

If the war in Ukraine ends, hundreds of Ukrainian startups will be looking for partners, investment and acquisition deals.

They will hold not only cutting-edge battlefield tech, but also bright minds who understand how to innovate at the speed of Ukraine.

It's in this spirit that the Price of War conference is sharing this critical article from *The Arsenal*, a Kyiv-based technical publication that covers Ukrainian battlefield tech, startups and regulation.

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How Ukraine miltech will spur post-war reconstruction

Looking ahead to how deftech can become a key source of revenue, drawing on its technological innovation on the battlefield.

Ukraine's reconstruction will take place alongside a predicted post-war economic boom, but will depend on such factors as:

- How long Russia's full-scale invasion will drag on;
- What state Ukraine's economy will be in after the war ends;
- What further losses will be incurred from Russian strikes.

The country now has over **900 defense companies** (before the full-scale invasion there [were](#) only about 50), with export potential that can bring in about \$15-20 billion per year and boost GDP by more than 10 percent, according to industry representatives. Many companies can also pivot production towards civilian uses and markets, providing another avenue for growth.

Predictions are based on a steady expansion of the economy over the past two years. Ukraine's economy grew by nearly 4 percent in 2024, with a third of this growth provided by the defense industry.



Novator car repair plant. Photo taken from epravda.com.ua

Joint production projects in Ukraine and abroad have also been launched in 2025. **Twenty-five foreign companies are setting up factories in Ukraine** to produce various types of equipment, from traditional artillery to AI-powered unmanned systems.

Additionally, many Ukrainian defense manufacturers said they are ready or preparing to export weapons – just as Ukraine’s government has signaled a willingness to relax export control measures.

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The Ukrainian weapons market after the war

In 2024, Ukrainian defense production was estimated at approximately \$9-10 billion (production of equipment and components).

In the future, revenue could increase to more than \$15-20 billion per year over the next decade, mainly through exports, according to **Stanislav Hryshyn**, co-founder of **General Cherry**, a drone maker.

To achieve such numbers, companies need to enhance cooperation with one another, increase production, and take advantage of foreign financial models, such as the Danish one, he told *The Arsenal*. The ‘Danish model’ is a unique mechanism for providing direct support to Ukraine’s defense industry.

On top of that, the industry will also have to adjust to new post-war realities. The military-industrial complex will have to transition from crisis mode to stable operations after the war ends, especially considering that military expenses will go down, said **Ihor Fedirko**, CEO of the **Ukrainian Council of Defence Industry**, a coalition of 270 manufacturers.

Even with a drop in military expenses, the defense industry will bring Ukraine billions of dollars in annual revenue, Fedirko said. This will be driven in part through its capacity to provide approximately \$2 billion per year in exports.

That would boost GDP by several percentage points, he predicted, because most products will be manufactured inside Ukraine, creating jobs and orders for other industries, like logistics, IT, and research institutions.

In the future, Ukrainian companies will receive long-term state contracts and be able to plan production years ahead, said Fedirko. The Ministry of Defense will order not only finished products but also modernization, repair, and implementation services for the Armed Forces.

Fedir Venislavskiy, a member of the Verkhovna Rada's **Committee on National Security, Defence and Intelligence**, offered similar predictions.

He said Ukraine will be able to produce advanced military products for its own needs and for export for at least a decade after the end of the war.

State enterprises will ensure large-scale production of missiles, armored vehicles, ammunition, and other products, while private companies will supply niche products like drones, electronic warfare systems, and electronics, predicted **Hryshyn** of General Cherry.

Even with predictions of rapid growth, the industry should brace for plenty of challenges, said Hryshyn, who cited the economic expansion seen after World War II as a sign that Ukraine has promising prospects.

He said the nuances of tax policy also need to be considered for any predictions about future growth: the industry is asking for lower tax rates and incentives for companies, as well as special regimes for export projects.

There are certain steps that can be taken now to strengthen the industry's chance at expansion. Ukrainian companies are producing more than they can sell to the military or abroad, **Volodymyr Zinovskiy**, Deputy CEO at **TAF Industries**, a drone and EW maker, told *The Arsenal*. Some production lines will have to be reoriented to dual-use solutions, such as drones, communication systems, batteries, or composite materials for civilian industry.

Dual-use technologies will improve logistics, energy, agriculture, and environmental monitoring, automate many processes, and strengthen enterprise security, Fedirko said.

The Ukrainian government needs to attract investments and conclude export contracts now, said Hryshyn.

Localization is also facing bureaucratic issues that need to be addressed, he said. For example, German defense giant Rheinmetall has delayed an ammunition factory they planned to build in Ukraine due to concerns about its location, [the company's CEO said](#).

The defense industry is a promising sector through which regions affected by the war can be reconstructed, with the creation of new factories driving revitalization of business, **Anton Semenov**, CEO of **CYBER SQUAD LLC**, a private cyber defense agency, told *The Arsenal*.

This will require training and requalification of personnel, especially in engineering, IT, and artificial intelligence. Every dollar invested in digital defense technologies can generate \$4 to \$6 in added value through the development of related industries such as education, energy, telecommunications, logistics, cyber services, said Semenov.



Ukraine produces millions of military drones. Photo taken from the Ministry of digital transformation Facebook page.

How Export Control Changes

Ukraine's plans to resume the [controlled export](#) of military products – opening up a new world of opportunities. The first contracts are expected with the EU, the US, and the Middle East in the second half of 2026.

The idea is for surplus products to be sold abroad after Ukraine's own domestic needs are first met. It's unclear right now how much of a surplus will exist in 2026, but the **National Security and Defense Council** (NSDC) has said production capacity could reach \$60 billion in 2026.

Exports can potentially bring the state \$3-5 billion per year in the medium term if industry development is combined with NATO-standard product certification, joint production in Europe, and tax incentives for R&D, said Semenov.

The money from sales could help with financing Ukraine's reconstruction.

Launching exports will not be easy, however. Ukraine will face competition with other players on the weapons market, **Oleksandr Bakhmach**, CTO of **Dwarf Engineering**, told *The Arsenal*.

He said there are also two major risks for post-war Ukraine:

- brain drain,
- temptation to relocate companies entirely abroad.

What Ukraine will sell abroad

Ukraine will primarily sell unmanned systems – aerial, ground, and maritime, according to the NSDC. To strengthen export potential, joint projects are already being created within the Danish model, as part of the Build in Ukraine and Build with Ukraine initiatives.



After the war, the global military technology market will also have undergone quite a makeover, with significantly more unmanned systems, electronic warfare, and "smart" weapons than there were before 2022. These will be crucial for any state that cares about its security, Fedirko said.

Ukrainian sea drone Magura v7.2 on REPMUS/DYMS 2025. Photo taken from Defence 360.

According to Fedirko, Western partners are most interested in the following Ukrainian technologies:

- Drones (aerial, ground, maritime) and their components;
- Anti-drone systems;
- Modular air defense systems;
- Electronic warfare;
- Critical infrastructure protection;

- Software (AI, Command and Control, data analysis);
- AI-powered cyber defense and cyber intelligence systems;
- Ammunition and artillery systems;
- Sensors and automatic targeting systems.

Europe has already suffered hybrid attacks, navigation disruptions, and drones flying over airports (read our deep dive on that issue [here](#)). And Ukraine has proven that its technologies work in practice to counter such threats. The most attractive markets for Ukraine include countries looking to bulk up their technological defenses for such threats from Russia in the future, including:

- The Baltic states – where a joint [cyber](#) and defense initiative is underway;
- Poland, Czech Republic, Slovakia, Romania, where there is demand for modernization of Soviet-type equipment;
- Canada, United Kingdom, U.S., where there is demand for cyber defense systems, AI analytics, and digital security platforms;
- Scandinavian countries, which have already purchased Ukrainian EW/electronic intelligence and unmanned systems;
- Asian countries, where there is interest in flexible technologies at affordable prices; and
- The Middle East, where there is demand for counter-drone tech to protect sea routes and ports.

How Ukraine is preparing to launch exports

The Ukrainian government is creating a platform called 'Build with Ukraine,' changing the sector's legislative framework, and creating incentives for manufacturers, said **Ihor Matviuk**, director of **AERO CENTER DRONES**, a manufacturer of unmanned aviation systems and ammunition.

Companies are also launching certification and codification processes for products according to the requirements of international customers, seeking foreign partners, and creating joint ventures.

Officials plan to introduce tax and customs clearance incentives, and prevent unnecessary checks that would slow down the process.

Main areas of preparation:

- Product certification to NATO standards (STANAG/AQAP) (read our issue on entering NATO market [here](#));
- Obtaining ISO/IEC 27001, NIST, ENISA security certification by producers;
- Modernizing the **State Service for Export Control**'s procedures for integration with EU procedures;
- Negotiating with foreign partners, participating in exhibitions, B2B meetings, etc.;
- Creating joint R&D units with foreign companies;
- Building supply chains and modernizing production for scaling;
- Legal/financial preparation: creating export divisions, contract audits, risk insurance, etc.;

- Developing licensing models;
- Searching for financing models such as the Danish model.

Challenges to consider:

- Complexity of licensing and export control;
- Long certification process for dual-use products;
- Competition with large companies (Lockheed Martin, Thales, Palantir, etc.);
- Shortage of highly qualified personnel;
- High costs for R&D, testing and certification abroad;
- Uneven regulation of export procedures between countries;
- Need to build trust and guarantee quality of supplies;
- Brain drain and rising costs of paying specialists in Ukraine;
- Excessive regulation and geopolitical instability in the world (restrictions on export of certain types of weapons, international conventions, end-user control, political risks);
- The difficulty involved in building factories and enterprises, handling logistics, and ensuring energy stability.

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