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China's Rise as Arms Supplier Is Put on Display

By CHRISTINA LARSON
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A model poses next to missiles from the "Beijing Symbol of Power Technology Development Company," at Airshow China. Credit: Johannes Eisele/Agence France-Presse — Getty Images

ZHUHAI, China — Queen Bee anti-tank rocket system. Halberd supersonic target drone. Sky Dragon 12 surface-to-air missile system.

Those were among the many weapons on display in the past week at Airshow China here in this southern city adjacent to Macau, and exhibitors included an array of new and established manufacturers as China expands its arms industry to bolster its military as well as exports.

China is the world's fourth-largest exporter of arms, having overtaken France last year, according to data from the Stockholm International Peace Research Institute. Ten large

state-owned defense manufacturers dominate the sector, but the government is encouraging smaller, private companies to enter the field.

“The Chinese authorities have been encouraging nonstate firms to take part in the defense business in order to encourage competition and innovation in a policy known as civil-military integration,” said Tai Ming Cheung, director of the Institute on Global Conflict and Cooperation, at the University of California, San Diego.

One of the new entrants is the Xi’an Tianhe Defense Technology Company, founded in 2010. The company focuses on civilian and defense electronics, including continuous-wave radar systems and advanced ocean communication. “Our boss is just a businessman,” as opposed to a former People’s Liberation Army officer, said Guo Yamei, a saleswoman.

Tianhe’s president, He Zenglin, escorted an entourage of Myanmar military officials by the displays of radar systems for regional air defense. “We came here to introduce our company,” Ms. Guo said.

From 2009 to 2013, China’s top arms customers were Pakistan, Bangladesh and Myanmar, according to the institute’s data. In that period, China’s share of the global arms trade jumped to 6 percent from 2 percent, while the total international arms market grew 14 percent. China is a leading supplier of major arms to sub-Saharan Africa, a relatively small but growing market.

Chinese arms makers, whose products are in competition with low-cost Russian equipment in many categories, want to move up the value chain.

In the past, because the Chinese military was unwilling to export advanced technology, Mr. Cheung said, the Chinese arms industry could offer only products with aging designs, which few countries wanted. An improvement in the offerings and a willingness by China to sell up-to-date products like those on display at the air show have led to the increase in arms sales.

Making its debut as an exhibitor at the air show, Armor China displayed a poster of Hu Jintao, who was the country’s president from 2003 to 2013, riding in a black armored vehicle in front of line of saluting soldiers in Tiananmen Square. “Proudly Produced Vehicle Armor for President of China,” it read.

Armor China, reaching beyond its origins as a parts supplier, began selling a microdrone this year that has a range of up to seven miles and can be used for military or police surveillance, as well as for forestry and agriculture. Because the microdrone has civilian uses, the \$20,000 price was publicly advertised.

“All the technology is designed in China,” said Charles Cao, managing director of Armor China. “It’s cheaper to manufacturer in China because a lot of the suppliers are here.”

Drones, which combine aerodynamics and remote-sensing technology, are a fairly new product area, and Chinese companies are near the leading technological edge instead of playing catch-up, as they do in other fields of aviation, experts say.

Norinco, the maker of the Queen Bee anti-tank rocket system, is one of China's leading arms manufacturers. At the air show, a cavernous display hall was taken up almost entirely by the company. Potential customers — from Southeast Asia, sub-Saharan Africa and the Middle East — wearing red V.I.P. lanyards paraded between the displays, accompanied by Norinco translators and sales staff members explaining equipment specifications.

Like other Chinese arms makers, Norinco benefits from economies of scale that allow it to offer competitive export prices.

“By mass-producing for its internal market, the People's Liberation Army, Norinco is able to sell its wares on the global market by presenting itself as a cost-friendly alternative — basically the Walmart of ground defense systems for purchasers without a lot of expendable funds and uneager to meet all the political conditions required of a Germany, U.S. or United Kingdom,” said Daniel Darling, who analyzes international military markets at Forecast International, an American market research company.

Because China will not restrict its companies from selling to so-called rogue nations, he said, “the entire globe is its market.”

Several deals were announced at the show. The Harbin Aircraft Industry Group, a subsidiary of the Aviation Industry Corporation of China, or AVIC, announced that it had signed a contract to sell 20 of its Y-12 utility aircraft to Coptervision, a Las Vegas-based company that runs tours and transports cargo. AVIC said the Y-12 was the first Chinese-made plane to have Federal Aviation Administration certification and be sold in the United States. People's Daily, the main newspaper of the Chinese Communist Party, commenting on the deal, published an editorial, “Why ‘Made in China’ Is Able to ‘Fly’ into the U.S.”

The Commercial Aircraft Corporation of China, known as Comac, announced the sale of 30 C919 jetliners to the leasing arm of China Merchants Bank. It also signed a deal to sell three of its ARJ21 regional jets to the Republic of Congo's Ministry of Transportation, its first sale of the model to Africa. Both Comac planes are still under development.

The top attraction at the show was not for sale, at least not yet. It was the J-31 stealth fighter, which impressed crowds of aviation professionals and amateur fans with aerial maneuvers. He Shiwen, a representative of the jet's manufacturer, AVIC, said that the airplane's development was “not finished” and that no sales could be confirmed.

