



**MOVING FORWARD  
TOGETHER**



INTERNATIONAL  
RENAISSANCE  
FOUNDATION



ATLAS  
NETWORK



INSTITUTE  
FOR ECONOMIC RESEARCH  
AND POLICY CONSULTING

# New Monthly Enterprises Survey

Issue 14. (06.2023)  
Ukrainian Business in Wartime

Project implementation:	 INSTITUTE FOR ECONOMIC RESEARCH AND POLICY CONSULTING	Institute for Economic Research and Policy Consulting
Financial support:	 MOVING FORWARD TOGETHER	The project is implemented with the financial support of the European Union
	 INTERNATIONAL RENAISSANCE FOUNDATION	International Renaissance Foundation
	 ATLAS NETWORK	Atlas Network

**Authors of the report:**

*Oksana Kuziakiv, Executive Director at the Institute for Economic Research and Policy Consulting, Project Manager for the project "Support for the Public Initiative "For Fair and Transparent Customs"*

*Yevhen Anhel, Senior Research Fellow at the Institute for Economic Research and Policy Consulting*

*Anastasia Gulik, Research Fellow at the Institute for Economic Research and Policy Consulting*

*Iryna Fedets, Senior Research Fellow at the Institute for Economic Research and Policy Consulting*

*The publication was prepared as part of the project "For Fair and Transparent Customs", funded by the European Union and co-financed by the International Renaissance Foundation, and the ATLAS Network (USA). Its content is the responsibility of the Institute for Economic Research and Policy Consulting and does not necessarily represent the position of the European Union, the Renaissance Foundation, or the ATLAS Network.*

INSTITUTE FOR ECONOMIC RESEARCH AND POLICY CONSULTING

Reytarska 8/5-A, 01054 Kyiv, Ukraine

tel.: +38(044) 278-63-42; +38 (044) 278-63-60; fax: +38(044) 278-63-36

[institute@ier.kyiv.ua](mailto:institute@ier.kyiv.ua)

[www.ier.com.ua](http://www.ier.com.ua)

[Facebook IER](#)

[Facebook "For Fair and Transparent Customs"](#)

[Telegram channel "Fair Customs"](#)

## THE NEW MONTHLY ENTERPRISES SURVEY “UKRAINIAN BUSINESS IN WARTIME”

Dear ladies and gentlemen, we present you with the **fourteenth issue** of the business managers’ monthly survey “Ukrainian Business in Wartime.”

The need for comprehensive information on the economic situation is crucial for economic policy in wartime. The Institute for Economic Research and Policy Consulting conducts a monthly enterprise survey using the Business Tendency Survey approach to quickly collect information on the current economic state at the enterprise level. The methodology is designed to assess the situation from the “base level”: the judgments and expectations of key economic agents such as entrepreneurs and business managers.

The monthly survey consists of two parts: the regular one and the special one.

Respondents regularly answer questions on the changes in key activity indicators and short-term forecasts for future changes in the same indicators. This entails the dynamics of output (production), sales, exports, debt, new orders, employment, etc. We also focus on estimates and expectations of the changes in the business climate and business activity at the enterprise in the next six months. This part of the survey applies the business tendency survey methodology, harmonized according to the Joint Harmonized EU Program of Business and Consumer Surveys (BCS) requirements. Where applicable, we use comparisons with the data from the quarterly business survey “Business Opinion” that have been conducted since 1998.

The special part of the monthly enterprise survey is devoted to the war's impact on the production activity of enterprises and exports and the assessment of government policy on business support. The industry dimension in data analysis is used in the issue. In this issue, a new section of the special part is devoted to illegal and unfair practices (corruption at various levels, etc.) that can affect business operations.

The monthly survey of business managers is a part of a change in the activities of the project “For Fair and Transparent Customs”, funded by the European Union and co-financed by the International Renaissance Foundation, and the ATLAS Network (USA). Monthly trends will be presented in reports such as this one. Quarterly trends will continue to be published in the “Business Survey: Industry” reports, which have been published by the IER since July 2002.

We are grateful to the analytical system YouControl (<https://youcontrol.com.ua/>) for the opportunity to use the data to form a panel sample.

## Content

PRACTICAL QUESTIONS AND ANSWERS TO HELP TO READ THIS REPORT .....	5
MAIN RESULTS.....	7
INDICATORS AND EXPECTATIONS FOR THE HALF-YEAR PERIOD.....	10
BUSINESS ACTIVITY AT THE ENTERPRISE.....	10
BUSINESS ACTIVITY AT THE ENTERPRISE COMPARED TO A SIMILAR PERIOD OF THE LAST YEAR .....	10
EXPANSION PLANS FOR THE NEXT TWO YEARS .....	11
OVERALL ECONOMIC ENVIRONMENT .....	11
UNCERTAINTY.....	12
Half-year expectations.....	12
Three-month expectations.....	13
ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS .....	14
PRODUCTION.....	14
Changes compared to the previous month.....	14
Expected changes in production .....	15
SALES .....	15
Changes compared to the previous month.....	15
Expected changes in sales .....	15
EXPORT .....	16
Changes compared to the previous month.....	16
Expected changes in export.....	16
STOCKS OF RAW MATERIALS.....	17
Changes compared to the previous month.....	17
Expected changes in stocks of raw materials .....	17
STOCKS OF FINISHED GOODS .....	18
Changes compared to the previous month.....	18
Expected changes in stocks of finished goods.....	18
NEW ORDERS.....	19
Changes compared to the previous month.....	19
Expected changes in new orders .....	19
NEW ORDERS.....	20
Availability of orders.....	20
ACCOUNT RECEIVABLES .....	21
Changes compared to the previous month.....	21
Expected changes in account receivables .....	21

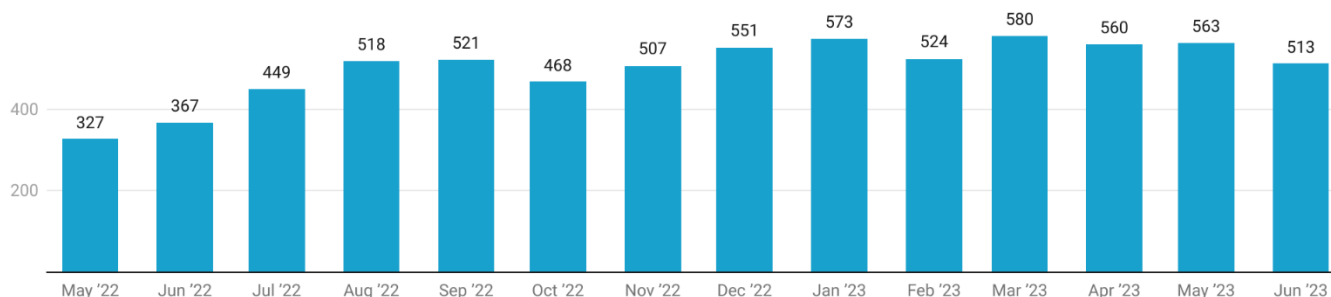
ACCOUNT PAYABLES.....	22
Changes compared to the previous month.....	22
Expected changes in account payables .....	22
TAX ARREARS.....	23
Changes compared to the previous month.....	23
Expected changes in tax arrears.....	23
NUMBER OF WORKERS.....	24
Changes compared to the previous month.....	24
Expected changes in the number of workers.....	24
WORKERS ON FORCED LEAVE .....	25
Changes compared to the previous month.....	25
Expected change in the number of workers on forced leave .....	26
SKILLED AND UNSKILLED WORKERS .....	26
Skilled workers.....	26
Unskilled workers .....	27
SPECIAL PART OF THE SURVEY .....	28
THE IMPACT OF WAR ON ENTERPRISES .....	28
Challenges for businesses in wartime .....	28
The war impact on capacity/production volumes.....	30
THE WAR IMPACT ON THE ENTERPRISES' EXPORT ACTIVITIES .....	32
GOVERNMENT POLICY.....	34
Assessment of government policy to support business.....	34
Assessment of prevalence of various illegal and unfair practices.....	35
SURVEY METHODOLOGY .....	37
SAMPLE.....	37
APPENDIX 1. Survey results in figures .....	38



## PRACTICAL QUESTIONS AND ANSWERS TO HELP TO READ THIS REPORT

**Who do we survey?** This survey uses a panel sample; that means we survey the same business entities. Building such a sample takes time. During the fourteenth wave of the survey, the answers of 513 respondents were received.

Fig. 1 Number of enterprises surveyed



They include mainly industrial enterprises (94%) located in 21 of the 27 regions of Ukraine: Vinnytsya, Volyn, Dnipropetrovsk, Zhytomyr, Zakarpattia, Zaporizhzhya, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Ternopil, Khmelnytsky, Cherkasy, Chernivtsi, Chernihiv and Kharkiv regions and in the Kyiv city. Enterprises of all sizes in terms of the number of workers are represented among the respondents.

Fig. 2 Number of enterprises surveyed, by size

	Jul.22	Aug.22	Sep.22	Oct.22	Nov.22	Dec.22	Jan.23	Feb.23	Mar.23	Apr.23	May.23	Jun.23
Micro	50	64	55	49	53	58	67	59	64	57	61	60
Small	128	142	138	133	138	156	161	158	189	180	171	155
Medium	169	183	191	172	203	214	212	190	208	214	212	190
Large	102	129	137	114	113	123	133	117	119	109	119	108

**How do we collect data?** Data was collected using a combination of several data collection methods: telephone interviews of business representatives filling out their responses into an online check-list, and, in some cases, self-completion of the online check-list by representatives of enterprises who expressed their desire during the previous telephone contact to enter data into the online check-list themselves.

**How are our indices calculated?** All indices are calculated according to a single methodology. We count responses as +1 when the company responds that the rate has increased, 0 if it has not changed, and -1 if it has decreased. For example, if out of 100 respondents, 20 indicated an increase in production, 50 respondents reported its reduction, and 30 said that everything remained unchanged, the corresponding value of the index will be -0.30. A positive (negative) index value means that the share of enterprises where production has increased is larger (smaller) than the number of those where production has decreased. Each index bigger than +0.05 or less than -0.05 is statistically significant, and different from zero with a 5% error probability.

**How to "read" our indicators?** Our indicators are called "indices," which is a synonym of the term "balance index" or "balance indicator." All indices are the difference between the shares of respondents who reported a decrease and those who reported an increase in the indicator. The bigger the index value, the bigger the rate of indicator growth; the smaller the index value, the bigger the rate of indicator decline. For most indicators, a higher value of the index means a positive trend, except for indicators of debts, the number of workers on forced leave, and difficulties in finding personnel. Everything is the opposite here. The larger the index, the greater the rate of debt growth or the increase in the number of people on forced leave and hardships (this is bad), the smaller the index, the greater the rate of debt reduction, the decrease in the number of people on forced leave or hardships (this is good).

**When the survey was conducted?** The field stage of the fourteenth wave lasted from June 16 to 30, 2023. The enterprises' managers compared the results of work in June 2023 with May 2023, assessed the state of the indicators at the time of the survey (June 2023), and gave forecasts for the next two, three, or six months, depending on the question. For some questions (where it was indicated), the results of the work were compared to ones in the pre-war period (before February 24, 2022). Respondents gave forecasts for the next three months of work.

## MAIN RESULTS

In the short- and medium-term horizon, business remains optimistic, although it refrains from clear forecasts for the distant future, as evidenced by the increase in long-term uncertainty. Expectations in the six-month horizon remain very optimistic. For the first time in several months, there is a slight increase in uncertainty in the short- and medium-term horizons. At the same time, the current situation is characterized as quite positive. The share of businesses operating near full and at full capacity is the highest since the beginning of the war. Managers have improved their assessments of the current business activity at the enterprise and the overall economic environment; the results of the enterprises compared to the previous month have improved, and the expectations for three months are very optimistic. But the "stagnation" of such optimism has been observed for the third month in a row. Issues of physical security of business remain in the top 5 obstacles to business operations during wartime, and assessments of the government's economic policy to support business have slightly deteriorated but still remain satisfactory.

### OVERALL INDICATORS OF BUSINESS CLIMATE AND ECONOMIC ENVIRONMENT

- In June 2023, compared to May, the INDEX OF THE CURRENT BUSINESS ACTIVITY AT THE ENTERPRISE increased from -0.07 to zero.
- The enterprises' expectations regarding changes in business activity in the six months remain optimistic and slightly increased from 0.43 to 0.46.
- In June, the value of the OVERALL ECONOMIC ENVIRONMENT INDEX also increased, from -0.08 to -0.03, although it remains somewhat lower than the estimates of the business activity.
- Expectations regarding changes in the overall economic environment six months later, while remaining optimistic, slightly decreased. And the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT IS 0.41 (For two months in a row, it was 0.43).
- Two-year expectations regarding prospects for expansion of business activity have deteriorated somewhat. The value of the INDEX OF THE EXPECTED CHANGES IN BUSINESS ACTIVITY IN TWO YEARS IN JUNE SLIGHTLY DECREASED, FROM 0.21 TO 0.19.
- The level of uncertainty in the two-year horizon has increased slightly, as well as uncertainty in three-month horizon. In the six months, uncertainty for the financial and economic environment continued its gradual decline, while for the indicators of the overall economic environment a slight increase in value was recorded for the first time in several months.

### PRODUCTION

- In June 2023, the PRODUCTION INDEX remained unchanged at 0.20. At the same time, in the percentage distribution, there is a decrease in the share of enterprises that plan to increase production due to an increase in the share of those that do not plan changes. At the same time, the share of enterprises planning to reduce production remained unchanged.
- Business expectations for the next three months remain high, although the INDEX OF EXPECTED CHANGES IN PRODUCTION VOLUMES slightly decreased from 0.47 to 0.44.

### DEMAND AND SALES

- The sales growth rate and the increase in the number of new orders remain unchanged. The SALES INDEX (from 0.20 in May to 0.18 in June) and the NEW ORDERS INDEX (from 0.18 to 0.14) decreased slightly.
- Enterprises' expectations regarding demand for the next three months have slightly worsened. The value of the INDEX OF EXPECTED CHANGES IN SALES (from 0.48 to 0.43) and the value of the INDEX OF EXPECTED CHANGES IN NEW ORDERS (from 0.45 to 0.42) decreased.

### DEBTS

- In June, compared to May 2023, the indicators of receivables and payables remained unchanged, while the indicator of tax arrears improved significantly. Accounts receivable indicator is -0.27 (was -0.26) and payables indicator is -0.30 (was -0.29). The indicator of tax arrears decreased from -0.25 to -0.32.



- Debt indicators are expected to improve in the three months. The INDEX OF EXPECTED CHANGES IN RECEIVABLES decreased slightly, from -0.32 to -0.35. The INDEX OF EXPECTED CHANGES IN PAYABLES decreased to -0.37 (For two months in a row, the indicator was -0.33). The indicator of tax arrears decreased from -0.28 to -0.34.

## EMPLOYMENT

- The employment reduction rate at enterprises slightly accelerated; the NUMBER OF WORKERS INDEX decreased from -0.03 to -0.07 due to an increase in the percentage of enterprises that reduced the number of employees.
- In the next three months, enterprises expect further deterioration of the indicator. The INDEX OF EXPECTED CHANGES decreased from 0.03 to zero.
- The rate of reduction in the number of workers on forced leave also accelerated somewhat; the INDEX decreased from -0.22 to -0.26. In the three months, a slight deterioration of the indicator is expected. The index of expected changes after a three-month "stagnation" has slightly decreased, from -0.25 to -0.28, which means a slight increase in the percentage of enterprises planning to reduce the number of workers on forced leave.
- In June, after a two-month break, difficulties in finding unskilled workers increased, and the INDEX increased from 0.11 to 0.17. The INDEX OF DIFFICULTIES IN FINDING SKILLED WORKERS also increased after the decrease in May, although less significantly (from 0.21 to 0.23).

## AVAILABILITY OF ORDERS

- In June 2023, the order book for surveyed companies remained at the previous level of two months (median), after it decreased in May 2023 from three months in January-April 2023.
- 51% of enterprises have orders for only up to two months. This share has hardly changed since May.

## OBSTACLES TO DOING BUSINESS IN WARTIME

- The problem of rising prices for raw materials and goods has retained its leading position. At the same time, the absolute value of this obstacle has increased.
- Logistical problems continue to occupy second place in the ranking of obstacles. But they are indicated by a larger share of enterprises.
- Power outages are also reported more often. This problem remained in fourth place in the rating of obstacles.
- The importance of the labor shortage issue is growing: in June, more than a third of respondents pointed to this problem.

## PRODUCTION CAPACITIES DURING THE WAR PERIOD

- In June 2023, the highest level of production capacity utilization was recorded for the entire survey period. The total share of enterprises operating at near full and full capacity was 62% (58% in April and 57% in May).
- Despite the challenges of the war, only 3% of surveyed enterprises reported that they stopped their activities during the war. Also, only 1% of enterprises operate at less than 25% of pre-war production capacity.
- In June, the lowest share of enterprises operating at less than half the capacity compared to pre-war times was recorded - only 14%.
- Medium-sized businesses are the best supporter of production: businesses are operating at nearly full and full capacity compared to the pre-war period at 69% in June (68% in April and May). It is the highest indicator since the survey began. Also, the indicator for large business increased from 56% in May to 68% in June.
- The food industry remains the leader of industry recovery. In June, 78% of food industry enterprises worked almost at full and full capacity (73% in April and May). An increase in capacity utilization was also

recorded in the printing and light industries (from 60% in May to 71% in June and from 55% in May to 69% in June, respectively).

- The difficult situation remains in metallurgy and metalworking, where in June only 27% of enterprises worked at almost full and full capacity (29% in May).

#### **EXPORTING ENTERPRISES**

- In June, 62% of respondents reported they were exporters before the war, continued exporting during the war, or started exporting during the war for the first time.
- Most businesses managed to establish exports in wartime conditions. In June, 84% of respondents indicated they exported before the war and continued exporting during the last 12 months (84% in April and 80% in May).
- Some businesses cannot overcome new challenges for export activities. 15% of enterprises exported before the war began but could not resume exports during the last 12 months. Such results indicate the stagnation of the export activity recovery.

#### **GOVERNMENT POLICY**

- In June 2023, positive assessments of government policy to support business did not change, and the share of negative assessments increased from 11% to 15%.
- As before, business mostly neutrally assesses government policy regarding business support: 57%.
- Businesses mostly rate the prevalence of illegal or unfair practices as medium or low. No practice was named very widespread by the majority of respondents.
- Average estimates of the spread of these practices range from 2 to 2.9 points.
- Business representatives point to such practices as unfair court decisions and corruption among representatives of local authorities as relatively more widespread. Their prevalence was estimated at an average of 2.9 and 2.8 points, respectively.
- The prevalence of illegal decisions by representatives of control bodies or officials regarding business and corruption at customs is estimated almost at the same level.
- On the other hand, the average assessment of the prevalence of raiding and seizing property is 2 points: most respondents consider this phenomenon not very common in Ukraine.

## INDICATORS AND EXPECTATIONS FOR THE HALF-YEAR PERIOD

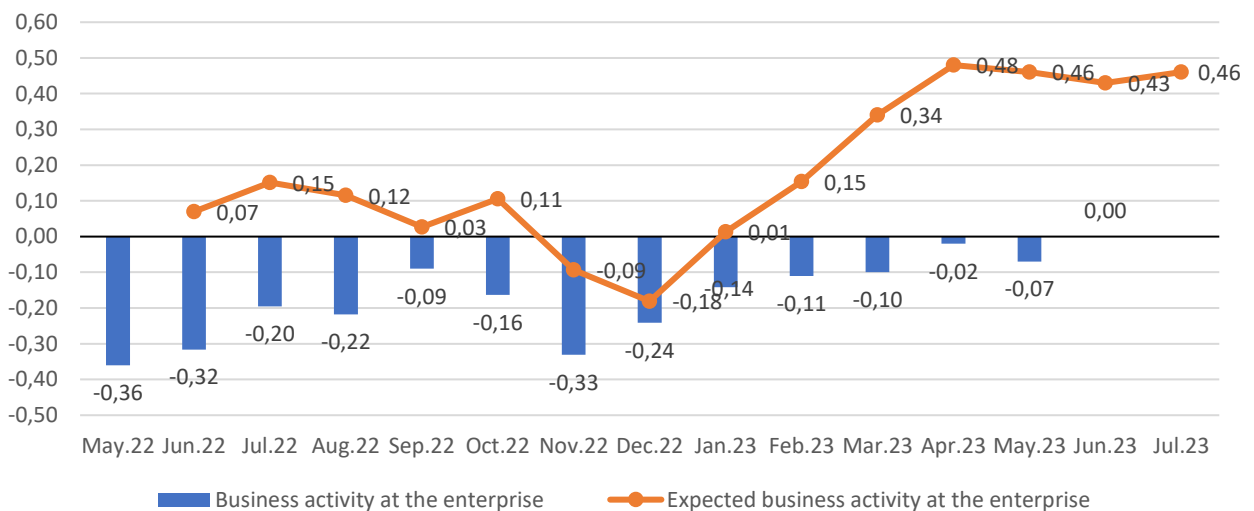
## BUSINESS ACTIVITY AT THE ENTERPRISE

**After the worsening of assessments in May, the situation improved again in June.** The value of the CURRENT BUSINESS ACTIVITY INDEX increased from -0.07 to zero. The share of respondents who assessed the current business activity at the enterprise as bad decreased from 16.3% to 14.2%. At the same time, the share of those who positively assess the business activity at the company increased significantly from 6.6% to 11.5%. The share of those who consider the business activity at the enterprise to be satisfactory decreased from 77.0% to 77.4%.

**Expectations for the future within six months are optimistic and have slightly improved.** The value of the INDEX OF THE EXPECTED CHANGES IN BUSINESS ACTIVITY slightly increased from 0.43 to 0.46. It happened due to the transition of the share of neutral expectations to positive ones. At the same time, changes in the share of "pessimists" remained insignificant (from 2.6 to 3.1%), and the share of "optimists" increased from 45.7% to 47.7%. The share of those who do not expect any changes decreased from 51.6% to 49.2%.

The share of respondents who could not give a forecast regarding changes in the business activity at the enterprise for the six months continues to decrease gradually and amounts to 17.2% (it was 18.3%).

Fig.3. Business activity at the enterprise, indices



## BUSINESS ACTIVITY AT THE ENTERPRISE COMPARED TO A SIMILAR PERIOD OF THE LAST YEAR

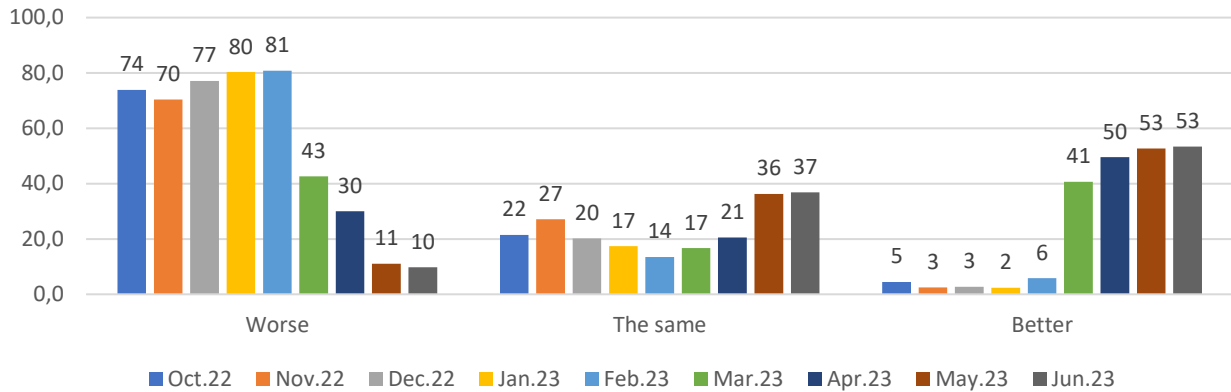
**A comparison of the business activity at the enterprise with the same period last year indicates an increase in business activity.** The value of the CURRENT BUSINESS ACTIVITY INDEX (YEAR TO YEAR) in June compared to May increased from 0.43 to 0.45. At the same time, changes in the percentage distribution are insignificant. The share of respondents who pointed to the deterioration of the situation is 10% (it was 11.0%). The share of respondents whose business activity has improved is 53.3% (it was 52.7%). The share of those who believe nothing has changed compared to last year is 36.8% (it was 36.3%).

**Size.** The assessments of the business activity depend on the size of the enterprise. Small (0.48) and medium (0.47) enterprises feel the best compared to last year. The indicator of large enterprises is slightly lower and is 0.44. The indicator of micro-enterprises is the worst (0.21).

**Region.** Ternopil and Poltava regions (1.00 for each) and Rivne region (0.94) have the highest indicator. The indicator of Zhytomyr region is zero. The lowest indicators are for Dnipropetrovsk (-0.10) and Kirovohrad (-0.15) regions.

**Sector.** The highest value of the index was recorded for printing (0.69) and food (0.50) industries. Machine building (0.20) and metalworking (0.23) have the worst indicators.

Fig.4. How do you assess the business activity at the enterprise compared to last year?, % of respondents

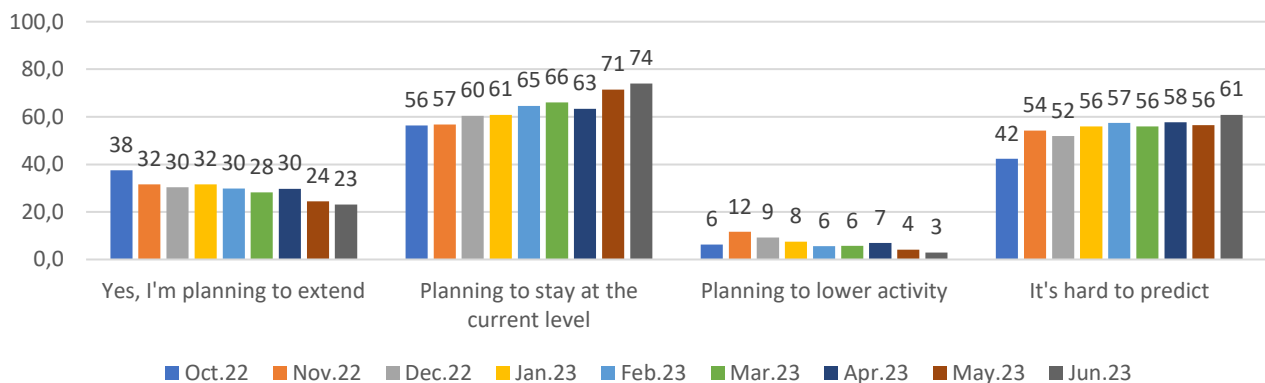


### EXPANSION PLANS FOR THE NEXT TWO YEARS

**Expectations regarding business activity for the next two years have slightly worsened.** The INDEX OF EXPECTED CHANGES IN BUSINESS ACTIVITY in the two years in June decreased from 0.21 to 0.19. Both the percentage of those who plan to expand their activities in the next two years (from 24.4% to 23.1%) and the percentage of those who plan to reduce their activities (from 4.1% to 3%) decreased somewhat. Due to this decrease, the share of those who plan to stay at the current level has significantly increased from 71.4% to 74%.

It is important to note that the percentage of those who could not give a forecast for such a distant period increased from 56.5% to 60.8% after several months of "stagnation."

Fig.5. Do you plan to expand the company's activities in the next two years?, % of respondents



**Size.** Among enterprises of all sizes, micro (0.22) and small (0.27) enterprises are the most optimistic about the future. The indicator of large enterprises is 0.19. The worst is the indicator of medium-sized enterprises, which is 0.15.

**Region.** Significant regional differences were registered. Enterprises from Zakarpattya and Zaporizhzhya have the highest expectation indicators (1.00 each). The indicators of Kyiv, Khmelnytsky, Vinnytsya, Dnipropetrovsk, Zhytomyr, and Kharkiv regions are the lowest and equal to zero.

**Sector.** Expectations vary by industry. The printing and woodworking industries have the highest index value (0.50 for each). The indicator for the food industry is the lowest (0.06).

### OVERALL ECONOMIC ENVIRONMENT

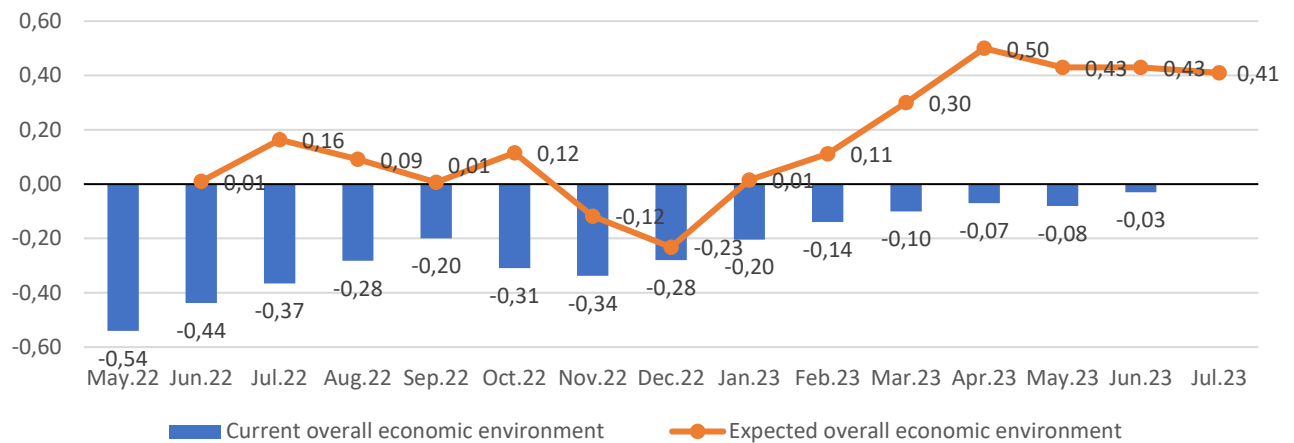
**The assessment of the overall economic environment has improved.** The value of the corresponding index in June increased from -0.08 to -0.03. The share of those who assess the overall economic environment as bad has almost not changed (18.9% in May and 18.8% in June). At the same time, the share of those who give positive

assessments has increased (from 7.5% to 10.8%) due to a decrease in the share of those who consider the overall economic environment satisfactory (from 73.6% to 70.5%).

**Enterprises' forecasts regarding changes in the overall economic environment for the next six months remain high for the third month in a row and without significant changes:** the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT decreased only slightly, from 0.43 to 0.41. In the percentage distribution, both the share of "optimists" regarding changes in the overall economic environment and the share of "pessimists" increased from 43.8% to 46.7% and from 1.8% to 6.3%, respectively. The share of those who believe the overall economic environment will not change during the next six months decreased from 54.4% to 47.0%.

The share of those who could not give forecasts about the state of the overall economic environment for the first time in several months slightly increased from 19.7% to 21.2%.

Fig.6. Overall economic environment, indices

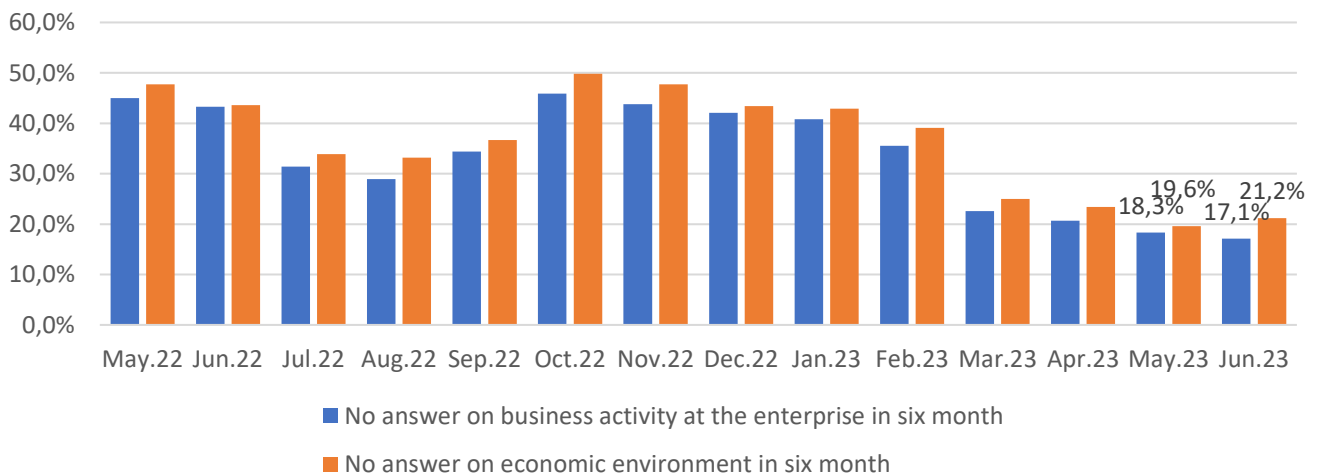


## UNCERTAINTY

### Half-year expectations

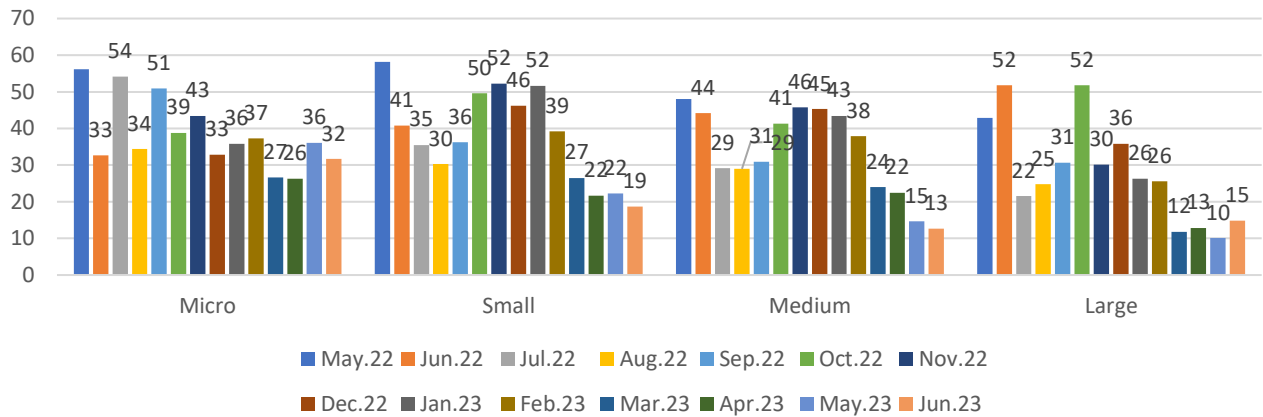
**The level of uncertainty in forecasts of the business activity at the enterprise continues to decrease gradually. And the uncertainty level for the overall economic environment has slightly increased for the first time in several months.** The share of respondents who could not forecast changes in the business activity at the enterprise in six months decreased from 18.3% to 17.1%. And those unable to predict the overall economic environment in the country as a whole increased from 19.6% to 21.2%.

Fig.7. The level of the business activity and the overall economic environment uncertainty, % of respondents



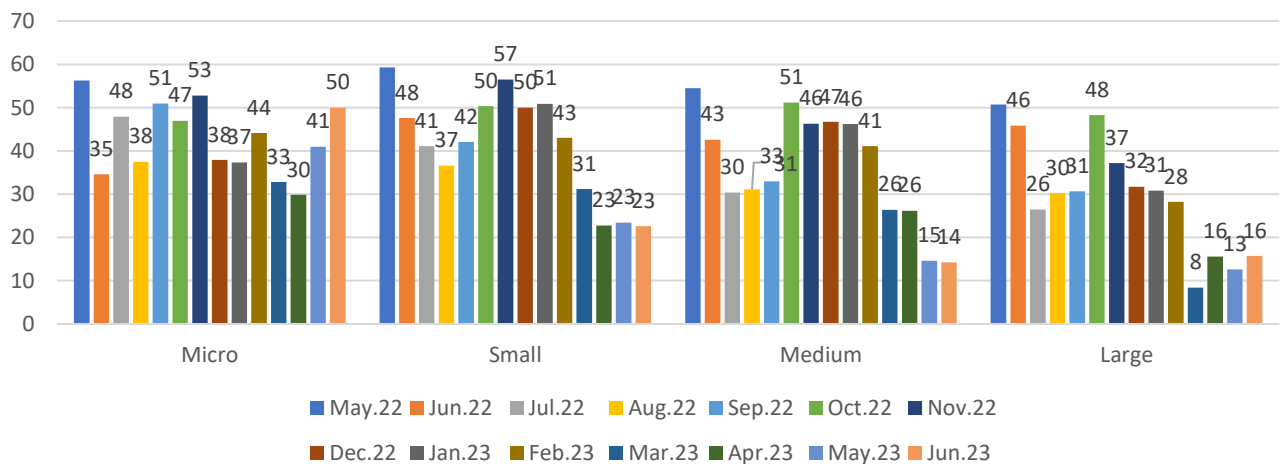
**The level of uncertainty regarding the business activity at the enterprise and its dynamics depends on the size of the enterprise.** After a significant increase in May, uncertainty for micro-enterprises has decreased from 36% to 32%, but the index value remains the highest. Uncertainty about the business activity for small enterprises decreased to 19% (two months in a row, the value was 22%). The lowest level of uncertainty is for medium-sized enterprises; it decreased from 15% to 13%. Large enterprises are the only ones that indicated an increase in the level of uncertainty regarding the business activity at the enterprise for the next six months (from 10% to 15%).

Fig.8. The share of respondents unable to answer the question about the change in the business activity in six months



**Uncertainty about the overall economic environment, as in the case of business activity, depends on the size of the enterprise.** The uncertainty indicator for small businesses has remained unchanged for the third month in a row at 23%, while the indicator for medium-sized enterprises has changed slightly, decreasing from 15% to 14%. The uncertainty indicator for large enterprises increased from 13% to 16%. The level of uncertainty remains the highest for micro-enterprises, increasing for the second month in a row (from 41% in May to 50% in June).

Fig.9. The share of respondents unable to answer the question regarding the change in the overall economic environment in the six months



Three-month expectations

**After several months of gradual decline, there is a slight, but still, increase in the level of uncertainty for almost all production indicators.** Uncertainty is the highest for the number of workers on forced leave (the percentage increased from 13.1% to 15.0%), and for accounts receivable (the percentage increased from 13.1% to 14.6%). A minimal increase (from 13.7% to 13.8%) was recorded for accounts payable. The value of the level of uncertainty for tax arrears is the only one that remained unchanged in June compared to May and is 12.3%. Uncertainty for exports remains the lowest in the three-month horizon; it increased from 4.3% to 5.5%.



Fig.10. The share of enterprises unable to forecast the change of the indicator in three months, % of respondents

	May.22	Jun.22	Jul.22	Aug.22	Sep.22	Oct.22	Nov.22	Dec.22	Jan.23	Feb.23	Mar.23	Apr.23	May.23	Jun.23
Workers on forced leave	21.1	9.8	10	13.7	11.1	17.7	14	15.6	15	17.2	15.3	15.9	13.1	15
Accounts receivable	27.8	15.8	11.4	16.6	14.4	25.9	37.5	35	23.7	24.4	17.4	16.4	13.1	14.6
Accounts payable	26.6	15	11.4	16.2	14.2	25.9	36.9	35.4	23.2	23.9	16.7	16.3	13.7	13.8
Tax arrears	0	13.6	12.7	14.5	12.5	24.6	35.7	33	22.9	21.8	15.2	15.2	12.3	12.3
Number of workers	14.7	7.6	10.7	15.6	12.9	17.5	15	14.3	14	13.4	12.8	14.1	10.3	12.3
Stocks of raw materials	21.4	10.6	10.9	14.1	12.7	16	14	13.6	12.4	11.6	10.5	9.8	8.3	9.4
Stocks of finished goods	25.7	11.4	10.2	13.5	12.7	23.1	13	13.6	13.4	11.3	10	10.4	8	9.2
New orders	19.3	9.3	11.1	15.3	14	17.3	14	13.6	12.2	11.6	10	10	8	9.2
Sales	17.4	9.3	9.4	15.1	12.1	17.3	14	13.6	11.3	11.3	10.2	9.3	7.1	8.2
Production	16.5	10.1	8.2	14.3	11.7	17.1	14	13.6	12.2	11.3	10	8.6	7.1	8.2
Export	19.4	13.9	6.2	13.9	12.9	15.2	11.8	13.6	8.4	7.8	6.9	7	4.3	5.5

## ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

### PRODUCTION

Changes compared to the previous month

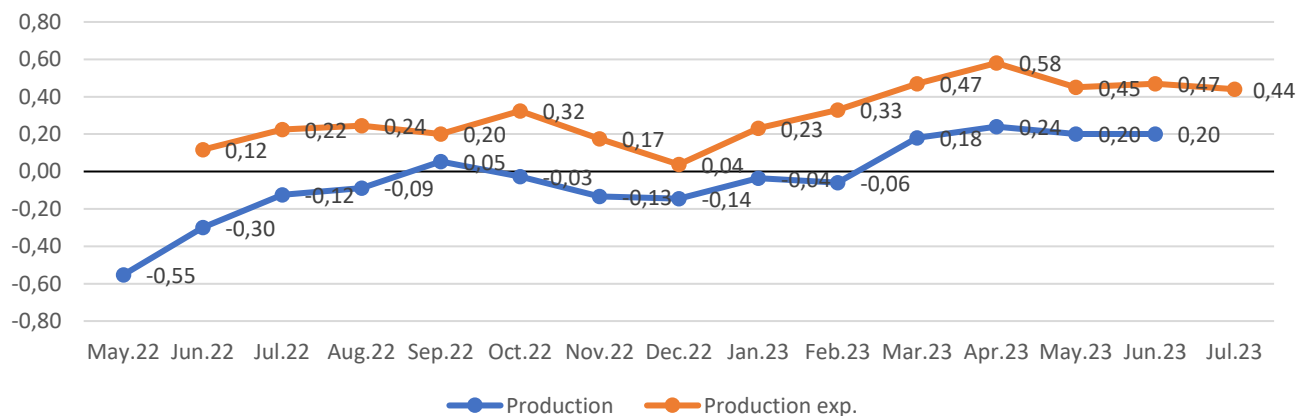
**In June, compared to May, the indicators of production results remained unchanged.** The PRODUCTION INDEX as last month is 0.20. It means that there were no significant changes in the percentage distribution. The share of enterprises that reduced production volumes is 14.3% (it was 13.7% in May), the share of enterprises where production volumes increased remained almost unchanged (30.7% in June and 31% in May). The share of industries where there were no changes is 55.1% (it was 55.3%).

**Size.** Among enterprises of different sizes, the best results were shown by large (0.24) and medium (0.23) enterprises, whose indicators are approximately the same. The index of small ones (0.10) is much lower. Microenterprises with an index of zero have the worst performance indicators.

**Region.** Regional differences are significant (the highest value is 1.00, and the smallest is -0.35). The best results were obtained by enterprises of Poltava region (1.00) and Kyiv city (0.71). The lowest values of the index were recorded for the enterprises of Chernivtsi (-0.11), Volyn (-0.13), Kharkiv (-0.20), Cherkasy (-0.23) and Zaporizhzhya (-0.35) regions, whose indicators have a negative value.

**Sector.** Index values vary across sectors and industries. The best situation is in the machine building (0.41), chemical (0.36), and food (0.19) industries. Metal processing has the lowest and only negative indicator (-0.05).

Fig.11. Production indices



### Expected changes in production

**The indicator of production plans slightly deteriorated, although it remains high.** The INDEX OF EXPECTED CHANGES IN PRODUCTION decreased slightly, from 0.47 to 0.44. It happened due to the transition of the share of "optimists" to neutral assessments. The share of enterprises planning production growth decreased from 48.9% to 44.8%, while the share of those not expecting changes increased from 47.0% to 52.0%. At the same time, the share of enterprises planning to reduce production volumes remained unchanged and amounted to 3.2% in June (it was 4.0% in May).

**Size.** Production expectations depend on the size of the enterprises. The highest and approximately the same indicator of expectations is for large (0.48), medium (0.44), and small (0.42) enterprises. The worst and significantly lower indicator of expectations regarding production volumes is for micro-enterprises (0.14).

**Region.** Enterprise plans depend significantly on the region of location. Poltava, Ternopil, and Lviv regions (1.00 each), Rivne (0.96), and Ivano-Frankivsk (0.94) regions have the most optimistic plans for production growth. The indicator of expectations for the Cherkasy region is zero and is the lowest.

**Sector.** Production expectations for three months depend on the industry. The food (0.58), printing (0.33), and light (0.32) industries have the highest indicators of expectations. The construction materials production (0.19) and the chemical (0.18) industries have the lowest indicators.

### SALES

#### Changes compared to the previous month

**In June, the sales reduction rate accelerated somewhat.** The SALES INDEX decreased from 0.20 to 0.18. In the percentage distribution, the share of enterprises that reduced sales increased slightly (from 13.9% to 14.7%), and the share of enterprises that increased sales decreased from 31.9% to 29.5%. The share of enterprises with no changes slightly increased in June from 54.2% to 55.8%.

**Size.** The SALES INDEX of medium (0.22) and large (0.21) enterprises is higher and approximately the same. The indicator of small (0.10) enterprises is almost twice as low. The micro-enterprises have the lowest and only negative value of the index - -0.08.

**Region.** The highest value of the SALES INDEX was recorded for Poltava (1.00) region, Kyiv city (0.67), Kyiv (0.47) and Odesa (0.44) regions. The indicators of Zaporizhzhya (-0.35), Cherkasy (-0.27) and Kharkiv (-0.20) regions have the lowest value.

**Sector.** Machine building (0.38), chemical (0.27), and food (0.18) industries have the highest SALES INDEX. The lowest and only negative index value is for metalworking (-0.05).

#### Expected changes in sales

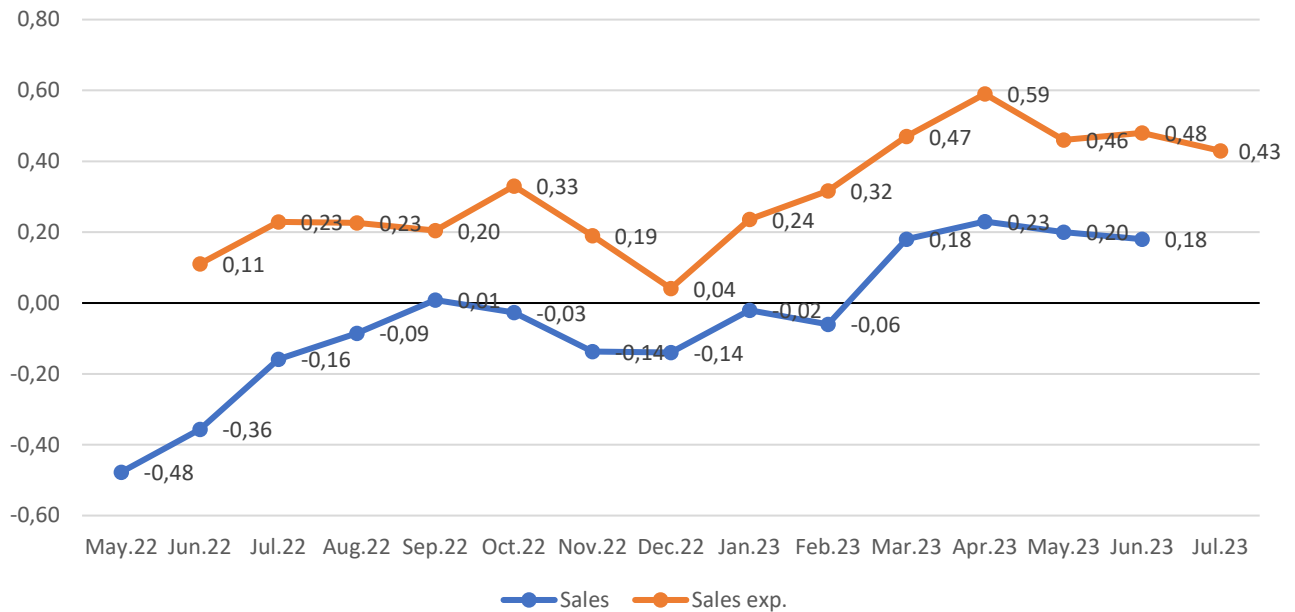
**Expectations regarding sales volume have slightly worsened.** The INDEX OF EXPECTED CHANGES IN SALES decreased from 0.48 to 0.43. The share of respondents who plan to increase sales in the next three months decreased from 49.8% to 45.1%, and the share of those who expect sales to decrease increased slightly, from 3.8% to 4.7%. At the same time, the percentage of respondents who believe nothing will change has decreased from 46.4% to 45.1%.

**Size.** Expectation indicators for large (0.45), medium (0.44), and small (0.42) enterprises are higher and about the same. The indicator of micro-enterprises is the lowest and is 0.10.

**Region.** The best expectations were recorded in Poltava, Ternopil, and Lviv (1.00 for each) regions, and Rivne (0.96), Ivano-Frankivsk (0.94), and Odesa (0.85) regions. The indicator of expectations for the Cherkasy region is zero. The lowest and only negative value of the indicator is for the city of Kyiv (-0.14).

**Sector.** Food (0.57), light (0.30), and woodworking (0.29) industries have the highest sales expectations. The expectation index for the chemical industry (0.18) and machine building (0.14) is the lowest.

Fig.12. Sales indices



## EXPORT

### Changes compared to the previous month

**In June, compared to May, export indicators remained unchanged.** The value of the EXPORT INDEX is 0.06, the same as last month. The share of respondents whose export volume decreased in June is 22.0% (it was 19.8%). The share of enterprises that increased export volumes did not change (24.0%, as in May). The share of enterprises whose export volumes did not change slightly decreased, from 56.3% to 54.0%.

**Size.** The highest and positive value of the EXPORT INDEX is for medium (0.14) and large (0.10) enterprises. The indicators of small (-0.20) and micro-enterprises (-0.35) have a much lower and negative value.

**Region.** Poltava (1.00), Lviv (0.60), and Ternopil (0.56) regions have the highest indicators. The lowest value is for the city of Kyiv (-0.64), Zaporizhzhya (-0.43), and Kharkiv (-0.35) regions.

**Sector.** The chemical (0.17) and food (0.11) industries have the highest values of the EXPORT INDEX and the metalworking (-0.42) and printing (-0.33) industries have the lowest value.

### Expected changes in export

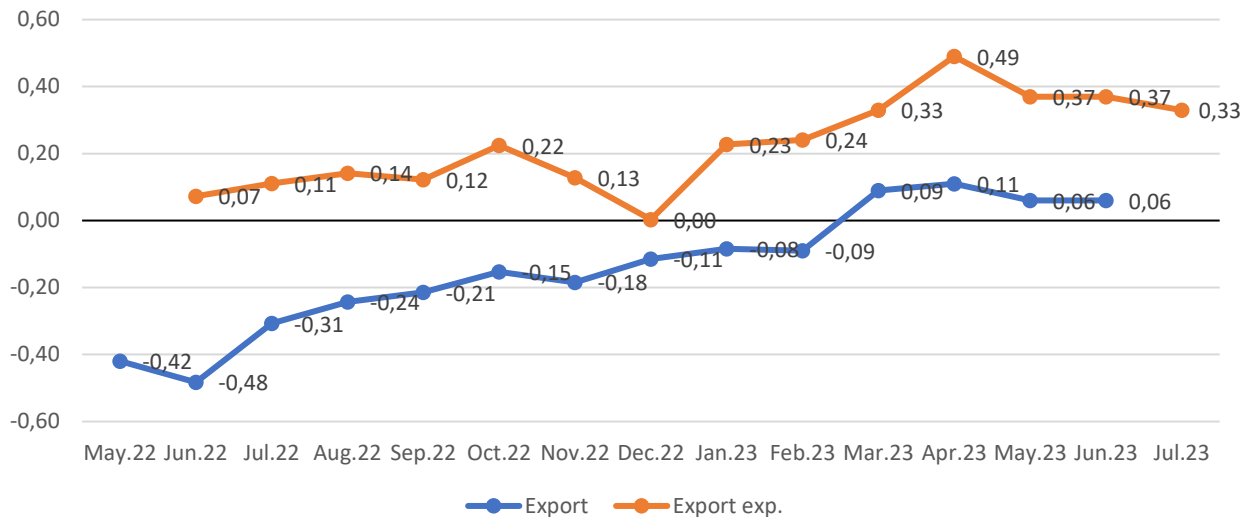
**A slight deterioration of the indicator is expected for the next three months.** The INDEX OF THE EXPECTED CHANGES IN EXPORT decreased from 0.37 to 0.33. The share of those who plan to increase exports almost did not change and is 37.0% (37.4% in May), while the share of those who plan to reduce export volumes increased from 3.4% to 8.5%. The share of those who do not expect any changes decreased from 59.2% to 54.5%.

**Size.** Large enterprises have the highest rate of export expectations (0.41). The index of medium-sized enterprises is 0.33, and the index of small enterprises is 0.21. The lowest and only negative indicator of expectations is for micro-enterprises (-0.18).

**Region.** The highest value of the INDEX OF EXPECTED EXPORT CHANGES was recorded for enterprises in Poltava, Lviv, Ternopil, and Ivano-Frankivsk regions (1.00 for each). The expectations of business representatives of Chernihiv (-0.17), Sumy (-0.33), and Kyiv (-0.64) regions are the worst.

**Sector.** The food industry (0.47) and metalworking (0.36) have the highest value of the index of expected export changes. Machine building has the lowest value (-0.11), with the only negative indicator.

Fig. 1. Export indices



## STOCKS OF RAW MATERIALS

### Changes compared to the previous month

**The rate of raw material stock reduction remains unchanged.** The value of the INDEX OF RAW MATERIALS STOCKS is equal to 0.06 in June (in May, it was 0.04). The share of respondents who reported an increase in raw material stocks over the past month decreased slightly, from 20.2% to 19.4%. At the same time, the share of respondents who indicated its reduction decreased more significantly, from 18.9% to 15.7%. The share of entrepreneurs for whom nothing has changed compared to last month increased from 60.9% to 64.9%.

**Size.** The RAW MATERIALS STOCKS INDEX is higher for large (0.10), medium (0.06), and small (0.03) enterprises. The indicator of micro-enterprises with a negative value is the lowest (-0.11).

**Region.** Poltava (1.00) and Odesa (0.41) regions have the highest indicators. The indicators of Kyiv (-0.48), Cherkasy (-0.37), Kharkiv, and Kyiv (-0.33 for each) regions are the lowest.

**Sector.** The food industry (0.09) and construction materials production (0.07) have a positive index value. Indicators of machine building (-0.10), woodworking industry (-0.12), and printing (-0.21) have a negative index value.

### Expected changes in stocks of raw materials

**The indicator of expectations for the next three months has remained unchanged for several months in a row:**

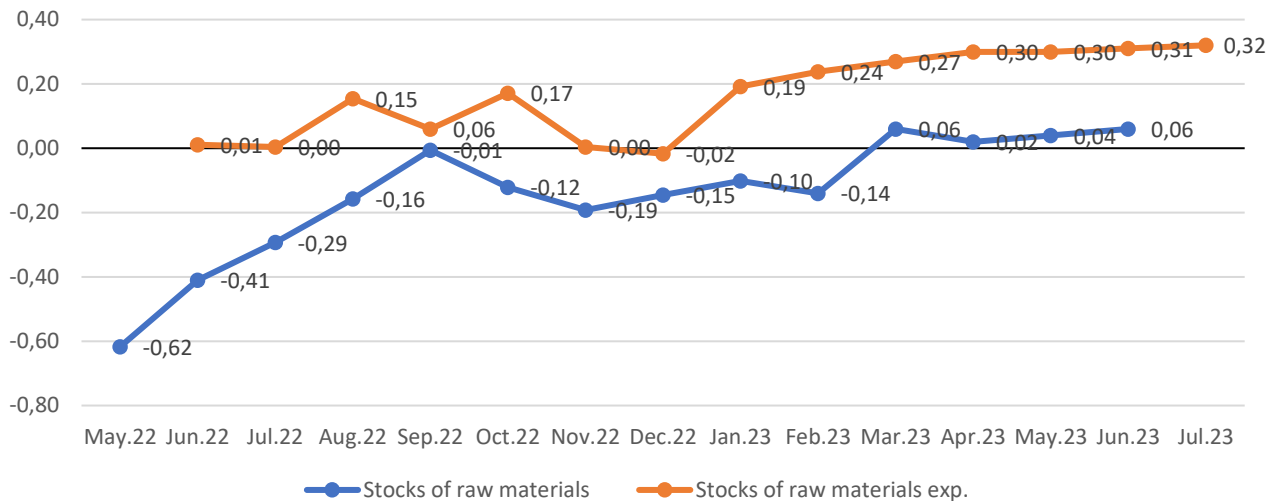
The INDEX OF EXPECTED CHANGES IN RAW MATERIALS STOCKS is equal to 0.32 (last month, it was 0.31). In the percentage distribution, the number of respondents who expect the accumulation of raw material stocks has hardly changed and is 36.6% (was 36.0%), and so does the share of those who believe that raw material stocks will decrease, which is 7.2% (was 6.5%). The share of those who believe the situation will not change is 56.2% (it was 57.5%).

**Size.** The INDEX OF EXPECTED CHANGES IN RAW MATERIALS STOCKS is higher for large (0.35), medium (0.34), and small (0.30) enterprises. Microenterprises have the lowest value of the indicator (-0.10).

**Region.** Poltava, Ternopil, and Lviv regions (1.00 for each) have the HIGHEST INDEX OF THE EXPECTED CHANGES IN RAW MATERIALS STOCKS. The lowest value of the index is for the city of Kyiv (-0.52), Chernihiv (-0.30), and Chernivtsi (-0.12) regions.

**Sector.** The food industry (0.46), printing (0.17), and metalworking (0.16) have the highest expectations for changes in raw material stocks. The woodworking industry (-0.05) and machine building (-0.11) have the lowest and negative values of the index.

Fig.14. Stocks of raw materials indices



## STOCKS OF FINISHED GOODS

### Changes compared to the previous month

**The index of stocks of finished goods decreased slightly.** The value of the corresponding index in June is -0.34 (it was -0.31 in May). At the same time, there were no significant changes in the percentage distribution. The share of respondents who reported a decrease in stocks of finished goods is 40.2% (it was 40.6%), and the share of respondents whose stocks increased slightly decreased from 5.5% to 4.2%. The share of respondents who did not feel any changes increased slightly from 54.5% to 55.6%.

**Size.** The value of the index is the highest for large enterprises (-0.22). The indicator of microenterprises is -0.33. The small (-0.40) and medium (-0.42) enterprises have the lowest and approximately the same index value.

**Region.** The value of the index depends on the area. For enterprises of the Poltava region, the index is 0.05, and the indicator of the Sumy region is zero. The indicators of all other regions have a negative value, but the indices Ternopil and Lviv regions (-1.00 for each) are the lowest.

**Sector.** The machine building index (-0.07) is the highest. Indicators of food (-0.50) and printing (-0.86) industries have the lowest value.

### Expected changes in stocks of finished goods

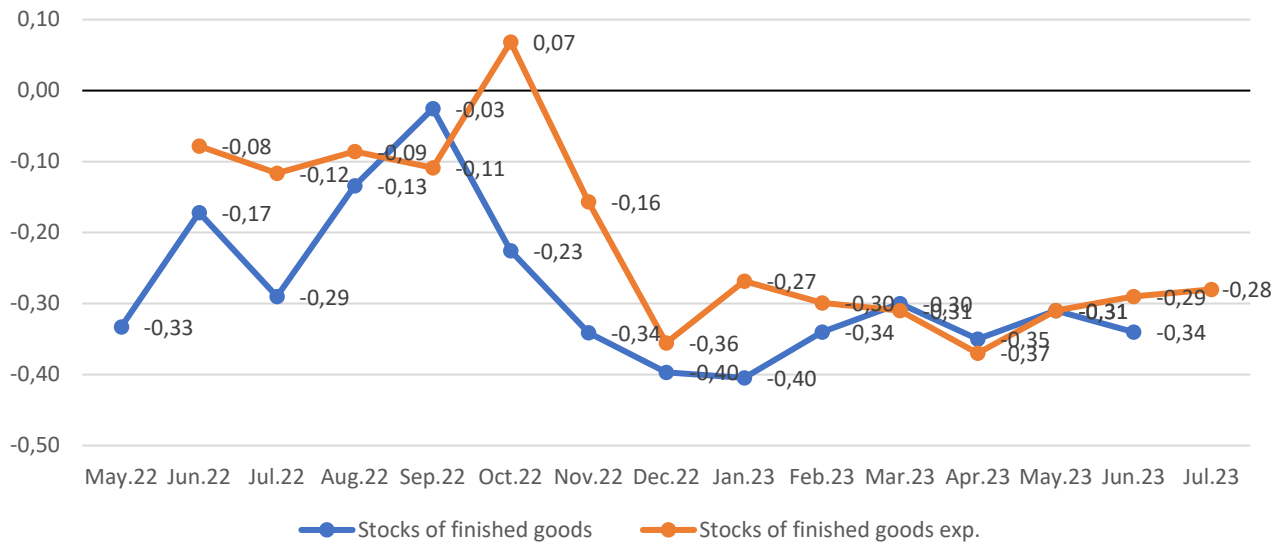
**In the future, entrepreneurs do not expect significant changes in the indicator.** The INDEX OF EXPECTED CHANGES IN FINISHED GOODS STOCKS is -0.28 (it was -0.29). The share of respondents who believe that the stocks of finished goods will decrease in the next three months decreased slightly (from 33.5% to 32.0%), while the share of those who expect them to increase slightly increased (from 2.9% to 3.2%). The percentage of those who believe that nothing will change has increased from 63.7% to 64.9%.

**Size.** The value of the indicator depends on the size of the enterprise. Large (-0.16) and micro-enterprises (-0.13) have the highest and approximately the same index value. The indicator of medium-sized enterprises is -0.31. Small enterprises (-0.40) have the lowest index value.

**Region.** Vinnytsia (0.17), Sumy (0.06), Poltava (0.05), Kirovohrad, and Zakarpattya (0.03 for each) regions have the highest indicator of expectations. The indicator of expectations is the lowest for Ivano-Frankivsk, Lviv, and Ternopil (-1.00 for each region).

**Sector.** The value of the index is the highest and the only positive for machine building (0.04). The indicators of the printing (-0.50) and food (-0.38) industries are the lowest.

Fig.15. Stocks of finished goods indices



## NEW ORDERS

### Changes compared to the previous month

**The growth dynamics of new orders are worsening.** The NEW ORDER INDEX in June compared to May decreased from 0.18 to 0.14. It happened due to a decrease in the share of those who had an increase in the number of new orders from 29.4% to 26.1%, while the share of those who reported a decrease in their number almost did not change and is 14.1% (it was 13.9%). At the same time, the share of those who did not feel any changes increased from 56.8% to 59.8%.

**Size.** The value of the index is approximately in the same range for medium (0.16) and large (0.14) enterprises. The indicator of small enterprises is 0.09, and the indicator of micro-enterprises is the lowest at 0.02.

**Region.** Among the regions, new orders grew the most in Poltava (0.95), Ternopil, and Odesa (0.37 each) regions, while new orders fell the most in Zaporizhzhya (-0.35), Cherkasy (-0.23), and Kharkiv (-0.16) regions.

**Sector.** The chemical (0.24) and food (0.18) industries had the best situation with new orders in the previous month. Metal processing (-0.05) and printing (-0.07) have the lowest indicators with a negative value.

### Expected changes in new orders

**In the next three months, entrepreneurs expect a further, albeit slight, decrease in the indicator.** The value of the INDEX OF EXPECTED CHANGES IN NEW ORDERS is 0.42 (two months in a row, it was 0.45). The share of those expecting an increase in new orders decreased from 47.6% to 43.5%. At the same time, the share of those who does not expect any changes in the next three months increased from 48.7% to 52.6%. At the same time, the share of respondents who expect a reduction in the volume of new orders has almost not changed and is 3.9% (it was 3.7%).

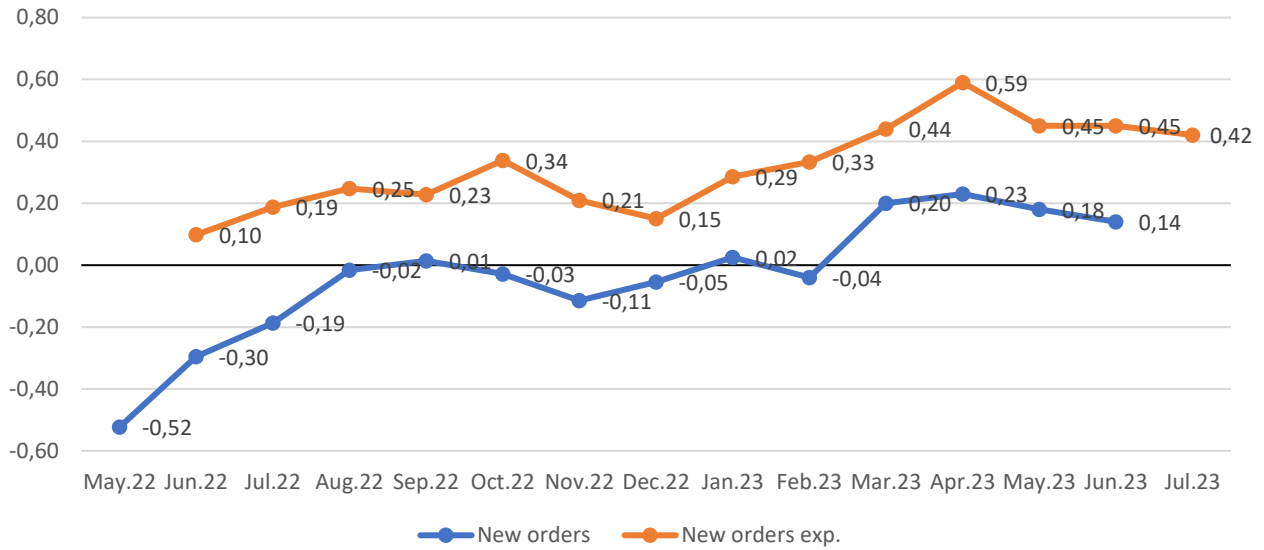
**Size.** The indicator of expectations is approximately the same for large (0.46), small (0.42) and medium (0.40) enterprises. The indicator of expectations of micro-enterprises is the lowest and is 0.15.

**Region.** Index values have significant regional differences. In Poltava, Ternopil, and Lviv (1.00 each) regions, the business expects an increase in new orders to a greater extent than in other regions. At the same time, the indicators of the Kyiv city (-0.10) and Cherkasy (0.00) region are the lowest.

**Sector.** The food (0.52) and printing (0.33) industries have the best expectations for new orders. The indicators of machine building (0.21) and woodworking (0.19) industries are the lowest.



Fig.16. New orders indices



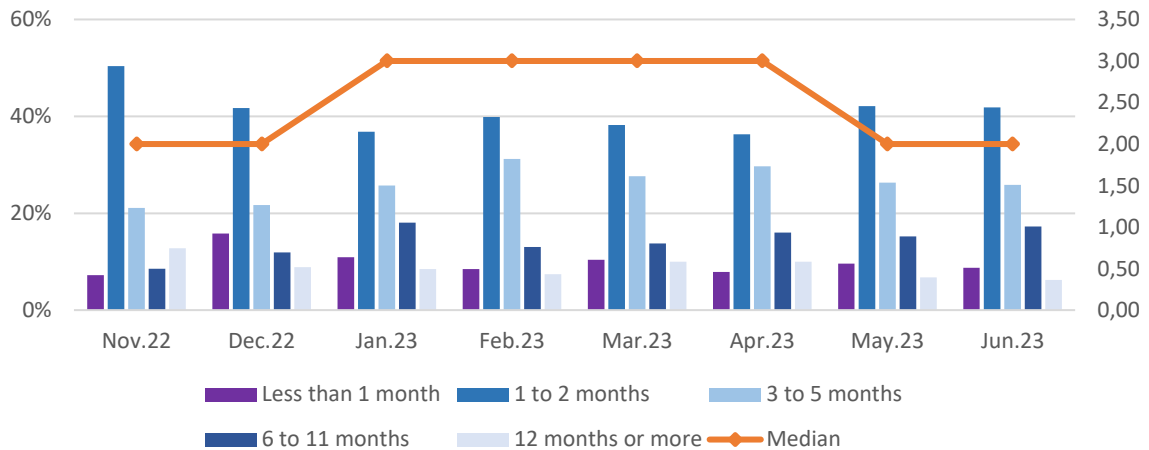
## NEW ORDERS

### Availability of orders

In June 2023, the average term of new order availability for surveyed enterprises remained at the previous level of two months (median value) after its decrease in May 2023. Before that, in January-April 2023, this term was longer: three months.

In June, 51% of enterprises reported they had orders for only up to 2 months. This share has hardly changed since May. These are, in particular, enterprises with orders for less than one month (9%) and those with orders for 1-2 months (42%).

Fig.17. Period for which enterprises are provided with orders (% of respondents)



**Size.** Medium and large enterprises are provided with orders for a longer period than small and micro enterprises. Thus, the average term of order availability for medium and large enterprises in May was three months. 27% of medium-sized and 40% of large enterprises have orders for six months or more. At the same time, for small enterprises, the average term of order availability was two months, and for micro-businesses - only one month. More than 60% of small and more than 70% of micro-enterprises have orders for up to two months only.

**Sector.** In June 2023, the longest average term of new orders was recorded in the chemical industry and machine building industries: an average of 3 months (median value)<sup>1</sup>.

All other industries represented in this survey had orders for 2 or 2.5 months in June. It is also worth noting that more than 60% of enterprises in the woodworking industry and in the construction materials production sector have orders for only up to two months. These shares are larger than among other sectors.

**Region.** There are significant differences in order availability among enterprises in different regions<sup>2</sup>. The average term for order availability is the longest for enterprises in the Kyiv region, where, on average, it was 12 months (median value).

Also, these terms are relatively long for enterprises of Vinnytsia (6 months), Volyn (6 months), and Poltava (5.5 months) regions. On the other hand, the shortest average period of orders - only one month - was recorded in Kharkiv, Chernivtsi, and Chernihiv regions.

## ACCOUNT RECEIVABLES

### Changes compared to the previous month

**The indicator of account receivables did not change significantly.** The value of the ACCOUNT RECEIVABLES INDEX is -0.27 (it was -0.26 in May). The share of those who reported a debt reduction also increased from 35.7% to 37.0%. And the share of those whose debt increased grew from 8.8% to 9.8%. The share of those for whom nothing has changed decreased from 55.4% to 53.2%.

**Size.** The situation with receivables is about the same and much better for small (-0.33) and medium (-0.29) enterprises. The indicator of microenterprises is -0.23. The indicator of large enterprises is the highest: -0.19.

**Region.** Significant regional differences in the values of this indicator were recorded. The highest increase in receivables was recorded in the Kyiv city (0.50), Kyiv and Kirovohrad regions (0.21 for each). At the same time, the receivables indicator decreased the most in Lviv, Ternopil, and Ivano-Frankivsk regions (-1.00 each).

**Sector.** Machine building has the highest positive value (0.07). The food (-0.37) and chemical (-0.29) industries have the lowest indicators.

### Expected changes in account receivables

**In three months, entrepreneurs expect the indicator to improve.** The INDEX OF THE EXPECTED CHANGES IN ACCOUNT RECEIVABLE decreased from -0.32 to -0.35. The share of respondents who expect this indicator to increase is 4.2% (it was 4.8%), while the share of those who expect it to decrease increased from 38.2% to 40.5%. The share of those who believe that nothing will change decreased from 57.0% to 55.3%.

**Size.** Small (-0.42) and medium (-0.43) enterprises have lower and approximately the same index value. The indicator of microenterprises is -0.31. Large enterprises (-0.20) have the highest value.

**Region.** The indicators of Vinnytsia region (0.50), Kyiv city (0.25), Kirovohrad (0.10), and Poltava (0.05) regions have the highest and positive values. Dnipropetrovsk, Sumy, Lviv, Ternopil, and Ivano-Frankivsk regions (-1.00 for each) have the lowest indicators.

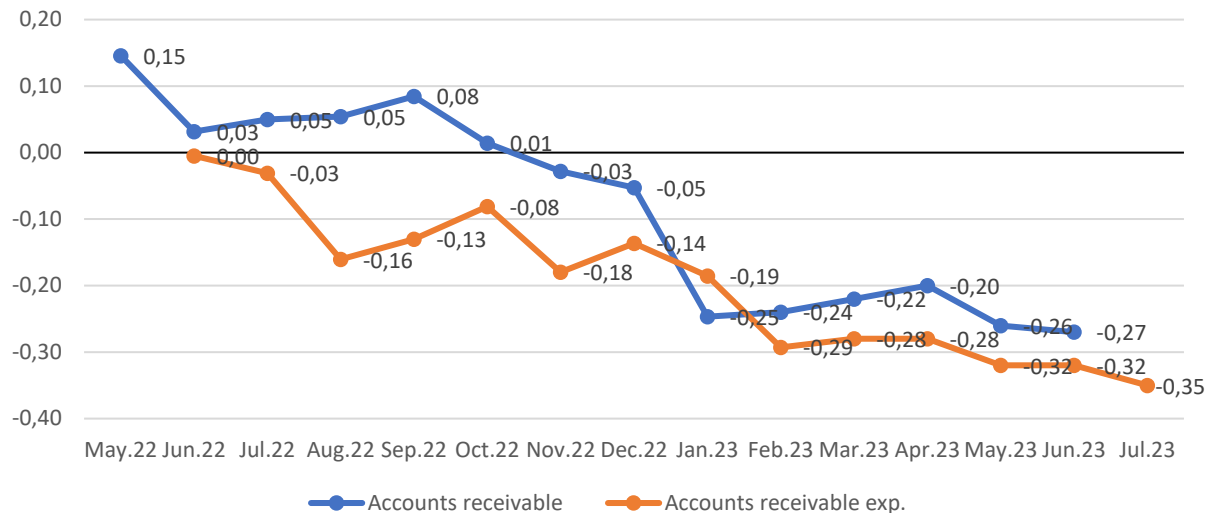
**Sector.** The highest indicator of expectations for an increase in receivables is for machine building (-0.12), and the lowest indicator is for the food industry (-0.43).

---

<sup>1</sup> This analysis does not consider enterprises in agriculture, construction, trade, and services and enterprises included in the category "Other production."

<sup>2</sup> Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

Fig.18. Account receivables indices



## ACCOUNT PAYABLES

Changes compared to the previous month

**In June, compared to May, the indicator of payables almost did not change, as did the indicator of account payables.** The ACCOUNT PAYABLES INDEX is -0.30 (it was -0.29). The share of respondents who reported an increase in account payables (from 4.7% to 5.6%) and the share of those for whom account payable decreased (from 34.5% to 36.4%) increased. The share of those for whom nothing has changed over the past month decreased from 60.9% to 58.0%.

**Size.** The indicator of small enterprises (-0.41) is the lowest and significantly better. The indicator of medium-sized enterprises is -0.33. The indicator of micro (-0.24) and large (-0.17) enterprises is approximately in the same range.

**Region.** Significant regional differences were recorded. The situation with the accumulation of payables is the worst in Kirovohrad (0.18), Cherkasy, and Zaporizhzhya (0.10 each) regions. The best situation is in Lviv, Sumy, Ivano-Frankivsk, and Ternopil regions (-1.00 for each).

**Sector.** Machine building (-0.07) has the highest indicator. The lowest value is for the food (-0.39) and printing (-0.38) industries.

Expected changes in account payables

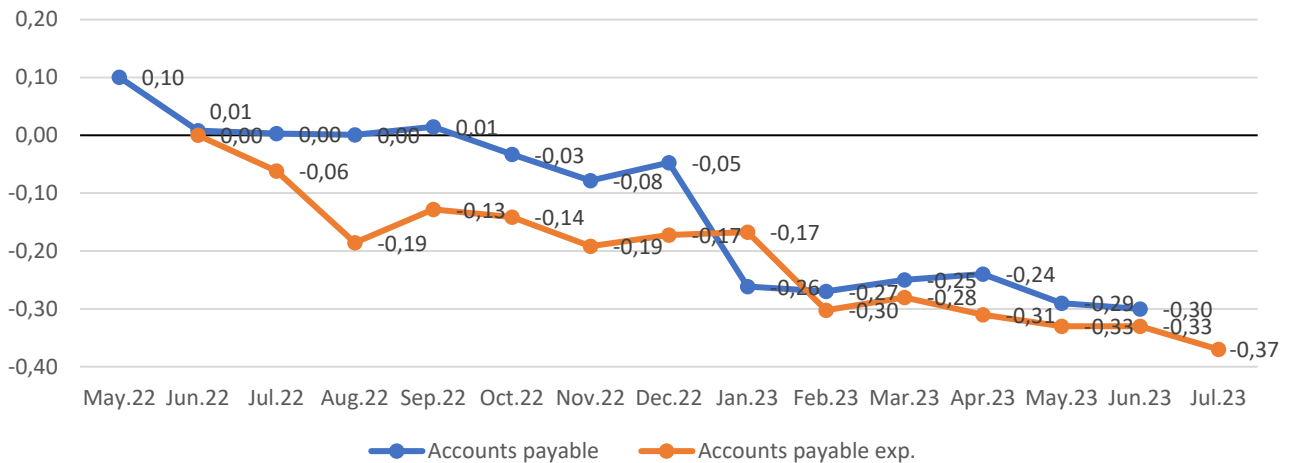
**For the next three months, entrepreneurs expect a significant improvement in the indicator.** The INDEX OF THE EXPECTED CHANGES IN ACCOUNT PAYABLES decreased from -0.33 to -0.37. The share of those expecting a reduction in accounts payable increased from 37.2% to 39.7%. The share of those who expect an increase in account payables almost did not change and is 2.3% (it was 2.5%). The share of respondents who believe nothing will change decreased from 60.3% to 57.9%.

**Size.** The indicator of expected payables is higher for large (-0.24) and micro-enterprises (-0.30). The indicator of medium and small enterprises (-0.43 each) is lower and significantly better.

**Region.** The indicator of expectations for payables is positive and higher than zero for Vinnytsia (0.50) and Kirovohrad (0.06) regions. Dnipropetrovsk, Lviv, Sumy, Ivano-Frankivsk, and Ternopil regions (-1.00 for each) have the lowest indicators.

**Sector.** The indicators of the chemical industry (-0.20) are the highest. Food (-0.46) and light (-0.37) industries have the lowest index values.

Fig.19. Account payables indices



## TAX ARREARS

### Changes compared to the previous month

**The tax arrears reduction rate has accelerated significantly.** TAX ARREARS INDEX in June compared to May decreased from -0.25 to -0.32. The share of enterprises that reported a reduction in tax arrears over the past month increased from 28.8% to 34.3%, and the share of respondents who indicated an increase in tax arrears slightly decreased from 2.0% to 1.1%. The share of those who believe there were no changes has decreased from 69.2% to 64.6%.

**Size.** Tax arrears indicators are higher and approximately the same for large (-0.18) and micro-enterprises (-0.26). The indicator for medium-sized enterprises is -0.36. The lowest value is for small enterprises (-0.44).

**Region.** There are significant differences in the value of this indicator by region. Cherkasy and Kirovohrad regions (0.03 for each) have the highest and positive value. Lviv, Ivano-Frankivsk, and Ternopil regions have the lowest indicators (-1.00 for each).

**Sector.** The indicator value of tax arrears is the highest for metalworking and is equal to zero. The values of the printing (-0.05) and food (-0.42) industries are the lowest.

### Expected changes in tax arrears

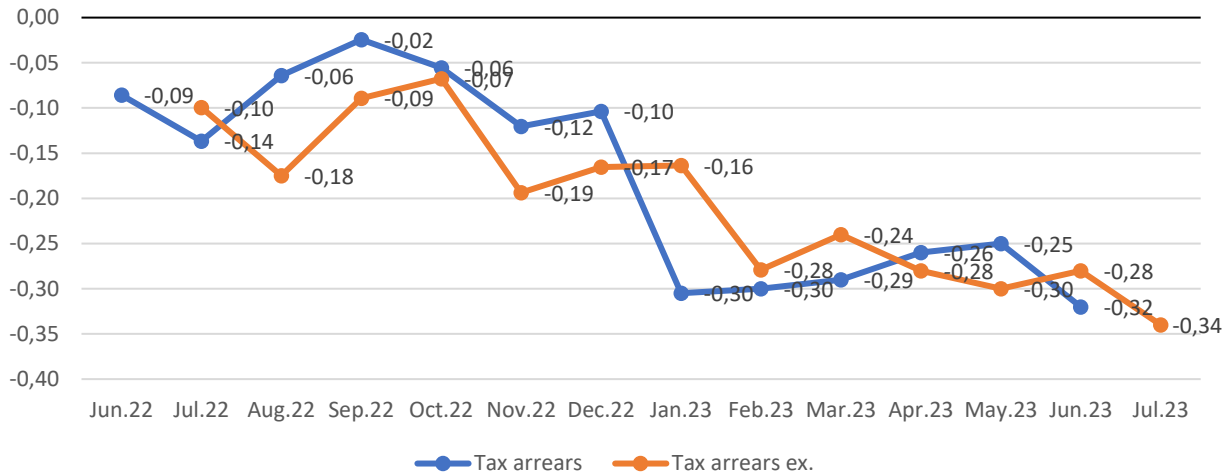
**For the next three months, entrepreneurs expect a further decrease in the indicator.** The INDEX OF THE EXPECTED CHANGES IN TAX ARREARS decreased from -0.28 to -0.34. The share of those who predict a reduction in tax debt increased from 31.2% to 37.0%. And the share of respondents who expect it to increase has not changed significantly and is 1.7% (it was 1.2%). The share of those who do not expect changes decreased from 67.6% to 61.3%.

**Size.** Indicators of expectations regarding tax arrears are worse for large (-0.22) and micro-enterprises (-0.25). The indicator of medium-sized enterprises is -0.37. The indicator of small enterprises (-0.47) is the lowest and better than others.

**Region.** The indicator of expectations of Vinnytsia (0.36) and Kirovohrad (0.06) regions is the highest and positive. The indicator of Lviv, Sumy, Ivano-Frankivsk and Ternopil regions, and Kyiv city is the lowest (-1.00 for each).

**Sector.** Metalworking has the highest indicator of expected tax arrears which is zero. Indicators of other industries have a negative value, but the lowest is the indicator for the printing industry (-0.50).

Fig.20. Tax arrears indices



## NUMBER OF WORKERS

Changes compared to the previous month

**The employment reduction rate has slightly accelerated.** The NUMBER OF WORKERS INDEX in June decreased from -0.03 to -0.07 compared to May. The share of respondents who reported a reduction in the number of workers involved in all enterprise operations increased from 8.8% to 10.1%. The share of those who indicated an increase decreased from 4.5% to 2.4%. The share of those for whom nothing has changed remained without significant changes and is 87.5% (it was 86.7%).

**Size.** The indicator is the highest for medium-sized enterprises: -0.03. The indicator of small (-0.07) and large (-0.10) enterprises is approximately the same. For micro-enterprises, the value is the lowest: -0.20.

**Region.** The indicators of Kyiv (0.10) and Odesa (0.07) regions are higher than zero. Poltava (-0.63), Kharkiv (-0.41), and Volyn (-0.22) regions have the lowest value.

**Sector.** The indicators of the chemical (0.08) industry are the highest. Indicators of machine building (-0.12) and light (-0.09) industry are the lowest.

Expected changes in the number of workers

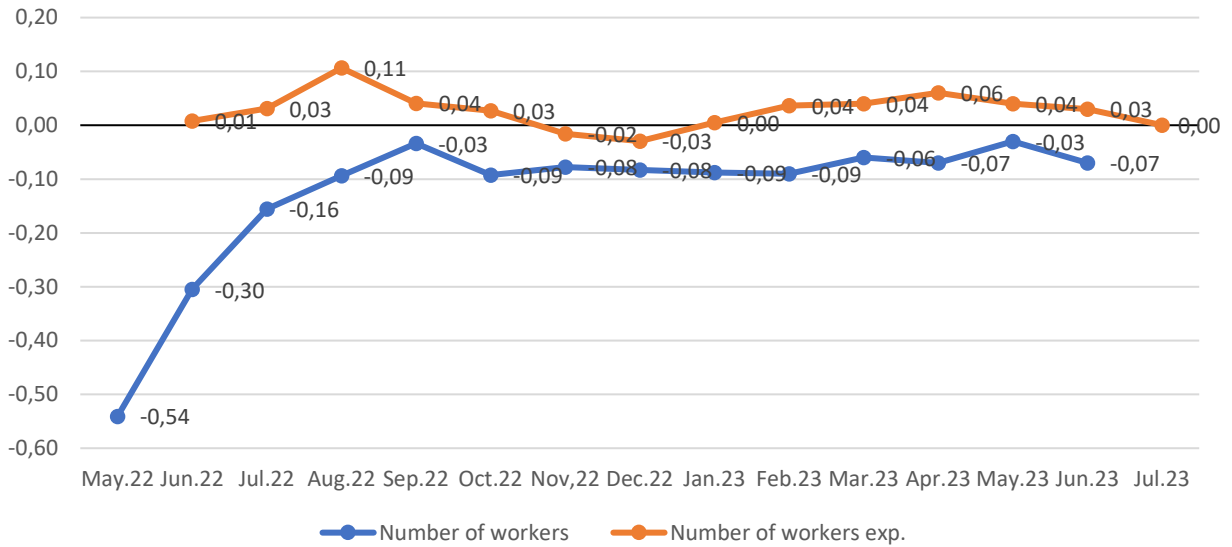
**In the next three months, entrepreneurs expect a further slight reduction in the number of workers:** the INDEX OF THE EXPECTED CHANGES IN THE NUMBER OF WORKERS decreased from 0.03 to zero. In the percentage distribution, changes are insignificant for the share of respondents who believe that the number of workers at the enterprise will increase (4.9% in June and 5.2% in May). At the same time, the share of those who expect a reduction in the number of workers increased slightly, from 3.6% to 5.6%, due to a decrease in the share of those who believe that nothing will change, from 91.2% to 89.5%.

**Size.** The indicator of medium (0.01), large (0.00), and small (-0.01) enterprises is higher and about the same. The indicator of expectations for micro-enterprises (-0.08) is the lowest.

**Region.** The value of the index of expected changes in the number of workers significantly depends on the region of the enterprise's location. The highest indicator of expectations was recorded for Kyiv city and Odesa (0.15 for each) region, Kyiv and Lviv (0.13 each) regions. Four regions have the lowest and negative values of the indicator: Khmelnytsky (-0.05), Volyn (-0.06), Kharkiv (-0.10), and Poltava (-0.70) regions.

**Sector.** Metalworking (0.06) has the highest index of expectations. Construction materials production and food industry (-0.04 for each) and machine building (-0.08) have the lowest and negative indicator.

Fig.21. Number of workers indices



### WORKERS ON FORCED LEAVE

Changes compared to the previous month

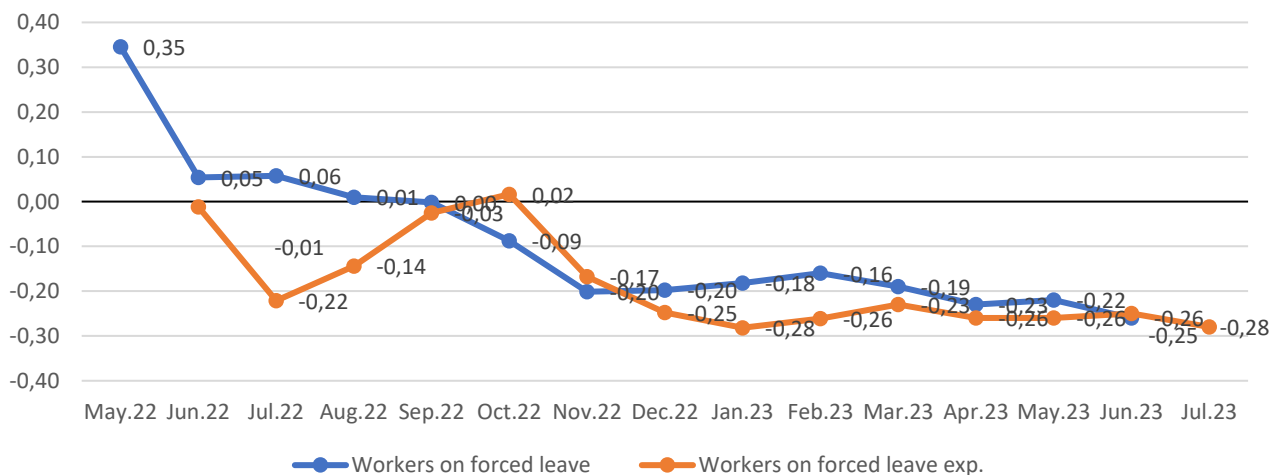
**There is a slight decrease in the number of workers on forced leave.** The NUMBER OF WORKERS ON FORCED LEAVE INDEX in June compared to May decreased from -0.22 to -0.26. The share of respondents who reported an increase in the number of workers on forced leave remained unchanged at 3.2% (it was 3.7%). At the same time, those who indicated their reduction increased from 26.6% to 28.9%. The share of those for whom the situation has not changed over the past month has slightly decreased, from 69.7% to 68.0%.

**Size.** The indicator for micro-enterprises (-0.03) is the highest, and the indicator for large enterprises is -0.16. Meanwhile, the indicators for medium-sized (-0.31) and small (-0.34) enterprises are significantly lower and about the same.

**Region.** The highest increase in the indicator is observed for enterprises of Volyn (0.09) and Cherkasy (0.03) regions, which have a positive value, and most often, the decrease in the number of workers on forced leave is reported in Ivano-Frankivsk, Lviv, and Ternopil (-1.00 for each) regions.

**Sector.** Metalworking, whose value is the only positive (0.07), has the worst indicators regarding the number of workers on forced leave. The indicators of the printing (-0.33) and food (-0.36) industries are the lowest.

Fig.22. Number of workers on forced leave indices





Expected change in the number of workers on forced leave

**Enterprises that have workers on forced leave expect a further reduction in their number in the next three months.** The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS ON FORCED LEAVE decreased from -0.25 to -0.28. The share of enterprises at which an increase in the number of workers on forced vacations is expected has not changed significantly and is 0.05 (it was 0.9%). At the same time, the share of those who believe that the number of such employees at their company will decrease increased from 27.3% to 29.4%. It happened due to a decrease in the share of those who believe there will be no changes from 71.8% to 70.1%.

**Size.** Indicators of micro (-0.09) and large (-0.15) enterprises are higher. At the same time, the indicators of medium (-0.33) and small (-0.40) enterprises are significantly lower.

**Region.** The indicator of the Vinnytsia region (0.08) has the highest and positive value. The indicators of Lviv, Ternopil, and Ivano-Frankivsk regions (-1.00 for each) are the lowest.

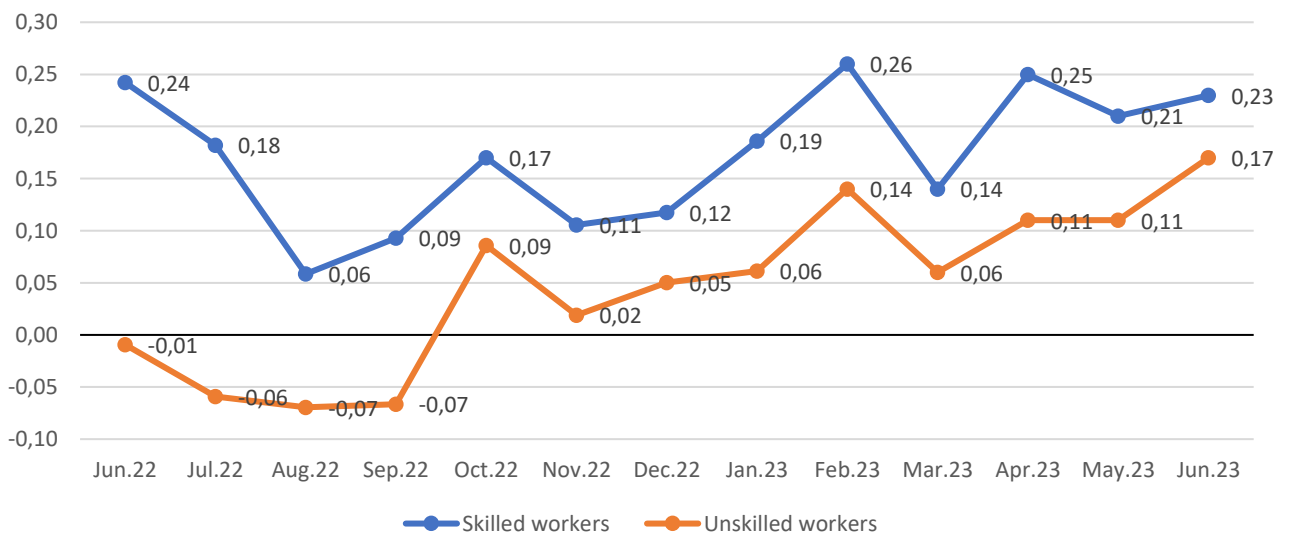
**Sector.** The highest is the indicator of expectations regarding the number of workers on forced leave of metalworking, which is equal to zero. The lowest is the indicator of the food (-0.38) and printing (-0.45) industries.

SKILLED AND UNSKILLED WORKERS

**The indicator of difficulty finding skilled workers increased slightly after a decrease in May, while the indicator of difficulty finding unskilled workers increased significantly after remaining unchanged for two consecutive months.** The value of THE INDEX OF FINDING SKILLED WORKERS increased from 0.21 to 0.23. The value of the INDEX OF FINDING UNSKILLED WORKERS increased from 0.11 to 0.17.

The share of enterprise managers who indicated that skilled workers are more difficult to find increased slightly, from 24.0% to 25.4%. At the same time, the share of those who find it more difficult to look for unskilled workers increased more significantly (from 14.3% to 19.6%). The percentage of those who find it easier to find skilled workers decreased slightly, from 3.1% to 2.8%, as did the share of those who find it easier to find unskilled workers, which is 4.5% (from 5.6%). The share of respondents who do not feel any changes in finding skilled workers decreased from 72.9% to 71.8%, and for unskilled workers, the percentage decreased from 80.1% to 75.9%.

Fig.23. Skilled and unskilled workers indices



Skilled workers

**Size.** Depending on the size of the enterprise, the indicator is approximately in the same range. The value is slightly higher for large (0.24) and small (0.23) enterprises. And for medium-sized enterprises, the indicator is 0.22. The lowest value of the indicator is for micro-enterprises (0.19).

**Region.** Significant regional differences in the labor market were recorded. It is easiest to find skilled workers in Odesa (-0.11), Rivne (-0.17), and Kharkiv (-0.17) regions, whose indicators have a negative value. Chernihiv (1.00), Dnipropetrovsk, Zhytomyr (0.95 for each) regions, and Kyiv city (0.79) have the biggest difficulty in finding qualified workers.

**Sector.** The printing industry (0.08) has fewer difficulties with finding skilled workers. It is more difficult to find skilled workers for metalworking (0.53) and light (0.47) industries).

#### Unskilled workers

**Size.** It is easiest to find unskilled workers for micro-enterprises, whose indicator is zero, and for small enterprises, whose value is 0.09. The value for medium (0.19) and large (0.20) enterprises is significantly higher and about the same.

**Region.** It is easiest to find unskilled workers in Chernivtsi, Kharkiv (-0.12 each), and Sumy (-0.71) regions, whose indicators have a negative value. The biggest difficulties with finding unskilled workers are in Zhytomyr (0.95), Dnipropetrovsk (0.90), and Poltava (0.70) regions.

**Sector.** The worst indicators for finding unskilled workers are observed in the metalworking (0.47) and woodworking (0.240) industries. Printing (0.08) and chemical industries (0.05) have the lowest index values.

## SPECIAL PART OF THE SURVEY

### THE IMPACT OF WAR ON ENTERPRISES

#### Challenges for businesses in wartime

The main problem for businesses associated with a full-scale Russian invasion in June 2023 was the **increase in the price of raw materials and supplies**. This problem comes out on top for the fourth month in a row in 2023: as in the period from March to May, it was the most common problem for businesses surveyed in June 2023. At the same time, in June, the absolute value of this obstacle increased slightly compared to the previous month: 63% of the surveyed enterprises were faced with a price increase, while in May, this share was 59%.

**Difficulties transporting raw materials or goods through the territory of Ukraine** took second place in the rating of obstacles. This problem affected 43% of surveyed enterprises. It is slightly more than in May when there were 38%, but the same as in March and April 2023, when the share of such enterprises was also 43%.

The problem of **decreasing demand for products or services** gradually becomes more and more relevant in 2023. If in January it was indicated by 32% of respondents, then in June, this share gradually increased to 38%. As in the previous month, the problem of low demand took third place in the rating of obstacles.

The share of enterprises that say about **electricity, water, or heat supply cuts** has increased again. In 2023, this problem was the least discussed in April when electricity, water, or heat supply cuts prevented the activity of 29% of surveyed businesses.

In June, 37% of respondents complained about this problem. It is more than in May 2023 (32%) but still less than between November 2022 and January 2023, when the share reached its peak when approximately 80% of businesses were affected by power outages. In June, the problem of electricity, water, or heat supply cuts remained in fourth place in the rating of obstacles caused by a full-scale Russian invasion.

The problem shared fourth place in June with such an obstacle as **labor shortage due to conscription and migration of workers**. This problem has also become relevant for 37% of enterprises. It is worth noting that this is the highest share for the entire last year. It was higher only in May 2022, when this survey was conducted for the first time, and 39% of enterprises complained about the lack of workers. This problem was the least relevant in August 2022, when 13% of surveyed businesses reported a lack of labor.

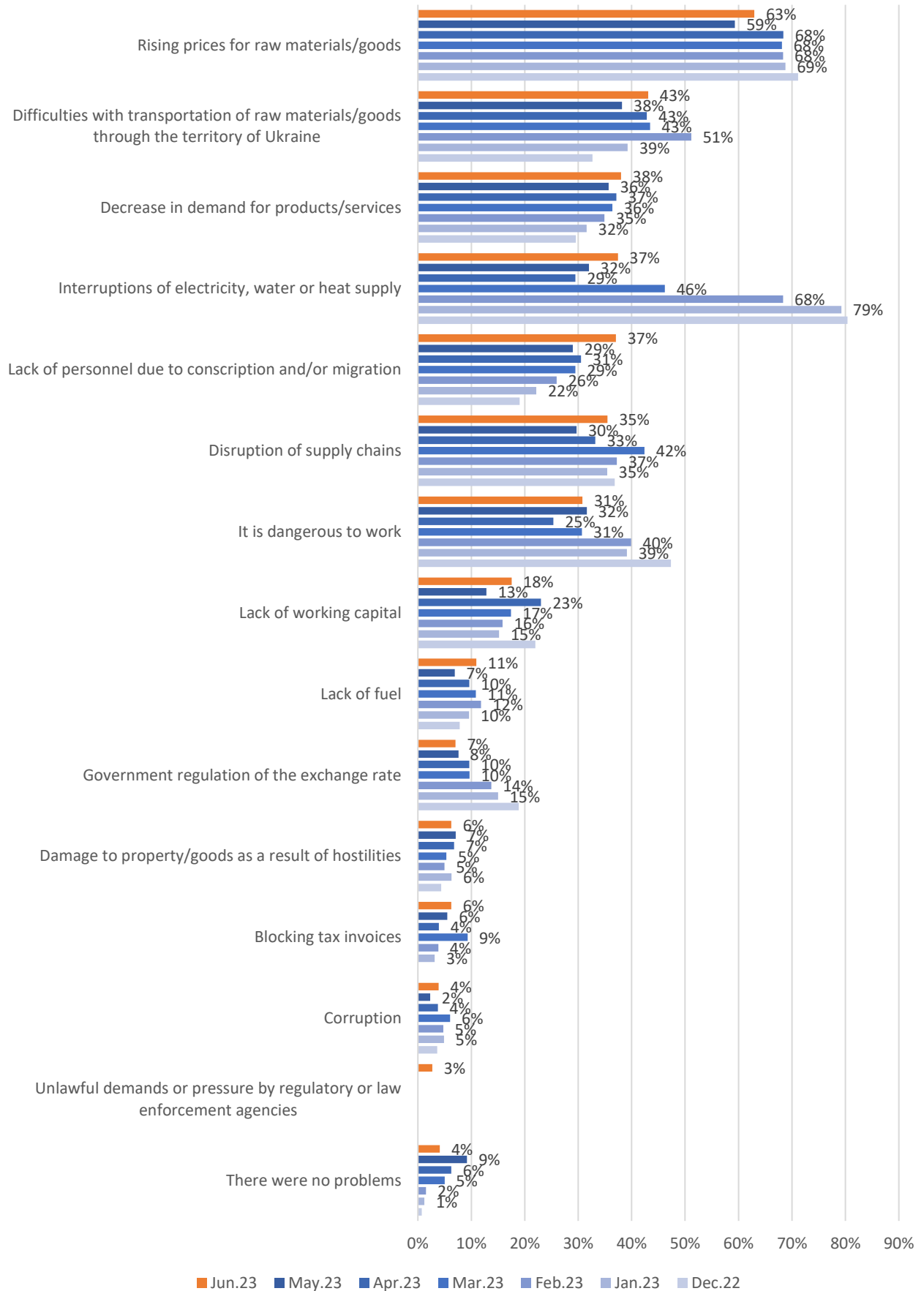
In June, the problem of **supply chain disruption** was ranked sixth in the ranking of business obstacles related to a full-scale Russian invasion. It was indicated by 35% of respondents. It is more than in May (30%).

War-related **work hazards** ranked seventh on the list of obstacles to doing business in June. 31% of respondents said that it is **unsafe to work**. This share is practically the same as in May when 32% of respondents indicated this problem, but it is still higher than in April 2023, when 25% of surveyed businesses spoke about the work hazards.

The **lack of working capital**, which became a problem for 18% of respondents, took eighth place in this rating, and the **lack of fuel**, which 11% complained about, took ninth place. The importance of these two issues has increased compared to May. The tenth place in the rating of obstacles for business was occupied by **state regulation of the exchange rate**: it was called a problem for the activities by 7% of enterprises.

Up to 6% of enterprises indicated the remaining problems - **damage to property or goods as a result of military actions, blocking of tax invoices, corruption, and unlawful demands or pressure from supervisory or law enforcement agencies**. In addition, 4% of businesses surveyed in June 2023 said they did not experience any problems.

Fig.24.The most important problems for the surveyed businesses



**Challenges for businesses by size.** Micro-enterprises report such obstacles as a decrease in demand and electricity, water, or heat supply cuts more often than larger ones. So among small, medium, and large enterprises, the share of those complaining about low demand is from 33% to 40%. And among micro-businesses, this share is 50%.

Similarly, 72% of micro-enterprises in June said they faced electricity, water, or heat supply outages. Among larger enterprises, this share ranges from 25% to 39%.

On the other hand, micro-enterprises are less likely than larger businesses to encounter difficulties transporting raw materials or goods through the territory of Ukraine (33%). Additionally, the larger the size of the business, the more often it reports barriers such as labor shortages and disruption of supply chains. The corresponding shares of respondents increased from 23% in micro-business to 50% in large businesses for the problem of labor shortage and from 23% in micro-business to 42% in large companies for the problem of disruption of supply chains.

**Challenges for businesses by sector.** The top concern for surveyed businesses in June 2023 – rising prices for raw materials and supplies – had the greatest impact on the chemical and woodworking industries, with more than 70% of businesses in these industries citing this issue<sup>3</sup>.

Difficulties transporting raw materials or goods through the territory of Ukraine are reported more often in the construction materials production industry than in others (59%). The woodworking industry is distinguished by the highest percentage of enterprises that faced a decrease in demand in June (64%) compared to other industries. Power, water, or heat supply cuts and labor shortages were felt more in the machine building industry than in others (both problems were reported by 59% of respondents in this industry).

**Challenges for businesses by region.** The surveyed businesses of Vinnytsia, Dnipropetrovsk, Zhytomyr, Lviv, Rivne, Sumy, and Ternopil regions most often complain about the increase in prices for raw materials or supplies. 80% or more of the respondents reported this problem in these regions<sup>4</sup>.

Difficulties transporting raw materials or goods through the territory of Ukraine were the most significant problem for businesses in the Vinnytsia, Zaporizhzhya, and Ternopil regions (more than 80%).

Enterprises of Vinnytsya, Poltava, and Khmelnytsky regions most often reported a decrease in demand (more than 80%). In addition, in the same regions and Kharkiv, Chernivtsi, and Chernihiv regions, the enterprises most often reported electricity, water, or heat supply cuts in June (more than 80% of respondents).

#### [The war impact on capacity/production volumes](#)

**In June 2023, the highest level of production capacity utilization was recorded for the entire survey period.** In June, 9% of enterprises reported they were operating at full capacity (100% or more), which was slightly higher than the previous month (8%). At the same time, the share of enterprises operating at almost full capacity (75% - 99%) increased to 53% (it was 50% in April and 49% in May). **As a result, the total share of enterprises operating at near full and full capacity was 62%, the highest figure for all survey waves.** For comparison, the corresponding indicator was the highest for all survey waves in April - 58% and May - 57%. Thus, capacity utilization increased in June compared to the previous month.

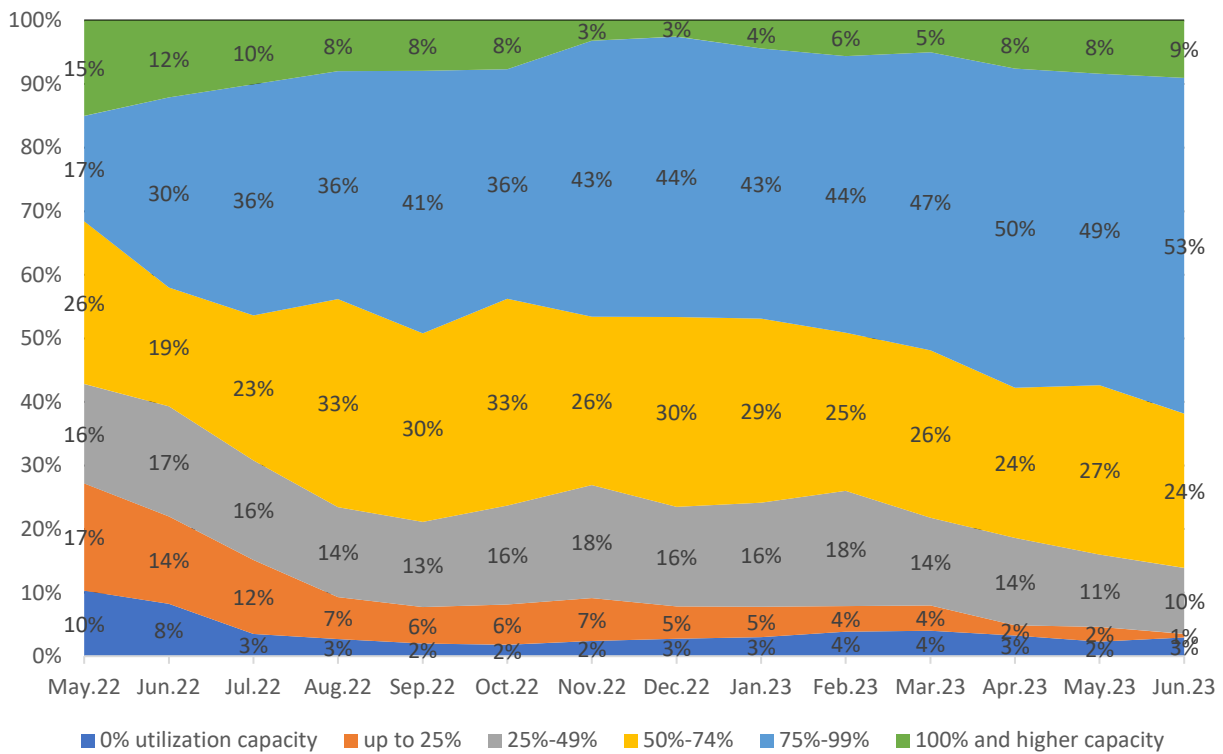
In June, 3% of surveyed enterprises reported they stopped their activities during the war. This indicator remains low from July 2022, in the range of 2% - 4%. Also, the share of enterprises operating at less than 25% of pre-war production volumes remains low - only 1% in June (2% in May). And 10% of enterprises worked in June at 25% - 49% of pre-war production capacities (11% in May). **As a result, in June, the lowest share of enterprises operating at less than half the capacity compared to pre-war times was recorded: only 14% of enterprises.**

---

<sup>3</sup> This analysis does not consider enterprises of agriculture, construction, trade, and services, and enterprises included in the category "Other production."

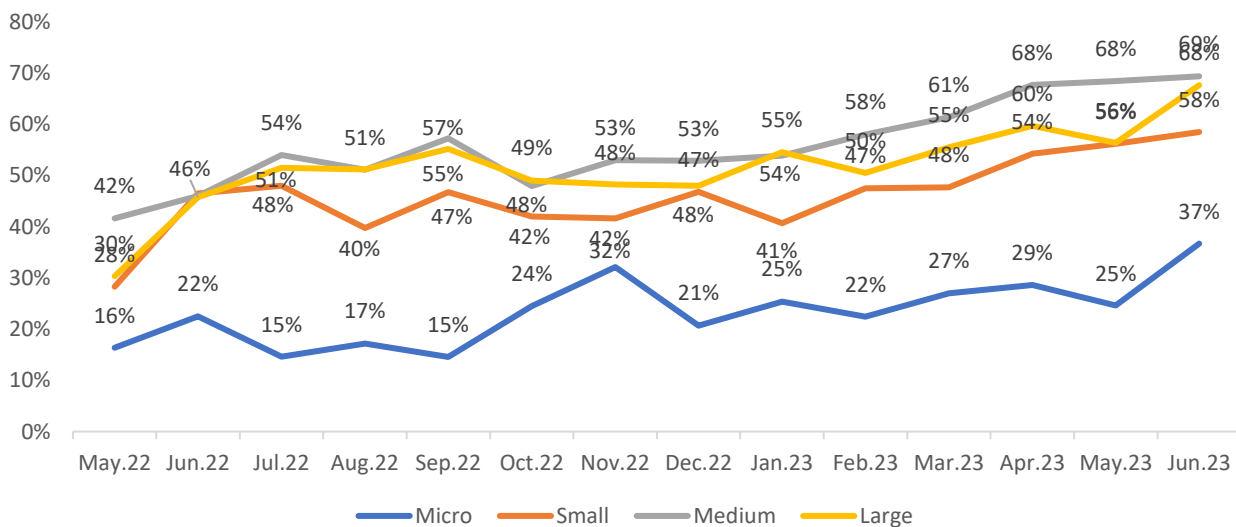
<sup>4</sup> Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

Fig.25. The impact of the war on the work of enterprises (% of respondents)



**Results for businesses by size. Medium-sized businesses continue to show the best production recovery rate.** Compared to the pre-war period, 69% of medium-sized enterprises worked at almost full and full capacity in June, which is the highest figure since the beginning of the survey (68% in May). The corresponding indicator is also high for large businesses: 68% (56% in May). In June, small businesses also showed the highest results for the entire survey period: 58% of enterprises worked almost at full and full capacity (56% in May). However, the indicator remains low for micro-businesses: 37% in June (25% in May). Thus, **the corresponding indicator for micro-enterprises reached the highest level for the entire survey period.**

Fig.26. The share of enterprises operating almost at full and full capacity (75 - 99%, 100%, and more) compared to the pre-war period (by enterprise size, %)



As of June, 17% of micro-business representatives did not work (15% in May and 20% in April). Micro-enterprises are more sensitive to changes in the business environment, which results in worse scores for most indicators. For comparison, large and medium-sized businesses have fully resumed work (only 1% of respondents were not working in June). Among small enterprises, 2% of respondents did not resume work. Thus, **micro-business remains more sensitive to the challenges of wartime.**

**Results for businesses by sector.** The food industry remains the leader in the recovery of the processing industry. In June, 78% of food industry enterprises were operating at near full and full capacity, which is the highest figure for the industry over the entire observation period (73% in April and May). The printing industry, with 71%, is in second place (it was 62% in April and 60% in May). The capacity of light industry enterprises also improved from 55% in May to 69% in June. Capacity utilization in the construction material production remained at the level of the previous month - 38%. The most difficult situation is in metallurgy and metalworking, where only 27% of enterprises worked at almost full and full capacity (29% in May).

Fig.27. The share of industrial enterprises operating almost at full and full capacity (75 - 99%, 100% and more) compared to the prewar period, % of respondents by sector

	Jul.22	Aug.22	Sep.22	Oct.22	Nov.22	Dec.22	Jan.23	Feb.23	Mar.23	Apr.23	May.23	Jun.23
Food industry	58	61	62	62	58	63	62	66	66	73	73	78
Printing industry	57	53	61	53	75	54	33	50	58	62	60	71
Light industry	43	47	62	44	60	46	46	52	63	65	55	69
Machine building	33	33	40	32	51	33	37	46	39	43	30	47
Construction materials	11	13	39	33	29	25	14	14	15	30	38	38
Chemical industry	32	25	38	11	27	25	35	36	30	42	42	36
Woodprocessing	35	25	22	26	43	22	18	17	13	42	33	36
Metalworking	26	26	20	10	13	17	23	24	22	20	29	27

**Results by region.** As in previous waves of the survey, all or almost all enterprises in Ivano-Frankivsk (100%), Lviv (100%), Odesa (100%), Poltava (100%), Ternopil (100%), Rivne (96%) and Vinnytsya (92%) regions continue to operate at almost full capacity in June.

At the same time, the situation remains the most difficult in the front-line Zaporizhzhya and Kharkiv regions, where 0% and 15% of enterprises, respectively, worked at high capacity utilization. The enterprises of the Kyiv city (24%), Sumy (35%), and Cherkasy (34%) regions work at low capacity. Thus, recovery challenges depend not only on a business's geographic location and proximity to the front lines but also on logistical, energy, and other challenges that vary somewhat by region.

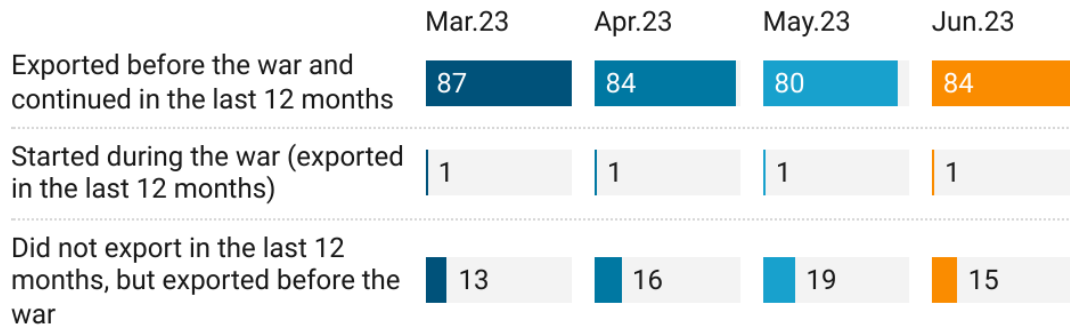
### THE WAR IMPACT ON THE ENTERPRISES' EXPORT ACTIVITIES

Within the fourteenth wave of the survey, **62% of respondents (among those who were able to answer) were or are exporters.** At the same time, 36% of enterprises have never exported, and another 2% could not answer the question.

As of June 2023, among exporters, **84% of respondents indicated that they exported before the war and continued to export during the last 12 months.** Another 1% of enterprises started exporting for the first time during the war (during the last 12 months). And 15% of enterprises exported before the war began but had no exports during the last 12 months. Thus, the trend of recent months continues: some businesses cannot overcome new challenges for export activities and resume exports.

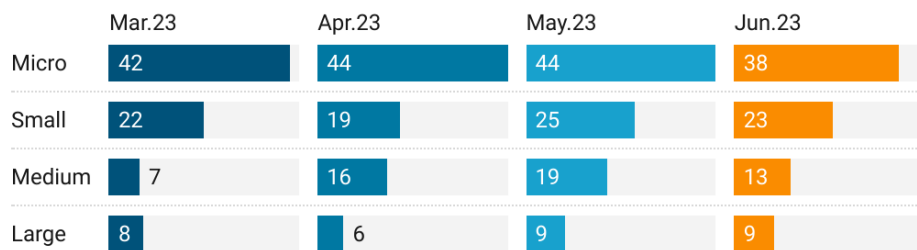


Fig.28. The impact of the war on export activity (% of the exporters surveyed)



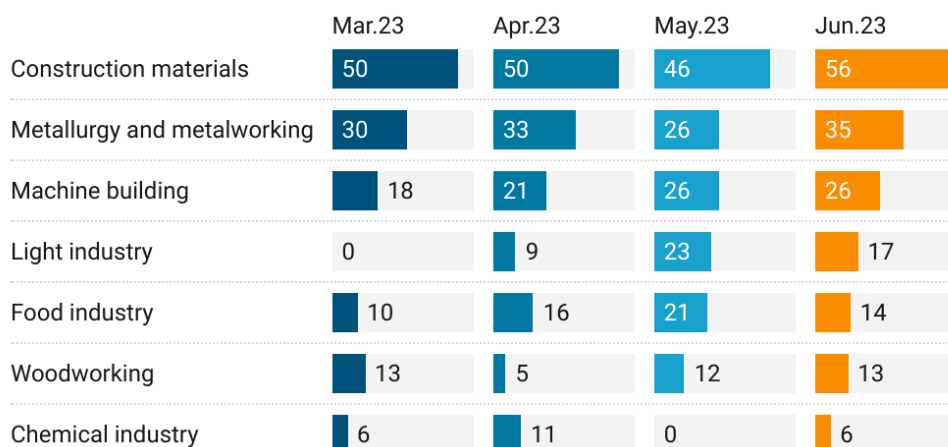
**Results for business by size.** According to the results of June, regularity was again recorded regarding the export activity dependence on the size of the enterprise. Among micro-businesses, 38% of enterprises exported before the war but had no export activity during the last 12 months. There is also a high share of enterprises that cannot resume exports among small businesses: 23%. The situation among middle-sized exporters is somewhat better: 13% of respondents did not export in the last 12 months. The best situation is among large businesses, where the corresponding indicator was 9%. Thus, large business is traditionally the leader in the export activity recovery.

Fig.29. Share of exporters who did not export during the last 12 months, by size of enterprises (% of exporters surveyed)<sup>5</sup>



**Results for business by sector.** The obtained data indicate that until now the most difficult situation with the export recovery remains in construction materials production. For example, 56% of the industry's enterprises exported before the war but had no exports during the last 12 months (50% in March and April, 46% in May). The situation is also difficult in metallurgy and machine building, where the corresponding figure is 35%. In contrast, the best situation is in the chemical industry, where 6% had no exports in the last 12 months. In the woodworking industry, only 13% of enterprises had no exports during the last 12 months, although they exported before the war, and in the food industry: 14%.

Fig.30. Share of exporters who did not export during the last 12 months, by industry (% of surveyed exporters)



<sup>5</sup> Data for May are not available for micro-enterprises due to insufficient sub-sample size.

**Results by region.** Throughout all waves of the monthly survey, the available data do not allow us to draw conclusions about clear regional patterns due to insufficient subsamples in certain regions. However, in some regions, all enterprises (among those who were able to give an answer) resumed exports, including Vinnytsya, Ivano-Frankivsk, Zaporizhzhya, Lviv, Odesa, Poltava, Rivne, Ternopil, and Chernihiv regions. The most difficult situation is in the Dnipropetrovsk and Zhytomyr regions, where 72% and 63%, respectively, had no exports during the last 12 months, although they had them before the war.

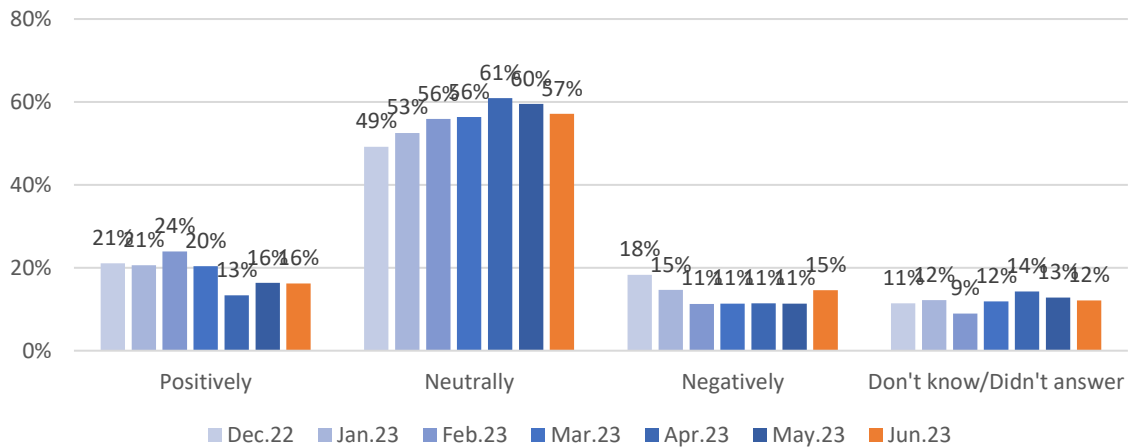
### GOVERNMENT POLICY

#### Assessment of government policy to support business

In June 2023, positive assessments of government policy regarding business support did not change. As of May, it was positively assessed by 16% of respondents. At the same time, this share is smaller compared to the positive estimates of 20%-24%, recorded from November 2022 to March 2023.

As before, business mostly neutrally assesses government policy regarding business support: 57% of respondents. At the same time, the share of negative assessments increased from 11% in May to 15% in June. And 12% of respondents could not assess the state policy on business support.

Fig. 2. Assessment of government policy to support business



**Assessment of government policy to support business by business size.** Among the micro-enterprises representatives, the lowest share of respondents assessed the state policy on business support as positive (2%). For comparison, the corresponding shares are from 15% to 21% among larger business groups. Also, among micro-enterprises, there is the largest share of respondents with negative assessments of government policy (23%) and the largest share of those who could not assess it (33%).

**Assessment of government policy to support business by sector.** Most often, the printing industry representatives (29% of respondents) assess the government policy on business support as positive<sup>6</sup>. At the same time, respondents of the construction materials production (28%) and machine building (25%) sectors have the largest share of negative assessments.

**Assessment of government policy to support business by region.** The highest level of positive assessments of the government business support policy in June 2023 was recorded in Lviv, Rivne, and Ternopil regions (more than 50%)<sup>7</sup>. At the same time, the largest shares of negative assessments are among businesses in Sumy (40%) and Vinnytsya (38%) regions.

<sup>6</sup> This analysis does not consider enterprises in agriculture, construction, trade, and services, as well as enterprises included in the "Other production" category.

<sup>7</sup> Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

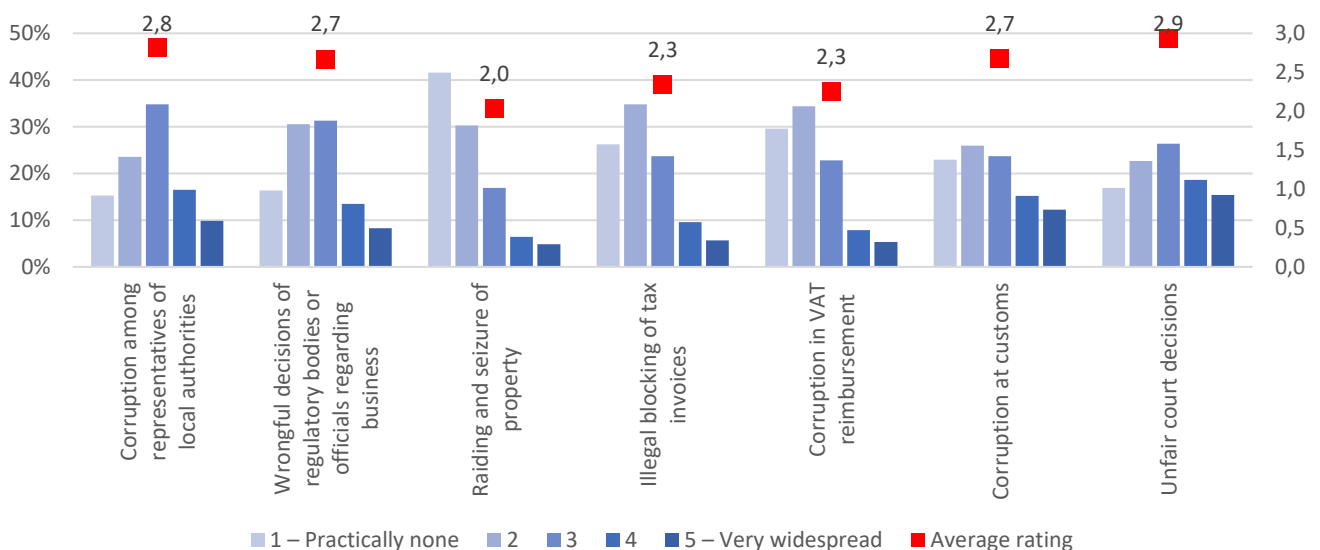
### Assessment of prevalence of various illegal and unfair practices

In June, survey participants were asked to assess the extent to which, in their opinion, various illegal and unfair practices are widespread in Ukraine, which create an unfavorable climate for business activities and hinder fair competition. In particular, it was proposed to assess the prevalence of the following practices:

1. Corruption among representatives of local authorities
2. Making illegal decisions by representatives of control bodies or officials regarding business
3. Raiding and seizure of property
4. Illegal blocking of tax invoices
5. Corruption in VAT refund
6. Corruption at customs
7. Unfair court decisions

Respondents rated each practice on a scale from 1 to 5 points, where 1 point means that this practice is practically absent, and 5 points - that it is very widespread.

Fig.32. Assessment of prevalence of various illegal and unfair practices



Enterprises mostly assess the prevalence of these practices as medium or low. None of the practices mentioned in this list were considered very widespread by the majority of respondents. Average estimates of the spread of these practices range from 2 to 2.9 points.

Business representatives point to such practices as unfair court decisions and corruption among representatives of local authorities as relatively more widespread. Their prevalence was estimated at an average of 2.9 and 2.8 points, respectively. However, the share of respondents who consider these practices widespread is not high: about a third of the respondents in the case of unfair court decisions (34%) and about a fourth in the case of corruption among local authorities (26%).

The prevalence of illegal decisions by representatives of control bodies or officials regarding business and corruption at customs is estimated at almost the same level. They are considered common by 22% and 27% of managers of surveyed enterprises, respectively, and the average assessment of prevalence was 2.7 points for both of these practices.

The rest of the negative practices are considered widespread by less than one-fifth of the respondents: 15% speak of the prevalence of illegal blocking of tax invoices, 13% – of corruption in VAT refunds, and 11% – of raiding and seizure of property. On average, the prevalence of raiding was assessed at 2 points, and the other two negative practices at 2.3 points.

**Assessment of prevalence of various illegal and unfair practices by business size.** Microbusiness considers most of the listed illegal and unfair practices to be more common compared to small, medium, and large enterprises. It is especially evident in the case of corruption among representatives of local authorities, the prevalence of which was assessed by micro-enterprises at 3.5 points, illegal decisions by regulatory bodies or officials regarding business, where micro-businesses gave an average of 3.4 points, and illegal blocking of tax invoices, where the average assessment from micro-enterprises was 3.2 points.

A somewhat different trend is observed when assessing the prevalence of such negative practices as customs corruption and unfair court decisions. The assessments of micro, small, and medium-sized businesses here are similar to each other. Enterprises of these sizes rate the prevalence of these practices higher than large businesses. In particular, large enterprises estimated the prevalence of corruption at customs by an average of 2.3 points and smaller enterprises by 2.7-2.9. And the prevalence of unfair court decisions was estimated by large businesses by 2.7 points, while smaller enterprises – by 3-3.1 points.

**Assessment of prevalence of various illegal and unfair practices by sector.** Representatives of the printing industry consider unfair court decisions, customs corruption and VAT refund corruption to be more common than respondents from other industries<sup>8</sup>. They estimated the prevalence of these practices at 4.1, 3.6, and 3 points, respectively. The woodworking industry is also characterized by relatively high estimates of the prevalence of unfair court decisions, where this criterion was given an average of 3.4 points.

In turn, such negative practices as corruption among representatives of local authorities and illegal decisions of control bodies or officials regarding business are considered more common in construction materials production. Enterprises in this industry estimated the prevalence of these practices by an average of 3.3 and 3.2 points.

**Assessment of prevalence of various illegal and unfair practices by region.** Businesses in Zaporizhzhya and Khmelnytsky regions are more likely to consider corruption and other illegal and unfair practices to be widespread compared to respondents in other regions. In particular, the prevalence of corruption among local authorities and illegal business decisions was assessed by representatives of both regions as 4 or more points. Additionally, in the Zaporizhzhya region, compared to other regions, the prevalence of raiding was rated highest (by 4.1 points)<sup>9</sup>.

Enterprises of the Chernihiv and Sumy regions are also marked by a rather high assessment of the prevalence of illegal and unfair practices. The prevalence of illegal blocking of tax invoices was assessed here by 4 points, and in the Chernihiv region, the prevalence of corruption among local authorities got by 4 points.

Ivano-Frankivsk, Lviv, and Ternopil regions are characterized by high assessments of the prevalence of customs corruption and unfair court decisions by local businesses. The prevalence of these practices in each of these areas was assessed by more than 4 points. At the same time, the prevalence of other listed negative practices in these regions was estimated as significantly lower.

Instead, the enterprises of Vinnytsya, Volyn, Dnipropetrovsk, Zhytomyr, Kyiv, Kharkiv, and Chernivtsi regions rated the prevalence of the listed illegal and unfair practices the lowest.

---

<sup>8</sup> This analysis does not consider enterprises in agriculture, construction, trade, and services and companies included in the "Other production" category.

<sup>9</sup> Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

## SURVEY METHODOLOGY

This report presents the results of the fourteenth New Monthly Survey “Ukrainian Business in the Wartime”. The data was collected using a combination of several methods of data collection: a telephone interview of business representatives filling their responses into the online checklist by the interviewers, and in a small number of cases, self-completion of the checklist by representatives of enterprises who, during the previous telephone contact, expressed a desire to independently enter data in the online checklist. All responses (filled by the respondents themselves and provided to the interviewers) were collected in one database. After the survey, IER experts monitored and cleaned up the data and analyzed the responses.

In this survey, we continue examining the indicators of the business climate and conditions studied by the IER in the quarterly surveys of industrial enterprises within the project “Business Survey”. It includes indices that in numerical terms show monthly changes in such important business indicators as production and sales, exports, raw materials and supplies stocks, the new orders number, etc., and business expectations for their changes for the next three- and six-month periods.

These indices are calculated according to a single methodology. We count responses as +1 when the company responds that the rate has increased, 0 if it has not changed, and -1 if it has decreased. For example, if out of 100 respondents, 20 indicated an increase in production, 50 respondents its reduction, and 30 said that everything remained unchanged, the corresponding value of the index will be -0.30. A positive (negative) index value means that the share of enterprises where production has increased is larger (smaller) than the number of those where production has decreased. For a more accurate measurement at the micro-data level, each answer is weighted, taking into account the enterprise size by the number of workers.

Such indices help control the dynamics of changes in these indicators, compare them over time and quickly assess the general direction of changes in business conditions and the situation at the enterprises.

The field phase of the survey lasted from June 16 to June 30, 2023.

## SAMPLE

A total of 513 enterprises were surveyed in the fourteenth wave. The companies are located in Vinnytsya, Volyn, Dnipropetrovsk, Zakarpattya, Zaporizhzhya, Zhytomyr, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Khmelnytsky, Cherkasy, Chernivtsi and Chernihiv regions and in Kyiv city. In each of these regions, from 15 to 36 enterprises were surveyed<sup>10</sup>.

The majority of the sample consisted of industrial enterprises – 479 enterprises or 93% of the sample. Among them, the food industry, light industry and machine building, prevail. Nine enterprises belong to the agricultural sector (1.8% of the sample) and 15 to trade (2.9% of the sample). Seven enterprises, or 1.4% of the sample, work in the service sector. And three enterprises (0.6%) belong to the construction sector.

These are companies of various sizes, determined by the number of workers among the enterprises surveyed. Among them: micro-enterprises (up to 10 workers) – 60 or 12% of the sample, small (from 11 to 50 workers) – 155 or 30% of the sample, medium-sized (from 51 to 250 workers) – 190 or 37% of the sample, and large (more than 250 workers) – 108 or 21% of the sample.

---

<sup>10</sup> The survey indicated the region in which the enterprise was located at the time of the survey.

## APPENDIX 1. Survey results in figures

## Sample

Enterprises' size

	Number	Share of sample
<b>Micro-</b>	60	12%
<b>Small</b>	155	30%
<b>Middle</b>	190	37%
<b>Large</b>	108	21%
<b>TOTAL</b>	513	100%

Sector/ industry

	Number	Share of sample
<b>Agriculture</b>	9	1,8%
<b>Metal production and metalworking</b>	22	4%
<b>Chemical industry</b>	22	4%
<b>Machine building</b>	32	6%
<b>Woodworking industry</b>	25	5%
<b>Construction materials production</b>	29	6%
<b>Food industry</b>	176	34%
<b>Light industry</b>	46	9%
<b>Printing industry</b>	14	2,7%
<b>Other industries</b>	113	22%
<b>Construction</b>	3	0,6%
<b>Trade</b>	15	2,9%
<b>Services</b>	7	1,4%
<b>TOTAL</b>	513	100%

Performance indicators of enterprises and business environment by size, indices of change (June 2023)

	Total	Micro	Small	Middle	Large
<b>Production</b>	0,20	0,00	0,10	0,23	0,24
<b>Expected changes in production</b>	0,44	0,14	0,42	0,44	0,48
<b>Sales</b>	0,18	-0,08	0,10	0,22	0,21
<b>Expected sales changes</b>	0,43	0,10	0,42	0,44	0,45
<b>Export</b>	0,06	-0,35	-0,20	0,14	0,10
<b>Expected changes in exports</b>	0,33	-0,18	0,21	0,33	0,41
<b>Account receivables</b>	-0,27	-0,23	-0,33	-0,29	-0,19
<b>Expected changes in account receivables</b>	-0,35	-0,31	-0,42	-0,43	-0,20
<b>Account payables</b>	-0,30	-0,24	-0,41	-0,33	-0,17
<b>Expected changes in accounts payable</b>	-0,37	-0,30	-0,43	-0,43	-0,24
<b>Tax arrears</b>	-0,32	-0,26	-0,44	-0,36	-0,18
<b>Expected changes in tax arrears</b>	-0,34	-0,25	-0,47	-0,37	-0,22
<b>Stocks of raw materials</b>	0,06	-0,11	0,03	0,06	0,10
<b>Expected changes in stocks of raw material</b>	0,32	-0,10	0,30	0,34	0,35
<b>Stocks of finished goods</b>	-0,34	-0,33	-0,40	-0,42	-0,22
<b>Expected changes in stocks of finished goods</b>	-0,28	-0,13	-0,40	-0,31	-0,16

<b>New orders</b>	0,14	0,02	0,09	0,16	0,14
<b>Expected changes in new orders</b>	0,42	0,15	0,42	0,40	0,46
<b>Number of workers</b>	-0,07	-0,20	-0,07	-0,03	-0,10
<b>Expected changes in the number of workers</b>	0,00	-0,08	-0,01	0,01	0,00
<b>Number of workers on forced leave</b>	-0,26	-0,03	-0,34	-0,31	-0,16
<b>Expected changes in the number of workers on forced leave</b>	-0,28	-0,09	-0,40	-0,33	-0,15
<b>Skilled workers</b>	0,23	0,19	0,23	0,22	0,24
<b>Unskilled workers</b>	0,17	0,00	0,09	0,19	0,20
<b>Business activity assessment</b>	0,00	-0,29	-0,06	0,04	0,04
<b>Expected changes in business activity</b>	0,46	0,19	0,50	0,42	0,51
<b>Assessment of the business environment</b>	-0,03	-0,51	-0,07	-0,04	0,08
<b>Expected changes in the business environment</b>	0,41	0,07	0,47	0,40	0,41
<b>Do you plan to expand your company's activities in the next two years</b>	0,19	0,22	0,27	0,15	0,19
<b>How do you assess your company's business activity in the current month, compared to the same period last year in 2022?</b>	0,45	0,21	0,48	0,47	0,44

Performance indicators of enterprises and business environment by sector, indices of change (June 2023)

	<b>Total</b>	<b>Metal production and metalworking</b>	<b>Chemical Industry</b>	<b>Machine building</b>	<b>Woodworking industry</b>
<b>Production</b>	0,20	-0,05	0,36	0,41	0,08
<b>Expected changes in production</b>	0,44	0,20	0,18	0,25	0,24
<b>Sales</b>	0,18	-0,05	0,27	0,38	0,04
<b>Expected sales changes</b>	0,43	0,20	0,18	0,14	0,29
<b>Export</b>	0,06	-0,42	0,17	-0,18	-0,31
<b>Expected changes in exports</b>	0,33	0,36	0,14	-0,11	0,15
<b>Account receivables</b>	-0,27	-0,15	-0,29	0,07	0,00
<b>Expected changes in account receivables</b>	-0,35	-0,28	-0,25	-0,12	-0,33
<b>Account payables</b>	-0,30	-0,22	-0,25	-0,07	-0,16
<b>Expected changes in accounts payable</b>	-0,37	-0,29	-0,20	-0,23	-0,29
<b>Tax arrears</b>	-0,32	0,00	-0,06	-0,10	-0,14
<b>Expected changes in tax arrears</b>	-0,34	0,00	-0,13	-0,22	-0,20
<b>Stocks of raw materials</b>	0,06	0,05	0,00	-0,10	-0,12
<b>Expected changes in stocks of raw material</b>	0,32	0,16	0,09	-0,11	-0,05
<b>Stocks of finished goods</b>	-0,34	-0,33	-0,14	-0,07	-0,38
<b>Expected changes in stocks of finished goods</b>	-0,28	-0,15	-0,10	0,04	-0,11
<b>New orders</b>	0,14	-0,05	0,24	0,09	0,00
<b>Expected changes in new orders</b>	0,42	0,25	0,24	0,21	0,19
<b>Number of workers</b>	-0,07	-0,09	0,05	-0,12	-0,08
<b>Expected changes in the number of workers</b>	0,00	0,06	0,00	-0,08	0,00
<b>Number of workers on forced leave</b>	-0,26	0,07	-0,11	-0,15	-0,11
<b>Expected changes in the number of workers on forced leave</b>	-0,28	0,00	-0,11	-0,14	-0,18



<b>Skilled workers</b>	0,23	0,53	0,14	0,41	0,40
<b>Unskilled workers</b>	0,17	0,47	0,05	0,23	0,24
<b>Business activity assessment</b>	0,00	-0,32	-0,14	-0,09	-0,12
<b>Expected changes in business activity</b>	0,46	0,30	0,21	0,38	0,29
<b>Assessment of the business environment</b>	-0,03	-0,23	-0,19	-0,17	-0,24
<b>Expected changes in the business environment</b>	0,41	0,35	0,11	0,25	0,18
<b>Do you plan to expand your company's activities in the next two years</b>	0,19	0,38	0,13	0,13	0,50
<b>How do you assess your company's business activity in the current month, compared to the same period last year in 2022?</b>	0,45	0,23	0,36	0,20	0,32

	Total	Construction materials productions	Food Industry	Light industry	Printing industry
<b>Production</b>	0,20	0,17	0,19	0,11	0,14
<b>Expected changes in production</b>	0,44	0,19	0,58	0,32	0,33
<b>Sales</b>	0,18	0,14	0,18	0,11	0,14
<b>Expected sales changes</b>	0,43	0,23	0,57	0,30	0,25
<b>Export</b>	0,06	0,00	0,11	0,03	-0,33
<b>Expected changes in exports</b>	0,33	0,00	0,47	0,14	0,00
<b>Account receivables</b>	-0,27	-0,20	-0,37	-0,22	-0,23
<b>Expected changes in account receivables</b>	-0,35	-0,33	-0,43	-0,36	-0,36
<b>Account payables</b>	-0,30	-0,20	-0,40	-0,31	-0,38
<b>Expected changes in accounts payable</b>	-0,37	-0,33	-0,46	-0,37	-0,36
<b>Tax arrears</b>	-0,32	-0,19	-0,42	-0,26	-0,50
<b>Expected changes in tax arrears</b>	-0,34	-0,43	-0,41	-0,28	-0,50
<b>Stocks of raw materials</b>	0,06	0,07	0,09	0,00	-0,21
<b>Expected changes in stocks of raw material</b>	0,32	0,04	0,46	0,13	0,17
<b>Stocks of finished goods</b>	-0,34	-0,22	-0,50	-0,28	-0,86
<b>Expected changes in stocks of finished goods</b>	-0,28	-0,27	-0,38	-0,31	-0,50
<b>New orders</b>	0,14	0,10	0,18	0,15	-0,07
<b>Expected changes in new orders</b>	0,42	0,28	0,52	0,28	0,33
<b>Number of workers</b>	-0,07	-0,07	-0,08	-0,09	-0,07
<b>Expected changes in the number of workers</b>	0,00	-0,04	-0,04	0,00	0,00
<b>Number of workers on forced leave</b>	-0,26	-0,13	-0,36	-0,18	-0,33
<b>Expected changes in the number of workers on forced leave</b>	-0,28	-0,16	-0,38	-0,23	-0,45
<b>Skilled workers</b>	0,23	0,16	0,24	0,47	0,08
<b>Unskilled workers</b>	0,17	0,17	0,21	0,13	0,08
<b>Business activity assessment</b>	0,00	-0,18	0,09	0,07	0,14
<b>Expected changes in business activity</b>	0,46	0,23	0,54	0,36	0,46
<b>Assessment of the business environment</b>	-0,03	-0,31	0,05	-0,02	-0,14
<b>Expected changes in the business environment</b>	0,41	0,26	0,49	0,38	0,46
<b>Do you plan to expand your company's activities in the next two years</b>	0,19	0,13	0,06	0,18	0,50
<b>How do you assess your company's business activity in the current month, compared to the same period last year in 2022?</b>	0,45	0,35	0,50	0,39	0,69

**The impact of war****Challenges faced by business in wartime**

Challenges faced by the business during wartime, by business size (June 2023), % of respondents by group

	<b>Total</b>	<b>Micro</b>	<b>Small</b>	<b>Middle</b>	<b>Large</b>
<b>Rising prices for raw materials/supplies/goods</b>	63%	63%	59%	69%	58%
<b>Difficulties transporting raw materials or finished goods throughout Ukraine</b>	43%	33%	48%	44%	40%
<b>Decrease in demand for products/services</b>	38%	50%	40%	33%	38%
<b>Electricity, water or heat supply outages</b>	37%	72%	38%	25%	39%
<b>Labor shortage due to conscription and/or migration</b>	37%	23%	30%	40%	50%
<b>Disruption of supply chains</b>	35%	23%	34%	37%	42%

Challenges facing business in wartime, by sector (June 2023), % of respondents by group

	<b>Metal production and metalworking</b>	<b>Chemical Industry</b>	<b>Machine building</b>	<b>Woodworking industry</b>
<b>Rising prices for raw materials/supplies/goods</b>	50%	73%	56%	72%
<b>Difficulties transporting raw materials or finished goods throughout Ukraine</b>	41%	50%	38%	32%
<b>Decrease in demand for products/services</b>	41%	36%	41%	64%
<b>Electricity, water or heat supply outages</b>	55%	32%	59%	32%
<b>Labor shortage due to conscription and/or migration</b>	41%	45%	59%	32%
<b>Disruption of supply chains</b>	36%	68%	34%	24%

Challenges facing business in wartime, by sector (June 2023), (continued) % of respondents by group

	<b>Construction materials production</b>	<b>Food industry</b>	<b>Light industry</b>	<b>Printing industry</b>
<b>Rising prices for raw materials/supplies/goods</b>	69%	67%	63%	57%
<b>Difficulties transporting raw materials or finished goods throughout Ukraine</b>	59%	49%	43%	36%
<b>Decrease in demand for products/services</b>	55%	37%	26%	36%
<b>Electricity, water or heat supply outages</b>	35%	29%	39%	7%
<b>Labor shortage due to conscription and/or migration</b>	45%	34%	39%	21%

	Construction materials production	Food industry	Light industry	Printing industry
<b>Disruption of supply chains</b>	41%	35%	28%	50%

### Assessment of the government policy on business support

Assessment of the government policy on business support by business size (June 2023), % of respondents

	Total	Micro	Small	Middle	Large
<b>Positive</b>	16%	2%	21%	18%	15%
<b>Neutral</b>	57%	42%	55%	61%	63%
<b>Negative</b>	15%	23%	15%	12%	14%
<b>Don't know / Didn't answer</b>	12%	33%	9%	10%	8%

Assessment of the government policy on business support by sector (June 2023), % of respondents by group

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
<b>Positive</b>	9%	0%	6%	12%
<b>Neutral</b>	55%	82%	66%	48%
<b>Negative</b>	18%	9%	25%	20%
<b>Don't know / Didn't answer</b>	18%	9%	3%	20%

Assessment of the government policy on business support by sector (June 2023), (continued) % of respondents by group

	Construction materials production	Food industry	Light industry	Printing industry
<b>Positive</b>	10%	20%	20%	29%
<b>Neutral</b>	59%	58%	50%	57%
<b>Negative</b>	28%	10%	20%	7%
<b>Don't know / Didn't answer</b>	3%	12%	11%	7%

### Availability of orders

Availability of orders, by size (June 2023), % of respondents by group

	Total	Micro	Small	Middle	Large
<b>Less than 1 month</b>	9%	36%	8%	6%	3%
<b>1-2 months</b>	42%	36%	55%	43%	25%
<b>3-5 months</b>	26%	13%	27%	25%	32%
<b>6-11 months</b>	17%	9%	10%	20%	26%
<b>12 months or more</b>	6%	6%	1%	6%	14%

Availability of orders, by sector (June 2023), % of respondents by group

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
<b>Less than 1 month</b>	14%	0%	7%	4%
<b>1-2 months</b>	38%	19%	25%	57%

	<b>Metal production and metalworking</b>	<b>Chemical Industry</b>	<b>Machine building</b>	<b>Woodworking industry</b>
<b>3-5 months</b>	19%	52%	32%	22%
<b>6-11 months</b>	29%	29%	32%	13%
<b>12 months or more</b>	0%	0%	4%	4%

Availability of orders, by sector (June 2023) (continued), % of respondents by group

	<b>Construction materials production</b>	<b>Food industry</b>	<b>Light industry</b>	<b>Printing industry</b>
<b>Less than 1 month</b>	10%	8%	11%	0%
<b>1-2 months</b>	52%	46%	42%	50%
<b>3-5 months</b>	29%	29%	18%	29%
<b>6-11 months</b>	5%	12%	29%	21%
<b>12 months or more</b>	5%	4%	0%	0%