

Merger of Ukraine's and Russia's aircraft industries

On 27 October, during a session of the inter-governmental committee for economic cooperation, Ukraine and Russia signed an agreement on linking their countries' aircraft production, which will allow the Ukrainian aircraft industry to improve its profitability and return to its old markets. This merger is financially beneficial for Russia, and for Ukraine it is the only chance it has to develop this branch.

The agreement on creating a joint enterprise was signed by the United Aircraft Corporation (OAK) of Russia and the Antonov State Aeronautic Concern (Ukraine). On the Russian side, only some of OAK's companies have entered into this enterprise. The merger of assets is intended to help renew the production of aircraft from the Antonov construction agency, the AN-124 Ruslan and the AN-225 Mriya, and to sell the AN-148 (the latest passenger aircraft), AN-140, AN-70 and AN-124 planes. Prime Ministers Mykola Azarov and Vladimir Putin instructed their governments to complete all the formalities connected with the merger by the end of this year. The Ukrainian concern must be transformed into a joint-stock company so that it can contribute its assets to the joint enterprise. Its share in the new undertaking's joint financing is supposed to be guaranteed by a loan of US\$300m, which Antonov will receive from the Russian Vneshekonombank.

The decision to merge the two concerns was taken some months previously, and met with no controversy from either side. The Russians are interested in Ukrainian aircraft projects, and this merger forms part of their wider strategic aims to increase the presence of Russian capital in the Ukrainian economy. For Ukrainian businesses, financial and logistic support from outside was the only chance to activate the mass production of aircraft and win orders for them on both the Russian and third-country markets. <AnG>