

UKRAINE'S INVESTMENT CLIMATE SURVEY

Individual responses are kept confidential

Instructions: Please complete this survey by clicking on the boxes that best describe your views on Ukraine's investment climate. You may submit the survey by clicking on the box "Submit by E-Mail" at the end, or by saving the completed survey form and sending it to Oleg Ustenko through the survey administrator Julia Segura at ulsegura@sigmableyzer.com.ua

The Survey deals with the adequacy of nine drivers of Ukraine's Investment Climate, as defined by its ability to provide firms with (A) opportunities to expand profitable businesses, while (B) minimizing business risks and uncertainties.

A. Opportunities to Expand Businesses by Removing Obstacles to Profitability:

- 1. Macroeconomic Stability.** Consistent macroeconomic stability minimizes capital and operating losses caused by fluctuations in exchange rates and domestic prices. This requires sound fiscal and monetary policies, without excessive tax costs.

	<i>Severe Obstacle</i>	<i>Serious Obstacle</i>	<i>Moderate Obstacle</i>	<i>Minor Obstacle</i>	<i>No Obstacle</i>
✓ <i>Excessive domestic price inflation</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Excessive FX Hryvnia devaluation</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Negative prospects for future inflation/ devaluation</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Excessive business & payroll taxes</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Cumbersome tax administration and compliance</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 2. Business Deregulation.** Ability to operate without excessive government regulations which increase costs and reduces profits. This requires liberalization of business to enhance market competition and provide freedom to start up, operate, or close a firm.

	<i>Severe Obstacle</i>	<i>Serious Obstacle</i>	<i>Moderate Obstacle</i>	<i>Minor Obstacle</i>	<i>No Obstacle</i>
✓ <i>Cumbersome regulations to start and register a firm and to obtain construction and other licenses</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Excessive regulations for business operations, with excessive Gvt agency inspections/controls</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Difficulties in bankruptcy and closing a business</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Unfair market competition by Gvt-supported firms</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Availability of qualified labour at low wage costs</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Difficulty/constraints in hiring or firing workers</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 3. Cross-border Trade and Capital Movements.** Ability to export goods easily and to import equipment and raw materials freely. Ability to invest easily in the country with minimum impediments and repatriate capital and profits freely.

	<i>Severe Obstacle</i>	<i>Serious Obstacle</i>	<i>Moderate Obstacle</i>	<i>Minor Obstacle</i>	<i>No Obstacle</i>
✓ <i>Excessive documentation, time and cost to export freely with inadequate institutional support</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Excessive/costly import tariffs and barriers</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Difficulties with customs procedures/costs</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Ability to move funds in and out of the country</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Difficulties in obtaining foreign exchange</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 4. Financial Sector.** Ability to secure reasonable domestic financing that may be needed for working capital, trade and long term investments. This requires major improvements in the banking sector and capital market institutions and instruments.

	<i>Severe Obstacle</i>	<i>Serious Obstacle</i>	<i>Moderate Obstacle</i>	<i>Minor Obstacle</i>	<i>No Obstacle</i>
✓ <i>Difficulties in obtaining working capital financing</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Difficulties in securing long term loans</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Excessively high interest rates</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Inadequate capital markets to issue securities</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B. Minimize Business Risks

5. **Public Governance and Administration.** Efficiency of public administration, with capacity to resolve issues promptly provide needed infrastructure and public goods, and with minimum interferences in business decisions.

	<i>Severe Obstacle</i>	<i>Serious Obstacle</i>	<i>Moderate Obstacle</i>	<i>Minor Obstacle</i>	<i>No Obstacle</i>
✓ <i>Conflictive government role and functions, with state enterprises interfering in the market place</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Instability/non-transparency of government policies</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Lack of access to Gvt officials to address problems</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Low professionalism and competence of Government officials, with favouritisms</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Inadequacy/cost of transport infrastructure</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Timely and easy provision of utilities</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Inadequacy/cost of communications and IT</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. **Corporate Governance.** Efficiency of Corporate Governance, to ensure that shareholders rights are not violated by their own company's management or boards. Adequacy of legislation on Corporate Governance.

	<i>Severe Obstacle</i>	<i>Serious Obstacle</i>	<i>Moderate Obstacle</i>	<i>Minor Obstacle</i>	<i>No Obstacle</i>
✓ <i>Lack of disclose of major board decisions to shareholders and poor directors' liability for them</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Inadequate transparency of information to public</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Difficulties in suing management/board</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Lack of corporate governance laws/regulations</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Unethical behaviour of firms</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. **Legal and Judiciary Environment.** Adequacy and predictability in the Legal Environment, including the Judiciary, to protect companies' property ownership rights, and have fair and just settlements of disputes.

	<i>Severe Obstacle</i>	<i>Serious Obstacle</i>	<i>Moderate Obstacle</i>	<i>Minor Obstacle</i>	<i>No Obstacle</i>
✓ <i>Unpredictability/inadequacies of business laws</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Poor protection of physical property rights</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Poor protection of intellectual property rights</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Arbitrary, unfair and partiality of courts</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Lengthy/costly settlement of contract disputes</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Ineffective legal enforcement of judicial decisions</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. **Corruption.** Combating energetically administrative and private corruption (including prevention, enforcement and public support) to minimize seizure of company's funds and arbitrary administrative decisions on company matters.

	<i>Severe Obstacle</i>	<i>Serious Obstacle</i>	<i>Moderate Obstacle</i>	<i>Minor Obstacle</i>	<i>No Obstacle</i>
✓ <i>Administrative corruption by Government officials who require extra payments and bribes.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Corruption in the Judiciary and Courts to favour a particular biased settlement</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Private business corruption and corporate raiding</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Inadequate anti-corruption enforcement & support</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Vandalism, crime and public/business safety</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. Political Risks and Country Image. Reduced Political Risks to minimize sudden changes in business conditions, and improve Country Image to attract capital and facilitate exit operations

	<i>Severe Obstacle</i>	<i>Serious Obstacle</i>	<i>Moderate Obstacle</i>	<i>Minor Obstacle</i>	<i>No Obstacle</i>
✓ <i>Instability of the political system, with excessive rotation of officials</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Prospects of social unrests due to war or to highly uneven income distribution</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Risk of expropriations/nationalizations</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ <i>Poor country image that hampers doing business</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Overall, how do you rate Ukraine’s business environment and investment climate?

	<i>Mayor Deterioration</i>	<i>Minor Deterioration</i>	<i>No change</i>	<i>Minor Improvement</i>	<i>Mayor Improvement</i>
<i>Currently at present</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Future prospects</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Overall, is your company planning to invest in Ukraine and recruit labor in the next six months?

<i>Plan to Invest in Ukraine</i>			<i>Plan to recruit more workers</i>		
<i>Yes</i>	<i>No</i>	<i>Undecided</i>	<i>Yes</i>	<i>No</i>	<i>Undecided</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In your view, which is the most significant issue affecting your business in Ukraine?

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Submit by E-mail