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10

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Beyond the Kalashnikov: Small Arms Production, Exports, and Stockpiles in the Russian Federation

By Maxim Pyadushkin
with Maria Haug and Anna Matveeva

August 2003

A publication
of the Small Arms Survey

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The Small Arms Survey

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Mikhail Kalashnikov with a copy of his world-renowned AK-47 rifle.

Acronyms and abbreviations

AK	*automat Kalashnikova* (Kalashnikov assault rifle)
ATGM	anti-tank guided missile
CIS	Commonwealth of Independent States
CMTC	Committee for Military-Technical Co-operation with Foreign States
FSB	Federalnaya Sluzhba Bezopasnosti (Federal Security Service)
FSUE	Federal state unitary enterprise
GRVZ	Group of Russian Forces in the South Caucasus
IISS	International Institute for Strategic Studies
ITC	International Trade Centre
JSC	joint stock company
KBP	*Konstruktorskoe byuro priborostroeniya* (Instrument Design Bureau)
KGB	*Komitet Gosudarstvennoy Bezopasnosti* (Committee for State Security)
KMBDB	Kolomna Machine-Building Design Bureau
KMP	Kovrov Mechanical Plant
MIC	military-industrial complex
MTC	military-technical co-operation
NAUFOR	National Association of Securities Market Participants
NPC	New Programmes and Concepts
OJSC	open joint stock company
OSCE	Organization for Security and Co-operation in Europe
PM	*pistolet Makarova* (Makarov pistol)
R&D	research and development
RUB	Russian rubles
SALW	small arms and light weapons
SAM	surface-to-air missile
SVD	*snaiperskaya vintovka Dragunova* (Dragunov sniper rifle)
SVR	Foreign Intelligence Service
TsKIB SOO	*Tsentral'noe konstruktorsko-issledovatelskoe byuro sportivnogo i okhotnich'ego oruzhiya* (Central Research and Design Bureau of Sporting and Hunting Guns)
UAE	United Arab Emirates
USD	US dollars
WIPO	World Intellectual Property Organization

About CAST and Saferworld

CAST

The Centre for Analysis of Strategies and Technologies (CAST) was founded in 1997 and is located in Moscow, Russia. CAST is a non-governmental research centre specializing in the analysis and study of the Russian defence industry, Russia's defence policy, and arms trade with foreign countries.

CAST is recognized by the Russian scientific community as a modern research organization, not affiliated with any government bodies, political parties, commercial firms, or oligarchic groups. In its activities, which include research studies and publication of informational bulletins and an analytical journal, CAST co-operates with the Russian research community, as well as with a number of foreign partner organizations and experts.

Saferworld

Saferworld is an independent foreign affairs think-tank based in London, UK, working to identify, develop, and publicise more effective approaches to tackling and preventing armed conflicts. Saferworld's Arms and Security Programme conducts research and advocacy to encourage more effective controls on arms transfers and tackle the proliferation of small arms in conflict regions. Saferworld is currently working on these issues at ministerial or senior civil servant level in many countries across Europe with projects in South Eastern Europe, Central and Eastern Europe and the Caucasus.

About the author

Maxim Pyadushkin has been Deputy Director of CAST since 2001, where he heads the Small Arms Project. He graduated in 1995 with honours from the School of International Relations at MGIMO University, and worked in the Russian Foreign Ministry from 1995 to 2000. He is also editor-in-chief of *Eksport Vooruzheniy Journal*, the journal published by CAST. He is the author of a number of research articles and studies on various aspects of the arms trade, Russian and foreign defence industries, export control, and small arms proliferation.

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Summary

This paper analyzes various aspects of the small arms issue in the Russian Federation. There are a number of reasons why a specific study of Russian small arms issues is helpful for policy-makers and researchers interested in small arms and light weapons (SALW). Russia is one of the world's major producers and exporters of SALW. The most successful and famous military assault rifle, the Kalashnikov, originated in the former Soviet Union. While the original rifle is no longer produced in Russia, its derivatives are still in production. The Russian Federation is also a country dealing with internal problems where the availability of small arms exacerbates the situation. These include regions of conflict, such as Chechnya, or problems of crime and personal security in big cities such as Moscow. Various methods have been used to retrieve illegally held small arms from Russian society, including regional buy-back programmes.

The breakup of the Soviet Union had a significant impact on SALW production in Russia. Today, factories are not producing at full capacity and there has been a shift by some companies to increase production of hunting guns and handguns for the civilian export market. Most Russian companies are heavily reliant on exports, as procurement of new small arms by the Russian armed forces in the near future should be restrained due to sufficient present stockpiles and budgetary constraints. However, newer generation small arms continue to be developed for the Russian military. The main centres of small arms production from Soviet times have remained and are for the most part centred in the two cities of Tula and Ishevsk, with other smaller factories located near Moscow and other cities. Production data for most Russian SALW factories is presented in the body of this study.

Russia is a major exporter of SALW, both for military and civilian uses. The value of Russian small arms exports in 2001 is estimated to have been about USD 130 million. Of this figure, USD 80 million was exported through Rosoboronexport. While certain western human rights organizations may question transfers to countries with poor records in human rights, such as Indonesia, there is no indication that there have been large-scale transfers of Russian small arms to any country in violation of international arms embargoes in recent years. Russia does not have a policy of complete transparency in SALW exports, nor does it produce an annual arms export report. However, official data is available from the major arms exporting agency, Rosoboronexport, as well as from those light weapons producers allowed to export independently—KPB and KMBDB. In addition, the Russian Federation reports its customs data on exports of shotguns and hunting and sporting rifles, as well as small arms ammunition. Announcements of various international sales have appeared in the press, not necessarily as a result of a consistent policy of transparency, but rather as a promotion to prove the success Russian firms have in winning international contracts. Since the breakup of the Soviet Union, exports of weapons for hunting and sport appear to have growing success on the world market.

The Russian Defence Ministry has destroyed sizeable quantities of excess small arms in its stockpiles. Over the period 1998–2001, it destroyed over 421,000 pieces of SALW. Thousands of illegally held weapons that have been confiscated by the Interior Ministry and other official bodies have also been destroyed.

Civilian possession of firearms in Russia is regulated by law and is characterized by regional differences. Over four million small arms are legally registered in civilian hands. Illegal possession is a problem in many areas, notably regions of internal conflict such as Chechnya and Dagestan. Estimates of the quantity of illegally held firearms in the Russian Federation range from 300,000 to 1.5 million. The type and scale of illegal possession of firearms is regionally dependent: in Siberia it is characterized by unregistered hunting rifles, in Chechnya illegally held military style weapons are the norm, and in the cities, many unregistered weapons have been confiscated from private security agencies. There have been various regional efforts to retrieve illegally-held weapons, including weapons buy-back programmes.

I. Introduction

The Kalashnikov, or AK-47, is undoubtedly the best-known assault rifle in the world.[1] For nearly 50 years, the AK-47 and its derivatives were the mainstay of the Soviet small arms industry. It is the weapon that first springs to mind when one thinks about Russian-made small arms. The basic AK-47, however, has not been produced in the Russian Federation for a number of years. Modern derivatives of the original weapon (the AK-101 to 105 series) have long since taken its place.

The impact of the Kalashnikov remains enormous and to this day extends well beyond the borders of the Russian Federation. It is estimated that over 100 million AK-47s and its derivatives have been produced worldwide since it was first designed in 1947. It appears on the national flag of Mozambique and the Islamic banner of Hezbollah. It has been the weapon of choice in countless wars and insurgencies over the past 50 years. It has even permeated popular culture in western countries, being frequently referred to in rap music, for instance, to the extent that it is found in the rap dictionary.

However, there is a lot more to Russian SALW than the AK-47. Soviet, and subsequently Russian, producers and their customers worldwide took pride in Russian-produced weapons because of their quality, reliability, and value for money. This perception dates back to World War II, when Soviet defence needs instigated the design and production of arms that made a substantial contribution to the Allied victory. Moreover, in the Soviet and then Russian economy, arms production was one of the few industries that could compete in the global market and earn much-needed hard currency. As the ill effects of the wars fought with these weapons and the human suffering they caused were far from home, it was easy to treat SALW production as one of the major Soviet 'achievements'.

Since the fall of the Berlin Wall and collapse of the Soviet Union, the Russian arms industry has been transformed. Its main customer—the Soviet Army—disappeared, along with its huge demand for SALW. The industry also had to readjust to the new geo-political realities in the 1990s and the transition from a command to a market economy in Russia. During the Soviet era, arms exports and allocation of licences to satellite states for weapons manufacture took place largely for political reasons. Economic considerations were often irrelevant. With the collapse of the Soviet Union, this changed almost overnight, and business interests became paramount. Thus, the transformation of the Russian SALW industry in the 1990s was not easy and the legacy of this transition period continues to have an impact to this day.

However, in spite of the difficulties following the collapse of the Soviet Union and a much reduced demand for newly manufactured arms, the Russian Federation is still one of the top producers of SALW in the world, even excluding the AK-47.[2] As this study will show, the range of SALW produced in Russia remains broad and continues to have a crucial impact across the globe. Still, Russian producers, as well as their counterparts in other countries, have to face the fact that small arms production is not very profitable and that the demand for new guns held legitimately is not very high.

It is worth noting that Russia, compared to western Europe, retains a large number of official agencies that are allowed to carry arms. These agencies multiplied in number and personnel in the 1990s. They include troops belonging to the Ministries of the Interior and Justice, federal tax police, railway troops, and the state courier service. The effectiveness of the security of the stockpiles of arms held by these agencies is often unclear. Cases of recycling of Soviet and Russian-made weapons in conflict zones and

their penetration into the black market suggest that issues of stockpile management in Russia and efforts by the government to enhance security are of particular interest to the rest of the world.

This study examines SALW production and exports in the Russian Federation as of 2002. It draws its information from open sources as reported in the media or by state agencies, from official statistics, from estimates provided by official bodies, and from viewpoints expressed at seminars and conferences. All sources are clearly attributed. The utility of the paper lies in its comprehensive nature and the broad range of topics it covers, dealing with the issue of SALW in Russia in all its aspects. It will serve as a valuable tool for research into the Russian defence industry, its legal regulations and infrastructure, and its export control mechanisms. It provides some insight into the decision-making process in Russia regarding arms sales and the way arms trade data reaches the public domain in the absence of a clear policy on transparency. It also gives an overview of estimated stockpiles of SALW in Russia, as well as those weapons confiscated and destroyed by government agencies.

II. Small arms production in Russia

Downsizing of the arms industry since the fall of the Soviet Union

The collapse of the Soviet Union and the general economic crisis that followed, adversely affected the defence industry in the newly constituted Russian Federation (Russia). Russia inherited most of the Soviet production facilities for SALW, as well as those for cartridges and ammunition. At the same time, the decline in military spending and the reduction of the Russian armed forces resulted in cuts in government orders for such weapons. In the 1990s, the Russian armed forces could barely afford to acquire new armaments, because up to 70 per cent of spending assigned for defence was channelled to the maintenance of the army, i.e. to pay for salaries and basic operating supplies (Yegorov, 2001). As a result, government orders for cartridges, for instance, plummeted 40 times over the past decade (INFO-TASS, 12 October 2000). By 2000, the total output of small arms and cartridges for them fell to a fraction of what it was in Soviet times. Indeed, most factories are currently operating at only half of their capacity (INFO-TASS, 15 September 2000). The Russian military-industrial complex (MIC) has virtually stopped the serial production of small arms.

At the same time, spending on defence research and development (R&D) has fallen steadily since the early 1990s. Thus, from 1990 to 1994, the share of spending on R&D in the defence budget dropped from 18.6 per cent to 5.3 per cent (Minayev, 1999). The low level of government funding for arms and ammunition plants and design bureaus has led to a radical decline in the technical, technological, and research capacities of the Russian arms industry.

The lack of expenditure on small arms can be traced to the lack of budgetary resources for procurement of new weapons since the establishment of the Russian Federation and the existence of large stockpiles of SALW and ammunition dating from the Soviet era, making any substantial new purchases unnecessary. It is common knowledge that these reserves were stockpiled for the contingency of a global war involving much greater forces than the Russian Federation can now afford to maintain. Furthermore, up to now, the Russian military authorities have allocated the limited resources they have at their disposal to the maintenance of the nuclear deterrent. There was also a lack of preparedness for and understanding of the threats posed to national security by regional conflicts in the early 1990s. This meant that priority, even for minimal procurements of new military hardware, was given to other types of armaments such as combat aircraft, strategic missile systems, and submarines.

Policy for restructuring the arms industry

In the late 1990s, the conflict in Chechnya and military operations in Dagestan against Chechen and Dagestani militants showed the Russian military-political leadership that the threats to national security had changed. They realized that the new challenges facing the Russian military would require a transition to new models of military operations that necessitated procuring more SALW. In fact, the Russian army started combat operations in the Botlikh area and in the Muslim strongholds of Chaban-Makhi and Kara-Makhi in Dagestan with weaponry that differed little from that used in the Afghan war, fought 20 years before. It became clear, for instance, that the shelf-life of cartridges in the arsenals of the Russian Defence Ministry was running out (INFO-TASS, 15 September 2000).

In light of the changing threats to security, Russian policy-makers realized that there had to be a change in the structure of the small arms industry. In 2000, for the first time in ten years, the Russian government formulated its key objectives in developing small arms. They were the following:

- to preserve a rational system of general-purpose small arms based on a minimal number of weapon and cartridge models and a high degree of their standardization;
- to develop and produce advanced ammunition, small arms, and sighting systems in the framework of a special federal programme for supplying the twenty-first century serviceman; and
- to advance R&D programmes on small arms so as to preserve the research, technical, and manufacturing capacities of the defence industry in the sphere of small arms.[3]

Under the planned restructuring of the Russian MIC, the developers and manufacturers of SALW will be merged into two major government-owned holdings: the Small Arms and Cartridges Corporation and the High-Precision Weapons Corporation.

The latter, which unites manufacturers of light weapons, primarily portable surface-to-air missiles (SAMs), was set up in 2002 around the Tula-based Instrument Design Bureau (KBP), part of the Kovrov Mechanical Plant (KMP), the Degtyaryov Plant, and others (ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 6 March 2002).

The Small Arms and Cartridges Corporation will be set up in 2003,[4] with open joint stock company (OJSC) Izhmash as its core company. The holding is expected to bring together 12 companies: parts of KMP and the Degtyaryov Plant, part of the joint stock company (JSC) Tula Arms Plant, the Vyatskiye Polyany Machine-Building Plant Molot, and several research centres.[5]

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The government believes that the formation of major corporate entities in the Russian MIC will prevent companies from duplicating efforts and will concentrate the defence orders to a minimal number of industrial facilities as well as improve control over the defence industry.[6] However, the main obstacle to the planned restructuring is the absence of a mechanism for integrating government-owned and private companies into one corporate entity. The government intends to place at least 51 per cent of the participating companies in the hands of a managing company set up on the basis of a core enterprise. Private and semi-private companies in the SALW industry are apprehensive of the government programme, because they fear their business may be nationalized. There are also misgivings that since the Izhmash amalgamation was chosen as the core company, it may obtain a monopoly on the manufacture of SALW in Russia.

Even though the Russian military leadership understands the need to supply the army with new models of SALW, government demand remains virtually unchanged. Although military spending has grown annually since 1996, most of the expenditure goes on repairs to heavy armaments. Under the government programme of spending on armaments, spending on defence-related R&D, including R&D on small arms, was supposed to grow faster than arms purchases until 2003, while after 2004, purchases of new military hardware were supposed to move ahead.[7] However, already in the middle of 2002, when the defence budget for 2003 was drafted, the Defence Ministry did not rule out the possibility that spending on R&D would be slashed and virtually no new armaments would be purchased (Mukhin, 2002).

The law governing the production of SALW in the Russian Federation

The 1996 Federal *Law on Arms,* in addition to several other pieces of legislation, regulates the production of small arms in Russia. Under the 1996 law, small arms are divided into three specific categories: civilian, service, and combat arms.

Smoothbore arms and rifles designed for self-defence, sport, or hunting are classified as civilian arms. Service arms are defined as those used by government officials or employees of legal entities for purposes of self-defence or security duties. By law, small arms that fall under the category of civilian and service arms may not be automatic. Their magazines may not contain more than ten bullets. The barrel, together with the body, may be no longer than 500mm, and the total length of the weapon may be no greater than 800mm. Furthermore, it is illegal to have weapons that look like other objects. For example, a gun cannot look like a pen. Civilian and service weapons cannot be capable of firing armour-piercing, incendiary, explosive, or tracer bullets. Those classified as service arms also differ from those classified as combat small arms in terms of the type and size of ammunition that can be used, and there are also different markings on the bullet and cartridge cases. Combat small arms are defined as those used by official militarized organizations as listed under the *Law on Arms* (such as the Defence Ministry, the Ministry of the Interior, the Ministry of Justice, the Federal Security Service, and the Federal Border Guard Service) and those manufactured specifically for export.

The law states that small arms and cartridges for arms can only be produced by the duly government-licensed agencies listed. The only exception is made for government-controlled militarized organizations that are allowed to manufacture weapons without a licence (i.e. those agencies that can possess combat weapons; e.g. theoretically the Defence Ministry can manufacture SALW without needing a licence). The owners of smoothbore hunting weapons may make their own cartridge cases, on condition that they have a permit for possessing and carrying arms.[8]

Russian law does not distinguish between the different categories of small arms (sporting, hunting, and combat) when it comes to licensing their production. The issue of licences is regulated by the *Statute on Licensing the Production of Arms and the Main Components of Small Arms,* approved by government Resolution No. 455 of 21 June 2002. Production licences are issued by the Russian Agency for Conventional Arms, which supervises the production of conventional ground weapons. The agency keeps a register of the licences it issues. Licences are issued for a term of five years and may be extended on the application of the licensee. The agency also controls the observation of the licence conditions and requirements through the conducting of inspections at least once during the term of a licence by teams consisting of experts on arms production and staff members of the Defence and Interior Ministries.

All models of civilian and service weapons and cartridges for them are subject to mandatory certification by the State Committee for Standardization, Metrology, and Certification. It keeps a *State Register of Civilian and Service Weapons and Cartridges* for data regarding these weapons. The register of firearms models and cartridges is updated quarterly by the government or at the government's instructions by the State Committee for Standardization, together with the Interior Ministry.

Marking of weapons

By law, each unit of arms manufactured in Russia, including SALW, must carry an individual serial number. In addition, Russian manufacturers add their trademark to the marking, the year of manufacture, and also information about the ammunition used and quality certification. Some manufacturers, such as the Izhevsk Machinery Plant, also mark weapons by categories, which means that the type of a weapon may be determined by its serial number. Some plants, such as Izhmash, add an indication of the country of manufacture to export models.

In Russia, the marking of SALW is struck to a depth of 0.2mm on the most functional metal parts of the weapon: the barrel and the receiver (Smirnov, 2001). The advantage of such marking is that even if it is mechanically removed, it may be restored, thanks to the 'memory' of metal (i.e. the marking can be traced on the metal even after erasure). Russia does not undertake the secret marking of SALW (Smirnov, 2001).

Given Russia's commitments under the Organization for Security and Co-operation in Europe (OSCE) document on SALW (Russian Federation, 2001b), in 2001 the Russian Defence Ministry submitted information to the Foreign Ministry on the national system of marking SALW for later submission to the OSCE. However, in Russia itself this information is classified.

The main production centres of SALW

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During Soviet times, all industrial facilities, including those manufacturing SALW, belonged to the state. After the collapse of the Soviet Union, the process of privatization in the early and mid-1990s affected the Russian defence industry as well as other sectors. Today, Russian defence enterprises have several different forms, ranging from fully state-owned federal state unitary enterprises (FSUE) to JSCs, with or without government participation. The state participation in the defence JSCs may also have different levels and forms: from a federal one, where the government appoints a certain federal ministry or body as a shareholder, to a local one, where the state is represented by the region's or internal republic's authorities. In some cases, the share packages may even belong to the top management of an enterprise.

Today, the main centres manufacturing army, police, and civilian SALW in Russia are located in the towns of Izhevsk (in the Udmurtia region), Tula (Tula region), Kovrov (Vladimir region), and Vyatskie Polyany (Kirov region). The production undertaken in the factories based in these towns is outlined below.

Izhevsk is the capital of the autonomous Republic of Udmurtia and is the home town of the first two facilities discussed.

OJSC Izhmash

Izhmash is Russia's largest manufacturer of small arms. Founded in 1807 as the Izhevsk Arms Plant, it became the main producer of small arms in the Soviet Union during World War II. After the war, in 1948, it launched the production of AK-47 assault rifles.

Today, Izhmash is a large engineering facility which, in addition to military small arms, makes hunting and sporting rifles, aviation guns, high-precision artillery shells, test vehicles for guided-weapons systems, motorcycles, cars, machine-tools, high quality instruments, and blanks.

At the end of 2000, following an additional share issue and the restructuring of debts to the federal budget amounting to some USD 86 million (RUB 2,500 million), the stake of the Republic of Udmurtia in the Izhmash charter capital shrank. At the same time, the share controlled by the Ministry for Property Relations grew from 25.5 per cent to 57 per cent (Izhmash Press Service, 15 December 2000). Thus, after acquiring controlling shares, the federal government established full control over Izhmash operations. At the moment, the main shareholders of Izhmash are:

- the Federal Ministry of Property Relations (State Property)[9]—57.01 per cent;
- the Ministry of State Property of the Republic of Udmurtia—10.87 per cent;
- OJSC Concern Izhmash—8.94 per cent; and
- Izhmash High-Precision Equipment Scientific and Production Centre—7.38 per cent (NAUFOR).

Izhmash currently manufactures the latest models of Russian small arms, mainly because the plant has a powerful R&D division. Mikhail Kalashnikov, the world famous designer of the Kalashnikov assault rifle (from whom the weapon takes its name), still works at the plant. In 1997, a government resolution gave Izhmash the status of the Federal Scientific and Production Centre for Small Arms, with Kalashnikov as its head. Today Izhmash manufactures the following weapons:

- Kalashnikov assault rifles
  1. *The AK-101–AK-105 series:* It should be noted that Izhmash is Russia's only producer of this series of Kalashnikov assault rifles. In 2001, the Russian Army adopted 7.62mm AK-103 and AK-104 assault rifles and the 5.45mm AK-106 assault rifle (ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 23 January 2002). The AK-101 and AK-102 models are made only for export, because they can take the standard NATO 5.56mm ammunition.
  2. *The 5.56mm AK-108 assault rifle with balanced action:* Reportedly this is a new system that differs from the traditional assault rifle design because of its operating system based on the separation of the weights of its moving parts and the weights of power inter-absorption that allegedly reduces side trembling and recoil (INFO-TASS, 17 December 2002).
  3. *The Izhmash version of the AK-107:* This weapon has a chamber modified for standard Russian 5.45mm ammunition. It is under development and has not yet been adopted by the Russian armed forces.
  4. *The AK-74:* Izhmash still has the capability to manufacture the AK-74 assault rifle, first adopted by the Soviet Army in 1974 (Minayev, 1999, p. 476). Today the AK-74 is considered to be rather outdated.
- The AN-94 Nikonov assault rifle
  The plant has been producing a new generation of Russian small arms, the Nikonov assault rifle with shifted pulse recoil, a new system that minimizes the recoil after the first shot, thereby increasing the accuracy of the first two shots. The development of the weapon began in the 1980s, and since its adoption in 1997, it has been allocated primarily to the Airborne Force. Even though some designers say that the Nikonov assault rifle is too complicated in production and paratroopers have mixed feelings about it, preferring the old AK-47, there is talk of its serial production being undertaken.
- Dragunov sniper rifle
  Since 1964, Izhmash has been making the Dragunov sniper rifle (SVD) and its more advanced modification, the SVDS, which has a folding stock (Likhachyov, 1998).
- Bizon-2 sub-machine gun
  Izhmash also manufactures the Bizon-2 sub-machine gun in small lots of several hundred units for special task forces and the Interior Ministry (*Sevodnya News Programme*, 2001).

- Hunting and sporting rifles
  Izhmash is a significant Russian producer of hunting guns derived from the AK-47 assault rifle. In 2001, it manufactured 87,690 units of sporting and hunting rifles (Izhmash Press Service, 9 January 2002). In the first half of 2002 (January–June), it produced 44,313 hunting and sporting rifles, a small increase over the same period of the previous year (Interfax News Agency, 2002).

In 2000, the Russian Agency for Conventional Armaments[10] placed Izhmash at the top of its list of companies that were responsible for growth in production volume in the sector. Although the Izhmash group employs less than seven per cent of the total workforce of the companies under the agency, it was responsible for almost 95 per cent of overall production growth among such companies (Izhmash Press Service, 15 March 2001). According to the agency's estimates, in 2001, Izhmash also achieved the highest production growth in the industry. Data on the production, sales, and workforce of Izhmash for the period 1999–2001 is presented in Table 1.

Table 1. Economic indicators for Izhmash, 1999–2001

Indicators	1999	2000	2001
Total sales (USD million)[11]	90	170.7	199.5
Production volume (USD million)	58[12]	155[13]	227[14]
Personnel[15]	22,900	25,400	27,300

In 2000, Izhmash's total exports amounted to USD 45 million (ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 4 April 2002). However with respect to specific exports of small arms, only the delivery of 4,000 AK-101 and AK-102 assault rifles to Indonesia was reported in the Russian media.

In 2001, Izhmash's exports dropped to USD 24.7 million, i.e. by 12.4 per cent of annual sales (*Eksport Vooruzheniy Journal*, 2002). Rosoboronexport signed the following contracts for the delivery of SALW to be carried out by Izhmash in 2001:

- a contract for 5,000 AK-101 and AK-102 assault rifles for Indonesia (May 2001);
- a contract for the delivery of AK-103 and AK-104 assault rifles to Bhutan for USD 1 million (February 2001); and
- a contract for small arms for Mongolia, which Izhmash will share with manufacturers in Tula (February 2001).

It must be said that the major share of the plant's production is made up of civilian goods, primarily auto manufacturing, which constitutes over 50 per cent of Izhmash's output. Almost all of the military output at Izhmash today, as with the overwhelming majority of companies in the Russian MIC, is meant for export. These exports constitute about 12 per cent of the company's total production (which includes civilian consumer goods). In addition to combat small arms, the company exports other weapons (for example, Krasnopol guided artillery shells), as well as some civilian consumer goods. There is no official data on the volume of combat SALW production at Izhmash, but taking into account the above-mentioned facts, we can assume that it scarcely exceeds export volumes, i.e. 12 per cent of overall production for the entire company.

JSC Izhevsky Mekhanichesky Zavod (Izhevsk Mechanical Plant)

The Izhevsk Mechanical Plant was founded in 1942 for the manufacture of small arms for the Soviet Army. Nowadays, it is a multifaceted industrial facility producing various civilian goods (such as electric hand tools, packaging equipment, oil-extraction equipment, and medical appliances), in addition to pistols, hunting and sporting rifles, and air rifles.

In 1953, it launched the serial production of the Makarov pistol (PM)—the main handgun of the Soviet/Russian Army. Since then it has manufactured over five million PMs (*Kalashnikov: Oruzhie, boepripasy, snaryazhenie*, 2002). The plant also makes special versions of the PM for law enforcement agencies, such as the IZh-71.

In the 1990s, the plant intensified R&D on new types of firearms for the Russian Army, Navy, and law enforcement agencies. It manufactured small batches of Kedr and Klin sub-machine guns for Russian Interior Ministry forces.

In the past few years, however, the plant has focused most of its activities on the manufacture of sporting and hunting guns. In 1999, it turned out some 630,000 units of such guns (ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 7 August 2001); in 2000, over 570,000 (Evseeva, 2002); and in 2001, over 800,000.[16] This last figure constituted three quarters of civilian arms produced in Russia for the year (Bronshtein, 2002).

Table 2. Economic indicators for the Izhevsk Machinery Plant, 1999–2001[17]

Indicators	1999	2000	2001
Total sales (USD million)	40.9	46.6	57.7
Export volume (USD million)	No data	16.3	20.5
Personnel	No data	14,900	15,200

In 1999, the plant exported sporting and hunting weapons under the Baikal trademark[18] to 65 countries for USD 14 million (INFO-TASS, 21 November 2001). According to government expert estimates, the plant allegedly currently controls almost 40 per cent of the world market for sporting and hunting arms (Evseeva, 2002).

JSC Tulsky Oruzheiny Zavod (Tula Arms Plant)

Tula, in central Russia, is the home town of this plant, which was founded in 1712 and was for a considerable time the main producer of small arms, first for the Russian empire and later the Soviet Union. In 1961, it launched production of the Kalashnikov assault rifle. In Soviet times, it also produced anti-tank guided missiles (ATGMs) and under-barrel grenade launchers.[19] In 1991–92, as a result of conversion, the share of government orders in overall output slumped from 100 per cent to 7–10 per cent (Rudenko, 2001). The production of military small arms was suspended at this time. In 1993, the Tula Arms Plant became a JSC, with the government as its main shareholder. The Federal Property Fund[20] represents the interests of the government, owning a 20 per cent stake, as well as the 'golden share' (i.e. it has the right of veto over key decisions concerning the company's activities).

The decline in defence contracts resulted in a change in the facility's strategy, leading to the plant expanding its production of hunting and sporting guns. In 2001, it manufactured about 60,000 units of such weapons.[21] In the military sector, it focused on the manufacture of small batches of high-precision portable ATGMs and launched the production of compact assault rifles with silencers and sniper rifles for army task forces. It also manufactures under-barrel grenade launchers and AKS-74U shortened assault rifles. Since 2000, the plant has been boosting the production of the Konkurs portable ATGM (*Tribuna*, 2000).

In the past few years, the plant has improved its situation. In 1999, overall production soared 150 per cent[22] and in 2000, output in the plant's defence production jumped 95 per cent (Rudenko, 2001). In 2001, its output rose 117 per cent (*Molodoy kommunar,* 2002). During the past few years, the plant has retained a personnel of about 7,000 persons (*Molodoy kommunar,* 2002). Data on the plant's economic indicators is presented in Table 3.

Table 3. Economic indicators for the Tula Arms Plant, 1999–2001[23]

Indicators	1999	2000	2001
Total sales (USD million)	29.4	22	13.4
Profits (USD million)	3.9	5.2	0.3

In the past few years, government defence contracts have amounted to some ten per cent of overall production (*Molodoy kommunar,* 2002), while military output constitutes over 86 per cent of the total (Zabrodin, 2001).

The plant currently exports 82 per cent of its output, with the returns amounting to 83 per cent of its income (Rudenko, 2001). Eighty per cent of the military output is exported and sold to over 20 countries (Zabrodin, 2001). This includes those arms classed as civilian, in accordance with the legislation passed in 1996, referred to above. The Tula Arms Plant exports all its combat SALW through government intermediaries, i.e. it does not have the right to conduct independent foreign trade as far as its military-purpose output is concerned. While comprehensive data on exports is lacking, there are reports that military-purpose products, such as short-barreled Kalashnikov assault rifles (AKS-74s) and submarine sub-machine guns have been delivered to certain Arab countries (Netreba, 2001). In 2001, the plant received an order for the manufacture of small arms for Mongolia.

FSUE KBP (Instrument Design Bureau)

The second important manufacturer of small arms and light weapons in Tula is the Instrument Design Bureau (KBP), founded in 1927. It manufactures a wide spectrum of armaments, including short-range SAMs, guided missiles, anti-tank systems, automatic grenade launchers, and small arms.

The KBP is the main Russian designer and manufacturer of portable ATGMs. In the 1990s, it manufactured the Kornet-E (AT-14) and Metis-M (AT-13) ATGMs for export. The systems were delivered to South Korea, Syria, the United Arab Emirates (UAE), and the Federal Republic of Yugoslavia. Over the past few years, the KBP has received most of its income from exports; in fact, for every one order from the Russian Defence Ministry, there are ten foreign orders (Soloviev, 1999). In 2000,

domestic sales of missile systems constituted only three per cent of total output. Production enhancement and R&D are financed by the company's export returns.

KBP exports its output on its own as well as through Rosoboronexport, the official government intermediary. Since 1996, it has had the right to independent export-import operations for military-purpose goods. On 19 January 2000, the permit was extended for five more years. In 1999, the KBP exported military-purpose goods and services for USD 180 million (Makienko, 2000). A little less than half of this figure—USD 72.2 million—was earned independent of Rosoboronexport (ITAR-TASS Weekly, 2002). Portable ATGMs and infantry flame-throwers constituted the bulk of the deliveries (Soloviev, 1999). In 2000, arms deliveries amounted to USD 73 million and in 2001 to USD 107 million (Nikolsky & Kozyrev, 2002). However, it should be noted that most of the export revenue for 2000 was from a contract with the UAE for the development and delivery of the Pantsyr-S1 wheeled anti-aircraft system for USD 730 million, to be paid over a period of several years.

In 2001, the portfolio of the KBP's military orders amounted to about USD 500 million. In the first half of 2002, the KBP signed export contracts for USD 400 million.[24] In August 2001, Rosoboronexport placed the company in charge of fulfilling a USD 30 million contract for the delivery of a batch of Metis-2 ATGM systems to Malaysia (INFO-TASS, 23 August 2001).

Small arms are developed and manufactured at a subsidiary of the KBP, the Central Research and Design Bureau of Sporting and Hunting Guns (TsKIB SOO). TsKIB SOO specializes in the production of pistols, revolvers, sub-machine guns, sniper rifles, and compact assault rifles. The firearms are designed and produced in small batches made to order for various law enforcement, security, and military agencies for their armed units. For instance, the 9A-91 compact assault rifle is manufactured serially for the Russian Interior Ministry (Kolyaskina, 2002). No information is available regarding TsKIB SOO's export contracts.

In addition to small arms for the army and law enforcement agencies, the facility produces hunting and sporting guns. In 2001, the output of civilian weapons was about 18,000 units.[25]

JSC Kovrov Mechanical Plant

The Kovrov Mechanical Plant (KMP) is located in Kovrov, in the Vladimir region, and was founded in 1950 for the production of small arms. Since the 1950s, it has been making various modifications of the Kalashnikov assault rifle. In the early 1960s, it launched production of the RPG-7 portable anti-tank grenade launcher. Currently, it also manufactures SAMs and ATGMs, as well as goods for non-military use (such as engines for motorbikes, safety belts for cars, and construction tools).

In 1993, the plant was transformed into a JSC. At present, the plant is actually controlled by New Programmes and Concepts (NPC), a company that nominally has a five per cent stake in KMP and owns other shares through affiliated companies. The plant has a workforce of over 3,000. Its economic performance has been improving thanks to a rise in arms exports. In 2001, the share of military output in terms of overall production was 89 per cent.[26] This output consisted mainly of components for the Igla portable SAM (SA-18), which is manufactured in co-operation with the Kolomna Machine-Building Design Bureau (KMBDB). Specifically, this production is being carried out within the framework of a KMBDB contract for delivery of the system to India (Garavsky, 2001). In addition,

PKT tank machine guns are being delivered to India with T-90S tanks (Sokut, 2002) under a 2001 contract for 310 tanks agreed through Rosoboronexport. Table 4 presents economic data available for 2000 and 2001 for KMP.

Table 4. Economic indicators for KMP, 2000–01[27]

Indicators	2000	2001
Income (USD million)	15.8	22.2
Profits (USD million)	-1.2	6

In the late 1990s, KMP tried to introduce new models of small arms onto the world market. It designed the AEK-971 assault rifle with a balanced automatic system and the AEK-919K Kashtan sub-machine gun, and has prepared the weapons for serial production. In 2000, its design office produced the first test models of the AEK-973 modernized assault rifle (Military News Agency, 2000).

Despite the aggressive marketing policy of the NPC holding company to promote new models of small arms on both the domestic and foreign markets, so far there is no information available on any export contracts or domestic deliveries to the Russian armed forces or law enforcement agencies.

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JSC Degtyaryov Plant

The Degtyaryov Plant is also located in Kovrov, in the Vladimir region, and was founded in 1917 for the production of machine guns. In the second half of the 1950s and the beginning of the 1960s it launched the production of air defence guns, ATGMs, and portable air defence missile systems.

The plant's management became its biggest shareholder in 2001, when it bought stocks from NPC and the MDM group. Some 35 per cent of shares are now in the hands of private individuals and MDM has retained only 0.05 per cent (Kozyrev, 2002). The government, in the form of the Russian Agency for Conventional Armaments, owns the 'golden share'.

Military production constitutes about 50 per cent of total output for the company, equipment for nuclear power engineering 40 per cent, and civilian commodities (motorbikes, sewing machines, instruments) ten per cent.[28] The company's military output is mainly exported, and deliveries for the needs of the Russian armed forces make up only a fraction of production.[29] However, Russian armed forces procurements grew in 2000 (INFO-TASS, 28 March 2001). In 2001, production increased, thanks to a rise in the manufacture of military goods, while the production of civilian commodities fell by 27 per cent (INFO-TASS, 13–14 March 2002). The plant employs over 15,000 people. Economic indicators for the plant are presented in Table 5.

Table 5. Economic indicators for the Degtyaryov Plant, 1999–2001[30]			
Indicators	**1999**	**2000**	**2001**
Total sales (USD million)	51.9	59.7	84.3
Profits (USD million)	9.4[31]	8	15.7

Igla portable SAMs and Kornet-E ATGM systems constitute the core of military production at the plant. They are made in co-operation with and on orders from KMBDB and KBP respectively. The plant was involved in fulfilling a KMBDB contract for the delivery of several hundred Igla MANPADS to India (Military News Agency, 14 February 2001). In 2003–04, the plant's management plans to boost production through increased KMBDB contracts for SAM systems.

With respect to small arms production, the Degtyaryov Plant specializes in 14.5mm KPTV tank machine guns. After the disintegration of the Soviet Union, facilities for manufacturing 12.7mm machine guns remained in Kazakhstan. Consequently, the Degtyaryov Plant developed and prepared for serial production the Kord heavy machine gun. The 12.7mm ASVK sniper rifle is at the test stage. In co-operation with the Vyatskiye Polyany Machine-Building Plant Molot (see below), Degtyaryov produces the AGS-30 anti-personnel automatic grenade launcher. The military output of the plant also includes aircraft guns, naval machine guns, and grenade launcher mounts.

'Molot' Machine-Building Plant

The Molot plant is located in Vyatskiye Polyany, in the Kirov region, and was founded in 1941, when production of the Shpagin sub-machine gun was transferred here from Zagorsk (near Moscow) in order to protect production from advancing German troops during World War II. From 1953 to 1955, it manufactured the Stechkin automatic pistol.

At present, Molot is a JSC, with the government as its main shareholder, in the form of the Ministry of Property Relations, owning 38 per cent of the company's shares (51 per cent of the voting shares). A consortium of Moscow companies holds 50.5 per cent of the shares (31 per cent of voting shares), and 11.5 per cent of the company's shares belong to private individuals.

The military output at Molot includes Metis-2 ATGM systems, automatic grenade launchers (in co-operation with the Degtyaryov Plant), and Kalashnikov light machine guns. Civilian production covers motorbikes, hunting rifles, various household appliances, and industrial equipment. One aspect of the civilian weapons production is the conversion of SKS combat carbines removed from army arsenals into hunting weapons. In 2001, Molot employed 7,430 personnel (*Eksport Vooruzheniy Journal*, 2002). The economic indicators of the company are given in Table 6.

Table 6. Economic indicators for Molot, 1999–2001			
Indicators	**1999**[32]	**2000**[33]	**2001**[34]
Total sales (USD million)	24.7	25.6	21.2
Profits (USD million)	13.1	7.2	1.54

The largest share of the income from the company's military sector comes from the assembly of the Metis-M ATGM, under a contract with KBP. Currently, Molot is involved in fulfilling contracts for the delivery of Metis-Ms to Malaysia for USD 30 million (signed in 2001) (Safronov, 2001) and South Korea (signed in April 2002) (Safronov, 2002). On the whole, military production at the company is almost entirely for export and amounts to about 12 per cent of the company's total output (*Eksport Vooruzheniy Journal*, 2002). Domestic military contracts in 2000 were limited to small batches of Kalashnikov light machine guns for the Russian Interior Ministry (*Kalashnikov: Oruzhie, boepripasy, snaryazhenie*, 2000).

Kolomna Machine-Building Design Bureau (KMBDB)

KMBDB, in the Moscow region, was founded in 1942. It is a federal state enterprise subordinate to the Russian Agency for Conventional Armaments.[35] It currently employs about 3,500 people (CAST, 2001).

The main military item it manufactures is the portable SAM system, the Igla. It is also developing and testing the Iskander-E tactical missile system, the Khrizantema-S ATGM system, and active tank protection systems.

In August 1999, the company received the right to independent foreign trade operations for military-purpose goods (see the section on export legislation, below). In the past few years, it is known to have signed contracts for the delivery of Igla systems to Brazil, India, Malaysia, Singapore, South Korea, and Vietnam. The transfer of Igla production technology accompanied deliveries of commercial consignments. KMBDB exports about 1,000 Igla missiles to different countries annually (ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 9 April 2001). The Igla is made in co-operation with the Degtyaryov Plant and KMP (missiles and launchers) and LOMO of St. Petersburg (automatic targeting devices). In 2001, the volume of the bureau's independent sales reached USD 32 million (Nikolsky & Kozyrev, 2002). The current portfolio of the company's military orders amounts to USD 600 million. In the first half of 2002, KMBDB signed independent export contracts worth USD 150 million (ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 21–22 May 2002).

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In 1999, 64 per cent of KMBDB's gross income came from foreign trade (ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 9 April 2000). In 2000–01, this figure rose to 70 per cent (ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 9 April 2001, 21–22 May 2002). The share of exports as part of gross income has continued to grow, despite an increase in domestic income. The increase in domestic income has come as a direct result of the Russian government settling past accounts. For example, in 1999, the government paid only 25 per cent of its bill, and 2000 marked the first time in years that the government paid its bill in full (ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 9 April 2000).

FSUE Zlatoust Machine-Building Plant

In 2002, the Zlatoust Machine-Building Plant in the Chelyabinsk region stopped the manufacture of Kedr sub-machine guns and RSA and RSA-TKB revolvers, due to the absence of orders for combat small arms (INFO-TASS, 28 May 2002). Also because of a lack of demand, it ceased the serial manufacture of hunting weapons. At present, the facility continues to produce only about 100 PKSK-10 service carbines per month (INFO-TASS, 28 May 2002).

Trends in the arms industry

An analysis of the current state of the production of combat small arms in Russia prompts the following conclusions.

1. There has been a realignment of the arms industry. The collapse of the Soviet Union and its state-subsidized MIC and the subsequent transition to a market economy led to the restructuring of small arms production facilities. Tula is gradually losing its position as one of the main design and manufacturing centres for small arms. Currently, 85 per cent of Russia's small arms are produced in Izhevsk (at Izhmash and the Izhevsk Machinery Plant), ten per cent at Molot, and a mere five per cent at the Tula arms manufacturing facilities.[36] Izhmash is the most efficient company, carrying out the majority of export orders for Russian small arms. After receiving the status of the Federal Scientific and Production Centre for Small Arms, it actually has a monopoly on the design and manufacture of the latest models of small arms. If the integration of the Russian defence industry and the formation of the Small Arms and Cartridges Holding with Izhmash at its core company succeeds, other manufacturing centres for small arms are likely to decline to the status of mere production facilities of the larger corporate holding. The technological and production policy of the entire industry will be determined in Izhevsk.

2. There has been an increase in the production of civilian goods as a result of the modernization of the defence industry. Unlike other sectors of the Russian defence industry, the most successful manufacturers of SALW also have a large share of civilian production, e.g. Izhmash, Molot (over 80 per cent), and Izhevsk Machinery Plant (over 60 per cent). This substantial and successful civilian production (such as cars, motorbikes, and industrial equipment) makes these companies less dependent on arms contracts and at the same time allows them to channel part of the profits from civilian production to R&D on small arms. The success in sales of civilian goods includes civilian firearms such as sporting rifles, which is one of the most successful sectors of civilian production for these companies. In most cases, investment for the development of these weapons has been minimal, since they were based on combat arms designs that already existed.

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3. There have been advances in technology. The development of Russian small arms is on the threshold of several technological breakthroughs. An end to the Kalashnikov era may come in the next few years, signifying a departure from the key models of small arms that were adopted in Soviet times. Russian arms designers have developed automatic small arms with recoil-shifted pulse and balanced actions, which increase their effectiveness by 50–100 per cent. Izhmash (AK-107, AK-108, AN-94) and the Kovrov Mechanical Plant (AEK-971, AEK-973) have developed such models. Work is also under way to develop numerous weapons such as pistols, machine pistols, light sub-machine guns, and sniper rifles for special military and law enforcement units. In the current situation, there are no plans for a rearmament of the Russian armed forces and there is a shortage of funds for the purchase of new hardware. Therefore, large scale serial production of these new weapons has not yet taken place. At present, manufacturers often develop and make these small arms in limited batches according to orders from specific armed units, particularly those of the Interior Ministry.

SALW ammunition production

The Russian ammunition industry is in a critical condition. Annual production volumes have plummeted from five billion rounds in 1991 to 50 million in 2000 (INFO-TASS, 2 April 2001; Dernovoy, 2001). The Russian Defence Ministry is using cartridges from its arsenals, because of lack of funds to purchase new ammunition. Hence government contracts are virtually non-existent. The situation is forcing most companies in the Russian cartridge business to switch to the production of cartridges for hunting and sporting weapons, which have a better export outlook.

Russia has six industrial plants that produce ammunition for small arms (Dernovoy, 2001). Two of them are state-owned enterprises:

- The Vympel State Production Association (Khabarovsk territory). In 2001, the Russian government owed this company over USD 10 million (RUB 310 million) for ammunition already manufactured for the Defence Ministry and law enforcement agencies (Military News Agency, 22 March 2001) and for deliveries to North Korea (Gladky, 2001). As a result, in August 2001, Vympel's property was seized under a lawsuit filed by its creditors (Gladky, 2001). In November 2002, production resumed (ITAR-TASS, 11 November 2002).
- The Ulyanovsk Machine-Building Plant (Samara region). In 2001, this company received an order from the Russian Defence Ministry for a batch of tracer bullets (Military News Agency, 25 April 2001).

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The four other plants are open JSCs:

- The Novosibirsk Low Voltage Equipment Plant. In 1999, this company doubled its production, thanks to a domestic government contract and exports. Over 90 per cent of its cartridges are exported to 50 countries around the world (Finmarket, 11 February 2000). Orders for the delivery of sporting and hunting cartridges to the US in 2002 are estimated at 15 million rounds (INFO-TASS, 3 July 2002).
- The Tula Cartridge Plant.
- The Barnaul Machine-Building Plant (Altai territory).
- The Klimovsk Stamping Plant (Moscow region). This plant manufactures ammunition for Kalashnikov assault rifles and special weapons as well as hunting ammunition for export.

The following enterprises develop and produce ammunition for light weapons:

- The Pribor Federal Scientific and Production Centre. In 2001, Pribor received a large order of ammunition for under-barrel grenade launchers as part of a contract for small arms and ammunition sold to Mongolia (Military News Agency, 23 April 2001).
- The Bazalt State Research and Production Enterprise. This manufacturer of ammunition for grenade launchers exports 70–80 per cent of its output.[37]

The licensed production of Russian small arms abroad

As the Soviet Union often used arms deliveries as a tool of political influence,[38] transferring documents for the production of various types of weaponry, including SALW, to friendly regimes was widely practised. Often, such transfers were not even properly documented or accounted for and any royalties that may have been payable to the designers were simply ignored in the licensing agreements. In the 1990s, the Russian political leadership, as well as Russian SALW manufacturers, launched efforts to put this historic oversight to rights and settle intellectual property rights for their weapons. For instance, the Kalashnikov assault rifle and its various derivatives are either presently produced or have been produced in the past in Bulgaria, China, Cuba, former East Germany, Egypt, Hungary, India, North Korea, Poland, Romania, Slovenia, Turkey, and the Federal Republic of Yugoslavia (Nedelin, 1997; Rybak & Kozyrev, 2002).

Prior to 1997, neither the rifle's inventor—Mikhail Kalashnikov—nor the original manufacturer—Izhmash—received royalties for the production of Kalashnikov assault rifles in foreign countries. In 1997, Izhmash, with the assistance of the Swiss Ruspa AG Company, officially registered the rifle as Kalashnikov's invention at the World Intellectual Property Organization (WIPO) and received a Eurasian patent for it that is valid in nine Commonwealth of Independent States (CIS) countries (Gazeta.Ru, 28 May 2002). After numerous lawsuits, China, Turkey, and Slovenia have begun paying royalties for the production of Kalashnikov rifles. A licence to produce Kalashnikov assault rifles costs USD 1–6 million, depending on production volume (Rybak & Kozyrev, 2002). Izhmash is now planning to file suits against Bulgaria and Egypt to force them to pay royalties as well.

Simultaneously, Izhmash is trying to make those Russian companies that manufacture small arms based on the Kalashnikov assault rifle pay royalties. In June 2002, the Supreme Patent Chamber of the Russian Committee for Patents and Trademarks rejected an appeal from Molot Plant against a lawsuit filed by Izhmash. The lawsuit claims that Molot has to pay royalties for the use of the technology for light machine guns, and hunting rifles that it manufactures. The sum Molot will have to pay Izhmash is estimated to be USD 15.5 million (RUB 380 million) (Rybak & Kozyrev, 2002). In addition to the Kalashnikov assault rifle, Izhmash holds patents for the Nikonov assault rifle and SVD sniper rifle (*Military Parade*, 2002).

KMBDB also receives royalties for the manufacture of its Igla portable missile system under licence. In 1997, a licence for 3,000 Igla systems was transferred to Singapore (INFO-TASS, 5 February 1999). In 2001, an agreement was signed on the production of the system under licence in Vietnam (INFO-TASS, 20 February 2002). In Soviet times, licences for the production of the Strela-2 (SA-14) portable SAM designed in Kolomna were transferred to Bulgaria, Poland, Slovakia (as part of former Czechoslovakia), and the Federal Republic of Yugoslavia. The Strela-2 is manufactured without a licence in China, Egypt, and Pakistan (Soloviev, 2000).

It is difficult for Russian SALW manufacturers to make foreign companies pay royalties for the manufacture of Russian-designed weapons. This is because foreign manufacturers argue that the weapons that they produce have been modified so much that they can no longer be considered to be the original Russian design.

The illicit production of SALW and theft from production facilities

The main manufacturing centres of small arms, Tula and Izhevsk, remain sources of the illegal proliferation of weapons. Despite the steadily improving control systems at defence plants, the local law enforcement bodies report that manufactured small arms as well as their assembly parts continue to trickle from the manufacturing facilities. Often, the assembly parts are used for illegal small arms manufacture (*Kommersant*, 2001; Vladova, 1999, p. A2). At the same time, it must be said that theft from production facilities and illegal production of small arms from stolen parts is very limited. The quantity of small arms entering the illicit market in this manner only consists of the odd weapon here and there.

Recently, the manufacturers of small arms have tightened their security systems. Special prosecutors' offices are in charge of the physical security of defence plants and of reducing the opportunities for theft. These special prosecutors' offices were originally set up back in the 1950s to supervise secrecy at nuclear facilities; however, now the scope of their duties has expanded to defence industry facilities as well (Paramonova, 2001). Currently, the theft of non-ferrous metal rather than arms and spare parts is the main cause for concern in the industry (Paramonova, 2001).

One case of illicit arms production was the production of Borz sub-machine guns organized by the Chechen authorities at the Krasny Molot plant in Grozny in 1994–99 (Interfax, 18 May 2002). The exact number of weapons manufactured there is not known, but they did not win great popularity, due to their low quality and the affordability and availability of large quantities of Soviet/Russian-made small arms.

III. Russian SALW exports

Russian legislation governing arms exports

The 1998 federal law *On the Russian Federation's Military-Technical Co-operation with Foreign States* is the legal foundation for all Russian arms exports. The law established the principles of government policy on arms exports and the legal foundations for the operations of government agencies in this sphere. It also named the parties to military-technical co-operation (MTC) and outlined their rights.

Under the law, the government has a monopoly right to trade in armaments and military hardware. This is guaranteed by a system of permits for export-import transactions of military goods. It includes the issue of licences for foreign trade of military-purpose goods and the licensing of the importation and exportation of such products.

The following parties to the MTC have the right to deliver military-purpose goods to foreign countries:

- the designers and manufactures of such goods; and
- government intermediaries.

The government intermediaries are, in fact, specialized federal companies fully owned by the state and formed under presidential decrees. After the 1997 reform of the MTC system, three intermediaries were set up: Rosvoorouzhenie, Promexport, and Rossiiskiye Tekhnologii. The latter merged with Promexport shortly thereafter and in November 2000 the two remaining intermediaries were united under the name Rosoboronexport by presidential decree. The designers and manufacturers of arms and military hardware have the right to foreign trade operations if less than 51 per cent of their shares are federal property and the other shares are owned by Russian legal entities or individuals. The law prohibits the sale, pawning, or trust management of shares in these companies to and by foreign states, international organizations, foreign nationals, or foreign legal entities. Russian private individuals are not allowed to engage in MTC.

Under the law, the president formulates government policy in arms exports. He also sets out two lists:

- a list of military-purpose goods permitted to be transferred to foreign clients (list No. 1); and
- a list of states to which the transfer of military-purpose goods named in the first list is permitted (list No. 2).[39]

The president has the right to decree additions to or removals from both lists. Such changes must take into account UN restrictions and other Russian international commitments.

The cabinet carries out government policy by issuing regulatory acts on the design, manufacture, and export of military-purpose goods, and by setting domestic and foreign trade prices on such goods.

On 1 December 2000, the president issued Decree No. 1953, forming the Russian Federation Committee for Military-Technical Co-operation with Foreign States (CMTC). The purpose of this body is to implement the decisions of the president and government and to regulate and control arms exports. The decree made the committee the central co-ordinating agency for arms exports, a link between the president, federal executive bodies, and parties to the MTC. As a result, the CMTC submits proposals to the president as to which of the companies involved in MTC have the right to independent foreign trade operations or are to be stripped of this right. The CMTC issues licences for the export and import of military-purpose goods, controls the operations of Rosoboronexport and other Russian arms exporters, accepts official applications for arms deliveries from foreign clients, and distributes them among Russian companies. Formally, the committee is subordinate to the Defence Ministry, and its chairperson holds the post of deputy defence minister; however, under the statute governing the CMTC, the president oversees its operations and the cabinet co-ordinates them, while the defence minister only co-ordinates CMTC activities in limited circumstances.

In addition to the CMTC, to some extent other executive bodies (ministries, defence ministry agencies, and special services) control Russian parties to MTC. The Commission for Military-Technical Co-operation with Foreign States (a separate body from the CMTC) became the latest component of the new Russian system of MTC. It is a consultative body that works out proposals to the president on the main aspects of government arms trade policy. Cabinet members and heads of federal executive bodies whose work is related to MTC in one way or another belong to this commission.

The reform of the Russian system of arms export controls at the end of 2000 was an attempt to tighten presidential control over arms exports. When the CMTC was formed and given broad powers, the Defence Ministry was virtually barred from regulating MTC. The formation of a single government intermediary in the arms trade was meant to reduce possible competition between Russian exporters in the foreign market. In the future, the state will probably try to concentrate the bulk of arms exports in the hands of a single intermediary. Government control over the arms trade is concentrated in the hands of the CMTC.

Arms export licences: The decision-making process

Arms designers and manufactures must get a permit for foreign trade transactions involving military-purpose goods in order to export their goods. The procedure for obtaining such permits is defined in a provision of Presidential Decree No. 1953 of 1 December 2000, mentioned above.

In order to receive a permit, a manufacturer of SALW must file an application with the Russian Agency for Conventional Armaments. Manufacturers of ammunition must file with the Russian Agency for Ammunition. The applications are filed after co-ordination with federal executive bodies. The respective agency then sends the application to the CMTC, which forwards it to the cabinet with its comments. The cabinet sets the time frame for which the permit may be given, drafts a resolution on the permit, and submits it to the president for approval. If the permit is issued, the CMTC includes the company in the register of enterprises entitled to foreign trade operations involving military-purpose goods and issues a corresponding certificate.

At present, only two producers of SALW have the right to trade independently in military-purpose goods with foreigners. They are the Tula-based KBP, which has been exporting portable ATGM systems, the permit being issued on 19 January 2000 for five years (INFO-TASS, 19 January 2000),

and the KMBDB, which has been exporting portable SAM systems, the permit being issued on 28 December 1999 (INFO-TASS, 28 December 1999). All other manufacturers export their output through Rosoboronexport. Indeed, most manufacturers are happy to trade through Rosoboronexport, because they do not incur the additional expenses of marketing and promoting their goods overseas, as this job is undertaken by Rosoboronexport.

Deliveries of armaments and military hardware to foreign clients are regulated by the following legal documents, which supplement the rules set out in Presidential Decree No. 1953:

- the statute on the procedure for exercising military-technical co-operation with foreign states;
- the rules for licensing the import and export of military-purpose goods, which are subject to control and licensing; and
- the rules for handling official applications from foreign clients for military-purpose goods and co-ordinating draft decisions on the deliveries of these goods.

Applications from foreign clients for arms and military hardware deliveries are submitted to the CMTC. The CMTC receives requests directly from prospective foreign customers or through Russian parties to MTC and distributes the orders among Russian companies, taking into account the pre-contract work of the companies and also earlier contracts with the same client.

Military-purpose goods are exported under licences issued by the CMTC. The committee is empowered to make its own decisions on arms exports, if the export request is in agreement with lists No. 1 and 2. In all other cases, military-purpose goods require the authorization of the president and government, on the basis of which the CMTC issues the export licence. An export delivery also has to be agreed upon by all of the following federal executive bodies:

- the Ministry of Foreign Affairs;
- the Ministry of Defence;
- the General Staff of the armed forces;
- the Ministry of Finance (if deliveries involve federal budget money); and
- the Ministry for Property Relations (if deliveries constitute the stocks of federal executive bodies).

If a specific deal requires a presidential decision, the list of federal agencies is supplemented by the following:

- the Foreign Intelligence Service;
- the Federal Security Service;
- the State Technical Commission under the president; and
- the Ministry of Justice (if the transfer of military R&D is in question).

Licences are only issued for the duration of a particular contract. No further export time-frame will be given other than that set by the government. In December 2001, a presidential decree[40] defined the procedure governing the export of spare parts, components, training and auxiliary property for armaments, and military hardware that had already been exported (Bivnev, 2001). In keeping with this decree, the CMTC must draw up a list of companies that will be allowed to export spare parts for military hardware and repair such hardware independently without an intermediary. After the approval of the list at the level of the government and president, the CMTC will start issuing export

licences to these companies. However, the decree does not specify the criteria for choosing exporters of spare parts. At the time of writing, the CMTC has given four companies the right to export spare parts.

An analysis of the pattern of decision-making on Russian arms exports shows that the state exercises total control over the operations of arms exporters through a number of controlling bodies and numerous barriers. There is an upside and a downside to this. On the one hand, such strict export control allows the state to reduce to a minimum the risk of any possible unauthorized arms trade, prevent the spread of sensitive technologies, and observe its international non-proliferation commitments. By controlling the actions of arms exporters, the state also prevents tax evasion—about 30 per cent of export returns go to federal and regional budgets as taxes.

However, with all decision-making on arms exports concentrated within the presidential administration, there is a lack of accountability or oversight over decisions. Under the current system of MTC, the Russian parliament does not have any role in the decision-making process. All of the main powers controlling Russian arms export lie with the president, who can exercise them without any consultation with parliament.

In addition, the large numbers of controlling agencies and the vagueness of criteria for decision-making outlined in the legislation for MTC create specific grounds for corruption in the area and for rivalry between oligarchic groups and lobbies. Within the system of Russia's MTC, there are plenty of opportunities for certain groups to influence government decision-making bodies to get lucrative contracts or industrial assets. The problem is not the legislation, but how it is implemented. This problem of implementation may reduce all the positive effects hoped for in the reform of the Russian arms export system.

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Rosoboronexport

The FSUE Rosoboronexport was formed in November 2000, with the merger of two government arms trade agencies, Rosvoorouzhenie and Promexport. Rosoboronexport is substantially more powerful than its predecessors. Its founding charter permits it to trade in arms and military hardware, as well as run businesses in other spheres related to the arms trade. Rosoboronexport can establish and control the entire financial and organizational infrastructure of the arms trade, such as insurance and transport companies, banks, and industrial facilities. This is a huge undertaking and reflects Rosoboronexport's size and importance. Rosoboronexport has expanded the sales network that it inherited and now has 35 offices abroad and an additional 16 located across Russia.

Most Russian manufacturers of small arms must export their goods through Rosoboronexport. In addition, Rosoboronexport can also sell the products of independent exporters. For instance, in 2001 it signed a contract with Malaysia for Metis-2 ATGM systems manufactured by KBP.

The average annual amount of SALW sold and delivered through government agents (i.e. before November 2000 by Rosvoorouzhenie and Promexport, and thereafter by Rosoboronexport) stands at 130,000–150,000 pieces of SALW and 150–200 million rounds of ammunition. In 2000, the combined deliveries of small arms exported by the two agents, Rosvoorouzhenie and Promexport, amounted to some USD 80 million (*Eksport Vooruzheniy Journal,* 2001a).

Rosoboronexport representatives did not disclose the SALW share in overall company exports in 2001. An estimated USD 60–70 million worth of SALW were exported through Rosoboronexport in 2001, two per cent of Rosoboronexport's total exports. This estimate is arrived at by summing up the exports of companies delivering SALW to foreign markets through Rosoboronexport. The biggest importers of SALW among Rosoboronexport's clients are African and Asian nations—Ethiopia, Indonesia, Kenya, Malaysia, and Namibia. Data available on these sales is presented in Table 7.

Table 7. Main recipients of SALW through Rosoboronexport in 2001

Recipient	SALW delivered	Value
Ethiopia	Up to 100 Igla SAMs (*probably delivered in 2002*)	No data
Malaysia	Metis-2 ATGMs (*manufactured by KBP but exported via Rosoboronexport*)	USD 30 million
Indonesia	5,000 AK-101, AK-102 assault rifles	No data
Mongolia	Small arms	No data
Bhutan	AK-101, AK-104 assault rifles	USD 1 million

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Other exporters

Even though the Russian Defence Ministry does not normally have the official right to deliver armaments to foreign countries, in November 2001, small quantities of arms, including light weapons, were transferred to the Northern Alliance in Afghanistan from the arsenals of the Russian armed forces. Up to 100 portable ATGM systems (of the 1960s–70s Malyutka (AT-3) and Fagot (AT-4) models) were delivered (*Nezavisimaya gazeta*, 2001). These transfers were prompted by the political climate of the time (i.e. Russia's involvement in the war against terrorist strongholds in Afghanistan). These transfers were conducted on a non-profit basis outside the framework of the established system of Russian arms exports.

Some Russian manufacturers of light weapons—KBP and KMBDB—have the right to independent foreign trade operations, but their output can also be sold under Rosoboronexport contracts. In 1999, the KBP exported military-purpose goods and services worth USD 72.2 million (ITAR-TASS Weekly, 2002), mainly Kornet and Metis portable ATGMs and infantry flame-throwers (Soloviev, 1999). Despite plans for doubling exports in 2000, actual deliveries remained at generally the same level of USD 72.8 million (ITAR-TASS Weekly, 2002). In addition to light weapons, the figures include other goods manufactured by KBP, such as Krasnopol-M laser-guided anti-tank artillery shells. In 2001, KBP arms exports were USD 107 million (ITAR-TASS Weekly, 2002). This figure includes the funding KBP began to receive from the UAE for R&D on the Pantsyr-S1 anti-aircraft system under a contract concluded in 2000. The company's exports of light weapons in 2001 were most likely limited to the Metis-2 contract with Malaysia and thus did not exceed USD 30 million.

One can claim with a high degree of probability that in 2000, KMBDB did not export military-purpose goods independently. It signed its first independent contract for USD 32 million for the delivery of several hundred Igla systems to India in December 2000 (ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 28 February 2001). In 2001, KMBDB's exports amounted to USD 32 million (Nikolsky & Kozyrev, 2002). In addition to the Igla deliveries to India, this figure evidently includes post-sale technical support of Tochka (SS-21 Scarab) short-range road-mobile tactical missiles in Yemen (Military News Agency, 13 April 2001).

An estimate of total exports of Russian SALW for 2000 and 2001 is presented in Table 8.

Table 8. Estimated volume of Russian SALW exports in 2000–01

Exporter	**Deliveries (USD million)**	
	2000	**2001**
Rosoboronexport	80	60–70
KBP (independently)	72.8	30
KMBDB (independently)	0	32
Total	**No more than 152.8**	**No more than 130**
Share in overall Russian arms exports	4.2%	3.5%

Note: Figures for KBP and KMBDB may include other military-purpose goods as well.

While a complete set of data for those countries receiving Russian SALW does not exist, Table 9 presents a compiled list of such sales taken from open sources.

Table 9. Export contracts for Russian small arms, 1997–April 2002

Importer	Contract date	Delivery date	Weapon	Value (USD)
1997				
Singapore	April 1997[41]	1997	440 Igla SAMs[42]	50 million[43]
Singapore	March–May 1997	January 1999	12 Dzhigit launch pads for Igla SAMs[44]	
Singapore	May 1997		Transfer of licence for assembly of 3,000 Igla SAMs over 3 years[45]	
Fed. Rep. of Yugoslavia	February 1997[46]		3 Kornet ATGMs	About 30 million[47]
1999				
South Korea		March 1999	Metis ATGMs, Igla SAMs[48]	
Syria		1998–99	Kornet-E ATGMs[49]	65 million
Syria		1998–99	Metis ATGMs[50]	73 million
UAE		1999	Kornet-E ATGMs[51]	
Unnamed African country[52]	October–November 1999	End of 1999	Kalashnikov assault rifles	4 million[53]
Kyrgyzstan		End of 1999	Heavy machine guns, grenade launchers, ammunition[54]	
2000				
Indonesia		August 2000	4,000 AK-101, AK-102 assault rifles[55]	
India	December 2000	July 2001[56]	Several hundred Igla SAMs	32 million[57]
Uzbekistan		2000	Small arms and cartridges	About 4 million[58]
2001				
Mongolia	February 2001	2001	Small arms	
Bhutan	February 2001		AK-101, AK-104 assault rifles	1 million[59]
Indonesia	May 2001		5,000 AK-101, AK-102 assault rifles[60]	
Malaysia	August 2001		Metis-2 ATGMs	30 million[61]
Afghanistan, Northern Alliance		October–November	Up to 100 Malyutka (AT-3) and Fagot (AT-4) ATGMs[62]	
Vietnam	Autumn 2001	(2002?)	50 Igla SAMs; transfer of production technology	64 million[63]
Ethiopia	December 2001		Up to 100 Igla SAMs[64]	
2002				
Malaysia	April 2002	2002–05	Igla SAMs	48 million[65]
South Korea	April 2002		Metis-M ATGMs[66]	

Note: No figures were available for 1998.

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Customs data on Russian exports of civilian firearms and ammunition

Data on the exports of civilian firearms from Russia can be obtained from the UN Statistics Division and consists of data submitted to the UN Statistics Division by Russian customs authorities.[67] The latest year for which data is available is 2000. Countries that imported shotguns from Russia in 1998–2000 (ranked in descending order by value) were the USA, Cyprus, Algeria, Germany, Finland, the Ukraine, Kazakhstan, Ghana, Bangladesh, Bulgaria, Lebanon, Venezuela, Turkmenistan, Chile, Guinea, Greece, South Africa, and Uruguay. Countries that imported Russian hunting and sporting rifles for the same period (again in descending order by value) were the USA, Germany, Kazakhstan, Italy, the Ukraine, Mongolia, Kyrgyzstan, Georgia,[68] Slovakia, and Austria. Figures for the total value of shotguns and hunting/sporting rifles exported by Russia in 1998–2000 are found in Table 10, below. Figures are rounded to the nearest USD 10,000.

Table 10. Value of Russian exports of civilian firearms, 1998–2000 (USD)

Type of weapon	1998	1999	2000
Shotguns	11.51 million	12.01 million	11.12 million
Rifles (hunting)	1.09 million	1.80 million	1.26 million

Source: ITC/UN Statistics Division

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Russia does not report its exports of military firearms or pistols and revolvers to the UN Statistics Division. However, some countries do report imports of pistols and revolvers from Russia. Specifically, Russian exports of pistols and revolvers to the US increased from 1996 to 2000. In 2000, the US imported 1,150 pistols or revolvers from Russia, up from zero imported in 1996. Germany is also a significant importer of Russian pistols and revolvers, according to German data submitted to the UN Statistics Division. For those countries reporting imports of Russian pistols and revolvers, the value of those imports is found in Table 11.

Table 11. Value of Russian exports of pistols and revolvers, 1996–2000, as reported by importing country (USD)

Country	1996	1997	1998	1999	2000
Germany	354,000	167,000	221,000	380,000	193,000
USA		19,000	7,000	92,000	214,000
Czech Republic	8,000	24,000	50,000	15,000	12,000
Latvia			8,000	234,000	
Peru				28,000	55,000
Poland			71,000		
Slovakia					43,000
Venezuela					18,000

Source: ITC/UN Statistics Division

Russia does report its exports of ammunition to the UN Statistics Division. However, the category of ammunition covered in the customs category may also contain ammunition for larger systems other than for just SALW. It also includes ammunition for civilian firearms. In 2000, the Russian Federation reported that it exported USD 50.458 million worth of ammunition through customs worldwide. The destination countries of Russian ammunition exports in 2000 are listed in Table 12.

Table 12. Value of Russian ammunition exports in 2000 (USD '000)

Country	Value	Country	Value
India	21,492	France	211
USA	10,461	Ukraine	121
Angola	2,376	Yemen	111
Greece	1,364	Latvia	83
Turkey	902	Vietnam	83
Uzbekistan	781	Japan	63
Austria	492	UK	42
Poland	488	Netherlands	31
Mongolia	271	Estonia	11
Germany	212		

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Source: ITC/UN Statistics Division

Transparency in the arms trade

The current level of transparency in the Russian arms trade and defence industry could be said to be somewhat unintentional. Although there is no official campaign to promote transparency, most companies are reasonably open regarding their activities. Unlike most governments in western Europe and North America, the Russian government does not compile annual reports declaring the arms exports that have taken place in a given year. In other countries, such reports are compiled for the scrutiny of parliament or the public at large. The closest that Russia comes to an official report is the president's annual announcement of data on MTC that took place the previous year. This announcement was made for the first time in 2001.

Media coverage of the competition for individual defence contracts or the redistribution of property remains the main source of information on MTC and the MIC. For example, Rosoboronexport never officially reveals information on its arms contracts or transfers, especially with its major clients, e.g. China. However, in January 2002, it issued a detailed press release on a contract for delivery of two Sovremenny-class destroyers to the Chinese Navy. This was the first sign of subsequent rivalry between two St. Petersburg shipyards for the right to fill the contract (see Pronina, 2002). Those private companies in the Russian defence industry that apply up-to-date business and financial techniques demonstrate greater openness. Certain companies appear to resort to 'secrecy' to conceal difficulties in winning or implementing contracts.

Nevertheless, Russia stands by its commitments on control over the proliferation of SALW within the framework of the OSCE. On 26 July 2001, the Russian government passed Resolution No. 556 on the procedure for reporting information on SALW in keeping with the OSCE document (Russian Federation, 2001b).

Under this resolution, the Russian Foreign Ministry submits information on SALW to the OSCE Secretariat collected from various organs of government:

- The Defence Ministry provides information on the national system of marking SALW, on the national techniques and procedures for destroying SALW, and on the national procedures for managing stockpiles of SALW and guaranteeing their security, as well as annual reports on the quantities of SALW held on Russian territory.
- The Interior Ministry provides annual reports on the quantities of SALW confiscated from illegal possession in Russia.
- The Russian Agency for Conventional Armaments and the CMTC provide information on national control procedures over the manufacture of SALW.
- Russian arms exporters (via the CMTC) provide annual reports on SALW exports to other OSCE countries and on imports of such arms (Russian Federation, 2001b).

The Russian Foreign Ministry is known to have reported such information for 2000 to the OSCE. This information is classified for all OSCE member states.

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Nevertheless, Resolution No. 556 is an important step in increasing transparency in Russian exports of SALW. To understand the attitude of Russian officials on the proliferation of small arms, one should bear in mind the fact that the Russian political elite, especially the military, find any form of foreign or international control mechanisms over Russia unacceptable, regarding them as interference in Russia's internal affairs. Bluntly put, members of the Russian elite regard legally binding international commitments and complete transparency on matters of proliferation of small arms as an attempt by the west to establish control over the production and use of these arms in Russia. Such measures are seen as restricting the access of Russian SALW exporters to world markets and eliminating Russia from global competition. In this light, the adoption of Resolution No. 556 was in itself an important step forward in transparency for Russia.

IV. SALW stockpiles

The armed forces and other official security agencies

It is quite difficult to estimate the stockpiles of small arms in Russia. Although the Defence Ministry has made some assessments of the numbers of SALW in the arsenals of the armed forces, these figures are secret.[69] Therefore, one can make only rough estimates of such stockpiles, relying on the current size of the Russian Army and mobilization plans.

The main arsenals of small arms were accumulated during the Soviet era, when military strategists prepared for a large-scale conflict comparable to World War II. At the end of World War II, the Soviet Army had about 11.3 million personnel (Odin, 1998, p. 39), while the total population of the Soviet Union at that time was 170–180 million (Timasheff, 1948; Andreyev *et al.*, 1990, p. 121). So, during World War II, about six per cent of the population were mobilized in the armed forces. When the Soviet Union broke up, it had a population of about 250 million. On the basis of past evidence (i.e. World War II), we may assume that the Soviet military command planned to expand the armed forces to a size of at least 15 million in the event of a global conflict. Assuming that any serviceman irrespective of rank or position would have a personal weapon, we can estimate that the Soviet Defence Ministry should have had at least 15 million units of small arms in its stocks. In reality, this figure could be doubled or even tripled, since arsenals were stocked for replacement of damaged or lost weapons, as well as having to cover for any additional mobilization in excess of that planned.

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After the collapse of the Soviet Union, a significant part of army matériel, including small arms, remained in the other former Soviet republics, primarily the Belarus, Kazakhstan, and the Ukraine. In particular, arms were stored in these countries after Soviet forces withdrew from Afghanistan and eastern Europe (INFO-TASS, 30 January 2002). However, given that Russia was by far the largest Soviet republic and the base for most military and political power, we can assume that Russia must have inherited the majority of the Soviet small arms arsenals. Given that military expenditure decreased dramatically at the start of the 1990s, it is safe to assume that new stocks of SALW were not accumulated. Moreover, the reserves left over from the Soviet period far exceeded the country's needs, since the Russian military no longer foresaw the threat of war with western Europe and the US. Consequently, mobilization plans may have changed accordingly. If Cold War mobilization logic remains, Russia's needs amount to half of the needs of the Soviet Union (therefore a minimum of eight million servicemen from a population of 145 million).

Although the recent inventory of Russian SALW for the OSCE remains secret, there have been other assessments by the authorities to identify the quantity of SALW in Russia. In 1997, the Defence Ministry conducted a full, documented inspection of the Group of Russian Forces in the South Caucasus (GRVZ), checking arms holdings of the forces beginning on 1 January 1992 (Petrov, 2002). The inspection, together with investigations conducted from 1997 to 2000 by the Chief Military Prosecutor's office, established the amount of armaments, including SALW, withdrawn from the South Caucasus to Russia or left at Russian military bases in the countries of the South Caucasus after the breakup of the Soviet Union.[70]

Exact volumes of SALW stockpiles belonging to other Russian security agencies and bodies legally allowed to carry arms are not known. However, we can assume that they are comparable to the size of their personnel. Under the 1996 *Law on Arms,* the following government agencies are allowed to possess combat small arms:

- the Interior Ministry, including its Interior Troops numbering 151,000 servicemen (IISS, 2001);
- the Ministry of Justice;
- the Federal Security Service (FSB), comprising armed formations of up to 4,000 personnel (IISS, 2001);
- the Federal Border Guard Service (about 140,000 troops);[71]
- the Foreign Intelligence Service (SVR);
- the Federal Bodyguard Service, responsible for protecting the president and other key officials (10,000–30,000 personnel) (IISS, 2001);
- the Federal Service of Special Construction, responsible for the maintenance of roads, communications lines, and other parts of the infrastructure crucial for the maintenance of national security;
- the Service for Protection of High-Security Objects;
- the Federal Tax Police Service;[72]
- the State Customs Committee;
- prosecutors' offices;
- Federal Railway Troops (about 57, 000 personnel) (Russian Federation, 1995);
- civil emergency troops (these troops provide assistance in the event of emergencies and natural disasters, and are supervised by the Ministry of Civil Emergencies);
- the Federal Government Communications and Information Agency[73] (38,500 personnel), responsible for installing and maintaining the government's communication systems; and
- the State Courier Service of the Russian government (which delivers important official documents between state bodies by courier).

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Stockpile security

Theft from stockpiles

Due to the general weakening of government control and the decentralization of power in Russia in the first half of the 1990s, small arms from army units and arsenals made their way into the hands of the civilian general population or local unofficial armed formations after the withdrawal of federal troops. For example, after the withdrawal of Russian armed forces from Chechnya at the start of the 1990s, the Dudayev separatist regime obtained 42,000 pieces of small arms from army depots, including 28,000 Kalashnikov assault rifles, 200,000 hand grenades, and over 13.5 million rounds of various types of ammunition (Prokofyev, 1999). The separatists also captured at least 15,000 further pieces of small arms when they disarmed the KGB and police of the Chechen-Ingush Autonomous Republic (Prokofyev, 1999). These events turned Chechnya into the main source of illegal small arms in Russia. In a report to the Russian State Duma in December 2002, it was stated that Russian Federal Security Service forces had confiscated over 121,000 small arms and over half a million pieces of small arms ammunition from Chechen rebels (ITAR-TASS, 2002b). As well as coming from the stocks that were already in Chechnya and seized from the withdrawing troops, the Chechens were able to obtain further SALW between the two wars in that area by purchasing them from other CIS states and some sympathetic countries, such as Turkey. The SALW seized by the authorities in Chechnya may also have included 'civilian' arms.

Transdniestria was another case where stockpile security broke down. In 1991, its population seized 21,800 units of small arms and large quantities of ammunition from the arsenals of Russian troops in the region (Sergeyev, 2001). Later, the weapons were used in the armed conflict between Moldova and Transdniestria. However, by the mid-1990s, a 'significant' share of the stolen arms was returned to the depots of the Russian forces in the region (Sergeyev, 2001). However, when General Alexander Lebed was removed as commander of the Russian forces there, retrieval efforts ceased. In October 2002, it was reported that 50,000 small arms remained at the Russian depot of Kolbasnaya in Transdniestria. These weapons are scheduled to be re-transferred to Russia or destroyed on the spot (ITAR-TASS, 2002a). It should be noted, however, that it is not known how many small arms were in these depots originally. There is opposition by the local Transdniester population to the withdrawal of these weapons, as they want the weapons for themselves.

According to Interior Ministry reports, in the year 2001, there were 27,000 pieces of small arms missing from Defence Ministry stockpiles (ITAR-TASS, 4 September 2001). Of this figure, over 8,000 pieces had been stolen from the armed forces stockpiles and other troops between 1994 and 2001 (ITAR-TASS, 31 January 2002). The remainder of the total figure was lost prior to 1994.

In 2001, 7,000 small arms were stolen from Interior Ministry units and were listed as missing (ITAR-TASS, 4 September 2001).

Improving stockpile security

In recent times, the Russian government has undertaken a programme to enhance security at arms storage facilities at military bases, depots, and other places where units are deployed permanently (Shklyar, 2001). Russia has been making efforts to improve storage facilities by installing new security and alarm systems and increasing the physical protection of these installations.

To improve accountability and control mechanisms over arms flows, a computerized data search system called Oruzhiye (Arms) is presently being introduced. It will monitor the movements of each piece of SALW from the manufacturing facility to the armed unit where it will be permanently assigned. It is hoped that over time this will replace the current system of tracking SALW movements through written files, and will eventually cover all security organizations possessing combat small arms, in addition to the armed forces (Shklyar, 2001).

The destruction of surplus SALW

Over the past few years, Russia has been scrapping its excess small arms. Between 1998 and 2001, the Russian Defence Ministry scrapped 421,021 pieces of excess small arms from its stockpiles, including 44,000 scrapped between 2000 and 2001 (Ordzhonokidze, 2001). Between 2002 and 2005, the Russian armed forces plan to write off one million pieces of small arms (Yegorov & Mikhailov, 2002). In addition, 140 million rounds of small arms ammunition of foreign make held presently in arms depots will be destroyed (Yegorov & Mikhailov, 2002).

The Russian Interior Ministry uses smelting furnaces to destroy surplus small arms (Shklyar, 2001). The SALW disposal methods applied in the armed forces are unknown, but Defence Ministry representatives claim that the methods are reliable and do not permit the further use of such arms (Smirnov, 2001). At present, financial constraints hinder the process of scrapping stockpiles of excess small arms.

V. Civilian possession of firearms

Official Ministry of Interior records state that over four million small arms, including combat and hunting weapons, are registered in civilian possession in Russia (ITAR-TASS, 31 January 2002). Various sources claim that between 300,000 (*Izvestiya*, 2002) and 1.5 million (Vladova, 1999, p. A2) are in illegal possession. The types of illegally held arms differ from region to region. For instance, in northern regions, most illegally-held weapons are hunting guns, while in central Russia and the North Caucasus, combat weapons are often held illegally (Shklyar, 2001). This is the typical pattern of illegal ownership of small arms in Russia, since in northern Russia, hunting is traditionally popular and therefore illegal possession of hunting weapons is high, whereas the North Caucasus has seen over a decade of political unrest and therefore combat arms are more widely available.

The number of crimes related to the illegal arms trade in 2001 amounted to 69,500, a decrease of 2.9 per cent over the previous year. According to Interior Ministry statistics, in 2001 the number of crimes involving firearms stood at 13,000 cases (*Izvestiya*, 2002). In the first half of 2002, there were 7,200 crimes involving firearms, with about half of them—3,600—involving weapons in legal possession (*Izvestiya*, 2002).

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The main sources for the spread of firearms into illegal possession are:

- theft from army depots and units;
- theft from production facilities;
- theft of arms in legal possession; and
- the sale of found and restored World War II weapons ('black diggers').

Confiscated and destroyed firearms

Officially there are anywhere from 36,000 (Borisov, 2000) to 52,000 (Viktorov, 2000) stolen or missing weapons in Russia according to different sources, mostly small arms. Unofficially, there are probably many more, such as hunting rifles with expired licences, guns smuggled from abroad, and guns left over from the two world wars. Some 14,000 sub-machine guns, carbines, and rifles are listed as missing, as well as 1,100 grenade launchers (Borisov, 2000).

The Interior Ministry is constantly mobilizing efforts to seize illegally held arms. For instance, in an operation that lasted from January 2001 to June 2002 in the Khabarovsk territory, officials paid out RUB 685,500 (approximately USD 21,000) to individuals turning in weapons, ammunition, and explosives that they held illegally (ITAR-TASS, 27 June 2002; Medetsky, 2002). Officials paid up to RUB 2,000 (approximately USD 62) for an assault rifle, RUB 1,000 for a pistol, and RUB 0.5 for a round of ammunition (Medetsky, 2002). In the course of the year-and-a-half operation, 517 firearms and 172,500 rounds of ammunition were collected, in addition to 850 explosive devices and 1,600 detonators.

In a similar operation during a month-and-a-half-long campaign in 2001 to purchase unregistered arms in Karelia, northern Russia, individuals surrendered over 20 pieces of rifles and smoothbore weapons, 110 grenades, and 20,000 cartridges (Shchit i mech, 2001). According to Interior Ministry statistics,

in January–September 2001, the public voluntarily surrendered about 25,000 pieces of small arms, up from 21,000 pieces during the same period in 2000 (Shklyar, 2001).

Total figures on arms recovered from illegal possession in Russia between 1996 and 2001 according to Interior Ministry data can be found in Table 13.

Table 13. Confiscated arms, 1996–2001

	1996	1997	1998	1999	2000	2001
Russia	143,141[74]	194,714[75]	218,192[76]	218,000[77]	No data	No data
Moscow	No data	2,053[78]	1,774[79]	1,987[80]	1,938[81]	1,500[82]

Interior Ministry figures in Table 13 cover all weapons seized in Russia and record separate statistics for Moscow. The Russian police include in the definition of firearms not only combat small arms but all portable weapons that can fire: from grenade launchers to self-made shooting devices. Table 14 gives a more detailed report on firearms seized in Moscow in 2000.

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Table 14. Firearms confiscated in Moscow, 2000

Type of weapon	Quantity
All firearms	1,938
Pistols	861
Revolvers	346
Automatic small arms	94
Carbines	68
Rifles	66
Sub-machine guns	35
Grenade launchers	5
Smoothbore firearms	463

Source: Russian Federation (2001a)

Official reports state that in 2000–01 the Interior Ministry disposed of 1,142 SALW confiscated from the illicit market (Ordzhonokidze, 2001). Weapons are disposed of after the court proceedings have been completed and a weapon is no longer needed as evidence.

Legislation governing civilian firearm possession

Current Russian legislation on civilian arms is considered quite liberal compared to former Soviet-era provisions. Civilian firearms are divided into weapons for self-defence, hunting weapons, and sporting weapons, as far as their acquisition and use are concerned. Under the *Law on Arms*, Russian citizens aged 18 and over have the right to acquire civilian firearms. Local authorities may reduce the age limit on hunting smoothbore arms, but by no more than two years.

Once they hold a licence from the local police station, private individuals may acquire smoothbore long-barreled arms for self-defence purposes, although they do not have the right to carry these weapons. To acquire long-barreled arms for sporting and hunting requires membership of a hunting association and it is mandatory to register the gun with the local police. Hunting rifles may be sold only to individuals whose professional activities are related to hunting or who have owned a hunting smoothbore weapon for no less than five years and have not violated hunting rules or laws on the trade in, production, possession, or use of arms.

There are established quotas on the number of arms an individual may own: five hunting firearms and five long-barreled firearms, except for cases when arms are considered collectors' items.

The owner of a firearm must register his or her weapons twice. First, the police will issue a licence for acquiring a weapon, after which the newly-purchased weapon itself must be registered with the police. If the weapon is for self-defence purposes, the owner must get a five-year licence for possessing it. If it is a sporting or hunting weapon, a permit is required both to possess and to carry the weapon. Foreign nationals may acquire civilian weapons in Russia under licences from Russian police authorities issued on the basis of applications from their diplomatic missions, on condition that these weapons are exported within five days of acquisition. The main reasons for denying a licence for the acquisition of a weapon are if the person has certain psychological problems, a prison record for a premeditated crime, repeated public disorder offences, or no permanent place of residence.

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The main criticism of the existing legislation on civilian firearm possession is that now citizens do not have the right to purchase and carry handguns. According to opponents of the current regulation, if citizens had the right to freely obtain handguns, individual security would improve and there would be a reduction in the crime rate. The Russian Interior Ministry strongly opposes the liberalization of the existing legislation with respect to handguns, as it believes that the unrestricted possession of such firearms will stimulate crime.

Private security agencies

Russia has 13,700 registered private security and detective agencies employing 281,100 persons (Khodorych, 2002). Under the *Law on Arms*, private security companies are allowed to use only service and civilian small arms. They are bound to register their weapons at police stations, after which they receive a three-year permit to possess and use the weapons. Employees of private security agencies carrying weapons on duty must also have personal licences for possessing and carrying service weapons.

According to Interior Ministry statistics, in 2000, private companies offering security and bodyguard services had 82,000 firearms in their possession (Viktorov, 2000). In the same year, almost 20,000 unregistered weapons were confiscated during police inspections of the operations of private security agencies (Khodorych, 2002).

VI. Conclusion

This study has analyzed various aspects of the small arms issue in the Russian Federation. This issue in Russia is unique for a number of reasons—it is one of the world's top producers and exporters of SALW; it is the historic origin of the most successful assault rifle in the world (the Kalashnikov); and it is a country with regions of civil unrest (e.g. Chechnya) where illegally-held small arms still play a pivotal role.

The gun that made Russian small arms famous around the world, the Kalashnikov AK-47, is no longer produced in Russia in its original design, although its derivatives are still made. Mikhail Kalashnikov, the gun's designer, never received royalties for his successful design and lives a modest life in Ishevsk. Of interest, however, is that he has recently sold his name as a trademark to a German firm that will produce various consumer goods under the Kalashnikov name. At present the firm produces umbrellas, razors, tennis rackets, and wristwatches but it has indicated that it is interested in using the Kalashnikov name to produce anything from cars to mineral water. Mikhail Kalashnikov has stated in various interviews with the international press that he wished that he had invented something that would have been more beneficial to humankind, such as a 'lawnmower', instead of having his name associated with a weapon that has killed millions of people since its conception. It seems likely that soon the name Kalashnikov will be associated with products other than assault rifles; however, the Kalashnikov assault rifle will still go down in history the most successful assault rifle ever produced. It demonstrates the efficiency and durability of Russian-made small arms.

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The breakup of the Soviet Union had a significant impact on SALW production in Russia, and Mikhail Kalashnikov's experience is in many ways symptomatic of what has happened to the Russian arms industry in general in post-Soviet times. The massive purchases of arms under the Soviet regime has virtually ceased, and arms manufacturers are struggling to make ends meet. In addition to producing weapons, they also produce a range of civilian goods—rather like the products soon to be produced under the Kalashnikov name. If they remain as arms producers, some have started to shift focus on increased production of hunting guns and handguns for the civilian export market, and most Russian companies are heavily reliant on exports. Newer generation small arms continue to be developed for the Russian military nonetheless—and for export. The main centres of small arms production from Soviet times have remained, and production data for most factories is publicly available.

Civilian possession of firearms in Russia is regulated by law and is characterized by regional differences. Illegal possession is a problem in several areas, notably regions of internal conflict such as Chechnya and Dagestan, while in Siberia it is characterized by unregistered hunting rifles.

Russia is a major exporter of SALW on the world market. Russia does not have a policy of complete transparency in SALW, nor does it produce an annual arms export report. However, official data is available from the major arms exporting agency, Rosoboronexport, as well as from those light weapons producers allowed to export independently; KBP and KMBDB. Various international sales have appeared in the press, not necessarily as a result of a consistent policy of transparency, but rather as a promotion to prove the success Russian firms have in winning international contracts. In this sense, the pressure on the Russian small arms industry to compete in the open market has forced a degree of transparency unheard of previously.

Endnotes

[1] 'AK' stands for '*avtomat Kalashnikova*'; '47' for '1947', the year in which Mikhail Kalashnikov designed his assault rifle.

[2] For further information, see Small Arms Survey (2002).

[3] Adopted at the session of Section 2 of the Scientific and Technological Council of the Russian Government Commission for Military-Technical Issues on 14 September 2000 (INFO-TASS, 15 September 2000).

[4] Press conference statement by Alexander Nozdrachev, Director-General of the Russian Agency for Conventional Arms, 29 May 2002.

[5] Statement by Alexander Nozdrachev, Director-General of the Russian Agency for Conventional Arms, cited in Evseeva (2002).

[6] Statement by the spokesman of the Russian Agency for Conventional Arms Nikolay Svirin, cited in ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 23 April 2001.

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[7] Statement by the spokesman of the Russian Agency for Conventional Arms Nikolay Svirin, cited in ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 23 April 2001.

[8] During the Soviet era, many hunters preferred making up their own cartridge cases, using gunpowder.

[9] The Ministry of Property Relations is responsible for all state-owned property, such as buildings, factories, and shares, amongst others.

[10] This is a government agency that supervises the defence facilities producing land-based conventional armaments.

[11] *Eksport Vooruzheniy Journal* (2001b, 2002).

[12] The figure includes defence as well as civilian output (Izhmash Press Service, 20 January 2001).

[13] Includes defence as well as civilian output (Izhmash Press Service, 20 January 2001).

[14] Includes defence as well as civilian output (Izhmash Press Service, 9 January 2002).

[15] *Eksport Vooruzheniy Journal* (2001b, 2002).

[16] Press conference statement by Alexander Nozdrachev, Director-General of the Russian Agency for Conventional Arms, 29 May 2002.

[17] *Eksport VooruzheniyJournal* (2001b, 2002).

[18] Russian companies often use different trademarks for goods that are to be exported. The Baikal trademark is issued for hunting and sporting weapons in this category.

[19] This type of grenade launcher is attached beneath the barrel of an assault rifle.

[20] This Russian government agency is responsible for the sale of shares in state owned companies that are being privatized.

[21] Press conference statement by Alexander Nozdrachev, Director-General of the Russian Agency for Conventional Arms, 29 May 2002.

[22] The radical devaluation of the ruble in August 1998 should be taken into account when considering this data (Interview with Nikolai Pushkin, Tula Arms Plant Director, Moscow, 13 April 2001).

[23] NAUFOR.

[24] Statement by Stanislav Averin, Deputy Director of the KBP, St. Petersburg Economic Forum, 20 June 2002.

[25] Press conference statement by Alexander Nozdrachev, Director-General of the Russian Agency for Conventional Arms, 29 May 2002.

[26] Press conference statement by Alexander Nozdrachev, Director-General of the Russian Agency for Conventional Arms, 29 May 2002.

[27] ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 19 April 2002.

[28] Press conference given by Degtyaryov Plant managers, Kovrov, 5 June 2002.

[29] Press conference given by Degtyaryov Plant managers, Kovrov, 5 June 2002.

[30] *Eksport VooruzheniyJournal* (2001b, 2002).

[31] NAUFOR.

[32] Molot press release.

[33] Molot press release.

[34] *Eksport Vooruzheniy Journal,* 2002.

[35] This agency, subordinated to the Ministry of Industry, Science, and Technology, supervises the activities of the industries that produce conventional land armaments.

[36] Statement by Igor Golovanov, First Deputy Director of the Russian Agency for Conventional Armaments, cited by Interfax, 8 August 2001.

[37] Interview with Vladimir Korenkov, Bazalt State Research and Production Enterprise General Director, Krasnaya Zvezda, 14 June 2001.

[38] Currently, arms transfers are used more as a means of recovering debt or generating income.

[39] Both of these lists are secret.

[40] 'On introduction of amendments into procedural instructions approved by the Presidential Decree of 1 December 2000, no. 1953: Issues Regarding Military-Technical Co-operation with Foreign States'

[41] INFO-TASS, 6 May 1997.

[42] INFO-TASS, 2 May 1999.

[43] INFO-TASS, 6 May 1997.

[44] INFO-TASS, 2 May 1999.

[45] INFO-TASS, 2 May 1999.

[46] *Kommersant,* 5 December 1997.

[47] *Kommersant,* 5 December 1997.

[48] INFO-TASS, 10 March 1999.

[49] INFO-TASS, 5 April 1999.

[50] INFO-TASS, 5 April 1999.

[51] Kozyrev, 2002.

[52] The name of the country was not given (*Vedomosti,* 9 November 1999).

[53] *Vedomosti,* 9 November 1999.

[54] Neshkumai,1999.

[55] INFO-TASS, 15 August 2000.

[56] ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 9 April 2001.

[57] ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 28 February 2002.

[58] ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 17 April 2001.

[59] *Nezavisimoye voyennoye obozreniye* (Moscow), 23–29 February 2001.

[60] INFO-TASS, 7 May 2001.

[61] INFO-TASS, 23 August 2001.

[62] *Nezavisimaya gazeta,* 4 October 2001.

[63] INFO-TASS, 20 February 2002.

[64] *Kommersant-Vlast,* 4 December 2001.

[65] ITAR-TASS Aviatsiya, kosmos i oruzhiye Rossii, 21–22 May 2002.

[66] Safronov, 2002.

[67] It should be noted that values reported in customs data may not agree with data from other sources. This is in part due to valuation methodologies used by customs authorities.

[68] Although Russia has an arms embargo on Georgia, this only applies to arms classed as being for combat and does not apply to hunting weapons. For further information see Matveeva and Hiscock, (2003).

[69] The Ministry of Defence is only responsible for its own stockpiles of SALW. Other state agencies are responsible for their own stockpiles.

[70] For further information, see Matveeva and Hiscock (2003).

[71] Merged with the FSB in March 2003 (Zapodnitskaya, 2003).

[72] Disbanded in March 2003; personnel and facilities handed over to the newly-created State Narcotic Control Committee (Zapodnitskaya, 2003).

[73] Disbanded in March 2003; personnel and facilities distributed between the Ministry of Defence and the FSB (Zapodnitskaya, 2003).

[74] Borisov, 2000.

[75] Borisov, 2000.

[76] Borisov, 2000.

[77] Figure for January-September 1999 (Vladova, 1999).

[78] Russian Federation, 1999.

[79] Russian Federation, 1999.

[80] Russian Federation, 2001a.

[81] Russian Federation, 2001a.

[82] Interview with Gen. Vladimir Pronin, Chief of Moscow Department of the Interior, *NTV TV News,* 17 January 2002.

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