

Ulyanovsk Region Ends Project With Canadian Aerospace Firm

By [The Moscow Times](#)

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The Ulyanovsk region is abandoning plans to establish joint-production of a Canadian civilian aircraft due to Western sanctions against Russia, news agency RIA Novosti reported Monday, citing Ulyanovsk Governor Sergei Morozov.

The project was to be the first to set up shop in a special economic zone in Ulyanovsk last year, but has collapsed under the strain of political tensions between Russia and the West over the crisis in Ukraine.

Canadian aerospace firms de Havilland and Viking were to establish localized production of the civilian DHC-6 Twin Otter aircraft with Ulyanovsk airplane company Vityaz, which has been a major distributor of the DHC-6 to Russian airlines.

Vityaz wanted to see production of the aircraft brought to Russia, but according to Morozov, the regional authorities have decided to end the project.

"In general, [Ulyanovsk region] has the right to pull out of this project. At any rate, we have decided ourselves to do it," said Morozov, explaining that the decision was influenced by Western sanctions against Russia.

It is not clear how much the project would have cost, but Morozov noted that a \$3.4 billion deal with another major Canadian aircraft company to produce aircraft in Ulyanovsk stalled last year amid the Ukraine crisis.

Canada's Bombardier aircraft suspended talks last year with state-owned defense technology holding Rostec to sell 100 of its Q400 airplane to Russia and set up localized production as part of a \$3.4 billion deal.

The DHC-6 Twin Otter is a much smaller aircraft than the Q400, and is a much older design — dating back to 1964. But together the Canadian aircraft deals were intended to help Russia develop production capabilities for small civilian aircraft, a segment of the market it has little experience with.

As for Ulyanovsk's special economic zone, which the DHC-6 deal was supposed to utilize, Morozov said "there is great interest from European and Russian partners to come to the special economic zone, and we will give them the space we were preparing for [the DHC-6] venture."

The Ulyanovsk special economic zone is one of several Russian government initiatives to develop regional economies. The zones feature special tax incentives and special administrative support to make doing business in Russia easier for foreign companies.

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