



OPPORTUNISTIC SYMBIOSIS: CHINA-UKRAINE-RUSSIA SHOW THE WAY

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The Opportunistic Acquisition Model

Modernisation of the Chinese military and their indigenisation efforts are an important part of overall target set pursued by the Chinese power centre led by President Xi Jinping as the head of recently established central commission for integrated military and civilian development.¹ These indigenisation efforts are also designed to acquire deficient dual use technologies through opportunistic acquisitions to build up military capability and in turn power economic development, by exporting the products so developed at extremely competitive prices.

The Chinese are also known to seek, identify and fully exploit opportunities as and when they present themselves. For example, during the recession of 1976, which had caused the aluminium prices to dip 40 percent below normal, the Chinese capitalised on the situation by purchasing 585,000 tons of aluminium from world market for their military and civil air

industry.² As per some analysts the amount so purchased along with its own domestic production was enough to build an estimated 20,000 fighter aircraft.³

The Chinese have further developed on this opportunistic model of procuring technologies for both military and civilian purposes by managing perceptions. In 1980s the Chinese leaders had managed to convey an impression that they need to correct the fundamental weaknesses in the economy before they can undertake an extensive upgrading of defense capabilities.⁴ An unclassified US Central Intelligence Agency (CIA) study at that time had also predicted: "Peking will continue to modernise its military forces at a conservative pace." Thus in 1980s the United States of America (USA) agreed to sell various equipment with advanced technologies such as radars, communication and navigation equipment to them. This sale was followed up by the approval given to American private enterprises of selling

“non-lethal” military equipment, including transport aircraft and helicopters, by the then Carter administration.⁵

With the break-up of the Soviet Union and the recent souring of relations between Ukraine and Russia another opportunity had presented itself and the Chinese have moved in to capitalise on it.

Russia-China-Ukraine Co-operation

Regional political developments forced the only major Ukrainian aircraft manufacturing concern “Antonov” to break all ties with its Russian suppliers.⁶ This had a serious adverse impact on its aircraft sales and the company was thus forced to resort to unprecedented measures. These measures included “Antonov” choosing the US company General Electric, which is one the largest manufacturer of aircraft engines, over its own manufacturer “Motor Sich”. Further, it gave in to the Saudi Arabia’s request to power the An-132 (an updated version of An-32) with the Canadian engines manufactured by Pratt & Whitney, again at the cost of its own “Motor-Sich” company.⁷

Eyeing these developments, the Chinese sensed an opportunity to acquire certain key technologies for their domestic civil-military manufacturing complex. This included acquiring complete rights for the completion of the second An-225 “Mriya” followed by a proposal to create infrastructure for its joint serial production in

China. This has been followed up with a more significant deal with the Ukrainian “Motor Sich” company to supply engines for the Sino-Russian project to manufacture the Advanced Heavy Lift (AHL) helicopter with a load lifting capacity of 15 Tons.⁸ More significantly the deal also aims to establish an industrial production line with the help of Motor-Sich as a joint venture in China with a Chinese private concern with adequate state support.⁹

Simultaneously, the Russians have been contracted by the Chinese to design the AHL helicopter and aims for its operational induction by 2025. The specifications appear to have been designed to fill the capability gap for operations in the high altitude Tibetan region along the northern borders of India, in line with its stated objective of increasing operational capability of its airborne forces. The AHL helicopter contract with the Russian designers has been publicly acknowledged unlike the case of the WZ-10 attack helicopters, the design of which had been reported to be assisted by the Russian Kamov design bureau¹⁰, and remained shrouded in secrecy.

Therefore, while Sino-Ukrainian co-operation is addressing the shortcomings of the Chinese industries in aero-engine technologies, especially in terms of helicopter and turbofan engines, the Sino-Russian co-operation is focussed on mechanical design processes. Over the years the Chinese and Russians have

continued to manage their symbiotic relationship despite its ups and downs and this relationship has contributed immensely to the build up of Chinese indigenous aircraft manufacturing capability.

Sino-Indian Context

Recent visit by the Peoples Liberation Army Air Force (PLAAF) delegation to the Aeroindia-2017 at Bangalore led by Major General Wang Qiang¹¹ was preceded by the visit by a PLA delegation to India led by General Zhao Zonqui, the commander of the Chinese PLA Western Theatre Command in December 2016.¹² While the purpose of the former has been of much speculation among aviation literati, the purpose of the latter was stated to enhance pragmatic co-operation and to promote mutual understanding while safeguarding peace and stability in border areas.

An obvious unstated objective of the Chinese would be to lookout for opportunities accorded by the growing Indian defence manufacturing sector which has built up a reputation for providing cost effective innovative solutions. This is significant, as some of the major players in the global defence market including aircraft manufacturing companies are also increasing their presence in India through joint ventures while looking to source their software and hardware requirements. It is therefore possible that China with its export oriented economy looks at India as a competitor and may

be looking at opportunities to undercut such ventures and interests by either offering the same facilities to global players at more attractive and cheaper terms or may even offer to buy out these Indian concerns through irresistible offers.

In either case, with the Government of India (GoI) pushing for make in India initiative to meet the demands of its armed forces, these domestic manufacturers and joint ventures would need state support, monitoring and even mentoring. This may be in terms of providing Intellectual Property Right (IPR) protection and strict control to prevent drain of seemingly innocuous dual use technologies as well as expertise in terms of trained and skillful human resource. This can be done through evolving a suitable governing mechanism and state support to these private concerns to retain and channelise domestic capability and nurture talent.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])

NOTES

¹ Global Times, "Xi to head civil-military integration body", www.globaltimes.cn/content/1030186.shtml dated February 21,2017

² Colombia Missourian Newspaper, "China buys up enough metal to build jets: January 14,1976", www.cdm.sos.mo.gov/cdm/compoundobject/collection/colmo7/id/13749/show/13584, accessed February 21,1970

³ Ibid.

⁴ Ibid.

⁵ Colombia Missourian Newspaper, "US to assess China's Technology: August 08,1980", www.cdm.sos.mo.gov/cdm/ref/collection/colmo8/id/111397, accessed February 21,1970

⁶ delo.ua, "Antonov breaks business ties with all the Russian companies", <https://delo.ua/business/antonov-razryvaet-delovye-svjazi-so-vsemi-rossijskimi-kompanijam-322420/>, accessed February 20,2017

⁷ delo.ua, "Why 'not taken off' the Ukrainian aircraft industry in 2016", http://delo.ua/business/dlitelnyj-razgon-325583/?updated_new=1487585103 accessed February 20,2017

⁸ Gazeta.ru, "Ukraine will supply engines for the Russian-Chinese heavy helicopter"

<https://www.gazeta.ru/army/2017/02/13/10523801.shtml> accessed February 20,2017

⁹ Xinwei Group, "Xinwei Group Signed Strategic Cooperation Agreement with United Investment Group" <http://www.xinweigroup.com.cn/commonen/index.aspx?nodeid=201&page=ContentPage&contentid=708> accessed February 20,2017

¹⁰ Military today, "Z-10", <http://www.military-today.com/helicopters/z10.htm> accessed February 20,2017

¹¹ Times of India, "In a First, Chinese delegation at Aero India", www.timesofindia.indiatimes.com/india/in-a-first-chinese-delegation-at-aero-india/articleshow/57122959.cms, accessed February 21,2017

¹² China Military, "PLA Delegation visits India", www.eng.chinamil.com.cn/view/2016-12/10/content_7400925.htm, accessed February 21,2017