



ACC

AMERICAN CHAMBER
OF COMMERCE
UKRAINE

AmCham/Citi Survey
Ukraine Wartime Business
Assessment



June 2024

INTRO



“Ukrainian business continues to demonstrate its remarkable resilience despite extremely challenging circumstances. However there remain a few key areas that this survey clearly shows where support is still needed to keep the economy running, attract investments and help fund the war effort.

Alexander McWhorter
AmCham Ukraine Board of Directors Vice Chair
Citi Ukraine Country Officer



“Our latest survey shows that military service deferment is now the top challenge for business in Ukraine. This has a severe impact on business performance. We will continue working with the government to find the right balance – the army gets what it needs, the economy and business keep running, and taxes are paid.

Andy Hunder
President
AmCham Ukraine

RESPONDENTS

72% CEOs

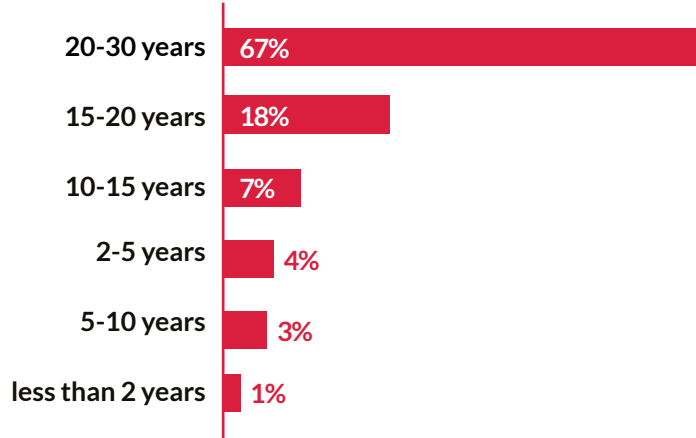
28% C-level

111

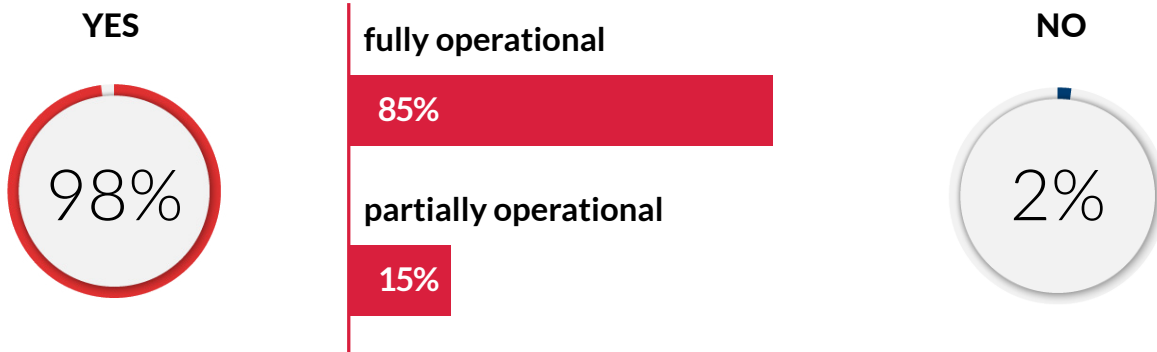
AmCham member
companies'
representatives

COMPANY PROFILE

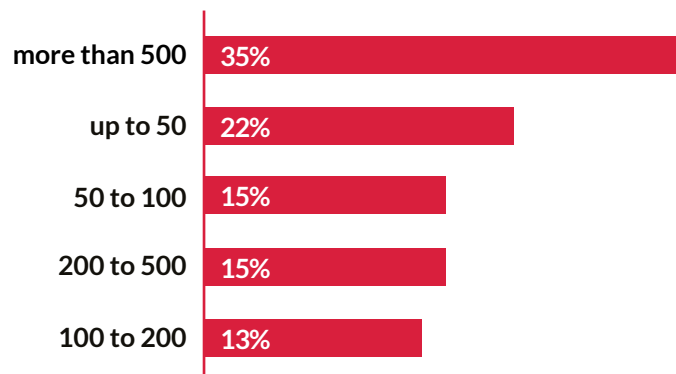
How long has your company been operating in Ukraine?



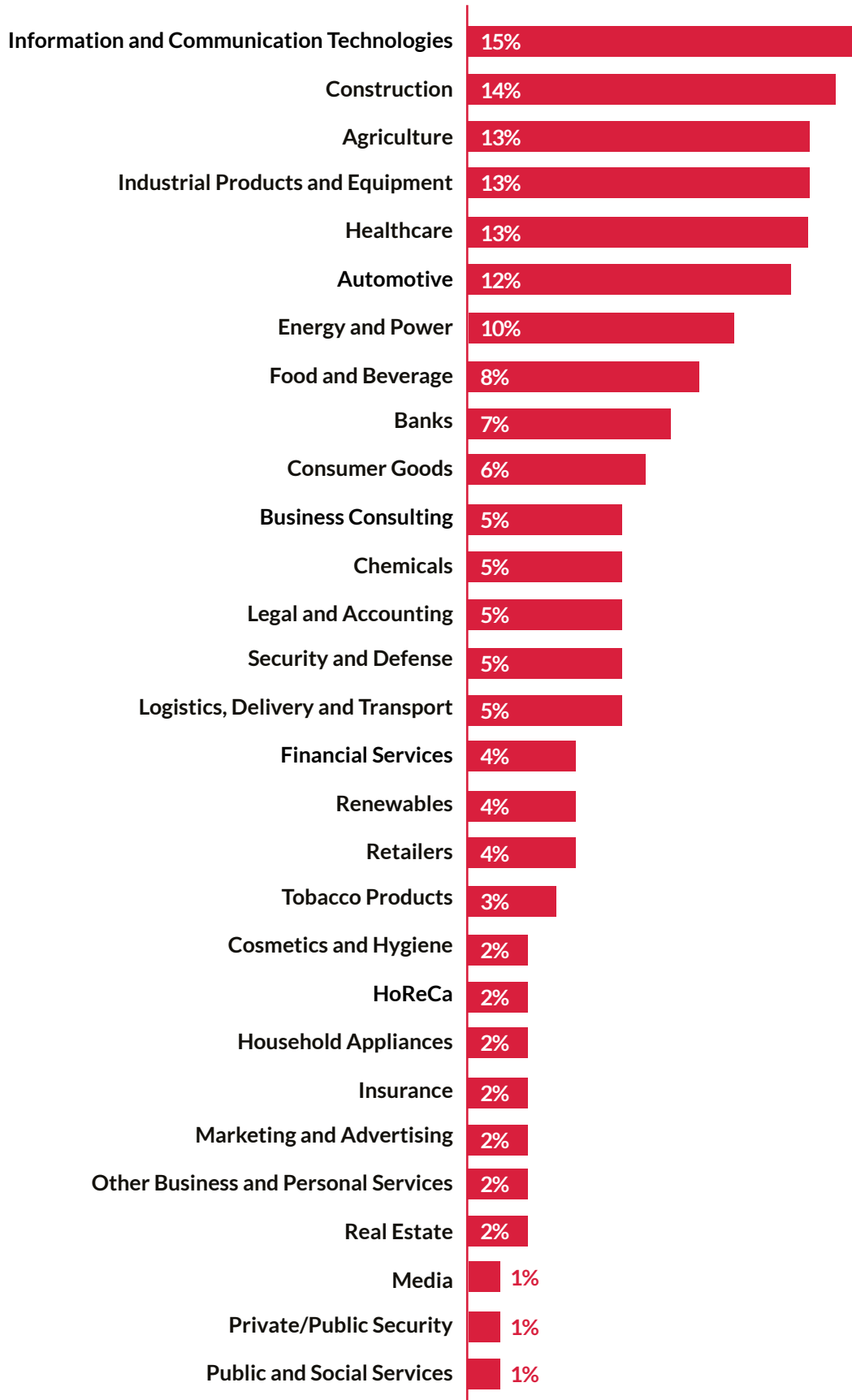
Is your company operating today?



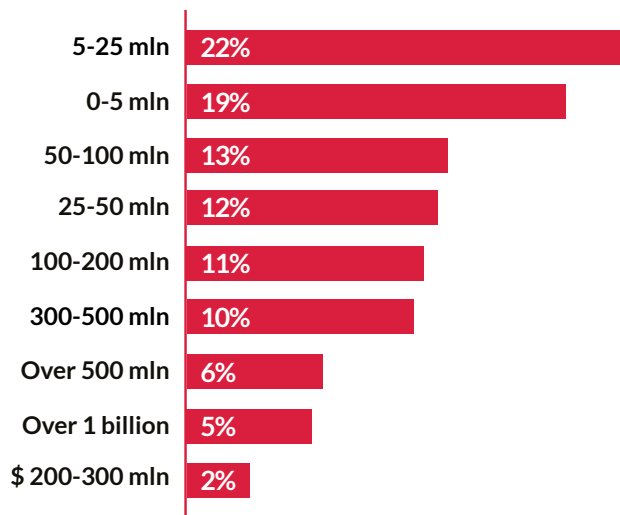
How many people does your company employ in Ukraine?



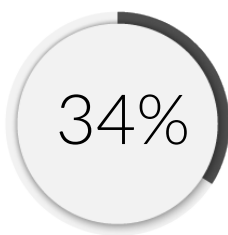
What segment does your company operate in?



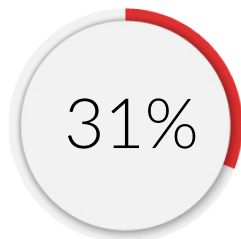
How much revenue does your company make per year (\$ equivalent)?



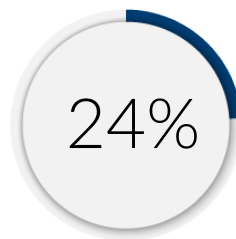
Does your company move goods in and/or out of Ukraine?



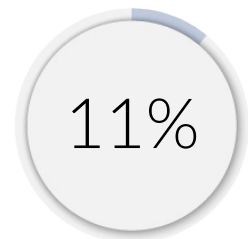
No



Importer



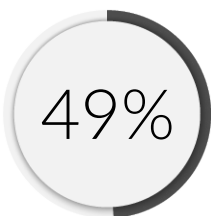
Both import and
export activities



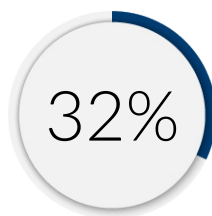
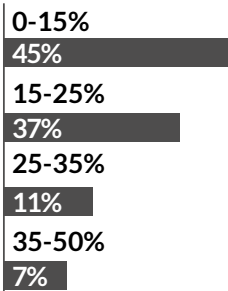
Exporter

PERFORMANCE DURING WAR

Has your company's employment number increased/decreased/remained the same as pre-war?



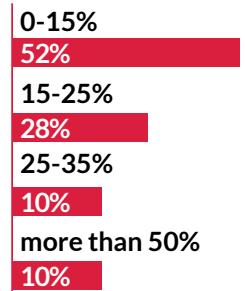
Decreased



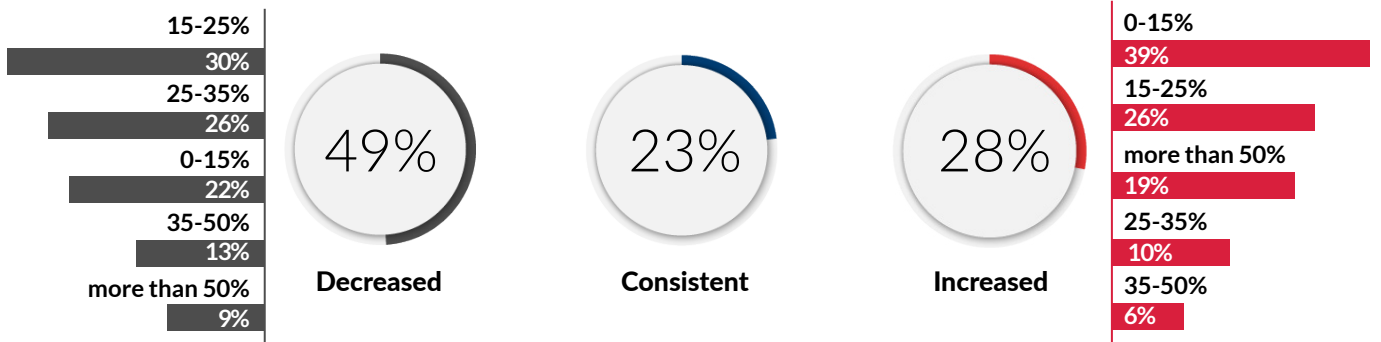
Consistent



Increased



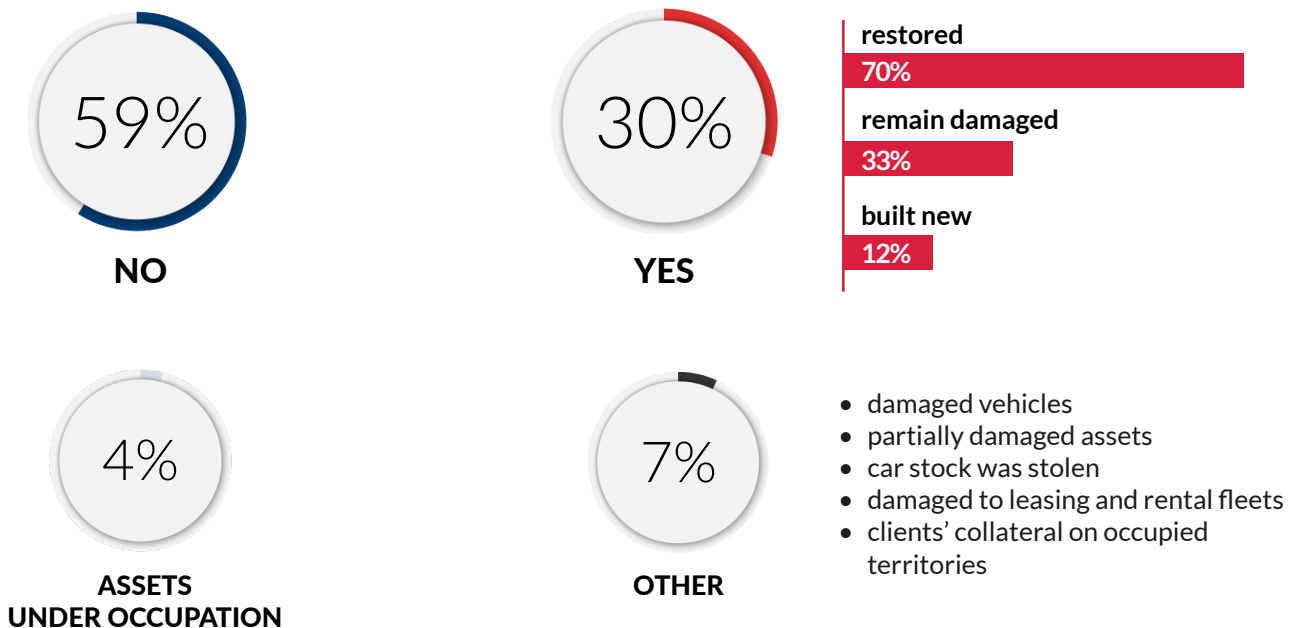
How did 2023 revenue performance compare to pre-war levels?



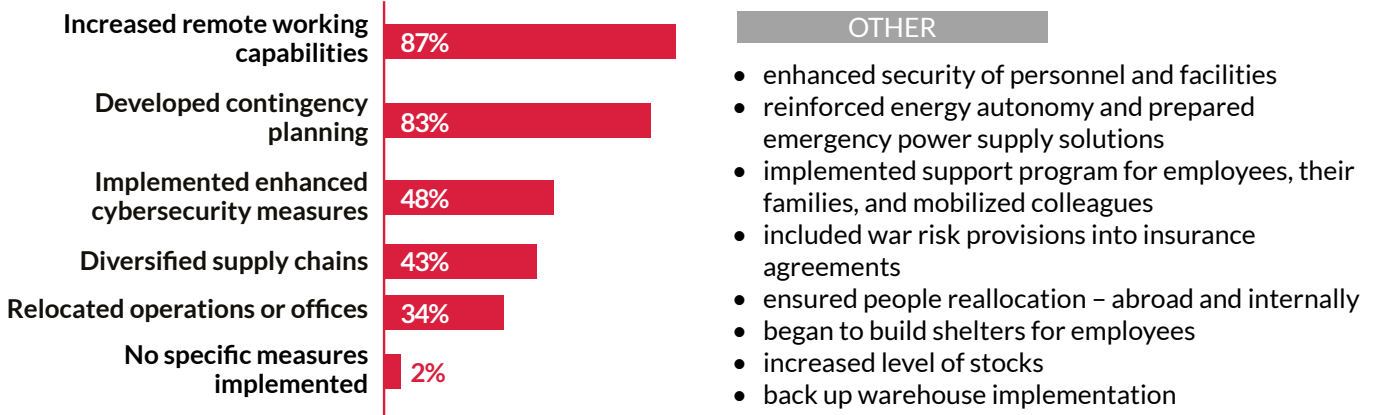
What is the revenue outlook for 2024 relative to 2023?



Have your company's physical assets (factory/warehouse/office etc.) been damaged during the war?



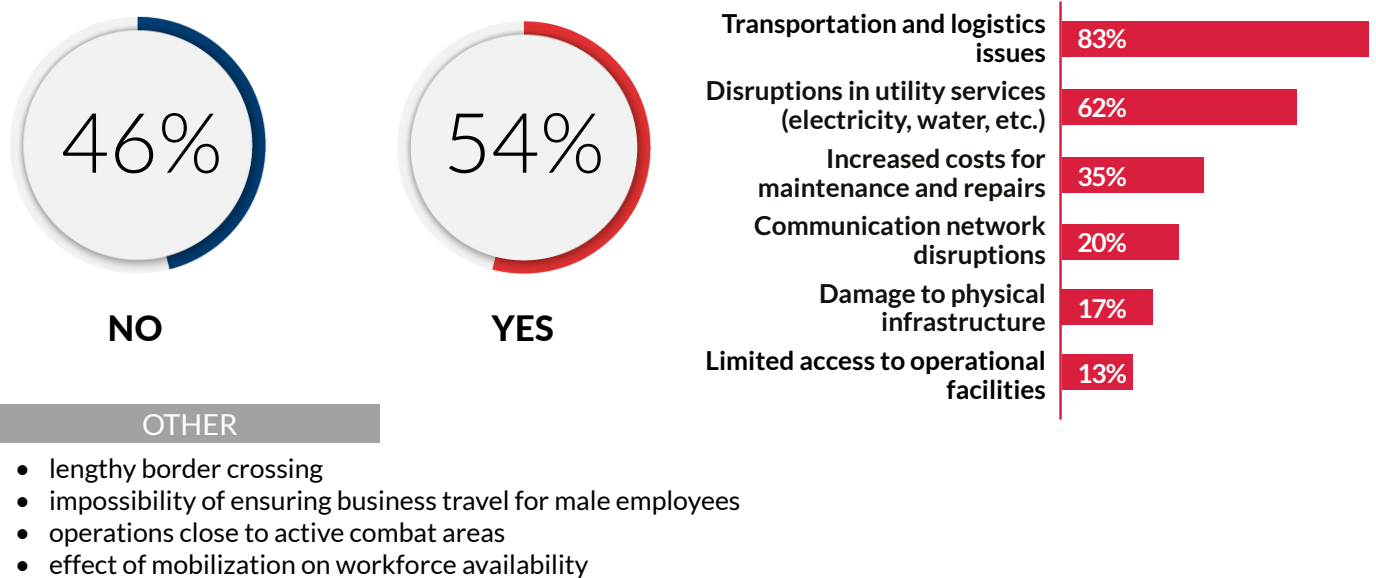
What measures, if any, have you implemented to mitigate the impact of the war on your business operations?



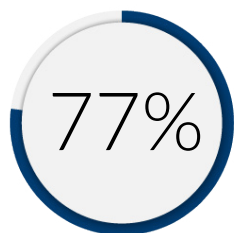
Have you witnessed any changes in consumer behavior or demand for your company's products/services during the war?



Is your company currently facing any challenges related to infrastructure, utilities, or transportation due to the war?



Has your company considered relocating any of its facilities or operations due to the proximity to war zones or safety concerns?



NO

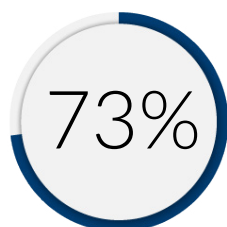


YES

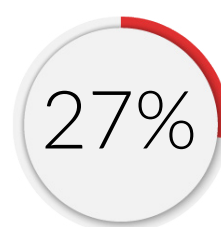
Which type of facilities are being considered for relocation?



Has your company considered expanding to new markets as a strategic response to the challenges posed by the war?

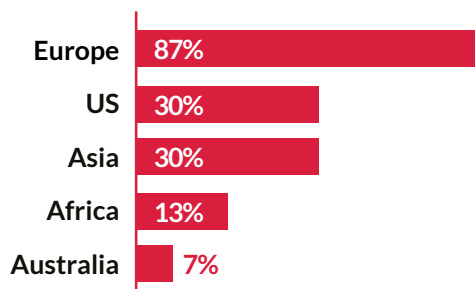


NO



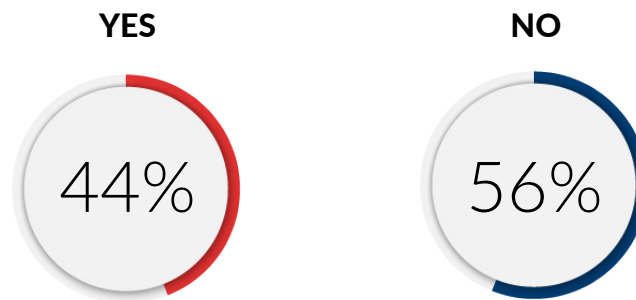
YES

Which markets are being considered for expansion?



WAR RISK INSURANCE

Does your company have sufficient access to war risk insurance?



What are the needs that are not currently met? What impact is this having on your business?



LACK OF INSURANCE COVERAGE

- Many respondents indicate that war risk insurance is either not available or only partially available for their assets and goods in Ukraine.
- Specific mentions include a lack of insurance for high-value real estate, industrial properties, inventories, and products in distributors' or pharmacy chains' warehouses.



PARTIAL COVERAGE

- Some companies have partial coverage, but it is often limited to specific regions (e.g., Kyiv and Western Ukraine) or does not fully meet their needs.
- This partial coverage affects their ability to maintain adequate stock levels, leading to potential out-of-stock situations.



HIGH COSTS AND INSURANCE COMPANY REJECTIONS

- Several respondents highlight that either the cost of war risk insurance is prohibitively high or insurance companies are outright rejecting to provide such coverage.
- This is causing significant business disruptions, such as losing rental business or being unable to conduct certain transactions.

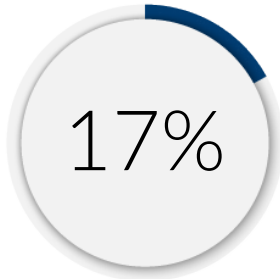


IMPACT ON BUSINESS OPERATIONS

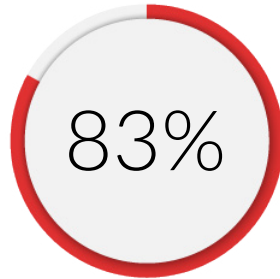
- The lack of comprehensive war risk insurance is affecting various aspects of business operations:
 - Limiting the ability to produce goods for other markets.
 - Restricting investment and expansion plans due to uncertainty and inadequate risk coverage.
 - Creating challenges in managing inventory and supply chain risks.

ACCESS TO FINANCING

Does your company have access to sufficient working capital financing today?



NO



YES

Relative to pre-war levels, has this access changed?

Remained the same

63%

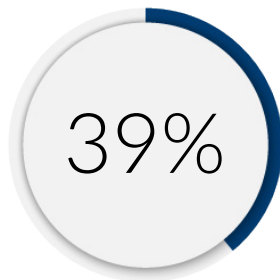
Increased

21%

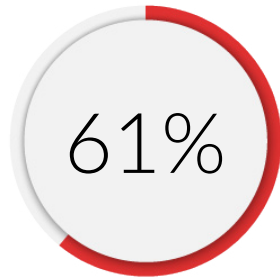
Decreased

16%

Does your company have sufficient access to longer-term growth/project financing?



NO



YES

Relative to pre-war levels, has this access changed?

Remained the same

66%

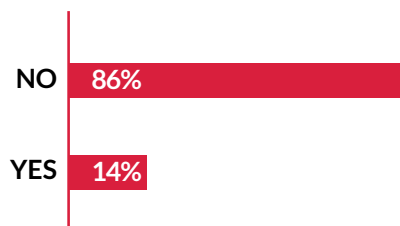
Increased

18%

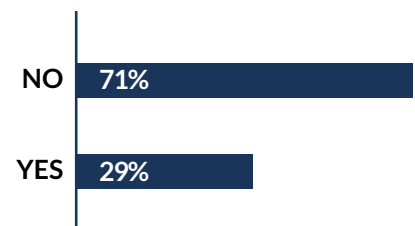
Decreased

16%

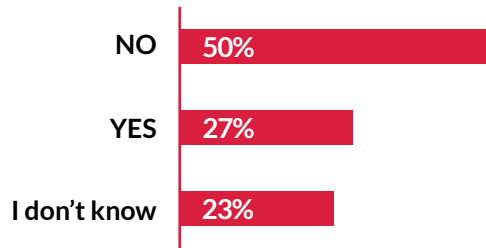
Does your company have an interest or a need for equity capital?



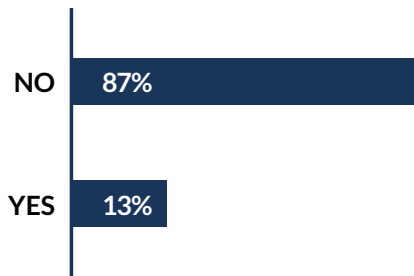
Is your company engaged in financing discussions with an IFI (e.g. EBRD, IFC, DFC, EIB etc.)?



Would your company be investing more today if there was increased access to affordable capital?



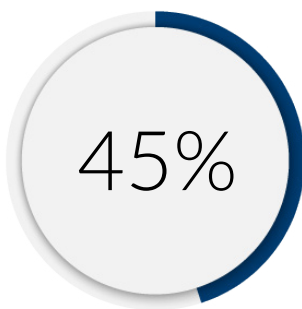
Is access to capital/financing an issue for your company?



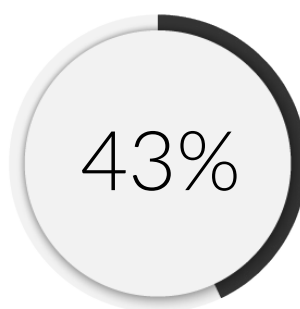
What is the biggest obstacle/gap in the market?

- risks related to the war
- no long-term credit for investments
- restrictions on moving capital out of Ukraine
- lack of sufficient financing in hard currency
- banks are not ready to provide trade financing
- cost and availability of credit
- illiquidity of pledged property
- low product turnover
- no/limited financing for construction and mining equipment
- underestimated business value and no interest from investors to invest

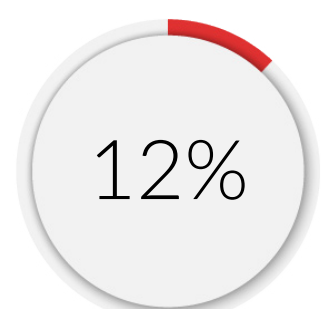
What is your assessment of the economic situation during the next 12 months?



Remain the same



Deteriorate



Improve

UKRAINE'S JUDICIARY EFFECTIVENESS

Does your company see a significant problem in the functioning of the judicial system?



NO

the judicial system is effective and does not require any changes



YES

judicial system is quite ineffective and requires significant improvements

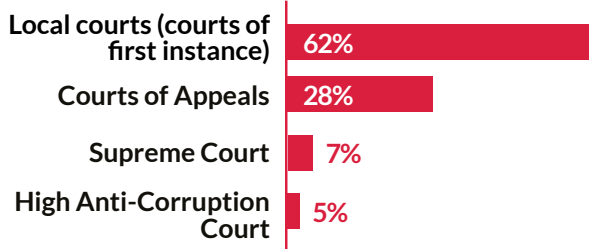
65%

judicial system is generally effective but requires some changes

35%

Interaction with which courts most often causes obstacles for your company?

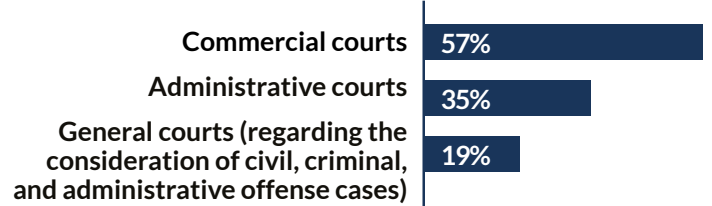
INSTANCE



OTHER

- n/a, no interaction
- Cassation Court
- no issues faced

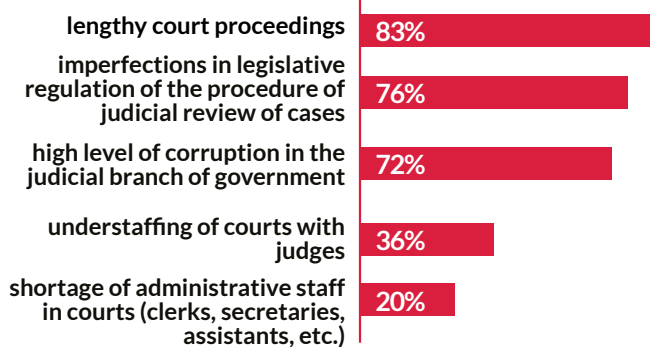
SPECIALIZATION



OTHER

- Other - n/a, no interaction

In your opinion, what are the most common obstacles in the judicial system?

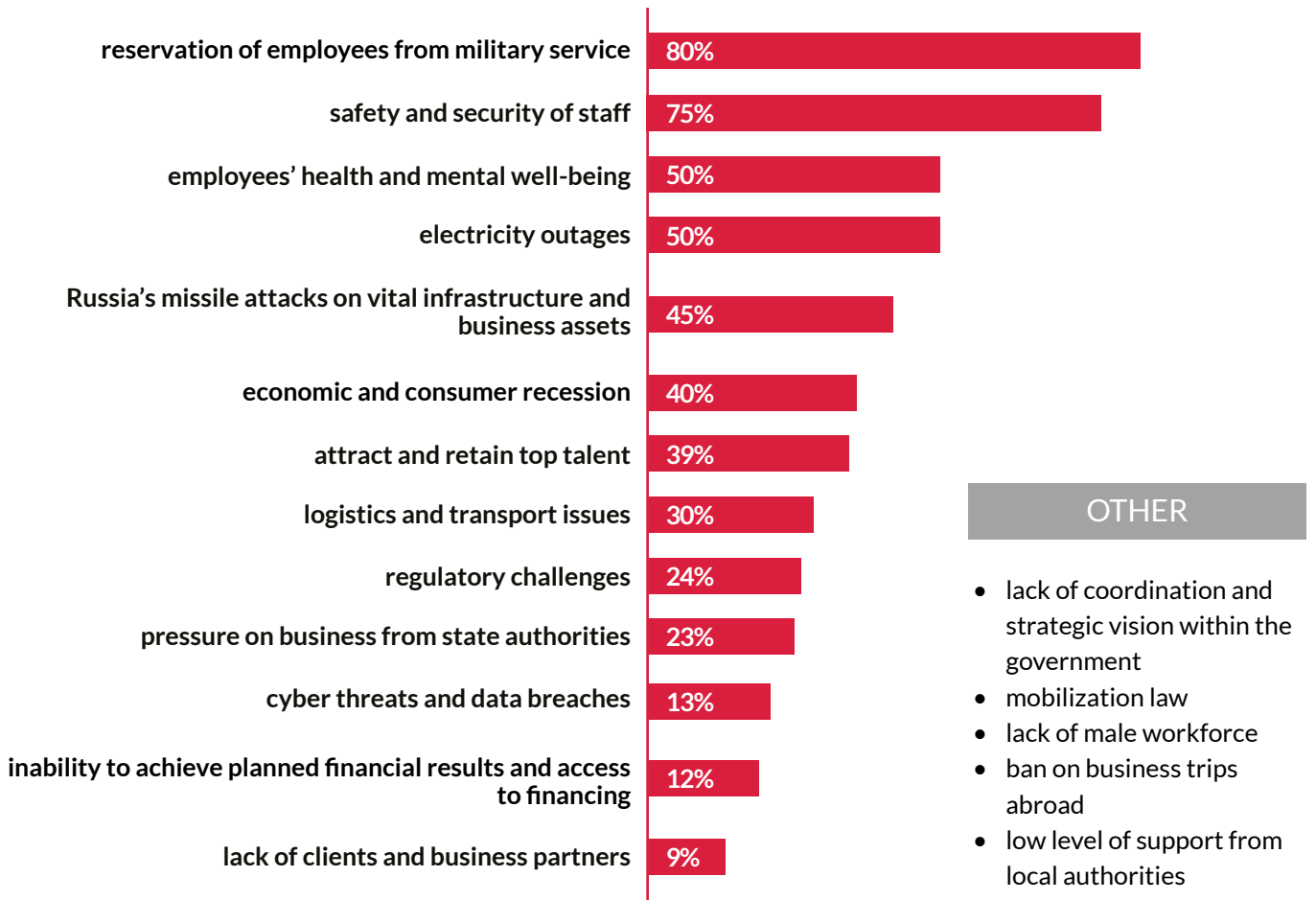


OTHER

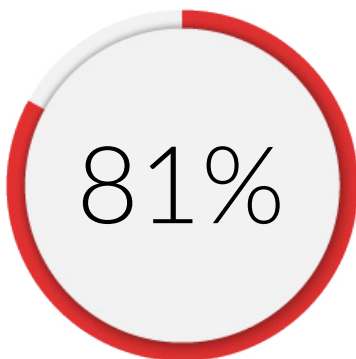
- no clear deadlines for consideration of cases in the courts
- inconsistency and over-regulation of Ukrainian legislation
- low level of self-motivation for impartial actions that are not lobbied from the outside
- influence of interested parties on the judicial branch
- abuse of power by the administrative officials
- biases of the judicial system towards law enforcement agencies vs business
- no issues faced as of now
- no need to use the judicial system as of now

BUSINESS ENVIRONMENT

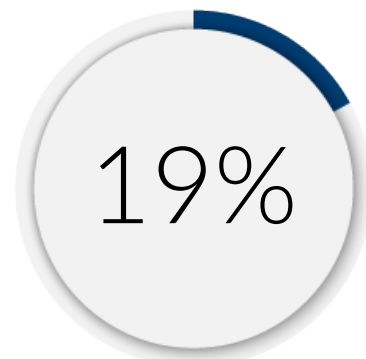
What are your company's key challenges with regard to doing business in 2024?



Is mobilization having an impact on your company's business performance?

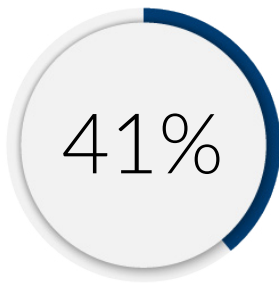


YES



NO

Does your company import or export goods to/from Ukraine?



NO



YES

What is the primary route?

truck

80%

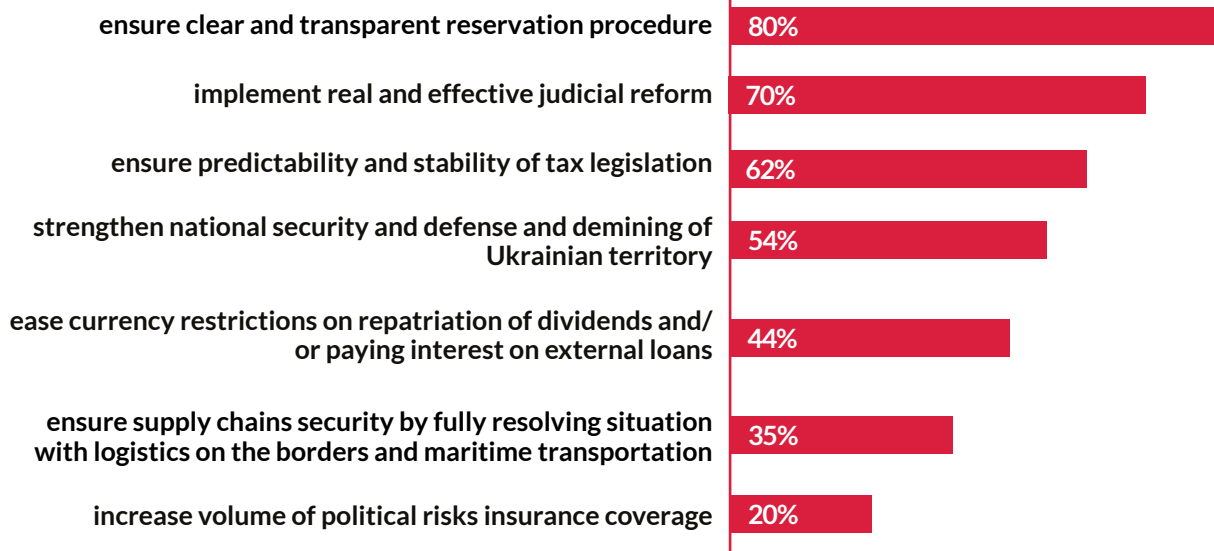
sea

17%

rail

3%

What steps should the Ukrainian Government take to significantly help your business on the ground in 2024?



OTHER

- implement economic model of employees' reservation
- simplify business red tape and bureaucracy
- take steps on military side to prevent further territory being taken by Russia
- minimize the interference of law enforcement agencies in business operations
- enhance communication with international businesses outside Ukraine
- launch campaign to decrease risk of doing business in Ukraine for global businesses
- introduce moratorium on regulatory changes until the end of martial law