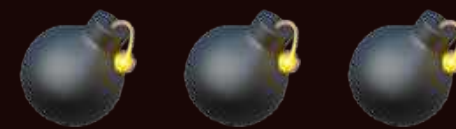


# Lifecycle of Ammunition Manufacturing Enterprises

Most manufacturers of explosives and ammunition state that unified rules of the game are needed for both state and private players, along with targeted industry regulation. In July 2025, Cabinet of Ministers Resolution No. 763, which initiated an experimental regulatory procedure for the production, procurement, and supply of ammunition, will expire.

Following its implementation, manufacturers of explosives and ammunition insist on updated approaches that consider real market conditions and the growing role of private enterprises



Lifecycle of Ammunition Manufacturing Enterprises — industry response to current regulations. The private defense industry sector needs uniform rules of the game for all market participants and targeted regulation of the industry.

STAGE 1: IDEA FORMATION

**Current state (problem description):** At this stage, stakeholders initiate the concept of creating a new enterprise or launching ammunition production. Ukrainian legislation does not regulate a separate pre-project planning stage for defence industry enterprises, so all preparatory activities (market research, partner engagement, technology selection) occur without regulatory guidance. The absence of state support at this stage undermines the effective formation of industrial clusters and project-based cooperation.

IMPACT	RESULT
<p><b>Negative impact on the military:</b></p> <p>📅 Lack of predictability in operational planning due to absence of the state’s strategic vision regarding the development of the ammunition sector.</p>	<p><b>Expected government actions:</b></p> <p>💥 Introducing support mechanisms for ideas and projects at the pre-registration level, including R&amp;D funding, creating technology parks, and stimulating military-relevant innovations.</p>
<p><b>Negative impact on the industry:</b></p> <p>🙄 High level of uncertainty for investors, no access to state support tools before company registration.</p>	

STAGE 2: COMPANY REGISTRATION

Current state (problem description): Company registration is carried out according to the Civil Code of Ukraine, the Law of Ukraine "On State Registration of Legal Entities, Sole Proprietors and Public Organizations," and the Law "On Limited Liability Companies." At this stage, the legal form, economic activity codes, location, and ownership structure are defined.

However, current legislation does not provide a specific registration regime for enterprises intending to engage in ammunition and explosive material production.

IMPACT	RESULT
<div>Negative impact on the military: ✗ None.</div>	<div>Expected government actions: ✗ None.</div>
<div>Negative impact on the industry: ✗ None.</div>	

STAGE 3: OBTAINING AMMUNITION MANUFACTURER STATUS

Current state (problem description): Currently, the status of an ammunition manufacturer is granted temporarily under Resolution of the Cabinet of Ministers of Ukraine No. 763, which is experimental and only valid during martial law. The absence of a permanent regulatory framework creates legal uncertainty for companies and their partners.

IMPACT	RESULT
<p>Negative impact on the military:</p> <p>✂ Complicated defense planning due to instability in the supplier base.</p>	<p>Expected government actions:</p> <p>💥 Adopting a law on ammunition manufacturers to establish a permanent status based on transparent and objective criteria.</p> <p>💥 Clarifying the deadline in CMU Resolution No. 763 for including information in the Ministry of Strategic Industries of Ukraine register (e.g., 10 working days), using the silent consent principle.</p>
<p>Negative impact on the industry:</p> <p>🚧 Limited access to investment and hinders long-term contracting.</p>	









## STAGE 4: OBTAINING LAND FOR PRODUCTION, STORAGE, AND TESTING

Current state (problem description): The process of acquiring land for the purposes of ammunition/explosives production, storage, disposal, or testing requires changes to the land's designated purpose according to the Land Code of Ukraine and the Law «On State Registration of Property Rights to Immovable Property and Their Encumbrances.»

This change is a separate administrative procedure that includes:

- ✦ preparation of urban planning documentation,
- ✦ development of land management technical documentation,
- ✦ approvals from various authorities (architecture, StateGeoCadastre, local council or administration),
- ✦ public hearings (in certain cases),
- ✦ amendments to the State Land Cadastre.

This multi-step and lengthy process creates barriers to the timely launch of defense production, even under martial law or emergency conditions.

IMPACT	RESULT
<p><b>Negative impact on the military:</b></p> <p> Due to the lengthy and complex procedure for allocating land plots with the appropriate intended purpose, enterprises capable of deploying production or storage facilities for military-grade ammunition and explosives are unable to establish the necessary infrastructure in a timely manner. This directly affects the state's ability to supply the armed forces with ammunition, especially under conditions of urgent need.</p>	<p><b>Expected government actions:</b></p> <p>As stated in CMU Resolution No. 763 dated 21.07.2023, amendments should be made to the classification of land intended purposes to include categories related to ammunition production, storage, disposal and testing.</p> <p> Developing and adopting a special procedure that enables the change of land intended purpose under a simplified process (particularly during martial law), accompanied by the introduction of a standard approval procedure.</p>
<p><b>Negative impact on the industry:</b></p> <p> Enterprises are forced to operate in a state of legal uncertainty—renting premises or using existing facilities that do not meet the intended purpose requirements. This creates legal risks, including potential challenges from regulatory authorities or difficulties in obtaining permits for the production or storage of explosives.</p> <p> Furthermore, potential investors refrain from financing production projects due to the inability to guarantee the lawful use of the facilities.</p>	<p> Establishing a special legal regime for industrial and research-testing territories of defense industry enterprises, which would allow the use of land plots without changing their intended purpose, provided a special permit is obtained from the Ministry for Strategic Industries or the relevant Regional Military Administration.</p> <p> In addition, the appropriateness of amending Article 77 of the Land Code of Ukraine has been agreed upon to expand the categories of land intended purpose for the needs of ammunition and explosives production.</p>

STAGE 5: PRODUCTION AND STORAGE LOCATIONS

Current state (problem description): Currently, location requirements are defined by various industry-specific regulations, most of which are not adapted to the specifics of ammunition. Security requirements are often not integrated, and permits for storage and production are issued by different authorities.

IMPACT	RESULT
<p>Negative impact on the military:</p> <p>🐌 Delays in ammunition delivery due to excessive bureaucratic processes.</p>	<p>Expected government actions:</p> <p>💣 Introducing a unified technical regulation for production, storage, and testing of explosives, eliminating unnecessary cross-references to unrelated sectors.</p>
<p>Negative impact on the industry:</p> <p>💸 High costs due to permit duplication and unpredictability of procedures.</p>	



STAGE 6: HANDLING CLASSIFIED INFORMATION

Current state (problem description): Current legislation (the Law of Ukraine "On State Secrets" and SSU procedures) does not account for the production-specific needs of ammunition enterprises. The procedures are lengthy, and the criteria for obtaining access permits are non-transparent.

ВПЛИВ	RESULT
<p>Negative impact on the military:</p> <p>🕒 Delays in ammunition supply caused by the time required to process classified documentation.</p>	<p>Expected government actions:</p> <p>💣 Improving procedures on access to state secrets by considering the specifics of ammunition production and establish standard timeframes and transparent criteria.</p> <p>💣 Introducing a simplified access procedure for enterprises engaged in ammunition manufacturing.</p>
<p>Negative impact on the industry:</p> <p>🕒 Inability to quickly involve specialists in projects.</p>	







STAGE 7:PROCUREMENT OF EXPLOSIVES AND INITIATION DEVICES

Current state (problem description): The procurement of explosives, precursors, initiation devices, and other sensitive components for ammunition production is regulated by various acts issued by the Ministry of Internal Affairs, State Labor Service, State Export Control Service, and tax regulations. Procedures are scattered, and applications and approvals are handled through separate channels. There is no unified procurement process within or outside the framework of the state defense order.

IMPACT	RESULT
<p>Negative impact on the military:</p> <p>🔗 Instability in the supply of components may delay fulfillment of combat tasks.</p>	<p>Expected government actions:</p> <p>💥 Establishing a unified procurement procedure for ammunition manufacturers, including simplified access to components within licensed activities. Implementing an electronic coordination platform involving the Ministry of Internal Affairs, State Emergency Service, and State Export Control Service.</p>
<p>Negative impact on the industry:</p> <p>📅 Inability to plan production cycles and R&amp;D activities, especially when funded through private or grant sources.</p>	

STAGE 8: LOGISTICS

Current state (problem description): Transportation of explosives, precursors, and military-purpose products requires permits from the Ministry of Internal Affairs and route approvals. There is no unified document that sets out clear rules and timelines for obtaining transportation permits, resulting in regulatory conflicts.

IMPACT	RESULT
<p>Negative impact on the military:</p> <p> Delays in delivering critical supplies to combat units or depots undermine the operational responsiveness of the Armed Forces.</p>	<p>Expected government actions:</p> <p> Defining a clear procedure for transporting explosives and ammunition, unification of approval timelines, and creating a single digital gateway for route coordination.</p>
<p>Negative impact on the industry:</p> <p> Logistics costs increase due to unpredictability in route approval timelines and high administrative burden.</p>	<p> Additionally, granting military units the authority to provide security services for storage sites and/or during transport of explosive materials.</p>

STAGE 9: STORAGE, ACCOUNTING, MOVEMENT, AND TESTING

Current state (problem description): Operations involving the storage, movement, and testing of substances, materials, and ammunition are governed by various fragmented regulations — from occupational safety norms (Regulatory and legal acts on labor protection) to Ministry of Internal Affairs orders. Inventory is often maintained manually, and oversight of testing processes is inconsistent. There are no unified regulation outlining procedures for all internal manufacturing operations.

IMPACT	RESULT
<p>Negative impact on the military:</p> <p>✗ None.</p>	<p>Expected government actions:</p> <p>💥 Developing unified rules for internal logistics and testing of explosive products, clearly assigning responsibilities and integrating these procedures into a digital manufacturer’s portal.</p>
<p>Negative impact on the industry:</p> <p>🏭 Disruption of production cycles due to difficulties in coordinating the movement of materials between workshops, storage areas, and testing sites.</p>	

STAGE 10: DISPOSAL OF EXPLOSIVES AND DERIVATIVE WASTE

Current state (problem description): The handling of explosive waste is governed by environmental and industrial legislation. The absence of specialized procedures for ammunition manufacturers leads to inconsistent (double) interpretations regarding classification, accounting, temporary storage, and disposal.

IMPACT	RESULT
<p>Negative impact on the military:</p> <p>✖ None.</p>	<p>Expected government actions:</p> <p>💣 Developing a specialized waste management procedure for ammunition manufacturers, including provisions for reuse, recycling, or safe destruction, tailored to the defense context.</p>
<p>Negative impact on the industry:</p> <p>☢ Risks of improper disposal or storage of unstable residue, potentially endangering military facilities. Additional costs associated with storage or transfer of waste, and administrative barriers to recycling materials.</p>	






STAGE 11: DESIGN AND OPERATIONAL DOCUMENTATION

Current state (problem description): Existing requirements for technical support of the product are scattered and do not reflect the specific nature of military-purpose products. There is no approved list of mandatory design, operational, and process documentation required to accompany ammunition through all production, transport, storage, and transfer stages.

IMPACT	RESULT
<p>Negative impact on the military:</p> <p>⚠ High risk of errors during handling or storage due to lack of standardized instructions.</p>	<p>Expected government actions:</p> <p>💥 Developing and approval of a unified list of mandatory documents for each type of military-purpose product, considering chemical composition and properties. Establishing a comprehensive technical regulation with clear requirements for chemical substances and compounds documentation.</p> <p>This regulation should be formalized through amendments to relevant technical standards (State Standards of Ukraine/GOST), including those related to chemical safety.</p>
<p>Negative impact on the industry:</p> <p>📝 Increased costs for documentation and challenges in coordination with government customers and military representatives.</p>	

STAGE 12: STORAGE, ACCOUNTING, AND TRANSPORTATION OF FINISHED PRODUCTS

Current state (problem description): Activities related to the storage and accounting of finished military-purpose products fall under the regulations of the Ministry of Internal Affairs, State Labor Service, and internal instructions of the Ministry of Defense. There is no unified regulation defining the procedures for documentation, transportation, movement, and inventory of finished goods at the manufacturer’s storage sites. The fragmentation of applicable rules results in procedural confusion.

IMPACT	RESULT
<p>Negative impact on the military:</p> <p> Delays in supplying ammunition to combat units due to errors or inconsistencies in inventory records.</p>	<p>Expected government actions:</p> <p> Developing unified regulation on the accounting of finished products, including an electronic register for tracking storage and movement, integrated with the Ministry of Defense systems and other stakeholders as needed.</p>
<p>Negative impact on the industry:</p> <p> Increased operational costs due to the need to maintain parallel reporting systems to meet multiple regulatory requirements.</p>	

STAGE 13: PRODUCT CODIFICATION

Current state (problem description): Codification of military-purpose products is a mandatory step for assigning a unique identification number under the national or NATO system (NSN). The procedure is centralized, often paper-based, and multi-layered, creating delays in timely product registration. There is no mechanism for preliminary codification or a digital portal for submitting technical specifications. The current process does not support flexible handling of pilot batches or temporary product lines.

IMPACT	RESULT
<p>Negative impact on the military:</p> <p>🚫 Products without codification cannot be included in state procurement, logged, or integrated into logistics systems of the Armed Forces and NATO partners.</p>	<p>Expected government actions:</p> <p>💡 Automatization of the codification process through an electronic portal that allows for preliminary data submission and status tracking. Establishing clear deadlines and designating responsible parties for each stage of codification.</p>
<p>Negative impact on the industry:</p> <p>❌ Lack of guaranteed access to government contracts.</p>	



STAGE 14: SUPPLYING FINISHED PRODUCTS TO STATE CUSTOMERS, MILITARY UNITS, AND OTHER STRUCTURES. PARTNERSHIPS

Mechanisms for supplying finished products to the Armed Forces of Ukraine, other defense units, state bodies, and subdivisions remain partially regulated. Contracting is governed by multiple legal acts and Ministry of Defense regulations, but there is still no unified system that accounts for deliveries under the State Defense Order (SDO) as well as through charitable, donor, or foreign assistance programs.





IMPACT	RESULT
<p>Negative impact on the military:</p> <p>🕒 Product delivery delays to the frontlines and difficulties incorporating innovative developments into combat operations.</p>	<p>Expected government actions:</p> <p>🌟 CCreating a unified legal framework governing all forms of product transfer: under SDO contracts, grants, charitable contributions, pilot deliveries, and partnership projects. Introducing a standard contract template indicating sources of funding (state, donor, private).</p> <p>🌟 Official recognition of pilot deliveries as a legal means of field-testing new products, with a pathway to subsequent adoption into service.</p> <p>🌟 Furthermore, collaboration of manufacturers with research institutions, private defense firms, expert communities, and international partners through pilot deliveries, testing, or joint R&amp;D is not clearly regulated.</p>
<p>Negative impact on the industry:</p> <p>🤝 Lack of a transparent contracting mechanism limits manufacturers’ ability to engage flexibly with the state and international donors.</p>	



STAGE 15: MILITARY REPRESENTATIVE OFFICES

Current state (problem description): Acceptance of military-purpose products is performed by representatives of the Ministry of Defense according to outdated regulations that do not reflect current forms of cooperation with private manufacturers. There is no unified procedure for interaction with military representatives, nor clarity on acceptance criteria, reporting formats, or the status of such representatives, which leads to conflicts.

Additionally, a significant portion of products is manufactured without initial Ministry of Defense technical specifications or within pilot frameworks, which prevents official acceptance or approval by representatives.

IMPACT	RESULT
<p>Negative impact on the military:</p> <p> Disrupted supply cycles due to blocked acceptance of already manufactured products awaiting shipment to units.</p>	<p>Expected government actions:</p> <p> Developing an updated Procedure for the Operations of Ministry of Defense Military Representative Offices, clearly defining their functions, rights, responsibilities, timelines for product acceptance, and recognition of test results in cases of pilot production or partnership deliveries.</p> <p> Introducing electronic document exchange between representatives and manufacturers and unification of acceptance certificates according to procurement type.</p>
<p>Negative impact on the industry:</p> <p> Manufacturers are forced to delay shipments, redo approvals, or retroactively revise technical documentation after production has been completed.</p>	

STAGE 16: PRODUCTION SAFETY REQUIREMENTS

Current state (problem description): Safety at facilities manufacturing explosives and ammunition is governed by numerous regulations (Regulatory and legal acts on labor protection, MIA, State Emergency Service of Ukraine, State Labor Service instructions), which do not form a coherent system and often conflict with each other. There is no unified legal framework integrating fire, industrial, ecological, and physical safety requirements adapted to wartime conditions.

IMPACT	RESULT
<p>Negative impact on the military:</p> <p>🏭 Uncertainty in safety standards creates potential risks for the army when interacting with producers, especially in the event of production incidents. There are no specific rules for dual-use or mobile production units. Additionally, issues related to inspection frequency, enterprise management liability, and coordination with regulatory bodies remain underregulated.</p> <p>Negative impact on the industry:</p> <p>🔄 Companies must navigate contradictory requirements, making process standardization difficult and increasing compliance costs.</p>	<p>Expected government actions:</p> <ul style="list-style-type: none"><li>🔥 Adopting a comprehensive safety regulation for ammunition production integrating fire, environmental, technical, and physical safety.</li><li>🔥 Implementing a risk-based inspection approach.</li><li>🔥 Developing a dedicated standard for mobile and temporary production facilities.</li><li>🔥 Ensuring a balance between exhaustive requirements and regulatory flexibility.</li><li>🔥 Establishing mandatory timelines for inspections and decision-making.</li></ul>

STAGE 17: ACCOUNTING, REPORTING, AND OVERSIGHT

Current state (problem description): Companies involved in the production, storage, transportation, disposal, and sale of ammunition and explosives are subject to various regulations, including MIA Instruction No. 622, Regulatory and legal acts on labor protection 0.00-6.04-06, tax laws, and export control requirements. However, there is no unified reporting format for different government agencies, submission timelines for similar data are inconsistent, often duplicated, or contradictory. Recordkeeping is mostly manual and not integrated with national information systems. There is no single digital interface for manufacturers to submit reports to relevant authorities (Ministry of Defense, MIA, State Tax Service, SSECU, etc.).

IMPACT	RESULT
<p>Negative impact on the military:</p> <p>✗ None.</p>	<p>Expected government actions:</p> <p>✦ Creating integrated digital explosives manufacturer’s portal with a user-friendly interface for recordkeeping, reporting, and production monitoring.</p> <p>✦ Standardization of reporting forms across agencies and connecting them to the portal.</p> <p>✦ Establishing clear deadlines, standardized formats, and automated reminders and confirmations of acceptance.</p>
<p>Negative impact on the industry:</p> <p>📋 Administrative overload, increased risk of inspections and sanctions due to inconsistent or erroneous reporting. Lack of centralized data on product accounting hinders planning and scaling efforts.</p>	



STAGE 18: ENTERPRISE LIQUIDATION

Current state (problem description): There is no specialized procedure or requirements for the safe liquidation of enterprises engaged in explosives production. This creates potential risks to the environment, third parties, and for the accountability of leftover materials.

IMPACT	RESULT
<p>Negative impact on the military:</p> <p>✗ None.</p>	<p>Expected government actions:</p> <p>💣 Defining procedures for the disposal of remaining substances and materials during enterprise liquidation.</p>
<p>Negative impact on the industry:</p> <p>📁 Risk of losing equipment and documentation that could be useful in case of future production resumption.</p>	