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German Federal Cartel Office gives go-ahead to joint venture between Rheinmetall and Ukrainian Defence Industry

Launched in May 2023, strategic cooperation between Rheinmetall and Ukraine's state-owned Ukrainian Defence Industry group (UDI), the former Ukroboronprom, has taken another step forward. On 28 September Germany's Federal Cartel Office, Bundeskartellamt, cleared the way for establishing a joint venture between Rheinmetall Landsysteme GmbH and UDI in Kyiv. Authorization from other relevant agencies has already been applied for and is expected to come shortly.

"The joint venture is to be based in Kyiv and engage in service and maintenance as well as the assembly, production and development of military vehicles," the German Federal Cartel Office said in its press release of 28 September 2023. "It will initially operate exclusively in Ukraine. There will be no competitive overlaps in Germany, nor are there any indications of competition concerns. The Bundeskartellamt cleared the transaction within one month."

Cooperation between Rheinmetall and the Ukrainian defence industry is designed to strengthen Ukraine's defence sector and ultimately the country's national security by gradually building joint capabilities in defence technology in Ukraine.

Under the agreement, Ukraine will benefit from comprehensive technology transfers; from the creation of defence technology capabilities at home; from additional local value added; and from the prompt delivery of military equipment from Germany.

As a first step, cooperation will focus on the maintenance and repair of vehicles transferred to Ukraine under the German government's multilateral "Ringtausch" equipment exchange programme as well as those directly supplied to Ukraine by Germany.

In later phases, based on a comprehensive transfer of technology, the cooperation partners intend to jointly produce selected Rheinmetall products in Ukraine. Looking ahead, cooperation between Rheinmetall and UDI could also involve the joint development of military systems by teams of Ukrainian and German specialists, including for subsequent export by Ukraine.

► Key facts

- Partnership in Ukraine: German Federal Cartel Office clears setting up of a joint venture between Rheinmetall and Ukrainian Defence Industry (UDI)
- Other necessary authorizations are expected shortly
- Joint venture to be based in Kyiv; no competitive overlaps in Germany seen

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About Rheinmetall:

Headquartered in Düsseldorf, Germany, Rheinmetall AG is an integrated technology enterprise. It consists of five divisions: Vehicle Systems; Weapon and Ammunition; Electronic Solutions; Sensors and Actuators; and Materials and Trade. With some 28,000 employees working at 132 locations worldwide, the Group generated sales in 2022 of €6.4 billion. As well as being one of the world's foremost defence contractors, Rheinmetall is a powerful force for technological and industrial innovation in its civilian markets. A strong orientation to sustainability is an integral part of Rheinmetall strategy.

About Ukrainian Defence Industry group:

A state-owned enterprise, Ukrainian Defence Industry group has 67,000 employees active among other things in the production and maintenance of armoured vehicles, missiles and artillery, as well as radar and aircraft production. Since the very first days of war with Russia UDI has been working around the clock to meet the needs of the Ukrainian armed forces.