



# UAC AND INDIA

The Fifth Generation Fighter Aircraft and the Multirole Transport Aircraft are among the most challenging programs for the new UAC president Yuri Slyusar.

Growing dissatisfaction in the corridors of power with the way these and other important international aeronautics programs have been managed are believed to have been the main reason for change at the top of the Russian aircraft manufacturing industry. Few weeks after the December visit of president Vladimir Putin to New Delhi, the council of directors at United Aircraft Corporation (UAC) assembled to vote for relieve of 58 years old Mikhail Pogoyan from his duties. The directors selected 40 years old Yuri Slyusar as the new UAC president. He previously served in the capacity of deputy minister for industry and trade, with his responsibilities covering aircraft manufacturing.

Introducing the new boss to UAC employees, deputy PM Dmitry Rogozin happily observed that the corporation is competitive in the domain of combat aircraft. "But this industry shall fly on not one but two wings, so we need to raise the second one", he added. Civil aircraft production will be "main challenge" for UAC: "We must win the market for domestic flights back from the foreign manufacturers. It must be ours, so that we then can launch offensive for new, competitive markets". In Rogozin's view, Yuri Slyusar is "young, ambitious and skilled enough" to accept all challenges.

It is interesting to note that the key members of UAC council of directors are those who accompanied Vladimir Putin on his visit to New Delhi in December. Dmit-

ry Rogozin, deputy prime minister responsible for the country's military-industrial complex. Denis Manturov, minister for industry and trade. Yuri Borisov, deputy minister of defense, responsible for new equipment acquisitions.

The Russian government controls all but 6% shares in the United Aircraft Corporation directly employing about 90,000 people. There was a reason for replacement of an old school top manager with a representative of the younger generation. President Putin has spent much effort on talking his Indian and, more recently, Chinese counterparts into joint aviation programs. Even though the FGFA, MTA and ShFS (a 300 seat wide body jet) were agreed upon at the top political level, they have made little progress on that of the industry.

As the West strengthens the regime of sanctions against Moscow over the latter's actions in Ukraine, relations between Russia and her main client states became more important for the Kremlin. The latter wants to give a strong boost to collaborative efforts with India and China. Previous UAC chief was hardly the man who could manage them in a good way.

Pogoyan made a good carrier at Sukhoi. He rose from an engineer to general manager in 1999. Soon after becoming the top manager at the world-famous combat jet maker, Pogoyan began to steer towards the West, encouraging European (as well as US) vendors to embark on modernized and new aircraft from Sukhoi company.

In a relatively short time he emerged a strong advocate for joint projects with the West. Pogoyan urged the Kremlin to sup-

port a very ambitious project of the Russian Regional Jet 95-seat jetliner (RRJ-95) project, later rebranded into the Sukhoi Superjet 100 (SSJ100). European and US vendors, including Safran, Thales, Alenia, were invited to participate, and many agreed (Boeing agreed, too, but after several years of serving as a consultant, quit- ted). This project, too, demonstrated some success by winning European Aviation Safety Agency's type certification and winning orders of not only local carriers, but also those in Mexico, Indonesia and Laos, where the type carried passengers in service with, accordingly, Interjet, Sky Aviation and Lao Central. In the end, however, the SSJ100 has not become a success commercially despite massive cash injections from the government and big national banks.

As the West tightens up the regime of sanctions, the Superjet's window of opportunity closes. The Kremlin demands from the industry to come up with alternative projects that would be less dependent, or better, not dependent at all, from U.S. and EU technologies and vendors. In this new situation, joint programs with China and India, and, possibly, Iran, can provide vital alternatives.

Since Russia is clearly ahead of the aforementioned countries in the field of aeronautic technologies, and so pretends for the role of the main partner on an aviation program, the Asian participants are expected to carry the most of the financial burden.

In 2013, UAC income rose by 29% to Rouble 220 billion (in the times when Rou-

ble to dollar exchange rate was about 32:1), and yet the corporation made losses of 12.41 billion. As of November 2013, UAC debt obligations exceeded 260 billion Rouble. Last year, the income rose further, to 285 billion (the value of the Rouble fell twice in a year, so UAC earning in hard currency), and yet the corporation is still making losses. The bad performance is due to the poor Superjet sales, and also to the fact that UAC has been borrowing money for technical renovation of its factories.

In January, minister for economic development and trade Denis Manturov said that although the government will continue to fund UAC programs, and "make every effort to keep funding promised earlier as planned", it is ought to attract more of commercial financing elsewhere. Since the U.S. and EU economic sanctions are meant primarily to close access for Russia to borrowing capital on the western financial markets, UAC can only go to Asian investors instead. China is now considered the main source to borrow the money from, as well as the main market for aircraft that would be developed jointly with the local industry.

Speaking to the media on January 19, Yuri Slyusar said that nowadays the Russian industry works "in the conditions of severe limitations" to do with finance as well as access to certain markets. Among priorities he mentioned the Superjet and MC-21 next-generation narrowbody airliner. "This year of 2015 is going to be a decisive one... generally for the corporation. The moment of truth on our civil aircraft programs is coming. This will be to do with further development of the Superjet program and the MC-21. We expect the rollout of the first operable prototype of the MC-21, the core project for the civil part of the Russian aircraft manufacturing industry".

SCAC sees a market for Superjet in India, with a hope to sell up to fifty aircraft here by 2030. Demonstrators have been on display in the country for several times, including at the commercial aviation show in Hyderabad. Same day the president Putin travelled to New Delhi aboard the giant Il-96-300 quad, a Sukhoi Superjet

100-95B VIP flew the same route. It covered the distance of 4,738 km between the airports of Vnukovo and Indira Gandhi in six hours and five minutes. The Superjet carried a number of governmental officials including Denis Manturov, Yuri Slyusar and Mikhail Pogosyan. Some of them took part in the presentation of the airplane to representatives of several Indian ministries.

Last year Vladimir Putin and Narendra Modi discussed the Fifth Generation Fighter Aircraft (FGFA) on two occasions, at least. This reflects the fact how significant this program is for both of our countries. FGFA is, effectively, an Indian air force version of the PAKFA (Russian abbreviation for Perspective Aircraft Complex for Frontal Aviation) developed by Sukhoi to Russian air force specification. Russian air force commander Gen. Victor Bondarev confirmed plans for PAKFA entry into service in 2016.

Everything on the top political level is understood to have agreed upon. A joint group of Indian and Russian engineers is at work. Russia's United Aircraft Corporation (UAC) expects the total orders from Russia and India for PAKFA and FGFA to exceed 400 aircraft.

In January 2015, the Indian defense minister touched on the current situation with modern fighter aircraft for the Indian air force. Manohar Parrikar expressed willingness to speed up development of FGFA, so that "the new fighter enters service with the Indian air force much earlier" than previously planned entry-into-service (EIS) in 2024-2025. India has plans to assemble 127 airplanes at Hindustan Aeronautics Limited (HAL) Nasic Division.

In addition to the aforementioned FGFA, India is also seeking to obtain 126 Medium Multirole Combat Aircraft (MMRCA). Dassault Aviation of France came first in the international competition, but a firm contact is not yet signed. On the theme of MMRCA, Manohar Parrikar was quoted as saying that if no progress is achieved during the protracted negotiations with Dassault Aviation of France, his country may instead buy Russian jets. Parrikar called them "a viable alternative".



## YURI SLYUSAR President of United Aircraft Corporation

Date of birth: 20 July 1974. Graduated from the Moscow State University named after M.V. Lomonosov in 1996, with a degree in legal matters. In 2003 Yuri Slyusar completed a postgraduate school in the Academy of Nation's Economy at the Russian government and acquired a PhD in the economics. In parallel with the scientific studies, he worked in a number of commercial firms, before accepting the post of commercial director at the Rostvertol company, a big industrial company specializing in manufacture of helicopters. In 2009 Yuri Slyusar became undersecretary at the ministry of industry and trade of the Russian Federation. Next year he was appointed director of the ministry's department on aviation industry. From 2012 Yuri Slyusar served in the capacity of deputy minister for industry and trade. On January 19, 2015 he was elected president of United Aircraft Corporation and chairman of the corporation's executive board.

India has been a long-standing customer for Russian weapons. Official figure for India's intake of Russian weapons is 57 billion dollars. Last year Rosoboronexport's deliveries amounted to over 3.6 billion dollars. Co-developed programs like FGFA and MTA help Russia secure Indian market for longer. If these fail, a blow on the Russian positions in the Indian market for defense equipment will be really strong. The new head of UAC has to watch this carefully. ▣

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