, they must know if their product will be in demand not so much in

Russia as outside it. Industry and Trade Minister Viktor Khristenko said the domestic market in Russia is not large enough to make aircraft production commercially viable. In fact, Sukhoi Holding intends to sell 500 of the planned 800 SuperJet-100 models abroad before 2024. To make its position sure, it sold a blocking stake in its civilian segment to Italy's Alenia Aeronautica.

The importance of two large players appearing on the Russian aircraft market is hard to overestimate. They would be capable of eliminating the present shortage of short- and medium-haul airliners. In the next few years, the Sukhoi SuperJet-100 could replace the veteran Yak-42, as well as the Tu-134, which, in many cases, is being written off as scrap. The MS-21, once it enters the market in 2015, will not only replace the Tu-154 and Tu-204, but also the A320, which will have reached the end of its service life by that time. What's more, Irkut promises the MS-21 will be 15% lighter than its European cousin and consume 25% less fuel, a factor to bear in mind as jet fuel prices continue to soar.

Analysts say Russian air carriers will require 800 to 1,000 aircraft of various classes in the next decade. Russian aircraft builders will, unfortunately, be unable to prevail across the board. But medium-haul liners offer a glimmer of hope. Fyodorov says that the MS-21 and the SuperJet-100 can meet over 80% of domestic airline requirements for aircraft in this size range.

Next year, at another show in Le Bourget, France, Irkut is planning to announce the results of international tenders for the production of MS-21 components. It will perhaps be known by then if the Chinese will participate in the project or opt for building their own airliner.

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