Ukraine Ramps Up Its Arms Production

Tank Building and Repair factory in Kharkiv, Photo Credit, Ukraine TV.

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Introduction

In the midst of ongoing geopolitical tensions and hostilities, Ukraine is undergoing a significant transformation in its defense sector. The defense industry was not a priority in the Ukrainian political environment for 20 years since independence, until the annexation of Crimea and the conflict in Donbas. Moreover, Ukraine was disarmed by both Russia and past governments in exchange for security guarantees, which, as we see today, have not been honored. With the US arms shipments delayed and in jeopardy, it has become vital for Ukraine to focus on increasing domestic arms production. The geopolitical situation into which Ukraine is in, has made the country heavily dependent on the help of Western partners since 2014 militarily. Domestic production was not properly established even after the annexation of Crimea and with Zelensky coming to power. The strategic pivot now aims to integrate the country more closely with Western defense standards and supplies to allies.

We have already witnessed trends in strengthening Ukraine’s self-sufficiency in defense potential. It is obvious that Ukraine’s move towards expanding domestic arms
production is driven by the need to protect its borders and ensure national sovereignty. A critical aspect of Ukraine's defense strategy is integration with Western defense industrial bases. This desire aims to acquire the most modern technologies and equipment and bring them into line with Western standards and practices in weapons production. Such integration facilitates cooperation with NATO members and enhances Ukraine's ability to participate in joint defense initiatives. All changes in the defense industry are necessary if Ukraine continues to plan its path to NATO. Progress towards joining the North Atlantic Alliance will increase when the military industry and the regular army meet NATO standards.

Putin inspects Russian tank factory, Photo Credit: The Guardian

**Russia's Arm Production:**

We can clearly see Ukraine's focus on drones and cyber defense systems. It makes the country one of the leaders in technological progress in the global defense industry. However, it is important to understand that strategic advantage will not be enough in a war against one of the strongest armies in the world. In the current climate of global warfare, Russia is noticeably expanding its artillery munitions and capabilities due to significant support from North Korea and Iran. There is definite strategic unity between authoritarian
regimes. Domestic production of artillery ammunition in Russia has reached an impressive rate, with production estimated at around 250,000 artillery shells per month. The annual production is about 3 million artillery munitions. Such high production rates demonstrate Russia’s desire to maintain a vast and prepared artillery arsenal.

Russia has strategic priorities and is more than being ready for prolonged military action. Experts have given different estimates about what percentage of GDP Russia spends on war. However, many experts cite data that by 2024, Russia will increase its investments in the defense industry to 6-7% of GDP. In December 2023, UK Chief of Defense Staff, Adm Tony Radakin, stated that 40% of Russian government spending is focused on defense. It is worth understanding that time plays in Russia’s favor, and Ukraine needs to focus its economy on creating the basis of the military industry, including bullet, tank, and missile factories, which have not functioned for a long time or were not even built. As for international partnerships, Russia is strengthening its military potential with external support from North Korea and Iran. Recent information that North Korea has supplied Russia with millions of artillery shells demonstrates that Pyongyang's significant military equipment production capabilities could be key for Russia as it strengthens its artillery ammunition stockpile over the long term. Tehran supplies Russia with thousands of drones, including the latest kamikaze drones. Moreover, the recent news that Ukraine attacked factories for the production of 'kamikaze' drones means that Iran is not just

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transferring weapons to Russia but is intensifying the joint production of drones on Russian territory. Drones represent an essential component of modern warfare, especially in terms of economic efficiency since the creation of drones requires much less financial investment than rockets. Support of North Korea and Iran not only increases Russia's military capabilities but also creates a long-term strategic partnership between these countries.

*Iran-North-Korea-Russia alliance (Nuclear Threat Initiative, March 27, 2018)*

**Ukraine's Progress:**

Compared to 2022, Ukraine has indeed made significant progress in strengthening its defense capabilities. Now, the question is about uncertainty in military support from the West, including from the United States, which has not been able to pass a bill in Congress for military assistance to Ukraine for four months. The United States and Europe collectively have the capacity to produce and ship about 1.2 million munitions to Kyiv annually.⁶ But relying solely on external military assistance, Ukraine will not be able to

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build its own production and support the army with internal resources in the event of repeated invasions by Russian troops. As mentioned earlier, drones are the key technology used in combat. Mikhail Fedorov, Minister of Digital Transformation, emphasized the critical role of domestic production in Ukraine's defense strategy. He clarified that 90% of drones used on the battlefield against Russian forces are produced in Ukraine.\textsuperscript{7} It can truly be called an achievement that demonstrates that Ukraine's technological advancement, which has been actively developing since 2019, brings the necessary results not only for civil purposes but also for military and defense purposes. Further evidence of Ukraine's innovative defense approach is the creation of about 500 defense companies operating throughout the country - as said by Alexander Kamyshin, Minister of Strategic Industries.\textsuperscript{8} The numbers showing the creation and revival of more defense companies are indeed impressive; however, due to limited resources, the industry is not able to produce supplies in the quantities required for the war with Russia. Moreover, if the Ukrainian Ground Forces are currently one of the strongest in Europe, the remaining equally important defense branches are in serious condition. Ukrainian Air Forces are pretty weak and significantly inferior to Russia, and Navy Forces are essentially absent since there are practically no warships in the structure. The way out of the situation was the creation of the world's first naval fleet of drones\textsuperscript{9}, which Ukraine is actively using. The drones are produced domestically and can already be observed to be highly effective against the Russian Black Sea Fleet in naval operations despite the absence of a conventional Ukrainian navy. The drone fleet compensates for the traditional military imbalance at sea, having already destroyed about a third of the Black Sea fleet\textsuperscript{10}, according to Ukraine's side. It is an


\textsuperscript{10} Press, Associated. “Ukraine Says a Third of Russian Warships in the Black Sea Have Been Destroyed or Disabled.” PBS, March 26, 2024. https://www.pbs.org/newshour/world/ukraine-says-a-third-of-russian-warships-in-the-black-sea-have-been-destroyed-or-disabled#:~:text=destroyed%20or%20disabled\,Ukraine%20says%20a%20third%20of%20Russian%20warships%20in%20the,have%20been%20destroyed%
example of the fact that with the necessary production and the availability of resources, Ukraine is able to withstand and adapt to the military disadvantages that it has against an army that is many times superior to them in strength.

What about the Resources?

Due to the delay in military assistance from the United States and recent statements made by one of the main candidates for US President, Donald Trump, European leaders began to reconsider their attitude towards security based on US support within the NATO umbrella. According to statements of some representatives of European countries, the question of ensuring the security of Europe began to be raised as it became clear that dependence on the United States makes the continent more vulnerable in the event of military aggression. Therefore, the production of weapons and the strengthening of Ukraine began to be actively supported from European countries. For example,

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Rheinmetall, Germany’s leading arms manufacturer, has announced plans to increase its artillery production capacity significantly. Rheinmetall's initiative to increase artillery shell production capacity from the current 700,000 per year to at least 1.5 million by 2026\textsuperscript{13} demonstrates a strategic expansion. Rheinmetall's strategy includes the creation of at least four factories\textsuperscript{14} in Ukraine and the creation of joint production. The move is indicative of a broader trend in defense cooperation and technology transfer, which could potentially change the dynamics of military support and cooperation between Germany and Ukraine.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{image.png}
\caption{German Chancellor Olaf Sholz, right, and German Federal Minister of Defense inspect a Rheinmetall armaments plant in Germany, Photo Credit AP.}
\end{figure}


In Germany, a leading power among the EU countries, there are political tensions regarding assistance to Ukraine. Recently, the Bundestag repeatedly voted with a majority against sending Taurus to Ukraine.\(^\text{15}\) However, bypassing the conflict in the legislative authorities, the leaders of France and Germany agreed to jointly produce ammunition in Ukraine, with the participation of KNDS\(^\text{16}\), a European defense conglomerate of which Rheinmetall is a part. All these are trends are positive however analytics show figures for the enormous scale of Russian production and spending on the military economy. It is becoming clear that aid and production at current levels are simply not enough to outweigh Russia’s productive capacity. The US has set an ambitious goal of producing 100,000 artillery shells per month by the end of 2025.\(^\text{17}\) However, this is less than half of the volume of artillery production in Russia. It can be argued that in all indicators, and especially in military spending, in the capacity of fleet and air forces, in ballistic missiles and long-range missiles, the United States is many times superior to Russia. Recently, Putin has also highlighted the need to increase Russia’s shipbuilding capacity. However, in the face of growing demands and the way in which the war is being waged in Ukraine (ground-based regular armies and the active use of artillery and armored vehicles), the national defense production potential of the allied countries must expand in the production of ammunition specifically for ground combat. The production gap between the US, Ukraine, and other countries needs to be bridged due to the global security environment.

\(^{15}\) “German Lawmakers Reject Taurus Missiles for Ukraine - Again .” dw.com, March 13, 2024. https://www.dw.com/en/german-lawmakers-reject-taurus-missiles-for-ukraine-again/a-68518593#:~:text=The%20German%20parliament%20has%20voted,to%20be%20sent%20to%20Ukraine.&text=Germany's%20lower%20house%20of%20parliament,the%20third%20time%20this%20year.


Can Balkans be new allies in Arms Production?

As stated earlier, US strategic defense efforts are complicated by the current impasse in Congress over funding for Ukraine. A significant $60 billion in funding intended to support Ukraine is stuck in the House of Representatives due to the internal political situation within the Republican Party. It is worth understanding that this will have wider consequences. As President Zelensky recently stated, Ukraine is running out of weapons, even for counter-air defense.\(^{18}\) Now, producing your own weapons to create your own security is more important than ever.

Recently, as a strategic step to further strengthen defense capabilities and develop regional cooperation during the summit in the Albanian capital Tirana, Zelensky proposed strengthening military-defense cooperation, building on similar successful partnerships with British and American arms companies.\(^{19}\) There are a number of issues regarding cooperation with the Balkan countries. Serbia, which is the dominant state in the region's arms industry, has a heritage from the former Yugoslavia: Serbia accounts for 65.7% of


arms production in the Balkans, followed by Bosnia with a 31.7% share of exports.\textsuperscript{20} However, the Kosovo issue continues to be a key conflict factor in the Balkans, influencing diplomatic relations and international affairs. Serbia's refusal to recognize Kosovo's independence remains a source of tension, complicating the region's diplomatic engagement and interactions with European countries and NATO.

Against the backdrop of these regional dynamics, Serbia's relations with Russia are becoming a prominent aspect of its foreign policy, as it has been historically. Serbia's friendly stance towards Russia and the fact that the country's government hasn't imposed sanctions against Russia amid global tensions reflect a complex balancing act. Therefore, Serbia cannot be called a friendly state for Ukraine, and, accordingly, the issue of cooperation with the Balkans is quite complex since the leading country in arms production is not a supporter of Ukraine in the war against Russia. There is also a case in Croatia regarding military assistance to Ukraine, which remains less transparent and has limited information available. Croatia has a rather contradictory position in relation to Ukraine since, on the one hand, Russia and Croatia have tense relations since February 2024, but on the other hand, Zoran Milanović, the President of Croatia in 2023, made several pro-Russian statements saying that "Crimea will never be part of Ukraine."\textsuperscript{21}

On the contrary, Albania has a more straightforward position in relation to Ukraine. The Balkan summit with President Zelensky, which took place in the Albanian capital, underlines the country's active position on this issue. As we can see, the region has completely different approaches to the conflict in Ukraine. Regional solidarity on this issue does not exist; however, recognizing that in the past, building partnerships with countries in regions other than Western Europe and North America has been at a low level, the current government of Ukraine is taking active steps to achieve the loyalty of countries with which there was no active cooperation before the Russian invasion, including in the defense industry sphere.


Conclusion:

There are examples of support from France and Germany, which announced plans to create arms factories in Ukraine. In parallel with these developments, European NATO countries are demonstrating a renewed focus on defense investment, planning to collectively spend nearly $500 billion this year, including on joint production with Ukraine. However, domestic production of weapons in war conditions is necessary. The current state of affairs at the front shows that due to the stagnation of US assistance, there have been shifts at the front in favor of Russia since the lack of weapons is a key factor that negatively affects the future counter-offensive.

It is necessary to increase Ukraine's self-sufficiency and strengthen its defense potential. One option could be the transfer of frozen Russian assets to Ukraine or their use for a security bloc industry. The West needs to rethink its approach to security amid fears of the United States leaving NATO. In Ukraine, the initiative to integrate Ukraine into the Western defense industrial base should gain momentum, providing technological and military support from both allied countries and domestic production. By developing its
arms production sector, the country will reduce dependence on external supplies, which are hampered by delays and uncertainty. It has already become apparent that there is a glaring disparity in the speed and effectiveness of the military support Ukraine receives compared to the assistance Russia receives from its allies because of the less bureaucratic nature of Russia’s alliances outside compared to Western sphere. The “late deliveries” and procedural delays that often characterize Western military assistance to Ukraine highlight the need for a more flexible and responsive approach to defense support, recognizing the fast pace of modern conflicts, particularly against a state with vast production and resources. As of today, the US House of Representatives has finally approved the Ukraine Aid Bill and the US Senate is set to vote on it, which is good news for Ukraine’s front line defenses and hopefully to defend cities with critical air defenses.