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Ukraine Is Caught Up In Another Power Battle, But This Time It's Not Trump Vs. Biden But Trump Vs. China

Україна потрапила в чергову битву за владу, але на цей раз це не Трамп проти Байден, але Трамп проти Китаю

Автор американського BuzzFeed пише, що Україна за крок від моменту, коли вона вручить велику перемогу адміністрації Д. Трампа, не дозволивши Китаю купити стратегічну авіаційну компанію «Мотор Січ». Китай в 2017 р. домовився про купівлю одного з передових виробників авіаційних двигунів у світі, який базується в Україні. Технології української фірми потрібні Пекіну в процесі трансформації й модернізації його Збройних сил, а також на тлі суперництва зі США. Але Київ заморозив угоду в 2018 р. Президент України В. Зеленський хоче покращити відносини з Д. Трампом. Схоже, Україна, на думку автора, готова ухвалити рішення на користь США, якщо адміністрація Д. Трампа знайде перспективного покупця. BuzzFeed пише, що цю роль може зіграти компанія Oriole Capital Group. Вона має 10-річний досвід роботи в авіаційній галузі й проявляє інтерес щонайменше до трьох українських авіаційних фірм. Керуючий партнер Oriole Capital Group Х. Мусаві підтвердив під час телефонної розмови, що йому допомагають чиновники Держдепартаменту й американського посольства в Києві у питанні покупки контрольного пакету «Мотор Січ».

<https://www.buzzfeednews.com/article/christopherm51/donald-trump-ukraine-china-motor-sich>

There's a potential US buyer lined up to buy military jet engine maker Motor Sich. (Spoiler: It's not Erik Prince.)

KYIV — Ukraine is on the brink of handing a massive win to the Trump administration by blocking China from buying a strategic aerospace firm, making room for a US company to purchase a controlling stake instead.

China agreed in 2017 to buy Ukraine's Motor Sich, one of the most advanced military aircraft engine manufacturers in the world, as it continues to transform and modernize its armed forces to eventually rival the US.

But the deal was frozen by Ukraine on national security grounds in 2018, and it became a major geopolitical issue between the US and China.

A Ukrainian official familiar with the issue told BuzzFeed News that a final decision by the country's anti-monopoly committee to stop the sale of Motor Sich to Beijing Skyrizon Aviation is expected in March. Such a decision would be the culmination of an intensive diplomatic campaign led by US President Donald Trump's former national security adviser John Bolton, who worked to keep advanced defense technology away from China.

Ukrainian President Volodymyr Zelensky is eager to repair ties with Trump following the [chaotic back-channel campaign of Rudy Giuliani](#) and the monthslong [impeachment saga](#) that strained relations between their administrations. It appears Ukraine may be ready to decide in the US's favor on the issue — just as the Trump administration has found a prospective buyer.

Zelensky's office said in a statement to BuzzFeed News that it "does not interfere in procurement processes." But an official familiar with the Ukrainian president's thinking on Motor Sich said he has taken into account China's potential "violations of the law" in trying to buy Motor Sich and the "geopolitical issues" related to the matter. Even though the US believes it has found a potential buyer, the official said Zelensky had not totally closed the door to "engaging" a potential investor from a country other than the US and China, which could appeal to Ukraine as a way to stay out of a larger Washington–Beijing power game.

A visitor looks at a Motor Sich AI-322F engine at an international weapons exhibition in Kyiv in October 2018.

Oleksandr Lytvynenko, who was deputy secretary of Ukraine's National Security and Defense Council until August and is now director of the National Institute for Strategic Studies, told BuzzFeed News that Bolton and other US officials' interest in Beijing Skyrizon Aviation's attempt to acquire Motor Sich seemed to have been "activated" last summer when Washington "realized how important the issue was."

Another Ukrainian official familiar with the issue put it a different way, saying the US only took notice of the deal when it became aware Kyiv was in a vulnerable position: under pressure from Trump and Giuliani to open politically motivated probes into Democrats and desperate to get the [\\$391 million of military assistance](#) and [\\$30 million of arms and ammunition](#) that were being held up.

A second Ukrainian official who has been part of Motor Sich talks said that the Americans had made clear over the course of several meetings last summer that the pending sale of the aerospace firm was of huge importance to them, describing it as their "obsession."

"There is no meeting with the Americans where Motor Sich is not discussed," the Ukrainian official said. The two officials spoke on the condition of anonymity because they were not authorized to discuss the deal.

The two Ukrainian officials said State Department and US Embassy officials were the main drivers of the Motor Sich issue, but that it had also been discussed by more senior officials representing the White House, including Bolton and Tim Morrison, a former National Security Council adviser to Trump on Russia and Europe. Neither Bolton nor Morrison could be reached for comment for this article. The State Department didn't respond to a request for comment and the US Embassy declined to give one.

The two Ukrainian officials said in the past several months they've felt a concerning shift in Washington's approach to dealing with Ukraine, describing it as one in which it is treated as a client state, not a longstanding partner. The Motor Sich matter, they suggested, reflects the shift.

"The US is telling us, 'Let's see how you deal with this [pending sale of Motor Sich] first,'" before addressing many other issues, said one of the officials.

Then–national security adviser John Bolton lays a wreath at a memorial for those killed in the war against Russia-backed separatists in the Donbas, during a ceremony in Kyiv, Aug. 27, 2019.

The US company that has been lined up to possibly acquire the controlling stake in Motor Sich is Oriole Capital Group, a three-year-old, Beverly Hills–based company comprised of aviation industry experts with decades of experience and eyeballs on at least three Ukrainian aerospace firms. Its managing partner, Hossein Mousavi, confirmed to BuzzFeed News in a phone interview that he has been helped by US officials from the State Department and US Embassy in Kyiv, and is looking to buy Motor Sich. A Dallas-based private equity firm called Trive Capital will also provide money to complete the deal. Oriole and Trive have partnered on [previous deals](#).

"The more I look into it, the more I am convinced of this: It's a gem," Mousavi said by phone from Seattle. "I've personally been to Motor Sich a few times and personally know Mr. [Vyacheslav] Boguslayev," he added, referring to the company's 81-year-old Ukrainian owner.

Mousavi couldn't recall the exact date he last visited Motor Sich but said it was in August or September last year, around the time the US, and Bolton in particular, was making its big push in Kyiv for it to overturn the deal with China.

Mousavi's reason for wanting the company — besides its storied legacy, which includes producing the engines for the [world's biggest plane](#), the An-225 "Mriya" — is that it's a supplier of engines to the Kharkiv State Aircraft Manufacturing Company, an entity that he's tried [unsuccessfully](#) to invest \$150 million in since 2017 due to the lack of a sovereign guarantee from Ukraine.

A former senior US official familiar with the Motor Sich issue described Oriole and Trive as "credible" companies and "serious" bidders.

Still, Mousavi said the anti-monopoly committee must first rule in favor of canceling the Beijing Skyrizon Aviation deal before there's any real movement on the part of Oriole and Trive. "Look, this is an unprecedented situation, we're trying to look into all angles and all aspects. Our primary goal is to solve this problem however we can," he said. "But you know, we will really kick it into next gear when there's a path to purchasing."

Neither Trive nor Motor Sich responded to a request for comment for this article.

During a visit to Kyiv on Aug. 27 last year, Bolton told the US-funded [Radio Free Europe/Radio Liberty](#) that Motor Sich "is an issue that I think is significant for Ukraine, but [also] significant for the US, for Europe, for Japan, for Australia, Canada, other countries." His visit was followed by one to Motor Sich's factory in the southeastern city of Zaporizhia in late September by then-US Embassy chargé d'affaires Bill Taylor and Pentagon senior defense industry adviser on Ukraine Donald Winter, a former US official familiar with their trip said.

Ukraine's decision to freeze the sale to Beijing Skyrizon Aviation bought the Trump administration time to find potential US private-sector investors for Motor Sich. In November, the [Wall Street Journal reported](#) that Trump administration officials had spoken with Erik Prince, the billionaire founder of the private security contractor formerly known as Blackwater, about buying the company. But reached by phone, Prince told BuzzFeed News he wasn't pursuing it before abruptly ending the call.

"I've never had contact with any USG [United States Government] official regarding Ukraine or Motor Sich," Prince said in a follow-up email. "No one asked me to look into it. I also never had any contact with Bolton during his tenure in the government."

Situated near the bank of the Dnieper river in the industrial city of Zaporizhia, Motor Sich employs around 20,000 workers and is one of the most advanced military aircraft engine makers in the world. It previously supplied Russia with about 80% of all its military helicopter engines before March 2014, when the Ukrainian state-run agency that controls arms production, UkrOboronProm, announced a freeze on military exports to Moscow in response to its invasion and annexation of Crimea. Since then, work has slowed and shifts on its production floor have been cut. The company is in dire financial straits, hence its owner's interest in outside investment.

China's interest in the company comes down to advanced technology, according to Chris Miller, a professor at Tufts University's Fletcher School of Law and Diplomacy. China is in need of high-power aircraft engines as it modernizes its military, and the Ukrainian firm's engines include models used on the hefty Antonov An-124 and An-225 military cargo planes.

"Despite China's substantial investments in its military over the past decade, it is still struggling to catch up in technologies that Motor Sich has," Miller said.

A 2019 [report](#) by the US Defense Intelligence Agency warned that China wants to transform its military into a "worldwide first-class" fighting machine to rival the US and perhaps even take offensive action, such as invading Taiwan, which Beijing claims as part of its territory. The US, meanwhile, desperately wants to keep its emerging adversary from doing that.

Beijing Skyrizon Aviation tried to buy a controlling stake in Motor Sich to help upgrade China's military in 2017, and for a while, it looked as though the deal would go through. But the Security Service of Ukraine raided the Motor Sich plant on national security grounds the following year. It alleged that Beijing Skyrizon Aviation was attempting to take Motor Sich's manufacturing equipment out of the country, the Interfax-Ukraine news agency reported at the time.

Soon after the raid, a Ukrainian court froze the Chinese transaction, but not before \$100 million of Beijing Skyrizon Aviation's promised \$250 million had already come through, granting the Chinese aviation company a stake of at least 25%, Motor Sich owner [Boguslayev told the Washington Post](#) in May.

What Ukraine wanted to know at the time Skyrizon moved to buy Motor Sich was "whether China has an incentive to invest further in the firm, and keep its factories running, or whether Beijing's main goal would be to take the technology and learn how to produce it in China," according to Miller.

"It's easy to see why the answer might be the latter, especially if Beijing fears that the US might pressure Ukraine in the future to prohibit military technology exports," Miller said.

According to Lytvynenko, the National Institute for Strategic Studies director, and the two other Ukrainian officials familiar with the issue and who meet regularly with US counterparts in Kyiv and Washington, Bolton's interest — and by extension that of the Trump administration — in blocking the Chinese sale wasn't just about preventing China's access to advanced aerospace technology, it was also about stopping potential future sales to Russia.

Beijing's plan with the investment was to open its own engine facility in China, and then export equipment to Russia, getting around Ukraine's ban, two of the Ukrainian officials said. One of them said Beijing Skyrizon Aviation has already built a Motor Sich factory in Chongqing, China, but that it's currently idle.

The past six months have been hard for Ukraine, which found itself caught up in the drama surrounding the House of Representatives' impeachment of Trump and his subsequent acquittal in the Senate. The country relies on bipartisan support in Washington for vital financial aid and military assistance, like the military aid package that Trump held up to try to force Zelensky to open investigations in Kyiv that would favor his 2020 reelection campaign. In an attempt to stay on Trump's good side and not ruffle any Democrat or Republican feathers, the government has since adopted a policy of almost complete silence on all US-related issues.

Privately, though, some Ukrainian officials are concerned about what they feel is waning support from Washington and being stuck with Trump for another four years.

The only one speaking out publicly is their president, who is saying the US-Ukraine relationship post-impeachment trial is hunky-dory, if not better than before.

In an [interview](#) with CNN in Munich on Saturday, Zelensky asserted that Ukraine now has a "very good relationship with the US," and that the impeachment proceedings hadn't affected relations between Washington and Kyiv. He thanked Trump for his support. "Thank you for your help... We feel it, we feel it with our hearts, with our body," Zelensky said.