

Russia Takes Over Armenian Atomic Plant

Author: [Peter Magdashian](#)

The expected management takeover of Armenia's nuclear power station hands even greater control of the country's energy sector to Russia.

The Russian and Armenian governments have said they will sign an agreement giving Moscow financial control of Armenia's controversial nuclear power station, Metsamor, by the end of this month.

Russia's minister of industry, science and technology Ilya Klebanov praised the deal on February 5, saying Metsamor was not being sold and that Armenia would "naturally remain the owner of the atomic power station" but that Russia would henceforth have financial responsibility for it.

Armenian defence minister Serzh Sarkisian said that Moscow would also pay for the station's nuclear fuel - currently shipped from Russia - and receive dividends from its use.

"From this moment the problem of debts owed by the power station to Russia for its delivery of nuclear fuel can be regarded as solved," Klebanov said.

Both sides have refused to reveal more details until the agreement is signed. Robert Tsovan, an adviser to Armenia's energy regulation commission, told IWPR, "We will only be able to assess this, when the details of the deal are made publicly known."

However many in Armenia fear that management of the station is being transferred on favourable terms which will not only give a strategically important site to Russia - its most powerful ally - but will contravene Armenia's obligations to the European Union.

The news comes at a sensitive time for President Robert Kocharian, who is running for re-election on February 19. Shortly before the campaign began he travelled to Moscow and won the endorsement of the Russian leadership.

Last year Yerevan cleared tens of millions of US dollars of debt to Moscow by handing five major Armenian enterprises to Russian ownership.

The Metsamor station was built in the Seventies and is one of the oldest still functioning in the former Soviet Union.

Although the VVER-40 reactors are different from the RBMK type used at Chernobyl - which suffered a catastrophic meltdown in 1985 - both the EU and Armenia's neighbours are calling for the plant to be closed as soon as is reasonably possible.

In February 1989 the station was shut down because of public demand following the devastating earthquake in Armenia two months before. Following the country's severe energy crisis of the early Nineties - and an expensive European-funded upgrade - one of the reactors was reopened in 1995. It currently supplies the country with 40 per cent of its energy needs, and even allows electricity to be exported to Georgia.

Metsamor has been plagued by financial problems since it reopened. On the one hand it is owed large sums by energy consumers, on the other it has fallen in debt to Russia, which has supplied the nuclear fuel.

This year, with the station owing more than 40 million dollars, it shut down for three months, instead of 45 days as originally planned. Without new fuel, the decision was taken to start the station up again without refuelling, so that it can work at least until the end of the winter. "There won't be any more problems like that," Klebanov told the media.

But the problem of the debts owed to the station will be harder still for Russia to crack. Metsamor's main customer, the state energy company Armenergo, owes the station around 120 million dollars.

As a result, the station is so strapped for cash that its workers have not received their wages for five or six months and have gone on strike several times.

Some ordinary Armenians say the prospective handover could clear up the country's internal debt problem. "Russia may force the non-payers to meet their obligations, which would renew the energy sector," argued politics student Hovanes Mirzoyan.

But Agasi Yenokian, director of the Armenian Centre for Political and International Research believes that striking a deal "with such an unpredictable country as Russia is alarming, when it comes to the energy security of the country".

"Armenia may lose the energy independence it has today," Yenokian said. "A significant part of the national energy sector is already controlled by Moscow - for example the fifth section of the Razdan hydro-electric station will soon go to the Russians.

"When it gets financial control of the atomic station, Russia will be able to dictate not only Armenia's energy policy but its whole economic strategy."

The new agreement is likely to cause problems with the European Union, which has been pushing hard for Metsamor to be closed. Armenia and the EU signed a provisional agreement to have the station shut down in 2004, although the Yerevan government signalled last year that it was reviewing that schedule. Many politicians are now arguing that the station can stay open for another ten years.

Robert Kharazian, a member of Armenia's energy regulatory commission, agrees that Armenia has made promises to the international community, but said that it needs substantial amounts of money to restructure its energy system and close Metsamor.

"It is obvious that Armenia cannot close the station by the end of 2004," he said. "On the one hand Armenia is worried about its energy security problems and getting reliable energy supplies and on the other about its obligations."

Metsamor's director Gagik Markosian - who is stoutly resisting attempts to have his station closed and may now have Russian support - claimed that "the reasons why the EU is demanding the closure of the station are purely political and not technical".

Peter Magdashian is a freelance journalist in Yerevan and frequent IWPR contributor.

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