



**INTERVIEW TRANSCRIPT**  
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For a report by United World  
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**UNITED WORLD (UW):** The Kazan Helicopter Plant (KHP) has a rich history stretching back to 1935. In 1951 the plant began the production of their Mi series launching the Mi-1 model. Could you tell us more about how the Kazan Helicopter Plant came into being and why Kazan was selected for the development of an aviation center?

**VADIM LIGAY (VL):** In 1940 Kazan was an advantageous spot because of the fact that much of Russia's industry was concentrated in the Volga. Before the war, basic enterprises were located in the west of Russia, however, in connection with the threat of attack from Fascist Germany, basic enterprises were transferred from the western part into the Volga region. The first important milestone in the history of this plant came in 1941, when on the basis of a small plant the PO2 aircraft was launched. This aircraft was made from wood and during the Second World War its production soared. In peacetime the plant was reoriented to specialize in the production of agricultural combines. This was another landmark in the history of the enterprise. New technologies were mastered at this time, the plant passed from woodworks to machining and welding engineering. Since KHP had experience in the production of both aircraft and combines, the plant was selected as the base for the production of helicopters. The first series of Mi-1 helicopters were produced at our enterprise.

Subsequently, the Mi-4 helicopters were developed and reached many countries around the world. Later on, its production license was transferred to China. In 1965, the plant mastered the production of the Mi-8 helicopter, which incorporated a gas-turbine engine. It later became the most common average load helicopter in the world. This helicopter was further upgraded; it acquired new qualities and received the name Mi-17.

However, before we developed the Mi-17, we produced the coastal-based Mi-14. This was done in cooperation with the Kazan branch of the Moscow Helicopter Factory.

Currently, we produce Mi-17 helicopters, which come in a number of different models: for example, the Mi-172 (passenger), Mi-17-1V, Mi-17-V5 (latest modification), we also produce helicopters Mi-172 with the integrated avionics of the Honeywell company.

**UW: The Mi helicopter series had an enormous effect on the development of the aviation industry. Mi helicopters were exported to many countries, with over 1,200 units reaching all over the world. How do you evaluate the role of the Mi series in the history and development of the world's aviation industry?**

**VL:** We consider that the Mi-17 occupies a leading position as compared to other helicopters in the same category; it is the world's most widely used helicopter in the average load capacity category. Helicopter producers in the west pay a great deal of attention to avionics. For a while, the markets for the sale of the Mi-17 were limited because the avionics on our helicopter were not



up to the standards demanded by the West. They told us that our helicopters did not correspond to western standards. Thus, in the last 5 years we conducted an important modernization program.

Depending on the customer's needs and financial means, KHP produces helicopters with simple avionics or, on the contrary, entirely upgraded helicopters with digital avionics developed by the company Honeywell, as well as by other Russian companies such as Tranzas.

Currently, we are conducting the pre-production tests for helicopters developed with Russian avionics. We expect that within a year or two we will complete all the tests and begin serial production. Through the application of new technologies we are expanding the market. One of our helicopters has already been sold to South Korea. Today, we offer buyers from India, Malaysia and several other countries helicopters equipped with Russian avionics.

**UW: In 1993 a design bureau was established in Kazan to develop an average load helicopter, the ANSAT. In 1997 KHP received the status of certified civil helicopter producer. How did this new status influence KHP as a whole?**

**VL:** In the early 1990's, the management of the KHP realized that for the future development of the company it was crucial to diversify the line of products. At the time, the production of average load helicopters was a niche that had to be filled. It was impossible to order the production of a helicopter of these characteristics from the Moscow Helicopter Plant; therefore, the solution was to have the KHP establish an experimental-design bureau for the development of average load helicopters

The development of this helicopter was carried out jointly with the Mile Construction Bureau, the Central Aerohydrodynamics Institute and other research institutions, but coordination was performed by the design bureau of the KHP. The project was arduous. Nevertheless, we succeeded in obtaining the license of official developer. The ANSAT was finally produced, and we are very proud to say that it was designed with the application of the newest technologies.

**UW: For the development of the ANSAT helicopter you collaborated with the Canadian company Pratt & Whitney. Could you tell about this collaboration? How fruitful has it been?**

**VL:** After we agreed on the weight of the helicopter and all the calculations were finalized, we were in need of a specific type of engine proportionate to the weight and power of the helicopter. This type of engine was not produced in the Russian Federation. As a result we chose the 207K engine of the engine-building company Pratt & Whitney (Canada).



The agreement signed with P&W was not only about commercial collaboration. P&W have invested greatly into the design and development of the ANSAT helicopter. Practically free of charge P&W granted us six PW 207K engines for the period of the experimental development of the ANSAT. We consider that this company made a very large contribution to the development of the ANSAT.

**UW: This year, the company has high expectations in terms of profit growth, expecting an increase of up to \$350 million. Could you tell us about the strategy that will allow for the realization of this goal?**

**VL:** KHP for years had secured orders for the production of helicopters through its own means. In the last five years total sales amounted to approximately \$200 million, which was not enough for the further development of the enterprise. During this period, a decision was made at a federal level to consolidate all helicopter producing enterprises into one united holding structure.

Before this took place, the Government of Tatarstan had a 30% stake in KHP; the remaining shares belonged to private investors. The main challenge was for the abovementioned holding structure, Oboronprom (a subsidiary company of Rosoboronexport) to consolidate a controlling stake of KHP. This was impossible without the contentment of the Government of Tatarstan. During negotiations, an agreement was reached to transfer 30% of the government's shares on the condition that Oboronprom would provide KHP with orders of at least \$100 million annually.

Before this agreement, about 80% of all contracts (for the sum of approximately \$200 million) were possible due to the independent marketing of KHP. After entering the holding, we expect to obtain orders worth \$250-300 million. Orders for 2008 have already been secured. In the meantime, KHP and Oboronprom are working to further attract orders for 2009-2010.

The company's management is deeply committed to modernization. We invest the main bulk of our profits into the development of new designs and technologies. These investments and efforts allow us to remain competitive on the market and to constantly increase orders.

**UW: Kazan is an aviation hub. How is the successful development of the aircraft industry linked to the successful development of Tatarstan's economy?**

**VL:** In Kazan we have three of the most important aeronautical enterprises. In the Soviet years KAPO-Gorbunov was the leading aircraft producer, KMPO, the leading engine producer, and KHP, the leader in helicopter construction. This gave Tatarstan a massive momentum for scientific and technological development and consolidated the region as an aviation hub. It goes without saying that this had a great effect on Tatarstan's socio-economic development.



These enterprises necessarily and naturally boosted the development of top research and educational institutions in the Republic. Some of these included the Kazan Aviation Institute, Kazan Aircraft Technical School, Kazan Research Institute of Aviation Technology, and the GiproAviaProm company. Additionally, the aviation industry of Tatarstan boosted the production of many factories in the region; we purchase up to 60% of our components in a radius of 500-1,000km. The aviation industry has employed thousands of people in Tatarstan and in the neighboring republics. Today KHP alone employs 7,000 people directly.

**UW: How do you assess the contribution of KHP to the creation of a favorable image for the Republic abroad?**

**VL:** Our helicopters fly in more than 80 countries around the world. In Soviet times, approximately 50% of our helicopters were exported. Today we are Tatarstan's top exporter. We continuously count with a number of international visitors in our plant, either supervising the production of our helicopters or receiving training from us.

Every two years we conduct an international conference for operators. In 2007 KHP organized the 33<sup>rd</sup> European Helicopter Forum, with the participation of over 20 countries, including Germany, France, Italy, as well as Australia, the USA, Canada, China and Japan. We are well aware that our technology and helicopters create a favorable image for the republic internationally.

**UW: What would you like to say in conclusion, to our readers?**

**VL:** The most important thing in today's world is to better understand each other. Policies should intervene as little as possible in human relations. This is the main guarantee for economic success. The world is full of possibilities today, and our generation must not overlook them. Let the Russian market see more and more American goods, and let Russian goods arrive to the American market. The main thing is that this issue is resolved economically, but not politically. What you are doing, this is a huge step in that direction. Thank you very much!