

# Alona Lebedieva: Localization as an Opportunity for the Economy – If Abuses Are Stopped

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/EINPresswire.com/ -- For the first time since the introduction of the public procurement law with localization requirements, Ukraine's Ministry of Economy has applied the mechanism for expanding the list of goods subject to these requirements. The initiative responded to requests from businesses — Ukrainian manufacturers submitted applications for 25 new product types. These include elevators, tractors, workwear, lighting equipment,

cable products, large-diameter pipes, and other equipment that is mostly already produced in Ukraine but was not previously covered by localization obligations.



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The relevant parliamentary committee has already supported this move, paving the way for the Cabinet of Ministers to adopt the corresponding resolution. Currently, localization applies to 103 product categories in four sectors of mechanical engineering — railway, municipal transport, utility equipment, and energy machinery. According to the law, the level of Ukrainian-made components must increase from 10% to 40% over ten years. In 2025, the minimum threshold is set at 25%.

Alona Lebedieva, owner of the multi-profile industrial and investment group Aurum Group, believes that the business request to expand the list of localized goods is a positive signal, but it must go hand in hand with stronger enforcement:

“We see that business not only supports localization policy — it wants to be more actively involved in it. This confirms the demand for this tool. But the list alone is no guarantee of change. If the government does not ensure compliance with the law, if there are no real consequences for violations, localization will remain a beautiful idea without actual impact,” says Lebedieva.

Despite the clear requirements of the law, the current state of public procurement is controversial. According to experts, in 2023 Ukraine spent over 1 trillion UAH on public procurement. Around 40% of this amount was used to purchase imported goods — even in cases where domestic alternatives were available on the market.

“When the state spends billions on imports, it’s not just lost taxes. It means lost production chains, lost jobs, and lost investments that could have stayed in Ukraine. Localization is not just about procurement. It is about building economic sovereignty in the long term,” Lebedieva emphasizes.

“The population decline due to war is one of the biggest challenges for post-war recovery and economic growth. And importing goods that can be effectively produced in Ukraine is effectively exporting jobs. There’s no reason to expect Ukrainians to return if orders are going to foreign producers instead of boosting domestic industry,” she adds.

An additional threat comes from the practice of formally complying with the law. According to industry representatives, numerous schemes to circumvent localization still exist in Ukraine — from understated cost calculations to artificially registering imported goods as localized and disguising imports as service provision.

“Sometimes imports are masked so ‘legally clean’ that there’s no formal violation, but the essence of the law is completely undermined. It is especially painful to see large state-owned enterprises take advantage of this. They should be setting an example of compliance, not looking for loopholes,” Lebedieva notes.

Another important issue is the effectiveness of public procurement. For large state-owned companies, it is reasonable to implement a system of Key Performance Indicators (KPIs) in procurement. This means making it mandatory to analyze and assess the outcomes of procurement activities based on KPIs. If procurement results do not meet the established KPIs, organizations should be required to revise their procurement approach. Such KPIs should be approved by the higher government bodies overseeing the relevant state-owned companies.

Separately, Alona Lebedieva draws attention to tender requirements that create artificial barriers for Ukrainian manufacturers. Tender documentation often includes criteria that no Ukrainian-made product can meet. As a result, the tender is won by a foreign company — and the state once again acts as a donor to foreign economies.

“What does this mean in practice? That instead of stimulating domestic production, we are financing employment in third countries. If we want Ukraine not only to survive but to become stronger — localization must function as a system, not as an exception,” Lebedieva explains.

Nevertheless, according to her, if implemented correctly, localization policy can become a driver of economic transformation — stimulating deeper processing, boosting exports of high value-

added products, and opening up prospects for the return of labor migrants.

“We need a full set of solutions — clear rules, stronger powers for oversight bodies to ensure compliance with localization legislation, real accountability for violations, accessible loans for manufacturers, and direct support for companies with high localization levels. Especially in energy and mechanical engineering — the sectors where core production competencies are formed,” Lebedieva concludes.

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