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### **China's arms industry expands its international trade**

The Chinese arms industry is successfully expanding its international trade as manufacturers try to hang on to market share in an increasingly competitive arms market.

In the most recent deal, state-owned China Shipbuilding Industry Corporation (CSIC) and the Royal Thai Armed Forces agreed late last month to collaborate on the development of military equipment and technology.

The Thai submarine development comes just a few months after IHS Jane's Defence Weekly reported that China Shipbuilding and Offshore International Company, the international trading arm of CSIC, planned to open a facility in Thailand to provide engineering support and other services to the Thai Navy as part of the company's after-sales services.

And just over a year ago, state-owned China Aerospace Science and Technology Corporation (CASC) signed a partnership deal with Saudi Arabia to set up set up the first factory in the Middle East for the Chinese hunter-killer aerial drone the Rainbow 4. Similar factories for Chinese drone technology have been built in Pakistan and Myanmar, expanding access to the hardware.

According to information released to the South China Morning Post by a Beijing-based military observer, the Saudi production line would also assemble associated equipment, which would improve after-sales services for China's clients in the Middle East. He said the deals were part of Beijing's efforts to build China's arms brand in the global market. Nonetheless, China's sales efforts risk being hampered by rising production costs which make Chinese weapons more expensive than those produced by various Eastern European nations, such as Bulgaria, the Czech Republic and Ukraine. Those nations have reportedly increased arms sales to the Middle East in the last few years, cutting into China's sales in the region.

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