Business
Ombudsman
Council

Current Challenges Faced by Business and Ukraine's Investment Attractiveness

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Introduction

The fourth year of the full-scale war has become a period of both significant losses and adaptation for Ukrainian business. Enterprises continue operating in conditions of security risks, personnel shortages, logistic restrictions and high uncertainty. Meanwhile, business is gradually restructuring production processes, changing sales markets and deepening integration with European markets. In these conditions, the quality of the institutional environment, the state policy predictability, access to justice and the level of trust between business and the state are of particular importance. At the same time, Ukraine's investment attractiveness is increasingly defined not only by individual sectors economic potential, but also by the quality of institutions, the state policy predictability and of war risks management mechanisms availability.

Given the importance of systemic monitoring of changes in the business environment, the Business Ombudsman Council of Ukraine is conducting for the second time a survey dedicated to current business challenges and the investment attractiveness of Ukraine.

The purpose of this survey is to comprehensively analyze the current challenges faced by business in Ukraine, assess the interaction of enterprises with state institutions, survey perception of European integration processes, and identify key factors affecting the investment attractiveness of Ukraine. The survey also aims to identify barriers and conditions that may contribute to stimulating domestic and foreign investments in the context of wartime and the future post-war recovery.

The authors of the survey extend their gratitude to organizations and institutions that supported the survey and contributed to disseminating of the questionnaire among of Ukrainian and international business representatives. On a particular note, we would like to sincerely thank the Ukraine's national government investment promotion and support office, the American Chamber of Commerce in Ukraine, the European Business Association, the Ukrainian-Czech Chamber of Commerce, the Franco-Ukrainian Chamber of Commerce, the Polish-Ukrainian Chamber of Commerce, the International Society of Polish Entrepreneurs in Ukraine, and the Foreign Trade Bureau of the Polish Investment and Trade Agency in Kyiv.

The survey and summary of the results were conducted by the Institute of Economic Research and Policy Consulting at the request of the Business Ombudsman Council of Ukraine.

The authors of the survey from the Institute for Economic Research are:

Oksana Kuzyakiv, Yevhen Angel, Anastasia Gulik.

On the part of the Business Ombudsman Council the contributors are:

Deputy Business Ombudsman **Tetiana Korotka**;

Senior Recovery Manager **Dmytro Polyansky**;

Economic Analyst **Iryna Tkachenko**;

Senior Recovery Legal Manager **Olena Chorna**;

Recovery lawyer **Alyona Vydiuk**.

Key findings and recommendations

for shaping public policy

The survey shows that Ukrainian businesses remain highly adaptable and focused on development, even during the ongoing war. The main constraining present-day factors are shortage of personnel, war risks, and the institutional environment weakness. However, Ukraine's European integration and investment potential are positively assessed, and key prerequisites for further economic development are strengthening the rule of law, combating corruption, ensuring the protection of property rights, and creating predictable conditions for doing business.

The survey makes it clear that large and small businesses needs differ greatly. While for large enterprises the primary priorities are overcoming challenges associated with the mobilization of personnel, returning labor resources, developing logistics and export infrastructure, for small businesses the key ones are expanding access to financing, increasing competitiveness in the labor market, and practical support in adapting to new regulatory requirements. This means that state support policies should be differentiated depending on the scale of enterprises.

Meanwhile, the foreign business survey results show that there is still significant interest in Ukraine as a future investment destination. For international investors, the decisive factor is not special tax regimes or individual incentives, but the institutional environment quality: effective actions against corruption, an independent judiciary, roboust investment protection, and predictable state policy. This confirms the fact that Ukraine's recovery and successful attraction of private capital must be based primarily on strengthening institutions, deepening European integration and building trust between the state, business and international partners.

The results obtained prove that further economic development of Ukraine and its investment attractiveness will be determined primarily by the quality of the institutional environment and the ability of state policy to respond to business real needs. The priority areas should be overcoming the personnel shortage, strengthening the rule of law, ensuring effective property rights protection, combating corruption, developing export and logistics infrastructure, as well as expanding access to financing, especially for small and medium-sized businesses. Yet, successful attraction of foreign investment requires the formation of a predictable regulatory environment, an independent judicial system and effective investors protection mechanisms. The implementation of these priorities, combined with further progress on the path of European integration, will create conditions for sustainable economic growth and successful post-war recovery of Ukraine.

Below are key findings of the survey, characterizing the current state of the business environment in Ukraine, differences between various categories of enterprises, and assessments of foreign investors.

Key results: Ukrainian business

1. Ukrainian business demonstrates high resilience, but operates in conditions of constant challenges

- Almost all businesses face certain problems: only 0.3% of respondents reported that they had no difficulties.
- The biggest challenge remains the labor shortage (70.8%), which businesses associate primarily with the mobilization of workers and their departure abroad.
- Other key issues include rising prices for raw materials and resources (48.7%), shrinking markets (34.2%), logistical constraints (32.9%), and energy and security risks.

2. The war changed the structure of the main business problems

- The biggest negative impact of a full-scale invasion is related to personnel shortages and loss of personnel.
- Also significant consequences are power outages, a drop in demand, and logistical difficulties.
- Only 1.7% of businesses stated that the war had no impact on their operations.

3. The institutional environment key problem is low trust in property rights protection system

- 63.6% of businesses assess the property rights protection level as low or rather low.
- 63.1% do not trust the judicial system in business protection matters.
- Lawyers and law firms are considered the most effective mechanisms for protecting businesses, while law enforcement bodies received the lowest performance ratings.

4. Unfair competition and corruption are not widespread phenomena, but remain a problem for individual companies

- Almost two-thirds of enterprises (64.2%) did not encounter any manifestations of unfair competition.
- 46.8% of businesses have never encountered corruption in public procurement.
- However, about a quarter of companies report individual cases of unfair competition or corruption.

5. Interaction with government bodies remains ambiguous

- The vast majority assesses interaction with tax authorities as neutral.
- At the same time, about a quarter of companies reports cases of undue pressure.
- Among those who faced such pressure, the State Tax Service is most often mentioned.

6. Business needs financial resources and practical support toolkit.

- Access to credit is generally assessed as acceptable, however micro and small businesses face greater difficulties.
- Only 14.7% of enterprises have war risk insurance, and half of businesses consider it virtually inaccessible.
- The most sought-after government support is financial assistance, as well as export programs, certification support, and regulatory regime simplification.

7. European integration is perceived as an opportunity, but business is anticipating more applied communication

- Ukrainian business generally positively assesses the prospects of integration into the EU and sees opportunities for partnerships, investments, and market access in it.
- At the same time, more than half of respondents consider government communication regarding European integration insufficient.
- The main request from businesses is for practical explanations, online portals, guides, and webinars.

8. Ukrainian companies are already actively integrated into the EU market

- 61.1% of respondents are already exporting to EU countries, and almost 10% plan to start exporting in the near future.
- The biggest barriers remain the high

cost of entering the market, fierce competition, certification, and logistics.

- At the same time, the lack of information about the EU market is not a problem (only 5% identified this as a barrier to exporting or entering the EU market), which shows sufficient business awareness.

9. Ukraine's investment potential remains high

- Business representatives called energy, defence industry, IT, construction, and the agricultural sector the most promising areas for investment.
- For foreign companies, the most attractive forms of entry are investments in existing enterprises and creating partnerships with Ukrainian companies.

10. The decisive factor for investors is the quality of institutions, not tax benefits per se

- Business considers corruption, imperfect judicial system, and regulatory instability as the main barriers to investment.
- Ukraine's course towards joining the EU has a positive impact on the investment decisions of most potential investors.
- At the same time, the survey findings show that investors primarily expect guarantees of investment protection, the rule of law, transparent rules of the game, and a reduction in corruption, while special economic zones or tax breaks have a much lower priority.

The size of a business determines the nature of its challenges

1. Large enterprises: systemic staff shortage and need for stability

- Large companies are most acutely experiencing labor shortages: 81.4% of such enterprises reported this problem.
- The main reasons for the personnel shortage are the mobilization of employees to the Armed Forces of Ukraine (87.0%) and the departure of employees abroad (84.1%).
- Large enterprises also face logistical constraints more often, make more active use of bank lending and government support programs, and are more integrated into external markets.
- Investment protection guarantees, certification support, and export infrastructure development are especially important for them.

2. Small and microbusinesses: internal resource constraints

- Although the shortage of personnel remains a major problem for small businesses, its scale is lower than for large ones.
- For micro-enterprises, the staffing shortage is largely explained by the inability to offer competitive wages, a factor cited by 45.5% of respondents.
- It is small businesses that most often face limited access to financing, practically do not use government support programs, and have almost no insurance against military risks.
- In addition, micro and small enterprises demonstrate a lower level of awareness of European integration and are more likely to need practical explanations and consultations.

Key results: foreign investors

1. Despite the war, interest in Ukraine remains high

- None of the surveyed international business representatives stated a lack of interest in investing in Ukraine.
- Half of the respondents already have basic information about the Ukrainian market, and more than a third rate their level of awareness as high.
- This shows that Ukraine continues being considered a promising destination for future investments.

2. War remains the main deterrent, but not the only one

- Foreign companies cite war-related risks as the biggest obstacle to opening or expanding a business (75%).
- At the same time, limited access to financing and insurance, economic uncertainty, as well as possible unscrupulous actions by government bodies play a significant role.
- Thus, even after the end of hostilities, institutional risks will remain decisive for investment decisions.

3. Investors' main request is the rule of law, not tax breaks

- Foreign business considers the following to be the most important conditions for improving the investment climate:
  - reducing corruption level (90%);
  - simplifying administrative procedures (75%);
  - ensuring access to justice (65%).
- Instead, instruments such as special economic zones or separate tax regimes have a much lower priority.
- This shows that investors primarily expect quality institutions and a predictable regulatory environment.

4. European integration is an important incentive for investment

- Almost 95% of respondents noted that Ukraine's course towards joining the EU fully or partially influences their investment decisions.
- For international business, European integration is a signal of long-term stability, harmonization of rules, and reduction of regulatory risks.

5. The most attractive entry model is direct investments in already operating Ukrainian entreprises

- Foreign investors prefer direct investments in already operating Ukrainian enterprises and the creation of joint ventures.
- This shows high potential for developing partnerships between Ukrainian and international companies and confirms trust in local expertise.

6. Risk reduction mechanisms are needed to attract capital

- Foreign investors consider the most attractive government support instruments to be: insurance against military and political risks; preferential financing or lending; tax incentives and access to reconstruction programs.
- This means that investment attraction policies should focus not only on promoting Ukraine as a country of opportunities, but also on creating practical risk management mechanisms.

Recommendations for public policy

1. Develop differentiated support toolkit for large and small businesses considering their different needs.
2. Implement measures to address the workforce shortage, including support for vocational training, retraining, and workforce reintegration.
3. Strengthen institutional guarantees for the protection of property rights, the independence of the judiciary, and combating corruption.
4. Expand business access to financing and risk insurance mechanisms, especially for small and medium-sized enterprises.
5. Continue harmonization with EU law and support for exports, which will contribute to the integration of Ukrainian companies into European markets and increase the country's investment attractiveness.

Key trends and challenges for business and investment climate

MAIN OBSTACLES FOR BUSINESS IN UKRAINE

- Survey results show that in 2026 only **0.3% of enterprises** report no problems. Despite the dominance of the personnel crisis, the activities of companies are hampered by a whole set of economic barriers and wartime challenges
- Labor shortage (70.8%): the main challenge for Ukrainian businesses. Businesses explain the shortage of personnel by mobilization (74.0%) and employees leaving abroad (73.7%).
- Rising prices for raw materials and resources (48.7%): the second most significant challenge, indicating continued inflationary pressure and high production costs.
- Shrinking markets (34.2%) and logistical constraints (32.9%): indicate difficulties in restoring economic activity and supply chains functioning.
- Energy (28.2%) and security risks (24.8%): problems with electricity supply and security risks of running business due to the war remain relevant for a quarter of enterprises.

INSTITUTIONAL ENVIRONMENT

The results of the survey indicate a low level of business trust in key legal institutions, which directly affects the assessment of the business climate:

- **Low protection of property rights (63.6%):** most respondents assess the level of protection of rights as low or rather low.
- **Crisis of trust in the courts (63.1%):** almost a similar percentage of entrepreneurs do not trust the judicial system in protecting their interests.
- **Interaction with authorities and protection:** Among companies that faced undue pressure, the State Tax Service was named as the main source of risk (69.5%). At the same time, contacting law enforcement bodies is considered the least effective protection mechanism (44.2% of assessments – «low effectiveness»), which is why businesses prefer lawyers and associations.

EUROPEAN INTEGRATION AND EXPORT

- **Lack of communication (51.7%):** over half of respondents consider the current information provided by the state regarding the impact of European integration to be weak. Businesses do not expect general information about European integration, but rather applied explanations regarding regulatory changes, sector requirements, and practical implications for business operations.
- **Demand for digital tools:** businesses need clear digital solutions –

a specialized online portal (52.9%), practical guides (48.8%), and webinars (47.9%).

- **Barriers to the EU market:** the main obstacles to expansion remain high financial costs of entry (45.5%), tough competition (38.9%), and difficult certification to EU standards (36.2%). As a result, 53.3% expect direct financial assistance from the state (grants, compensation).

INVESTMENT ATTRACTIVENESS

- **Top industries for investment:** business considers energy (60.0%) and defense industry (53.2%) to be the most promising.
- **Key conditions for investors:** the main requirements of foreign companies for entering the market are reducing the level of corruption (90.0%), simplifying administrative procedures (75.0%), and ensuring access to justice (65.0%).
- The results of the survey do not confirm the idea that attracting foreign investors is primarily determined by tax benefits or special regimes. Classic support tools, such as creating special economic zones (15.0%) or benefits for industrial parks (10.5%), have minimal priority for foreign capital.

POINTS OF RESILIENCE AND POSITIVE TRENDS

- **Large-scale integration into the EU:** a significant part of Ukrainian business is already operating in the European market — 61.1% of respondents are active exporters, and another 9.9% plan to start exporting in the near future. However, business clearly understands the rules of the game: lack of information about the EU market is the least significant barrier (only 5.4%).
- **Resistance to unfair competition and corruption in procurement:** Almost two-thirds of businesses (64.2%) reported that they had not encountered any unfair competition. In addition, about half of enterprises (46.8%) had never encountered corruption in public procurement, and among foreign companies this figure reaches 85.7%.
- **Investment optimism:** None of the surveyed international business representatives indicated that they were not interested in investing in Ukraine. Moreover, 35.0% of foreign companies already rate their awareness of the business climate in Ukraine as high, and the course towards EU accession is a powerful incentive for investment decisions for 94.9% of respondents.

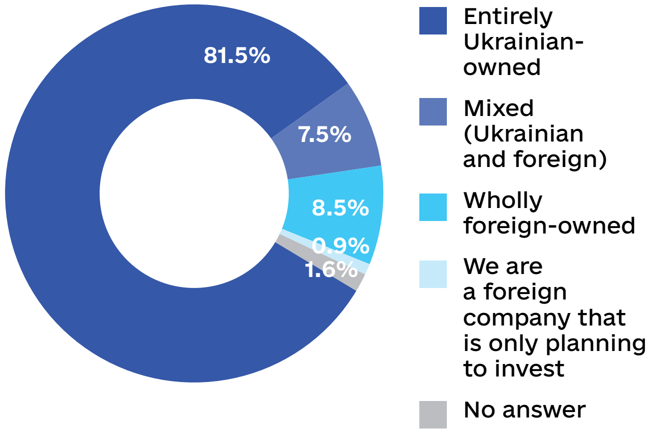
Sample (general characteristics of respondents)

The field phase of the survey “Current Challenges Faced by Business and Ukraine’s Investment Attractiveness” lasted from May 14 to June 4, 2026. In addition to representatives of Ukrainian business, foreign enterprises were also surveyed, who were provided with questionnaires in Polish and English. As part of the survey, a separate survey of foreign businesses on the investment climate in Ukraine was conducted. In particular, companies from Bulgaria, Germany, Poland, France, the Czech Republic and Switzerland participated in the survey. A total of 319 enterprises were surveyed.

The majority of the surveyed enterprises, namely 260, or 81.5% of the sample, are enterprises with fully Ukrainian capital. 27 enterprises, which is 8.5%, have fully foreign capital. 24 enterprises (7.5% of the sample) have mixed (foreign and Ukrainian capital). Another three enterprises (0.9%) are foreign companies that are only considering the possibility of entering the Ukrainian market. Only five enterprises (or 1.6% of the respondents) refused to give an answer regarding the ownership structure.

The sample structure reflects the real landscape of the Ukrainian economy, in which foreign-owned enterprises constitute a relatively small but important part of the business environment, and also allows us to take into account the views of both companies already operating in Ukraine and potential investors considering entering the Ukrainian market or expanding their presence in the country.

Fig. 1. Capital structure (% of respondents)



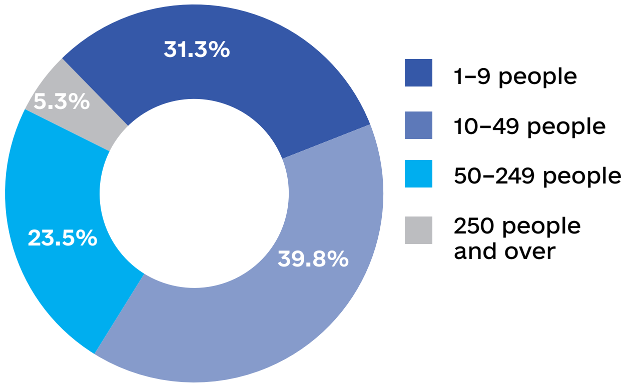
The sample consists of enterprises operating in 20 out of 27 regions of Ukraine: Vinnytsia, Volyn, Dnipropetrovsk, Zakarpattia, Zaporizhzhia, Zhytomyr, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Kharkiv, Khmelnytskyi, Cherkasy, Chernivtsi, Chernihiv regions and the city of Kyiv. In each region, from 2 to 31 enterprises were surveyed.

Fig. 2. Distribution of enterprises by type of activity (% of respondents)

Over half of the sample is made up of industrial enterprises – 230 enterprises, or 72.1%. Among them, the food industry (25.7%), chemical industry (9.1%) and mechanical engineering (7.8%) pre. Agriculture includes 14 enterprises, or 4.4% of the sample. Trade includes 28 enterprises (8.8%), transport services include 20 enterprises (6.3%), 4 enterprises, or 1.3%, are engaged in publishing, the IT sector includes 2 enterprises, or 0.6% of the sample, and another 17 enterprises, which is 5.3% of the sample, provide other services, and 3 enterprises (0.9%) are engaged in construction.

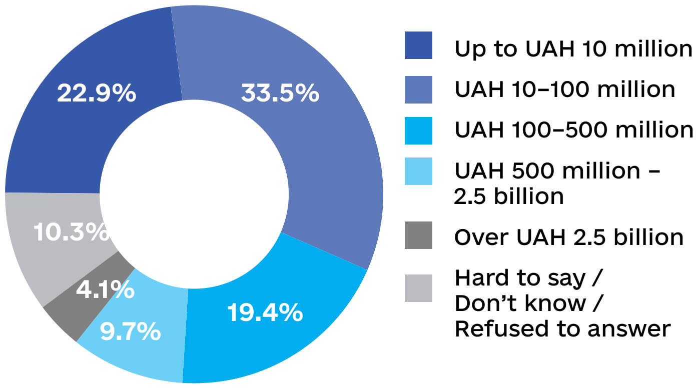
Among the surveyed enterprises, there are enterprises of different sizes, which are distributed depending on the number of employees. In particular, microbusinesses (number of employees up to 9 people) make up 5.3% of the sample. 31.3% of the sample are small businesses (from 10 to 49 employees). The largest part of the sample is made up of medium-sized enterprises — 39.8% of respondents (from 50 to 249 employees). Large businesses (from 250 and more employees) include 23.5% of the respondents.

Fig. 3. Distribution of enterprises by size (% of respondents, number of employees)



The largest group comprises businesses with income of UAH 10–100 mn — 33.5% of respondents. 2.9% of respondents considered themselves small businesses with income up to UAH 10 million. Businesses with income from UAH 100 to 500 mn make up 18.5% of the sample. Income from UAH 500 mn to 2.5 bn is also 9.7%. The smallest group is businesses with income over 2.5 bn (4.1% of the sample). Only 10.3% of respondents agreed to give an answer regarding the amount of annual income.

Fig. 4. Distribution of enterprises by size (% of respondents, income in UAH)



Chapter 1.

Conditions for doing business in Ukraine

1.1. Key challenges for business

The survey results show that in 2026, the key problem for Ukrainian businesses remains the labor shortage, which was named the most significant by 70.8% of surveyed enterprises. This significantly outpaces other challenges and reflects the worsening personnel shortage due to population migration, mobilization and demographic losses caused by the war. The second most significant challenge is increase in prices for raw materials and resources (48.7%), which indicates the persistence of inflationary pressure and high production costs. At the same time, about a third of businesses report insufficient demand or a reduction in sales markets (34.2%) and logistical constraints (32.9%), which shows difficulties in restoring economic activity and functioning of supply chains.

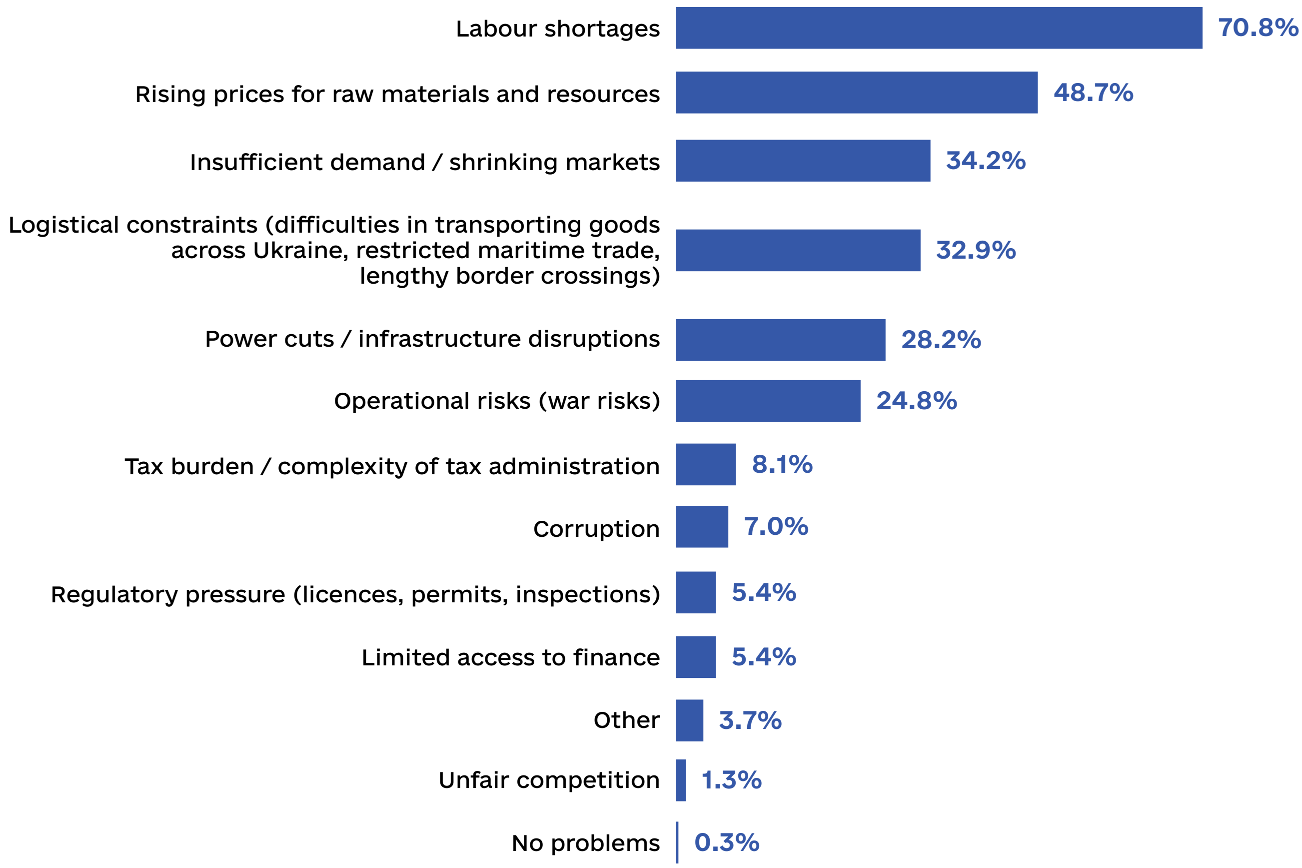
Despite the power system stabilization in the post-winter period, problems with electricity supply and infrastructure remain relevant for 28.2% of enterprises. Almost a quarter of respondents (24.8%) point out security risks of conducting business activities related to the war. In contrast, institutional barriers – such as tax pressure (8.1%), corruption (7.0%), regulatory pressure (5.4%) or limited access to financing (5.4%) – although in place, are perceived by businesses as less critical compared to personnel, market and security challenges.

Only 0.3% of enterprises indicated that they had no problems, which emphasizes the high level of adaptation burden on Ukrainian business in the conditions of a war economy.

Among other problems, respondents also mentioned certain military and personnel challenges (mobilization, reservation of employees, martial law), market difficulties (loss of foreign partners, decrease in product prices), production restrictions (lack of raw materials), as well as administrative problems related to customs procedures. Some respondents also noted the complex nature of the difficulties, indicating the presence of «many problems» at the same time.

The relevance of individual problems depends on business size. Labor shortage is a major problem for all types of businesses, but the relevance of this problem depends on the size – 53.8% among microbusinesses vs 81.4% among large enterprises. Logistical constraints are mentioned more often by large enterprises (51.4%), which may be due to larger production volumes and more complex supply chains. For microbusinesses, a relatively more important challenge is limited access to financing (23.1%).

Fig. 5. Which of the following problems are the most significant for your business? (% of respondents, respondents could choose up to 3 answer options)[1]



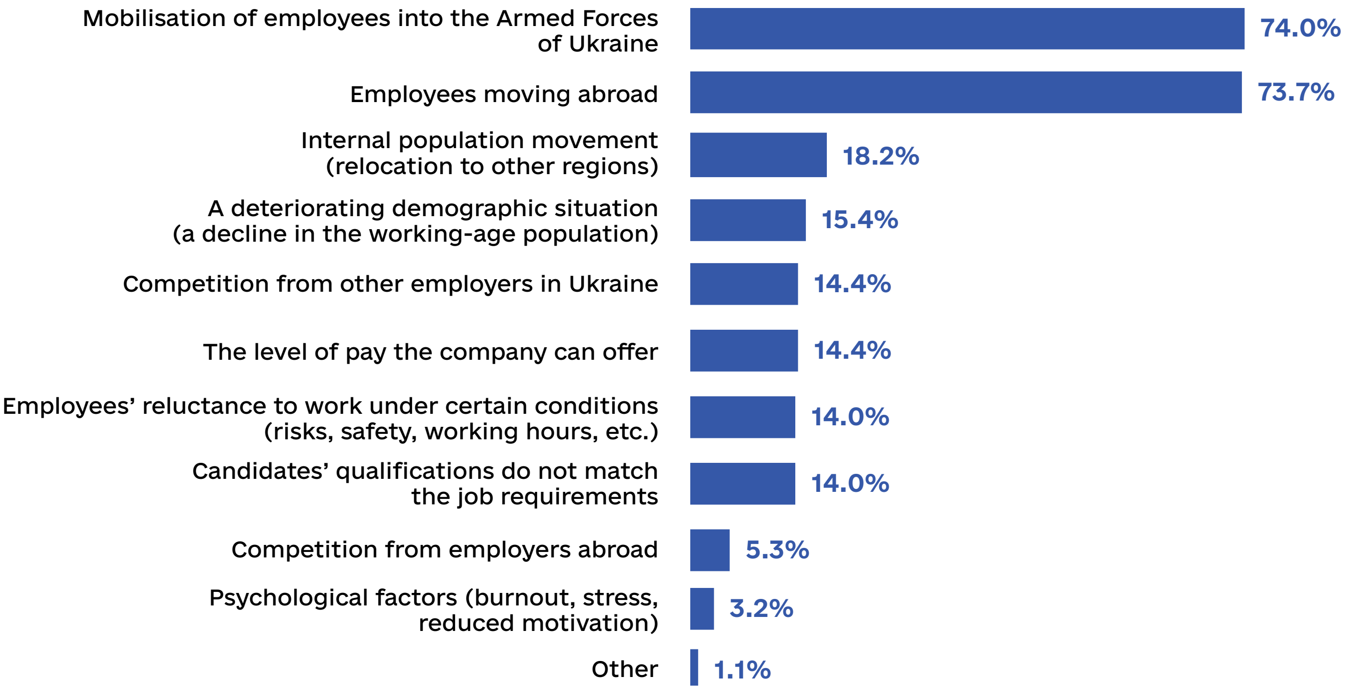
Labor shortages are also a major problem for most industries, especially for mechanical engineering (79.2%), woodworking (87.5%), and metallurgy and metalworking (78.9%). Rising raw material and resource prices are particularly noticeable for the chemical industry (58.5%) and the food industry (56.3%), reflecting the high resource intensity of these sectors. Logistical constraints are most frequently mentioned by companies in metallurgy and metalworking (47.4%), construction materials (47.1%), and wholesale trade (42.3%), which may be related to more complex supply chains.

Labor shortage

The survey results show that the labor shortage in Ukraine is primarily **caused by the war**. Most often, enterprises explain the shortage of personnel by draft of employees to the **Armed Forces of Ukraine (74.0%) and the departure of employees abroad (73.7%)** — exactly these two factors dominate by a large margin. This indicates the structural nature of the problem: businesses experience a shortage of personnel both due to the needs of the state's defense and due to external migration.

[1] Respondents could choose up to 3 answer options, so the sum of the answers may exceed 100%.

Fig. 6. What are the main reasons for the labor shortage for your business? (% of respondents, respondents could choose up to 3 answer options)



However, other factors play a less prominent role, although they are also a result of the war. Almost a fifth of respondents mention internal population displacement (18.2%), which may complicate the search for workers in certain regions. The worsening demographic situation (15.4%) indicates the potentially long-term nature of personnel challenges, caused by both migration processes and the general reduction in the working-age population. Another 3.2% of respondents point out to psychological factors, including burnout, stress and decreased motivation, which may also be associated with the long-term impact of the war.

Approximately 14% of businesses also attribute the problem to competition for workers, salary levels, unwillingness to work in certain conditions, and mismatch of candidates' qualifications with job requirements. This indicates that, along with war factors, structural imbalances in the labor market are gradually intensifying, which may persist even after the end of the war. Only 5.3% of respondents point to competition from employers abroad.

Among other reasons, respondents also mentioned problems related to employee reservation, including the impossibility of full reservation, complex procedures, and difficulties with registration. This further highlights the impact of war factors on the labor market and the difficulty of retaining key personnel for the business.

The reasons for labor shortages vary depending on business size: for large enterprises, staff shortages are much more strongly associated with the mobilization and departure of employees abroad, while microbusinesses more often mention internal constraints.

- The share of enterprises indicating mobilization of employees to the Armed Forces of Ukraine increases with the size of the business – from 54.5% among microenterprises to 87.0% among large companies.
- A similar trend is observed in the movement of employees abroad – from 36.4% among microbusinesses to 84.1% among large enterprises.
- For microbusinesses, internal factors are relatively more important, in particular the level of wages that the business can offer (45.5%).

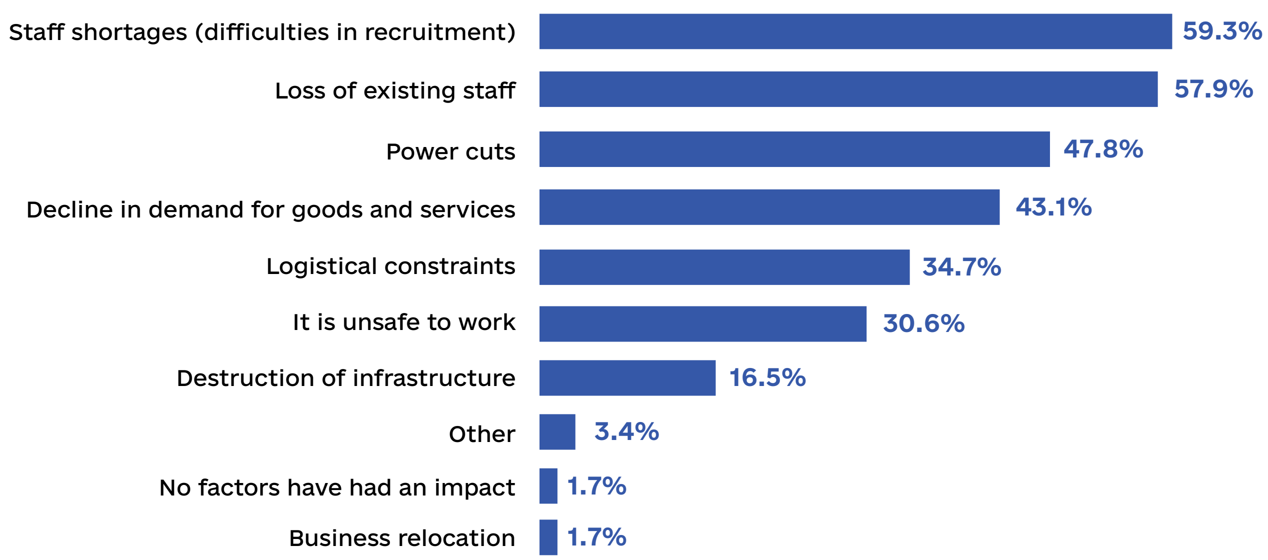
Regardless of the industry, the key reasons for the labor shortage remains mobilization of workers to the Armed Forces of Ukraine and the departure of workers abroad. However, their significance is particularly high for the chemical industry, mechanical engineering, metallurgy and food industry. For individual sectors, specific factors play a more prominent role, particularly internal population movement in mechanical engineering and the mismatch of candidates' qualifications with the needs of vacancies in the service sector.

The impact of war on business

Only 1.7% of respondents stated that the full-scale invasion had no impact on their business, having an almost ultimate impact of the war on business. The greatest impact on business was on staffing, with 59.3% of businesses reporting staff shortages and 57.9% reporting a loss of existing staff, reflecting the effects of migration, mobilization, and a general reduction in the available workforce. This reflects the relevance of the issue of staff shortages during the war in other questions.

Power outages (47.8%) and reduced demand for goods and services (43.1%) also had a significant effect, reflecting the impact of energy instability and the slowdown in economic activity. Around a third of businesses also mentioned logistical constraints (34.7%) and the risk of operating (30.6%), while infrastructure destruction (16.5%) was less common but a critical factor for some businesses.

Fig. 7. What factors have had the greatest impact on your business since the full-scale invasion began? (multiple answers)



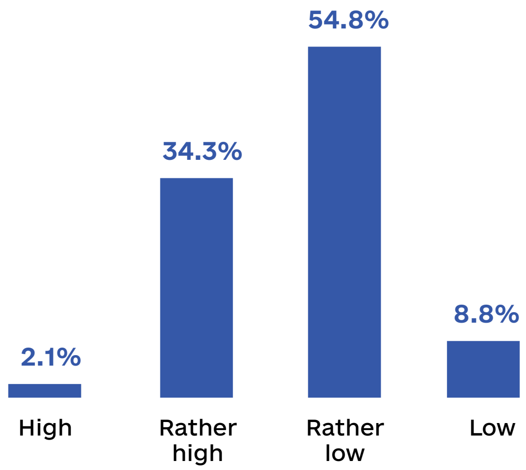
1.2. Property rights protection

Property rights protection level in Ukraine

Property rights protection level assessments in Ukraine are mostly restrained and negative. Among the respondents who answered this question, the majority assess it as "rather low" (54.8%), and another 8.8% — as low, that is, in total almost two-thirds of businesses (63.6%) are inclined to a critical assessment. At the same time, 34.3% consider the level of protection to be "rather high", while only 2.1% of respondents assessed it as high. This testifies to a limited level of business confidence in property rights protection mechanisms effectiveness.

Apart from that, there is a certain level of uncertainty regarding this issue: 11.3% of all respondents were unable to assess the property rights protection level in Ukraine.

Fig. 8. How do you assess the level of property rights protection in Ukraine? (% of respondents)



The results indicate the heterogeneity of the experience of enterprises of different types. Regardless of the enterprise ownership structure, the property rights protection assessment level as "rather low" prevails. Notwithstanding that fact, fully foreign companies more often give strongly negative assessments ("low" — 20.8%), while mixed Ukrainian-foreign enterprises more often choose the option "rather low" (59.1%). This may indicate a somewhat more critical perception of the institutional environment by foreign business.

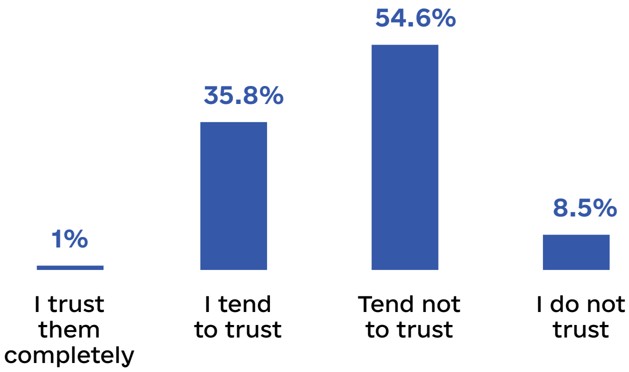
There are no significant differences in assessments depending on the size of the enterprise: in all groups, the assessment of the level of protection of property rights as "rather low" prevails, although micro-enterprises are somewhat more likely to give sharply negative assessments ("low" — 14.3%) compared to larger businesses. There are no significant industry differences: in most types of activity, the assessment of the level of protection of property rights as "rather low" prevails.

Level of trust in the judicial system

Assessments of the level of trust in the judicial system in matters of business protection are mostly restrained and negative. The majority of respondents (of those who were able to assess the level of trust) rather distrust the judicial system (54.6%), and another 8.5% do not trust it at all. That is, in total, almost two-thirds of businesses (63.1%) are inclined to a critical assessment. However, 35.8% of respondents rather trust the judicial system, while only 1.0% of respondents expressed complete trust.

At the same time, 8.2% of respondents were unable to assess the level of trust, stating that they did not have the relevant experience or that it was difficult for them to answer. This may indicate limited experience of some businesses interacting with the judicial system.

Fig. 9. How much do you trust the judicial system in matters of business protection?



Regardless of the ownership structure, businesses largely demonstrate a low level of trust in the judicial system in matters of business protection. At the same time, companies with only foreign capital express distrust somewhat more often (22.7% — "do not trust" versus 7.1% among companies with Ukrainian capital). Although in all business groups, regardless of the origin of capital, the answer "rather do not trust" prevails. This indicates that international investors have a higher sensitivity to institutional risks and may consider the state of the judicial system as a serious negative factor for expanding their activities

There are no significant differences in the level of trust in the judicial system depending on the size of the business: among all types of businesses, the answer "tend to distrust" prevails (52.9–58.3%). At the same time, large enterprises are somewhat more likely to express "somewhat trust" (42.9%), while among microbusinesses the share of those who distrust the judicial system is higher (25.0%).

Regardless of the industry, business mostly shows a low level of trust in the judicial system, as the answer "tend to distrust" dominates in most sectors. At the same time, slightly higher levels of trust are observed in the woodworking industry (56.3% — "somewhat trust") and agriculture (46.2% — "somewhat trust"), while the most critical assessments are in metallurgy and metalworking (66.7% — "somewhat distrust"), mechanical engineering (54.5%) and transport (61.1%).

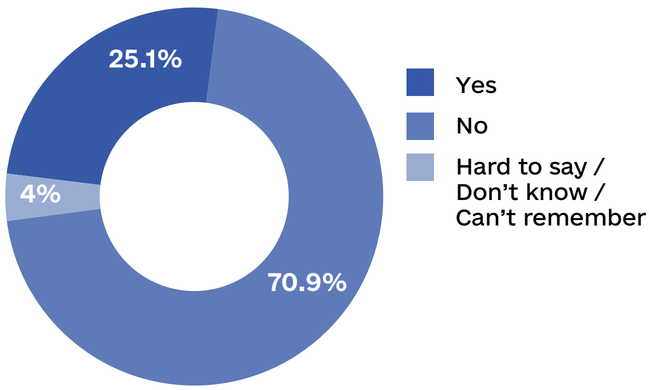
Applying rights and property rights protection mechanisms

The survey results show that over the past two years, the vast majority of Ukrainian enterprises (about 71%) have not had to use mechanisms to protect rights and property rights. This may indicate that a significant part of businesses have not encountered conflict situations that required legal protection.

At the same time, approximately a quarter of respondents (25.1%) reported such a need. This indicates a continued demand for effective justice institutions and business protection mechanisms.

The share of respondents who were unable to answer or do not remember (about 4%) is relatively small, which indicates that the business position on this issue is sufficiently clear.

Fig. 10. Has your business had a need to use mechanisms to protect rights and property rights in the last 2 years? (% of respondents)



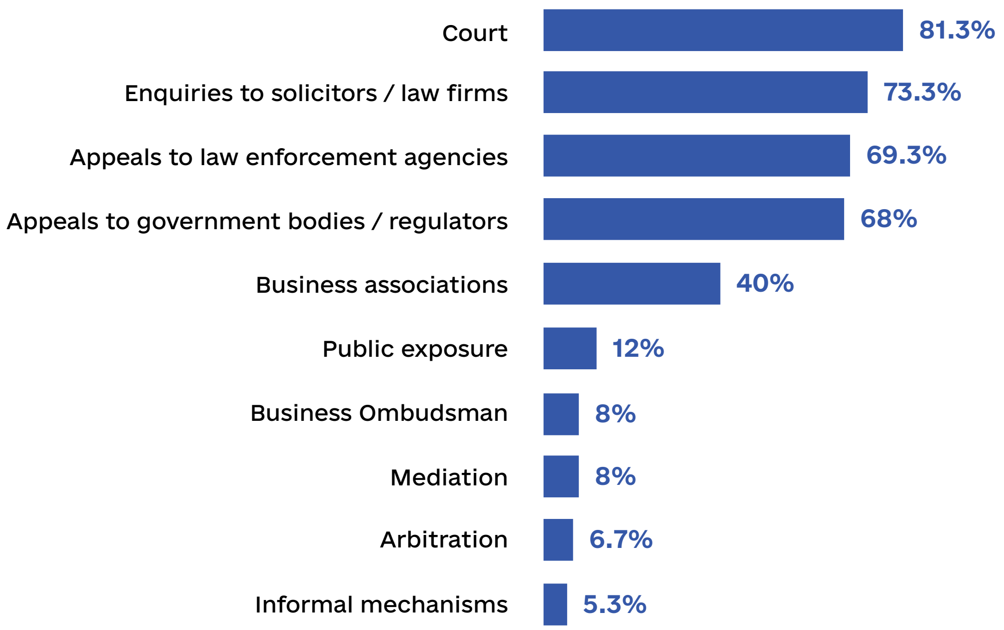
Among companies with only foreign capital, the need to apply mechanisms to protect rights and property rights arose less frequently than among businesses with Ukrainian or mixed capital. In particular, only 14.3% of such companies reported the need to apply relevant mechanisms, compared to 25.1% among businesses with Ukrainian capital and 38.1% among enterprises with mixed Ukrainian-foreign capital.

The need for mechanisms to protect rights and property rights increases with business size. While only 7.7% of micro-enterprises reported such a need, 41.4% of large enterprises reported it. This may indicate that larger companies are more likely to face more complex legal risks, given the greater number of partners, contracts, and more complex business process structures.

Among enterprises that used protection mechanisms in the last 2 years, the most frequently used were judicial protection (81.3%), appeals to lawyers/ law firms (73.3%), as well as appeals to law enforcement bodies (69.3%) and government authorities/regulators (68.0%).

In contrast, arbitration (6.7%), mediation (8.0%), and Business Ombudsman (8.0%) were used much less frequently, which may indicate a lower prevalence or awareness of these tools among businesses. Informal mechanisms were used by only 5.3% of respondents.

Fig. 11. Share of respondents who used protection mechanisms (% of respondents)[2]



[2] The indicator represents the proportion of respondents who provided an assessment of the relevant protection mechanisms.

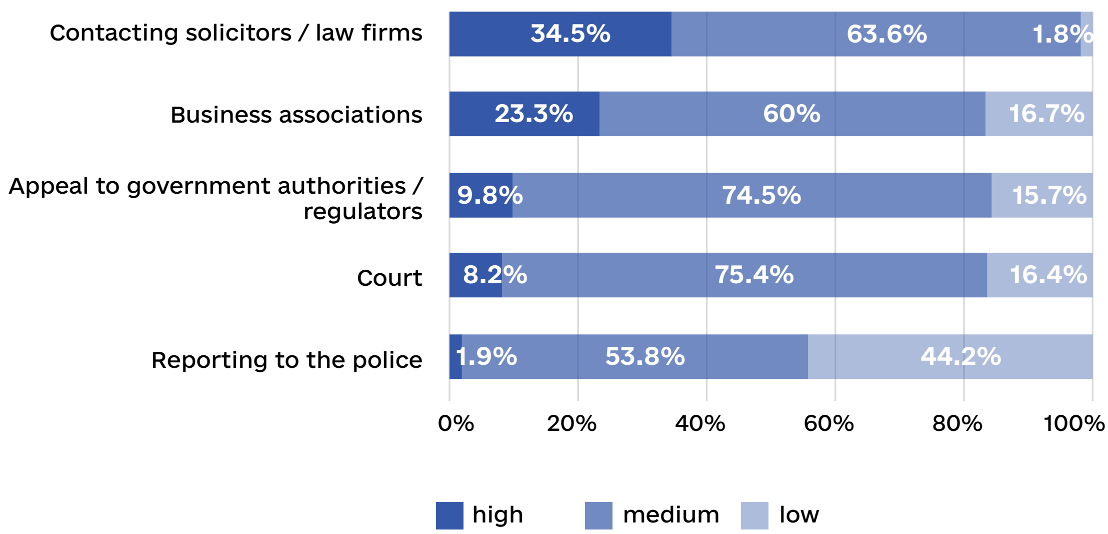
Assessing protection mechanisms effectiveness

Respondents assessed the protection mechanisms effectiveness that had to be used over the past 2 years. Most mechanisms are assessed by businesses as mostly averagely effective, which indicates a restrained perception of their effectiveness. The highest ratings were received by appeals to lawyers/law firms (32.8% – high effectiveness; only 1.7% – low) and business associations (21.2% – high; 15.2% – low). These are the only protection mechanisms that receive high ratings more often than low ones.

Yet, business assesses appeals to law enforcement bodies most critically (44.2% – low effectiveness), while judicial protection and appeals to state authorities/regulators are more often assessed as moderately effective (75.4% and 74.5%, respectively), but without particularly positive assessments. Thus, state institutions that are called upon to protect the rule of law currently show the lowest effectiveness in the eyes of business.

The more critical assessments of law enforcement bodies may indicate that businesses do not always find this mechanism effective or easy to use. In contrast, lawyers and business associations receive higher scores, likely due to more practical support, clearer procedures, and better focus on solving specific business problems.

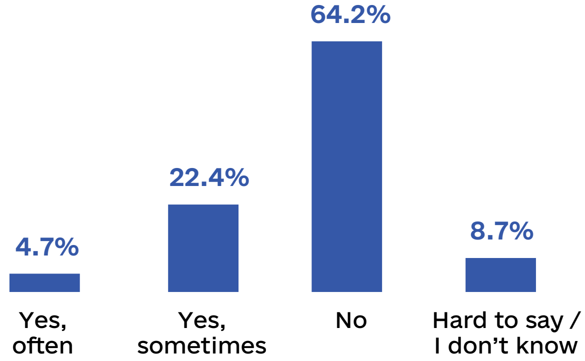
Fig. 12. Assessment of the effectiveness of the protection mechanisms used over the past 2 years[3]



Unfair competition

Most businesses (64.2%) indicate that they have not encountered any manifestations of unfair competition. At the same time, more than a quarter of respondents reported having such experience: 22.4% – sometimes, and 4.7% – often. This indicates that although the problem of unfair competition is not widespread, it still remains relevant for a significant part of businesses. At the same time, 8.7% of respondents could not give an unambiguous answer.

Fig. 13. Have you encountered any manifestations of unfair competition? (% of respondents)



[3] Only those mechanisms are presented, the number of cases of which is sufficient for analyzing the effectiveness assessment.

Micro-enterprises are somewhat more likely to report experiences of unfair competition. In particular, 53.8% of micro-businesses indicated that they often or sometimes encountered manifestations of unfair competition, while among small businesses this figure is 29.8%, medium-sized businesses — 24.6%, and large businesses — 22.9%. As business size increases, the share of enterprises that have not encountered such practices increases (from 46.2% to 68.6%). Micro-businesses are more vulnerable to unfair practices due to limited resources, weaker market positions, and fewer opportunities to protect their interests compared to larger companies.

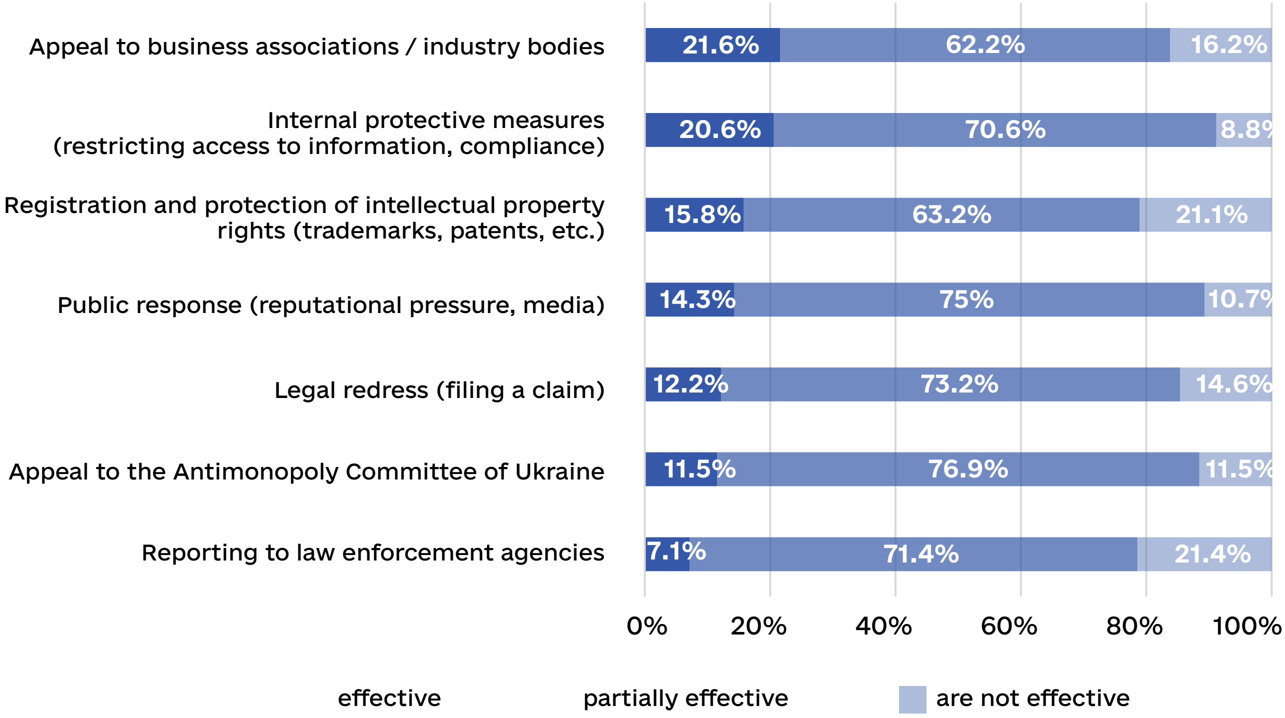
Unfair competition protection mechanisms

Among enterprises that applied measures of protection against unfair competition, the most frequently used were appeals to law enforcement bodies (51.9%) and judicial protection (50.6%). Almost half of the respondents also resorted to intellectual property rights registration and protection (46.9%) and appeals to business associations/industry unions (45.7%). Somewhat less frequently, businesses used internal protection measures (42.0%), public response (34.6%) and appeals to the Antimonopoly Committee of Ukraine (32.1%).

Businesses mostly assess unfair competition protection mechanisms as partially effective. The highest shares of positive assessments were received by appeals to business associations/industry unions (21.6% — effective; 16.2% — ineffective) and internal protection measures (restrictions on access to internal information, compliance (20.6% — effective, only 8.8% — ineffective), which may indicate a relatively higher trust in tools that businesses are able to control independently or through professional associations.

Fig. 14. Use of mechanisms for protection against unfair competition (% of respondents who encountered manifestations of unfair competition)

Fig. 15. Assessment of the effectiveness of mechanisms for protection against unfair competition



At the same time, the most critically assessed are appeals to law enforcement bodies (21.4% – ineffective) and intellectual property rights protection mechanisms (TM registration, patents) (21.1% of assessments – "ineffective"). Judicial protection, appeals to the Antimonopoly Committee of Ukraine and public response are more often assessed as partially effective (73.2, 76.9% and 75%)..

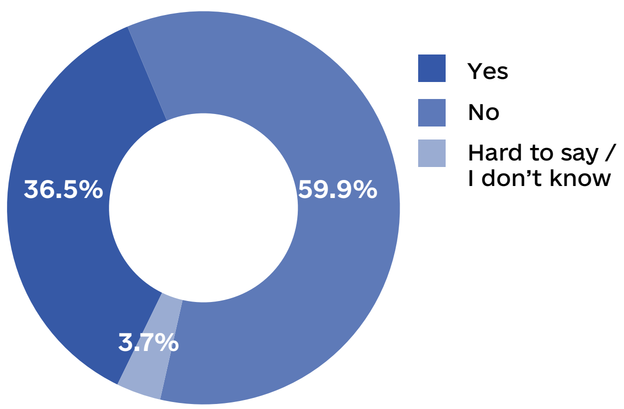
1.3. Public procurement

Participation in public procurement

More than a third of surveyed business representatives (36.5%) reported that they had participated in public procurement during the past two years. At the same time, over half of surveyed respondents (59.9%) responded that they had not participated in public procurement during the specified period. Another 3.7% of surveyed respondents did not provide an answer to this question.

The level of participation in public procurement is higher among enterprises with fully Ukrainian capital (38.2%), while mixed (33.3%) and especially fully foreign companies (21.4%) have participated in procurement less frequently over the past two years. The lower participation of companies with foreign capital in public procurement may be related to the specifics of their business models and the industry specifics of their activities in Ukraine, which leads to a lower orientation towards the public sector as a sales market.

Fig. 16. Participation in public procurement (% of respondents)



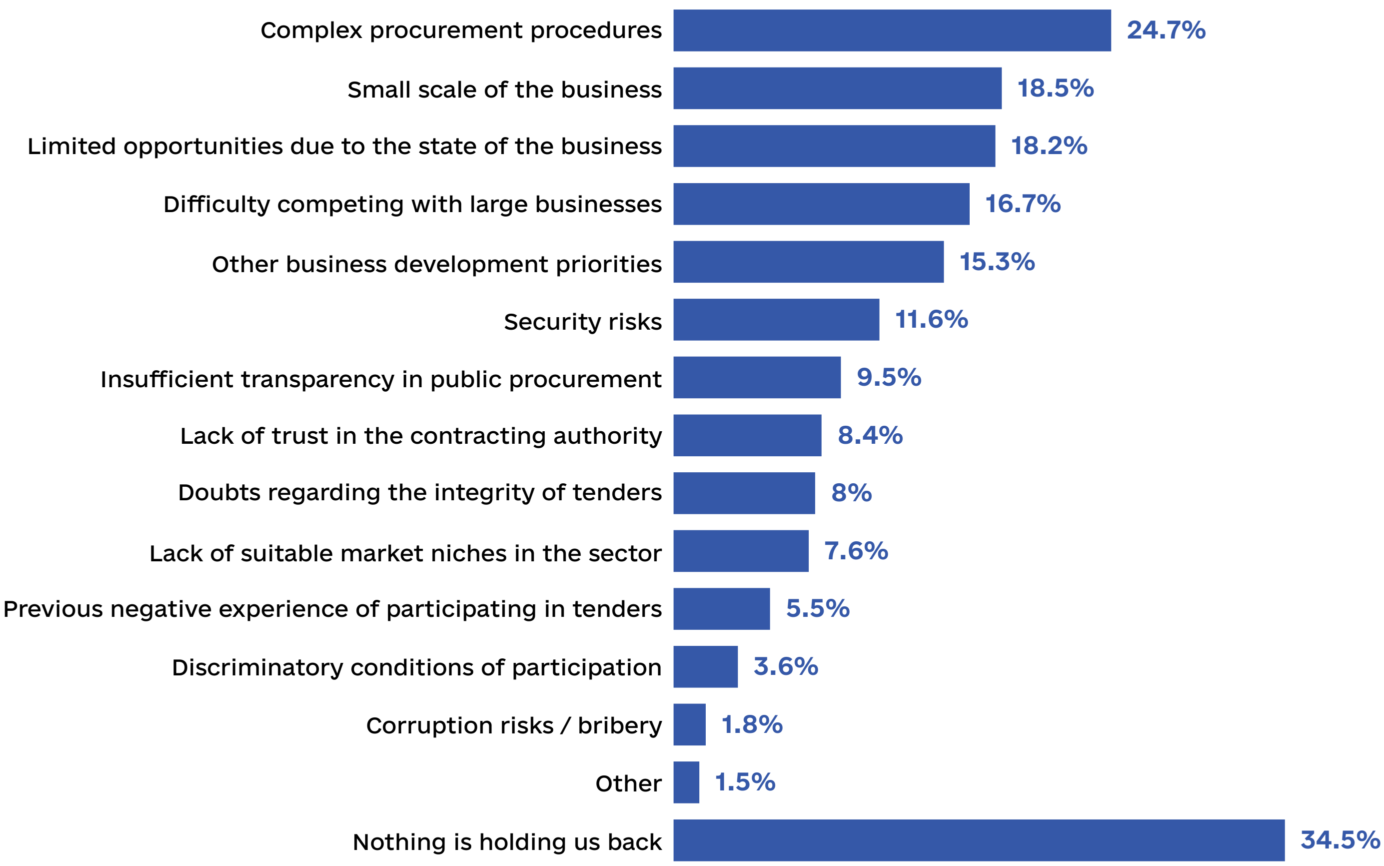
There is a clear correlation between enterprise size and participation in public procurement: among large enterprises (250 employees or more), 62.9% participated in procurement, while among micro, small and medium-sized enterprises this figure is only 26.6–30.8%. This may indicate that larger enterprises have a higher organizational and financial capacity to meet procurement requirements, and are also able to ensure the supply of goods and services in larger volumes, which increases their competitiveness in the public procurement system.

The highest level of participation in public procurement is observed among enterprises in metallurgy and metalworking and wholesale trade, while transport services, woodworking and light industry are involved much less, which may reflect the sectoral specificity of demand from the state.

Factors deterring participation in procurement

More than a third of respondents (34.5%) indicated that there are no factors that would deter them from participating in public procurement. At the same time, 24.7% indicate the complexity of the procedure as the main deterrent factor. The peculiarities of their own business, namely the small scale (18.5%) and limited capabilities (18.2%) are also important factors that prevent participation in public procurement. Competition is an obstacle for 16.7% of respondents, while 15.3% of enterprises have other priorities for business development.

Fig. 17. Factors deterring participation in public procurement (% of respondents, multiple answers)



In addition, 11.6% of respondents consider security risks to be an important factor influencing participation in public procurement. For 9.5% of surveyed entrepreneurs, such an obstacle is insufficient transparency. The other proposed options received less than 10% of responses.

Among other factors that may deter participation in public procurement, respondents individually mentioned excessive bureaucracy and complexity of government requirements, negative experience of other participants, as well as imperfections of the system. However, the share of such responses is minimal (less than 2% in total).

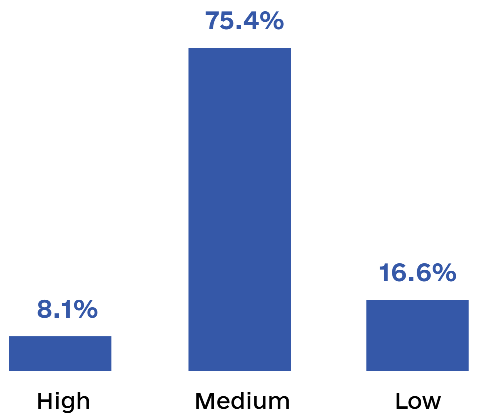
Among the surveyed companies with foreign capital, it was most often noted that nothing deters them from participating in public procurement (66.7%), while another 33.3% indicated other business development priorities. This may indicate that for foreign businesses, the decision to participate is more determined by strategic priorities and the specifics of their activities in Ukraine. At the same time, for businesses with fully Ukrainian capital, the rating of deterrent factors generally corresponds to the general structure of responses in the sample.

Public procurement transparency

Three quarters (75.4%) of respondents (among those who were able to provide an assessment) assess the transparency of public procurement at an average level. Another 8.1% consider transparency to be high. 16.6% of surveyed business representatives assess the transparency of public procurement as low. Thus, moderate assessments of procurement transparency prevail.

Among businesses of different sizes, the average rating prevails (62.5–78.2%). At the same time, large enterprises are somewhat more likely to rate transparency as high (15.5%), while micro-enterprises are more likely to rate it as low (25.0%). This may reflect the greater activity of large enterprises in public procurement, better awareness of procedures and greater opportunities for interaction with customers, while micro-businesses may more often face barriers to entry or limited experience in participating in procurement.

Fig. 18. How do you assess the transparency of public procurement?, % of responses



Corruption in public procurement

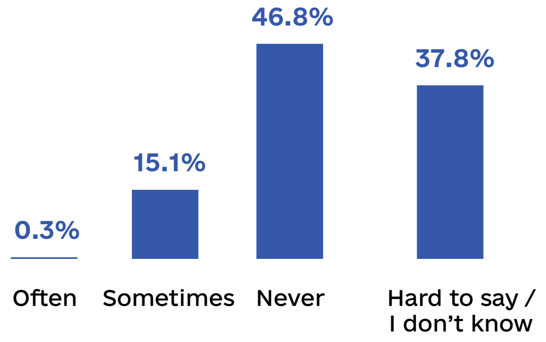
Almost half of the respondents (46.8%) indicated that they had never encountered corruption in public procurement. At the same time, 15.1% of respondents indicated that they had sometimes encountered such manifestations, while only 0.3% reported that this happened often. At the same time, 37.8% of respondents were unable to give an clear answer to this question ("hard to say / don't know"), which may indicate limited experience in participating in procurement, the difficulty of unambiguously assessing such situations, or reluctance to answer questions about corruption.

Among enterprises that had experience in public procurement over the past two years, 22.9% indicated that they sometimes encountered corruption, while there were practically no cases where respondents reported frequent corruption. At the same time, among enterprises that did not participate in procurement over the specified period, 10.1% indicated that they sometimes encountered corruption, which may be explained by indirect or long-standing experience.

Among companies with foreign capital, the answer that they have never encountered corruption in public procurement (85.7%) prevails, while there are almost no cases where respondents noted that they sometimes or often encountered such manifestations. At the same time, among businesses with Ukrainian capital, the share of those who sometimes encountered corruption is (16.6%), although even among them the most common answer is "never" (44.0%).

There are no significant differences depending on the size of the enterprise: in all groups, the answer that respondents have never encountered corruption in procurement prevails.

Fig. 19. Have you encountered corruption in procurement?, % of responses



1.4. Interaction with authorities

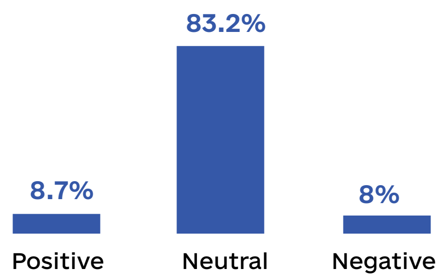
Interaction with the tax office

The majority of businesses assess interaction with tax authorities as neutral (83.2% of respondents among those who were able to answer the question), which may indicate the absence of either a strongly positive or negative experience for the majority of respondents. 8.7% of respondents assessed such interaction positively, while 8.0% assessed it negatively, i.e. the shares of positive and negative assessments are almost the same.

The level of uncertainty regarding interaction with the tax authority is low – only 4.3% of respondents were unable to answer.

In all business groups, regardless of the origin of capital, size and industry, a neutral assessment of interaction with tax authorities prevails. However, companies with only foreign capital are somewhat more likely to assess such interaction positively (28.6%), while among businesses with Ukrainian and mixed capital, the share of positive assessments is only 6.8% and 5.3%, respectively. Among businesses with purely foreign capital, there are also no negative assessments.

Fig. 20. How do you assess interaction with tax authorities? (% of respondents)



Pressure from fiscal and/or law enforcement bodies

The majority of businesses (70.6%) noted that they did not experience undue pressure from fiscal and/or law enforcement bodies. At the same time, 18.1% of respondents remarked that they encountered such pressure sometimes, and 3.3% – often, which indicates the presence of this problem for some enterprises. Another 8.0% of respondents could not give an unambiguous answer, which indicates a moderate level of uncertainty in assessing this issue (due to reluctance to answer, etc.).

Regardless of size, industry or origin of capital, the majority of businesses report that they have not experienced undue pressure. At the same time, microbusinesses are somewhat more likely to report such experiences (38.5% — often or sometimes), while among other groups this figure is around 19–24%. Businesses with mixed (Ukrainian and foreign) and foreign capital are somewhat more likely to report such experiences often and sometimes (28.6%) than enterprises with Ukrainian capital (20.8%). Among industries, enterprises in agriculture, woodworking industry and wholesale trade are somewhat more likely to report experiences of pressure,

Fig. 21. Have you felt undue pressure from fiscal and/or law enforcement bodies? (% of respondents)

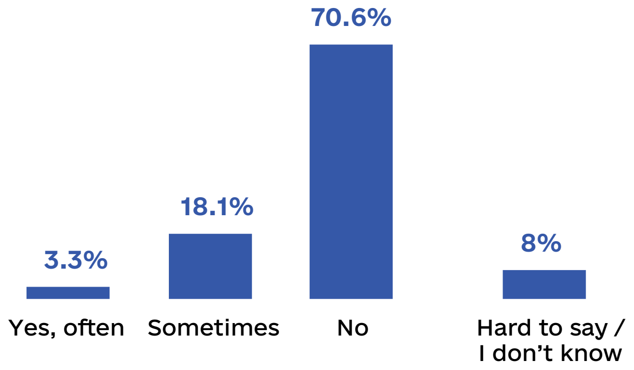
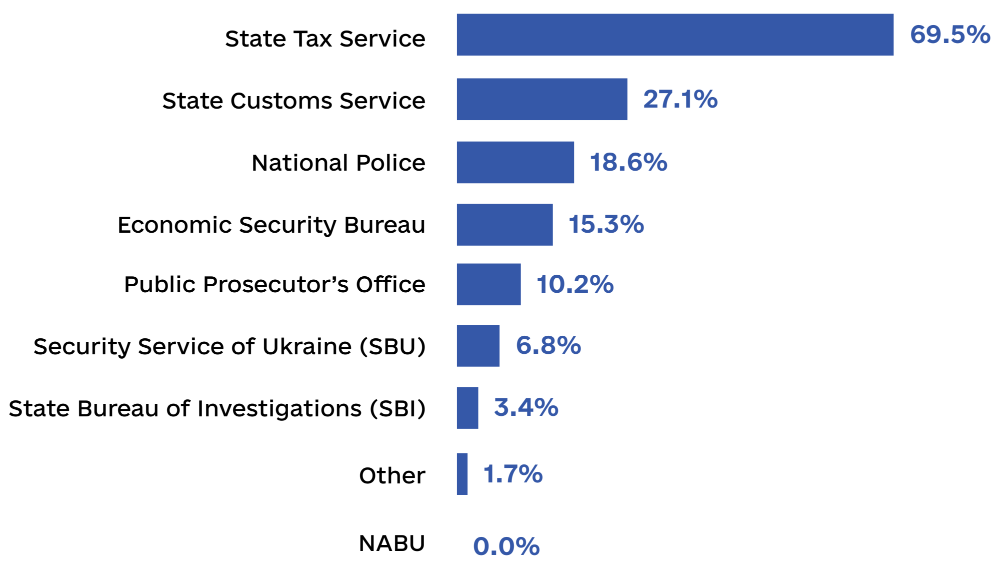


Fig. 22. From which fiscal and/or law enforcement bodies did you feel undue pressure? (% of respondents)



Among the enterprises that often or sometimes experienced undue pressure from fiscal and/or law enforcement bodies, the State Tax Service is most often mentioned — it was named by 69.5% of respondents. This indicates that interaction with tax authorities is most often associated with the risk of undue influence in business. Respondents reported undue pressure from another fiscal authority — the State Customs Service (27.1%) much less frequently.

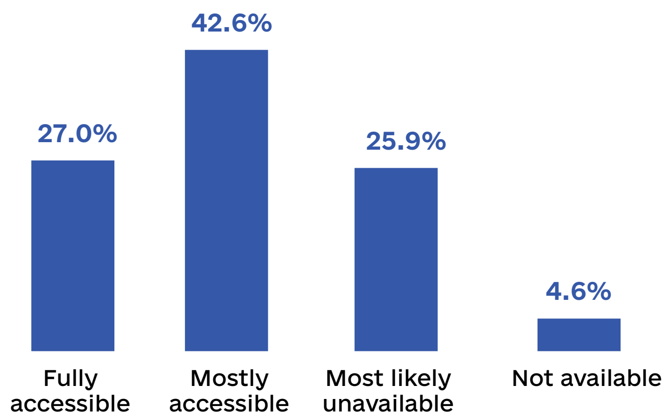
A slightly smaller proportion of respondents mentions undue pressure from law enforcement bodies. In particular, they refer to the National Police (18.6%) and the Bureau of Economic Security (15.3%). Even less often, businesses reported undue pressure from the Prosecutor's Office (10.2%), the Security Service of Ukraine (6.8%), and the State Bureau of Investigation (3.4%). At the same time, NABU was not mentioned as a source of undue pressure among surveyed enterprises.

1.5. Access to resources and support tools

Access to financing

Most of the surveyed entrepreneurs have the opportunity to attract credit funds to support or develop their business. Credit is rather accessible for 42.6%, which is the largest share of respondents. Over a quarter of enterprises do not have any financial obstacles: credit is completely accessible for 27% of respondents. Meanwhile, for another quarter of respondents (25.9%), credit is rather inaccessible. At the same time, only for 4.6% of respondents, credit is inaccessible at all.

Fig. 23. How accessible is credit for your business? (% of respondents)

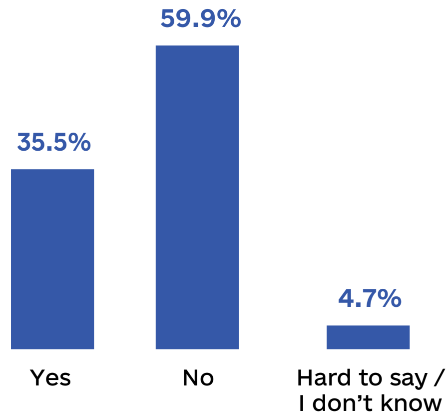


Assessments of credit availability vary significantly depending on the capital structure. Businesses with only foreign capital are much more likely to consider credit available — 70.0% said credit is completely available. For comparison, only 24.2% of enterprises with Ukrainian capital consider this, and 38.1% of mixed capital enterprises. At the same time, Ukrainian businesses are more likely to report difficulties with access to credit: a third (33.0%) assess it as rather unavailable or unavailable.

As business size increases, assessments of credit availability become more positive. Large enterprises are more likely to consider credit to be completely available (33.8%), while microbusinesses are more likely to rate it as somewhat unavailable or unavailable (45.5%). This confirms the better access of larger companies to financial resources.

The majority of businesses (59.9%) remarked that they had not taken loans from Ukrainian banks (except for the “5–7–9%” program) since the beginning of the full-scale invasion. At the same time, 35.5% of enterprises used bank lending, which shows the continued demand for external financing even in war conditions. Another 4.7% of respondents could not give a clear answer, indicating a slight level of uncertainty on this issue.

Fig. 24. Have you taken out loans from Ukrainian banks (except for the “5–7–9” program) since the start of the full-scale invasion?, % of respondents



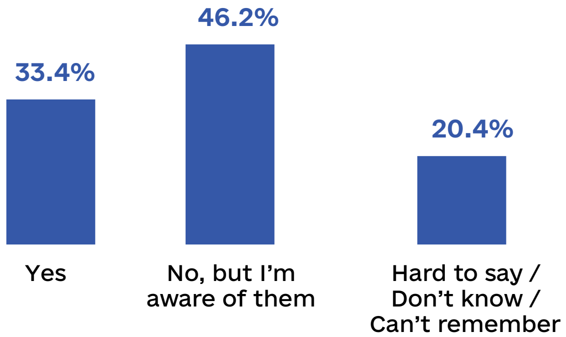
Noticeable differences are observed depending on the capital structure. Enterprises with mixed capital were more likely to take loans from Ukrainian banks (52.4%), while among businesses with Ukrainian capital, this figure was 35.9%, and among companies with only foreign capital, only 7.1%. At the same time, 92.9% of companies with only foreign capital indicated that they did not use such lending, which may indicate the use of alternative sources of financing or access to resources of parent companies.

As business size increases, the share of enterprises that have taken loans from Ukrainian banks increases — from 15.4% among microbusinesses to 55.7% among large enterprises. At the same time, microenterprises are much more likely to indicate that they have not used such lending (84.6%).

Participation in government support programs

Only a third of businesses (33.4%) indicated that they used state support programs. At the same time, 46.2% of enterprises did not participate in such programs, although they are aware of them, which may indicate limited availability, lack of attractiveness or inconsistency of the programs with business needs. Another 20.4% of respondents could not answer clearly or do not know / do not remember about such programs, which shows a certain level of uncertainty or low awareness on the part of businesses.

Fig. 25. Did your business use government support programs?, % of responses



Businesses with only foreign capital were significantly less likely to use government support programs — only 7.1% of such companies noted that they participated in them. At the same time, 71.4% reported that they were aware of these programs but did not use them, which may indicate both a lower need for government support and the use of alternative financing sources.

As business size increases, the share of enterprises that have used government support programs increases significantly — from 0% among microbusinesses to 48.6% among large enterprises. In contrast, microenterprises are significantly more likely to report that they have not used the programs, although they are aware of them (69.2%), which may indicate limited access or a lower relevance of the programs to the needs of small businesses.

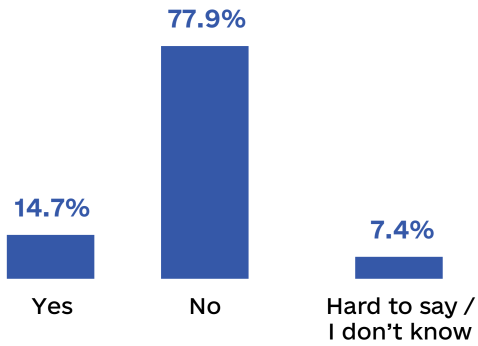
War risk insurance

Only 14.7% of enterprises have war risk insurance, while the majority of businesses (77.9%) do not. This confirms the limited availability of war risk insurance mechanisms for Ukrainian businesses in wartime.

Depending on the size, there is a tendency for the availability of war risk insurance to decrease from larger to smaller enterprises. Thus, 37.9% of large enterprises, 13.4% of medium-sized enterprises and only 4.6% of small enterprises have this type of insurance. At the same time, none of the micro-enterprises have war risk insurance.

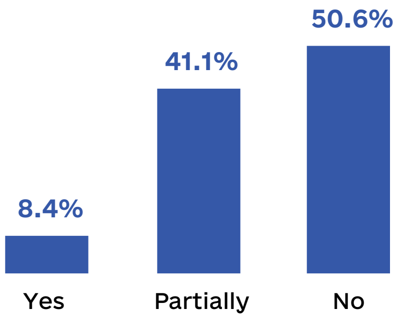
Among industries, the largest percentage of enterprises insured against war risks is in the mechanical engineering (45%), chemical (22.2%), food (17.6%), and woodworking (18.8%) industries.

Fig. 26. Does your business have war risk insurance?, % of respondents



Only 8.4% of respondents believe that war risk insurance is fully available. For 41.1% of surveyed business representatives, insurance is only partially available. However, half of respondents (50.6%) believe that war risk insurance is unavailable. This situation reflects the low prevalence of war risk insurance among surveyed enterprises.

Fig. 27. Do you consider war risk insurance to be affordable?, % of responses



Businesses with only foreign capital are significantly more likely to consider war risk insurance unavailable — 60.9% of respondents said so. For comparison, among enterprises with only Ukrainian capital, this figure is 50.5%.

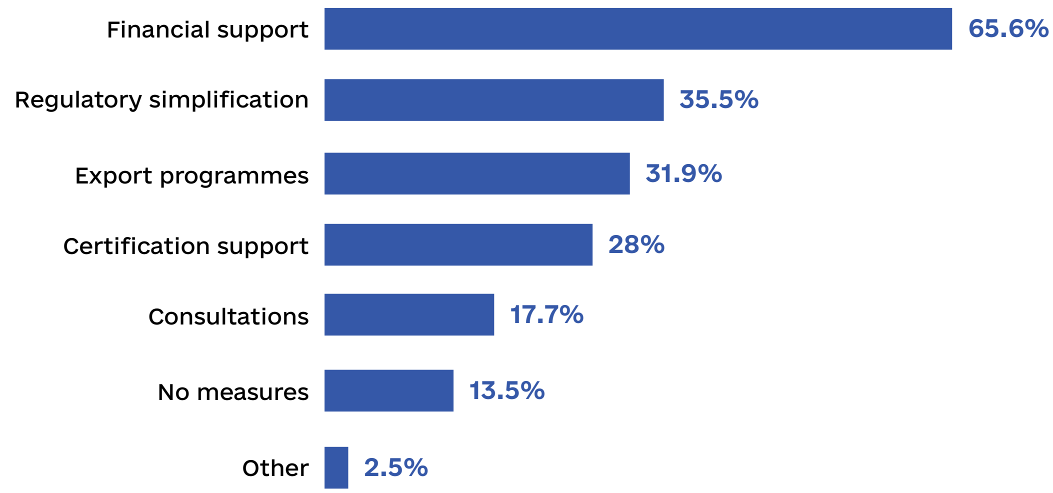
The perception of the affordability of war risk insurance improves with business size increasing. While 61.6% of small businesses consider it inaccessible, this share drops to 34.3% among large ones. Large companies, on the other hand, are more likely to rate insurance as partially accessible (47.8%) or fully accessible (17.9%).

At the same time, even among large businesses, only a small proportion considers insurance to be fully accessible, which indicates a general perception of the limited availability of this tool.

Desired support from the state

The main option for receiving support from the state for Ukrainian businesses remains direct financial incentives, which significantly outpace institutional or regulatory changes. The request for monetary assistance is almost twice as high as the need for simplification of the rules of the game, which emphasizes the shortage of working capital and resources for development. The option "Financial support" was chosen by almost two-thirds of respondents (65.6%), while "Simplification of regulations" was indicated by more than a third (35.5%).

Fig. 28. What state support measures are most needed for your business? (% of respondents, multiple answers were possible)



Export programs (31.9%) and certification support (28.0%) are among the most requested support measures. This clearly correlates with the European integration process: companies need practical tools to enter the EU market. At the same time, 17.7% of respondents noted the need for consulting support. Only 13.5% of respondents believe that no additional support measures are needed.

Among other options for state support, business representatives also mentioned the 5–7–9 program, the issue of reserving military personnel, and the search for partners abroad. The «do not interfere» option was also mentioned.

Depending on the capital structure, financial support is most in demand among businesses with "mixed" capital (70.0%) and Ukrainian businesses (65.6%), while for purely foreign capital this request shares first place with export programs (50.0%). Companies with foreign capital are almost not concerned about regulatory pressure – only 8.3% of mentions.

Depending on the size of the enterprise, the need for financial support steadily increases with the scale of the business. Large businesses are most in need of financial assistance (72.7%), while this figure is 46.2% among microbusinesses. Simplification of regulation is almost equally important for businesses of different sizes: it was called important by 38.5% of micro-, 39.3% of small and 42.4% of large enterprises. At the same time, medium-sized businesses are somewhat less likely to consider this area a priority (28.1%).

Export programs are most in demand among large (40.9%) and medium-sized businesses (36.8%). Microbusinesses are much less interested in exports (23.1%). Certification support has a stable demand at the level of 27.0% – 29.8% for all categories, except microbusinesses (15.4%).

Financial support remains the leader in requests for almost all sectors. The highest rates are recorded in agriculture (85.7%), wholesale trade (70.8%), chemical industry (69.2%), food industry (64.6%). Simplification of regulation is of greatest concern to representatives of metallurgy/metal processing (47.4%), agriculture (42.9%) and food industry (40.5%). The highest interest in export programs is demonstrated by enterprises of the food industry (39.2%), metallurgy (38.8%) and chemical industry (34.6%). Certification support has a high priority for agriculture (42.9%), chemical industry (42.3%) and wholesale trade (41.7%).

Chapter 2.

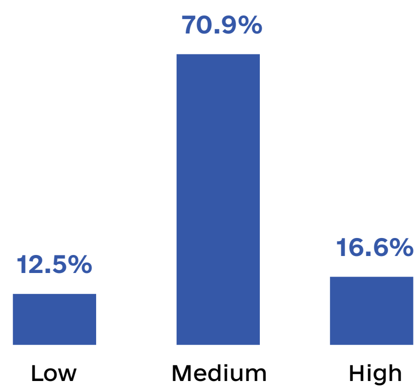
European Integration

2.1. Business awareness of European integration

Data analysis shows a predominantly optimistic level of awareness among Ukrainian entrepreneurs regarding the impact of European integration. Among respondents who were able to clearly assess the level of awareness regarding the consequences for their own business, the absolute majority (70.9%) define their level of awareness as average. Every sixth entrepreneur (16.6%) assesses their knowledge level as high. Only 12.5% of respondents admitted that they have a low level of awareness.

At the same time, the share of respondents who were unable to give a clear answer («Hard to say / Don't know») is 11.4% of the total sample, which indicates the need for further information support for enterprises.

Fig. 29. How do you assess your awareness of the consequences of Ukraine's European integration for a business like yours?, % of responses



The majority of Ukrainian business representatives perceive European integration positively, focusing on attracting resources (partnerships and investments), while only a quarter of those surveyed are skeptical or undecided.

Enterprises with only foreign capital are significantly more likely to rate their awareness of the consequences of European integration as high (46.2%), while among businesses with Ukrainian capital this figure is only 14.8%. This may indicate better awareness of foreign businesses regarding the requirements and opportunities associated with integration into the EU market.

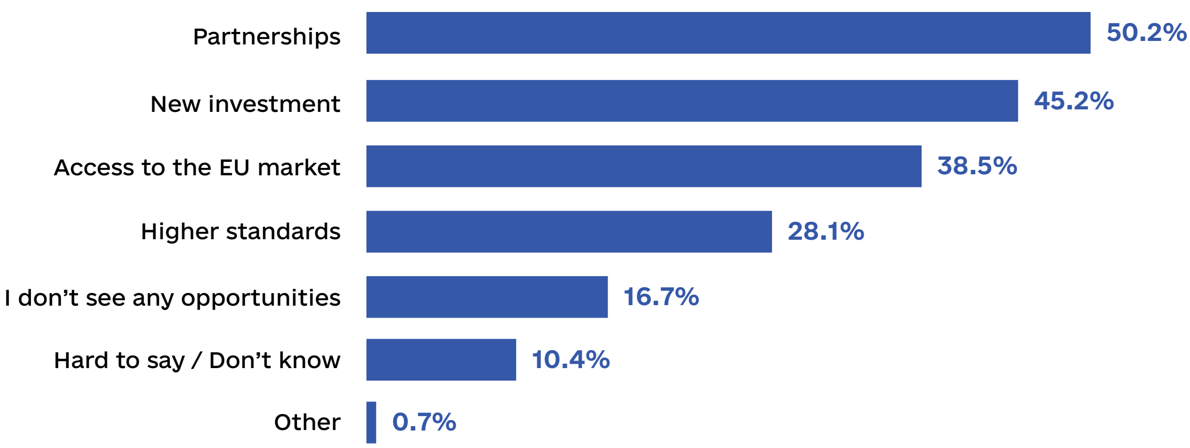
As the size of the business increases, the level of awareness of the consequences of European integration increases. While no microbusiness respondent rated their awareness as high, 30.3% of large enterprises consider this to be the case. At the same time, microbusinesses are much more likely to rate their awareness as low (44.4%), which may indicate a limited ability of microbusinesses to track changes related to European integration.

European integration opportunities

Business is primarily looking for strategic cooperation and capital. The options «Partnership» (50.2%) and «New investments» (45.2%) lead the rating. Access to the EU single market is another key incentive for 38.5% of companies, which indicates a readiness for export and competition. More than a quarter of respondents (28.1%) consider raising standards an important part of European integration. In total, 27.1% of respondents see no prospects (16.7%) or are undecided (10.4%). This shows a lack of information or adaptation resources in some enterprises.

Among other opportunities of European integration for business, respondents also mentioned greater logistical opportunities due to access to EU ports, and generally expanding opportunities.

Fig. 30. What forms of market entry and investment in Ukraine do you think are best for foreign companies? (% of respondents, multiple answers possible)



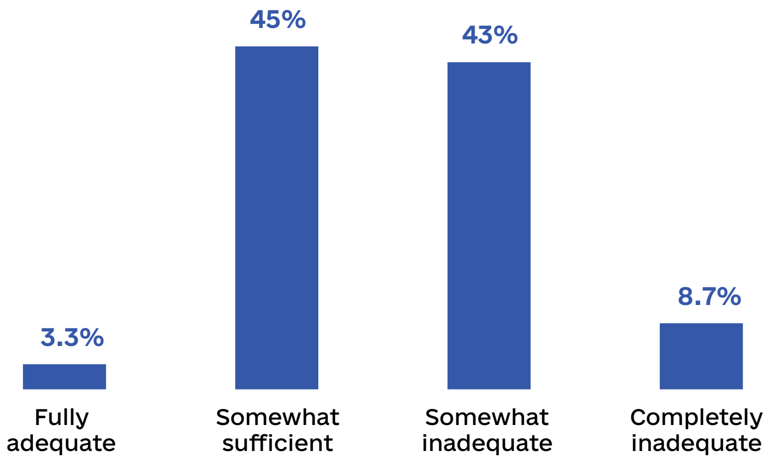
Enterprises with only foreign capital are much more likely to see European integration as an opportunity for new investments (71.4%), partnerships (64.3%), and raising standards (42.9%) than businesses with Ukrainian capital. At the same time, companies with Ukrainian capital are more likely to associate European integration with access to EU market (38.2%) and are less likely to expect investment opportunities. In addition, among fully foreign businesses, there are no respondents who do not see opportunities from European integration, while among Ukrainian businesses, there are 17.8%.

As business size increases, enterprises are more likely to see new opportunities in European integration. Large companies are much more likely to associate it with access to the EU market (52.9%), new investments (61.4%) and partnerships (61.4%), while micro-businesses are significantly less likely to see such benefits. In contrast, micro-enterprises are more likely to say that they do not see opportunities in European integration (38.5% vs 7.1% among large enterprises).

State communication level regarding European integration for business

Analysis of the survey results shows a significant polarization of respondents' opinions as regards assessment of the current state communication on European integration issues for business, with a slight predominance of negative assessments among those who expressed a negative position. In total, 48.3% of respondents consider the state communication to be sufficient (completely or rather sufficient). The majority of respondents who decided on an answer (51.7%) assess the state communication critically — they characterized it as «Rather insufficient», and another 8.7% are convinced that it is «Entirely insufficient».

Fig. 31. How do you assess the current state's communication regarding European integration for business?,% of responses



Enterprises with only foreign capital assess the state support adequacy for European integration a way more positively: 83.3% consider it rather sufficient, while 43.2% businesses with Ukrainian capital hold this opinion. In contrast, businesses with Ukrainian and mixed capital more often assess support as rather insufficient (43.2% and 57.1%, respectively).

Micro and small businesses are somewhat more critical of the state's current communication on European integration: among them, the assessments «rather insufficient» or «completely insufficient» are more common (62.5% and 59.2%, respectively). However, among medium-sized and large enterprises, the corresponding indicator is lower – 46.4% and 49.2%, respectively.

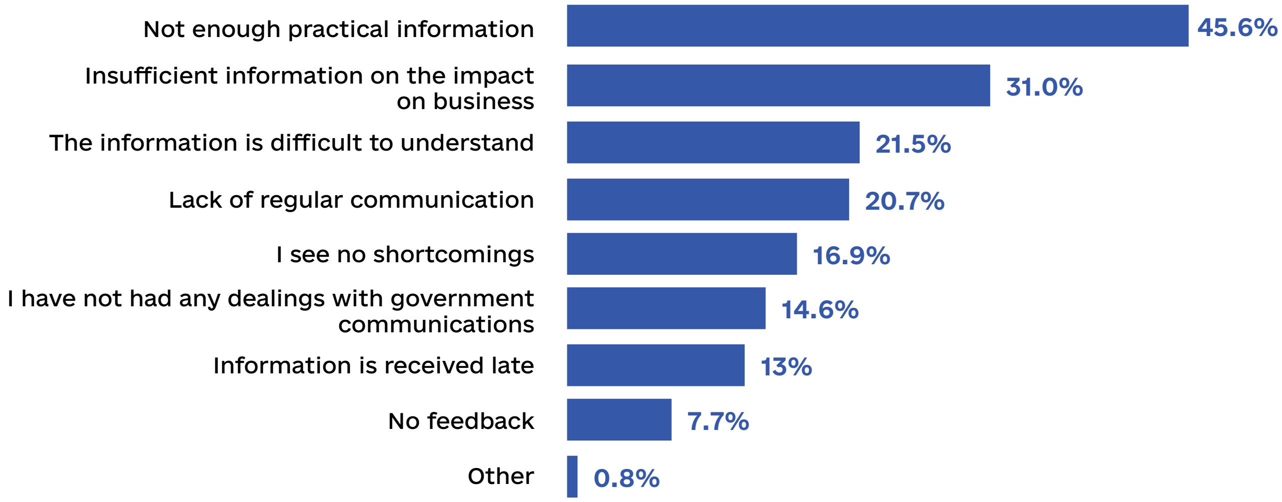
Communication downsides

The survey results indicate a pronounced pragmatic demand from the audience. The main problem of state communication on European integration is the lack of applied data and poor adaptation of content to business needs. In particular, almost half of the respondents (45.6%) note that «There is not enough practical information», and 31.0% directly note the lack of explanations regarding the impact of European integration on business. Every fifth respondent complains about the form and regularity of the material.

The options "Information is hard to understand" (21.5%) and "Lack of regular communication" (20.7%) demonstrate the need to simplify the language of communication and create stable information channels. Meanwhile, 14.6% of respondents are generally outside the state information field ("Have not encountered state communication"), which shows limited coverage of existing communication channels. The low speed of information ("Information arrives late" – 13.0%) and "Lack of feedback" (7.7%), although important downsides, carry the least weight against the background of the shortage of high-quality content.

The share of those who are completely satisfied with the current situation ("I see no shortcomings") is 16.9%.

Fig. 32. What are the main shortcomings of the state's communication regarding European integration do you see?
% of respondents, multiple answers



The lack of practical information is critical regardless of the origin of capital. This defficiecy was chosen by 44.2% of Ukrainian, 50.0% of mixed and 53.8% of foreign companies. Companies with fully foreign capital are much less likely to complain about the complexity of information to understand (7.7%), while for Ukrainian (22.3%) and mixed businesses (25.0%) this is a more tangible barrier. The lack of information about the impact on business is of greatest concern to companies with exclusively Ukrainian capital (32.6%), while for foreign enterprises this indicator is half as low (15.4%). Foreign companies demonstrate the lowest level of criticality — 30.8% of them noted that they "do not see any shortcomings" in communication. Among Ukrainian enterprises, only 17.0% of them have such problems.

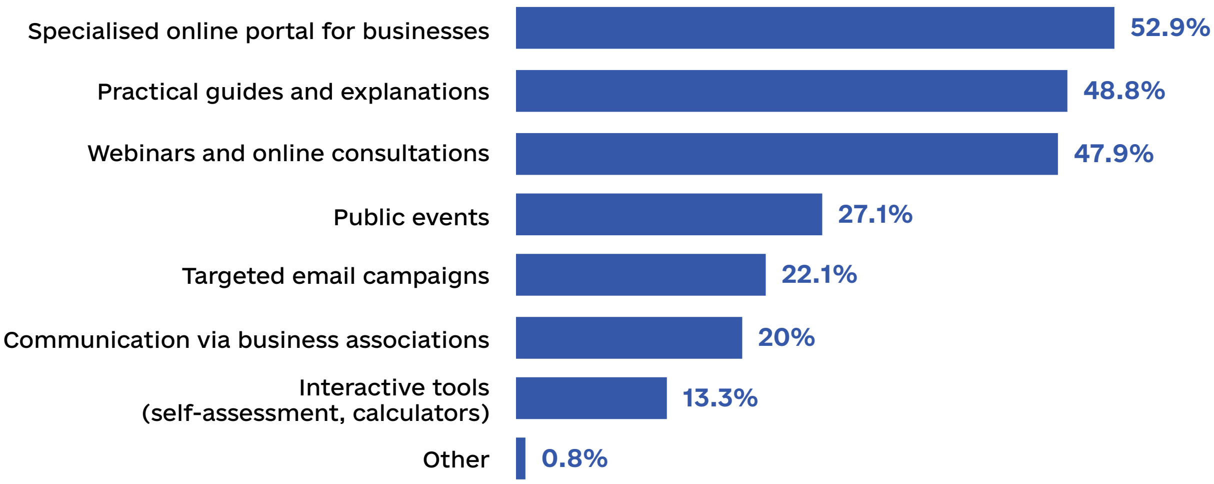
Regardless of the size of the business, respondents say that the main drawback of the state's communication on European integration is insufficient practical information (42.2–54.5%). Small businesses are somewhat more likely to indicate that the information is difficult to understand (31.6%) and insufficient information about the impact of European integration on business (39.2%). In contrast, large enterprises are somewhat more inclined to indicate that they do not see any shortcomings in communication (21.0%), while there were no such responses among microbusinesses. Meanwhile, micro and medium-sized businesses are more likely to report that they have not encountered any state communication on European integration at all (27.3% and 20.2%, respectively).

Communication preferences

Ukrainian business demonstrates a clear demand for digitalization and applied communication. Self-education digital tools and direct interaction (portals, guides, webinars) are most effective, while traditional channels (mailings, public events) are perceived as secondary.

Specialized online portal for business (52.9%): an absolute favorite, indicating the need for a single digital window to obtain all information about European integration. Practical guides and explanations (48.8%): confirms the previous trend of a lack of specificity; businesses need step-by-step text or visual instructions. Webinars and online consultations (47.9%): demonstrate a high demand for interactive learning and the ability to get answers to questions in real time without bureaucracy. Offline formats («Public events» — 27.1%) and personalized content («Targeted emailing» — 22.1%) have a stable but much smaller audience, perhaps they are suitable for large companies or niche discussions. Only every fifth enterprise (20.0%) sees effectiveness in communication through business associations, which indicates that businesses seek to receive information from the state directly, rather than through intermediaries. Interactive tools are supported by 13.3% of respondents.

Fig. 33. What tools or channels of state communication would be most effective?, % of respondents, multiple answers



For companies with 50–249 employees, the most anticipated tool is a Specialized Online Portal (62.7%). For companies with 250+ employees, the most effective format is webinars and online consultations (63.2%). Concurrently, large companies are least interested in public events (only 14.0%) and interactive self-assessment tools (3.5%). In addition to the general leaders (portal and guides), small businesses (10–49 employees) show high interest in public events (36.6%), which is considerably higher than in large businesses.

In the food industry (the largest sample), practical guides and explanations (67.1%) and a specialized online portal (62.9%) demonstrate the highest effectiveness. In the chemical industry, business most supports practical guides (60.9%) and webinars (56.5%). In wholesale trade, they see an online portal for business as a key tool (64.7%). Representatives of agriculture (although the sample is small – 9 companies) have a unique profile: they prefer webinars (77.8%) and public events (66.7%), completely ignoring text guides (0.0%). The other services sector displays a high interest in public events (53.8%).

Specialized online portal and practical guides are leading in all three groups of enterprises by type of ownership. However, foreign capital shows the greatest interest in them – 66.7%. Companies with mixed ownership show a unique interest in interactive tools – 35.0%, which is three times higher than the indicator of purely Ukrainian business (11.3%). If webinars are extremely important for Ukrainian business (49.5%), then among enterprises with mixed capital this format is supported by only 20.0%. Communication through business associations is most in demand among enterprises with mixed capital (25.0%), while foreign companies mention it least often (8.3%).

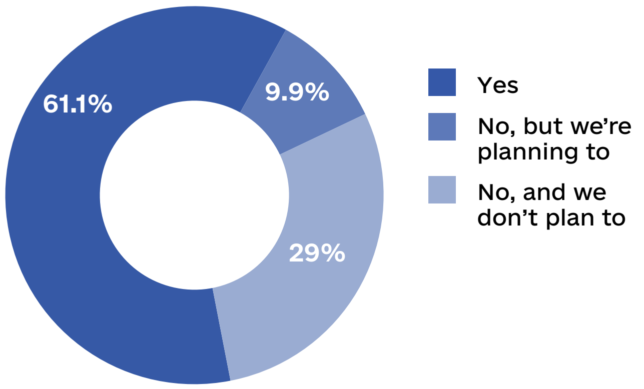
2.2. Export to the EU

Availability of export to the EU

Ukrainian business shows a high level of integration into the European economic space — almost two-thirds of surveyed enterprises already export to EU countries. The total share of active exporters and companies with clear expansion intentions exceeds 70%.

Among the respondents who answered this question, 61.1% are companies that already export their products or services to the European Union. This is the largest group of respondents. 29.0% are enterprises that do not export to the EU market and do not have such plans in the future. This is the second largest group. 9.9% are businesses that are not currently exporting to the EU, but plan to do it in the future. This is the smallest share of respondents.

Fig. 34. Does your business export products/services to EU countries?, % of responses



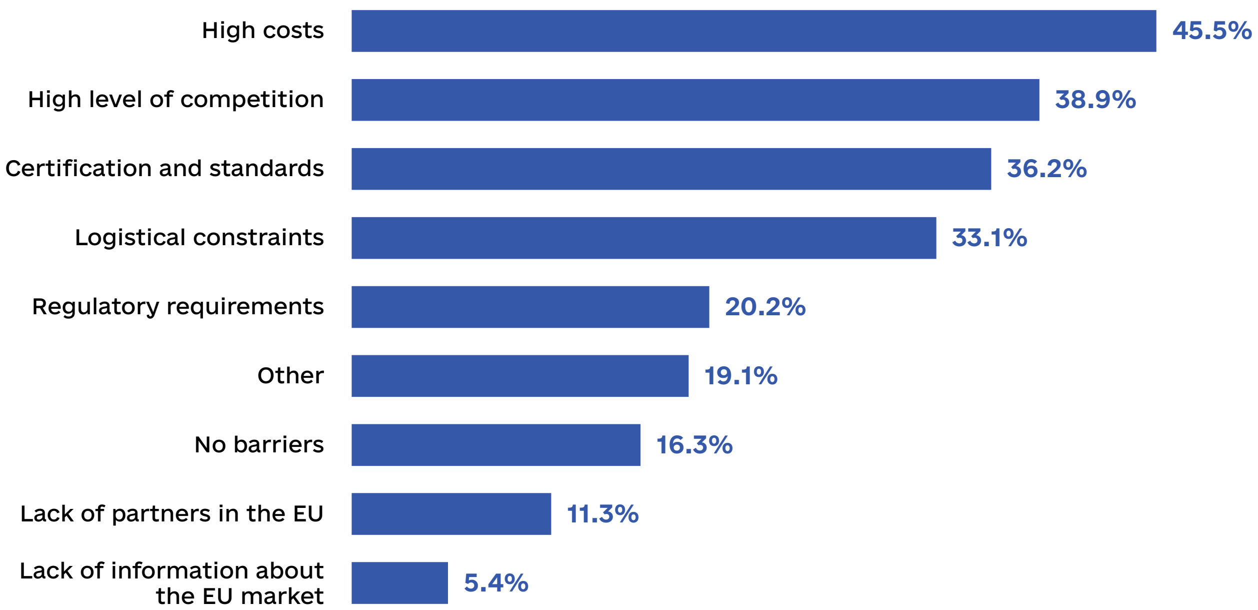
Barriers to export to the EU

The key barriers for Ukrainian exporters in the EU market lie in the area of high entering costs and a tough market environment (costs, competition, standards), while information deficit or the search for partners are the least critical factors.

The main obstacle is "High costs" (45.5%). This indicates the capital intensity of the process of entering the EU market (logistics, marketing, product adaptation) against the background of limited business resources. Respondents also indicate "High level of competition" (38.9%) and "Certification and standards" (36.2%). "Logistic constraints" hold back every third respondent (33.1%).

Lack of information about the EU market is the least important factor (5.4%). This confirms that businesses are already well-aware of the rules of the game and need not theoretical explanations, but material and instrumental resources. However, 16.3% of respondents indicated that they are not hindered by «No barriers».

Fig. 35. What barriers are most significant for your business when exporting or entering the EU market?
% of responses, multiple responses



Enterprises with only foreign capital more often name high costs (57.1%) and logistical constraints (42.9%) as key barriers to exporting or entering the EU market, while businesses with Ukrainian capital place more emphasis on certification and standards (38.6%) and a high level of competition (40.0%). At the same time, among fully foreign businesses, the answer about the absence of barriers is more common (28.6% versus 15.0% among Ukrainian businesses), which may indicate better adaptation to international markets.

As business size increases, barriers to exporting and entering the EU market become more pronounced. Large enterprises are more likely to cite certification and standards (44.4%), logistic constraints (46.0%), and high competition (44.4%) as key obstacles. At the same time, microbusinesses are more likely to cite the lack of partners in the EU (33.3%) and less likely to cite competition or standards, which may show a lower level of integration into external markets.

The light industry (83.3% of 6 companies) and the key food industry sector (56.5%) are experiencing the greatest financial pressure. Certification and standards are a critical barrier for metallurgy and metal processing (58.8%), as well as the chemical industry (41.7%). High competition is the biggest constraint for the woodworking and pulp and paper industries (47.4%) and food production (49.3%). Logistical constraints are particularly acute for mechanical engineering (50.0%) and wholesale trade (40.0%). In the food sector, this figure is 37.7%.

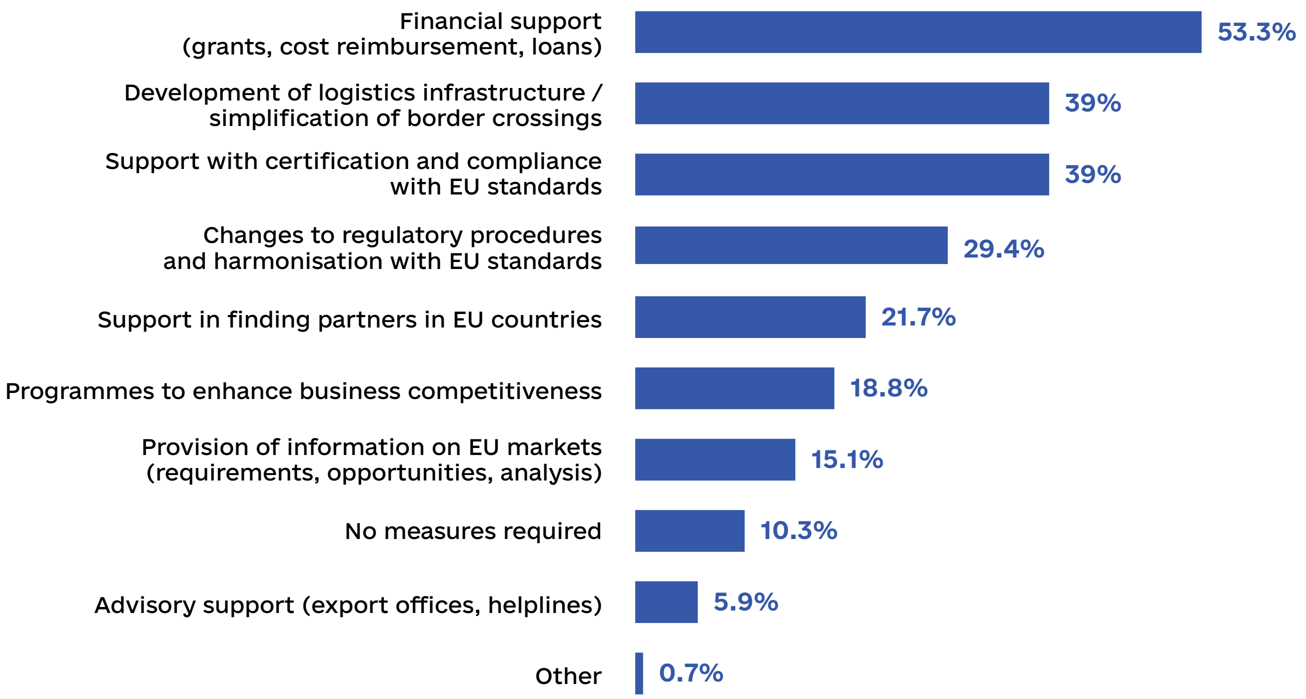
State measures to overcome barriers to entry of Ukrainian businesses into EU markets

Business expects material and infrastructural aid from the state (financing, logistics, certification), while soft support tools such as training or consulting have minimal priority.

More than half of respondents (53.3%) need direct financial assistance (grants, compensation). The options « Logistics infrastructure development « and «Support in passing certification» received the same share of opinions — 39.0% each, which may indicate systemic challenges at the borders and the high cost of confirming product compliance with EU standards.

Almost a third of respondents (29.4%) expect simplification of internal procedures and customs administration ("Change of regulatory procedures"). Assistance in finding partners in EU countries is needed by 21.7% of companies. Advanced training/ training programs are of interest to 18.8% of respondents. Providing basic information about EU markets (15.1%) and consulting support for export offices (5.9%) close the rating. Business already has the theory and needs practical tools. 10.3% of respondents said that they do not need any measures from the state.

Fig. 36. What state measures are most necessary to overcome barriers? % of respondents, multiple answers



Financial support is the most critical for companies with purely Ukrainian capital (54.7%). For enterprises with fully foreign capital, this request is considerably lower (38.5%). Logistics infrastructure and the border are a more important priority for foreign capital (46.2%). Ukrainian and mixed businesses also demonstrate a high and equal level of need for this measure (37.7% and 40.0%, respectively). Support in certification is equally urgently needed by Ukrainian (38.6%) and mixed businesses (40.0%). Competitiveness improvement programs and partner search are in the highest demand among companies with foreign capital (23.1% each). The need for basic information about EU markets is completely absent among companies with foreign capital (0.0%), while for purely Ukrainian enterprises it is 15.7%. 11.0% of Ukrainian and 10.0% of mixed companies do not require any support measures, while there are none among foreign businesses.

Depending on the size of the enterprise, financial support is key for most enterprises and increases with the scale of the company – from 51.8% for small businesses to 60.0% for large ones. For microbusinesses, this figure is 25.0%. Logistics infrastructure and the border are a priority for microbusinesses (50.0%). Small (42.4%), medium (36.8%) and large businesses (36.9%) also demonstrate a consistently high demand. Support in certification clearly scales with the size of the enterprise. Large businesses need it the most (49.2%), medium – 39.5%, small – 34.1%, while microbusinesses ignored this area altogether. Changing regulatory procedures has a stable and uniform demand among all categories of companies – in the range from 25.0% to 32.9%. Finding partners and training are most in demand among representatives of medium-sized businesses (28.1% and 23.7%, respectively).

Financial support: Remains the dominant request for most basic industries. The highest interest was recorded in the construction materials industry (71.4%), wholesale trade (66.7%), metallurgy/metal processing (64.7%) and food industry (61.3%). Support in certification is critically needed for high-tech and regulated sectors: metallurgy (47.1%), chemical industry (45.5%) and food industry (38.7%). Logistics and border crossing: The most concerned representatives of the construction materials industry (64.3%), metallurgy (52.9%), retail trade (45.8%) and food industry (46.7%). Change of regulatory procedures: The highest level of dissatisfaction with internal procedures and request for changes was found in companies from the wholesale trade (41.7%) and metallurgy (35.3%).

Chapter 3.

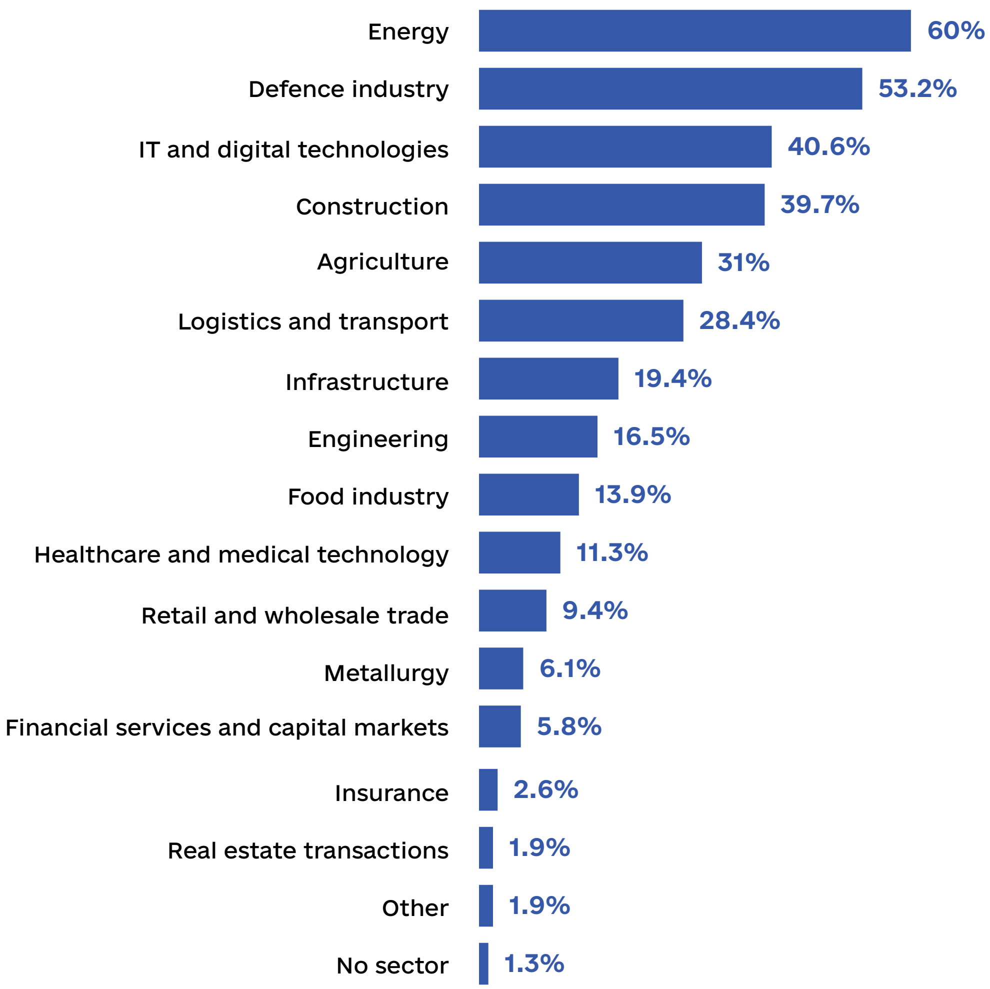
Ukraine's investment attractiveness

3.1. Investment potential

The most attractive industries for investment

The most attractive investment sectors in Ukraine are considered by business to be energy (60.0%) and defence industry (53.2%), which are significantly ahead of other areas. This assessment is probably directly related to the war conditions – the need for restoring energy infrastructure and the growth of demand for defence sector products. Among other relatively attractive areas, respondents name IT and digital technologies (40.6%), construction (39.7%), agriculture (31.0%), and logistics and transport (28.4%).

Fig. 37. In your opinion, which industries are currently the most attractive for investment in Ukraine? (% of respondents, multiple answers)



The least attractive sectors for investment are insurance (2.6%), real estate (1.9%), and financial services and capital markets (5.8%). These ratings may reflect the high level of risk, uncertainty, and limited demand for investment in these areas during the war. In addition, only 1.3% of respondents believe that no industry is currently attractive for investment.

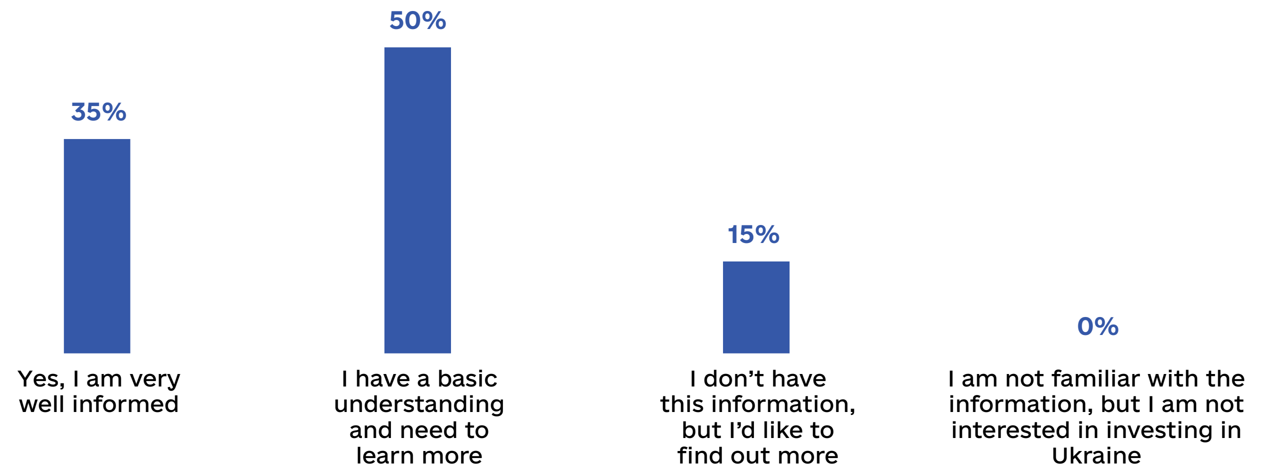
Regardless of the capital structure, businesses consider energy and defence industries to be the most attractive investment sectors, which is likely due to war conditions and recovery needs. At the same time, enterprises with only foreign capital are more likely to note the investment potential of IT and digital technologies (63.0%), medicine and medical technologies (22.2%), financial services and capital markets (18.5%). In contrast, businesses with Ukrainian capital are somewhat more likely to name logistics and transport (31.1%) and mechanical engineering (17.1%) among promising areas.

Also, regardless of the size of the business, the most attractive investment sectors remain energy and defense industry, which is probably related to the war conditions and recovery needs. At the same time, with increasing business size, interest in infrastructure (from 12.5% to 26.7%), logistics and transport (from 0% to 34.7%), and mechanical engineering (from 0% to 21.3%) often increases. In contrast, microbusinesses more often consider agriculture (43.8%) and medicine and medical technologies (25.0%) to be promising.

Foreign business awareness of the business climate and investments in Ukraine

Respondents were also asked about their level of awareness of the business climate and investment opportunities in Ukraine (the question was included in the questionnaire for international businesses operating or planning to operate in Ukraine). Half of those surveyed (50.0%) stated that they had basic information but needed additional survey, while 35.0% assessed their awareness as high. Another 15.0% did not have sufficient information but were interested in learning more. At the same time, none of the respondents indicated a lack of interest in investing in Ukraine.

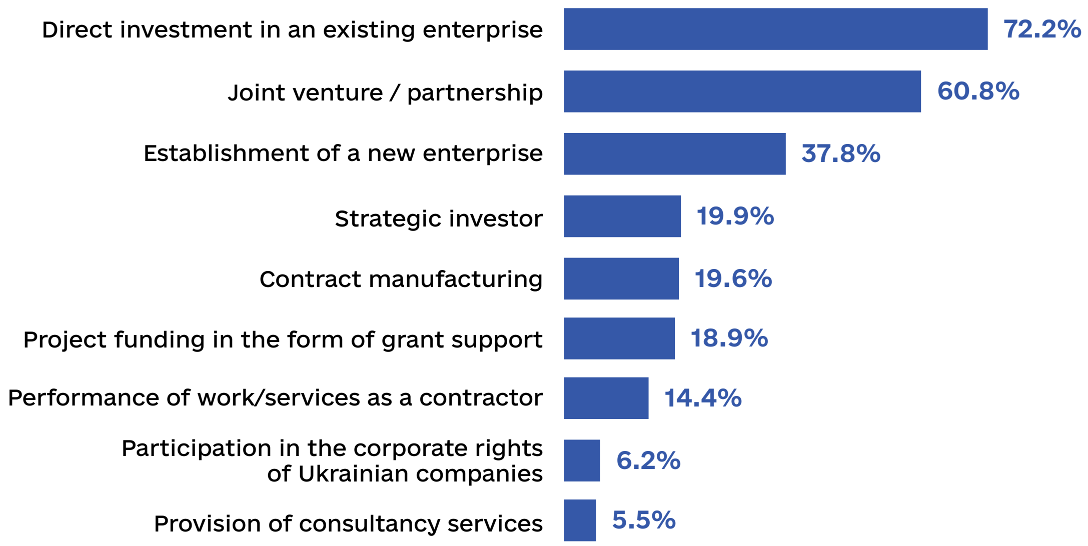
Fig. 38. Do you have information about the current business climate in Ukraine and possible benefits for foreign investors? (% of respondents)



Forms of market entry and investment in Ukraine

The most acceptable forms of entry into the Ukrainian market for foreign companies are considered by respondents to be direct investments in an existing enterprise (72.2%) and creating a joint venture or partnership (60.8%). Creating a new enterprise is mentioned much less often (37.8%), while other forms – strategic investor, contract manufacturing or grant support – received less than 20% of responses. This may show the preference for entry models that allow using existing infrastructure, local expertise and partnerships in wartime conditions.

Fig. 39. What forms of market entry and investment in Ukraine are best for foreign companies? (% of respondents, multiple answers)



Regardless of capital structure, respondents consider direct investment in an existing enterprise (65.2–74.2%) and establishing a joint venture or partnership (53.8–65.2%) as the most acceptable forms of entry into the Ukrainian market. Enterprises with exclusively foreign capital more often consider the creation of a new enterprise (42.3%) and consulting services (11.5%) as acceptable forms of entry. There are no significant differences between the groups – preference is given to models that involve cooperation with an existing business in Ukraine, rather than independent entry into the market.

As business size increases, the model of entry through direct investment in an existing enterprise is more often supported – from 50.0% among microbusinesses to 79.5% among large businesses. A similar trend is observed for joint ventures or partnerships (from 50.0% to 67.1%). At the same time, micro and small businesses are somewhat more likely to support grant forms of financing (37.5% and 19.3%), while large enterprises are more likely to consider a strategic investor (24.7%) and contract manufacturing (19.2%).

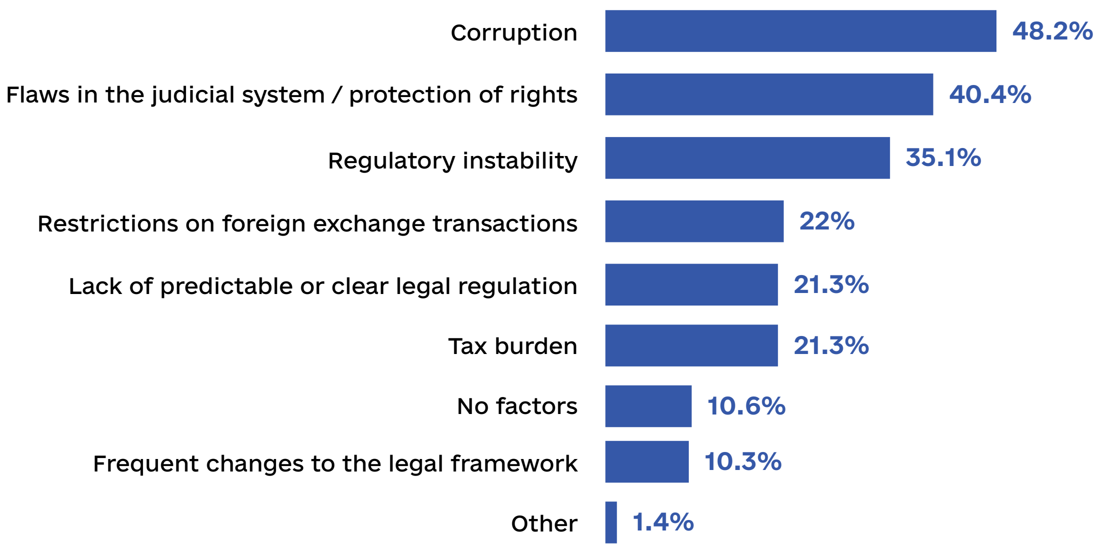
3.2. Barriers to investing

Businesses consider corruption (48.2%), imperfection of the judicial system, protecting rights mechanisms (40.4%), and regulatory instability (35.1%) to be the biggest barriers to investment in Ukraine. The biggest barriers to foreign investment in Ukraine. Slightly less frequently, respondents mention currency transactions restrictions (22.0%), the lack of predictable legal regulation (21.3%), and tax burden (21.3%). At the same time, only 10.6% believe that there are no significant deterrent factors.

Among other factors, respondents individually mentioned bureaucracy (0.6%), limited opportunities for communities to work with investors (0.3%), and perception of Ukraine as a little-known country for investors (0.3%).

The survey results somewhat correct the common perception that foreign investors can be attracted primarily through tax breaks or creation of special economic zones. Fundamental institutional conditions, particularly the rule of law and business conditions predictability, appear to be much more important for global business.

Fig. 40. In your opinion, what factors deter foreign businesses from investing in Ukraine? (% of respondents, multiple answers)



Regardless of capital structure, size, or industry, respondents most often cite corruption and the imperfection of the judicial system and protection of rights as key barriers to foreign investment.

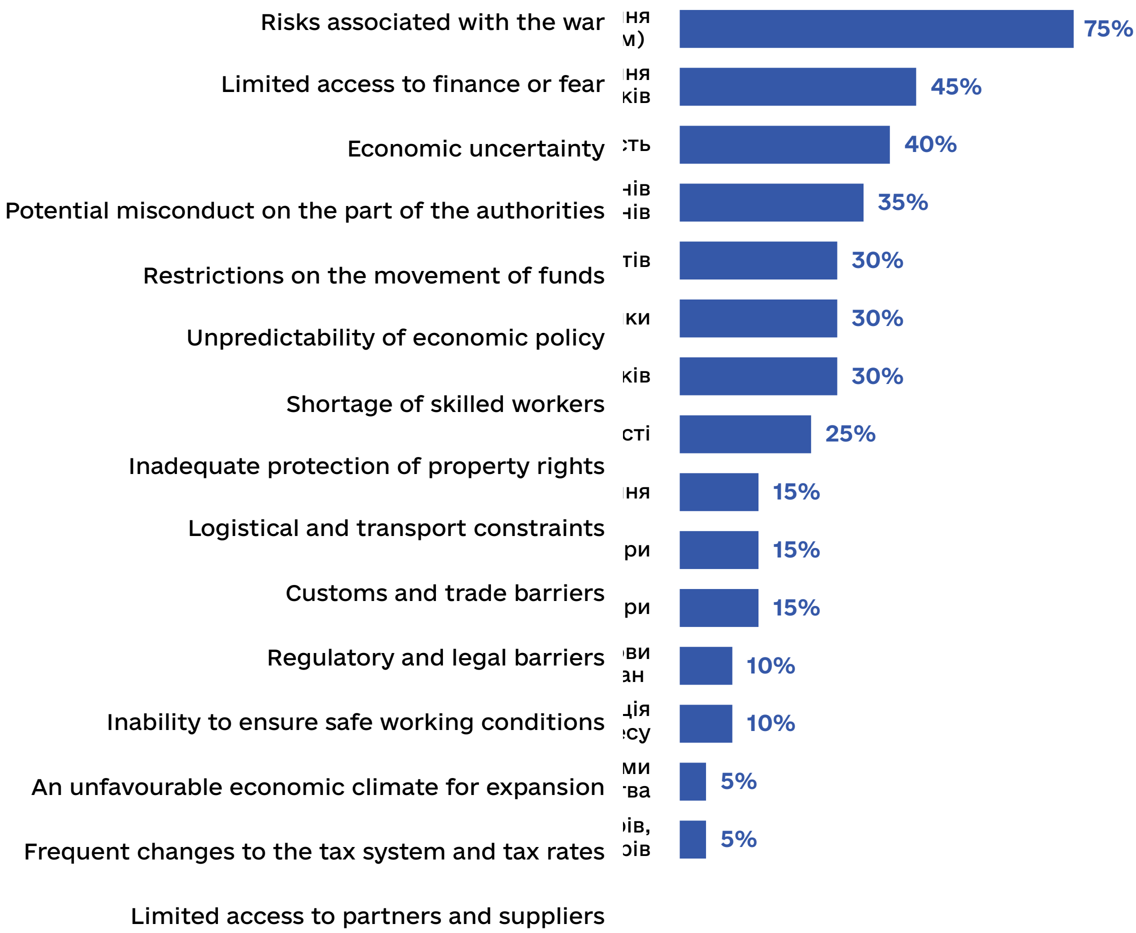
At the same time, enterprises with Ukrainian and “mixed” capital are more likely to pay attention to regulatory instability and tax burden. Restrictions on currency transactions are assessed similarly in all groups (from 21.4 to 23.8%). Enterprises with only foreign capital are more likely to not see significant deterrents to investment (21.4% of respondents).

Large enterprises are more likely to point to regulatory instability (47.8%), while medium-sized businesses are more likely to mention tax burden (28.9%). Micro and small businesses are somewhat more likely to point to frequent changes in legal regulations that affect investment decisions (25.0% and 12.6% versus 2.9% among large enterprises), while large enterprises are more likely to note that there are no significant barriers (15.9%).

Obstacles to launching or expanding a foreign business in Ukraine

Respondents were also asked what obstacles they see to opening or expanding their business in Ukraine (the question was included in the questionnaire for international businesses operating or planning to operate in Ukraine). The most frequently cited risk associated with war (75.0%), significantly outpacing other factors. Significant barriers also include limited access to financing or insurance (45.0%) and economic uncertainty (40.0%).

Fig. 41. What are the biggest obstacles/challenges you currently see for opening your business in Ukraine? (% of respondents, up to 4 answers)



Among institutional obstacles, respondents point out to possible unfair actions by government bodies (35.0%), restrictions on the movement of funds, unpredictability of economic policy, and lack of qualified workers (30.0% each). In contrast, logistical, customs, and regulatory barriers are mentioned less frequently (15.0% each), and problems with access to partners or frequent changes in the tax system are mentioned the least (5.0% each).

In open-ended responses, respondents were able to specify regulatory and legal barriers. Responses included excessive bureaucracy, complex licensing procedures, excessive state control, and weak rule of law – particularly the unpredictability of court decisions and the lack of antitrust institutions effectiveness.

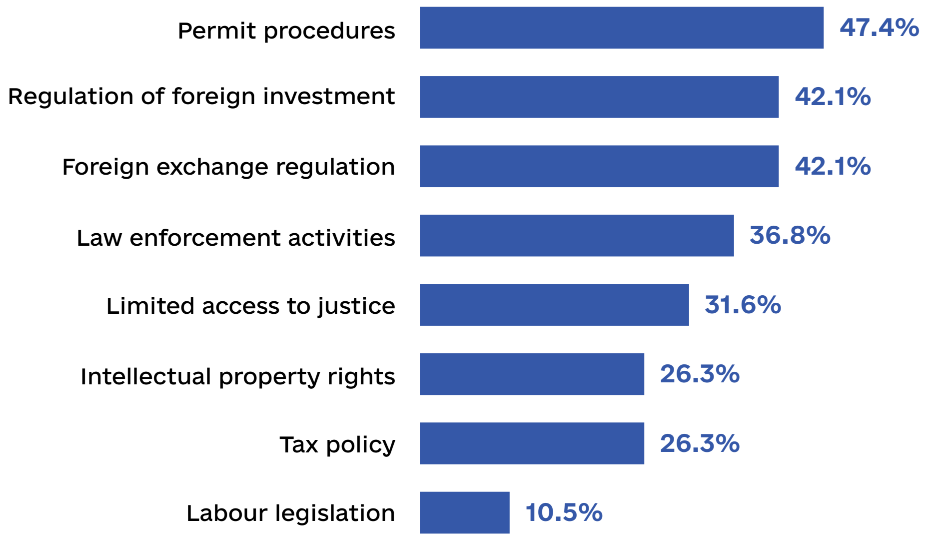
Legislative and regulatory obstacles after the end of the war

Respondents were also asked what legislative or regulatory barriers would be most disruptive after the war ended (the question was included in the questionnaire for international businesses operating or planning to operate in Ukraine).

Among the legislative and regulatory barriers that may deter investment after the end of the war, respondents most often mention permitting procedures (47.4%). Foreign investment regulation and currency regulation (42.1% each), as well as law enforcement activities (36.8%) are also considered considerable obstacles.

About a third of respondents state limited access to justice (31.6%), while issues of intellectual property protection and tax policy are mentioned somewhat less frequently (26.3% each). Labor legislation is the least of concern (10.5%).

Fig. 42. What legal or regulatory barriers do you consider to be the biggest obstacles to investing in Ukraine after the end of hostilities? (% of respondents, multiple answers)

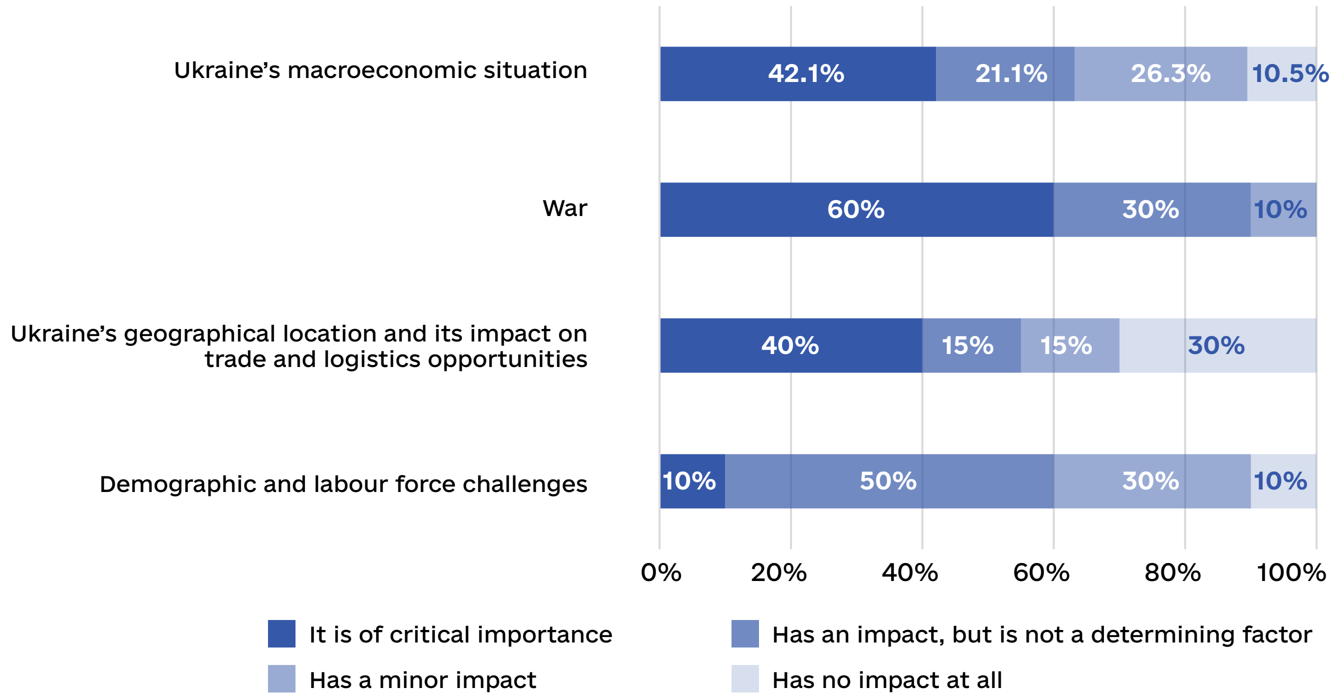


3.3. Investment attractiveness institutional factors

Respondents were also asked what factors influence their willingness to consider Ukraine as a potential market for investment (the question was included in the questionnaire for international businesses operating or planning to operate in Ukraine). The war has the greatest impact: for 60.0% of respondents it is a critically important factor, and for another 30.0% it influences, although not determining. The macroeconomic situation in Ukraine is also important — 42.1% consider it critically important, another 21.1% — important, but not determining.

Ukraine's geographical location and its trade and logistics potential are critically important for 40.0% of respondents, although for 30.0% this factor does not affect investment decisions at all. Demographic and personnel challenges are less often decisive: only 10.0% see them critically important, while half of respondents (50.0%) believe that they influence, but are not key.

Fig. 43. How do these factors affect your company's willingness to consider Ukraine as a potential market for investment? (% of respondents)

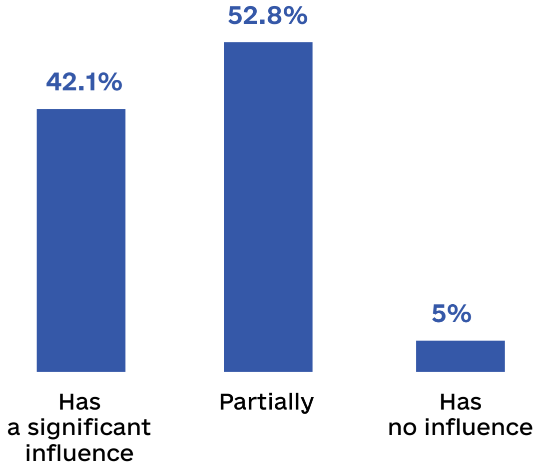


The impact of European integration on investments

Ukraine's course towards EU accession is an important factor for investment decisions: 42.1% of respondents believe that it has a significant impact, and another 52.8% believe that it has a partial impact. Only 5.0% indicated that the European integration course does not affect investment decisions. This shows a generally positive perception of European integration as a factor increasing Ukraine's investment attractiveness.

Regardless of capital structure, most respondents believe that Ukraine's course towards EU accession influences investment decisions — considerably or partially. At the same time, enterprises with fully Ukrainian capital are slightly more likely to indicate a significant influence (43.0%), while businesses with mixed and foreign capital are more likely to say «partially influences» (53.8% each).

Fig. 44. Does Ukraine's course towards EU accession affect investment decisions? (% of respondents)

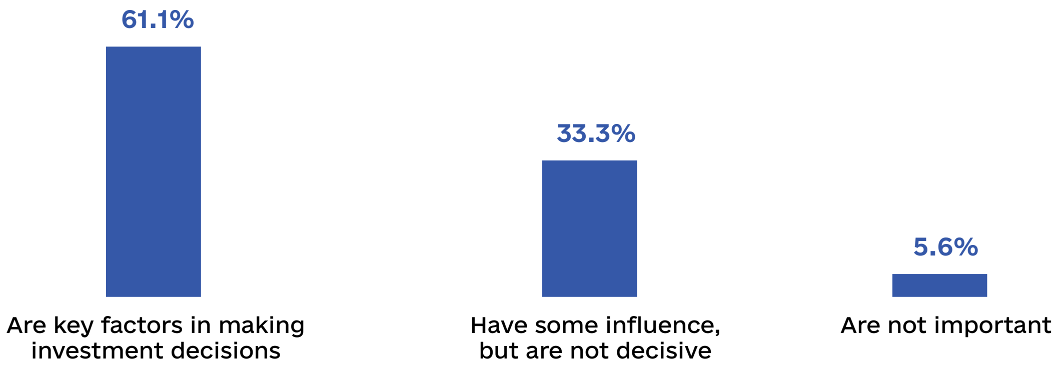


As business size increases, the perception of European integration as an important factor in investment decisions increases: while 72.7% of micro-enterprises believe that EU accession has had a partial impact, 52.9% of large enterprises say it has a significant impact. However, the share of respondents who do not see any impact remains low in all groups (0.0–6.2%).

The impact of corruption and business transparency in Ukraine

Respondents were asked to assess the importance of corruption and transparency of doing business in Ukraine when making investment decisions (the question was included in the questionnaire for international businesses operating or planning to operate in Ukraine).

Fig. 45. How important are the issues of corruption and transparency of doing business in Ukraine for you when making investment decisions? (% of respondents)

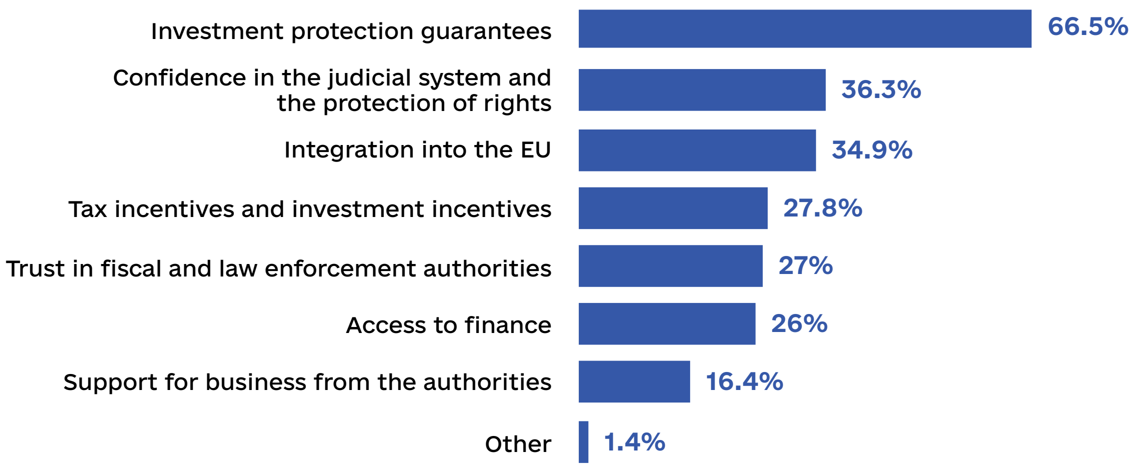


According to the results obtained, the issue of corruption and business transparency is an important factor in making investment decisions: for 61.1% of respondents (among those surveyed for foreign companies) it is key, and for another 33.3% it has some influence, although not decisive. Only 5.6% of respondents noted that these issues were not important. This shows a high sensitivity of investors to the institutional environment quality in Ukraine.

3.4. Investment promotion tools

The most important condition for stimulating investment is investment protection guarantees (66.5%). Trust in the judicial system and protection of rights (36.3%) and integration into the EU (34.9%) are mentioned much less frequently. About a quarter of respondents also consider tax incentives (27.8%), trust in fiscal and law enforcement bodies (27.0%) and access to financing (26.0%) to be important. Meanwhile, only 16.4% of respondents stated the need for greater business support from authorities.

Fig. 46. What conditions could stimulate investment? (% of respondents)



Regardless of the capital structure, respondents name investment protection guarantees as a key condition for stimulating investment. It is especially important for businesses with foreign capital – 92.3% of such enterprises noted this condition, while among companies with Ukrainian capital – 66.4%. Enterprises with foreign capital are also more likely to emphasize trust in the judicial system and protection of rights (53.8% vs 36.5% among Ukrainian companies) and in fiscal and law enforcement bodies (46.2% vs 25.4%). At the same time, businesses with mixed capital are more likely to expect tax and investment incentives (38.1%), and companies with Ukrainian capital are somewhat more likely to mention EU integration (35.2%) and access to financing (27.9%) as factors that could boost investment.

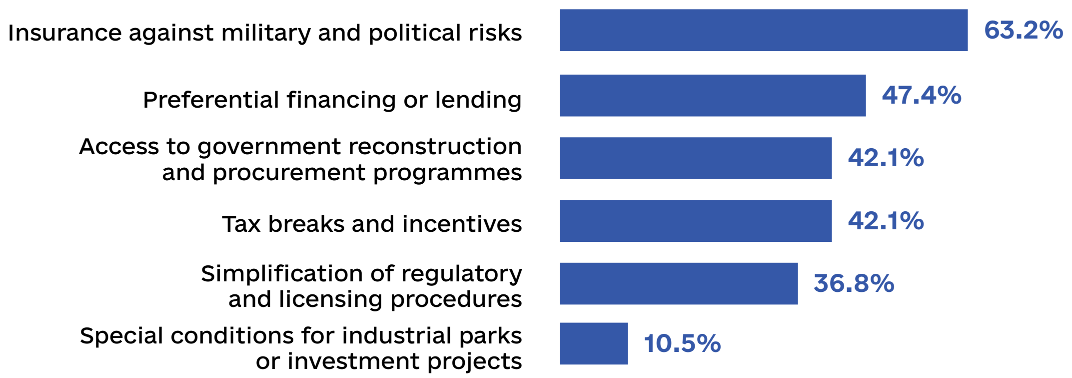
Investment protection guarantees remain a key condition for stimulating investment regardless of business size, but their importance increases with the size of the enterprise – from 58.3% among micro-businesses to 76.9% among large companies. Large enterprises are also more likely to emphasize the importance of EU integration (46.2%), while medium-sized companies are more likely to mention tax and investment incentives (35.4%). Micro-enterprises are significantly more likely to emphasize trust in the judicial system and protection of rights (66.7%), as well as access to finance (33.3%) as conditions for stimulating investment. That being said, trust in fiscal and law enforcement authorities has a similar level of importance for businesses of different sizes (20.0–33.3%).

Assessing possible incentives for foreign business

Respondents were also asked what government support measures could stimulate increased investment by their company in Ukraine. This question was included in the questionnaire for international businesses operating or planning to operate in Ukraine.

The greatest interest among potential incentives for increased investment in Ukraine is in insurance against military and political risks – it was chosen by 63.2% of respondents (among those who were able to answer this question). Almost half are also interested in preferential financing or lending (47.4%), as well as tax benefits and incentives and access to state reconstruction and procurement programs (42.1% each). Respondents mentioned simplification of regulatory and permitting procedures somewhat less often (36.8%), while special conditions for industrial parks are of limited interest (10.5%).

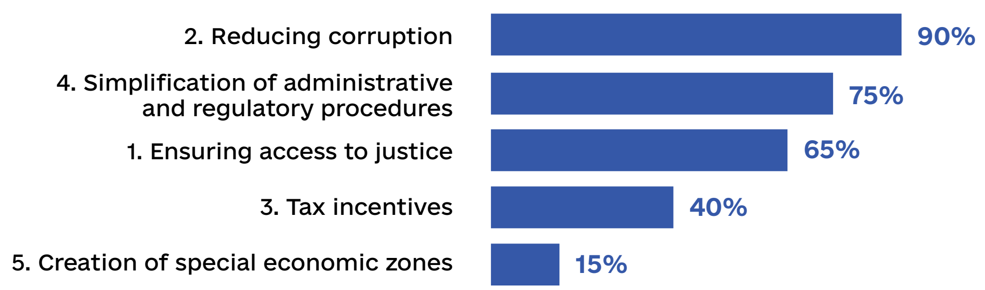
Fig. 47. What incentives from the state could interest you in increasing investments in Ukraine? (% of respondents, multiple answers)



Government and local governments measures

Respondents were also asked what actions the Ukrainian government or local authorities could take to improve the conditions for foreign direct investment (the question was included in the questionnaire for international businesses operating or planning to operate in Ukraine). The most frequently mentioned answer was reducing the level of corruption (90.0%), which emphasizes the key role of institutional trust for investment decisions. Simplifying administrative and regulatory procedures (75.0%) and ensuring access to justice (65.0%) are also considered important. Tax breaks and incentives were supported by 40.0% of respondents, while the creation of special economic zones was supported by only 15.0%. This indicates that foreign business expects more from improving the institutional environment than from introducing individual financial incentives.

Fig. 48. What do you think the Ukrainian government or local authorities can do to improve conditions for foreign direct investment? (% of respondents, multiple answers)



Methodology

The research methodology was based on a questionnaire survey of Ukrainian and international business representatives. The research covered enterprises of various sizes — from micro and small to medium and large companies, as well as a wide range of economic sectors, including processing industry, trade, logistics, the agricultural sector and other types of economic activity.

Several adapted questionnaires were used to take into account the specifics of different categories of respondents. Separate tools were used for enterprises operating in Ukraine, as well as for international business representatives and companies having limited experience of working in Ukraine or are only assessing the possibility of entering the Ukrainian market. This allowed taking into account differences in experience, awareness levels and expectations of different groups of respondents. The questionnaires were available in Ukrainian, English and Polish.

The survey questionnaire consisted of three main thematic blocks. The first block was devoted to the analysis of current challenges of doing business in Ukraine, including personnel issues, the impact of the war, property rights protection, interaction with state authorities, participation in public procurement, access to financing and use of business support tools. The second block concerned the processes of European integration and business readiness assessment to adapt to the rules and standards of the European Union, as well as identification of barriers to access to the EU market and needs for state support. The third block was aimed at assessing the investment attractiveness of Ukraine, factors influencing investment decisions, the most promising sectors for investment, as well as conditions under which foreign companies would be willing to invest or expand their presence in Ukraine.

The survey was conducted in May–June 2026 using a combined approach to data collection. The survey of businesses operating in Ukraine was conducted by telephone questionnaire with the participation of interviewers. At the same time, among international businesses (in particular, those planning to enter the Ukrainian market), the questionnaire was distributed through professional business networks, international business associations, partner organizations, and direct contacts with business representatives.

The results analysis was carried out both for the sample as a whole and for individual groups of respondents, in particular by ownership structure (Ukrainian or foreign capital), enterprise size (by number of employees), and economic sector.

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