

Ukraine Producing More Drones Than State Can Buy

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Ukrainian drone manufacturers have ramped up production to the extent that the government budget is not sufficient to procure all of them.

Kyiv allocated 40 billion hryvnias (\$1.14 billion) for investment in domestic drone production in 2023, a 10-fold increase over the previous year.

The number of state-contracted drone manufacturers rose to over 40 last year from less than a dozen a year before, Prime Minister Denys Shmyhal <u>said</u> in July.

Over 200 Drone Manufacturers

By November, the number rose to 200, according to Minister of Digital Transformation Mykhailo Fedorov.

"We need more drones at the frontline," the minister said.

"Therefore, we are constantly thinking about what else we need to do in terms of innovation, taxes, increased funding, and attracting partners to produce even more drones for the defense forces."

Lack of Funds

Lack of sufficient state finances, however, has prevented full procurement, according to Fedorov.

"As of today, the market has accelerated much faster than the amount of money to buy all the UAVs," *Reuters* <u>quoted</u> the minister as saying on Ukrainian national television.

"Therefore we need to increase financing and open up markets further, so that prices fall thanks to competition and localisation of part (production) begins."

Expensive Drones

A price gap between the Ukrainian drones and cheaper Chinese drones such as the DJI is one of the main reasons behind the former's low procurement.

"The cost of a new drone will initially be much higher because it lacks the advantages of mass production, which Chinese drones benefit from after years of research and development investments," Ukraine's *Espreso TV* <u>quoted</u> Commander of Ukrainian Armed Forces **Valery Borovyk** as saying.

"This price comparison with Chinese drones serves as a benchmark for procurement.

Government departments involved in buying drones face constraints; they can't justify purchasing more expensive Ukrainian drones when cheaper Chinese ones are available. This would be considered a waste of public funds and potentially lead to legal issues."

Meanwhile, Ukraine <u>plans to procure at least one million drones in 2024</u>, Defense Minister Rustem Umerov <u>said</u> on the first day of the year.

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