

Russia's Kalashnikov Pivots Toward Middle East to Offset West's Sanctions

By [The Moscow Times](#)

February 23, 2015

The  Moscow Times

ABU DHABI — Russian firearms maker Kalashnikov Concern aims to concentrate on its markets in the Middle East and Africa and diversify its product range to offset the impact of Western sanctions, its chief executive said on Sunday.

"Sanctions changed sales. After that we had more sales of military weapons in new markets in the Middle East and Africa," Alexei Krivoruchko said at the International Defense Exhibition (IDEX) in Abu Dhabi.

"It is not just the AK-47, we are diversifying our strategy into a wide range of products — rockets, drones and others," he said.

Both Kalashnikov and its majority owner, Rostec State Corporation, were among the companies made the subject of sanctions over Russia's role in the Ukraine, where the West accuses Moscow of fanning separatist unrest and arming rebels.

Since July, when the restrictions first took effect, Kalashnikov's sales have ceased in the United States, its biggest foreign market for civilian weapons.

"We had big plans for the U.S. market. People there love our products and our sales had doubled there," he said.

Now the company has had to refocus its business on the military market, where it is looking to diversify, he said.

On Sunday Kalashnikov announced in Abu Dhabi that it had acquired 51 percent stakes in both Zala Aero, a Russian developer of drones, and Euroyachting Rybinskaya Shipyard, which makes landing craft.

"Both these companies have big potential. The demand for drones is huge in many markets," said Krivoruchko, who declined to comment further on the acquisitions.

He said sales of assault rifles doubled last year to 120,000, driven by demand in the Middle East, Africa and Asia, and the company also earned its first profit in seven years, of 88 million rubles (\$1.43 million).

A further increase in profits is expected this year as its new AK-12 assault rifle should boost sales, he said.

Kalashnikov has also budgeted to spend \$100 million over the next two years on developing new products, he said.

Asked if the fight against Islamic State militants in Iraq and Syria was driving procurement of weapons, he said it was hard to say but added, "There is always great interest for our products in the Middle East, Iran and other countries."

Original url:

<https://www.themoscowtimes.com/2015/02/23/russias-kalashnikov-pivots-toward-middle-east-to-offset-west-s-sanctions-a44141>