

Interview: Denys Gurak, Deputy Director General, UkrOboronProm

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Denys Gurak, Deputy Director General for foreign economic activity, UkrOboronProm (UkrOboronProm)

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UkrOboronProm (UOP) aims to employ the knowledge it has gained from Ukraine's conflict with Russia to provide advanced research and development (R&D) and break into the defence supply chains of NATO countries, according to its Deputy Director General for foreign economic activity, Denys Gurak.

UOP is the state concern in Ukraine responsible for 130 separate defence holdings, including the Kharkov Morozov Design Bureau and Antonov, the company responsible for the An-124 freighter aircraft. The deputy director general emphasised that in the next five to 10 years he expects UOP to face many challenges.

"Challenges are quite similar to opportunities; we are undergoing a transformation from the point of view of our assets, as well as our business model. Now the cornerstone of our strategy is to integrate ourselves into NATO/Western supply chains," he told *Jane's*.

Gurak noted that implementing this strategy will require a complete transformation of UOP's business model and stressed that the company must move its focus from users of Soviet-era equipment to become a key supplier for NATO member states. However, he added that "there are a lot of cases where UOP already modernises Soviet equipment to NATO standards", pointing to its recent R&D efforts to develop the PT-17 main battle tank (MBT) in conjunction with Poland as an example. This project has involved upgrading the T-72 into a NATO-compatible tank, which the deputy director general described as "very relevant to Baltic states as well because of the costs and the problems associated with using big Western tanks in areas such as the Baltics".

Asked how UOP plans to break into Western markets, Gurak said, “We, of course, need to target traditional Western markets such as France, Germany, and the United Kingdom. We will start with production outsourcing as well as R&D outsourcing.”

He added that a vital part of the company’s strategy will be to continue to “build trust in its key competitive advantages, advanced manufacturing capabilities, good cost base, as well as the company’s military engineering capability”.

According to Gurak, UOP is uniquely placed among Western defence companies and those that provide equipment for NATO member states because Ukraine is one of the only European countries to have fought modern Russian weaponry. Highlighting the importance of this experience, he said, “NATO members have started studying the conflict in east Ukraine.... UOP already has experience and an understanding of the conflict and so can offer first-hand advice.”

He suggested that the main challenge “is operating in a heavily denied area in terms of electronic warfare [EW]” and that “Russia is using much more EW than NATO countries and Ukraine is working with NATO members to study this”.

“Ukraine has the same EW school as Russia and is more advanced in some areas,” Gurak added. “Knowing the peculiarities of the equipment and how it is used helps to design and develop equipment to combat it.”

UOP has worked with the Ukrainian Ministry of Defence (MoD) to develop new methods for using artillery in densely populated areas, as well as specific tactics for countering heavily armoured vehicles with manportable anti-tank weapons. Ukrainian sources have revealed that special forces from NATO states have visited Ukraine to conduct training and to learn from Ukraine’s experience of warfare against Russian units. According to the deputy director general, this is all having a positive impact on UOP’s reputation among NATO allies.

Despite the obvious negative consequences, according to Gurak the war in eastern Ukraine has had many benefits for the Ukrainian defence industry, which has been forced to adapt to the new circumstances. “Pre-2014 the defence industry in Ukraine was basically dormant; there was no strategy and no goals,” he explained. “We were acting on sporadic export orders in traditional markets such as north Africa or Asia.”

However, since the start of the war more than 16,000 pieces of equipment have been supplied to the Ukrainian MoD by UOP, which Gurak noted has had the added technological benefit of being able to test its equipment against a considerable adversary. He pointed to the BTR-3DA infantry fighting vehicle as an example.

“The equipment is used against a near-peer threat, rather than the weaker adversaries that NATO has faced in recent years,” he said. “As a result up to 200 engineering changes have been made to those APCs based on advice and communication from the users in very active combat operations.”

Meanwhile, UOP has announced plans to open some of its stock up to private stakeholders: a development that is welcomed by Gurak. He noted that private defence companies in Ukraine, such as TechImpex and Praktika, provide healthy competition and possible technological partnerships that will benefit the country’s defence industry as a whole.

In relation to UOP’s current position he said, “We are currently in the middle of an international audit and, once the assets have been structured into specific areas of production, it will be time to

start offering shares.”

The conflict in the Donbass region has certainly given the Ukrainian defence industry the impetus to adapt and grow. Among the products UOP is currently developing Gurak highlighted “missiles, such as ATGMs [anti-tank guided missiles] and soon 122 mm rounds for the Grad [multiple rocket launcher – MRL], and precision-guided 300 mm missiles for the Smerch [MRL]”.

“Radio electronics is another big sector,” said Gurak. “We will hopefully be announcing [the marketing of new] EW systems, such as the 80K6T 3D radar, which was presented at the Kiev exhibition [in October 2017].”

He also anticipates a greater presence for UOP in the air transport market. He noted that currently many NATO countries rely on the commercial fleet of An-124s operated out of Ukraine for strategic airlift capabilities, while a commercial Mi-26 heavylift helicopter from Ukraine has been used to provide emergency lift capability to NATO forces in Afghanistan.

The deputy director general concluded that he believes these steps are just the beginning of UOP’s transformation, emphasising that there are many opportunities ahead and that he intends the company to become a prominent player in the West European defence market.

This article, first published on 9 January 2018, is subject to a correction and has been amended