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Kyrgyzstan to Sell Torpedo Factory Coveted by Russia

By The Moscow Times

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The Shkval torpedo is one of the most advanced products Dastan makes.

Kyrgyzstan has agreed to sell its shares in Dastan, a factory that produces torpedoes, with Russia emerging as the most likely buyer, Kommersant reported Wednesday.

The landlocked Central Asian republic is currently host to both Russian and U.S. military bases.

Kyrgyzstan's government said Russian investors would be given priority in purchasing the shares in the factory — which does not currently have any contracts for building weaponry — at an auction in the fall.

The two sides have been negotiating for some years — Kyrgyzstan had hoped to wipe out its $180 million debt to Russia by selling its 48 percent stake in Dastan and a trade delegation building in Bishkek, but Moscow refused, saying that it would discuss only the full purchase of

the factory.

But the Kyrgyz government has managed to bump up its stake in the factory to 98 percent by acquiring, by means of a court order, the shares previously owned by Maxim Bakiyev, the son of Kyrgyzstan's former president.

The factory is valued at $30 million and the surrounding territory at $180 million, said Karganbek Samakov, head of the government's economic commission. Dastan also owns a unique testing laboratory located on Issyk Kul lake, which is also a popular destination for tourists.

Local experts who evaluated the factory said its equipment was old and in need of modernization.

Kyrgyz authorities said the deal represented a step toward aligning the Central Asian republic more closely with Russia. Current Kyrgyz president Almazbek Atambayev recently denounced the existence on Kyrgyz soil of the Manas U.S. military base.

The base opened during the conflict in Afghanistan in 2001 and was later renamed the "Transit Center at Manas."

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