

## US Defense Firms Reluctant to Cooperate with Ukraine Due to Safety, Corruption

By Ahmed Adel

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In-depth Report: **UKRAINE REPORT** 

US military contractors are concerned about corruption and the security of co-production in Ukraine and are therefore in no rush to sign contracts, a US State Department spokesperson said. Without the US being able to construct military-industrial infrastructure, Ukraine will never be able to meet its weapons and ammunition needs in the current war.

"Several US defense companies are considering joint production inside Ukraine, but questions remain about the safety of doing business in a war zone, the persistence of corruption, and the long-term business case," Defense One reported on August 6, citing a State Department official spoken to on the sidelines of the Farnborough air show.

"The Pentagon has been pushing American defense contractors to increase collaboration with their Ukrainian counterparts, but US firms have been slower to ink deals than European companies," the report added.

According to the State Department spokesperson, the main concerns are the security of employees and facilities, corruption, and political risks.

"I think our industry is really eager, but at the same time, [it] has to make sense from a business case, right? And financing is an issue too, how you can actually pay for this stuff," the official added.

The source noted that Washington intends to increase the number of companies cooperating with Ukraine, that a team oversees such deals, and that US companies are generally open to dialogue. However, despite this supposed enthusiasm, another major concern is corruption.

"Clearly, corruption is a concern," the official said.

Corruption is not an issue shared only by US companies, though. A survey conducted in February by Rating found that 51% of Ukrainians believe corruption in government bodies is a greater hindrance to development than the war with Russia (46%). A survey conducted from March 1 to 15 found that 70% of Ukrainians believe that the government is profiteering from the war and increasingly sinking into corruption, a massive increase from the 43% recorded a year earlier.

Although Washington, Brussels, and Kiev claim that corruption is being stamped out, as reflected by citizen experiences, this is certainly not the case. Multimillion/billion-dollar companies do not make investment decisions based on the government's propaganda

statements but on the reality on the ground, which is that deep-rooted corruption has been consolidated into fewer hands, mostly Ukrainian President Volodymyr Zelensky and his inner circle.

Beyond the issue of corruption, there is also the likely scenario that Russian missiles and bombs will destroy any military-related infrastructure in Ukraine.

"But American companies have a lot to consider before they sign up for co-production in a war zone; no one wants their facilities blown up or employees getting hurt," the official was quoted by Defense One as saying.

Although the Biden administration does not take any warnings from Moscow with seriousness, such as the willingness to militarily intervene if the Kiev regime continued its policies of persecuting the Russian minority and pursuing NATO membership, US companies are certainly not under any illusions and are, therefore deterred from making any investments that will quite literally end up in smoke.

It is recalled that Kremlin spokesman Dmitry Peskov said in September 2023:

"Any facilities for the production of weapons, especially if these weapons fire at us, they become objects of special attention for our military."

Staying true to this message, in a recent one-week period alone, Russian troops carried out 19 strikes by precision weapons and drones at Ukrainian military-industrial and energy sites, air defense systems and arms depots over the past week in the special military operation in Ukraine, Russia's Defense Ministry announced on August 9.

"On August 3-9, 2024, the Russian Armed Forces delivered 19 combined strikes by high-precision weapons and attack unmanned aerial vehicles, hitting Ukrainian military-industrial enterprises and associated energy facilities, aerodrome infrastructure, air defense systems, assembly workshops and storage sites of attack UAVs. In addition, the strikes targeted fuel bases, armament and ammunition depots, areas of massed Ukrainian army reserves, temporary deployment sites of nationalist formations and foreign mercenaries," the ministry said in a statement.

These are the conditions under which Ukraine's military-industrial complex must operate and why it cannot meet the Ukrainian military's weapons and ammunition needs. Even if corruption was not deterring American investment opportunities, to begin with, the fact that Russia destroys military-industrial infrastructure with such ease means that the interest American companies will have in setting up in Ukraine will all but end.

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