



AmCham/USAID

Survey of International Investors in Ukraine



USAID
FROM THE AMERICAN PEOPLE

Economic Development,
Governance, and Enterprise
Growth (EDGE) Activity





Respondents

102 respondents



CEOs



C-level

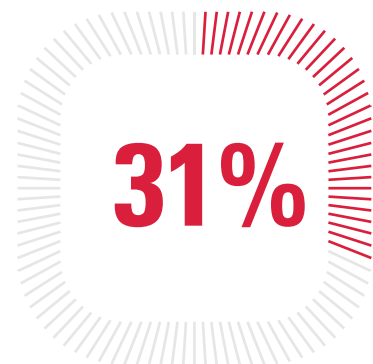
How has the war in Ukraine impacted your business?



Financial losses
due to war



Business premises not
damaged or repaired and
in operation



International
sales/business lost
due to war



Workers not available
or lost due to war

Energy and infrastructure damage as major impact – **16%**

Factory or offices destroyed – **15%**

Business moved to safer location in Ukraine – **14%**

Inability to export (transport, logistics) – **13%**

Business moved to safer location outside Ukraine – **9%**

Other:

- ✓ Territories under occupation
- ✓ Territories require demining
- ✓ Property damages
- ✓ Employees working remotely from abroad
- ✓ Ongoing hostilities in some regions
- ✓ Operations on hold in some regions of Ukraine
- ✓ Export activities hampered by foreign currency control restrictions
- ✓ Sales and export decrease
- ✓ Grain corridor challenges
- ✓ Staff reservation challenges
- ✓ No new business development
- ✓ Instances of employees killed
- ✓ No serious impact on the business

Post-war, will your business continue in Ukraine?



Yes, will
continue



Yes, will continue with
more investments
planned

Main factors: why did your company invest in Ukraine?



83%

Local market size

82%

Availability of skilled, trained people and low-cost labour

72%

Ukrainian's competitive cost structures (labour, other)

56%

Proximity to regional markets

45%

Infrastructure (utilities and transport links)

Seeking links to partners – market, technology, other partners – **39%**

Available factories or sites at competitive costs – **32%**

Supply to parent company and/or existing company markets – **31%**

Natural resources advantages for your business – **24%**

Other:

- ✔ Great potential of the market
- ✔ Big population of the country
- ✔ Ukrainians have a passion to succeed
- ✔ World-class tech teams
- ✔ High-quality service
- ✔ Strong support from the government
- ✔ IT education and governmental support of IT industry
- ✔ Goods delivery from local warehouses as competitive advantage

Progress of your business in Ukraine pre-war



In line with
company plans and
targets



Exceeded start-up or
annual business plan
goals and targets



Below company plans
and targets

Progress of your business in Ukraine last year, during the war



58%

Failed to achieve planned financial results

29%

Achieved planned financial results

13%

Achieved more than was planned

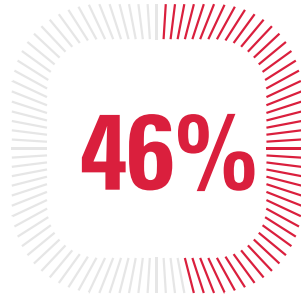
What are the biggest current challenges/obstacles for your company?



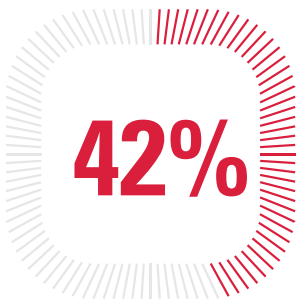
Safety and security of employees



Instability with electricity, water, mobile network, or heat supply



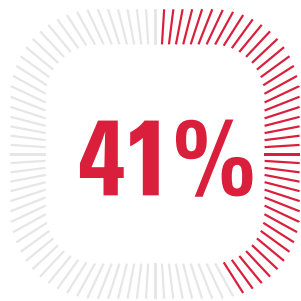
Logistics and transport



Decline in partners' businesses



Currency control restrictions



Absence of clients/orders

Export-import operations – **31%**

Security of investment and assets, cybersecurity – **30%**

Access to financing – **20%**

Dealing with courts, judiciary, legal system – **20%**

Supply shortages – **20%**

Damaged assets and property as a result of hostilities – **19%**

Fiscal pressure – **19%**

Lack of staff – **14%**

Relocation – **13%**

Other:

- ✓ Lack of insurance coverage for war risks
- ✓ Damages to vital infrastructure (roads, bridges)
- ✓ Operations during air raid sirens
- ✓ Clients' lack of financing
- ✓ Uncertainty with grain corridor
- ✓ Queues at the borders and lack of checkpoints
- ✓ Tax, judicial, and customs reforms are vital
- ✓ Excise tax introduction for soft drinks
- ✓ Low level of access to innovative medicines via state financing

What needs to be done on the national level to increase investment flows and revamp Ukraine's economy?



Top-5 things that need to be done during the war:

1. Ensure national security and defense
2. Implement rule of law, real and effective judicial reform, fair justice
3. Adhere to the independence of the National Bank, the Antimonopoly Committee, and the anti-corruption agencies
4. Introduce a predictable and attractive tax regime
5. Re-build and modernize Ukraine's vital infrastructure



Top-5 things that need to be done after the war:

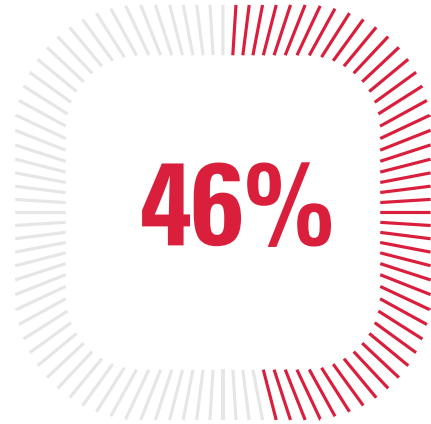
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2. Ensure national security and defense
3. Re-build and modernize Ukraine's vital infrastructure
4. Adhere to the independence of the National Bank, the Antimonopoly Committee, and the anti-corruption agencies
5. Introduce a predictable and attractive tax regime

Importance of EU accession by Ukraine to your business



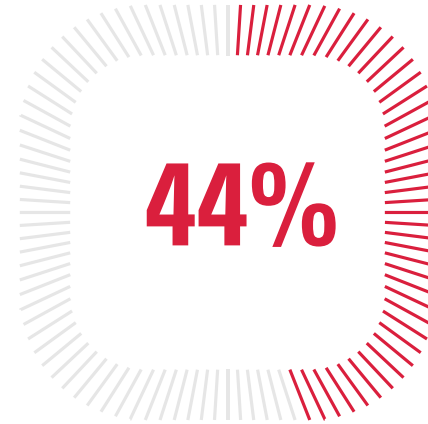
47%

Future investment in Ukraine will hinge on EU market access



46%

EU product quality and standards are key to your business



44%

EU Acquis and drive to reform national environment in Ukraine

Other:

- ✓ European standards will drive growth and stability
- ✓ EU provides a security guarantee

EU markets are important to group HQs and sister companies – **43%**

Your business in Ukraine exports to EU markets – **40%**

Importance of EU markets to you – **32%**

Ukraine base provides advantages in competing in EU markets – **32%**

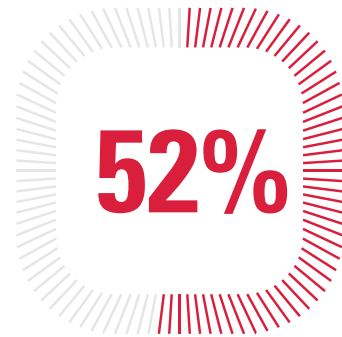
What level of security needs to be established in order to continue investing in Ukraine?



Withdrawal of Russian troops



NATO Membership



EU Membership

Other international security guarantees – **48%**

Full cessation of hostilities – **44%**

Company continues to invest despite/accepting the war risks – **39%**

Other:

- ✓ Political risk insurance
- ✓ Assurance of no-repeat scenarios, connection to the west and military strength
- ✓ Collapse of Russia
- ✓ Implement 3-zoned division and insurance option for green (safe) / yellow / red (could be shelled) regions
- ✓ Establish rule of law

What will be the greatest post-war investment opportunity for your company in Ukraine? (e.g. sector-wise, expansion of existing business, public-private partnerships, etc.)



1. Business expansion
2. Ukraine's rebuilding and reconstruction
3. Infrastructure
4. Agriculture
5. Digital transformation
6. EU Accession

Many companies are focused on expanding their existing business in Ukraine, with some planning to open new retail facilities or provide professional services to rebuild Ukraine. Others saw opportunities in entering new markets, both inside and outside of Ukraine, focusing on sustainability and ESG investing.

Overall, the responses show that there is considerable interest in investing in Ukraine after the war, with opportunities in a range of sectors. However, the exact nature of these opportunities will depend on factors such as the timing of the war's end, the geopolitical situation, and the implementation of reforms to create a more business-friendly environment.

The answers suggest a wide range of opportunities, in such sectors as infrastructure, agriculture, and renewables, as well as such spheres as digital transformation and EU integration.

Some respondents identified specific opportunities, such as rebuilding plants in the occupied territories of Ukraine and developing businesses near Azov and Black Seas, and readiness to do public-private partnerships. Others highlighted a necessity for a more business-friendly environment that stimulates investment, including a strong rule of law.

Overall, the responses indicate a focus on rebuilding and expanding existing businesses in Ukraine, with an emphasis on infrastructure and sustainable, long-term growth.

What post-war risks and challenges could arise for your company in Ukraine?



1. Security and political risks
2. Corruption-related risks
3. Brain drain and risks related to skilled labor shortage
4. Risks related to lack of reforms
5. Economic risks

The primary post-war risks and challenges that could arise for companies operating in Ukraine include security risks and political instability with continued war, corruption, massive brain drain with the shortage of qualified human capital, lack of reforms, and slow economic recovery. Companies are likely to closely monitor the situation in Ukraine and adjust their strategies as necessary to mitigate these risks.