PRESENTATION OF RESULTS

UKRAINE BUSINESS CLIMATE SURVEY

POST-PANDEMIC HORIZON

SEPTEMBER 2021
100 CEOs and top managers of AmCham member companies took part in the Survey, conducted on August 25 – September 15, 2021. The majority of the respondents (77%) are CEOs.

90% of business representatives give an upbeat forecast on their companies’ financial health at the end of 2021: 62% will achieve planned financial results, 28% will achieve more than was planned. Only 10% of companies will fail to achieve planned financial results.

Respondents forecasted revenues, number of employees, and investments of their companies at the end of 2021. 59% of members hope to see an increase in revenues; 5% forecast a decrease. 52% of respondents indicate that their companies’ headcount will remain unchanged, 42% point out that their companies will increase the number of employees. 35% of businesses forecast an increase in investments, while 10% – a decrease.

AmCham members were also asked to compare their companies’ 2021 revenues, number of employees, and investments to 2020. 65% indicated an increase in revenues, 46% – increase in the number of employees, 37% – increase in investments.
93% of businesses stated that implementation of real and effective judicial reform, rule of law, fair justice, and eradication of corruption is #1 strategic step Ukraine’s Government should take first to achieve economic growth, improve the business climate, and attract Foreign Direct Investment.

Other top strategic steps are the following: guarantee a fair, equal, predictable, and transparent tax policy and fair competition (52%); ensure macroeconomic stability and continue cooperation with the IMF (26%); ensure predictability of the regulatory environment for investors (23%); secure investment and property rights (21%).

Courts (56%), law enforcement agencies (32%), oligarchs (28%), and tax authorities (28%) create the biggest obstacles for business.

Possibility of the new lockdown (61%), geopolitical uncertainty (53%), escalation of conflict with Russia (39%) were identified by business representatives as the top-3 major concerns with regard to doing business over the next six months. Among other concerns – inability to achieve planned financial results (29%), security of employees (22%), inability to invest (16%).

On average, 20%-50% of AmCham member companies' employees have contracted COVID-19; 40%-70% are already vaccinated against COVID-19.

The business representatives were asked to indicate their companies' current work formats. 74% of companies have a hybrid work format or work in shifts. 17% stated that all their companies' employees returned to the office, in 9% of companies all employees continue to work remotely.

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

- CEOs: 77%
- Top-managers: 33%
FORECAST: COMPANIES’ FINANCIAL HEALTH AT THE END OF 2021

- 62% will achieve planned financial results
- 28% will achieve more than was planned
- 10% will fail to achieve planned financial results
FORECAST: COMPANIES’ REVENUE AT THE END OF 2021

- 59% will increase
- 36% will remain unchanged
- 5% will decrease
FORECAST: COMPANIES’ NUMBER OF EMPLOYEES AT THE END OF 2021

- 42% will increase
- 52% will remain unchanged
- 6% will decrease
FORECAST: COMPANIES’ INVESTMENTS AT THE END OF 2021

- 35% will increase
- 55% will remain unchanged
- 10% will decrease
COMPANIES' REVENUES IN 2021 COMPARED TO 2020

- Increased: 65%
- Unchanged: 26%
- Decreased: 9%
COMPANIES’ NUMBER OF EMPLOYEES IN 2021 COMPARED TO 2020

- Increased: 46%
- Unchanged: 42%
- Decreased: 12%
COMPANIES’ INVESTMENTS IN 2021 COMPARED TO 2020

- Increased: 37%
- Unchanged: 49%
- Decreased: 14%
TOP-3 MAJOR CONCERNS WITH REGARD TO DOING BUSINESS OVER THE NEXT 6 MONTHS

-可能性 of the new lockdown: 61%
- Geopolitical uncertainty: 53%
- Escalation of conflict with Russia: 39%
MAJOR CONCERNS WITH REGARD TO DOING BUSINESS OVER THE NEXT 6 MONTHS

- inability to achieve planned financial results — 29%
- security of employees — 22%
- inability to invest — 16%
- remote work — 14%
- data protection and security — 9%
- inability to vaccinate employees — 8%
OTHER CONCERNS WITH REGARD TO DOING BUSINESS OVER THE NEXT 6 MONTHS

- lack of momentum on structural reforms
- inability to forecast
- rule of law
- corruption
- cooperation with the IMF
- absence of the strategy of the Government
- hectic legislative changes in taxation
- pressure on business from law enforcement agencies
- talents (emotional wellbeing, burnout, brain drain)
- price inflation and uncertain raw material prices
- stock markets instability
- supply ability from abroad affected by COVID-19
- political chaos
PERCENTAGE OF COMPANIES’ EMPLOYEES CONTRACTED COVID-19

- 5-10%: 6%
- 10-20%: 15%
- 20-30%: 27%
- 30-40%: 15%
- 40-50%: 18%
- More than 50%: 5%
- More than 60%: 6%
- More than 70%: 2%
- Confidential information: 6%
PERCENTAGE OF EMPLOYEES VACCINATED AGAINST COVID-19

- Confidential information: 2%
- 5-10%: 1%
- 10-20%: 8%
- 20-30%: 6%
- 30-40%: 11%
- 40-50%: 17%
- More than 50%: 17%
- More than 60%: 12%
- More than 70%: 16%
- More than 80%: 5%
- More than 90%: 3%
- 100%: 2%
COMPANIES’ CURRENT WORK FORMATS

- 17% of companies have all employees returned to the office.
- 74% of companies are using a hybrid work format, including work in shifts.
- 9% of companies have all employees continue to work remotely.

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AMERICAN CHAMBER OF COMMERCE
LUXEMBOURG

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BIGGEST OBSTACLES FOR BUSINESS ARE CREATED BY

- courts: 56%
- law enforcement agencies: 32%
- oligarchs: 28%
- tax authorities: 28%
TOP-3 STRATEGIC STEPS UKRAINE’S GOVERNMENT SHOULD TAKE FIRST TO ACHIEVE ECONOMIC GROWTH, IMPROVE THE BUSINESS CLIMATE, AND ATTRACT FOREIGN DIRECT INVESTMENT

- Implement real and effective judicial reform, rule of law, fair justice, and eradicate corruption (93%)
- Guarantee a fair, equal, predictable, and transparent tax policy and fair competition (52%)
- Ensure macroeconomic stability and continue cooperation with the IMF (26%)
OTHER STRATEGIC STEPS UKRAINE’S GOVERNMENT SHOULD TAKE FIRST TO ACHIEVE ECONOMIC GROWTH, IMPROVE THE BUSINESS CLIMATE, AND ATTRACT FOREIGN DIRECT INVESTMENT

- ensure predictability of the regulatory environment for investors — 23%
- secure investment and property rights — 21%
- protect the population from COVID-19 (wide-scale testing, vaccination, effective treatment) — 19%
- decrease the shadow economy — 18%
- establish level playing fields by eliminating oligarch control — 15%
- develop vital infrastructure — 9%
- reform state-owned enterprises/banks and implement transparent privatization — 8%
OVERALL OUTLOOK ON DOING BUSINESS AND POTENTIAL INVESTING IN UKRAINE OVER THE NEXT 6 MONTHS

- Optimistic: 10%
- Cautiously optimistic: 51%
- Neutral: 23%
- Pessimistic: 16%