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OF COMMERCE
UKRAINE

RESULTS OF
UKRAINE BUSINESS CLIMATE SURVEY
A YEAR OF LOCKDOWN

citi[®]

MARCH 2021

SUMMARY

- 100 CEOs and top managers of AmCham member companies took part in the Survey, conducted on February 22 – March 9, 2021. The majority of the respondents (69%) are CEOs.
- One year of lockdown impacted revenues, the number of employees, and investments of AmCham member companies. 40% of members saw an increase in revenues, 37% reported a decrease. 56% of respondents indicated that their companies managed to retain employees, 24% hired new personnel, 20% had to cut staff. 19% of respondents reported that their companies increased investments in Ukraine during the lockdown, while 15% decreased.
- The biggest changes that AmCham member companies introduced during the lockdown were the introduction of the hybrid work environment (82%), digitalization of workflow (63%), development of new crisis management strategies (49%), and introduction of resilient models that can serve clients despite circumstances (47%).
- Lack of rule of law (66%), corruption (54%), and lack of bold reform agenda (45%) were identified by business representatives as the TOP-3 biggest obstacles to doing business in Ukraine.

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SUMMARY

- On average, 5%-30% of AmCham member companies' employees have contracted COVID-19. 59% of respondents plan to promote vaccination among their staff.
- Emotional burnout (59%), lack of teamwork (44%), lack of communication (42%), and digital fatigue (36%) are the biggest challenges that companies' employees are currently facing.
- 62% of respondents are dissatisfied with Ukraine's Government performance in managing the COVID-19 outbreak, while 18% are satisfied. 60% of respondents are dissatisfied with Ukraine's Government commitment to supporting businesses during the lockdown, while 11% are satisfied.
- TOP-3 major concerns with regard to doing business in 2021 are unclarity with COVID-19 vaccines (69%), the continuation of the lockdown (57%), and the security of employees (47%).
- TOP-3 things that Ukraine's Government should focus on to achieve economic recovery and growth in 2021: implement real and effective judicial reform, rule of law, fair justice (74%), protect the population from COVID-19 through wide-scale testing, vaccination, and effective treatment (46%), and eradicate corruption (37%).
- The majority of business (60%) forecasts an increase in revenues in 2021. At the same time, 32% plan to increase the number of employees, and 39% plan to increase investments.

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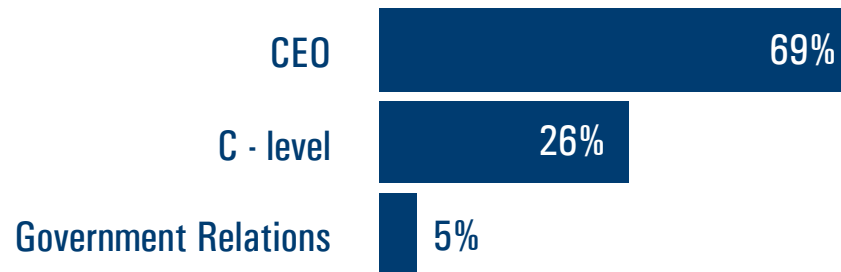
For more details, please contact Yuliana Chyzhova, AmCham Senior Communications Officer

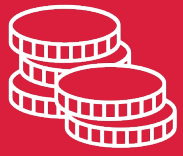
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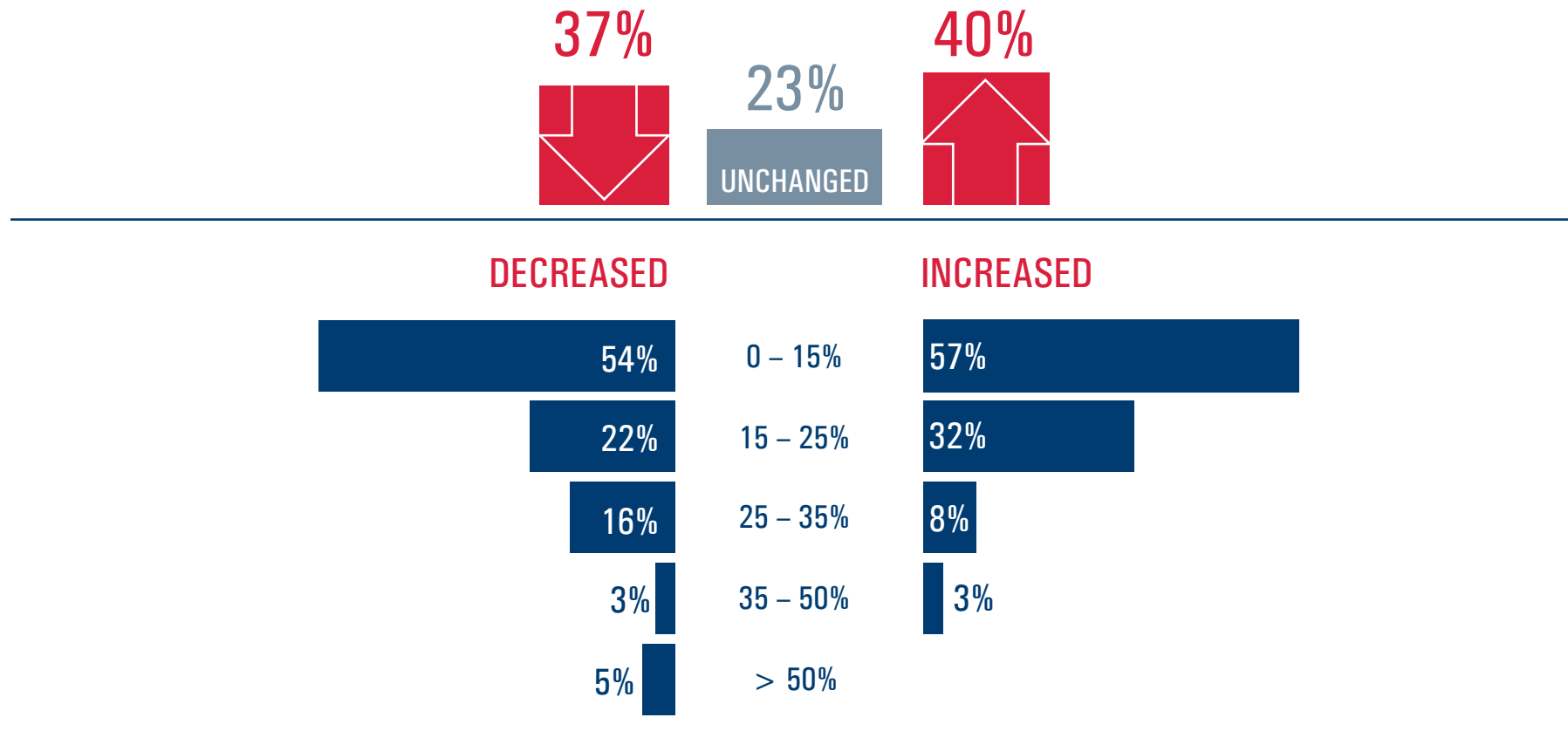
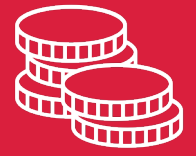
RESPONDENTS

100 AmCham member companies' representatives:
biggest Ukrainian and international investors



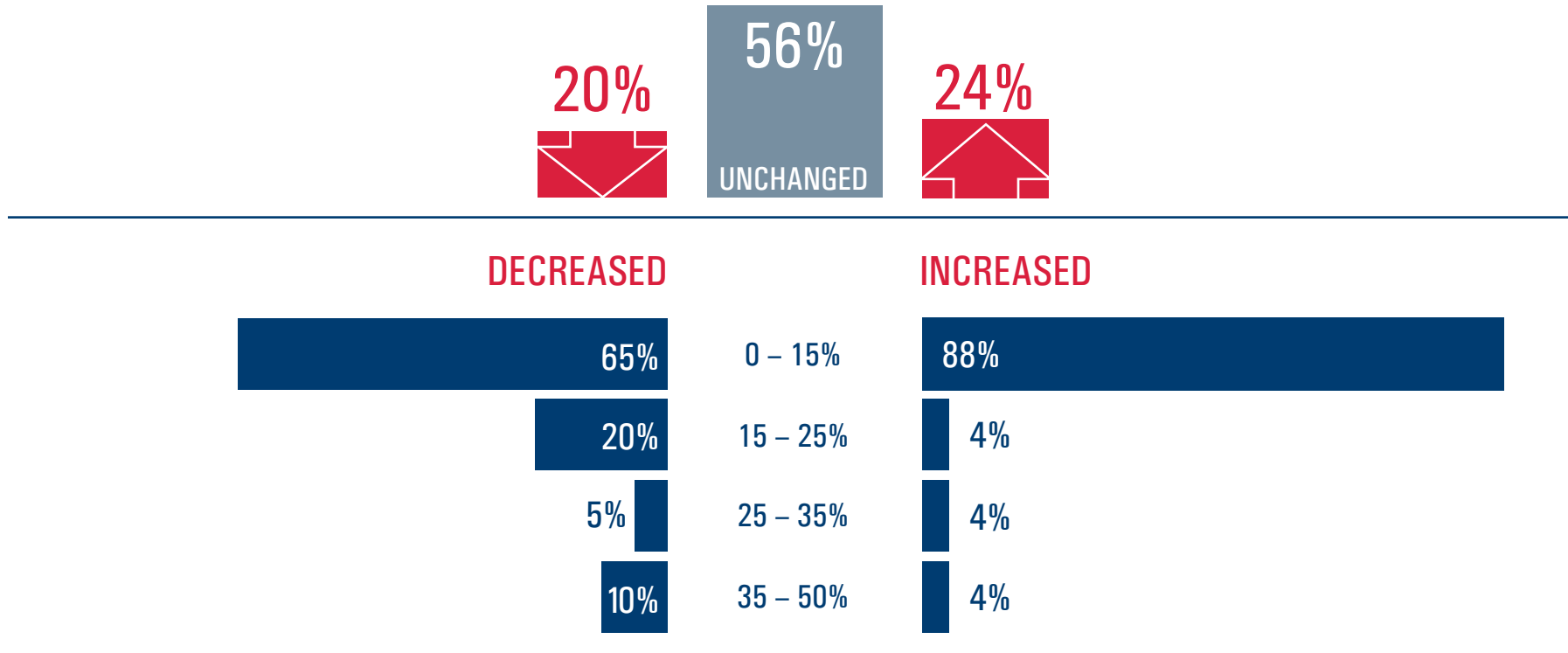


REVENUES DURING LOCKDOWN



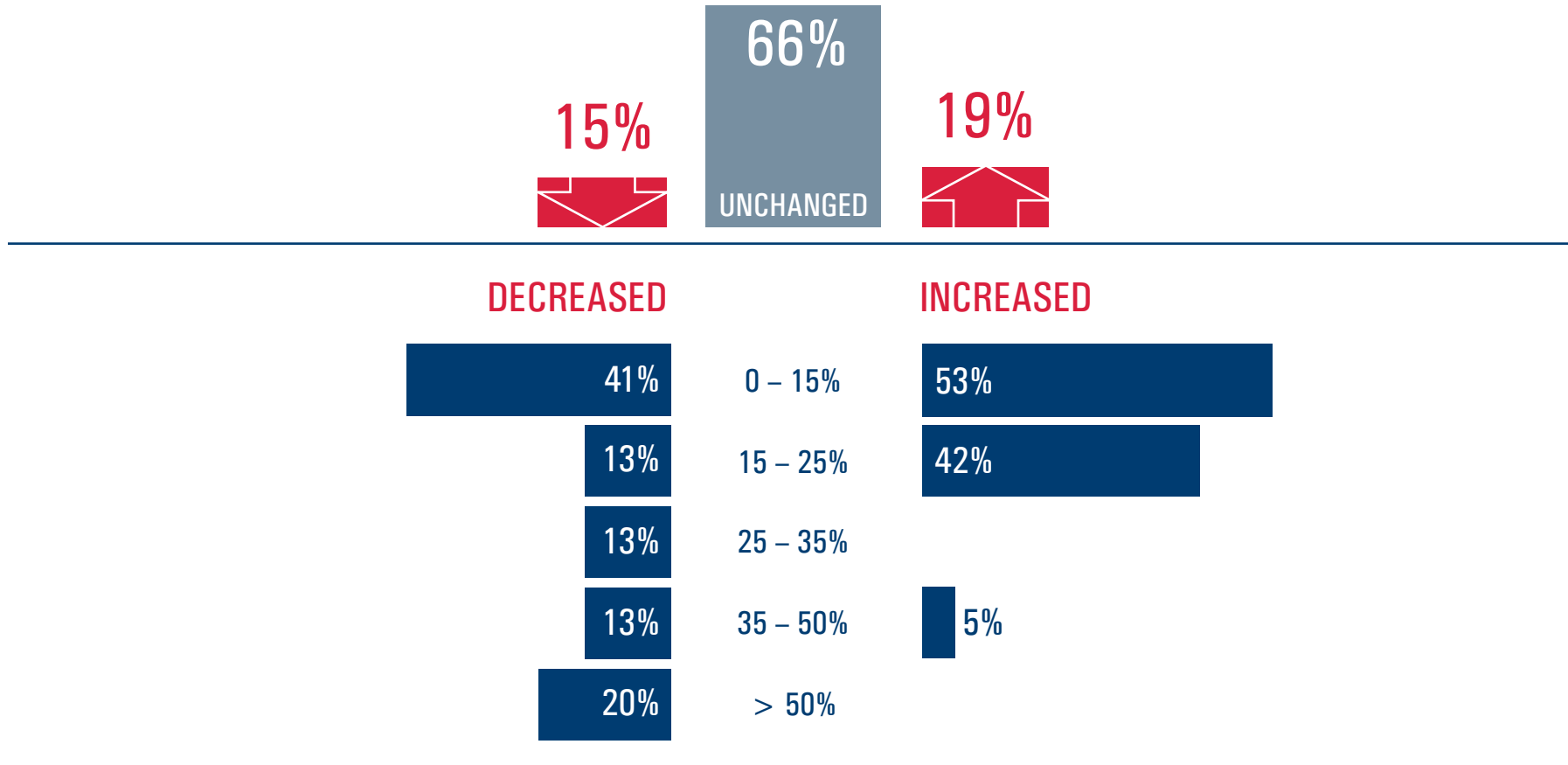


NUMBER OF EMPLOYEES DURING LOCKDOWN

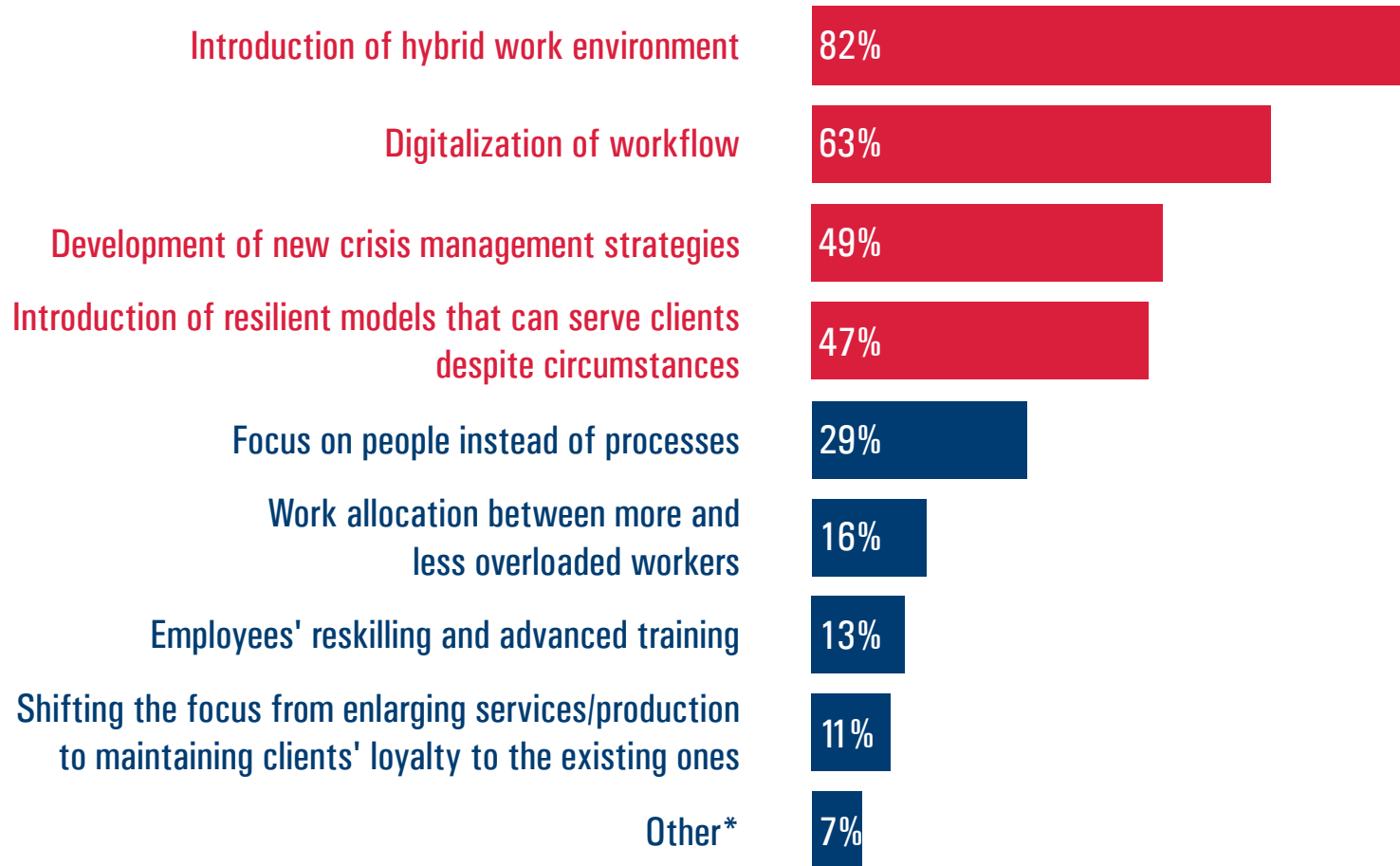




INVESTMENTS DURING LOCKDOWN

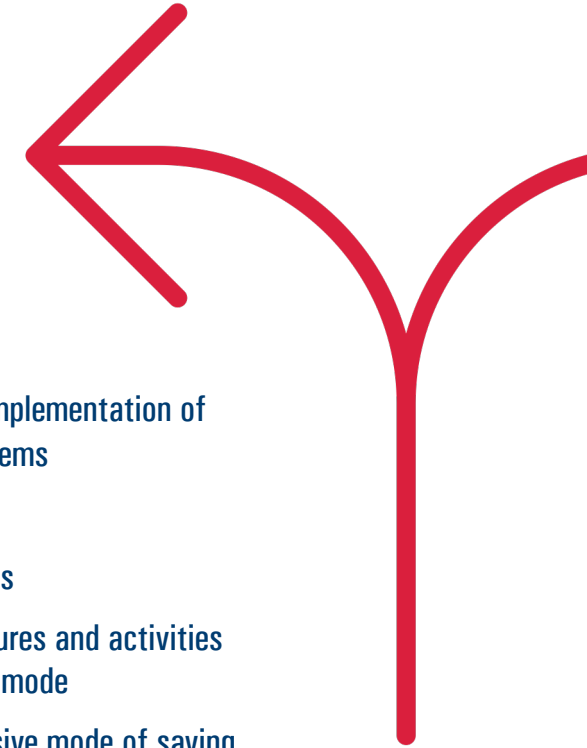


BIGGEST BUSINESS CHANGES

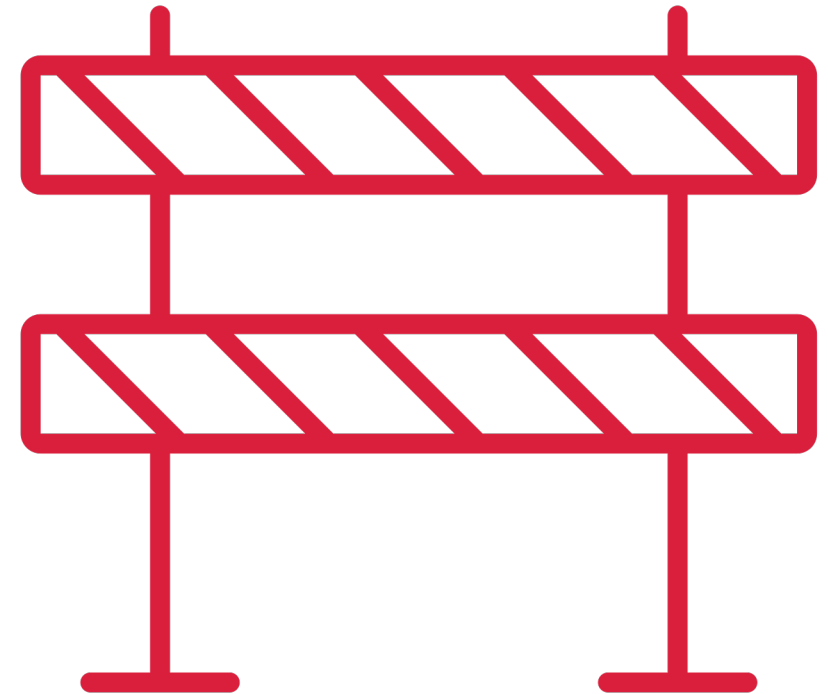
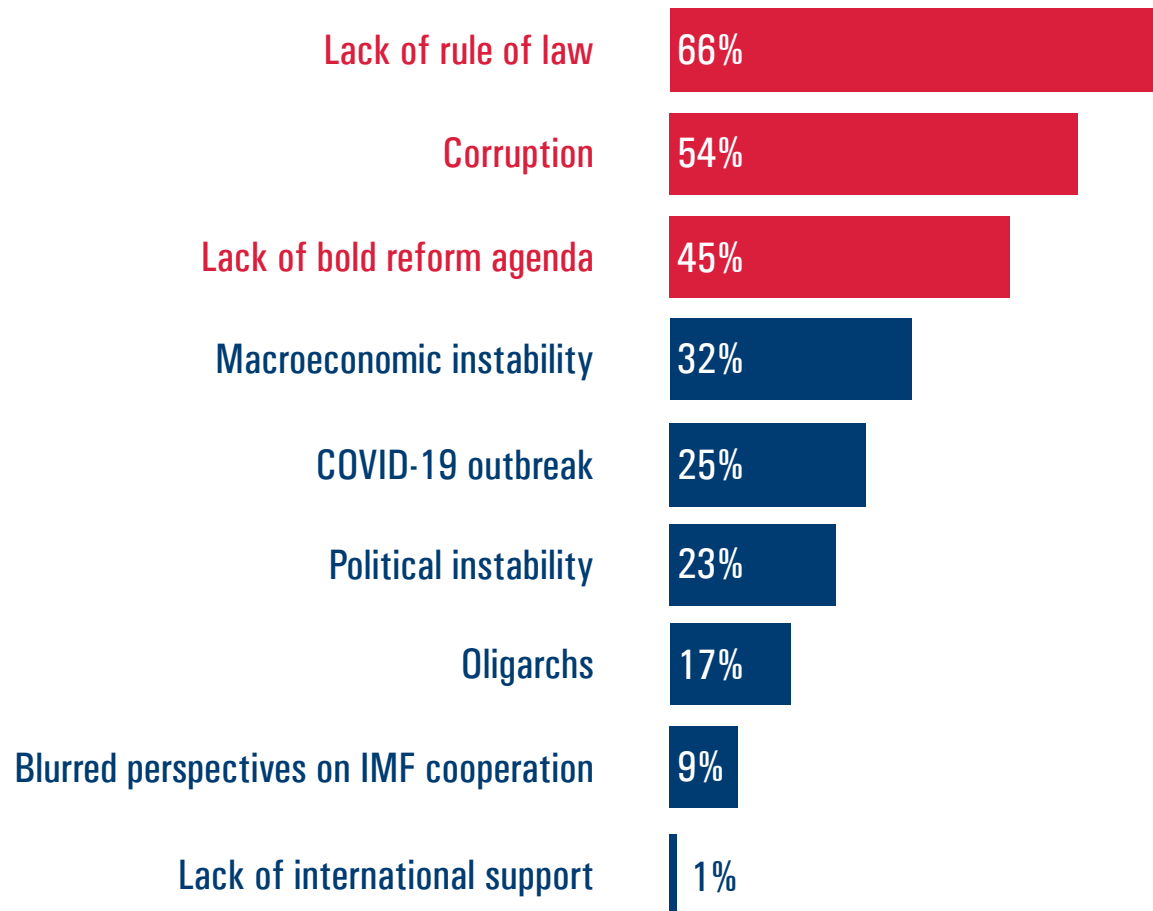


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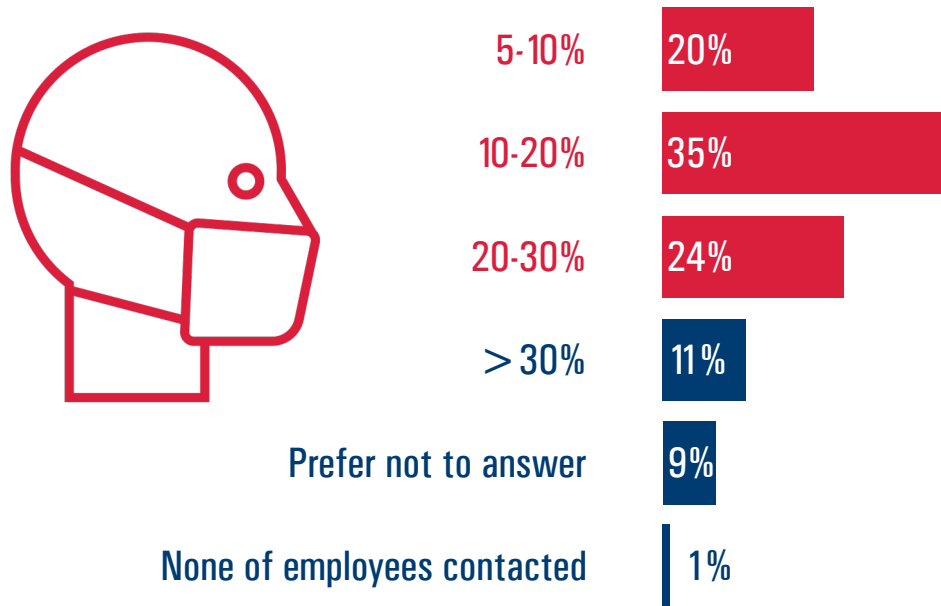
- Development and implementation of quality control systems
- Trust building
- Safety of employees
- Management measures and activities in work from home mode
- Activation of intensive mode of saving resources
- Supply shortages
- Transportation of staff to and from work



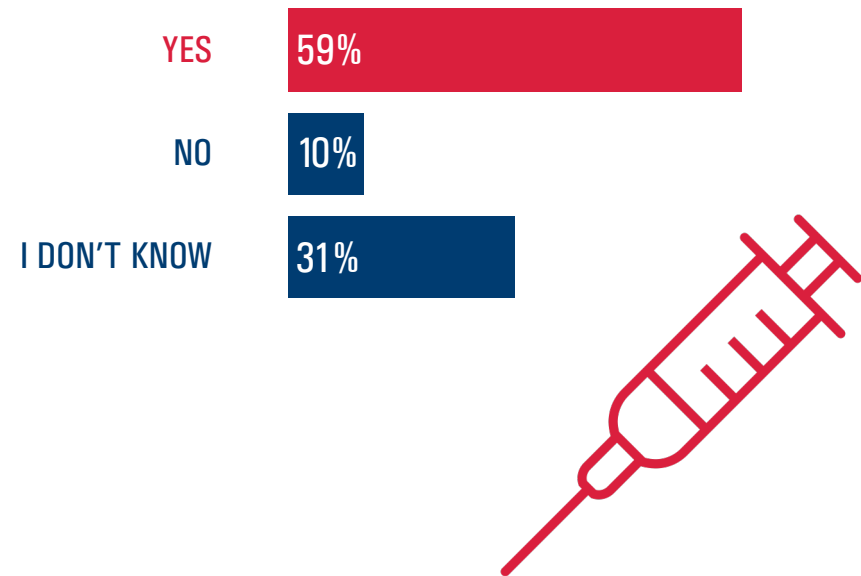
BIGGEST OBSTACLES TO DOING BUSINESS IN UKRAINE



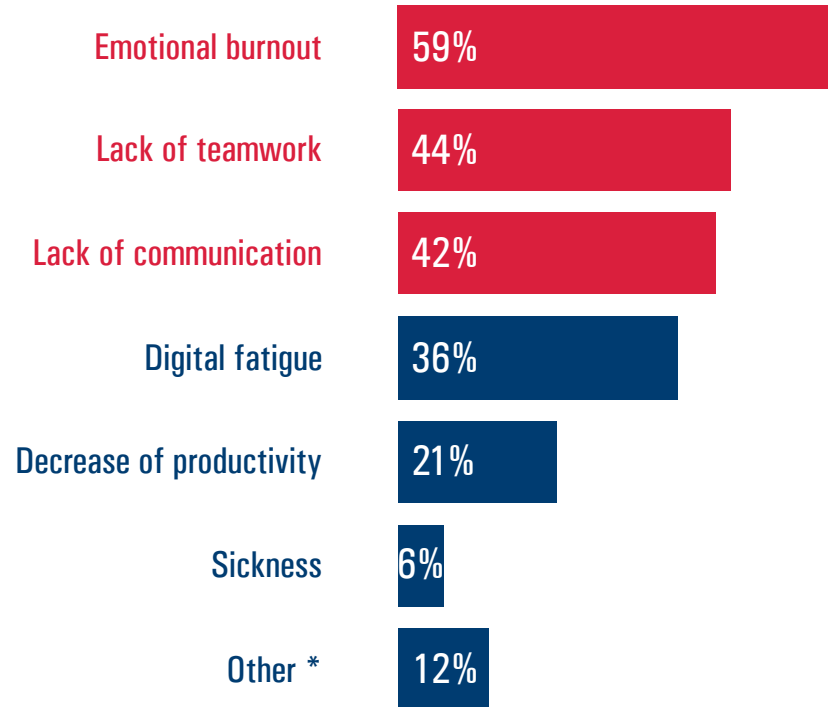
PERCENTAGE OF COMPANIES' EMPLOYEES CONTRACTED COVID-19



COMPANIES PLAN TO PROMOTE VACCINATION AMONG EMPLOYEES



BIGGEST CHALLENGES FOR EMPLOYEES

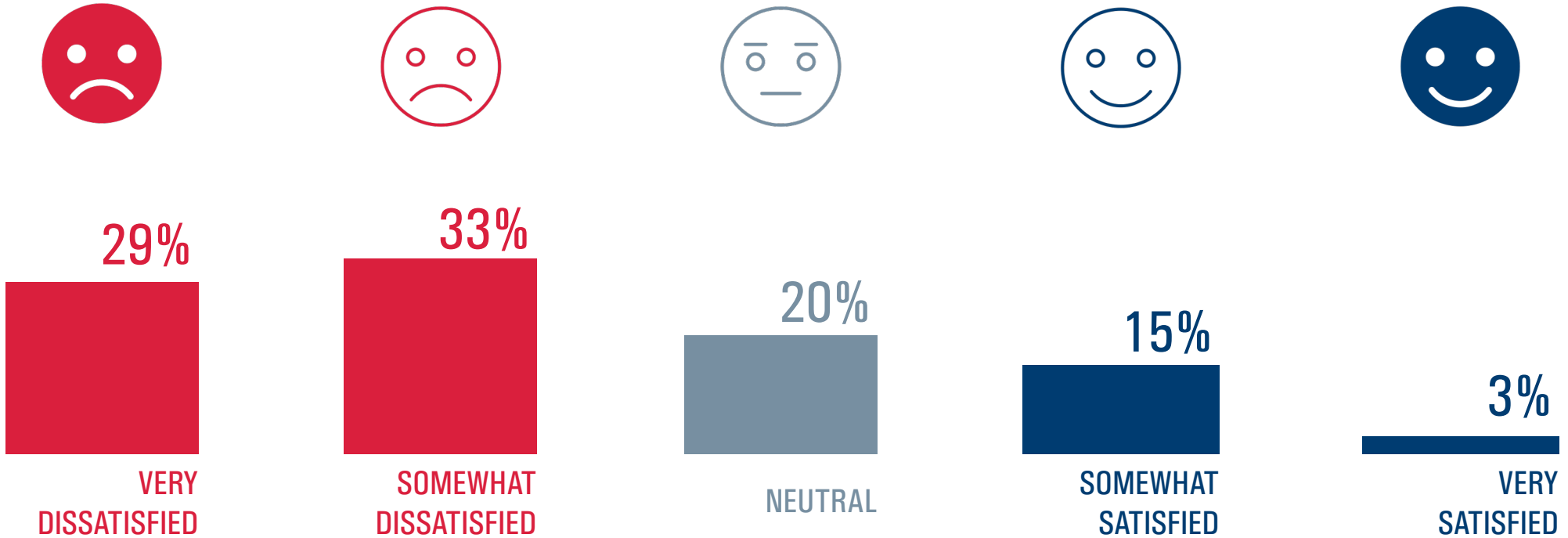


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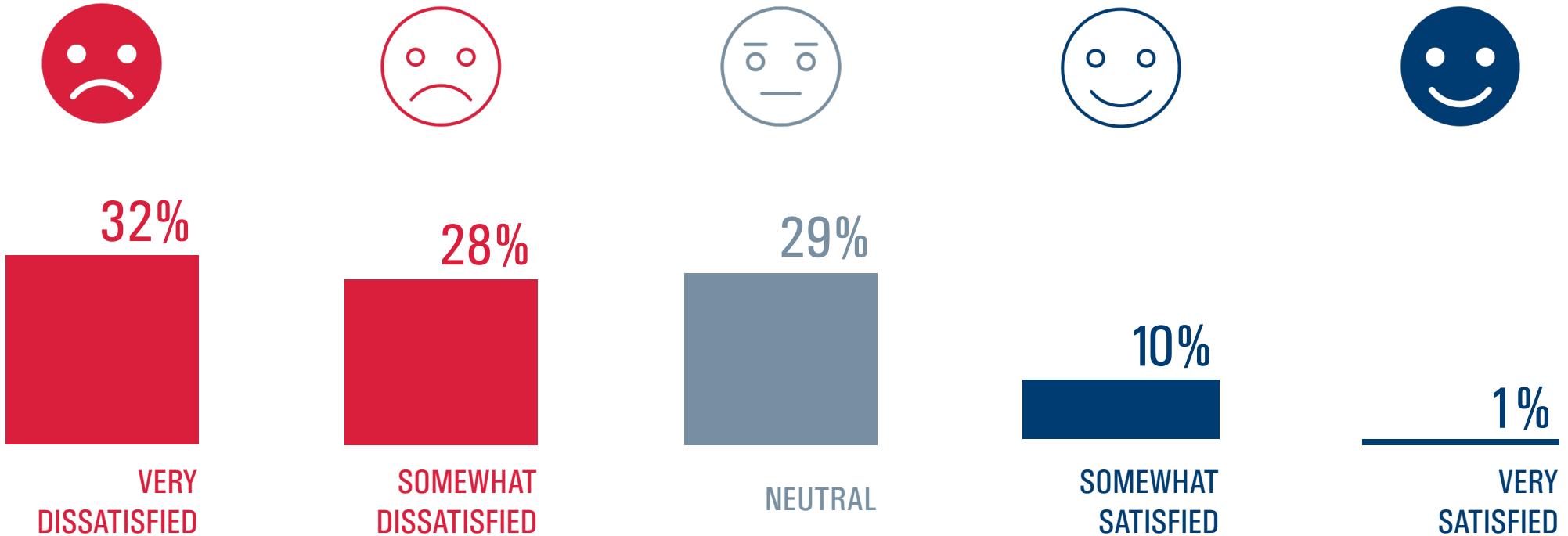
- Lack of face-to-face communication
- Mindset change
- Multitasking
- Safety at public areas (e.g., public transport)
- Blurred boundaries between working hours and private life
- Absence of stability
- No major challenges, everyone adapted well



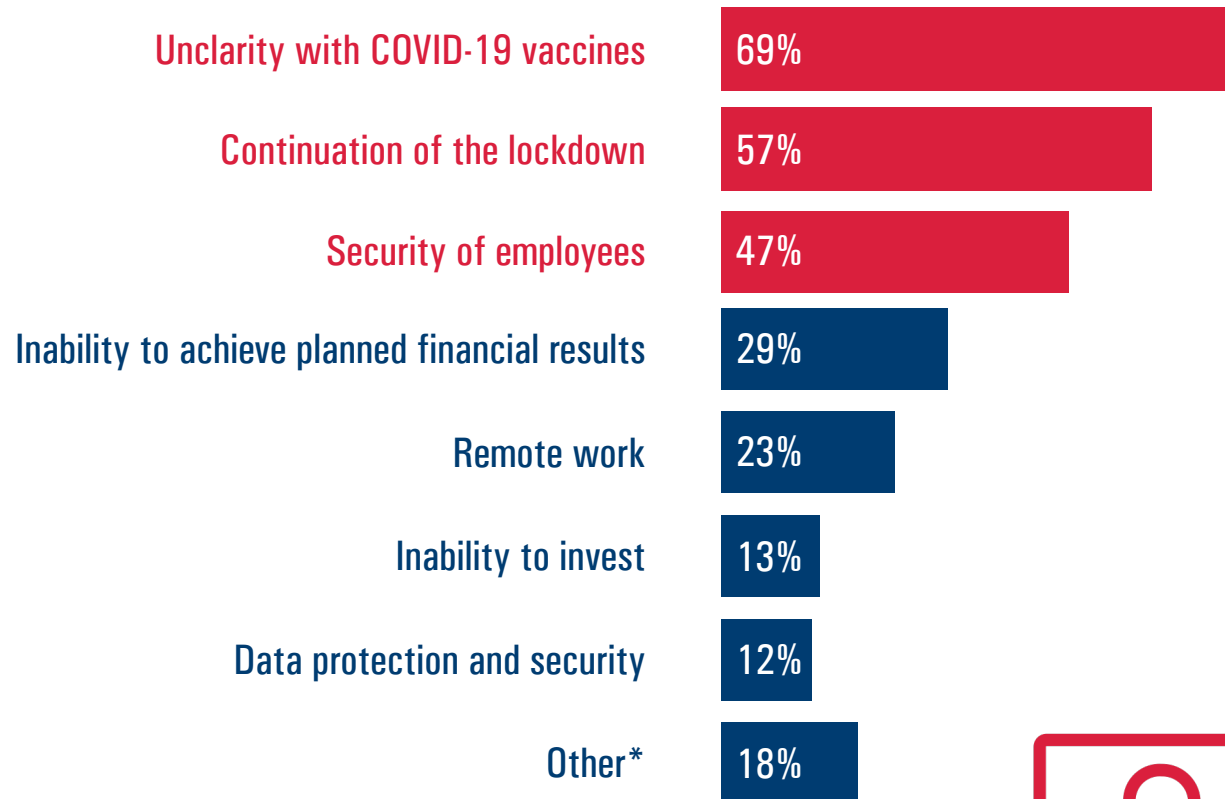
UKRAINE'S GOVERNMENT PERFORMANCE IN MANAGING COVID-19 OUTBREAK



UKRAINE'S GOVERNMENT COMMITMENT TO SUPPORTING BUSINESSES DURING LOCKDOWN



TOP CONCERNS WITH REGARD TO DOING BUSINESS IN 2021



* Other:

- Macroeconomic uncertainty due to IMF delays and rollback of anticorruption infrastructure
- Lack of agenda how to reduce corruption and how to increase rule of law
- Country is going in wrong direction politically and reform wise
- Travel
- Economic situation
- Political instability and quality of authority decisions
- Increase of social and political unrest
- Questionable reliability of international supply chains
- Clear communication on COVID-19 penetration rate
- Further consumer confidence decrease
- Real estate prices
- Reduction of orders' volumes



UKRAINE'S GOVERNMENT FOCUSES TO ACHIEVE ECONOMIC RECOVERY AND GROWTH IN 2021

74%

- Implement real and effective judicial reform, rule of law, fair justice

46%

- Protect the population from COVID-19 (widescale testing, vaccination, effective treatment)

37%

- Eradicate corruption

31%

- Guarantee a fair, equal, predictable, and transparent tax policy and fair competition

30%

- Ensure macroeconomic stability and continue cooperation with the IMF

14%

- Decrease the shadow economy

14%

- Secure investment and property rights

9%

- Establish level playing fields by eliminating oligarch control

- Ensure predictability of the regulatory environment for investors

- Develop vital infrastructure

- Reform state-owned enterprises/banks and implement transparent privatization

- Implement country-wide digitalization

- Ensure export promotion and improve trade facilitation

- Implement land reform

- Increase governmental spending on value-based healthcare (targeting 5% of GDP)

- Liberalize energy market

9%

7%

5%

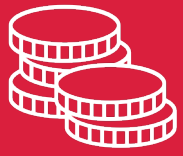
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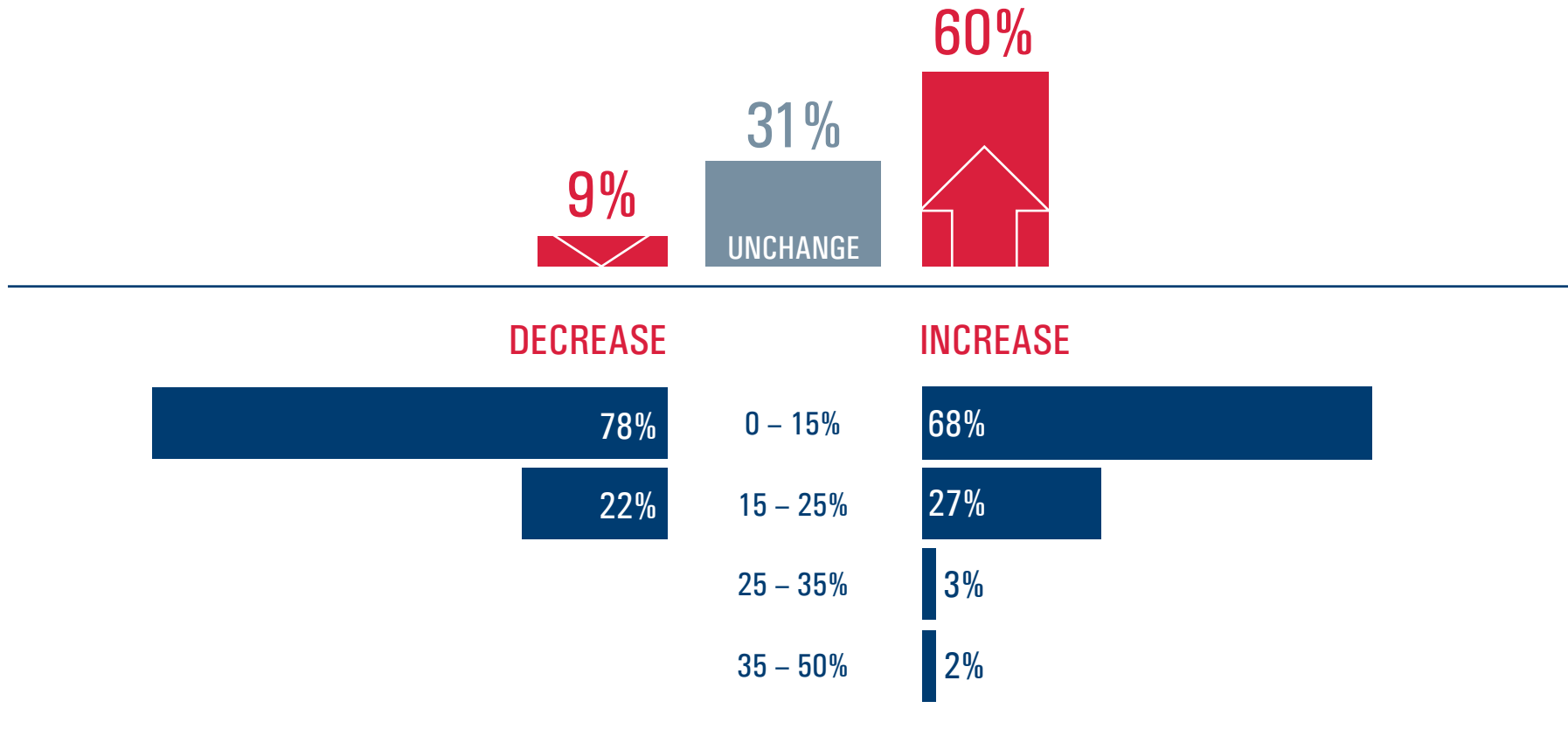
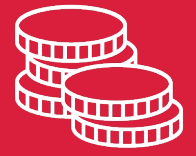
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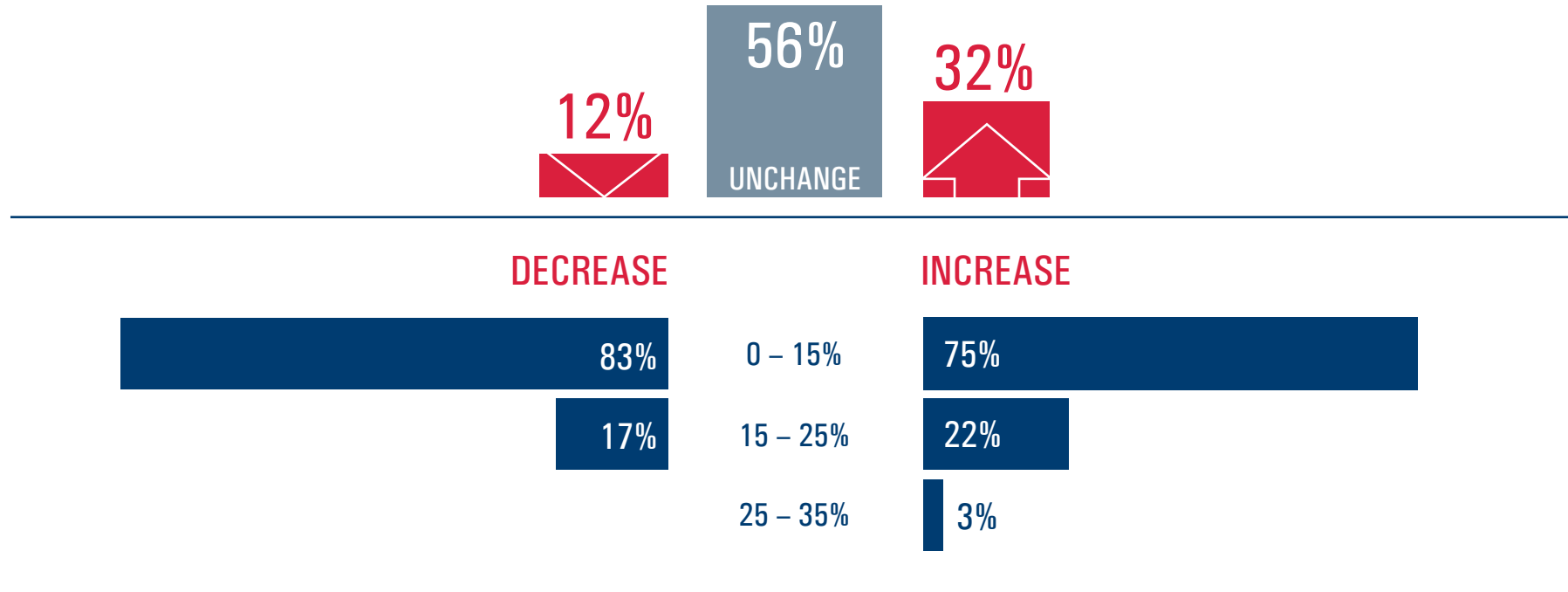


FORECAST: REVENUES IN 2021



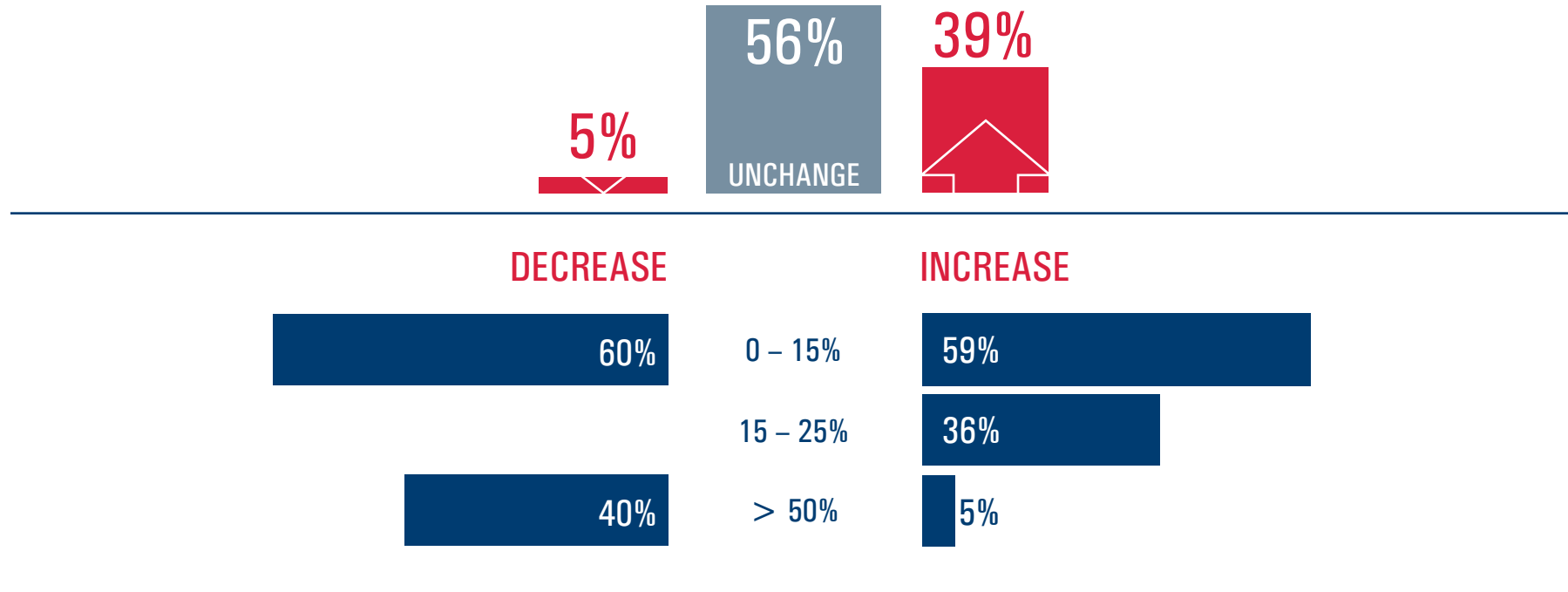
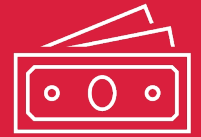


FORECAST: NUMBER OF EMPLOYEES IN 2021





FORECAST: INVESTMENTS IN 2021



WHO MAY BEST HELP TO ATTRACT FOREIGN DIRECT INVESTMENT TO UKRAINE IN 2021?



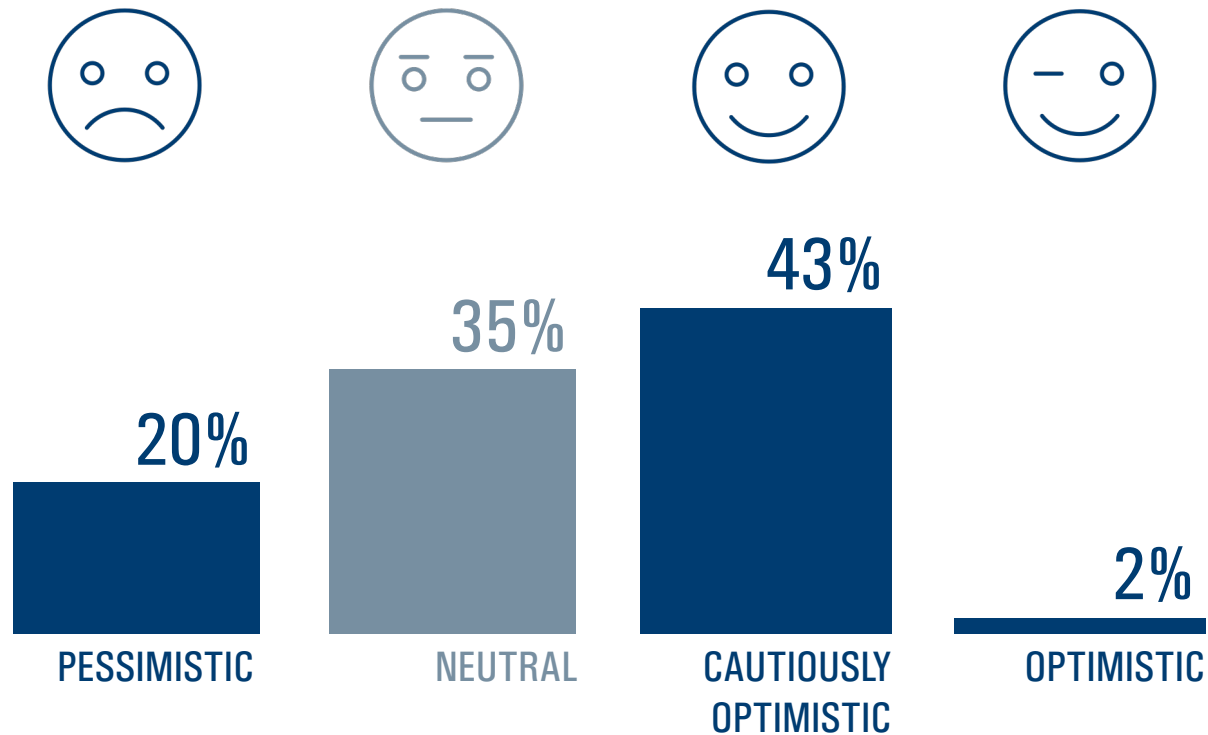
- President of Ukraine
- Judicial reform "champion" within the Presidential Administration
- Government and Parliament
- Business community
- Companies that already operates in Ukraine are the best ambassadors

WHAT MAY BEST HELP TO ATTRACT FOREIGN DIRECT INVESTMENT TO UKRAINE IN 2021?



- Judicial reform, rule of law, stable and reliable system of justice
- Close cooperation with IMF, World Bank, EBRD, as well as new U.S. Government, and European institutions
- Level playing field and fair competition
- Stable and projected tax system and monetary policy
- Fight against bureaucracy, shadow economy, and oligarchs
- Favorable investment climate and economic stability
- Fulfillment of Government commitments before the existing investors
- Implementation of country-wide digitalization
- Promotion of Ukraine as a manufacturing HUB for the EU and U.S.
- Stimulation of GDP growth and faster implementation of DCFTA (transposition of the EU acquis)
- Predictability of Return on Investment (ROI)
- Infrastructure development
- Labor law revision and modernization
- Independence of anti-corruption bodies
- Working mechanism to protect business from unfair attacks

OVERALL OUTLOOK ON DOING BUSINESS AND POTENTIAL INVESTING IN UKRAINE IN 2021



KEY COMPANIES' TAKEAWAYS FROM THE COVID-19 PANDEMIC



- The business community plays a key role in supporting civil society
- Employees are the company's most valuable asset
- Our future lies in digitalization and cloud technologies
- Transparent communications and bold leadership are vital
- There is a great need to protect the population by ensuring vaccination and investing in people's health
- Speed and determination in decision-making and flexible business models are crucial to adapt to uncertain market conditions
- Remote work is a productive model: an important pillar for both HR strategy and providing exemplary services to clients
- The future of office organization will look quite different than we have been used to
- The support from the Government is insufficient
- There is a lack of investment programs to support local production and economic development
- Personal life, mental health, and family are of utmost importance
- The significance of the financial reserve system, both in business and in personal life, is vital