

This DC party invite shows all the money to be made off the Ukraine war

Description

A Ukrainian Embassy reception, sponsored by America's biggest weapons makers.

The invitation said the quiet part out loud.

The Ukrainian Embassy hosted a reception last week in honor of the 31st anniversary of the country's armed services. Events like this are part of the social calendar of Washington's smart set, with hobnobbing diplomats, think tankers, journalists, and US officials. Guests took photos with the Ukrainian ambassador. Even Chairman of the Joint Chiefs of Staff Mark Milley showed up.

But there was something so overt it led some observers to laugh out loud at the gathering's invitation.

The logos of military contractors Northrop Grumman, Raytheon, Pratt & Whitney, and Lockheed Martin were emblazoned on the invitation as the event's sponsors, below the official Ukrainian emblems and elegant blue script that said the Ukrainian ambassador and defense attaché "request the pleasure of your company."

"It's really bizarre to me that they would put that on an invitation," one think tank expert told me. "The fact that they don't feel sheepish about it, that's interesting," explained an academic. (Both spoke on the condition of anonymity and regularly attend embassy events in Washington.)





A copy of the invitation obtained by Vox.

That Ukraine and those US military contractors have a strong relationship isn't surprising. America's allies and partners around the world bought some \$50 billion in US weapons last year. These four companies produce some of the most high-profile missile defense systems and anti-tank missiles that President Joe Biden has sent to Ukraine since Russian President Vladimir Putin invaded in February. Neither is it surprising that Ukraine's government, which says its country has already suffered hundreds of billions of dollars in damage, might not want to deplete its coffers.

But the explicit sponsorship indicates how intimate major military contractors have become with Ukraine, and how much they stand to gain from the war.

The invitation is a clear expression of how the war in Ukraine has been good for business. As Ukraine fights a defensive war against Russia's brutal invasion, Ukrainians in Washington have been pushing for the US to send Ukraine more weapons. So far, President Joe Biden's administration has committed a substantial \$19.3 billion of military assistance since February.

That aid has been integral to Ukraine's success on the battlefield; their armed forces first repelled Russia's advances and then launched counteroffensives that have retaken much of the territory Russia initially claimed.

No one wanted to talk about the party invite, however. A senior official from the Ukrainian Embassy in Washington confirmed that the companies' logos appeared on the invitation but declined to speak on the record. They directed me to the Ukrainian Ministry of Defense, which did not immediately respond. Lockheed declined to officially comment and deferred to Ukraine House, an embassy-linked entity that was also listed on the invitation. Raytheon also declined to comment. Emails to Northrop Grumman and Pratt & Whitney were not returned.

Even some US supporters of Ukraine say the overt sponsorship is a bad look. "Sustaining American popular support is absolutely essential for Ukraine's continued defense," Matt Duss, a Carnegie Endowment for International Peace fellow who previously advised Sen. Bernie Sanders, told me. "So Ukrainian diplomats should probably think harder about how it looks for them to be throwing parties with the defense contractors who are making bank off of this horrible war."

\$19.3 billion of US security assistance to Ukraine, briefly explained

The Biden administration has ramped up military aid to Ukraine to an unprecedented degree. It's had an undeniable effect on the battlefield.

It's also been good business for US defense contractors. Among the biggest winners are Lockheed Martin, Raytheon, and Northrop Grumman. Each of their stocks has climbed since Russia's invasion, with Lockheed up about 38 percent this year.

Contractors have accelerated production to backfill the weapons the US has been sending to Ukraine. The Javelin missile, for example, has become a <u>meme</u> in Ukraine. It's so in-demand that Lockheed said it will go from manufacturing <u>2,100 a year to 4,000</u>. The Biden administration has been using what's called a presidential drawdown authority to quickly source high-end weapons from American stocks and get them into Ukraine, and then use congressional funding to replenish those.

"You're making it possible for the Ukrainian people to defend themselves without us having to risk getting in a third world war by sending in American soldiers fighting Russian soldiers," Biden told employees at Lockheed's Troy, Alabama, factory in May. "And every worker in this facility and every American taxpayer is directly contributing to the case for freedom."

Lockheed also produces the high-tech defensive systems that protect Ukrainian cities under Russian's aerial bombardment. In appeals to Washington, Ukraine has sought Lockheed's High Mobility Artillery Rocket System (HIMARS). The US has sent Ukraine 20 of the missile defense systems and is working to produce another 18, which will cost about \$1.1 billion, according to Defense News. Lockheed also makes another precision missile system that has been sent to Ukraine; last month, the US Army awarded Lockheed \$521 million of contracts to refill its own supplies, which had been sent to Ukraine.

"We are confident in long-term growth as domestic and international demand for a wide range of our products and services remain strong," CEO James Taiclet said on the company's October earnings call.

Raytheon, for its part, just won a \$1.2 billion contract for six surface-to-air-missile systems. The company co-produces Javelin missiles and also makes Stinger missiles, which the US awarded a \$624 million contract for in May — the first in two decades, according to the Financial Times. "Over the first 10 months of the war, Ukraine has consumed as many Stinger anti-air missiles as Raytheon makes in 13 years," the trade publication Breaking Defense noted. Pratt & Whitney, an aerospace company whose logo also appeared on the embassy invitation, is one of Raytheon's subsidiaries.

In its most recent earnings call, Raytheon CEO Greg Hayes described a "significant global demand for advanced air defense systems, especially in Eastern Europe, as the Russians and Ukraine conflict, unfortunately, continues."

The entire military industrial base has been facing supply chain issues resulting from the Covid pandemic and microchip shortages. But Northrop Grumman, a leading producer of ammunition, could stand to gain long-term from the ongoing war in Ukraine. "One is the growth that we're seeing in munitions and particularly that demand which we expect to grow even more with the conflict in Ukraine," CEO Kathy Warden said on an earnings call.

Arming Ukraine is a good narrative for these companies, especially after coming under intensive criticism for selling bombs to countries like Saudi Arabia, which have reportedly been used to kill civilians in Yemen. And an embassy event for Ukraine is an opportunity for military contractors to show that they support the so-called arsenal of democracy.

Military contractors support many research institutions and nonprofits in Washington, but that sponsorship tends to be more subtle. Their names appear in donor rolls or on the final page of a report — not on an invite below an ambassador's name.

"I've never quite seen this kind of public embrace of a country and the weapons contractors as is happening with Ukraine," Bill Hartung, a researcher at the Quincy Institute for Responsible Statecraft, told me. "I can't imagine another situation where the contractors would sponsor an event for a country that they're arming in the middle of a war."

"It's one thing to support Ukraine to defend itself, which I think is certainly legitimate," he added. "But I think the companies want to go beyond that. They want to cash in on this reputationally."

By Jonathan Guyer

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