

OBORONPROM SHOULD THOUGHTFULLY CONSIDER EUROCOPTER'S OFFER

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European helicopter producer Eurocopter said that it is ready to buy 40% of component parts for EC-135s and EC-145s in Russia. Russian-produced parts will be used in helicopters to be supplied to consumers in the CIS.

Seeking to step up sales, the company intends to reduce the price of the most popular helicopters.

On the one hand, Eurocopter's proposition seems tempting for Russia because it is supposed to be largely involved in production. The range of products Eurocopter plans to buy in Russia is impressive: it includes complicated units and devices such as avionics, robot pilots and scanners. Helicopter market booming and Eurocopter being highly popular, the venture may turn a wonderful opportunity to promote Russian products, should the project be completed.

However, there is a chance that the project may have a negative impact Russia's helicopter industry. The thing is that Eurocopter wants to buy parts for helicopter models whose Russian analogues either need upgrading or simply cannot be put into mass production or are uncompetitive.

Rivaling companies at the civil helicopters market (4-ton class)

		Under 3 tons	Under 4 tons
Eurocopter	EU	EC-135	EC-145
Bell Helicopter	USA	Bell-407/427	Bell-206L4
MD Helicopter	USA	MD Explorer	-
Kamov	Russia	Ka-126	Ka-226
KVZ	Russia	-	Ansats

Therefore, Eurocopter's plans do not seem to be entirely positive for us. According to Oboronprom estimates, Russian helicopters will take 15% of the market by 2015. Taking into account that today they have only 5%, Oboronprom's plans look a bit too bold amid tough competition. If Russia accepts Eurocopter's offer, Oboronprom's plans might crash.

On the one hand, producing helicopter parts domestically, the industry could reach the level of foreign quality standards and raise competitiveness of Russian civil helicopters in the 4-ton class. On the other, Eurocopter seeks to expand its footprint in the market through cutting other producers' shares – including Russia.



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