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Russia Loans $200 Million to Modernize Armenian Army

By The Moscow Times

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Armenia, bordering NATO member Turkey, is Russia's chief ally in a sensitive South Caucasus region criss-crossed by gas pipelines.

YEREVAN — Moscow has granted ally Armenia, which hosts a Russian military base, a $200 million loan to buy Russian weapons and modernize its armed forces.

"We are acquiring a kind of weapons, which have not been at the disposal of the Armenian armed forces previously," Ara Nazaryan, a deputy defense minister, told Armenia's parliament on Thursday as it ratified a concessional export loan signed in Yerevan last week.

"Armenian armed forces will get new modern arms, which will have a substantial impact on balancing forces in the region."

He did not specify what arms would be bought.

Armenia, bordering NATO member Turkey, is Russia's chief ally in a sensitive South Caucasus

region criss-crossed by gas pipelines. Russian Foreign Minister Sergei Lavrov, in a veiled warning to the West, cautioned on Thursday against any attempt to stir insurrection in Yerevan where large crowds have been demonstrating more than 10 days against energy price rises.

Yerevan relies on Moscow as a mediator in its conflict with neighboring Azerbaijan over Nagorno-Karabakh, a mountainous region, which lies inside Azerbaijan but is controlled by its majority ethnic Armenians.

Sporadic clashes between the neighbors have thwarted international efforts to end the dispute that broke out in the dying years of the Soviet Union and has killed about 30,000 people.

Armenia is part of the Eurasian Economic Union, a political and economic bloc set up by Moscow to try to match the economic strength of the European Union, China and the United States.

The loan with a maturity of 13 years has a three-year grace period and an annual 3 percent rate. It is expected to be used for purchase of Russian-made arms in 2015-17.

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