

Armenia Keeps its Powder Dry

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New munitions plant is seen as a step towards a more self-sufficient defence industry. Armenia has started making ammunition for its armed forces, in an attempt to keep pace with other defence industries in the South Caucasus.

A munitions factory re-opened in September after a refit costing 4.7 million US dollars. The plant is owned by the Armenian firm DG Arms Cooperation, the country's only defence manufacturer. Almost all of the country's weaponry comes from Russia.

The plant's current capacity is 100 million bullets a year, most of which is intended for the Armenian armed forces. Partev Mushegian, director general of DG Arms, said the company intended to invest an additional 22 million dollars and increase annual output by 70 million bullets. Next year, it plans to produce flak jackets as well.

"The factory plans to move onto the international market after it has started meeting the country's needs," Mushegian told IWPR.

He said the factory aimed to make bullets that complied with NATO standards, so that they could be sold abroad.

"Our products will be exported - with the permission of the Armenian authorities - to countries that are not subject to United Nations or European Union sanctions, and that are not counter to the interests of Collective Security Treaty Organisation members," said Mushegian, referring to the CSTO, a defence grouping of former Soviet states.

The factory was reopened following the privatisation of two companies, Neutron and Bagavan. Neutron's factory first started making bullets in 1986 and carried on through the Nagorny Karabakh conflict. But it was unable to keep up with demand, and Armenia had to start importing ammunition. Over the past decade, production all but stopped.

The re-modelled Yerevan-based plant employs 120 workers, and there are plans to open a smaller branch factory in the town of Abovian.

The government has not subsidised the new plant, but says it is keen to foster a defence industry.

"We need to upgrade our factories," Prime Minister Serzh Sarkisian said at a ceremony to mark the opening of the munitions plant. "This is directly linked to our country's defence capability. I think that if the factory works at full capacity, our needs for a number of types of ammunition will be completely covered."

Artur Agabekian, a former deputy defence minister who now heads the Armenian parliament's defence, national security and interior affairs committee, told IWPR, "It is satisfying to know that a factory run on private capital is producing ammunition. If the state handles its orders properly, then I am certain that

investors will emerge who will be ready to put their money into munitions manufacturing and repairs. We should be able to assist this process.”

Experts say the launch of the factory is a small step towards making Armenia’s military more self-sufficient.

The government’s defence budget is set to grow by 20 per cent in 2008 to reach 380 million US dollars - around ten per cent of total planned expenditure.

As a CSTO member, Armenia benefits from a 30 per cent discount on arms purchases from Russia, its main supplier.

Prime minister Sarkisian said the launch of the factory had nothing to do with the unresolved conflict with Azerbaijan over Karabakh.

Most analysts do not concur with this. Azerbaijan, which recently created a government ministry in charge of the defence industry, has one of the fastest-growing defence budgets in the world. Military spending in 2007 is put at more than one billion dollars, and President Ilham Aliyev has said he wants defence expenditure to be greater than the Armenia’s entire government budget. (See Azerbaijan Flexes Military Muscles, CRS No. 402 19-Jul-07.)

“To me, the plant is important in terms of demonstrating to Azerbaijan that we have been able to preserve the balance [with Azerbaijan] and are taking action in response,” said Washington-based security expert Richard Giragosian. “In future, Armenia should set up a state structure like Azerbaijan’s and invest in development of its military industry. This will put us in a position to show Azerbaijan that we are not lagging behind.

“The creation of a bullet-producing factory is definitely a positive first step, but it’s not enough. It’s more important to develop production of airplanes, tanks and artillery.”

David Petrosian, a security expert and commentator with the Noyan Tapan news agency, said Armenia had been trying to diversify the sources of its weapons purchases, albeit with limited success.

“There have been cases when Armenia bought weapons from Serbia,” he said. “SU-25 planes were bought, as far as I know, from Slovakia. There were also arms purchases from China and Belarus. But the main arms supplier to Armenia is, of course, Russia.”

“Armenia is now making only bullets,” said Petrosian. “This should not be seen as a first step, as it is too early to be talking about [Armenia] having a serious military industry. Making bullets does not mean Armenia is actively arming itself.”

He added that it was important for Armenia to be able to repair weapons, even if it could not manufacture them.

Giragosian said Armenia was achieving success with military reforms and cooperation with NATO, which he would like to see expand.

“To my mind, Armenia is too heavily dependent on Russia,” he said. “For example, Armenia’s military aviation is somewhat weak. Armenia’s air force is under Russian influence within the Collective Security Pact. I’d like to see our military potential more independent.”

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