



**DOMINANCE OF CERTAIN  
SUPPLIERS IN THE PROCUREMENT OF  
TACTICAL EQUIPMENT  
FOR THE AFU**



# DOMINANCE OF CERTAIN SUPPLIERS IN THE PROCUREMENT OF TACTICAL EQUIPMENT FOR THE ARMED FORCES OF UKRAINE

## WHAT IS PROPOSED TO AMEND?

The Ministry of Defence of Ukraine (UMOD) is recommended to:

- Conduct a comprehensive **market and production capacity assessment** of current and potential suppliers (manufacturers) during the development of the List and Volumes of Procurement, and to conduct quarterly monitoring to ensure the sustainability of the procurement process. This assessment should be carried out with the active participation of the Ministry of Economy and all relevant stakeholders.
- Adopt a new **methodology for developing and reviewing technical specifications** for non-lethal goods. Technical specifications should not contain any images that may infringe the intellectual property rights of other companies. Instead, they should include alternative versions of key provisions. This would, firstly, eliminate the possibility of creating artificial restrictions that could favour certain suppliers and, secondly, prevent the production of goods in the same category with significantly different quality and price.
- **Digitise and adapt for foreign clients** the entire process of certification of samples of logistics goods. This should include a single window for applying, electronic communication, business intelligence, and analytics of results in order to simplify the entry into the auction for new national and foreign companies.
- Develop and implement a **methodology for setting and revising the indicative price** of goods. This should be based on two key steps: first, market consultations with suppliers to gain insight into current trends, pricing factors and potential fluctuations in price; and second, determining the average market price to ascertain the overall price level and identify any anomalies or deviations.

The State Logistics Operator (DOT) is recommended to:

- Introduce **regular pre-tender consultations** with current and potential market participants. This would enhance competition, allow for an assessment of the market and the production capacities of suppliers.
- Initiate, jointly with representatives of the Armed Forces of Ukraine (AFU) and other relevant authorities, the **development and review of the process of certification of reference samples** of potential participants and approval of technical specifications.
- **Divide procurements into multiple lots** with a limited quantity of goods. This would help to attract more participants to the tender process and allow the procurement to be carried out even if one supplier is unable to supply the entire order.

## CONDITIONS AND CONSEQUENCES OF THE EMERGENCE OF DOMINANT SUPPLIERS OF TACTICAL EQUIPMENT

Certain suppliers dominate the centralised procurement of some equipment for the AFU. In the 2023-2024 period, dominant suppliers were contracted for more than 50% of the goods from the UMOD's Resource Support Department (UMOD RSD) and DOT in categories such as footwear, bulletproof vests, helmets, headsets and tactical goggles.

From StateWatch's perspective, this situation is the result of shortcomings in strategic procurement planning that have been ongoing since 2014. The main issues include:

- **lack of equal conditions for all bidders**
- **an insufficiently competitive environment**
- **a lack of development in national production capacity in the defence industry**

In particular, some categories of military equipment, such as tactical headsets, have not been produced in Ukraine. In addition, the UMOD's reliance on a single supplier for certain types of goods (e.g. bulletproof vests and footwear) has led to an almost complete lack of competition in tenders.

It is worth noting that regular contracts with the UMOD allowed the leading bidders to considerably increase their production capacity in comparison to their competitors. This has further reinforced their dominance in the logistics procurement market.

# DOMINANCE OF CERTAIN SUPPLIERS IN THE PROCUREMENT OF TACTICAL EQUIPMENT FOR THE ARMED FORCES OF UKRAINE

The rapid growth in the number of AFU after the start of the full-scale invasion created additional significant challenges for the UMOD logistics system. This situation caused a number of problems. Firstly, even large national manufacturers are often unable to fully meet the needs of the AFU. Secondly, smaller companies face obstacles in obtaining the necessary documentation from the UMOD or do not have sufficient production capacity to compete effectively.

**Consequently, the AFU are critically dependent on a limited number of suppliers for certain categories of goods.** This has resulted in the systematic cancellation of tender procedures due to a lack of competitive bids, which has caused significant disruptions in the supply of strategically important goods to the AFU.

The main reasons for the emergence of dominant suppliers are:

- ineffective strategy to enhance competition
- technical specifications with discriminatory requirements for certain goods
- restrictive requirements for tender documents
- sub-optimised certification process for reference samples
- continued contracting of one manufacturer leading to an increase in its production capacity
- insufficient development of national production of certain categories of goods

## STATEWATCH MONITORING RESULTS

StateWatch think tank conducted a monitoring of suppliers of tactical equipment to the AFU. The purpose of the monitoring is to identify dominant suppliers in order to further develop recommendations for market expansion.

<b>Research Object:</b> _____ →	Six categories of goods: footwear, bulletproof vests, helmets, tactical goggles, headsets and gloves
<b>Period:</b> _____ →	June 2023 - May 2024
<b>Ordering Entities:</b> _____ →	UMOD's Resource Support Department (UMOD RSD) and State Logistics Operator (DOT)
<b>The monitoring identified 4 companies with signs of dominance:</b> _____ →	TEMP-3000 LLC – bulletproof vests and helmets Talanlegprom LLC – footwear KM Disti LLC – tactical goggles Sewing Factory GALANT LLC – headsets

The share of contracted goods from these companies is equal to or greater than 50% based on the procurement results. It should be noted that no single supplier has been identified as dominant in the gloves category.

## MONITORING METHODOLOGY

The monitoring was conducted using publicly accessible information from the Prozorro e-system. The sample was limited to those suppliers for which procurement data was published in the aforementioned system during the period between 2023 and 2024. A portion of the data on non-lethal procurement by the UMOD for the period between 28 February 2022 and 23 April 2023 was removed from Prozorro. This information was subsequently made public only in part. Some procurement procedures in 2023-2024 were conducted without the use of Prozorro as defence procurement, which also affects the comprehensiveness of the data.

The monitoring was conducted over two main periods: **(1) June to December 2023: the analysis of UMOD RSD tenders;** **(2) January to May 2024: the analysis of DOT tenders.** It is noteworthy that since December 2023, DOT has become the primary procurer of non-lethal goods for the Armed Forces of Ukraine.

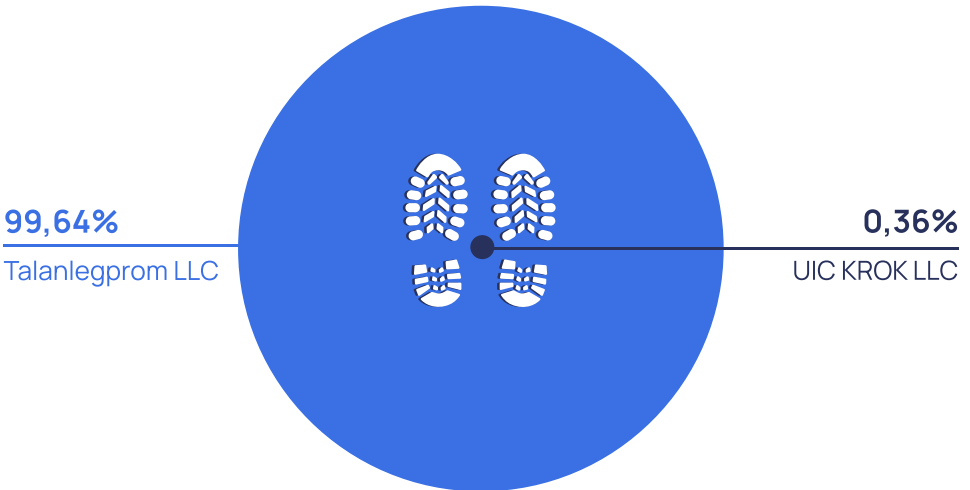
A supplier with signs of dominance is considered to be the winner of the tender with a share of 50% or more in the quantity of contracted goods based on the results of procurement by the UMOD RSD and DOT between June 2013 and May 2014.

# FOOTWEAR (CPV CODE 18810000-0, 18815100-6)

---

The analysis of footwear supplies to the AFU revealed a significant imbalance in the distribution of contracts. In the category of **"summer and winter boots"**, there is a near-total dominance of one supplier: Talanlegprom LLC – 99,64% of the market, UIC KROK LLC – 0,36% of the market.

The monopoly position of Talanlegprom LLC can be attributed to the specific requirements set forth by the UMOD in its technical specifications. The key condition that effectively restricts competition is the requirement for all bidders to display the logo of the Talan Corporate Group on their footwear. This requirement has been in place for winter and demi-season footwear since at least 2015,<sup>1</sup> and for summer footwear since 2020.<sup>2</sup>



The aforementioned specifications resulted in the imposition of artificial restrictions on the participation of other companies in footwear tenders. In contrast, Talanlegprom LLC was awarded a series of systematic and long-term contracts from UMOD RSD, which enabled the company to expand its production capabilities. Consequently, Talanlegprom has become a crucial supplier of footwear to the AFU since the onset of the Anti-Terrorist Operation/Joint Forces Operation.

In March 2022,<sup>3</sup> the Central Directorate for Development and Maintenance of Material Support of the AFU (Directorate) amended the technical specification for winter military footwear. The revised technical specification "Winter boots with high ankle" incorporated a sole pattern featuring triangular elements that were analogous to the Talan boot logo. Concurrently, the technical specifications from 2020 remained applicable to summer footwear, which also exhibited a sole pattern bearing resemblance to the Talan logo.

---

1. Technical specifications of the UMOD: Combat boots with high ankle with moulded sole attachment method dated 15.04.2015: [https://www.mil.gov.ua/content/other/TO\\_boots\\_watermark.pdf](https://www.mil.gov.ua/content/other/TO_boots_watermark.pdf)

2. Technical specifications of the UMOD: Summer boots dated 14.08.2020: [https://www.mil.gov.ua/content/ddz/TY\\_2020/TS\\_CHEREVYKL\\_LITNL\\_OSTATOCHNA.pdf](https://www.mil.gov.ua/content/ddz/TY_2020/TS_CHEREVYKL_LITNL_OSTATOCHNA.pdf)

3. Technical specifications of the UMOD: Winter boots with high ankle dated 12.03.2022: [https://www.mil.gov.ua/content/ddz/TY\\_2022/TS\\_cherevyky\\_z\\_vysokymy\\_bertsyamy\\_zymovi\\_2022.pdf](https://www.mil.gov.ua/content/ddz/TY_2022/TS_cherevyky_z_vysokymy_bertsyamy_zymovi_2022.pdf)

# FOOTWEAR (CPV CODE 18810000-0, 18815100-6)




The revised technical specifications prompted a negative response from business representatives and the volunteer community. Despite the criticism, the Directorate officials did not modify the specifications. Instead, they published a letter<sup>4</sup> from Talanlegprom LLC on the UMOD website, which permitted the reproduction of the tread pattern on the sole of the boots for the AFU.

"At the same time, Talanlegprom Limited Liability Company does not object to the replication, manufacture and copying by other manufacturers (suppliers) within the technical specifications for 'Summer Boots' TS A01X.45279-267:2020(01) and 'Winter Boots with High Ankle' TS A01XJ.14755-362:2022(01) of the sole protector pattern as part of the supply of footwear for the Defence Forces of Ukraine," the letter of 14 September 2023 reads.

Since April 2024, the situation at the DOT tenders has begun to change. In addition to Talanlegprom LLC, other suppliers began to participate in the bidding process. However, they were unable to secure a contract due to the lack of a certificate of completion of similar contracts.

The technical specifications set by the Directorate continue to impose artificial restrictions on competition in the bidding process. Nevertheless, the price of Talan's footwear remains cost-effective for the needs of the AFU.

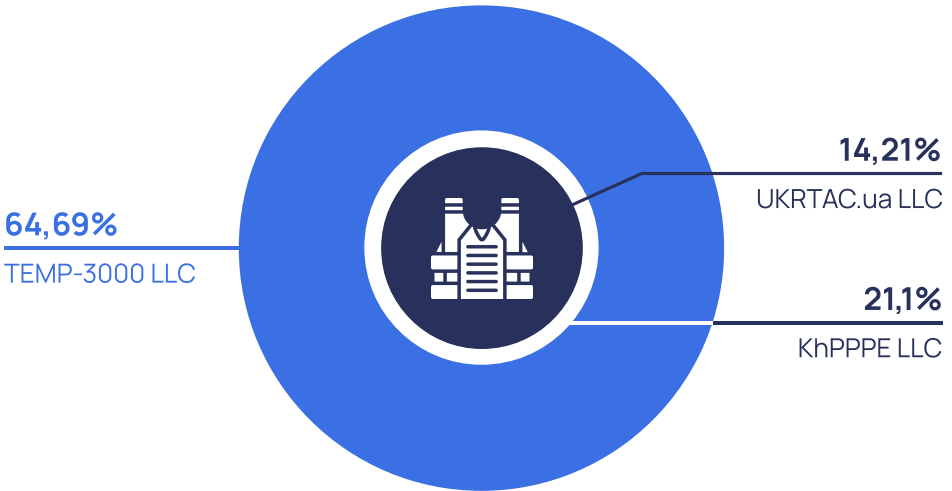
Supplier	Ordering Entity	Goods	Average price, UAH	Quantity of goods	Total contract value, UAH
Talanlegprom		Summer boots	1,891.97	101,440	191,921,233.92
		Winter boots with high ankle	2,250	25,000	56,250,000
	DOT	Summer boots	1,965.42	446,960	878,465,600
		Winter boots with high ankle	2,136.50	440,000	940,060,000
<b>Talanlegprom LLC Total:</b>				<b>1 013 400</b>	<b>2 066 696 833,92</b>
UIC KROK	DOT	Summer boots	1,967.50	3,700	7,279,750
<b>Procurement Total:</b>				<b>1,017,100</b>	<b>2,073,976,583.92</b>

4. Letter of permission from Talanlegprom LLC dated 14.09.2023: [https://www.mil.gov.ua/content/ddz/TY\\_2024/TALANLEGPROM.pdf](https://www.mil.gov.ua/content/ddz/TY_2024/TALANLEGPROM.pdf)

## BULLETPROOF VESTS (CPV CODE 35811300-5)

---

In the **"bulletproof vests"** category, the situation is similar to the footwear market. There is also a dominant supplier here – TEMP-3000 LLC, which received 64.69% of the total volume of orders. Other bidders are significantly inferior to the leader in terms of the volume of ordered goods. Kharkiv Plant of Personal Protective Equipment (KhPPPE) LLC received orders for 21.10% of the goods, and UKRTAC.ua LLC received 14.21%.



The dominance of TEMP-3000 LLC in the bulletproof vest market can be attributed to similar factors to those that led to the success of Talanlegrom in the footwear market. Since 2014, the company has been awarded a series of substantial contracts from UMOD, which enabled it to significantly expand its production of armour plates<sup>5</sup> in Ukraine. As a result, the company was able to offer lower prices at UMOD RDS and DOT tenders, compared to competitors that had to import components.

However, in 2024, with the growing demand for bulletproof vests and procurement planning focused on the prices and capacity of a single manufacturer, DOT encountered several challenges:

- TEMP-3000 was unable to meet the AFU's requirements in full
- other certified suppliers declined to participate in open procurement due to the low expected price of the goods (approximately 20% below market price)
- procurements were cancelled due to a lack of offers, resulting in interruptions in the supply of bulletproof vests to the AFU

To partially address the problem, in May 2024 DOT entered into direct contracts with UKRTAC.ua LLC and KhPPPE LLC to purchase bulletproof vests from other suppliers using the saved funds. This was done in response to the urgent need of the Logistics Forces Command.

Nevertheless, as of the beginning of July 2024, the situation remains critical – over 90,000 sets of bulletproof vests<sup>6</sup> required to meet the AFU's needs by the end of the year have not yet been contracted.

---



5. Nashi Groshi: "A fraught mixture of monopoly and 'deep state' in the Ministry of Defence: bulletproof vests"

<https://nashigroshi.org/2024/05/02/nymuche-sumish-monopoli-ta-slp-steytu-v-minoborony-bronezhylety/>

6. StateWatch Think Tank: «Due to lack of proposals, DOT cancelled the purchase of over 90,000 bulletproof vests»:

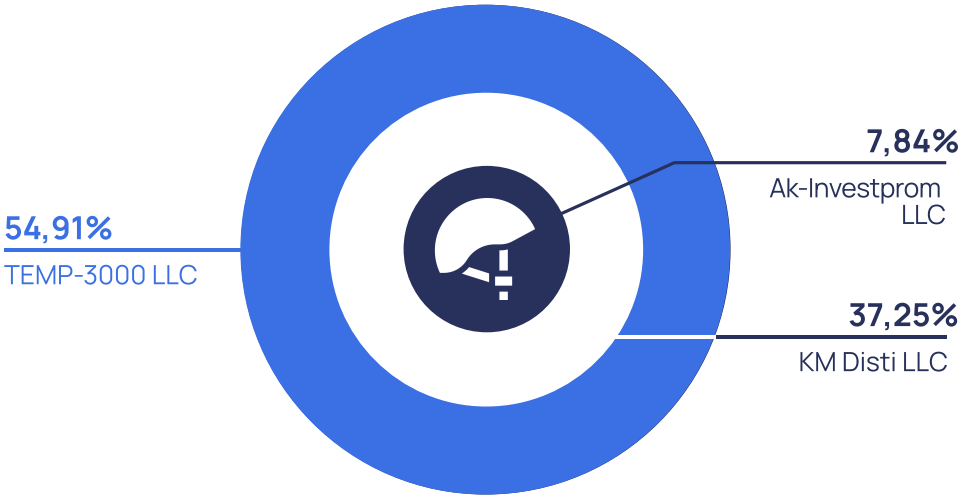
<https://statewatch.org.ua/publications/strong-za-brakom-propozytisy-dot-skasuvav-zakupivlu-ponad-90-tysiach-bronezhyletyv-strong/>

## BULLETPROOF VESTS (CPV CODE 35811300-5)

Supplier	Ordering Entity	Goods	Average price, UAH	Quantity of goods	Total contract value, UAH
TEMP-3000		Bulletproof vest, config. (1-5)	24,930	16,000	398,880,000
	DOT	Bulletproof vest, config. (1-5)	25,627.48	50,660	1,298,287,900
		Bulletproof vest, config. (1-8)	34,407.80	10,000	344,078,000
<b>TEMP-3000 LLC Total:</b>				<b>76,660</b>	<b>2,041,245,900</b>
KhPPPE		Bulletproof vest, config. (1-5)	37,900	5,000	189,500,000
	DOT	Bulletproof vest, config. (1-5)	30,390	20,000	607,800,000
<b>KhPPPE LLC Total:</b>				<b>25,000</b>	<b>797,300,000</b>
UKRTAC.ua	DOT	Bulletproof vest, config. (1-5)	57,260	16,840	496,835,200
<b>Procurement Total:</b>				<b>118 500</b>	<b>3,335,381,100</b>

# HELMETS (CPV CODE 5811300-5)

In the "helmets" category, the situation on the public procurement market appears to be more balanced than in the case of bulletproof vests, although there is still a clear leader. Contracts were signed with three suppliers, with the distribution of shares between them as follows: TEMP-3000 LLC – 54.91%, KM Disti LLC – 37.25%, and Ak-Investprom LLC – 7.84%.



It is noteworthy that the two largest suppliers, TEMP-3000 and KM Disti, are Ukrainian manufacturers of helmets. Ak-Investprom LLC, on the other hand, is a distributor of helmets produced by the Bulgarian manufacturer MARS Armor Ltd.

TEMP-3000's dominance in this market can be attributed to two key factors: firstly, its ability to offer competitive pricing, and secondly, the absence of offers from other participants in certain tenders.

Supplier	Ordering Entity	Goods	Average price, UAH	Quantity of goods	Total contract value, UAH
TEMP-3000	DOT	Full-size helmet	7,655.99	25,000	191,399,800
		High-cut helmet	7,430	10,000	74,300,000
<b>TEMP-3000 LLC Total:</b>				<b>35,000</b>	<b>265,699,800</b>
KM Disti	U	High-cut helmet	9,499	10,000	94,990,000
	DOT	Full-size helmet	7,292.72	13,741	100,209,300
<b>KM Disti LLC Total:</b>				<b>23,741</b>	<b>195,199,300</b>
Ak-Investprom	DOT	Full-size helmet	7,319.80	5,000	36,599,000
<b>Procurement Total:</b>				<b>63,741</b>	<b>497,498,100</b>

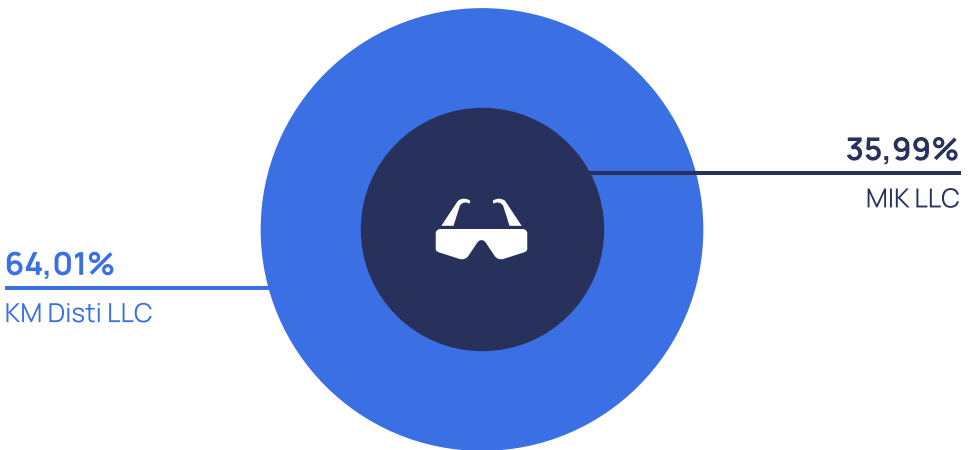
# TACTICAL GOGGLES (CPV CODE 35811300-5)

In the "tactical goggles" category, DOT successfully completed 11 lots, signing agreements with two suppliers. The distribution of shares of contracted goods between them is as follows: KM Disti LLC (Ukrainian manufacturer) – 64.01%, MIK LLC (distributor of Taiwanese products) – 35.99%.

KM Disti LLC has established a dominant position in this market, which can be attributed to two key factors: firstly, the absence of competitors in certain procurement processes, and secondly, the exploitation of tender documentation requirements by select suppliers.

For example, the tender of 25 January 2024<sup>7</sup> demonstrates the problem of limited competition. Only one company, KM Disti LLC, submitted a proposal. Due to the limited alternatives, DOT was compelled to enter into an agreement with the sole bidder. This raises concerns about the effectiveness of the process of attracting participants and potential barriers to entry.

The procurement dated 3 April 2024<sup>8</sup> demonstrates the impact of bidders' misuse on the tender results. In this case, three companies participated, but two of them – MIK LLC and TS Trade Ukraine LLC – did not provide the required certificate of experience in executing similar contracts at the last stage, despite having a history of executing such contracts. As a result, DOT was forced to sign a contract with KM Disti.



Supplier	Ordering Entity	Goods	Average price, UAH	Quantity of goods	Total contract value, UAH
KM Disti	DOT	Ballistic safety goggles	1,356.30	57,500	77,987,500
		Ballistic safety goggles-mask	1,440.59	59,000	84,995,000
<b>KM Disti LLC Total:</b>				<b>116,500</b>	<b>162,982,500</b>
MIK	DOT	Ballistic safety goggles	1,362.36	42,500	57,900,250
		Ballistic safety goggles-mask	1,409	23,000	32,407,000
<b>MIK LLC Total:</b>				<b>65,500</b>	<b>90,307,250</b>
<b>Procurement Total:</b>				<b>182,000</b>	<b>253,289,750</b>

7. Prozorro dated 25.01.2024: <https://prozorro.gov.ua/tender/UA-2024-01-25-007142-a>

8. Prozorro dated 03.04.2024: [https://prozorro.gov.ua/tender/UA-2024-04-03-012527-a?lot\\_id=6391ab7f573c49688acea71868e00e0a#lots](https://prozorro.gov.ua/tender/UA-2024-04-03-012527-a?lot_id=6391ab7f573c49688acea71868e00e0a#lots)

## HEADSETS (CPV CODE 35812300-2, 35811300-5)

In the "headsets" category, there is a division of contracted goods between three distributors: Sewing Factory GALANT LLC – 65.71%, MIK LLC – 20%, and Ekstrim-Teks LLC – 14.29%. It should be noted that none of these companies are manufacturers; they all act as distributors of headsets.

A total of 35,000 tactical headsets of two models were contracted: PELTOR Comtac 3M (made in Sweden) and Sordin Headband (made in China).

Sewing Factory GALANT LLC's dominant position in this market is attributable to two key factors: firstly, the company's ability to submit the most economically viable proposals, and secondly, the availability of a complete set of permits, which other participants lacked.



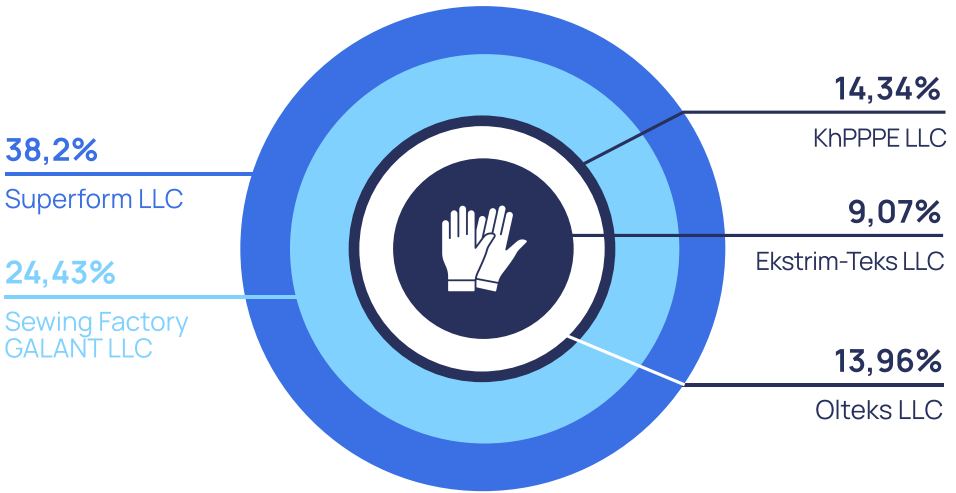
Supplier	Ordering Entity	Goods	Average price, UAH	Quantity of goods	Total contract value, UAH
Sewing Factory GALANT		Special headset (1-4)	17,213.84	8,000	137,710,750
	DOT	Special headset (1-4)	13,246.77	15,000	198,701,500
<b>Sewing Factory GALANT LLC Total:</b>				<b>23,000</b>	<b>336,412,250</b>
MIK		Special headset (1-4)	15,708.30	7,000	109,958,100
Ekstrim-Teks	DOT	Special headset (1-4)	10,295.95	5,000	51,479,750
<b>Procurement Total:</b>				<b>35,000</b>	<b>497,850,100</b>

# GLOVES (CPV CODE 18420000-9, 35811300-5)

In the "gloves" category, orders are more evenly distributed among several suppliers: Superform LLC (Chinese supplier) – 38.2%, Sewing Factory GALANT LLC (Ukrainian manufacturer) – 24.43%, Kharkiv Plant of Personal Protective Equipment (KhPPPE) LLC (Ukrainian manufacturer) – 14.34%, Olteks LLC (Ukrainian manufacturer) – 13.96% and Ekstrim-Teks LLC (Ukrainian manufacturer) – 9.07%.


It is important to note that although the largest market share is held by a company that supplies products from China, the other three suppliers are Ukrainian manufacturers.

In contrast to other categories of tactical equipment, the market for gloves is characterised by a more balanced distribution of market shares, with no clear dominance of a single supplier.



Supplier	Ordering Entity	Goods	Average price, UAH	Quantity of goods	Total contract value, UAH
Superform	DOT	Safety gloves (2)	970.95	40,000	38,838,000
		Winter gloves (2-3)	398.35	233,700	93,094,395
<b>Superform LLC Total:</b>				<b>273,700</b>	<b>131,932,395</b>
Sewing Factory GALANT	DOT	Winter gloves (2)	412.38	50,000	20,618,750
		Winter gloves (2)	395.80	125,000	49,475,000
<b>Sewing Factory GALANT LLC Total:</b>				<b>175,000</b>	<b>70,093,750</b>

## GLOVES (CPV CODE 18420000-9, 35811300-5)

Supplier	Ordering Entity	Goods	Average price, UAH	Quantity of goods	Total contract value, UAH
KhPPPE	DOT	Winter gloves (3)	617.50	3,700	2,284,750
		Tactical gloves (1)	581.65	39,000	22,684,350
		Safety gloves (2)	971.65	60,000	58,299,000
<b>KhPPPE LLC Total:</b>				<b>102,700</b>	<b>83,268,100</b>
Olteks		Winter gloves (2)	414.50	100,000	41,450,000
Ekstrim-Teks	DOT	Winter gloves (2-3)	397.45	65,000	25,834,250
<b>Procurement Total:</b>				<b>716,400</b>	<b>352,578,495</b>

# CONCLUSION

---

StateWatch think tank suggests that the UMOD take into account the recommendations aimed at increasing competition and eliminating conditions that facilitate the dominance of certain suppliers of logistics goods.

The implementation of the proposed changes is intended to achieve three key objectives:

- Preventing artificial restrictions on competition. This would create a more open and fair market for all potential participants.
- Simplifying the procedure for new participants to enter the bidding process. This would help to attract more suppliers, which have a positive impact on the timeliness of deliveries, prices and product quality.
- Preventing disruptions in supplies to the AFU's warehouses in the face of inflation and unforeseen circumstances. This will increase the reliability and stability of the supply of necessary goods to the military.

**The implementation of these recommendations has the potential to markedly enhance the efficiency, transparency and resilience of the defence procurement system.**

THE POLICY BRIEF WAS DEVELOPED UNDER THE UK SPECIAL DEFENCE ADVISOR'S PROGRAMME, FUNDED BY THE BRITISH GOVERNMENT, AND DELIVERED BY **EDGE FOUNDATION** AND **STATEWATCH**