



Russia's Kalashnikov to Spend Millions Modernizing Arms Production This Year

By [The Moscow Times](#)

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Russian weapons maker Kalashnikov will spend 2 billion rubles (\$32 million) modernizing its production lines as it ramps up production for a global expansion drive, CEO Alexei Krivoruchko was quoted as saying Tuesday.

Kalashnikov last year launched a rebranding and growth campaign and focused on new markets after Western sanctions over Russia's actions in Ukraine cut the company out of the U.S. civilian arms market — the world's largest.

Krivoruchko said the 2 billion ruble upgrade was part of a 5 billion ruble (\$80 million) investment program through 2016 that began last year. Kalashnikov spent 1.5 billion rubles on modernization in 2014, Interfax quoted him as saying.

According to the RIA news agency, Kalashnikov plans to boost production by up to one-quarter this year.

With 80 percent of Kalashnikov's civilian rifles manufactured for export, the company had

aggressively targeted the U.S. market, signing an export agreement in 2013 for 200,000 rifles a year. Kalashnikov's rate of production is currently around 150,000 units a year, showing the scale of its U.S. ambitions.

Undeterred by the loss of the U.S. market, Kalashnikov is pushing into civilian arms markets in Asia, Africa and South America, and increasing production to supply them.

The investment program has already allowed Kalashnikov to modernize its foundry and machining tools for its small arms production lines.

The project aims to reduce production costs while increasing the efficiency of its production process.

Kalashnikov also plans to invest 100 million rubles (\$1.6 million) through 2017 in developing new products to supplement its already popular military and civilian rifle lines, said Krivoruchko according to Interfax.

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