MECHANICAL ENGINEERING:
DEVELOPMENT PROGRAMS AND POLICIES

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AND POLICIES

YULIA SVYRYDENKO

Prime Minister of Ukraine

The development of industry is one of the Government's key priorities. Mechanical engineering forms the foundation for Ukraine's economic self-sufficiency, creates jobs with decent wages, and provides stable sources of revenue for the state budget. Ukraine has rich traditions of mechanical engineering, skilled workforce, and significant scientific and technical potential. The Government's task is to create conditions when these advantages contribute to national prosperity and economic resilience, despite the challenges of wartime.

OLEKSII SOBOLEV

Minister of Economy, Environment, and Agriculture of Ukraine

The Ministry of Economy is focused on practical tools for the development of mechanical engineering that are already yielding results. Specifically, these include support for innovation and localization of production, expanding companies' access to financial resources, and opening up new sales markets. Government procurement programs, tax incentives for the construction and modernization of factories, and promotion of participation in international value chains – we will measure the effectiveness of our work based on specific changes in these areas.

DMYTRO KYSYLEVSKYI

Deputy Chairman of the Verkhovna Rada Committee on Economic Development

The programs of the "Made in Ukraine" policy for development of Ukrainian manufacturers are focused on supporting businessmen who produce, invest in production, and export. These three components are fundamental for Ukrainian mechanical engineering. It is impossible not to note the indomitability that our industrialists demonstrated in the conditions of war. The strikes by enemy missiles and drones are not halting the development of businesses or the construction of new factories. In these difficult times, government officials and members of Parliament belong alongside the people who are the backbone of the economy.

CONTENT

MADE IN UKRAINE

State Program

LOCALIZATION. PRIORITY ACCESS TO PUBLIC PROCUREMENT FOR UKRAINIAN MANUFACTURERS

Ukraine has a localization requirement for public procurement. When procuring goods subject to localization requirements through tender procedures, a legally mandated percentage of local content must be included in the product.

In 2025, this share is 25%; in 2026, it rises to 30%; thereafter, the required local content rate will be increased by 5% annually until it reaches 40%.

New products are added through amendments to the law or by a Government decision in consultation with the relevant Parliament Committee.

To participate in procurements with such localization requirements, a manufacturer must register its product in the registry of goods with a verified rate of localization. The register is maintained by the Ministry of Economy.

Goods of these categories cannot participate in public procurement without localization. Exceptions include goods originating from GPA countries (the EU, the United States, Japan, South Korea, and several others).

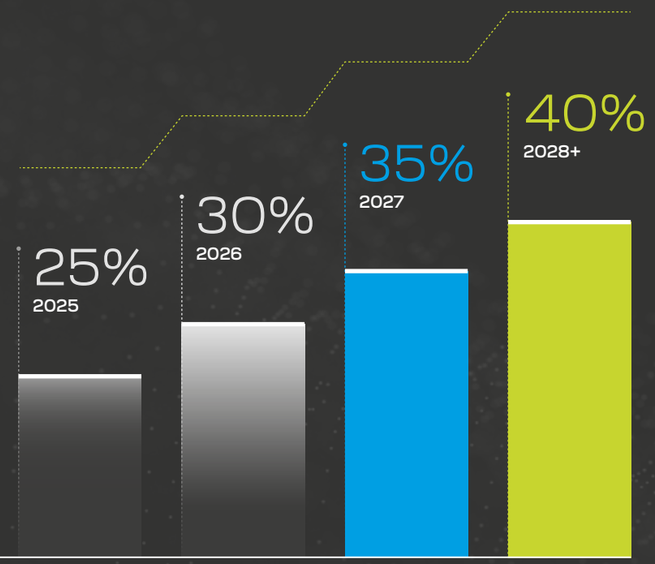
The localization requirement applies to
128 types of products

More information about the program:
prozorro.gov.ua/page/localisation

LOCAL CONTENT REQUIREMENT IN PUBLIC PROCUREMENT

30%
in 2026

+5% annually
Up to the 40% rate



Major product categories:

- City transport
- Elevators
- Railway transport
- Metal structures and large diameter pipe
- Municipal utility machinery and equipment
- Energy equipment
- Light industry goods
- Lighting fixtures, cables, and traffic lights

4,000
manufacturers and component suppliers

Source: According to information provided by the Deputy Chairman of the Verkhovna Rada Committee on Economic Development as of Q3 2025.

“WHEN PURCHASING UKRAINIAN EQUIPMENT, TAXES GO TO THE ARMED FORCES OF UKRAINE, WHEREAS WHEN PURCHASING CHINESE EQUIPMENT, THEY GO TO A COUNTRY THAT IS NOT OUR ALLY IN THE WAR.”

DMYTRO KYSYLEVSKYI,
Deputy Chairman of the Parliament Committee on Economic Development

The coordinator of the “Made in Ukraine” policy in Parliament and Deputy Chairman of the Verkhovna Rada Committee on Economic Development, Dmytro Kysylevskyi, is one of the authors of localization legislation. He spoke about the challenges and prospects of localization in Ukraine’s public procurement.

What are the main results of the localization policy as of today?

If we are talking about the economic results, the most important achievement is that we have managed to avoid the shutdown of hundreds of industrial enterprises. Without state orders during the most critical years following the Russian invasion, we risked losing entire industries. First and foremost, this concerns the production of public transport, municipal utility and specialized machinery, and mechanical engineering of power equipment. Today, these industries are actively developing. The manufacturing industry, with a 17% share, has become the largest contributor to state budget tax revenues. Over the past year alone, tax payments in this sector have increased by more than 43%. These funds are used to finance the needs of the Armed Forces of Ukraine. However, I would emphasize not only the economic impact, but also the social and even psychological significance of localization during wartime.

Please elaborate on this.

For ordinary people, the most visible result of localization is the “smoke from factory chimneys.” In quotation marks, of course, since the smoke is symbolic. For millions of people, probably even those not employed by these enterprises, a functioning factory means that it is alive, paying salaries, and providing confidence in the future. During the most difficult period, factories became islands of psychological stability for Ukrainians. Hundreds of thousands of jobs were preserved. Behind each worker there is a family that chose not to leave the country running somewhere but to continue living in Ukraine.

How did the idea of localization in public procurement emerge in general?

Back in the previous convocation of the Verkhovna Rada, the “Buy Ukrainian” policy was promoted by the Committee on Industrial Policy led by Viktor Halasiuk; however, they couldn’t adopt the relevant legislation at that time. We took this experience into account, studied the practices of neighboring countries, gained a strong ally in the Federation of Employers of Ukraine, and most importantly, succeeded in convincing the state leadership and leaders of nearly all parliamentary factions that there was no alternative to localization under the existing circumstances. Ultimately, it was localization that marked the beginning of fundamental changes in the state economic policy, now known under the “Made in Ukraine” brand.

Was there any resistance to the localization policy?

There is a category of experts who believe in the “invisible hand of the market.” Their resistance is somewhat irrational and almost “religious” in nature. Even the war has not convinced everyone of the importance of having domestic production. There was also skepticism among representatives of the European Union. However, since localization does not apply to goods originating from the EU, this is largely a matter of communication and explanation. No one will defend our national economic interests except ourselves.

What is your response to critics?

The idea of minimal state intervention works absolutely perfectly for micro and small businesses, as well as in situations where Ukrainian manufacturers operate under equal conditions with international producers. At the same time, foreign goods delivered to Ukraine inherently include support from their governments — cheap loans, benefits, incentives, protected domestic markets, and numerous other forms of assistance. Not to mention the absence of missile and drone strikes. Ukrainian manufacturers do not have these advantages. Nor do they have access to public procurement markets in other countries due to Ukraine’s unfavorable accession to the GPA agreement, under which Ukraine unilaterally opened its public procurement market to foreign producers.

International competition is not competition between goods; it is competition between manufacturers, each backed by their respective country. In other words, it is competition between state policies. A country that implements a more effective policy for supporting production, investment, and exports ultimately wins this competition and achieves a decent standard of living for its citizens. The share of manufacturing industry in GDP among developed OECD countries is approximately 20%. In Ukraine, this figure is currently half that level.

What arguments in discussions with the Government were key to establishing localization as part of the state economic policy?

The war made all of such discussions highly practical and rational. When the search began for tools to support the economy amid a shock GDP decline of more than 30% in 2022, localization became an obvious response to this challenge. The decision proved to be correct, as we managed to resume GDP growth already in 2023. However, when we talk about the state economic policy, one of its key characteristics is sustainability. If the “Made in Ukraine” policy is systematically developed over at least 10–15 years, we will have every opportunity to finally overcome Ukraine’s historical problem — poverty.

Can we already say that heads of municipalities and state-owned companies have fully embraced the key principles of localization and are implementing this policy in their positions?

We have very good examples of municipalities that systematically prioritize the procurement of Ukrainian equipment. Among recent cases is the order by the municipality of Khmelnytskyi for 42 trolleybuses from Etalon — the Chernihiv Automobile Plant brand. Last year, Lviv purchased trams manufactured by the Electron plant, while Odesa procured trams from Tatra-Yug. School buses produced in Cherkasy, Chernihiv, and Zaporizhzhia are now in operation in communities across the entire country. At the same time, there are many examples where municipalities take foreign loans to purchase used public transport from EU countries or even new Turkish vehicles. In my opinion, this is irrational. Ukrainian manufacturers have several significant advantages: 1) proximity and accessibility of service, 2) maximum flexibility in negotiations regarding customization of equipment to meet customer needs, 3) modernity and high quality — something that outdated European machinery and equipment certainly cannot boast of.

In this context, it is worth mentioning the Catalogue of Ukrainian Machinery and Equipment for Municipalities. It contains nearly all municipal utility and specialized equipment, as well as public and medical transport manufactured in Ukraine — serving as a practical guide for communities seeking to procure domestic products.

Are Ukrainian manufacturers ready, under wartime conditions, to enhance the localization rate for their products to 40%, as will be required by legislation already in 2028?

Most enterprises in the mechanical engineering sectors subject to localization requirements already have at least a 40% Ukrainian content in their products. For companies gradually raising localization rates, one challenge has been the need to replace Ukrainian metal with imported one due to the occupation of the city of Mariupol. However, overall, achieving a 40% localization rate should not pose any significant difficulties. In any case, I maintain constant contact with the owners and managers of hundreds of enterprises that I have personally visited. If necessary, we will make and enforce prompt and targeted decisions in the interests of Ukrainian manufacturers.

How is countering fraudulent attempts by importers to circumvent localization requirements currently organized?

There is a commission under the Ministry of Economy that reviews complaints regarding localization violations. If any fraud is detected, the commission has the authority to exclude relevant products from the register. Information on such violations is also forwarded to the State Audit Service of Ukraine for further action. However, that's not enough. We intend to restore the state's ability to distinguish genuine manufacturers from non-manufacturers and to strengthen, at the legislative level, the powers of the State Audit Service to monitor compliance with localization requirements in public procurement. Attempts by Chinese and Turkish companies to present themselves as Ukrainian in tenders of municipalities and state-owned companies will be stopped.

The Government has expanded localization requirements to new sectors for the first time. What principles guided their selection?

First and foremost, this was an initiative of the manufacturers themselves. Businesses from a number of sectors not previously covered by localization approached our committee and the Ministry of Economy. These include manufacturers of elevators, tractors, lighting equipment, cables, traffic lights, metal structures, and large-diameter pipes, as well as light industry companies. In total, this adds 25 product categories to the existing 103 covered by the localization requirements now. Importantly, there is competition among Ukrainian manufacturers in each of these sectors. That means this is not about supporting a single company — our goal is to develop the entire manufacturing industry. The Verkhovna Rada Committee on Economic Development approved the localization expansion, and the Cabinet of Ministers adopted the corresponding resolution. Thus, we now have the first precedent of expanding localization requirements.

In what direction will localization legislation develop further?

We will focus on further expanding localization, improving the mechanism for identifying Ukrainian manufacturers, strengthening the powers of supervisory authorities to enforce the compliance with localization requirements in public procurement, and protecting against attempts to roll back localization in favor of foreign producers. At the same time, we must eventually reach a point where heads of municipalities and state-owned companies choose Ukrainian products without any external requirements. There should be no need to explain to the Ministry of Defense why military uniforms should be produced in Ukraine, or to the State Emergency Service why there should be a transparent long-term procurement plan for Ukrainian fire-fighting machinery and equipment. This is a matter of public interest. When Ukrainian equipment is purchased, taxes go to the Armed Forces of Ukraine; whereas when Chinese equipment is purchased, they go to a country that is not our ally in the war. The choice is obvious.

LOCALIZATION REVIVES THE UKRAINIAN EXCAVATOR

The ELEX plant in Kropyvnytskyi operates a full production cycle for backhoe loaders — from the manufacture of steel structures to the assembly of the finished machine. The company independently manufactures the load-bearing frame, booms, fuel and hydraulic tanks, buckets, and hydraulic components, and also assembles its own cab, demonstrating the plant's strong production capacity and highlighting the technological independence of its manufacturing facilities and processes.

As a result, the localization rate of the facility's machinery reached 43% — nearly half of the entire machine — which makes it easy to meet the requirements concerning the Ukrainian content in public procurement.

The main buyers of ELEX backhoe loaders are construction and road companies, as well as the public sector.

POZHMASHYNA INVESTS IN RAISING THE LOCALIZATION RATE FOR ITS PRODUCTS

The Pozhmashyna plant (city of Ladan, Chernihiv region) presented the first fire ladder truck with a lifting height of 31 m, localized in Ukraine. Fire-fighting and rescue machinery and equipment are subject to the localization requirement in public procurement, and their main buyer is the State Emergency Service. Therefore, manufacturers are constantly investing in enhancement of the Ukrainian content share.

In addition, manufacturers from Chernihiv region presented another type of special-purpose machinery, covered by the localization requirement. The company has developed a new lightweight pyrotechnic vehicle with a cab-over-engine layout, designed for humanitarian demining. It is intended for transporting explosive materials weighing 250 kg or more. A small crane is used for loading and unloading. For easy access to the cargo compartment, there is a hydraulically operated tailgate at the rear. Behind the roll-up door there is a compartment for special equipment. The uniqueness of this vehicle lies in the fact that 100% of the vehicle's body — the hood, armored cab, and compartments — is manufactured in Ukraine.

The new pyrotechnic vehicle is intended for use by the State Special Transport Service.

“LOCALIZATION ALLOWS DOMESTIC MANUFACTURERS TO DEVELOP THEIR OWN PRODUCTS WITHOUT WASTING ANY RESOURCES ON COMBATING DUMPING PRACTICES.”

Mykola Dedov,
TDS owner

The TDS company began its operations 23 years ago as an importer of municipal utility equipment. It later mastered repair services, and when the state introduced localization requirements in public procurement, it actively developed production facilities of its own. Mini loaders manufactured in Brovary are capable of covering virtually all equipment needs of a small municipality. Company owner Mykola Dedov notes that the “Made in Ukraine” policy has provided a tangible boost to his business. In particular, he utilized the “5-7-9” affordable loans program, as well as grants of up to UAH 8 million for manufacturing enterprises. However, localization played the most significant role in the establishment and development of the factory.

Could you explain in more detail how the legislative requirement for localization in public procurement has impacted the development of TDS?

The legal codification of localization requirements has become one of the key drivers for the development of the manufacturing division at the TDS Group of companies. This created demand for Ukrainian equipment, reduced the pressure of import competition in public procurement, and allowed us to confidently invest in localization — from establishing manufacturing facilities to setting up an engineering center.

How has the state localization policy changed the market for municipal utility machinery and equipment in Ukraine?

Previously dominated by imported solutions, the market now sees Ukrainian manufacturers, including TDS, competing not only on price but also on quality, service, and delivery speed. New jobs have been created, and the domestic mechanical engineering sector has begun to gradually recover after a prolonged period of stagnation.

TDS used to be a major importer of municipal utility equipment. How did you transition to creating your own manufacturing capacities?

Over time, it became clear that imports do not always allow for flexible responses to specific customer needs. Additionally, restrictions on foreign equipment in public procurement and instability in logistics pushed us toward a strategic decision: to shift from distribution to manufacturing our own equipment with a high rate of localization.

How did your knowledge of the best foreign machinery and equipment contribute to creating your own production?

We started back in the early 2000s with repairing specialized equipment in a small garage. Over the years, we evolved from a workshop into a manufacturer, having thoroughly studied the machinery of leading global brands “from the inside.” We understand all weaknesses, advantages, and design features, which allowed us to incorporate the best elements into our own models. Our machines are adapted to Ukrainian conditions, easy to maintain, reliable, and cost-effective. This is our key competitive advantage.

What is the current rate of localization for TDS machinery and equipment, and which components ensure this rate?

Today, the localization rate of our municipal utility machinery and equipment reaches 50%, which complies with current legislative requirements. In Ukraine, we manufacture cabins, frames, and attachments. The full cycle includes metal procurement, laser cutting, bending, shot blasting, painting, and assembly. All these processes are carried out at our own modern production facilities using professional equipment — presses, machines, painting chambers, and assembly stands.

Which foreign manufacturers of mini loaders and attachments are main competitors of your company, and does localization protect against them?

The list of our direct competitors includes brands such as Bobcat, JCB, CASE, and AVANT, as well as numerous Chinese manufacturers with strong positions in the private market. However, in the public procurement segment, Ukrainian localization serves as a significant barrier to low-cost foreign machinery and equipment. This allows domestic manufacturers, including TDS, to develop their own products without expending resources on combating dumping practices and import-related cost burdens.

It was previously reported that TDS planned to develop machinery for road repairs. Have you managed to implement these plans?

Yes, we have already launched the production of the FD 450.20 road milling machine for removing the top asphalt layer and have successfully sold up to 10 units across Ukraine. Moreover, we are currently preparing to start the production of our own pothole patcher.

Have you succeeded in realizing your ambitions to enter the European market for municipal utility machinery and equipment?

We have already taken the first steps: models 1201 and 901 have successfully passed EU and ROPS/FOPS certification. We have established cooperation with several distributors in Eastern Europe. This is a gradual process, and we are not rushing — our main goal is to demonstrate the competitiveness of our machinery in practice.

“UKRAINIAN MANUFACTURERS ARE CAPABLE OF COVERING THE ENTIRE DEMAND OF MUNICIPALITIES FOR NEW, MODERN ELECTRIC TRANSPORT”

Yuri Bubes,
President of PJSC Concern Electron

The Lviv-based Electron Concern is the only enterprise in Europe that produces virtually the entire range of public transport vehicles — from buses to electric buses and trams. Thanks to the state programs supporting electric transport manufacturing, the Lviv company has been actively developing this business. Its challenges and prospects were outlined by Yuri Bubes, PJSC Electron Concern President.

What is Ukraine’s current demand for electric transport vehicles, and are Ukrainian manufacturers capable of meeting this demand?

Ukraine has a very large domestic market for public electric transport. Even before the war, the wear and tear of trams and trolleybuses across different cities ranged from 60% to 85%. In particular, 95% of trams and 67% of trolleybuses had long exceeded their standard service life. At that time, the minimum annual renewal need was estimated at approximately 400 trolleybuses and 200 trams. However, actual procurement volumes in the public electric transport sector were considerably lower. Over the past ten years, Ukraine’s fleet of tram cars and trolleybuses has been renewed by only 27% of the minimum required rate. This is merely an average indicator — some cities are in much worse conditions. As of now, the demand is clearly measured in thousands of units. Ukrainian manufacturers are capable of covering the entire municipal demand for new, modern electric transport. The country has developed a sufficiently strong domestic production capacity, with a substantial number of manufacturers operating in this sector.

How acute is the issue of underutilization of Electron’s production capacities?

Today, our production capacities — like those of other Ukrainian manufacturers — are underutilized due to a lack of orders. We are often asked how many vehicles of this or that type we can produce, and we confidently respond: provide us with orders aligned with your needs, and we will fulfill them. The issue of irregular orders is partly linked to public procurement practices themselves. Tender procedures often last for years, and contracting municipalities set such stringent qualification requirements that Ukrainian manufacturers simply cannot participate in their tenders. As a result, in 2024 Ukrainian cities got only 12 new trams and 28 new trolleybuses from all domestic manufacturers combined.

Ukraine provides tax and customs incentives for importing components used in electric transport manufacturing. How do these measures support the Electron Concern’s development?

Tax and customs incentives for importing components used in electric transport production are an important and effective support tool for Ukrainian manufacturers such as Electron and others. Despite the high rate of localization in our vehicles, there are certain components still sourced from leading global manufacturers. Introduction of these incentives clearly supports local manufacturing operations by enabling companies to reduce their production costs and lower the products’ cost price.

Which components does the company import under preferential terms?

The preferential regime applies to imports of key components used in manufacturing of trams, trolleybuses, and electric buses — electric motors, gearboxes, battery systems, and certain control systems. In other words, these are high-tech components.

What were your factory’s production results in 2024, and what is the production trend?

During 2023–2024, we completed the production and delivery of a batch of 10 new Electron tram cars for Lviv. Ten Lviv trolleybuses were retrofitted, and the city now has trolleybuses capable of autonomous operation. In addition, we manufactured 13 low-floor buses for Uzhhorod. Furthermore, in 2024 the company won several international tenders announced by local communities in cooperation with the European Investment Bank. Contracts have been signed, and production is already underway for new trolleybuses with autonomous running capability for Ivano-Frankivsk and Ternopil, new 10-meter electric buses for Uzhhorod, and 12-meter diesel buses for Lviv.

What is the localization rate for the electric transport vehicles manufactured by your factory?

We have achieved a relatively high rate of localization in electric transport production. However, following the full-scale invasion, this indicator has slightly declined, as we, unfortunately, lost some of our reliable suppliers from the eastern part of Ukraine. Nevertheless, even under these conditions, the average localization rate for the electric transport vehicles exceeds 40%. Specifically, for Electron trolleybuses, the localization rate is 60.87% (52.36% for models with autonomous running capability), for electric buses — 40.04%, and for trams it ranges from 47.48% to 47.59%.

Which Ukrainian partner enterprises supply components for Lviv’s electric transport production?

The manufacturing process involves both companies within our Concern (Sferos-Electron, Polymer-Electron, Electronpobutprylad, Electron Television Plant) and more than 250 partner enterprises from across Ukraine. Among the larger and well-known partners, I can name Safe Glass Factory, Asta Composite, ODEK, Simbad, and Busol — though the list is much longer.

Does the Government’s localization policy in public procurement benefit your company?

Absolutely. Our Concern actively participated in drafting the localization law. This is a very positive step in the state industrial policy. At the same time, a key unresolved issue remains compliance — specifically, the lack of proper oversight in tenders regarding adherence to the relevant localization requirements by unscrupulous tender participants. These are companies that are not actual manufacturers but merely dealers of international manufacturers’ products.

What state support instruments, in your opinion, should be implemented to further develop mechanical engineering?

First and foremost, there is a need for a national long-term transport planning and procurement program that extends beyond a single budget year. Public tenders are a separate issue, with many challenges emerging during the procurement process, including the following: the inclusion of discriminatory terms in tender documentation; unlawful actions by contracting authorities; the admission to public tenders of participants who do not comply with the required localization rate threshold in Ukraine; and the disregard of non-price criteria in public procurement. There are also frequent delays — often lasting years — in payments under signed contracts, leading to quite material losses for manufacturers. Therefore, clear statutory deadlines must be introduced for both advance payments by contracting authorities and the final settlements for the delivered products.

MADE IN UKRAINE

State Program

“SCHOOL BUS”. PROGRAM FOR UPGRADING TRANSPORT FOR EDUCATIONAL NEEDS

At the begging of the invasion, some of the buses were transferred to the military, while some others were destroyed or stolen by the occupiers. To address this issue, the Government launched the “School Bus” program, under which the state compensates for part of the costs for purchasing new school buses to transport students and teachers to schools.

AMOUNT AND FORMAT OF FUNDING

The state provides a subsidy to communities for the purchase of buses, and the community co-finances part of the cost. Depending on the community, the subsidy can cover up to 95% of the buses’ cost.

HOW CAN YOU USE THE PROGRAM IF YOU ARE A BUS MANUFACTURER?

First, make sure your product meets the requirements of the Ministry of Education and Science. The bus must be included in the list of recommended models (and comply with the technical specifications set forth in the resolutions of the Cabinet of Ministers and the Ministry of Education and Science).

Second, get registered with the ProZorro Market system. Communities purchase buses through tenders or simplified procurement procedures in the ProZorro Market system. Create a supplier profile, upload certificates and technical specifications. Set up procurement alerts using keywords such as “school bus,” “children transportation bus,” etc.

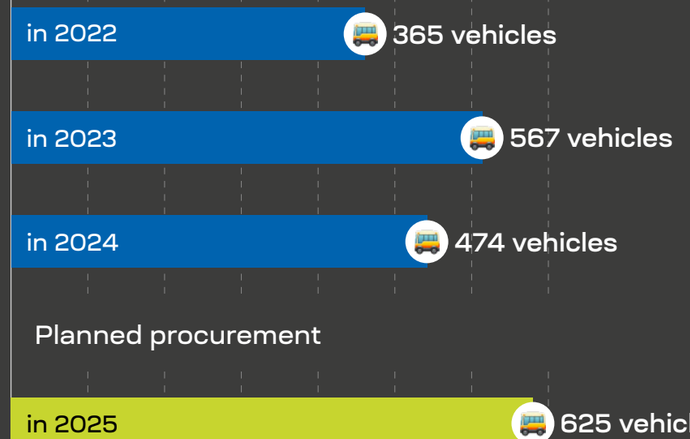
More information about the program:
e-tender.ua/prozoro-market

SCHOOL BUS

Over the past 3 years, the state budget has allocated

UAH 5.7 billion

School buses purchased



Source: According to information provided by the Ministry of Education as of Q3 2025.

STATE INVESTMENTS IN THE SCHOOL BUS PROGRAM EXCEEDED UAH 5.5 BILLION

In the first half of 2025, Ukrainian communities purchased 494 buses for a total of UAH 1.9 billion. Since the program’s launch, Kyiv region has led in the number of purchases, with 158 buses. The top ten most active provinces include Lviv region – 137 buses; Dnipropetrovsk region – 98; Poltava region – 90; Ivano-Frankivsk region – 81; Zakarpattia region – 79; Rivne region – 76; Zhytomyr region – 76; Chernivtsi region – 72; and Ternopil region – 72 buses.

It is expected that communities will purchase almost 100 more buses by the end of the year. In September 2025, the Government allocated an additional UAH 500 million for the program.

All school transportation vehicles are manufactured in Ukraine in accordance with the localization rate requirements: in 2025 – at least 25%, in 2026 – 30%. In the future, the required rate will rise by 5% each year until it reaches 40%.

The “School Bus” program has become one of the most successful Government initiatives concerning school infrastructure. Over the three years of its implementation, communities have purchased over 1,500 buses to safely and comfortably transport children to and from educational institutions.

The total amount of state investment in the program exceeded UAH 5 billion. Financing is provided by a state subvention, which covers from 70% to 95% of the transportation vehicles’ cost. The remaining costs are covered by local communities from their respective budgets.

“BUYING UKRAINIAN BUSES IS NOT JUST PATRIOTIC — IT IS ECONOMICALLY BENEFICIAL”

Maksym Kozytskyi,
Head of the Lviv Regional Military Administration

The “School Bus” state program has become a lifeline during the war for public transport manufacturers in Chernihiv, Zaporizhzhia, and Cherkasy, as well as for hundreds of their subcontractors nationwide. At the same time, it began addressing the issue of school transportation, which remains quite acute due to a shortage of buses. Maksym Kozytskyi, Head of the Lviv Regional Military Administration, shared his views on the “School Bus” program’s implementation.

The Government aims to achieve three objectives through the “School Bus” program’s introduction: to create demand for Ukrainian mechanical engineering products, provide people with jobs at factories, and ensure that children have access to comfortable transportation. Do you think it’s possible to achieve all of these goals?

Absolutely. Actually, each bus effectively serves multiple purposes simultaneously. First, it provides access to quality education for children from remote communities. In 2024–2025, Lviv region purchased 66 buses, 52 of which were equipped with special devices for children with disabilities. This is not only about transportation but also about equality and inclusion. Second, each bus represents a real order for a Ukrainian factory. At present, over 30% of components (and over 50% for some manufacturers) are produced domestically. We see how the localization policy is revitalizing the industry, encouraging companies to invest in production, create jobs, and pay taxes.

What feedback do local community leaders provide about the buses themselves?

Overall, they are satisfied. The buses fulfill their purpose: they transport children, operate on challenging routes, and meet basic safety requirements. However, there are nuances, particularly in mountainous areas, where higher cross-country capability is needed due to difficult roads. Another issue is the lack of service centers in remote areas. If a bus breaks down, it’s difficult to get it fixed quickly. This is not some kind of criticism, but certain constructive feedback that we are passing on: the machinery must be adapted to real conditions.

Is the communities’ perception of Ukrainian equipment changing?

Yes, and quite significantly. While just a few years ago, procurement often focused on imports, today communities are increasingly choosing Ukrainian products. Because it’s not just patriotic — it’s economically sound. The localization program has given manufacturers the chance to secure stable orders. For example, the Catalogue of Ukrainian Machinery and Equipment for Municipalities has allowed communities to choose from over 250 models of mechanical engineering products from 32 factories across 14 regions. Actually, there are hundreds of workers, suppliers, and taxpayers behind every such piece of equipment. For example, a Ukrainian bus is the result of the work of 200 companies. When a community buys one, it boosts the entire economy.

What is Lviv region’s current need for school buses?

As of today, there is a need for 160 new buses. Part of the fleet is worn out, and some buses have been in service for over 15 years. Meanwhile, some communities are growing, which means that new schools are opening, especially in areas with large numbers of internally displaced persons. And although we have already purchased 66 buses, this covers only 35–40% of the need. Mountain area communities are in the greatest need of an upgrade, as they face long distances and difficult roads.

Does localization really justify itself?

Absolutely. This policy is keeping Ukrainian factories afloat during the war. Thanks to it, funds remain in the country, people have jobs, and businesses enjoy stability. And, importantly, this solution has the support of the public. Because it makes sense and is fair: we should buy Ukrainian products when our manufacturers can produce them at a decent quality level.

The Government has been consistently implementing the “School Bus” program, allocating significant funds to it. Is it worth continuing?

There is not even a slightest doubt that the program should be extended, and even expanded and adapted to new realities. Wartime conditions, demographic changes, population displacement, network optimization, high school reform, and the establishment of lyceums — all of these require a flexible and comprehensive student transportation program. In addition, it is worth considering the upgrade of standards. The list of key areas for this includes the following: adapting vehicles to mountain roads; eco-friendly bus models (e.g., gas or electricity operation); and expanding infrastructure for maintenance in communities.

What is the situation with the legendary Lviv Bus Plant (LAZ)? Is there a chance for this Lviv-based company to recover?

LAZ’s history is a painful one. At one point, it came under the ownership of a Russian businessman who drove the plant into bankruptcy. There were numerous lawsuits, debts, and arrests. But in December 2023, the facility gained a new owner — Lvivinvestactive Company. They paid off a significant portion of the debts, including years of unpaid wages. The process of completing the financial reorganization is currently underway. If it is successful, there will be a chance for full financial recovery. Of course, full-scale production has not yet resumed, but the very fact that the new owner is fighting to save the plant is extremely important.

How is another Lviv-based public transport manufacturer — Electron — doing these days?

The Electron Concern is a different story altogether — a story of resilience. It comprises seven companies that manufacture trams, trolleybuses, electric buses, equipment for municipal utility services, and even electronics. In June 2025, a total of 425 people were employed there. Unfortunately, in July 2025, one of the plants, Sferos-Electron, was hit during a missile attack on Lviv. The facades were partially damaged, and windows were shattered. But no one is giving up hope. Restoration work began on the very day of the shelling. This is a company with a strategic mission, and it continues to operate and maintain the production facilities.

MADE IN UKRAINE

State Program

AFFORDABLE LOANS 5 – 7 – 9. PREFERENTIAL LOAN PROGRAM

The state compensates for part of the interest rate on loans, providing preferential financing at 5%, 7%, or 9% per annum, depending on the loan amount and purpose.

AMOUNT AND FORMAT OF FUNDING

The interest rate epends, in particular, on the size of the business and the loan purpose. For investment purposes and working capital financing for manufacturing enterprises:

- **5% per annum** – if a revenue is up to 10 million euros and at least 2 jobs are created during the first quarter;
- **7% per annum** – for businesses with a revenue up to 10 million euros;
- **9% per annum** – for businesses with a revenue up to 50 million euros.
- **1%** for businesses operating in areas of high military risk.

AMOUNT:

Loans of up to UAH 150 million for investment purposes and working capital financing are available to:

- representatives of the manufacturing industry and the livestock sector;
- companies restoring property damaged by the war;
- energy sector enterprises involved in the operation of power generation facilities, electric vehicle charging infrastructure, etc.;
- enterprises located in areas of high military risk.

LOAN TERM:

- up to 10 years – for investment purposes;
- up to 3 years – for working capital financing.

WHAT CAN YOU SPEND THIS MONEY ON?

1. Investment goals. The list of the goals includes procurement and/or modernization of fixed assets – for example, purchase of equipment or machinery; acquisition of non-residential real estate or land plots; and construction, reconstruction, and repairs of non-residential premises. Another area for funds' allocation is implementation of energy efficiency measures.
2. Working capital financing.

More information about the program:
bdf.gov.ua/programs/dostupni-kredyty-5-7-9

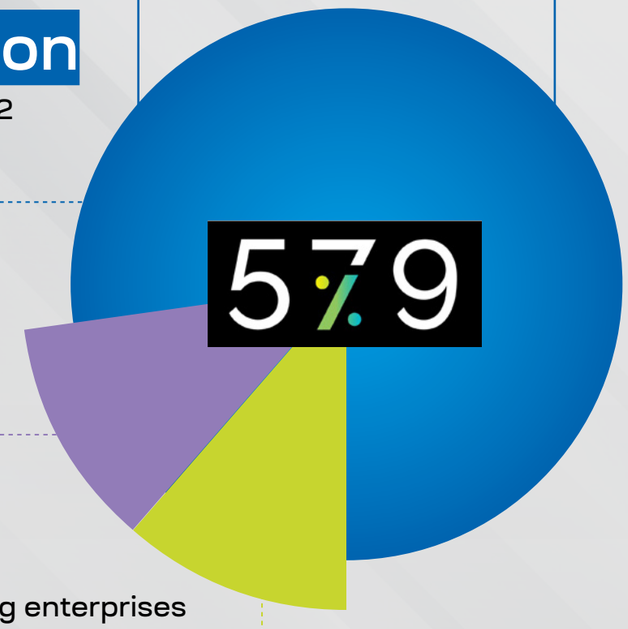
5-7-9% LOANS

Provided under the program:
94.2 thousand loans

UAH 348.8 billion
Loan amount provided since 2022 (since the start of the full-scale invasion)

UAH 52.1 billion
Investment goals

UAH 50.7 billion
Working capital for manufacturing enterprises



Objectives and conditions of preferential lending:

For investment goals
up to UAH 150 million
up to 10 years

For working capital of manufacturing enterprises
up to UAH 150 million
for 3 years

Source: According to information provided by the Business Development Fund as of Q3 2025.

POLTAVA CONVEYOR MANUFACTURER USES "5-7-9" LOANS TO MODERNIZE ITS PRODUCTION FACILITIES

The Poltava-based company KONSORT has managed to push out foreign manufacturers in the Ukrainian conveyor equipment market and is gradually strengthening its position in Europe and around the world. KONSORT manufactures conveyors, calibrators, integrated technological lines, drying chambers, and a wide range of other equipment, but its core focus is the production of conveyor systems for industrial automation. Among its most sophisticated projects are the automation of all multi-level logistics centers of Nova Poshta and conveyor systems for poultry meat processing at MHP.

Manufacturing of equipment for business automation is a sector of the economy where Government support delivers maximum possible impact. KONSORT has already benefited from the “5-7-9” affordable loan program to modernize its internal production processes.

The company has implemented an employee incentive system that rewards suggestions for production enhancement. If an idea for improving production or launching a startup is implemented, the author of such proposal gets a bonus of 200,000 hryvnias. In addition, each year KONSORT provides its top-performing employees from all departments — those who have made the greatest contribution to the company’s development — with cars for use and even apartments.

THE "5-7-9" LOAN ALLOWED THE PATON FACTORY TO EXPAND PRODUCTION

The Kyiv-based Paton factory took advantage of the state program of "5-7-9" affordable loans, directing UAH 50 million to replenish the company’s working capital and purchase equipment involved in the manufacturing of welding machines. The enterprise produces more than 70 models and exports both welding machines and electrodes for them to more than 50 countries. The sales geography covers Europe, South America, the Middle East, Asia, and Africa.

All models of welding equipment are the result of work by the company’s own engineering departments. The factory employs 180 workers. It produces both compact devices and industrial equipment, including systems that can be integrated with automated welding complexes. In the near future, the company plans to develop a laser welding machine.

The localization rate for Paton products exceeds 50%. The facility is committed to maximizing the share of Ukrainian components in its equipment. Domestic companies from all regions of the country supply dozens of types of parts — from simple metal tubes to electronic circuit boards.

VOICE OF THE UKRAINIAN BUSINESS

SINCE 2002

FEDERATION OF EMPLOYERS OF UKRAINE

FRU.UA

State Program

25% COMPENSATION FOR UKRAINIAN AGRICULTURAL MACHINERY AND EQUIPMENT

The state compensates farmers for 25% of the cost of agricultural machinery and equipment produced in Ukraine. To do this, the manufacturer must comply with the localization requirements – have at least 40% - 60% of the local content, depending on the type of machinery.

PROGRAM TERMS

Manufacturers submit to the Ministry of Economy of Ukraine a list of equipment that meets the localization requirements. The Ministry compiles a register. Farmers purchase Ukrainian-made equipment included in this register and can receive compensation for it. Such equipment may be bought not only by farmers, but also by agricultural processors and food producers. The list of equipment also includes machinery for agricultural processing.

HOW CAN A MANUFACTURER TAKE ADVANTAGE OF THIS PROGRAM?

Submit an application to include your equipment in the list on the official website of the Ministry of Economy, Environment, and Agriculture of Ukraine:

PARTIAL COMPENSATION FOR THE COST OF DOMESTICALLY PRODUCED AGRICULTURAL MACHINERY AND EQUIPMENT (25%)

The register includes

14 209
items of agricultural machinery and equipment

162
manufacturing enterprises

2024

UAH 4.4 billion
Purchased machinery and equipment

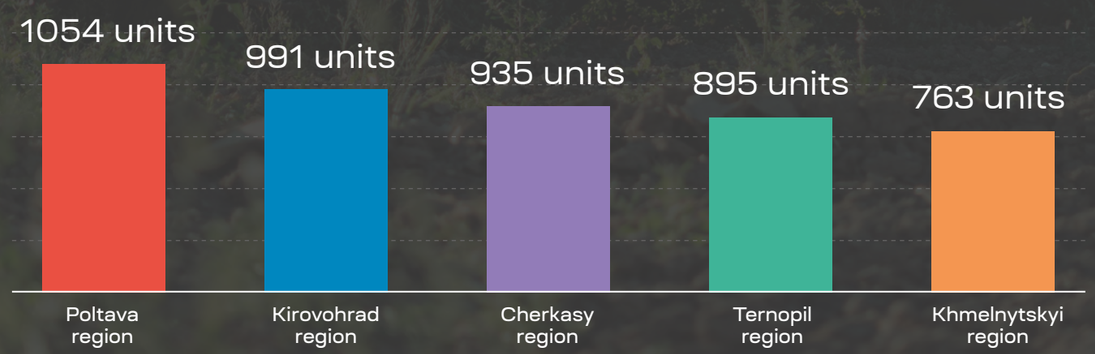
UAH 906.6 million
Compensation for machinery and equipment costs

2025

UAH 4.8 billion
Planned purchase of machinery and equipment

UAH 1.2 billion
Budget for compensation of machinery and equipment costs

Top 5 regions by the number of machinery and equipment units purchased under the program



Source: According to information provided by the Ministry of Economy as of Q3 2025.

“THANKS TO THE STATE PROGRAM, WE HAVE ACCELERATED THE MARKET LAUNCH OF NEW SPRAYERS TWOFOLD”

Petro Havrylenko,
Bohuslav Agricultural Machinery owner

Bohuslav Agricultural Machinery Plant is the largest manufacturer of sprayers in Ukraine. Its main competitors are powerful multinational corporations. The company from Bohuslav, which employs around 150 workers, manages to maintain its leading position thanks to the state program that compensates 25% of the cost of Ukrainian agricultural machinery. The owner of the company, Petro Havrylenko, spoke in more detail about the role of this program in the undertaking’s development.

What is the current role of the state program that compensates 25% of the cost of Ukrainian agricultural machinery for your company and for agricultural mechanical engineering as a whole?

This program is simultaneously effective for three parties whose interests intersect in the agricultural machinery and equipment market. First, there are farmers, who have always had concerns about the price of machinery — they received a substantial 25% discount. Second, there are machinery manufacturers, who are naturally on the opposite side of farmers when it comes to pricing. The state program has significantly boosted the production in this sector and, specifically for our company, made it possible to start manufacturing self-propelled sprayers — a new type of machinery for Ukraine. Third, there is the state: although it allocates budget funds to finance this program, it ultimately receives significantly more revenue for the budget in return due to the growth in the agricultural mechanical engineering sector. I believe that even today the state receives two to three times more in tax revenues from our industry than it spends on this program.

Is state support helping Ukrainian agricultural machinery manufacturers compete with international corporations in the domestic market?

If we talk about the market for trailed sprayers, today imports account for about 10%. Of this, half is used equipment.

Dealers selling trailed sprayers mostly demonstrate exhibition samples to potential buyers. To actually receive the machinery, the latter need to place an order and wait for a long time for it to be manufactured abroad. This situation is fundamentally different from what we had even 10 years ago. Back then, importers had huge storage sites of ready-made foreign machinery and sold it directly from stock. Now the situation has changed significantly in favor of Ukrainian manufacturers.

How has this market situation affected the structure of Bohuslav Agricultural Machinery investments?

Our company holds a leading position in the Ukrainian market for trailed sprayers, which is worth approximately USD 50 million. However, when looking ahead, I understood that there was a much larger market for self-propelled sprayers nearby, with an annual volume of over USD 350 million. The emergence of trust in the state policy made it possible to plan investments more confidently. Bohuslav Agricultural Machinery launched small-scale manufacturing of self-propelled sprayers in 2021. Investments in this project amounted to about UAH 40 million.

Previously, Bohuslav Agricultural Machinery was engaged in joint production of self-propelled sprayers with the Italian company Mazzotti. How difficult was the transition to the fully in-house manufacturing process?

In the joint venture, the Italians received the lion’s share of the profits. Depending on the sprayer model, we retained only 15–35%. However, when we considered launching our own production of self-propelled sprayers, we understood there were two scenarios. With stable state funding of the 25% compensation program, entering the market would take 3–5 years; without the program, it would take up to 10 years. Therefore, the state program played a decisive role here. Thanks to it, we were able to bring new machinery to the market twice as fast.

Your plant started manufacturing self-propelled sprayers a year before the Russian invasion, and in 2022–2023 the state program compensating 25% of the cost of Ukrainian agricultural machinery was not funded due to the war. How did this affect the return on investment in the new project?

Of course, at first the market froze due to the war. But when funding of the state program resumed in 2024, local demand began to recover. In 2025, we are observing pent-up demand from agricultural companies. In fact, this is the first year when we can speak of a stable upward trend in demand. At the same time, customer expectations have increased. Buyers now expect the installation of navigation systems, online controllers, auto-steering systems, and other equipment. We adapt the machinery to each individual customer’s requirements.

Is it appropriate to already speak about the market returning to the levels that had existed before the Russian invasion in 2022?

It is still too early to say this, as the security situation remains difficult. At present, we are at about 55% of the volume seen in 2021. In 2025, a substantial portion of the investment budgets of agricultural holdings will be focused on expanding land ownership, as legal entities have now been allowed to enter the land market. In addition, the structure of demand for machinery is changing. Large agricultural holdings have learned to count every penny and are now ready to outsource various land cultivation operations. This has opened up an opportunity for Bohuslav Agricultural Machinery to enter the market for these services with its own equipment. This year, we have formed two mechanized units.

That means now your company earns not only from selling its own machinery?

Yes, our land cultivation services cost between USD 8 and 12 per hectare. Each mechanized unit includes six machines: five self-propelled sprayers and one fertilizer applicator. Potential customers can first order land cultivation using this equipment and then, after being convinced of its quality, purchase it.

What is the current localization rate for equipment manufactured by Bohuslav Agricultural Machinery?

Trailed sprayers are made up of 65% Ukrainian components. The rate is lower for self-propelled sprayers. Among the major imported components, we use a German hydrostatic drive, an Italian engine and cab, and Finnish rolled metal. Previously, pipes were produced by the plant in Mariupol — due to the war, we now purchase them from Finland. Overall, our position is clear: if a component is produced in Ukraine, we buy only the Ukrainian ones.

What are the company’s further development plans?

We have a project to scale up the manufacturing of self-propelled sprayers with entry into the European market. We can increase our production to 100–300 machines per year. This project needs approximately USD 15 million of investments, and we are capable of attracting such funds. However, the project will require streamlined certification procedures for entering the European market, as well as long-term and stable implementation of the “Made in Ukraine” state programs. There is demand for our machinery in Europe.

25% COMPENSATION PROGRAM FOR THE COST OF AGRICULTURAL MACHINERY AND EQUIPMENT PREVENTED A UKRAINIAN PLANT FROM RELOCATING TO THE BALTIC COUNTRIES

The owners of AgroMashInvest company (city of Dnipro), which manufactures Farmer tractors, refused to relocate to Lithuania and chose to continue operating in Ukraine despite a missile strike that had halted the plant's work for eight months. Production has now been fully restored, in part thanks to the 25% compensation program for Ukrainian agricultural machinery and equipment, which the company actively uses.

The first Ukrainian Farmer tractors were equipped with Belarusian engines, but it quickly became clear that Ukrainian farmers were becoming reluctant to buy machinery and equipment associated with Russia's closest allies. Today, the tractors produced in Dnipro are fitted with British Perkins engines, while other imported components include Turkish HEMA transmissions. Everything else is made in Ukraine — including attachments, wheel rims, fuel tanks, drive shafts, rear hitch systems, clutches, oil radiators, hydraulics, and control cables.

The rate of localization in Ukrainian Farmer tractors is steadily increasing. This is not only a patriotic stance by the owners or a way to reduce costs. In wartime conditions, it has become clear that localization is the most reliable path to ensuring sustainable supply of components, as the situation at the borders remains constantly unstable.

AgroMashInvest has been operating in the tractor market in Ukraine and abroad for 33 years. With a strong foundation in its own tractor design developments, the company also manufactured tractors in Poland for 17 years.

Manufacturers' catalog

"UKRAINIAN MACHINERY AND EQUIPMENT FOR COMMUNITIES"

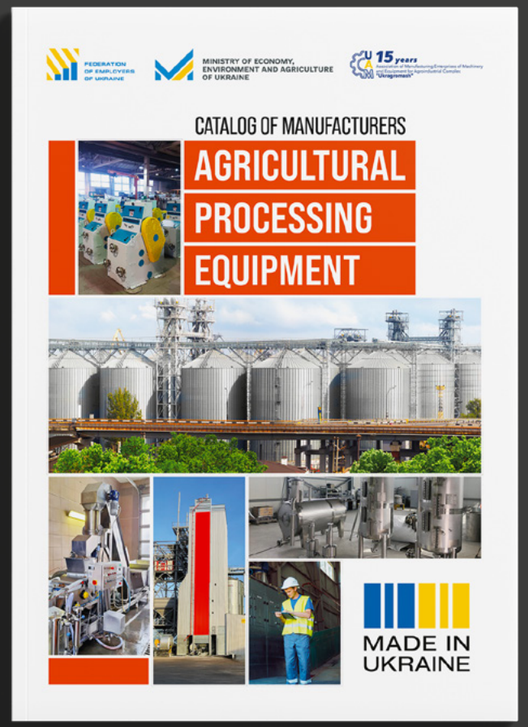
Electronic version

NIZHYN FAT PROCESSING PLANT RECEIVED 25% STATE COMPENSATION FOR EQUIPMENT FROM AN ODESA MANUFACTURER

The Odesa-based Elevator Equipment Plant (ZEO) manufactured and delivered a complex of conveying equipment to the Nizhyn Fat Processing Plant. This included ZEO-DC chain conveyors, ZEO-BE bucket elevators, and "gooseneck" chain conveyors with a 90-degree lifting angle. The new equipment is designed for transporting sunflower seeds and sunflower cake at the oil extraction plant specializing in sunflower processing.

The Nizhyn Fat Processing Plant received a 25% state compensation for the cost of this equipment. Prior to this, the Elevator Equipment Plant had included its products in the official register of agricultural machinery and equipment eligible under this program.

Among the units delivered to Nizhyn, special attention should be given to a conveyor with a 90-degree product transportation angle and a capacity of 150 tons per hour for sunflower seeds with a bulk density of 0.4 t/m³. It features specific technical characteristics: 1,310 × 1,000 mm internal cross-section of the box and a drive station size of 3,140 mm. This solution represents an important step in expanding raw material storage capacity and in building a new processing line for sunflower cake before it is fed into the extraction department.



Manufacturers' catalog

AGRICULTURAL PROCESSING EQUIPMENT"

Electronic version

LOCALIZATION AS A STRATEGY: HOW UKRPOSHTA IS MODERNIZING LOGISTICS IN PARTNERSHIP WITH UKRAINIAN MANUFACTURERS

Orders from government agencies, state-owned companies, and local communities have become a lifeline for hundreds of Ukrainian industrial enterprises during the most difficult periods caused by the invasion of the Russian aggressors. Localization legislation, which in 2025 requires at least 25% Ukrainian content in public procurement for domestic mechanical engineering products, has elevated these incentives to the nationwide state policy level. At the same time, it is also important that the spirit of economic patriotism is expanding the idea of localization beyond the limits defined by law. A successful example of large-scale partnership between a state-owned company and a Ukrainian manufacturer is the modernization program for Ukrposhta.

The development of a new network of Ukrposhta sorting centers has not only been a breakthrough in the speed and accuracy of mail processing, but also a demonstration of the way public procurement can support national manufacturers. The supplier of equipment and software for this ambitious project was the Ukrainian company UIS – Ukrainian Intelligent Systems. Built on the idea of maximum possible localization, the project has brought the postal operator to a new technological level.

From manual sorting to 8,000 parcels per hour

The new logistics approach Ukrposhta is currently implementing at its terminals is based on a comprehensive solution — integration of automated sorting equipment with specifically developed software. Both the production and the software development have the Ukrainian origin. All of this operates on a single Ukrposhta platform called “UIS Hub.”

The UIS Tilt Tray Sorter, implemented at Ukrposhta, was developed by Ukrainian engineers. More than 90% of its components are manufactured at 10 different industrial enterprises across Ukraine, and the sorting process is controlled by the proprietary Oracle-based software. The automated sorting system consists of a main frame, trays, discharge chutes, a scanning module, an automatic feeding module, bin fill sensors, port status display panels, and a weighing and dimensioning module. It also includes electric shock protection systems and is equipped with an automatic shutdown system in case of foreign objects entering moving parts.

“This is not just a sorting line. It is an integrated system — from the moment a parcel is accepted at a post office to its dispatch. We can see the entire route of the parcel online,” says Maksym Yakymenko, Head of Logistics at Ukrposhta. Previously, all the sorting was done manually, with a productivity of about 55 items/hour per employee. After automation, at some sorting centers, such as in Dnipro, the processing capacity has surged to 8,000 parcels per hour.

In addition to higher productivity, the quality of customer service has been improved dramatically. Thanks to the new software from Ukrainian developers, parcel tracking has become fully transparent. **“Now we see not only the entry to, and exit from, a sorting facility, but the entire movement inside it. This allows us to respond instantly to any deviation,”** explains Maksym Yakymenko.

As a result, sorting accuracy has reached 99.5%, and “next-day delivery” rates have grown to 98% across Ukraine, including the most remote cities. “Daily shelling, damaged infrastructure, and all the challenges of doing business during a full-scale war will not stop Ukrposhta on its path of development and modernization. New automated lines at our sorting centers are a big step forward for the team and the company. Most importantly, these are operational changes that Ukrainians will feel tomorrow — investments that will return to us in the form of customer trust and loyalty,” notes Ukrposhta CEO Ihor Smilianskyi.

Why was a Ukrainian manufacturer chosen?

The project was implemented through a standard public procurement procedure. Before announcing the tender, Ukrposhta had studied the experience of other companies, including contacting well-known foreign brands that supply similar equipment to its local competitor, Nova Poshta. The choice in favor of UIS was driven by several factors:

- Price – the domestic manufacturer’s solutions turned out to be several times cheaper than imported alternatives.
- Adaptability to Ukrainian conditions – Ukrposhta’s premises are often rented and have infrastructure limitations. UIS technology made it possible to implement sorting lines without the need for major renovations.
- Integration – both equipment and software come from a single platform, which helped avoid typical issues at the interface between hardware and software.

“In this project, there were no typical ‘integration glitches.’ Everything works as a single mechanism,” emphasizes the Head of Logistics at Ukrposhta.

The postal giant is not stopping at parcel sorting modernization. The next step is automating the processing of newspapers and letters, which are currently sorted manually. New modules, also developed by UIS, are already operating in test mode at a number of sorting centers. By the end of the year, the project is expected to be deployed for newspapers and letters across the entire network. This will complete the key stage of logistics modernization.

This case clearly illustrates that localization is not only about supporting domestic producers, but also about economic expediency, flexibility, and effectiveness. UIS not only won the tender but also became a technological partner capable of adapting solutions to the real needs of a public customer.

A partnership that became a growth driver for the Ukrainian manufacturer

The large-scale order from Ukrposhta gave a strong boost to the further development of the Ukrainian manufacturer. UIS has successfully entered international markets and is currently working with clients in Kazakhstan and Georgia. In these countries, Ukrainian equipment and software have also become the basis for modernizing postal operators.

UIS is also planning to enter the European Union market. In addition, the company is expanding the range of its manufactured equipment and already provides automation services to marketplaces, pharmacy chains, and retail networks.

“OUR GOAL IS TO TRANSFORM UKRAINE FROM A RAW MATERIALS SUPPLIER INTO A HIGH-TECH STATE”

Dmytro Natalukha,
Chairman of the Verkhovna Rada Committee on Economic Development

Until December 31, 2032, defense procurement of civilian goods worth more than UAH 1 million will be carried out only if a manufacturer confirms a certain rate of localization. This will become a reality following the adoption of draft law No. 13392, initiated by the Chairman of the Verkhovna Rada Committee on Economic Development, Dmytro Natalukha. He explained the details and key arguments in favor of this initiative.

President Volodymyr Zelenskyy has recently set a goal to increase the localization rate for defense procurement. Is your initiative part of this strategy?

Yes, our initiative is certainly aligned with the policy of President Volodymyr Zelenskyy. However, it is worth noting that localization in defense procurement is only part of a broader industrial strategy that the Verkhovna Rada Committee on Economic Development, which I have the honor to chair, has been promoting since 2019. Its goal, simply put, is to transform Ukraine from a supplier of raw materials into a high-tech industrial state specializing in knowledge-intensive products with high added value. This is in Ukraine’s national interest, and localization is indeed one of the central tools of both this strategy and this interest.

What key challenges prompted the need to extend localization requirements to defense procurement of civilian goods?

It may not be obvious, but during wartime the army’s need for civilian goods is enormous. This is especially true for transportation vehicles, construction equipment, and other specialized machinery — everything used by logistics units, engineering troops, and other branches of the Defense Forces. In addition, miltech as a sector can become a key driver of economic growth if we focus the state policy efforts on nurturing national champion companies in this industry. It is no secret that the United States once “grew” some industrial giants such as Boeing and IBM through the state procurements by Pentagon. These are the same “public procurements.” Therefore, we are fully capable — and indeed obliged — to replicate this experience.

There are proposals to expand localization to humanitarian demining equipment and explosive ordnance disposal tools. Does Ukraine already have stable domestic production in this field?

At present, a significant share of demining equipment is imported, while domestic production is only taking its first steps. However, these are quite confident steps — we already have about half a dozen Ukrainian startups that could become serious competitors if they grow and receive proper funding. These primarily include robotic platforms, specialized drones, protective suits, and metal detectors. Localization is precisely a way to finance this very young but critically important sector. Moreover, localizing production in this business is a challenge that goes far beyond economics, given the vast areas of Ukraine contaminated with explosive hazards. Demining these territories using only imported equipment would be an extremely expensive and economically impractical task. Therefore, localization is both a logical and, I would say, strategic measure.

What localization mechanism will be applied in defense procurement? Will it be the same as in public procurement, or will there be differences?

The localization mechanism in defense procurement will share some similarities with public procurement but will also have certain differences dictated by the specifics of the defense sector. As for the similarities, the key ones include the principle of calculating localization based on identification of the domestic share in the cost of the final product, as well as requirements concerning the minimum localization rate (25–40%). As for the differences, the mechanism in defense procurement will generally be more flexible than in public procurement and will grant more discretion to the contracting authority.

Has there been communication with Ukrainian manufacturers regarding their ability to produce civilian goods for defense procurement with the required localization rate?

Absolutely. Otherwise, there would be a risk of causing significant harm instead of bringing some benefits. After all, if the market is not ready or simply incapable of achieving even 10% localization, such a requirement would become a problem. We are in constant communication with Ukrainian manufacturers, industry associations, and leading companies. In fact, exactly their demand for localization in defense procurement became the starting point for our drafting this bill.

What other challenges faced by manufacturers were identified during these consultations?

A serious issue faced by Ukrainian manufacturers who genuinely localize their products is “fake” localization by competitors. That is why we propose strengthening the state oversight and control over localization, including the introduction of actual on-site inspections, enabling us to filter out participants who only simulate localization on paper and effectively deceive the state. To reinforce the oversight of these processes, we are already discussing within the committee the idea of introducing the institution of an Authorized Representative (or Ombudsman) for localization issues as a response to this problem. We are seriously considering this possibility.

Have you received any feedback from suppliers of imported civilian goods for defense procurement? Will they arrange local production or leave the market due to the localization requirements?

Around 2021, I was involved in negotiations with the French company Alstom, one of the world’s leading locomotive manufacturers. They were negotiating a contract with Ukrzaliznytsia (Ukrainian Railways), and the task of our team actually was to convince them to implement a significant rate of localization. They responded to this requirement quite reasonably. Later, during the full-scale war, I visited one of the offices of the German company Rheinmetall — I think this company needs no introduction. So, when the discussion turned to launching production in Ukraine and localization, they replied: “We are surprised you are only raising this issue now. Yes, this is a standard practice for us.” These are just two illustrative examples with companies you have for sure heard about. And in general, I have been in touch with many foreign manufacturers, and most of them are firmly committed to establishing local production. Despite the war, Ukraine remains a large and attractive market for international business.

Are there any plans to extend localization requirements to weapons and ammunition?

This is a complex issue that requires further consultation with all stakeholders, including the Ministry of Defense of Ukraine. As I mentioned earlier, the key issue here is not to cause harm. If we impose localization requirements for items that are not yet produced in Ukraine or are produced in very limited quantities, it could disrupt the entire supply chain. However, I am convinced that such localization will eventually be necessary, as dependence on foreign suppliers always carries risks. We must be able to produce all the weapons and military equip-

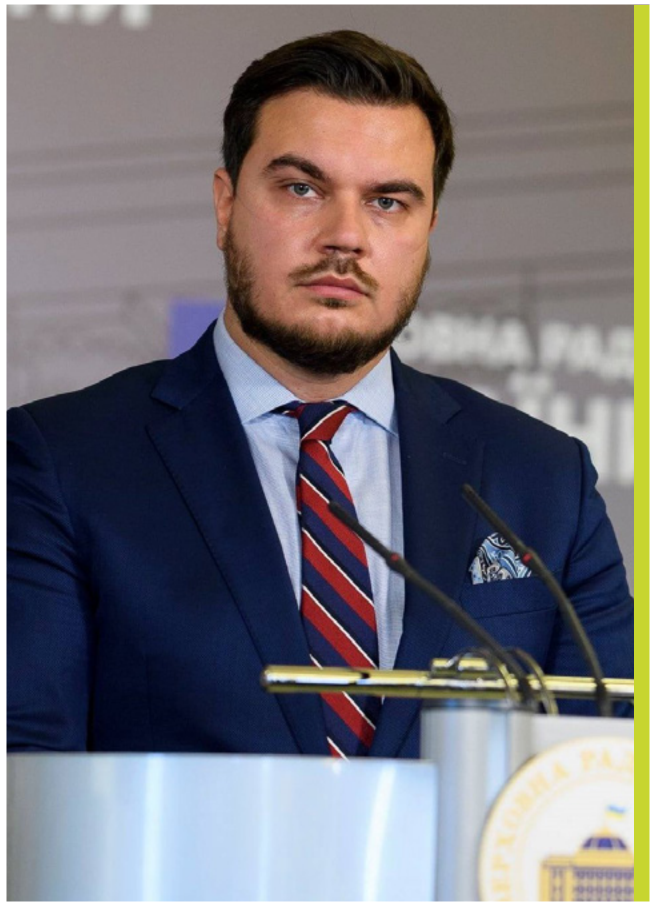
ment needed to defend our country ourselves. Therefore, the work in this direction is ongoing, but the progress is slower than we would like it to be due to the specific nature of the sector, much of which is simply classified.

What are the prospects for opening exports of defense products?

Despite the war, we need to enter international markets already now. This is a strategic issue. I believe that miltech is the new oil. And if we miss the moment and fail to take leading positions in the world, we risk losing a real historic chance to move “from third world to first,” to quote a classic. This sector can generally become the main driver of Ukrainian exports in capturing a share of global markets. So, the process is underway — we are working as a committee with manufacturers, the Government, and the Office of the President. The first results are already there. But we hope that by the end of the year we will be able to fundamentally change the situation.

When do you expect your initiative to take effect as law?

In September, we aim to pass the first reading in Parliament and adopt the law as a whole closer to the end of autumn. Accordingly, with all consultations and signatures, it would be good if the law comes into force on January 1, 2026.



ODESA–DNIPRO MANUFACTURER SUPPLIES FUTURISTIC DESIGN TRAMS ACROSS THE COUNTRY

The city of Kamianske (Dnipropetrovsk region) is launching a large-scale tram fleet renewal program in cooperation with the Ukrainian manufacturer Tatra-Yug, whose production facilities are located in Dnipro. One of the key arguments in favor of this manufacturer was that maintenance and spare parts supply for this machinery will be handled by a company located just 40 kilometers from the city. At the same time, Ukrainian manufacturers are highly flexible: specifically for Kamianske, the tram will be adapted to operate on routes with an elevation gain of up to 120 meters.

Earlier, the Dnipro City Council announced a contract for the supply of five low-floor, three-section K1T306 trams manufactured by Tatra-Yug. Notably, this is the city’s first purchase of new trams in 23 years. Before that, the routes were mainly served by used trams imported from Germany.

The modern upgraded K1T306 trams feature a futuristic design and are already in operation in Kyiv and Odesa. Kyiv has already purchased 28 units, and the company is completing an additional contract for 8 more trams. Odesa has purchased 13 vehicles manufactured by Tatra-Yug.

Since 2022, the localization rate requirements have applied to tram procurement in public tenders.

• NEWS •

FROM AN IMPORTER TO UKRAINIAN MANUFACTURER OF SPECIAL-PURPOSE MACHINERY NO. 1

The TDC Group of Companies (city of Brovary, Kyiv region) has grown from a typical importer into a leading Ukrainian manufacturer. In the TDC 901 and TDC 1201 skid-steer loaders manufactured by LLC Zavod TDS, only the engine and hydraulics are imported. Everything else — from the designs developed by the company’s own engineering bureau to all components — has the Ukrainian origin. According to the company’s management, the localization rate for the facility’s products has already reached 80%.

TDC started as an importer of spare parts and municipal utility machinery and equipment from China, but over time it has expanded into a full-scale manufacturer of specialized machinery. Today, in Brovary, the company produces not only full-rotation skid-steer loaders, but also more than 35 types of attachments for various kinds of special-purpose machinery, as well as custom solutions tailored to client needs: buckets, forks, brushes, road milling attachments, and more. A single machine of this kind can significantly speed up task execution and cover a major part of the communities’ needs in municipal utility machinery — it is enough to easily switch attachments thanks to the embedded Bob-Tach system. The first export version of the TDC skid-steer mini-loader has already passed European certification.

In addition, TDC is developing a line of backhoe loaders in the BL series, with a localization rate exceeding 30%.

The company employs more than 200 workers, with production salaries ranging from UAH 25,000 to 35,000 per month.

A.TOM COMPANY PRODUCES OVER 250 TYPES OF ATTACHMENTS AND TRAILED EQUIPMENT PREVIOUSLY IMPORTED

The Zhytomyr-based plant A.TOM, founded in 2015, is now one of Ukraine’s largest manufacturers of attachments and trailed equipment for agricultural, municipal utility, construction, and road machinery.

Following the enactment of localization legislation, the company continued to actively expand its in-house production. Whereas buckets, grabs, blades, and other equipment were previously imported (primarily second-hand), all such products are now manufactured in Ukraine at the company’s own production facilities.

Previously, the attachment equipment market was almost entirely composed of outdated imported products. This situation changed due to the localization policy. The requirement for a mandatory Ukrainian-origin content in public procurement tenders introduced fundamentally new rules of the game in this market: to secure municipal contracts, companies must manufacture locally rather than import.

As a result of developing localized production, A.TOM plant now manufactures more than 250 types of attachments and trailed equipment and provides in-house innovative solutions for production and application of organic fertilizers. The company’s manufacturing facilities cover 7,000 m², and its workforce numbers several hundred employees, with an average salary exceeding UAH 30,000.

“THE BALANCE BETWEEN THE PUBLIC AND PRIVATE SECTORS IN THE DEFENSE INDUSTRY SHOULD BE DETERMINED BY COMPETENCE”

Oleksandr Zavytnevych,
Chairman of the Verkhovna Rada Committee on National Security, Defense, and Intelligence

Today in Ukraine, almost all mechanical engineering enterprises are involved in production for the needs of the Armed Forces – in one way or another. At the same time, the defense industry is gradually becoming one of the driving forces for the national economy. Around 800 companies are currently operating in this sector. Oleksandr Zavytnevych, Chairman of the Verkhovna Rada Committee on National Security, Defense, and Intelligence, spoke about its challenges and prospects.

Which instruments of state support for Ukraine’s defense industry are currently proving to be the most effective?

For Ukraine’s defense industry, the “5-7-9” affordable loan program works quite well, as do various grant programs starting from UAH 500,000. The Brave1 platform, aimed at promoting innovations in defense technologies, is also performing quite successfully. Over the past two years, more than 3,600 defense developments have been supported through it. The state’s priority is to boost the domestic production to the maximize possible extent, especially in the defense sector.

What share of the Armed Forces’ needs can Ukraine’s defense industry currently cover?

At present, our defense industry sector is capable of covering about 40% of the needs in weapons for the Armed Forces of Ukraine. I am convinced that even under current difficult conditions, we can enhance this figure on average to 70%, and for certain types of weapons – even up to 100%. To achieve these goals, we need to create full-fledged clusters that will include not only production facilities but also educational and scientific institutions. This will allow us to continuously adapt to the changing tactics of war and priority types of weapons. Boosting the domestic weapons’ production is an absolute priority for us. Unfortunately, insufficient funding remains one of the main limiting factors here. We cannot sustain this war solely from the state budget. That is why it is critically important to more actively apply the so-called “Danish model,” where partner countries purchase Ukrainian weapons directly for Ukraine.

In which sectors does Ukraine’s defense industry have critical import dependence, and what measures are taken to address this issue?

Our greatest dependence on imports is in the sector of sophisticated electronics. Although we still have “remnants” of the Soviet-era industry that allow us to produce simple electronic boards, there is currently a lack of production of sophisticated electronics. A similarly difficult situation exists with specialized chemical products and heavy military tractors. Developing these sectors requires substantial resources, including years of dedicated work, billions of dollars in investment, and a large number of highly-qualified engineers. To accelerate solving this problem, we need to more actively introduce long-term financing of the General Staff’s needs for 3–5 years. This will provide enterprises with stability and the ability to plan their activities in the long term. In addition, establishing partnerships with manufacturing countries that already possess the modern technologies we need – primarily the United States and European Union countries – is crucial for us. Such an approach will allow us not only to strengthen our defense capabilities but also to stimulate the development of high-tech sectors of the economy.

Do you think the time has come to allow exports of Ukrainian weapons?

Ukraine’s defense industry is absolutely ready for this. Back in 2023, the main issues were relocation, finding land sites for new production facilities, and supporting the establishment of enterprises. Today, many of our manufacturers are already firmly on their feet and capable of producing several times more than can currently be purchased from them. Therefore, exports should be opened – it will not only strengthen our economy but also reinforce international partnerships by demonstrating the potential and capabilities of Ukraine’s defense industry.

Recently, there has been a lot of positive news about Ukraine’s missile program. What is its current state?

Ukraine’s missile program is demonstrating impressive progress. If we recall 2022, we were only approaching the production of the Neptune, while the Sapsan existed only on paper. Today, the Neptune is known worldwide thanks to the successful strike on the cruiser “Moskva,” and we now also have the Long Neptune. As for the Sapsan, it has not only successfully passed tests but has already seen successful combat use. Private companies have also made a significant contribution, although not all their achievements can yet be publicly disclosed. Compared to the situation in 2022, we are witnessing a real breakthrough. Work that takes up to 10 years in other countries has been completed by our missile engineers and experts in just one or two years. Such achievements undoubtedly merit the highest recognition – they fully deserve to get the Hero of Ukraine decoration. These successes clearly demonstrate the growing potential of Ukraine’s defense industry and its ability to rapidly adapt and develop advanced weapons even under the conditions of full-scale war.

For some time after the Russian invasion, private companies complained about difficulties in communication with the Government regarding the implementation of new developments. Has this problem been resolved?

Although Government agencies still have certain reservations about private companies, I can say that progress has been made in addressing communication challenges and the implementation of new developments. We are seeing more and more successful cases where private innovations are being effectively integrated into the defense sector. Of course, there are also unsuccessful cases where companies received state funding but failed to deliver the required results. However, such cases are generally limited in scale and not systemic. I strongly believe that the balance between the public and private sectors in the defense industry should be determined by competence. If a company has already developed one or two successful products, there is a 99% probability that it will successfully develop the next ones as well. What matters most is the company’s capability and experience in creating high-quality and effective products for the needs of our Armed Forces.

The defense industry requires long-term investments. Is it possible to introduce full-fledged long-term contracts with state orders for 3–5 years in this sector?

Although formally long-term contracts with state orders for 3–5 years have already been signed in the defense sector, in reality the situation is more complicated. Unfortunately, the state currently cannot commit to such long-term obligations. Are such long-term orders necessary? Absolutely, yes. Any small enterprise, even with 50 employees and a production cycle of 3–6

months, will confirm that ordering imported components from abroad is only possible with a clear plan for at least 2 or 3 years. Only under such conditions can companies ensure confidence in fulfilling contracts, maintain low costs, and achieve high quality of the final product. However, the reality is that the planning horizon of the Ministry of Finance is limited to no more than one year. These are the harsh realities of wartime, which create significant challenges.

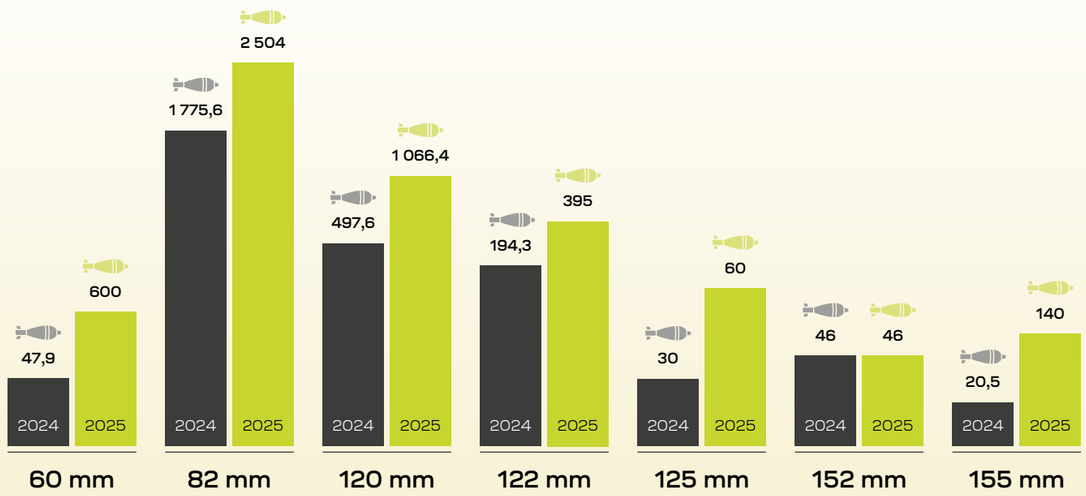
Under such conditions, is it possible for Ukraine to be transformed into one of the leaders in military production in Europe?

I am absolutely convinced that Ukraine's defense industry is destined for success and has every chance to become one of the leaders in military production in Europe. We have the most important assets — people and enterprises. Even under the extremely difficult conditions of the full-scale invasion, our manufacturers are not just surviving but actively developing. Some companies have been forced to relocate two or three times and completely rethink their strategies – and yet they continue to operate. Certain types of weapons are now produced simultaneously across up to 20 different locations. At the same time, our products have high quality and are relatively affordable. The success of Ukraine's defense industry is based on several key factors: our ability to adapt, our resilient mentality, and deep national roots. We have been fighting for our independence for 300 years, and this war is another, but decisive, stage in building a strong state. Therefore, I am confident that as a result of this war, Ukraine will enter the top five global arms-producing countries. This sector will become a powerful engine for the entire economy, driving other important industries such as metalworking, metallurgy, and mechanical engineering. Ultimately, it will also encourage universities to train more engineers, ensuring sustainable development and future success.

What would be the best indicator for you personally that Ukraine's defense industry has become a guarantor of security for decades to come?

For me personally, the best indicator that Ukraine's defense industry has become a reliable guarantor of security for decades to come is its full self-sufficiency in all types of weaponry. This means not only producing individual types of weapons but being able to cover the entire range of modern armaments. Even if we are not yet capable of manufacturing fighter jets, we need a strong foundational military-industrial base that possesses the technologies and the ability to carry out complex overhauls, including engine repairs. The key is to reach a level where we are not dependent on external supplies because we have everything we need ourselves. Given our geopolitical reality, we can't escape this neighbor, so we have to be strong. It is also vital to clearly understand that achieving self-sufficiency is impossible without a strong and developed economy. A solid economic foundation will provide the necessary long-term investments, enable the expansion of production capacities, and support the training of skilled workforce. These are interconnected elements that together form the foundation of national security.

Production of ammunition (thousand units)



Source: Data from the Chairman of the Verkhovna Rada Committee on National Security, Defense, and Intelligence.

Financial Support Program for Defense Industry Enterprises (established in 2024)

The program provides defense industry enterprises (both state-owned and private), which are critically important for the functioning of the economy and ensuring the livelihood of country's residents during a special period for the defense industry, with access to loans on preferential terms.

Working capital loans

up to UAH 100 million

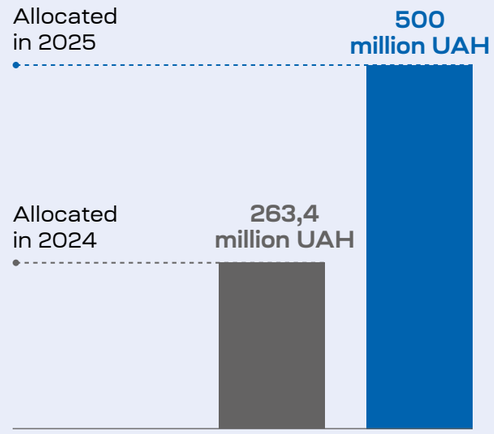
for a term of up to 3 years

Investment project loans

up to UAH 500 million

for a term of up to 5 years

5% INTEREST RATE FOR MANUFACTURERS



Source: Data from the Chairman of the Verkhovna Rada Committee on National Security, Defense, and Intelligence.

A NEW SPECIALIZED TRAILER MANUFACTURING COMPLEX LAUNCHED IN KHMELNYTSKYI REGION

TAD Company has completed the construction of a new complex for the production of specialized trailers for transporting oversized cargo in the Khmelnytskyi region. This type of products is covered by the localization requirements in public procurement. The area of the new production complex is 8,000 m². It will allow the company to double its production capacity and enable the creation of 250 additional jobs.

The investment in the new production complex amounted to $8 million. This project will provide TAD with a possibility to launch the manufacturing of a new type of product — specialized modular trailers.

TAD's specialty is oversized cargo transportation and the manufacture of specialized trailers. TAD low-loaders have 2 to 25 axles with a maximum load capacity of up to 300 tons. The company employs 650 people.

To attract new employees, TAD has reached an agreement with city officials to build a residential complex. In particular, the company is recruiting welders, CNC machine operators, and electricians to work at the new production facility.

MADE IN UKRAINE

State Program

GRANTS FOR MANUFACTURING ENTERPRISES' EQUIPMENT

This is the state grant support provided under the "Made in Ukraine" policy, aimed at investing in production expansion — specifically in manufacturing equipment.

The program is available to both existing and newly established manufacturing industry enterprises, including those in mechanical engineering, light industry, woodworking, food production, and other sectors. The grant is also available to UAV manufacturers.

AMOUNT AND FORMAT OF FUNDING

- **up to UAH 8 million** for the purchase of equipment
- **up to UAH 16 million** for the purchase of equipment for reconstruction of facilities damaged by shelling

THE PROGRAM PROVIDES FOR CO-FINANCING

50/50 option – standard conditions for grant provision. Half is paid by the state, and half by the grantor.

80/20 option, where 80% is covered by the state, is available for:

- businesses operating in areas of possible hostilities, completed hostilities, and de-occupied territories;
- recipients of recovery grants regardless of the enterprises' location;
- drone manufacturers, printing companies, and businesses in combat zones.

70/30 option, where 70% is grant funds and 30% is the participant's contribution – if the project consists exclusively of Ukrainian-made equipment, which fact is confirmed by a certificate from the country of origin.

WHAT PURPOSES CAN THE GRANT BE USED FOR?

1. Purchase of equipment.
2. Commissioning of machines and technological equipment.
3. Delivery of machines and technological equipment.
4. Working capital replenishment (if the primary NACE code is 30.30).
5. Acquisition of intangible assets, including R&D activities to launch serial production of new commodities.
6. Enterprises cultivating perennial crops and registered in the State Agrarian Register may obtain grants for the purchase of post-harvest agricultural processing equipment.

GRANT UTILIZATION CONDITIONS:

- Create at least 5 jobs.
- Operate for a minimum of three years from the date of receiving the grant to return the grant funds through the payment of taxes and fees.

Applications can be submitted via the QR code:
diia.gov.ua/services/grant-na-pererobne-pidpriyemstvo

Grant for manufacturing

UAH 5.7 billion
Total amount of funds allocated by the state as grant support

1,151
Grant recipients

Manufacturers of machinery and equipment received:

55 grants

totaling **UAH 326 million**

Source: According to information provided by the Ministry of Economy as of Q3 2025.

TECHNOVAHY PLANT PURCHASED NEW EQUIPMENT WITH A STATE GRANT

The Lviv-based Technovahy Plant used a state grant for manufacturing industry development to purchase a shot blasting chamber and a painting chamber. Both were manufactured by the Kyiv-based Tweko factory.

Technovahy produces a wide range of weighing equipment – from compact laboratory scales for jewelers to large complexes for weighing trucks and railway cars. The company also manufactures unique patented equipment for dosing and packaging seeds. The plant, which employs more than 200 Lviv residents, exports its products to 20 countries, including some highly competitive markets such as the United States and Germany.

Technovahy also actively promotes the “5-7-9” affordable loan program among its clients, using it to support the sale of its equipment. The company also benefits from the state program that compensates 25% of the cost of Ukrainian agricultural machinery.

RELOCATED DLIGHT FACTORY RECEIVED A GRANT FOR MANUFACTURING

Relocated from Derhachi (Kharkiv region) to Kremenchuk, the DLight factory took advantage of a Government grant for the manufacturing industry. The company invested UAH 5 million in purchasing new equipment to manufacture machinery for forestry, agriculture, and municipal utility companies.

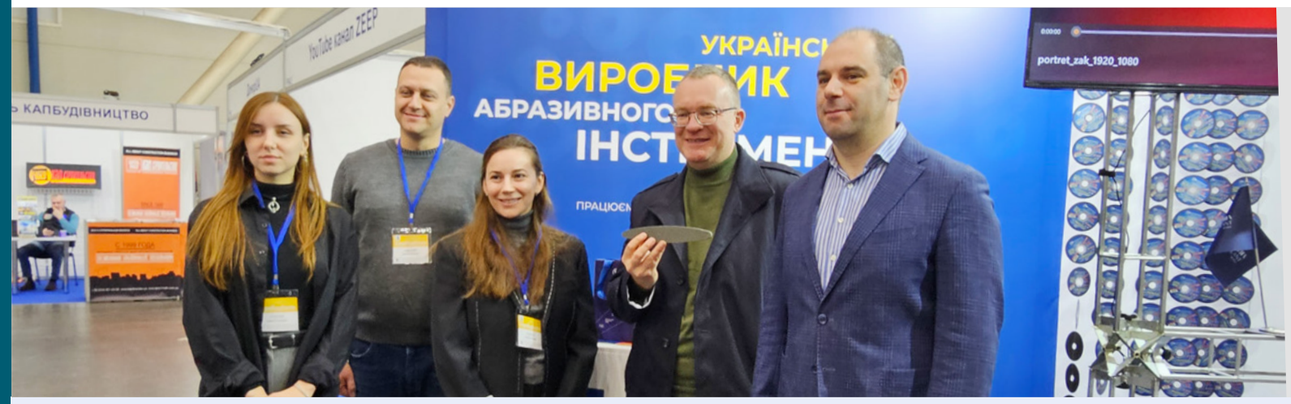
The relocation of the factory in 2022 was also financed by the state. Company employees evacuated 55 trucks of equipment and finished products under the ongoing shelling. Around 40 employees – the core workforce of the factory – moved from Derhachi to Kremenchuk. In total, the company now employs 180 people.

Today, the enterprise occupies an area of 8,000 m². Some operating machines still bear marks from shrapnel that struck them during the shelling. They are deliberately preserved as a reminder of Derhachi.

Taking into consideration the 25% localization requirement in public procurement in 2025, the company’s director Dmytro Liashenko is constantly seeking for Ukrainian partners who can supply products to replace imported components and parts in crane manipulators, timber trucks, trailer equipment, and other machinery.

“THERE HAS NEVER BEEN SUCH A HIGH FREQUENCY OF VISITS BY GOVERNMENT OFFICIALS TO FACTORIES”

Ruslan Illichov,
CEO at Federation of Employers of Ukraine



The Federation of Employers of Ukraine (FEU) unites about 8,000 industrial companies and, thanks to this, holds a unique position in the development and implementation of Government decisions in this field. Ruslan Illichov, FEU CEO, shared his assessment of the effectiveness of the “Made in Ukraine” policy for mechanical engineering companies.

How do you see the role of the FEU in shaping the state policy for the development of mechanical engineering?

The FEU unites more than 90% of Ukraine’s mechanical engineering enterprises, so active participation in shaping the state policy in this sector is absolutely natural for us. Our role today is to be a partner for the Ministry of Economy, the Verkhovna Rada, and the office of Dmytro Kysylevskyi in developing solutions that will help sustain the economy during the difficult wartime period. At the same time, it is important to consolidate businesses so that their voice is heard. As an example of such consolidation, we brought together 4,000 manufacturers around the initiative to introduce localization rates in public procurement. We submitted 150,000 employee signatures from these enterprises to the Ukrainian Parliament, which became a strong argument for the adoption of this law.

How are initiatives for the development of mechanical engineering formed within the FEU?

There are three main sources of initiatives here. First, proposals from companies themselves – or even from entire industries. They always actively share their ideas with the Federation. We systematically analyze business challenges and feedback from sectors, which we compile annually into a special format of Recommendations to the Government. The second source is the FEU office itself. Usually we either propose entirely new mechanisms for an incentive program, or suggest adaptation of certain international experience, or, in some cases, initiatives emerge in response to aggressive imports. For example, in 2017, the state program compensating 25% of the cost of agricultural machinery was created. We saw that Belarus compensated loan interest rates in Ukraine for the purchase of its machinery and equipment through instruments of the Export Credit Agency and development banks, so in response we de-

veloped our own program for Ukrainian manufacturers of agricultural machinery. At that time, First Vice Prime Minister Stepan Kubiv supported us.

How does the current Government perceive FEU initiatives?

We have experience of interaction with many governments, and today our cooperation is at a very high level. About ten years ago, it was hard to imagine that the idea of maximum possible state support for the development of mechanical engineering would not be rejected or criticized but would become a key economic policy. There has never been such a high frequency of visits by government officials to factories. Of course, there is still much to improve, but the shift from outright rejection of any form of development in the production of sophisticated machinery and mechanical engineering products to the "Made in Ukraine" policy is already a major victory.

Ok, the Government has changed its policy. But has the skepticism among industrialists themselves regarding Government support programs — a sentiment that has been building for decades — also changed?

Overcoming this skepticism is one of the FEU's tasks. Many people still do not understand how closely business development and demand for products of a specific company are linked to sound government-level decisions. Returning to the agricultural machinery development program, it has driven a four- to five-fold rise over the course of the year in certain segments of agricultural equipment and its components. We have seen examples where not only Ukrainian companies have begun building new production facilities, but also well-known international brands such as Camozzi and Bondioli&Pavesi have started expanding their component production lines specifically in Ukraine. Before the full-scale invasion, we had already launched joint manufacturing of a self-propelled sprayer with Italy's Mazotti and even a grain harvester with Finland's Sampo. The experience of this program proved that such policies can stimulate international collaboration and foreign investment. Unfortunately, unlike countries such as Turkey, Ukraine once fully opened its market to imports of machinery and equipment, giving global brands no or minor incentive to localize their production. However, this program changed that by making local production of these goods attractive. Therefore, if anyone still believes that any form of government aid amounts to spending money to prop up inefficiency, the track record of industrial incentive programs in recent years proves the opposite.

The Employers' Federation has unique information about the products manufactured by Ukrainian mechanical engineering companies. Does this help foster cooperation between Ukrainian factories and help them connect with one another?

During the war, this function became especially important and acute. We can recall an example with the situation that arose in 2022 following the Russian invasion, affecting manufacturers of fire-fighting and rescue machinery and equipment. Demand for such machinery surged, but the factories lacked chassis. You can't just order them "overnight" from global manufacturers. But we knew that chassis could be supplied to Cherkasy Bus, which is a partner of the Japanese company Isuzu. In the shortest possible time, the Cherkasy team placed an order on behalf of the fire truck manufacturers; the Japanese trusted the Ukrainian company and the owner's reputation, and the delivery was made very quickly. Incidentally, fire truck manufacturers faced a similar problem with automation systems. At that time, Chernihiv-based company Tera promptly adapted its products for this type of vehicles. In fact, a new fire truck was born in just four months.

We have mentioned two of the Federation's functions: advocacy and business consolidation. But the Federation also offers other services, primarily organizing participation in international trade shows for Ukrainian exporters. This area of focus is a relatively recent development, isn't it?

We are not a Chamber of Commerce and Industry, and this area of work is relatively new to us. It has emerged over the past 2–3 years as a result of our interactions with foreign colleagues and our search for ways to assist Ukraine. Previously, our international ties were more about building our image, but the war changed everything. The impetus came from a joint project with Denmark — we secured a national pavilion at Agromek, Northern Europe's largest agro-industrial exhibition, on preferential terms. As of today, we have actually set up 22 national pavilions since the start of the full-scale war, 16 of which were for the mechanical engineering industry. And the largest stand we built was in Germany in 2023 at the Hannover Messe trade show — it had the area of 800 square meters. Forty-six companies presented their equipment at this event. It was the largest national stand in the entire history of Ukraine. Today we have contracts with key European exhibitions and trade fairs in the mechanical engineering sector, and we will continue to develop this area of our work.

Please, tell us about another new international initiative: "Industrial Ramstein."

This is also a very important form of assistance to Ukraine from our international partners. Support is provided in the form of equipment that meets the needs of Ukrainian mechanical engineering enterprises whose machinery was destroyed as a result of the Russian aggression. The Employers' Federation coordinates the collection of information on these needs between Ukrainian companies and potential suppliers. In the last six months alone, we have held negotiations and established partnerships with leading machine tool manufacturers' associations in Germany, Italy, Switzerland, and Denmark. I personally visited 8 largest equipment manufacturers in Germany. European manufacturers are very interested in becoming general partners in upgrade projects for our production facilities. After all, they see that there is a market in Ukraine for their equipment and maintenance services. Currently, we are working with the Ministry of Economy on special programs to support this initiative. These include special lending terms, long-term leasing, insurance, and a grant component, where, for example, a Ukrainian customer pays 70 percent of the machine's cost, and the 30 percent balance is covered by the grant component.

If we imagine a scenario in which the Government in Ukraine has changed and the question of whether to continue programs supporting the mechanical engineering industry has arisen again, what arguments would you present in favor of the "Made in Ukraine" policy?

This is a typical situation for us. The program to compensate 25% of the cost of agricultural machinery was introduced by the Government headed by Volodymyr Groysman, but the current Deputy Prime Minister, Yulia Svyrydenko, did not say that it was a bad idea simply because it was an initiative of the previous administration. In our discussions with her, we clearly demonstrated the program's effectiveness and its multiplier effect on the economy. The agricultural machinery manufacturing sector has grown from 46 companies to over 150. The current Government is demonstrating the same effectiveness in many sectors. In particular, thanks to the "Made in Ukraine" policy, the production of buses and other types of wheeled vehicles is actively developing. If the idea is sound, a change in Government will not affect its implementation.

“THE PROGRAM OF MANUFACTURING INDUSTRY GRANTS HAS BECOME A POWERFUL DRIVER FOR THE DEVELOPMENT OF LASER MACHINE MANUFACTURING”

Serhii Shevchenko,
ARAMIS Laser Systems owner

ARAMIS Laser Systems, a company based in Cherkasy and Ukraine’s largest manufacturer of laser machines, actively exports its products to the European Union. This is due in no small part to the “Made in Ukraine” policy, particularly the 8 million hryvnia grant program for manufacturing enterprises. The factory’s owner, Serhii Shevchenko, spoke about the company’s development plans.

What role does the Government’s manufacturing industry grant program play in the development of Aramis factory in Cherkasy?

This tool is very effective, helping us strongly in expansion of our manufacturing capabilities. Customers are securing grants and using Government funds to purchase our machines. As a result, we view the Ukrainian market very positively and plan to continue growing.

What percentage of its machines does Aramis sell through the Government’s manufacturing industry grant program?

When this program was launched in 2022, approximately 40–50% of laser machine sales were funded by Government grants. That share has decreased slightly since then. However, 20% of our laser machines are still sold with the help of Government grants.

The manufacturing industry grants are used by the buyers of your machines. Does Aramis itself participate in the “Made in Ukraine” initiative?

Yes, we actively utilize all the Government support tools available to us. First and foremost, we used that same manufacturing industry grant to purchase warehouse loading equipment. We also took advantage of the “5–7–9” affordable loan program. In this context, I would like to note that this kind of Government support for business is a standard European practice. We sell our laser machines to Poland, the Czech Republic, and the Baltic states — where similar programs are major drivers of investment. It is very clear that the activity in purchasing production equipment in these EU countries is directly linked to the funding of equipment cost compensation programs.

What percentage of the cost of a laser machine is compensated in the EU?

In Latvia, we have seen buyers of machine tools receive compensation amounting to 60% of the equipment cost. On top of that, there are very attractive terms for long-term leasing. In fact, the situation there is such that if you know exactly what you are going to produce, you immediately receive extremely strong support.

Is cheap Chinese machinery your main competitor in the EU and Ukraine?

Yes, a lot of customers go for cheap Chinese options because they simply want to get a specific production task done. If you factor in downtime and low productivity, the price turns out to be not that low. But when buying, not everyone is willing to invest in quality. Of everything on the market, our products are perhaps the most expensive option. But the quality of our machines is also very high.

How many Aramis laser machines are currently in operation in Ukraine?

As of today, we already have about 600 customers in Ukraine, and a total of about 700 machines have been installed. We see that the market’s potential is still quite extensive. There is still some pent-up demand. For now, our clients are investing in laser machines with great caution, as investing in production equipment during wartime is linked with a quite substantial risk. There are about 150 companies operating in the metalworking sector in Ukraine. In comparison, neighboring Poland has a thousand of such companies. A six-fold difference means that our market’s potential is very high. It is bolstered by a high-quality engineering component, a strong production culture, and lower wages here.

Is it true that Aramis is currently preparing to build a new production facility?

We are planning to start this project next year. At the moment, we are assessing the investment needed, which will be around UAH 150 million. This will be an additional production facility that will double our manufacturing capacity. We will be able to produce up to 250 laser machines per year, whereas currently this figure is limited to 120. I believe we will manage to reach 150–180 machines per year fairly quickly.

Will the new production site also be located in Cherkasy?

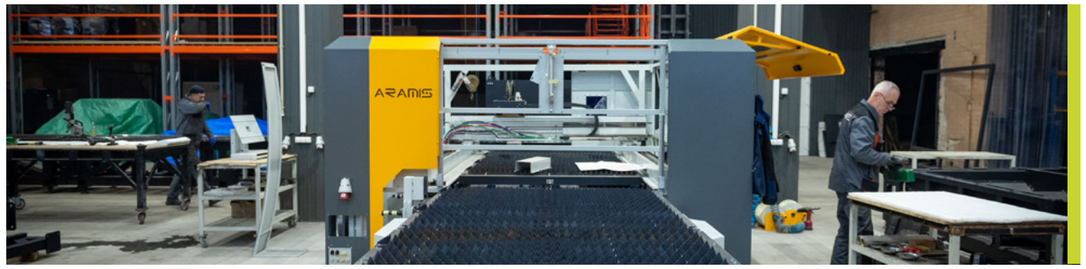
We considered launching our production in an industrial park. Such a step had its advantages. However, we are dealing with quite specific production processes. We need to leverage our technological achievements to the maximum possible extent, so we will continue our development in Cherkasy at our existing production site. Our region is relatively stable from a security standpoint, and we hardly experience personnel shortages here. Currently, we have 140 people working at the enterprise. For the first stage of expanding new capacities, we plan to hire additional 20–25 employees, and later increase the total workforce to 200 people.

Do you plan to utilize the “Made in Ukraine” instruments to launch the new project?

Yes, we intend to use all available co-financing options – loan programs and grants. We are also considering and assessing grant and leasing programs of the European Union.

Will the new production capacities be focused on exports, or do you plan to rely on the growth of the domestic market?

The priority will be exports. Currently, we are observing a slowdown in the EU market because the compensation programs for production equipment costs, designed for 3–4 years, have just been exhausted, and new ones have not yet been launched. There is also a cautious attitude toward Ukrainian manufacturers. After all, when purchasing a laser machine, a client must be confident in service support and spare parts supply. The wartime situation is viewed with considerable concern. However, I hope that both of these factors will improve in the near future. Germany has already announced its intention to quadruple spending on defense-sector manufacturing, which will become a driver for metalworking. We are preparing for improvements both in the EU market and in Ukraine. Our production growth will also be gradual: first we will expand the area of our facilities, then develop technologically, and finally hire new personnel — this is a fairly inertial process.



MADE IN UKRAINE

State Program

15% COMPENSATION FOR UKRAINIAN-MADE EQUIPMENT

Under the “Made in Ukraine” policy, the state compensates 15% of the cost of purchased Ukrainian-made energy equipment, wheeled vehicles, and construction, municipal utility, and special-purpose machinery, as well as elevators. Manufacturers with a localization rate of 40% or higher are eligible to participate.

This is an important step in supporting Ukraine’s mechanical engineering sector, as it makes domestically produced equipment more affordable for buyers and more competitive compared to imported alternatives.

WHICH EQUIPMENT QUALIFIES FOR COMPENSATION?

- Energy equipment
- Wheeled vehicles
- Construction, municipal utility, and special-purpose machinery
- Elevators
- Means of production

HOW CAN A MANUFACTURER TAKE ADVANTAGE OF THE PROGRAM?

Submit an electronic application to the Ministry of Economy to include your products in the list of goods eligible for compensation upon purchase.

PARTIAL COMPENSATION FOR THE COST OF INDUSTRIAL MACHINERY AND EQUIPMENT FROM UKRAINIAN MANUFACTURERS (15%)

The program was launched in October 2024

868 items of equipment eligible for compensation

39 manufacturers

2024

UAH 80.7 million

Purchased machinery and equipment

UAH 10.1 million

Compensated by the state

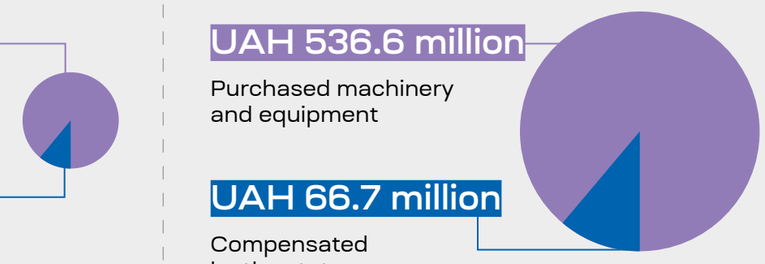
2025

UAH 536.6 million

Purchased machinery and equipment

UAH 66.7 million

Compensated by the state



Source: According to information provided by the Ministry of Economy as of Q3 2025.

ODESA-BASED MANUFACTURER SECURES MAJOR TANKER CONTRACT WITH SUPPORT FROM A GOVERNMENT PROGRAM

The Odesa-based Everlast factory has delivered five semi-trailer tankers to Tank Trans, a company within the transport division of the T.B.Fruit Group (city of Horodok, Lviv region). This delivery forms part of a large contract for the supply of 25 tankers designed for the transportation of bioethanol. Each unit has a capacity of 35 m³, ensuring maximum transportation efficiency. Commenting on the deal, both companies emphasized that purchasers of this equipment are eligible for a 15% state compensation on the purchase price.

The rate of Ukrainian localization in Everlast’s trailers currently stands at approximately 40%, with potential for further increase in the near future. It has been reported that one of Everlast’s partners is in the final stage of negotiations with a German company to establish axle production in Ukraine. This development could represent a significant breakthrough for Ukraine’s mechanical engineering industry.

Everlast factory is the largest Ukrainian manufacturer of specialized automotive semi-trailers, trailers, and truck-mounted superstructures for the transportation of light and dark petroleum products, gases, as well as food and chemical products. The company produces 15 tanker truck models in more than 200 configurations.

“EVERY HRYVNIA OF THE 15% STATE COMPENSATION FOR THE COST OF UKRAINIAN MACHINERY AND EQUIPMENT GENERATES FIVE HRYVNIAS OF GDP GROWTH”

Andrii Teliupa,
Deputy Minister of Economy of Ukraine

Deputy Minister of Economy Andrii Teliupa coordinates the “Made in Ukraine” state policy at his Ministry. We asked him about the priorities for developing state support programs for manufacturers, focusing especially on the newest one — compensation of 15% of the cost of Ukrainian machinery and equipment.

In recent years, we have seen the emergence of a considerable number of programs for the development of mechanical engineering. Can we say that this is now one of the priorities for the economic policy? Why is this important for the state?

In general, for the Ministry of Economy, the development of Ukrainian manufacturing and processing industries is a top priority. Accordingly, we have a benchmark to raise the share of manufacturing industries in Ukraine’s GDP to 20%, which is the average level of OECD countries. Currently, this figure is about 8.5% in our country, and we see that boosting the value added in manufacturing industries is where we need to focus. And mechanical engineering is one of the key sectors here. We conducted an analysis of priority economy sectors that could generate the greatest GDP growth by 2030 — and mechanical engineering is ranked first, with strong potential both for export growth and for meeting the domestic demand. The post-war reconstruction of Ukraine will also require significant volumes of mechanical engineering products. We believe that gradually increasing localization and launching full production cycles across as many product categories as possible will enable Ukraine to become economically self-sufficient.

Can we already talk about the effectiveness of the state policy in mechanical engineering? And how does the Ministry of Economy generally measure the effectiveness of the state business support programs?

For each program under the “Made in Ukraine” policy, we measure the overall multiplier effect on the economy. Overall, this policy is still quite new — it has existed for just over a year. However, during this time, across 14 programs as of early 2025, businesses received UAH 35 billion in support. As a result, we achieved an additional 0.6% GDP growth. In other words, if we look at the figures of 2024, when the economy grew by 2.6%, a quarter of that growth was driven by the “Made in Ukraine” policy. We measure the contribution to GDP growth for each program.

One of these programs — the 15% state compensation for Ukrainian machinery and equipment — was launched relatively recently. How was it developed?

This program was created with a clear goal — support for Ukrainian mechanical engineering. Here we followed the example of the successful 25% compensation program for agricultural machinery. Since that program demonstrated strong results, we decided to introduce a similar compensation mechanism for product categories that had not previously received such support. Based on the projected multiplier effect for the Ukrainian economy, we chose to provide assistance to manufacturers of wheeled vehicles, elevators, and energy equipment. The program was launched only in October, but it is gradually gaining momentum. More and more manufacturers are joining, and trust among their customers is also growing. Month by month, we see a positive trend in the number of applications. Most importantly, in conversations with manufacturers, we hear that this program truly helps improve their competitiveness in the domestic market.

Does the Government aim, through such programs, to reduce the economy’s dependence on imports?

First and foremost, state support helps Ukrainian mechanical engineering enterprises survive in the difficult conditions of war. Over time, this sector should gradually develop and successfully compete with imports. Having covered the needs of the domestic market, mechanical engineering industry can make our economy more self-sufficient. At the same time, we also expect certain growth in this sector’s exports.

What is the economic multiplier of the state program compensating 15% of the cost of Ukrainian machinery and equipment?

The multiplier of this program is 1:5. That is, every hryvnia invested by the state generates 5 hryvnias of GDP growth. As a result, we see both an increase in the state budget revenues and economic growth in Ukraine.

In effect, this program can be seen as a state investment that returns to the budget with profit.

Yes, this is not just a handout of money to businesses. It is about a long-term, consistent policy and is truly an investment in economic development. The state compensates part of the cost of Ukrainian machinery and equipment, their production is boosted, more taxes are paid, and accordingly, the state budget gains more resources. We are absolutely pragmatic here.

The economic multiplier is only one of the criteria for selecting industries for the 15% compensation program. What other criteria does the Ministry of Economy apply?

It is extremely important to have active competition between Ukrainian manufacturers and import suppliers in the respective market. In each product category eligible for the 15% compensation, there are at least several active domestic producers. Strong competition from imported products’ suppliers was also an important factor. In addition, when making our decision, we considered proposals from the Federation of Employers of Ukraine and industry associations. In fact, we continuously analyze various sectors of the economy using these criteria. This helps us focus the state support on those manufacturers who truly need it. We will also use these criteria as a guide for further expanding our support for Ukrainian mechanical engineering.

Is such expansion possible?

The Ministry of Economy is ready to consider expanding the 15% compensation program for Ukrainian machinery and equipment. The key requirement is competition both among domestic producers and with imports. However, it should be noted that the budget resources of this program are quite limited, so we will strive to use them as efficiently as possible.

Finally, could you share the Ministry of Economy’s plans for further development of the “Made in Ukraine” policy programs?

As of today, I can say with certainty that in the coming years, mechanical engineering will remain a Government priority. We are currently working on Ukraine’s Industrial Development Strategy together with our partners from the World Bank, involving industry associations. Support for mechanical engineering will get quite significant attention there. We are analyzing the experience of other countries, and the best practices and tools will be applied to support Ukrainian businesses. I am convinced that financial support for the development of mechanical engineering will also send a strong signal and serve as a catalyst for private investment in this sector. Ukraine needs to considerably accelerate its economic growth — we have to grow several times over in the next five years. I believe that Ukrainian mechanical engineering has sufficient potential to achieve this goal.

“EMPLOYERS WILL DIRECTLY INFLUENCE THE APPROVAL OF EDUCATIONAL PROGRAMS AT VOCATIONAL EDUCATION INSTITUTIONS”

Dmytro Zavhorodnii,
Deputy Minister of Education and Science

Ukraine’s industrial sector continues to face an acute labor shortage. Factories increasingly lack skilled workers. Dmytro Zavhorodnii, Deputy Minister of Education of Ukraine, responsible for vocational education, spoke about the state’s strategy to address this issue.

How severe is the labor shortage problem in the manufacturing industry today according to the Ministry of Education? Which professions face the greatest deficit?

Today, the labor shortage is problem No. 2 for Ukrainian industry after the war itself. The biggest deficit is in the manufacturing industry, especially in metalworking professions: machine operators, turners, milling machine operators, and welders. After the war, we expect an even greater shortage of construction-related specialists. If we talk about the reasons for this situation, one of the major factors is that educational institutions are technically far behind modern industry. For example, today Ukrainian factories urgently need specialists operating CNC machines, but historically such equipment has never been available at Ukrainian vocational education institutions.

When we talk about the gap between industry’s workforce needs and the specialties taught at vocational schools, it clearly points to shortcomings in the state order system. How is it currently formed?

A major part of what we call the “state order” for vocational education institutions is actually a regional order. Every year, about 100,000 students enroll in vocational education, and around 90,000 of them do so under regional orders. These are formed by regional administrations based on proposals from all institutions. Only about 5,000 students a year enroll under the national state order. These are professions of nationwide importance, such as turners, milling machine operators, welders, and electric locomotive and diesel locomotive drivers. The logic of this system is clear: local authorities better understand which specialties are needed in their regions.

Do you consider this system effective?

A new law “On Vocational Education” has recently been adopted and has already come into force, launching a large-scale reform in this sector. We will introduce the establishment of supervisory boards for vocational education institutions, consisting of employers’ representatives. They will directly influence educational programs, used for training of future specialists, and the appointment of institutional leadership. We also plan substantial changes in the institutions’ funding system to introduce performance indicators and support facilities that train specialists needed by the labor market. This will enhance the effectiveness of the current regional order system dramatically. We at the Ministry of Education and Science cannot know the enterprises’ workforce needs in every city — some of them need more welders, others need more machine operators due to a recently launched industrial park. Local stakeholders understand this better. However, it is important to take the businesses’ current staffing needs into account as much as possible.

So, companies facing labor shortages should prepare to join supervisory boards of vocational education institutions. Presumably, this will involve investing in infrastructure of such facilities. Can businesses be guaranteed that graduates will eventually come to work for them?

We don’t have the right to force students to choose a specific employer. Ultimately, there is no guarantee that any employee will not quit within a month of being hired. However, the state and businesses must jointly create conditions in which students acquire exactly the knowledge and skills that allow them to find employment as easily as possible. Participation in supervisory boards gives companies and enterprises the opportunity to influence the quality of training at respective institutions.

What other opportunities do employers have to influence the training of future specialists?

They will have the right to develop and submit professional standards for approval, on the basis of which educational institutions will create their curricula. In essence, this serves as a guideline for what exactly should be taught. In addition, all procedures related to organizing dual education will be streamlined. This means that a substantial part of students’ training can take place directly at enterprises under employment contracts. Employers can also offer students more opportunities for internships and practical training. For example, in Germany, over 70% of companies have internship programs for students of educational institutions. In Austria, Switzerland, and Italy, this figure is around 50%. A system of internships and dual education at enterprises should also be introduced in Ukraine.

One of the elements of the vocational education reform is the Government’s initiative “100 Workshops.” Could you tell us more about it?

When we assessed the actual state of equipment at vocational education institutions, we realized that the reform would not work under current conditions. If a tractor looks like a museum exhibit that cannot be started, you cannot train a tractor driver. Similarly, a CNC machine operator can only be trained on such a machine. Therefore, we set an ambitious goal for ourselves to upgrade equipment at 100 workshops of educational institutions every year. To achieve this, we combined funding from the state budget, international partners, and local businesses. Resources are limited, but even if the training equipment upgrade takes 10 years, we will simply proceed step by step.

What is the scale of funding for this project?

In 2024, the state allocated UAH 549 million for this project. Additional contributions were made from regional authorities, local communities, and businesses, raising the total budget to nearly UAH 800 million. With these funds, we managed to upgrade 88 workshops, and more than 25 additional facilities were established in cooperation with international partners. In some regions, local authorities implemented such workshops without any additional state funding.

What criteria are used to select cities and educational institutions to participate in this project?

Any vocational or professional pre-higher education institution, being funded from local budgets, can submit an application to participate in this project using the approved form. The application must be submitted to the institution’s governing body, which usually represents regional level authorities. At this level applications are prioritized and then sent to the Ministry of Education and Science. A ministry commission evaluates them based on a number of established criteria and selects the best ones.

What are these criteria?

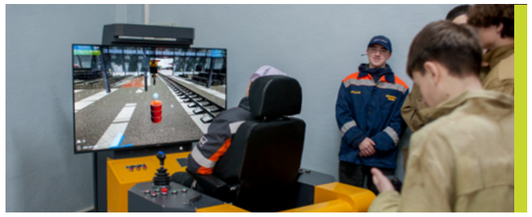
They take into consideration the number of students at the institution, its specialization in certain professions, experience of participation in similar projects, the priority of the profession, and the availability and amount of co-financing from different sources, etc. Next year, we plan to automate the selection process to the maximum possible extent, so that applications can be submitted through an electronic system that assigns scores immediately. The highest-scoring applications will receive the state funding.

How many institutions are participating in the “100 Workshops” project in 2025, and what equipment will they receive?

This year, 89 educational institutions are taking part in the project. They will get tractors, combine harvesters, welding equipment, and machine tools. Also, there will be more unique projects, such as a training center for nurses and a biochemical laboratory. With support from the Japanese Government, twelve educational institutions have already received agricultural machinery this year, including tractors, plows, and seeders. We also plan to complete our largest EU-funded projects by September. Among them, for example, will be the institution’s academic building in Rivne, which will house the first educational brewery.

You didn't mention the role of the business sector in the selection process for proposals to upgrade equipment at vocational education schools. Are its interests taken into account?

First, we only accept applications for a list of equipment that has been approved by an employer who cooperates with the educational institution and will later hire its graduates. Without this, the application is not even accepted for consideration. Second, we give priority to applications with support letters from multiple enterprises. Third, the highest scores are given to applications with co-financing from businesses and local communities. In other words, we do everything possible to ensure that the equipment purchased by the state matches to a maximum possible extent what employers actually use and reflects business needs.



Could you summarize a short action plan for an industrial enterprise that wants to partner with a vocational education institution to solve its workforce problem long-term?

The first step is to recognize that the labor shortage will become even more severe in five years. With this understanding, companies should begin searching as soon as possible for an educational institution that already trains specialists in the required fields. These could be vocational colleges. It is advisable to choose institutions of at least medium size — over 300–400 students for vocational schools and 500–600 for profession-related colleges. Next, the companies need to focus on the leadership and management of the institution, as people are key. Find an active team that sees opportunities and seeks partnerships for collaboration.

Are there any limitations for educational institutions on such collaboration?

We continuously encourage educational institutions to be as open as possible to employers. We also recommend companies to engage in curriculum development together with the institutional leadership, try to create additional training courses, and organize internships and site visits for students. After that, I would have gone further and tried to find other businesses in my community that need skilled employees, and to work together to improve training conditions, as well as submit an application for co-funding under the national "100 Workshops" project. It is also important to organize field trips to manufacturing facilities for 8th and 9th graders. That is how it is done all over the world. At the same time, there are certain legal restrictions; in particular, the property of these institutions cannot be privatized, and there are also restrictions related to anti-corruption laws and other regulations.

Finally, could you tell us about the Government's plans for reorganizing the network of vocational education institutions?

We are living in a time of demographic crisis. The birth rate is declining, and in the future the number of students will decrease significantly. Ukraine's educational institutions are designed for a much larger number of students than they currently have. We have around 600 vocational education institutions and more than 700 professional pre-higher education facilities. Buildings of institutions that now train 300–500 students were sometimes designed for several thousand. A major challenge will be bringing this network to an optimal size. For example, in cities like Zhytomyr, Chernihiv, or Lutsk, it would be sufficient to have one institution training specialists for the hospitality industry, another specializing in industrial needs, and another in construction, and so on. This would allow us to create one high-quality welding training center, one state-of-the-art training kitchen, etc. Currently, even in small cities, 4–5 institutions teach the same profession – and none of them is technically well-equipped. Therefore, the system will definitely undergo consolidation and optimization of educational institutions. And this process is already underway.

Infrastructure modernization #"100 Workshops":

Modernized
88 workshops

State funding allocated in 2024
UAH 549 million

Already opened
82 workshops

On May 2, 2025 the Government allocated subventions:

UAH 525 million

89 workshops

Planned for 2026:

UAH 1 billion

Source: According to data provided by the Ministry of Education as of Q3 2025.

EDUCATIONAL PATHWAYS FOR FUTURE ENGINEERS AND SKILLED WORKERS HAVE BEEN ESTABLISHED IN DNIPRO

"Technical Education Ecosystem" is the name of a joint project between the Dnipro City Council and Interpipe, which is being implemented at the city's schools at the initiative of Parliament Member Dmytro Kysylevskyi. The project's goal is to promote engineering and blue-collar professions among schoolchildren. To this end, two educational pathways have been developed and introduced to prepare children for work at industrial enterprises in Dnipro.

The first pathway involves a network of mechatronics labs — a discipline at the intersection of electronics, physics, and IT. During classes, children program robots and learn to control prototypes of real production lines. To this end, schools receive state-of-the-art German equipment. A city-wide mechatronics competition is held for school teams. Already at this stage, the top students are taken note of by Dnipro Polytechnic — a university interested in recruiting students for its technical departments. It is at the facilities of this university that school teachers who conduct mechatronics classes receive their training.

The second educational pathway is based on a network of modern vocational classrooms. New furniture, office equipment for the educational process, state-of-the-art milling, grinding, and sharpening machines, hand tools, and consumables — all of this is arranged and provided to help children develop a love for creating things with their own hands. Such vocational classrooms help students take their first step toward a skilled trade. City Vocational School No. 2, which has been modernized and equipped with a fleet of modern machines similar to those used at Dnipro's factories, is geared toward graduates of this network.

Both pathways ultimately lead graduates of vocational education institutions and the Polytechnic University to industrial enterprises, which are currently facing substantial labor shortages and are highly interested in the success of the project.

A MODERN WORKSHOP FOR MACHINE TOOL OPERATORS HAS BEEN OPENED IN LUTSK

A Training and Practical Center for modern materials processing technologies has been established at the Lutsk Higher Vocational School. It specializes in training general-purpose machine tool operators. The Center's curriculum and equipment are designed to closely mirror the production processes of modern enterprises. The institution can also provide training services for adults.

The school has already partnered with companies such as Modern-Expo (a manufacturer of retail equipment) and SKF-Ukraine (a bearing manufacturer). These companies have a continuous demand for machine tool operators, and graduates of the Lutsk vocational college are expected to fill this workforce gap.

In addition to businesses, establishment of the Training and Practical Center was financed by the Lutsk City Council, the Volyn Regional Military Administration, and the European Union through the Ukraine Facility program. The total cost of the project exceeded UAH 14 million. A major part of these funds was used to purchase a fleet of new CNC machines, including a screw-cutting lathe and milling, surface grinding, and drilling machines. This advanced equipment replaced the outdated machines from the 1950s–1960s that had been used previously.

Currently, the Lutsk Higher Vocational School is negotiating partnerships with other regional enterprises to support workforce training. The Training and Practical Center has the potential to attract companies from mechanical engineering, transport, food processing, woodworking, paper, rubber and plastics, furniture, textile, garment, mining, and chemical industries.

MADE IN UKRAINE

SUPPORT UKRAINE BY CHOOSING UKRAINIAN PRODUCTS: 3 VIVID EXAMPLES

The Government of Ukraine, in its communications with international organizations supporting our country during the war, consistently emphasizes the importance of placing orders with Ukrainian enterprises. When financial donors assist Ukraine by purchasing Ukrainian-made goods, the support is effectively provided twice. First, the recipient of such support receives necessary equipment such as transformers, demining machines, or other items. Second, manufacturers have the opportunity to utilize their capacities, provide jobs for their employees, and pay taxes.

Ukrainian industry has a sufficient number of high-capacity enterprises to manufacture all or almost all of the goods needed by local communities or other aid recipients — if only there were orders. Orders from international organizations to Ukrainian manufacturers are a model worth following.

Buses from Cherkasy for seven Ukrainian communities

The European Commission's External Action Service financed the supply of seven buses as part of the "Restoring Local Schools for Resilience" project, which will benefit seven Ukrainian communities. All seven vehicles were manufactured by the Cherkasy Bus enterprise. In this way, the European Union not only helps create safe and convenient conditions for children to return to in-person schooling, but also supports national mechanical engineering by helping Ukrainian factories maintain their production during the war.

Over 400 employees work at the Cherkasy factory, and the buses' localization rate reaches 60%. This means that dozens of Ukrainian enterprises are involved in the production chain. The Government's "School Bus" program has a similar goal, with UAH 2 billion allocated in the state budget for 2025.

Kharkiv demining machines from the UN for Ukrainian farmers

The United Nations World Food Programme (WFP) purchased three units to prepare soil for agricultural land demining. The machinery was manufactured at one of the Kharkiv enterprises. The first machine has already passed testing and was delivered to the pyrotechnic units of FSD, a Swiss fund that finances humanitarian demining operations. The other two units are currently in production.

Swiss partners note that purchasing Ukrainian machines represents not only support but also an economically efficient solution: the cost of one Kharkiv machine is UAH 5.6 million, while a foreign equivalent costs from €500,000 — roughly four times more expensive. Moreover, Ukrainian equipment has an additional advantage: its simple design allows it to be repaired directly at the site of operation.

Buses for Kharkiv from the UN

The United Nations Office for Project Services (UNOPS), with financial support from the Government of Japan, delivered three school buses to the Kharkiv City Council for transporting children to safe educational locations. Currently, the frontline city faces a shortage of such transport due to constant missile and drone attacks by Russian occupiers.

All three buses were manufactured in Cherkasy. Each of them accommodates 31 passengers. The transportation vehicle procurement is part of a larger project currently being implemented in Kharkiv with funding from the Japanese Government. As part of this project, basement premises in schools are being renovated and converted into basic shelters. After completion, over 1,300 students will be able to resume in-person learning.

Emergency repair vehicles from Cherkasy for Mykolaiv, funded by the World Bank

The city of Mykolaiv received 10 new Ukrainian-made emergency repair vehicles, purchased with World Bank funds for the local water utility company. Taking into consideration the ongoing missile and drone strikes, providing municipal utility agencies with the necessary machinery and equipment is a matter of vital importance.

The vehicles were manufactured by the Cherkasy company Spec-Kom-Service, operating under the Polycar brand. This enterprise is known for its customized approach to each order: on a universal chassis, they can install a crane manipulator, a mobile diving unit, or other specialized equipment depending on the client's needs.

EXPORT CREDIT AGENCY

170 exporters
supported by ECA

UAH 27.85 billion
Support for non-resource exports

Support for non-resource exports in 2024

UAH
5,7
billion

Support for non-resource exports in 2025

UAH
9,49
billion

Source: According to information provided by the Export Credit Agency as of Q3 2025.

ECA POLICY HELPED A RELOCATED MANUFACTURER OF BIOETHANOL FIREPLACES OBTAIN EXPORT FINANCING

High-tech bioethanol fireplace manufacturer Neverdark secured UAH 4 million in financing from Ukreximbank under the “5-7-9%” program using an Export Credit Agency (ECA) policy as a collateral. The funds were used to finance a contract for exporting bioethanol fireplaces to a dealer of the Ukrainian company in the Netherlands.

Neverdark is a Kyiv-based company that relocated to Chernivtsi after the start of the full-scale Russian invasion in 2022. The company primarily exports its products to European Union countries and is planning to enter the United States market. Foreign clients value the fact that bioethanol fireplaces operate on environmentally friendly liquid fuel, do not require chimneys, and can be controlled via a mobile phone.

From time to time, Neverdark undertakes orders for exclusive bioethanol fireplaces. In particular, it is known that the famous actor Brad Pitt placed an order for a ten-meter fireplace for his French house from the Ukrainian company Neverdark. The smart fireplace market in the world is growing by an average of 15% per year.

ECA HELPED VIVA SPECIAL-PURPOSE MACHINERY PLANT TO BEAT RUSSIANS IN THE MOLDOVAN TENDER

The VIVA special-purpose machinery plant, with the support of the Export Credit Agency, fulfilled a contract for the supply of garbage trucks to Moldova. The enterprise won an open tender in competition with a dealer of a Russian manufacturer. The ECA insured the contract, and the loan for it was issued by the state-owned Ukreximbank. It took about 2 months to issue a policy for the enterprise.

The object of insurance was the loan issued for the execution of the export contract. Financing from the bank was received in full even before the contract was executed. After changes introduced by the ECA to its product line, partner banks now accept policies not only for short-term loans (up to 1 year), but also for longer ones – up to 5 years.

VIVA special-purpose machinery plant produces dump trucks, garbage trucks, slurry tankers, sewage trucks, sewer cleaning trucks, sand spreaders, and water-washing machines. The enterprise has a full production cycle – from engineering development to the delivery of the finished products. The facility’s production volume is about 200 vehicles per year.

“IN THE NIGERIA CASE, PAYMENT TO THE UKRAINIAN EXPORTER WAS MADE WITHIN 10 DAYS”

Ruslan Hashev,
ECA Chairman of the Board

The Export Credit Agency’s development strategy aims to transform it into the primary financial hub for supporting exporters within the state infrastructure. To achieve this status, the ECA is actively introducing and modernizing its services for exporters. Ruslan Hashev, Chairman of the ECA’s Board, spoke about these initiatives.

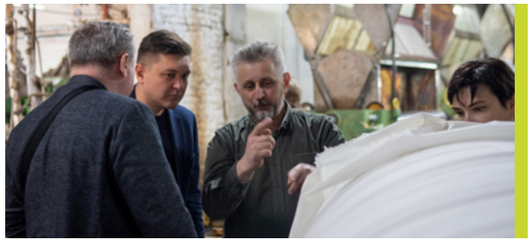
What support instruments does the ECA currently offer?

The Export Credit Agency (ECA) of Ukraine offers tools to support businesses that are already engaged in export activities, as well as instruments for exporters’ investment projects and solutions for potential exporters — that is, businesses that are only planning to enter global markets with their goods and services.

For clients who are already exporting, the ECA offers insurance for loans issued by partner banks. Currently, there are eleven such banks. These loans can be used to purchase raw materials, equipment, or other resources needed to produce goods under an export contract. Such a loan can be insured in one of two ways: within a bank portfolio — when this is a standard agreement and the amount is relatively small — or on individual terms — when this is a specialized project or the amount exceeds UAH 20 million.

The ECA also insures three types of bank guarantees: advance payment refund guarantees, performance guarantees, and tender guarantees.

For companies that have sufficient working capital for export operations but are entering new markets or starting cooperation with new counterparties, the ECA can insure the export contract itself. This is particularly relevant for cases when the contract provides for deferred or installment payments. In practical terms, this serves as trade credit insurance for the exporter.



A separate group of products is aimed at supporting investments in export-oriented enterprises. Since borrowed funds are the main source of financing for any investment project, we provide insurance for investment loans issued by Ukrainian banks. An ECA insurance policy can serve as an acceptable form of collateral in cases where pledged assets are insufficient. Currently, we insure only war and political risks, but we are working to expand this list.

If, however, an investor plans to invest their own funds in expanding production or increasing the authorized capital, we can also insure such direct investments. Moreover, this applies to both Ukrainian and foreign investors — there are no restrictions in this regard.

What are the current ECA policy rates and what factors do they depend on?

Under the portfolio loan insurance program, a fixed rate of 0.6% applies. For all other insurance products, the rate is calculated individually. It primarily depends on the level of risk in the importing country: the higher the risk of non-payment or political instability, the higher the rate will be. The financial condition of the exporter, the reliability of the counterparty (which we assess independently), and the terms of the contract itself are also taken into account. The average rate across our portfolio currently stands at 1.3%. This is relatively low — both compared to market rates of other insurance companies and to the costs of arranging traditional loan collateral. Therefore, using an ECA insurance policy as collateral for a loan is a beneficial and efficient tool for businesses.

How often do you have to make insurance payouts to exporters, and within what timeframes are they made?

So far, we have had only one case of an insurance payout. The exporter’s counterparty was located in Nigeria. In general, payment timelines depend on the terms of the specific insurance contract, as well as on the actions of the parties involved — both the policyholder and the counterparty. Therefore, the timeframe may vary in each case. At the same time, our specialists do everything possible to ensure the process is as fast as possible. In the mentioned case, only ten days passed between the ECA’s decision to pay and the actual transfer of funds to the account.

Should we expect the introduction of new instruments to support exporters or modernization of existing ones?

The ECA continuously works on improving its existing products. We carefully and thoroughly analyze feedback and requests from exporters and banks to ensure our services remain relevant, effective, and truly useful for businesses. For example, we are currently developing a “boxed” product for insuring foreign trade contracts. Its key feature is a streamlined procedure: the rate will be determined mainly based on the risk level of the importing country, without an in-depth assessment of each specific contract parameter. This format is widely used abroad but will be new for the Ukrainian ECA. The product will target smaller contracts — up to UAH 400,000.

In 2024, the ECA supported 69 exporters, with a total value of export contracts amounting to UAH 7.53 billion. Do you consider this volume sufficient?

We do not consider these volumes sufficient for the full-fledged development of Ukrainian exports. However, it is a quite significant result given our current capital, its structure, and existing regulatory constraints — particularly restrictions from the National Bank of Ukraine and still unresolved issues related to currency control. We are continuously working to remove these barriers.

The Ministry of Economy of Ukraine has announced plans to increase the capitalization of the Export Credit Agency (ECA) by UAH 5 billion to scale up its activities. What are the sources, and at what stage is the implementation of this decision?

The increase in ECA capitalization has been foreseen in the Agency’s Development Strategy, which was designed jointly with the World Bank and approved by the Supervisory Board in June 2024. We have already begun its implementation. It is not just about a fixed amount, but about how exactly the volume and structure of the Agency’s capital will be optimized. Various approaches are possible here: a direct increase in statutory capital, provision of a state guarantee for the relevant amount, attracting an investor, and allocating funds from the state budget or international donors, as well as issuing Domestic Government Bonds (DGB). The most acceptable and strategically appropriate option for us remains increasing the capital. We are in active dialogue with our shareholder to find an effective mechanism for implementing this decision.

Last year, the Export Credit Agency gained the ability to insure direct investments, as well as investment loans from Ukrainian banks against war and political risks. What are the prospects for these instruments?

We have already implemented two cases of insuring investment loans and see substantial potential in this instrument. At the same time, in order to scale up this area, legislative changes are required — relevant amendments have already been developed and passed the first reading in the Parliament. First and foremost, the issue is that insurance of investment loans should cover not only war and political risks, but a much broader range of risks. This is a crucial moment because bank credit scoring takes into consideration all risks of non-repayment — not just war and political ones. For ECA insurance to remain an effective form of collateral, it must meet these expectations.

As for direct investment insurance, we currently have one potential deal under development. There are no legislative barriers to using this instrument; however, investors themselves have not yet been very active in using this option. Therefore, at present, we are focusing primarily on insuring investment loans as a product that is more in demand in the market.

MADE IN UKRAINE

State Program

INDUSTRIAL PARKS AS A SITE FOR DEVELOPMENT OF INDUSTRIAL ENTERPRISES

An industrial park is a land plot designated for industrial use, where infrastructure has been provided at the expense of the state or local community. In addition, a number of financial and fiscal incentives are available within its territory.

According to the Ministry of Economy, Environment, and Agriculture of Ukraine, as of September 2025, a total of 104 industrial parks were registered in Ukraine.

INDUSTRIAL PARK – THE READY-MADE STARTING GROUND TO LAUNCH INDUSTRIAL PRODUCTION

- a prepared plot of land with the required area
- quick connection to networks and utilities, ready-made industrial infrastructure
- availability of ready-made industrial buildings
- better business case due to tax, customs, and financial incentives

TAX AND FINANCIAL INCENTIVES FOR INDUSTRIAL PARK PARTICIPANTS

- Exemption from import VAT and customs duties for equipment
- Exemption from corporate income tax for 10 years, subject to reinvestment of released funds
- Right of the community to provide local tax benefits
- Financing from the budget for infrastructure arrangement

239 MW
of electrical power for connection

745 thousand m²
of available industrial buildings

WATER, GAS, SEWERAGE, MOTORWAY, RAILWAY TRACK

* as of September 2025

More details are available on the website:
madeinukraine.gov.ua/industrialni_parky_2024.pdf

“WHEN BUSINESSES SEE THAT THE RULES OF THE GAME ARE BEING ESTABLISHED FOR YEARS AHEAD, IT CREATES AN INCENTIVE TO BUILD AND DEVELOP”

Vladyslav Yeremenko,
CEO at Friendly Wind Technology

The industrial park has radically transformed the Zakarpattia town of Perechyn, turning it from a subsidized province into a financially self-sufficient community and a developed industrial center. The mechanical engineering company Friendly Wind Technology was relocated from Kramatorsk, bringing with it a production culture previously uncommon for the region. The company’s CEO, Vladyslav Yeremenko, shared the development plans for the park.

Friendly Wind Technology chose Zakarpattia region as its new location and initiated the creation of an industrial park. What factors influenced this decision?

After the full-scale invasion, there was almost no time for reflection or long-term business strategies, especially when operating in frontline Kramatorsk. Decisions had to be made quickly — what next and where to move? We received various relocation offers, including the ones from several European countries. However, the company’s shareholders made a principled decision: we stay in Ukraine. This was both an emotional and a strategic choice. Friendly Wind Technology is the only manufacturer in Ukraine producing wind energy installations of a multi-megawatt category. Therefore, it is quite logical that our presence here is not just about business, but also a contribution to Ukraine’s energy security in difficult times. Why did we choose Zakarpattia region? First, it is the safest region in Ukraine. Second, geographically it is closest to EU markets — and such proximity is a critical issue for logistics. Third, we received full support from local authorities. This is where our new story began — not just of a relocated factory, but of the first industrial park in Ukraine fully focused on energy mechanical engineering.

Do you plan to take advantage of the tax and customs incentives available to residents of industrial parks in Ukraine as part of your business development?

Absolutely, and we are already doing so. Only six months had passed from the launch of construction of the new wind turbine production facility to the official registration of the park. The procedure was indeed fast and streamlined, as declared by the state. Today, support for industrial parks is provided in several key areas: state funding for industrial infrastructure, tax and customs incentives. We have also already benefited from compensation for grid connection costs. This significantly eased infrastructure challenges for us, as launching such a large-scale production base requires considerable investment in arrangement of all utilities and communications.

Currently, this is the only industrial park in Ukraine focused exclusively on energy mechanical engineering. What are the plans concerning its development?

Our goal is to create a full-fledged wind energy cluster here: from manufacturing components to servicing and workforce training. Very soon, Ukraine’s energy mechanical engineering will get a new boost — serial production of Ukrainian-made

blades for wind turbines will begin at the park's territory for the first time! We are also actively developing our logistics division, Friendly Logistic company, which operates a unique modern automobile fleet for implementation of wind energy projects and transportation of oversized machinery and equipment. By the way, for developing this logistics business, we used the state lending program "Affordable Loans 5–7–9%" through Oschadbank. In the future, we plan to establish a training center for bringing up our own specialists. In this way, our industrial park acts as a multiplier: one anchor company creates conditions for the emergence of multiple related undertakings.

Zakarpattia region is not an industrial center of Ukraine. How are you generally managing to address staffing and infrastructure issues?

This is indeed one of the main challenges. Zakarpattia region did not have large industrial sites and was not traditionally oriented toward the specialties we need today. We actually built our production facilities virtually from scratch. The local authorities provided a land site for the industrial park, and we are purchasing some additional plots for construction from private owners. At the same time, we are developing infrastructure — not only the industrial, but also the social one. In particular, we construct residential buildings for employees, including internally displaced persons. Some of our experts relocated together with the production lines from Kramatorsk — they have now become mentors for many local workers. We searched for specialists across the entire country, and our team's geography covers almost all of Ukraine. At the same time, we focus on attracting local youth. To do this, we are establishing collaboration with regional higher education institutions, including Uzhhorod National University, as well as the Perechyn Vocational Lyceum.

Tell us more about cooperation with the local vocational institution.

Today, about 25% of our workforce consists of local residents, and this figure will continue to grow. Last year, in cooperation with the Perechyn Vocational Lyceum, we introduced a new specialty — a CNC machine operator. The first group of youngsters is already studying and has the opportunity to complete internships at our production facilities. However, we are not limiting ourselves to just one specialty. Our strategy is to create a staff training system that not only meets our internal needs but also stimulates the development of the entire region.

The company intends to expand its workforce to 2,000 employees. Is it realistic to find them in Perechyn?

We understand that the Perechyn community alone cannot provide the full staffing capacity required for several hundred new employees. We are already actively recruiting workers from Uzhhorod and other settlements in the region. Building teams does not happen in a day or even a year — it is an ongoing process. We are also confident that systematic and targeted work with educational institutions will yield results. Creating comfortable working and living conditions will help us build an environment where people want to work and stay. We strongly believe that projects like this have the potential to transform the regional economy.

What is the current status of the production of wind turbines for the wind farm in the Nyzhni Vorota community? Have the issues raised by environmentalists been resolved?

The construction of the first wind power plant in Zakarpattia, in the Nyzhni Vorota community, is at the final stage. Its total capacity is 80 MW, and this will be enough to supply clean electricity to nearly 50,000 households and reduce CO_2 emissions by about 200,000 tons annually. All 16 wind turbines — except one (which was relocated) — were manufactured in Zakarpattia region. Initially, we encountered some fears and misunderstandings on the part of the local community and environmental activists, who were concerned about the potential negative impacts of wind farm construction and operation. However, we transparently completed all required procedures, including obtaining a positive Environmental Impact Assessment (EIA), and adapted transportation routes and installation processes. Throughout the entire project implementation process, we have been actively working to fulfill our social commitments to the community. After the launch of the first wind turbine, when people saw real results, attitudes changed. We signed a Social Partnership Agreement providing for 3% of electricity sales revenue to be allocated for local infrastructure development. As of May, payments have already exceeded UAH 1.5 million (and this figure does not take into account other tax revenues). Additionally, grid upgrades have enhanced electric energy availability in the region. We also built a new substation worth €7 million, investing in energy security. As a result, after overcoming initial challenges, everyone saw more benefits from the project than inconveniences during the construction phase.

The company planned to launch blade production in 2025. What stage is this project at now? Please share the details.

We actually are on the home stretch. We expect that by the end of the first half of the year, wind turbine blades will, for the first time in history, carry the "Made in Ukraine" label. This is, without exaggeration, a real and major technological breakthrough for the industry. The workforce for this production facility has already completed training. By the way, the vast majority of them are local specialists. The test launch of the main mold for blade manufacturing was successful. Serial production of such blades will enable deepening the localization of Ukrainian wind turbine manufacturing and open new opportunities for the development of wind energy industry and strengthening the country's energy security.

What were the production results of the new factory in 2024, and what are the plans for the coming years?

In 2024, operations of the industrial park enterprises generated over UAH 150 million in taxes, more than UAH 100 million of which went to the local budget. About 1,500 jobs were created — and this is not the limit. We are building the first 13 houses for employees, particularly for internally displaced persons. This is the first step in a large program to improve living conditions for our staff. In terms of production, we have already reached a capacity of 30 wind turbines per year. However, this is not sufficient to meet current challenges. Therefore, by early 2026, we plan to launch additional production lines, which will allow us to achieve the rate of 100 wind turbines per year. Our ambitious five-year plan includes implementing wind energy projects in Zakarpattia region with a total capacity of 1.5 GW of green energy.

How do you generally assess the effectiveness of the Government's "Made in Ukraine" policy?

The very fact that we are still here is already the answer. The localization policy has begun to deliver real results. When businesses see that the rules of the game are being established in Ukraine for years ahead, it creates an incentive to build and develop. Of course, we would like to see more practical tools: affordable financing, compensation of capital expenditures, and export support. But the trend is already there — and we are part of it.

MADE IN UKRAINE: POLICY FOR THE DEVELOPMENT OF UKRAINIAN MANUFACTURERS

“Made in Ukraine” is a policy for the development of domestic manufacturers announced by the President of Ukraine, Volodymyr Zelenskyy. Its three key components are the development of domestic production, attracting investment into the real sector of the economy, and promoting non-resource exports. Each component includes a range of programs and instruments.

DEVELOPMENT OF DOMESTIC PRODUCTION THROUGH STIMULATING DEMAND FOR UKRAINIAN GOODS FROM THE STATE, PRIVATE SECTOR, AND COMMUNITIES

Localization in public procurement

The requirement for a local origin component in public procurement applies to railway machinery, public transport vehicles, municipal utility and special-purpose equipment, and energy equipment. In 2024, the required local content rate is 20%, while in 2025 it will rise to 25%, followed by an annual increase of 5% to reach 40%.

Catalog of Ukrainian machinery for communities

A convenient tool for purchasing construction, municipal utility, and special-purpose machinery, as well as mounted equipment. Available in Ukrainian and English.

Catalog of Ukrainian agricultural processing machinery and equipment

A tool for agricultural enterprises and food producers aimed at facilitating the transition of the agricultural sector from a raw-material model to a processing-based model. Available in Ukrainian and English.

25% compensation for the cost of Ukrainian agricultural machinery and equipment

A Ukrainian farmer purchasing domestically produced agricultural machinery receives 25% compensation of its cost from the state.

15% compensation for the cost of Ukrainian machinery and equipment

A private buyer of energy equipment, construction and municipal utility machinery, elevators, and public transport vehicles receives 15% compensation from the state for such machinery and equipment, provided they are manufactured in Ukraine and have at least 40% local content.

School Bus

A co-financing subvention program for communities to purchase school buses addresses several objectives simultaneously. Communities get transportation vehicles for delivering children to and from schools, while Ukrainian manufacturers receive orders.

National Cashback

This program is a form of financial support for citizens provided by the state. Eligibility requires the purchase of Ukrainian-made goods. 10% of the product cost is reimbursed to the consumer’s bank card. Accumulated funds can be spent on services. The National Cashback program aims to make Ukrainian goods the first choice for consumers.

eOselya

Affordable mortgages help citizens obtain their own housing. In addition, they are an important driver of demand for construction materials, as only primary real estate is financed.

ATTRACTING INVESTMENT INTO THE REAL ECONOMY SECTOR THROUGH ACCESS TO FINANCING, INDUSTRIAL INFRASTRUCTURE, AND INCENTIVES

Grants for manufacturing industry development

A manufacturing industry enterprise can receive up to UAH 8 million from the state to upgrade its equipment fleet. Conditions include 50/50 co-financing and the creation of at least 5 jobs.

Recovery grants

The program provides grants of up to UAH 16 million for enterprises damaged as a result of Russian aggression.

Affordable loans 5–7–9

5·7·9 доступні кредити

Manufacturing industry enterprises can obtain up to UAH 150 million for investment purposes at low interest rates. In 2023, this program accounted for more than 80% of all business lending in Ukraine.

Industrial parks

For potential investors, industrial parks address a number of key needs: designated industrial land, connected utilities, available industrial buildings, and a stronger business case due to tax and customs incentives.

Support for projects with significant investments

A package of state support measures is available for investment projects starting from EUR 12 million, allowing compensation of up to 30% of invested funds. These include compensation for the cost of construction of engineering and transport infrastructure and connection to utilities, reimbursement of forestry-related losses, as well as investment compensation through taxes — import duty, import VAT, and corporate income tax.

War risk insurance

Instruments for insuring war risks are available to both foreign and Ukrainian investors. Foreign companies can insure investments against war risks through MIGA and DFC. Ukrainian investors have access to such insurance policies through the Ukrainian Export Credit Agency. Foreign ECAs also provide insurance for the purchase of equipment originating from their respective countries.

Simplification of land use change procedures

A law has entered into force allowing a simplified procedure for changing the designated use of agricultural land outside populated areas. Instead of 1–2 years, the new procedure takes approximately 1.5–2 months.

PROMOTION OF NON-RESOURCE EXPORTS THROUGH EXPANDED MARKET ACCESS AND EXPORT FINANCING

National stands at international exhibitions

The opportunity for Ukrainian manufacturers to participate in international exhibitions on preferential terms within Ukraine’s national stand.

ECA products

ECA UA Export Credit Agency

Financing from partner banks of the Export Credit Agency without a collateral. Through this program, the ECA facilitates Ukrainian exporters’ access to export loans under a simplified procedure and provides protection to banks against the risk of exporter’s loan repayment default.

Expanding access to markets

Partner countries, in light of the ongoing Russian aggression, grant duty-free access to their markets for Ukrainian goods.

Separate areas within the policy include a network of “Made in Ukraine” offices to support micro and small businesses.

An information campaign is being implemented to promote Ukrainian products. A platform has also been created for meetings between manufacturers and the country’s leadership to discuss pressing issues.

MADE IN UKRAINE

More details about the programs are available on the website:
madeinukraine.gov.ua

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The following contributed to the preparation of the materials: Serhii Syrovatka, Oleksandr Rusanov, Alena Atamaniuk, Olha Khryniuk, and Oleh Tereshchenko.

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