

49 Percent of Kalashnikov Sold to Private Investors

By [The Moscow Times](#)

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Rostec has agreed to privatize a 49-percent stake in the producer of one of the country's most well-known exports: Kalashnikov assault rifles.

Andrei Bokarev and Alexei Krivoruchko will pay 1.3 billion rubles (\$40 million) for the stake, Kommersant reported Monday. The company they are buying into, Kalashnikov, emerged this summer after the maker of the eponymous rifle merged with another small-arms producer.

Bokarev is the co-owner of coal miner Kuzbassrazrezugol and rolling stock manufacturer Transmashholding, while Krivoruchko is chief of Aeroexpress, the company that provides train service between Moscow and its airports.

President Vladimir Putin has backed the sale to private investors, a source said. The government had insisted that the buyers be Russian citizens.

Bokarev's Transmashholding is a Defense Ministry contractor in addition to its rolling stock operations. Krivoruchko used to consult for state arms exporter Rosoboronexport in 2006.

Kalashnikov will use the money to pay back debts and loans, the report said.

Rostec chief Sergei Chemezov described public-private partnership as an "effective model for reforming domestic industrial companies." State-owned Rostec, which groups a vast tract of the country's technical manufacturing concerns, will own 51 percent in Kalashnikov.

Bokarev said he expected a profit from the investment.

"We already have experience of creating financially successful companies in the area of research-intensive machine-tool building and are ready to use this competence in the development of this company," he said.

Krivoruchko said Kalashnikov planned to set up joint ventures with foreign firms to make gunpowder and cartridges.

Konstantin Makiyenko, editor of industry publication Moscow Defense Brief, said the government's decision to allow the privatization of a major stake in a defense company took him by surprise.

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