

China starts production of Mi-171 helicopters

China-Russia military-technological cooperation is entering a new stage as China launches production of Mi-171 helicopters after it mastered production of Su-27 aircraft under license. China hopes to build 20 helicopters by the end of 2008 and plans to increase production to 80 units annually. China may start to receive Russian assembly kits from 2009, and Mi-171 is one of Russia's key arms exports. With localized production and cheap workforce, China may conquer the regions where Russia has no presence or even oust Russia from the markets where it currently holds strong positions. This is the first and hasty conclusion.

First, facing exports of ready-made arms shrank, Russia should seek ways for maintaining closer relations with China. Russia is not in the position to lose China's booming market, so technology transfer may be the solution.

Secondly, if Russian producers are able to modernize Russian-designed units and transfer outdated technology to China (who does not have even this), potential hazards from such cooperation will be minimized.

Arms importers are very particular about selecting suppliers of expensive equipment from whose performance human lives and national security depend. In this respect Russia is a reliable supplier with prices substantially lower than offered by western companies.

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