



**MOVING FORWARD  
TOGETHER**



INTERNATIONAL  
RENAISSANCE  
FOUNDATION



ATLAS  
NETWORK



INSTITUTE  
FOR ECONOMIC RESEARCH  
AND POLICY CONSULTING

# New Monthly Enterprises Survey

Issue 17. (09.2023)  
Ukrainian Business in Wartime

Project implementation:

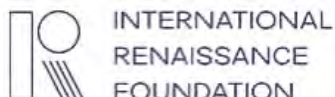


Institute for Economic Research and Policy Consulting

Financial support:



The project is implemented with the financial support of the European Union



International Renaissance Foundation



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"](#)

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

Dear ladies and gentlemen, we present you with the **seventeenth 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.

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 .....	12
UNCERTAINTY.....	12
Two-year expectations .....	12
Half-year expectations.....	13
Three-month expectations.....	14
ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS .....	15
INDUSTRIAL CONFIDENCE INDICATOR .....	15
PRODUCTION.....	15
Changes compared to the previous month.....	15
Expected changes in production .....	16
SALE .....	16
Changes compared to the previous month.....	16
Expected changes in sales .....	17
EXPORT .....	17
Changes compared to the previous month.....	17
Expected changes in export.....	18
STOCKS OF RAW MATERIALS.....	18
Changes compared to the previous month.....	18
Expected changes in stocks of raw material .....	18
STOCKS OF FINISHED GOODS .....	19
Changes compared to the previous month.....	19
Expected changes in stocks of finished goods.....	20
NEW ORDERS.....	20
Changes compared to the previous month.....	20
Expected changes in new orders.....	21
NEW ORDERS.....	21
Availability of orders.....	21
PURCHASE PRICES .....	22

Changes compared to the previous month.....	22
Expected changes in purchase prices.....	23
DOMESTIC SALES PRICES .....	23
Changes compared to the previous month.....	23
Expected changes in the domestic sales prices.....	23
ACCOUNT RECEIVABLES .....	24
Changes compared to the previous month.....	24
Expected changes in account receivables .....	24
ACCOUNT PAYABLES.....	25
Changes compared to the previous month.....	25
Expected changes in account payables .....	25
TAX ARREARS.....	26
Changes compared to the previous month.....	26
Expected changes in tax arrears.....	27
NUMBER OF WORKERS.....	27
Changes compared to the previous month.....	27
Expected changes in the number of workers.....	28
WORKERS ON FORCED LEAVE .....	28
Changes compared to the previous month.....	28
Expected change in the number of workers on forced leave .....	29
SKILLED AND UNSKILLED WORKERS .....	29
Skilled workers.....	30
Unskilled workers .....	30
SPECIAL PART OF THE SURVEY .....	31
THE IMPACT OF WAR ON ENTERPRISES .....	31
Challenges for businesses in wartime .....	31
The war impact on capacity/production volumes.....	33
THE WAR IMPACT ON THE ENTERPRISES' EXPORT ACTIVITIES .....	35
GOVERNMENT POLICY.....	37
Assessment of government policy to support business.....	37
Vision of the state's role in conducting business .....	38
SURVEY METHODOLOGY .....	40
SAMPLE.....	40
APPENDIX 1. Survey results in figures .....	41



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

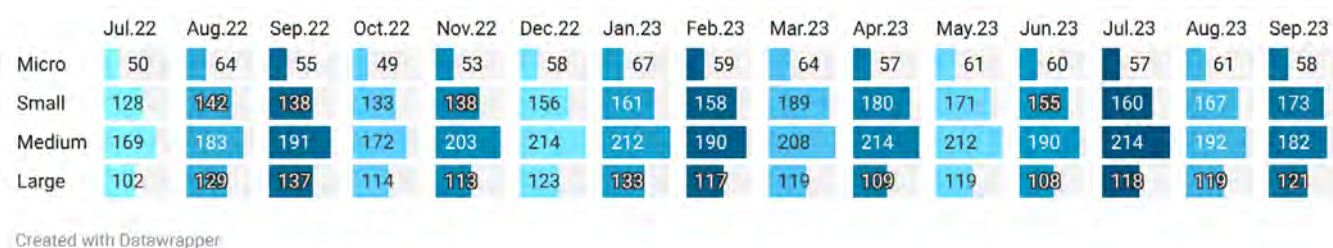
**Who do we survey?** This survey uses a panel sample; that means we survey the same business entities. Building such a sample takes time. During the seventeenth wave of the survey, the answers of 534 respondents were received.

Fig. 1 Number of enterprises surveyed



They include mainly industrial enterprises (93%) 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



**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 seventeenth wave lasted from September 18 to 29, 2023. The enterprises' managers compared the results of work in September 2023 with August 2023, assessed the state of the indicators at the time of the survey (September 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

Business expectations in the short term remain high, although the production recovery rate has slowed somewhat (as evidenced by a number of indicators). Risks related to war are becoming a significant factor in the business environment: for the first time during the survey, the risk related to war took second place in the rating of obstacles. Business relies on itself and needs a friendlier regulatory policy. Uncertainty in the long-term horizon is high and unchanged, while uncertainty in the short-term and semi-annual horizons is decreasing. Half-yearly expectations regarding the business activity and the overall economic environment remain high and positive. Compared to the previous month, production indicators slightly improved, while three-month expectations decreased slightly. Businesses still experience difficulties in finding skilled workers and difficulties in finding unskilled workers are gradually decreasing.

### OVERALL INDICATORS OF BUSINESS CLIMATE AND ECONOMIC ENVIRONMENT

- In September 2023, compared to August, the CURRENT BUSINESS ACTIVITY AT THE ENTERPRISE INDEX did not change significantly and is -0.05 (it was -0.04).
- Enterprise expectations regarding changes in business activity in the six-month horizon are quite high and continued to grow from 0.37 to 0.39.
- The value of the OVERALL ECONOMIC ENVIRONMENT INDEX, as well as the current estimates of the financial and economic situation, did not change significantly and is -0.08 in September (it was -0.07 in August).
- Expectations regarding changes in the overall economic environment after six months remain high and unchanged; the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT is 0.38 for the third month in a row.
- Two-year expectations regarding prospects for expansion of business activity have improved. The value of the INDEX OF EXPECTED CHANGES IN BUSINESS ACTIVITY in the two-year horizon increased from 0.16 to 0.20.
- The level of uncertainty in the two-year perspective remains high and unchanged, while the short-term perspective has eased slightly after three months of growth, and the six-month perspective continues to decline for the second month in a row.

### PRODUCTION

- PRODUCTION INDEX increased from 0.18 to 0.21 in September 2023. It happened due to an increase in the share of enterprises that increased production volumes at the expense of a decrease in the share of those that reduced them.
- Business expectations for the next three months have slightly worsened. Although the INDEX OF EXPECTED CHANGES IN PRODUCTION remains high, it decreased from 0.46 to 0.41 due to the reduction of the share of "optimists" due to the increase of those who do not plan changes.
- The value of the aggregate indicator of industry prospects decreased from 0.17 in August to 0.12 in September due to the deterioration of the values of all three components of the indicator.

### DEMAND AND SALES

- The sales growth rate and increase in the number of new orders have not changed significantly. The value of the SALES INDEX (0.18 in August and 0.19 in September) and the value of the NEW ORDERS INDEX (0.16 in August and 0.15 in September) remained unchanged.
- Enterprises' expectations regarding demand for the next three months have slightly worsened. The value of the EXPECTED CHANGES IN THE SALES INDEX decreased from 0.47 to 0.40, and the value of EXPECTED CHANGES IN THE NEW ORDERS INDEX decreased from 0.42 to 0.39.

### PRICES

- The INDEX OF PRICES FOR RAW MATERIALS AND SUPPLIES in September is 0.44, which means a much higher percentage of those who indicated an increase in the indicator compared to the previous month. The INDEX OF EXPECTED CHANGES IN PRICES FOR RAW MATERIALS AND SUPPLIES is 0.16.



- The INDEX OF PRICES FOR FINISHED GOODS is also quite high and amounts to 0.38. The INDEX OF EXPECTED CHANGES IN PRICES FOR FINISHED GOODS is 0.18, and the share of those business representatives who expect prices to decrease is only 1%.

#### DEBTS

- In September 2023, compared to August, the indicator of payables slightly improved, while the indicators of receivables and tax arrears did not change significantly. The value of accounts receivable is -0.18 (was -0.19), and the indicator of tax arrears, as last month, is 0.31. The payables indicator slightly decreased from -0.22 to -0.25.
- In the three-month horizon, the reduction rate of receivables and tax arrears is expected to accelerate. The INDEX OF EXPECTED CHANGES IN RECEIVABLES increased from -0.36 to -0.31, and THE INDEX OF EXPECTED CHANGES IN TAX ARREARS increased from -0.39 to -0.32. The indicator of expectations for payables has not changed significantly and is 0.35 (it was -0.36).

#### EMPLOYMENT

- The employment reduction rate at enterprises has not changed significantly. The EMPLOYMENT INDEX is -0.04 (was -0.03).
- At the same time, the number of workers at enterprises is expected to decrease in the next three months; the index of expected changes decreased from 0.06 to zero due to a decrease in the share of those who plan to increase the number of such workers.
- The rate of reduction in the number of workers on forced vacations has significantly accelerated. The INDEX halved from -0.10 to -0.22 due to a significant increase in the share of those who plan to reduce the number of such workers. At the same time, sharp changes are not expected in three months; the INDEX OF EXPECTED CHANGES is -0.25 (it was -0.23).
- In September, the INDEX OF DIFFICULTIES IN FINDING UNSKILLED WORKERS continued to decrease gradually and was 0.12 (it was 0.14 in August). At the same time, the INDEX OF DIFFICULTIES IN FINDING SKILLED WORKERS has not changed significantly and is 0.24 (it was 0.23).

#### AVAILABILITY OF ORDERS

- In September, the order book for surveyed enterprises remained at the level of two months (median), where it has been since May 2023, after declining from three months in January-April 2023.
- 53% of enterprises have orders for up to two months. This share has not changed much since May 2023.

#### OBSTACLES TO DOING BUSINESS IN WARTIME

- Rising prices for raw materials and goods remained the main obstacle for several months in a row, but this obstacle lost a quarter of its value in September.
- The work hazards posed by a full-scale Russian invasion ranked 2nd, rising sharply from 6th and increasing from 33% to 40%.
- Lack of labor and logistical problems share third place in the rating of obstacles.
- Power outages, despite a slight decrease in their value from 34% to 32%, remain on the 5th place in the rating of obstacles.

#### PRODUCTION CAPACITIES DURING THE WAR PERIOD

- In September 2023, the capacity utilization rate decreased slightly compared to August. The cumulative share of enterprises operating at almost full and full capacity was 55% (59% in July and 57% in August).
- Despite the challenges of the war, only 2% of surveyed enterprises reported that they had ceased operations during the war, and only 2% of enterprises were operating at less than 25% of pre-war production capacity.
- In September, only 16% of enterprises worked at less than half capacity, compared to pre-war times (also 16% in July and August).

- Medium-sized businesses are coping best with the challenges: 65% of medium-sized businesses are operating at almost full and full capacity in September compared to the pre-war period (66% in August). The indicator for large businesses was 60% (in August – 61%).
- The food industry remains the leader of the recovery: in September, 73% of food industry enterprises worked almost at full and full capacity, but no significant changes were recorded compared to the previous month (72% in July and August, 78% in June, 73% in April and May).
- Capacity utilization decreased in all industries except the food industry and metallurgy. However, the situation remains most difficult in metallurgy and metalworking, as only 10% of enterprises worked at almost full and full capacity.

#### **EXPORTING ENTERPRISES**

- In September, 62% of respondents reported that 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 September, 84% of respondents indicated that they exported before the war and also continued to export during the last 12 months (83% in August).
- Some businesses cannot overcome new challenges for export activities. As of September, 15% of enterprises were exporting before the start of the war but could not resume exports during the last 12 months. Such results indicate the stagnation of the recovery of export activity.

#### **GOVERNMENT POLICY**

- In September 2023, the share of positive assessments of government policies to support business remained unchanged (8%, as in August) and remains at the lowest level since the beginning of the study.
- The share of undecided respondents decreased from 27% in August to 20% in September.
- Speaking about the role of the state in Ukraine for conducting business, 35% call it a "regulator," 6% an "enemy," and only 1% - a "friend."
- Almost half of the respondents (44%) could not determine the role of the state in Ukraine for conducting business.

## INDICATORS AND EXPECTATIONS FOR THE HALF-YEAR PERIOD

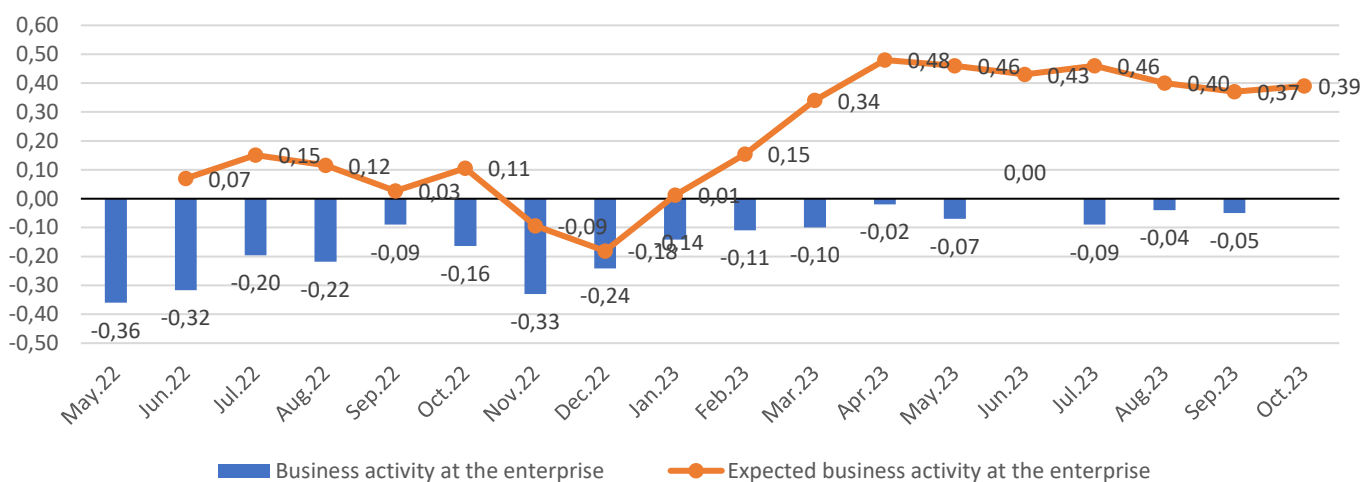
### BUSINESS ACTIVITY AT THE ENTERPRISE

**In September 2023, compared to August, current assessments of the business activity remained unchanged.** The CURRENT BUSINESS ACTIVITY INDEX is 0.05 (was -0.04). The share of respondents assessing the current business activity at the enterprise as bad decreased somewhat, from 15.5% to 14.3%. Likewise, the share of those who positively assess business activity at the enterprise decreased slightly, from 8.5% to 7.8%. The share of those who consider the business activity at the enterprise to be satisfactory increased slightly from 76% to 77.9%.

**Expectations for the six months remain optimistic and have improved somewhat.** The value of the EXPECTED CHANGES IN THE BUSINESS ACTIVITY INDEX increased from 0.37 to 0.39. At the same time, the share of "pessimists" decreased from 6.6% to 4.8%, while the share of "optimists" did not change significantly and amounted to 42.6% (it was 42.9%). The share of those who do not expect changes increased slightly, from 50.5% to 52.5%.

The share of respondents who could not give a forecast regarding the changes in the business activity at the enterprise for the six-month horizon decreased slightly, from 16.0% to 15.4%.

Fig.3. Business activity at the enterprise, indices



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

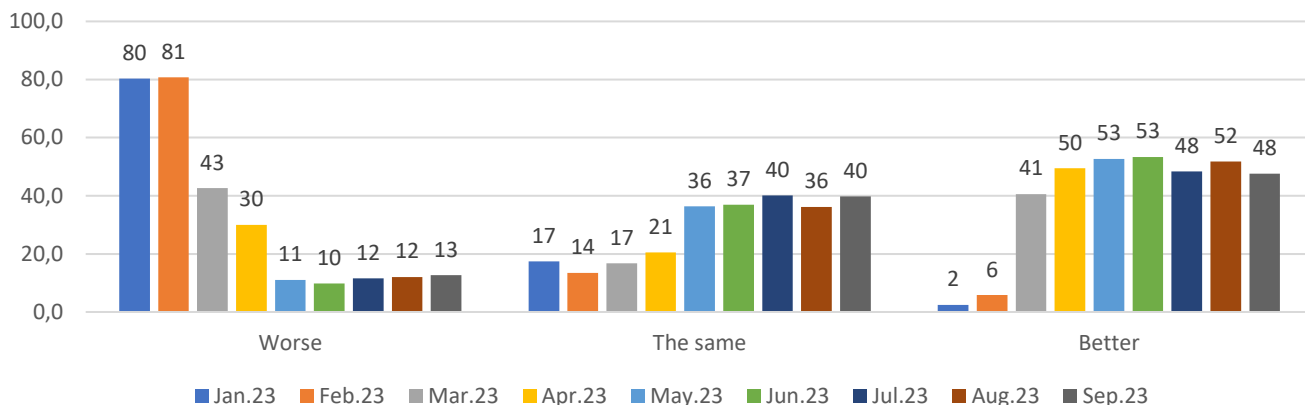
**Compared to the same period last year, business activity remains high, although it has slowed somewhat compared to August 2023.** The value of the CURRENT BUSINESS ACTIVITY INDEX (YEAR TO YEAR) decreased from 0.43 to 0.37. The share of respondents who indicated that the situation had worsened did not change significantly (12.1% in August and 12.7% in September), but the share of those who said the situation had improved decreased (from 51.7% to 47.6%). The share of those who believe nothing has changed compared to last year has increased from 36.2% to 39.8%.

**Size.** Assessments of the business activity depend on the size of the enterprise. Medium (0.41) enterprises feel the best compared to last year. The indicator of large (0.37) and small (0.36) enterprises is approximately the same. The indicator of micro-enterprises is the worst (0.09).

**Region.** In the regional distribution, Lviv, Ivano-Frankivsk, and Ternopil regions have the highest rate (1.00 for each). Khmelnytskyi (-0.27) and Zhytomyr (-0.05) regions have the lowest indicators.

**Sector.** The highest value of the index was recorded for printing (0.57) and food (0.46) industries. The metal processing (0.05) and construction materials production (0.03) have the lowest, but still positive, indicators.

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

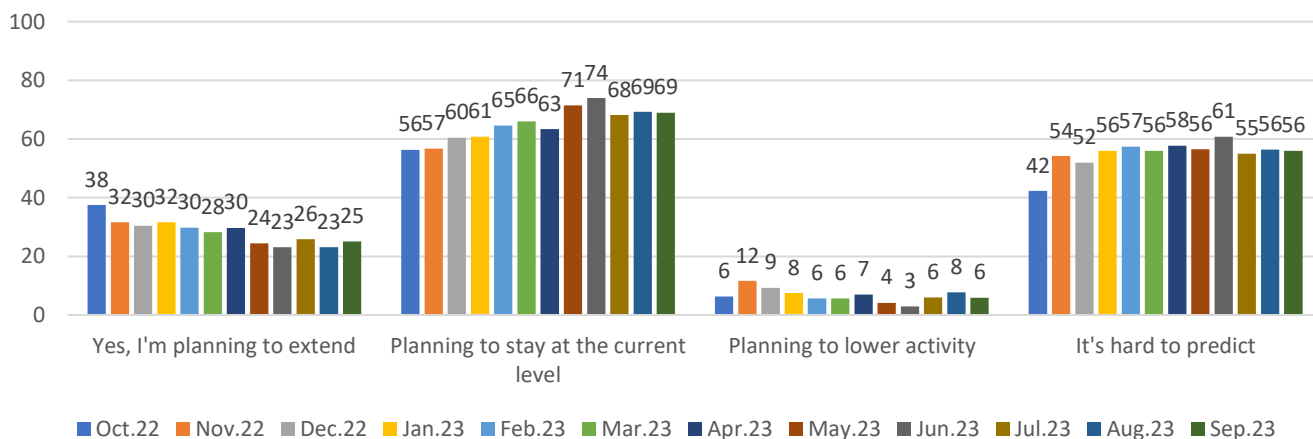


### EXPANSION PLANS FOR THE NEXT TWO YEARS

**Expectations for business activity for the next two years have improved.** The INDEX OF EXPECTED CHANGES IN BUSINESS ACTIVITY in a two-year perspective increased from 0.16 to 0.20. The percentage of those who plan to expand their activities in the next two years increased (from 23.1% to 25.1%), while the percentage of those who planned to reduce their activities decreased (from 7.7% to 5.9%). The share of those who plan to stay at the current level has hardly changed and is 69.0% (it was 69.2%).

The percentage of those who could not give a forecast for such a distant perspective remains high and almost unchanged and amounts to 56.0% (was 56.4%).

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



**Size.** Among enterprises of all sizes, the most optimistic about the future are micro-enterprises, whose indicator is the same at 0.30. The indicator of small enterprises is 0.17. Expectations about future plans are the lowest for medium-sized enterprises (0.10).

**Region.** Significant regional differences were registered. Enterprises of Zakarpattia region (1.00) have the highest expectations. Indicators of Kyiv, Lviv, Vinnytsya, Odesa, and Zhytomyr regions are equal to zero. Dnipropetrovsk region (-0.18) has the only indicator with a negative value.

**Sector.** Expectations vary by industry. Printing (0.60) and woodworking (0.29) industries have the highest value. The construction materials production indicator is zero and is the lowest.

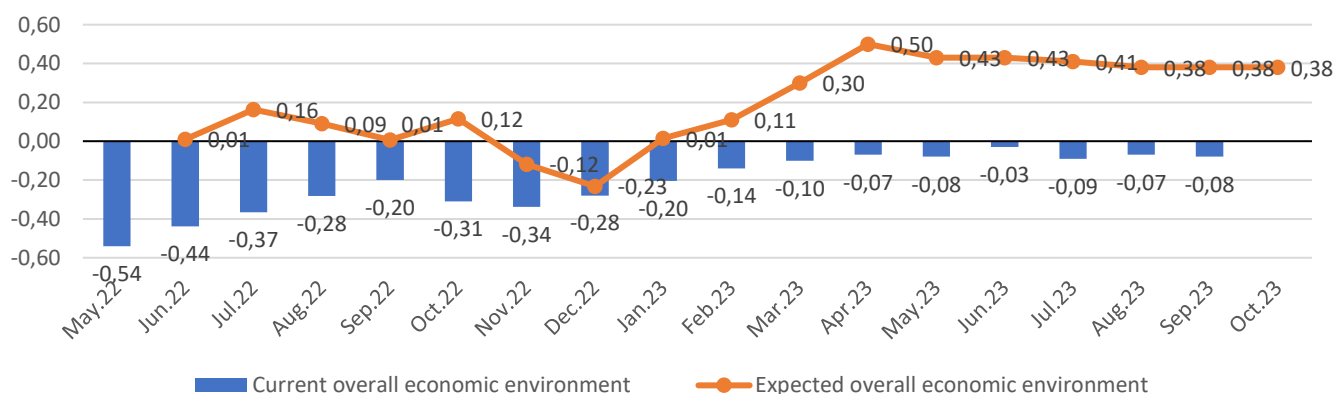
## OVERALL ECONOMIC ENVIRONMENT

**Assessments of the overall economic environment have not changed significantly.** The value of the corresponding INDEX in September is -0.08 (it was -0.07). In percentage distribution, the share of those who assess the overall economic environment as bad has almost not changed and amounts to 18.2% (it was 18.6%). At the same time, the share of those who give positive assessments has slightly decreased (from 8.2% to 7.5%). The share of those who consider the overall economic environment satisfactory is 74.3% (it was 73.2%).

**Enterprises forecasts regarding changes in the overall economic environment for the next six months remain high and unchanged for the third month in a row:** the value of THE INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT is 0.38. In the percentage distribution, the share of "optimists" regarding changes in the overall economic environment (from 43.7% to 42.9%) and the share of "pessimists" (from 6.4% to 5.8%) decreased slightly. The share of those who believe that the overall economic environment will not change significantly over the next six months increased slightly, from 49.9% to 51.3%.

The share of those who could not give forecasts regarding the state of the overall economic environment decreased from 18.4% to 15.5%.

Fig.6. Overall economic environment, indices

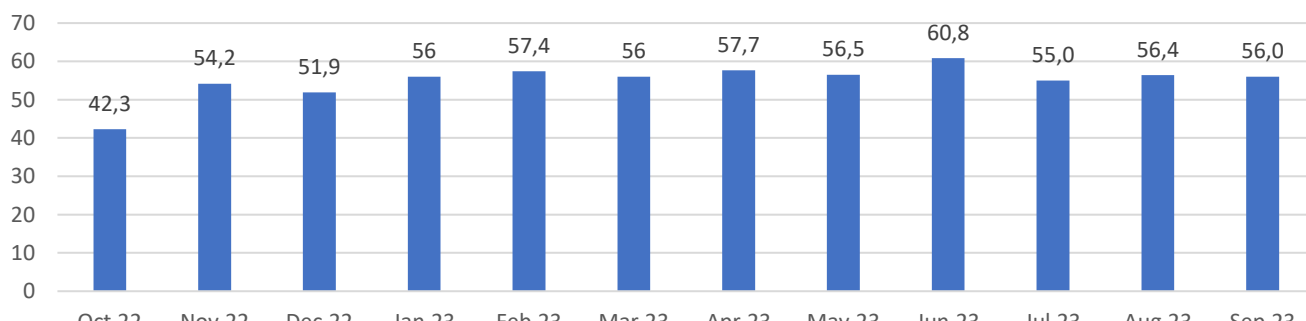


## UNCERTAINTY

### Two-year expectations

**The level of uncertainty regarding the enterprises' plans for the next two years in September remains high and has not changed significantly (56.0% and 56.4% in August).**

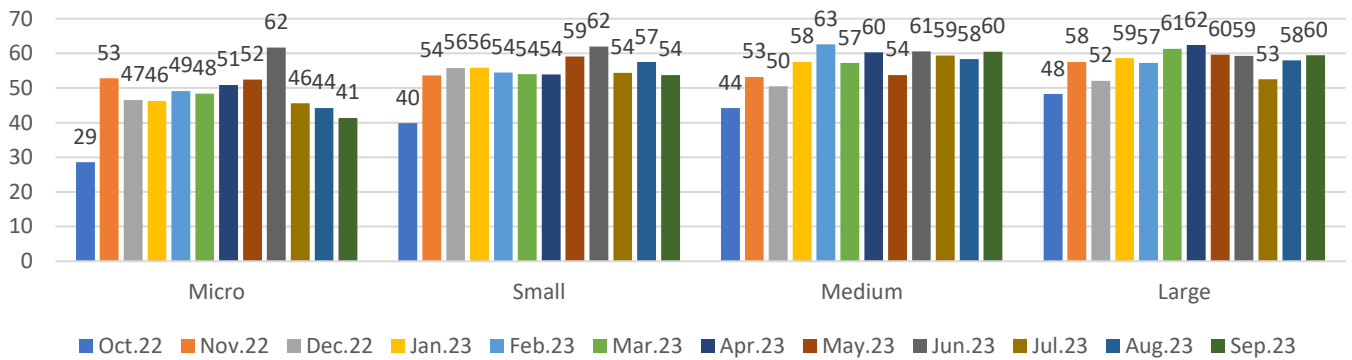
Fig.7. The level of uncertainty regarding the company's activities in the two-year horizon, % of respondents



**The level of uncertainty regarding plans for the two years depends on the size of the enterprise.** There is an increase in the percentage of long-term uncertainty for large (from 58% to 60%) and medium (from 58% to 60%) enterprises. At the same time, uncertainty indicators slightly decreased for small (from 57% to 54%) and micro enterprises (from 44% to 41%).



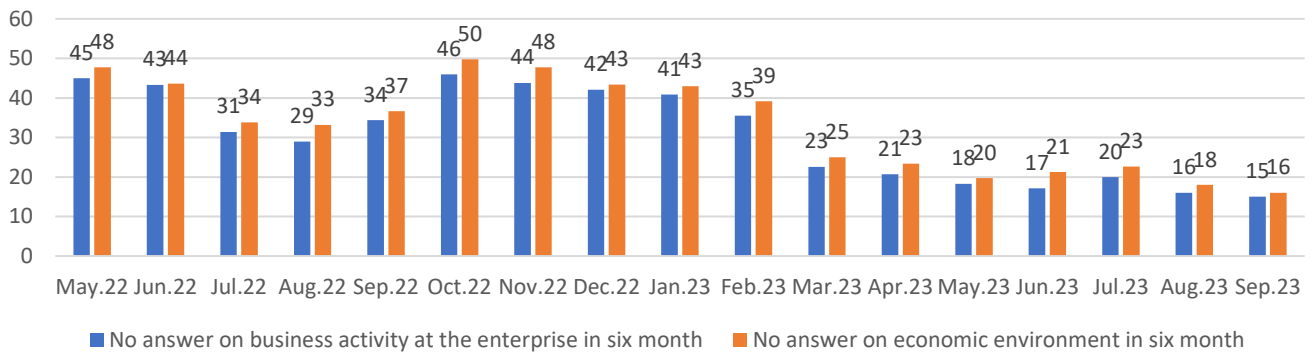
Fig.8. The share of respondents who could not answer the question about the changes for the next two years, by size of the enterprise



### Half-year expectations

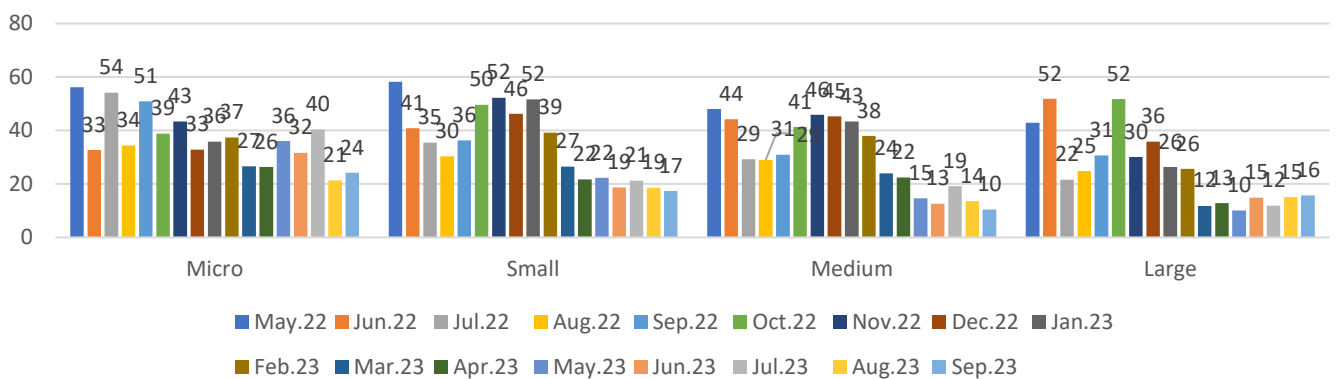
The level of uncertainty in the forecasts of the six-month horizon has decreased again for the second month in a row. Uncertainty for the business activity decreased from 16% to 15%. And the share of respondents who could not give a forecast regarding changes in the overall economic environment in the country decreased from 18% in August to 16% in September 2023.

Fig.9. The level of uncertainty of the business activity and the overall economic environment, % of respondents



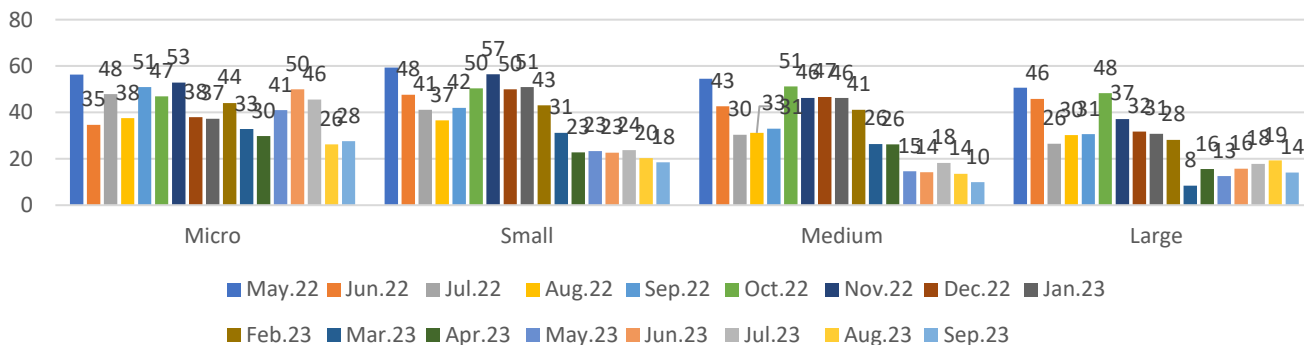
The level of uncertainty regarding the business activity at the enterprise and its dynamics depends on the size of the enterprise. A slight increase in the percentage was recorded for micro (from 21% to 24%) and large (from 15% to 16%) enterprises. Indicators of small (the percentage decreased from 19% to 17%) and medium (the percentage decreased from 14% to 10%) show a reduction in the level of uncertainty for the second month in a row.

Fig.10. 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 the business activity, depends on the size of the enterprise.** The uncertainty index of micro-enterprises remained the highest and was the only one that showed an increase in value from 26% to 28%. The value of small and medium-sized enterprises has been decreasing for two months in a row (the percentage decreased from 20% to 18% and from 14% to 10%, respectively). The indicator of uncertainty regarding the overall economic environment of large enterprises, after a slight increase in August, decreased from 19% to 14% in September.

Fig.11. 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 a gradual three-month increase, short-term uncertainty has decreased again.** At the same time, the export indicators are the only ones where the value did not change significantly (6.3% in August and 6.4% in September) and have remained the lowest indicator for several months in a row. Uncertainty is the highest for the number of workers on forced leave (the percentage decreased from 16.1% to 15.2%).

Fig.12. 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	Jul.23	Aug.23	Sep.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	13.7	16.1	15.2	
Purchase price																		15
Domestic sale price																		14.2
Number of workers	14.7	7.6	10.7	15.6	12.9	17.5	15.4	14.3	14	13.4	12.8	14.1	10.3	12.3	10.4	12.1	13.3	
Accounts receivable	27.8	15.3	11.4	16.6	14.4	25.9	37.5	35	23.7	24.4	17.4	16.4	13.1	14.6	14	14.5	13.1	
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	13.3	13.5	14.1	13.1	
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	12.6	12.8	11.3	
New orders	19.3	9.3	11.1	15.3	14	17.3	14.3	13.6	12.2	11.6	10	10	8	9.2	10.2	12.8	11.4	
Stocks of finished goods	25.7	11.4	10.2	13.5	12.7	23.1	13.3	13.6	13.4	11.3	10	10.4	8	9.2	9.7	11.1	9.9	
Sales	17.4	9.3	9.4	15.1	12.1	17.3	14.2	13.6	11.3	11.5	10.2	9.3	7.1	8.2	9.5	10.6	9.6	
Production	16.5	10.1	8.2	14.3	11.7	17.1	14.6	13.6	12.2	11.5	10	8.6	7.1	8.2	9.3	10	9.4	
Stocks of raw materials	21.4	10.6	10.9	14.1	12.7	16	14.4	13.6	12.4	11.6	10.5	9.8	8.3	9.4	8.6	10.6	8.8	
Export	19.4	13.9	6.2	13.9	12.9	15.2	11.3	13.6	8.4	7.8	6.9	7	4.3	5.5	7.7	6.3	6.4	

Created with Datawrapper

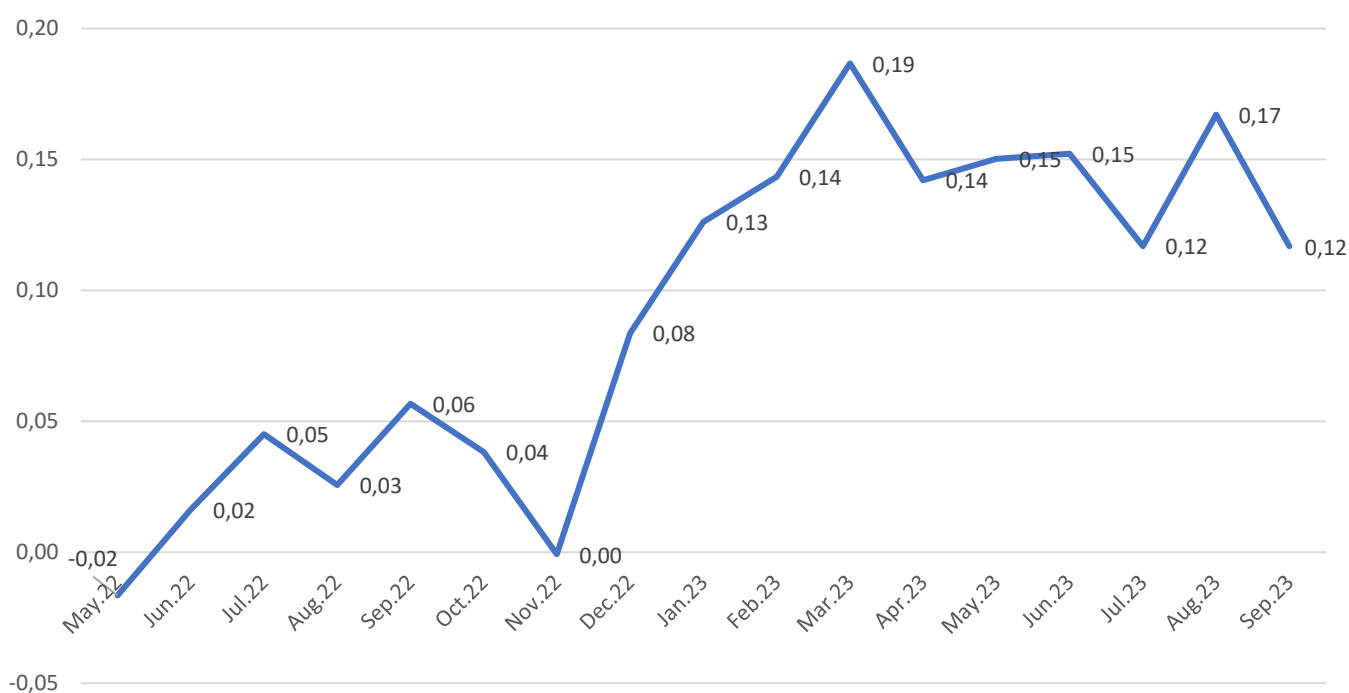
## ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

### INDUSTRIAL CONFIDENCE INDICATOR

The value of the Industrial Confidence Indicator (ICI) in September compared to August 2023 worsened, decreasing from 0.17 to 0.12.

At the same time, negative changes are observed in the ICI in the value of two of its three components: (1) *production expectations for the next three-four months decreased from 0.46 to 0.41*, (2) **estimates of the new orders portfolio decreased from -0.14 to -0.16**. At the same time, *estimates of stocks of finished goods increased* (3) from -0.18 to -0.10.

Fig.13. Industrial confidence indicator



### PRODUCTION

#### Changes compared to the previous month

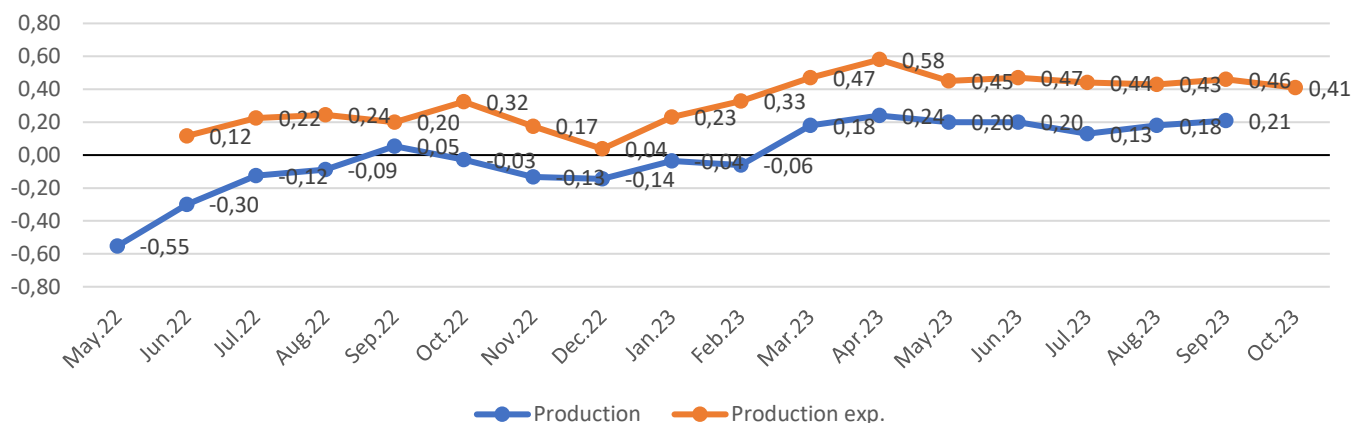
**For the second month in a row, there has been an improvement in production results compared to the previous month.** THE PRODUCTION INDEX increased from 0.18 to 0.21. The share of enterprises that reduced production volumes decreased slightly, from 12.8% to 11.5%, and the share of enterprises that increased production volumes increased from 27.4% to 29.5%. The share of industries where there were no changes did not change significantly and amounts to 59.0% (it was 59.8%).

**Size.** Among enterprises of different sizes, the best results were shown by medium (0.22) and large (0.28) enterprises, whose indicator is approximately the highest. The indicator of small enterprises is much lower and is 0.14. Microenterprises have the worst indicators, the index of which is negative - -0.15.

**Region.** Regional differences are significant (the largest value is 1.00, and the smallest is -0.25). The best results were obtained by enterprises of Poltava (1.00), Odesa (0.52), Ternopil, and Vinnytsya regions (0.42 each). The lowest values of the index were recorded for enterprises of the Kharkiv region (-0.25).

**Sector.** Index values vary across sectors and industries. The best situation is in the food (0.28) and light (0.24) industries. Machine building (-0.06) and metalworking (-0.15) have the lowest and negative index.

Fig.14. Production indices



### Expected changes in production

**The production index has slightly deteriorated compared to the previous month, although the value remains quite high.** THE INDEX OF EXPECTED CHANGES IN PRODUCTION decreased from 0.46 to 0.41. The changes took place mainly due to the transition of the share of "optimists" to those who do not plan changes. The share of enterprises at which production growth is planned decreased from 47.6% to 41.7%, and the share of those that do not expect changes increased from 48.5% to 55.4%. The share of enterprises that plan to reduce production even slightly decreased from 3.9% to 2.9%.

**Size.** Production expectations depend on the size of the enterprises. The highest and the same indicator of expectations is for large and medium-sized enterprises; it is 0.42. The indicator of small enterprises is somewhat lower (0.39). The worst and twice as low expectation indicator is for micro-enterprises, which is 0.17.

**Region.** Enterprise plans depend significantly on the region of location. Poltava, Ternopil, Lviv, and Ivano-Frankivsk regions have the most optimistic plans for production growth (1.00 for each). The indicator of expectations for the Zakarpattya and Dnipropetrovsk regions has the lowest value and is equal to zero.

**Sector.** Production expectations for three months depend on the industry. The highest indicators of expectations are in the printing (0.58) and food (0.53) industries. Metalworking has the lowest index, which is zero.

## SALE

### Changes compared to the previous month

**In September, the sales REDUCTION rate did not change significantly.** The SALES INDEX is 0.19 (was 0.18 in August). In the percentage distribution, there were no significant changes both in the share of enterprises that reduced sales (13.5% in August and 12.0% in September) and in enterprises that increased sales (27.3% versus 28.4 % in August). The share of enterprises in which there were no changes in September also remained without significant changes and amounted to 59.6% (it was 59.3%).

**Size.** The SALES INDEX of medium (0.20) and large (0.24) enterprises is the highest. The indicator of small enterprises is 0.14. The lowest and only negative value of the index is for micro-enterprises - -0.03.

**Region.** The highest value of the SALES INDEX was recorded in the Poltava region (1.00), as well as the Odesa (0.52) and Ternopil (0.42) regions. The indicators of Chernivtsi (-0.09), Dnipropetrovsk (-0.10), Zakarpattya (-0.17), and Kharkiv (-0.25) regions have the lowest and negative values.

**Sector.** Light (0.28) and food (0.24) industries have the highest SALES INDEX. Woodworking (-0.04), machine building (-0.15) and metalworking (-0.02) industries have the lowest and negative indicators.

## Expected changes in sales

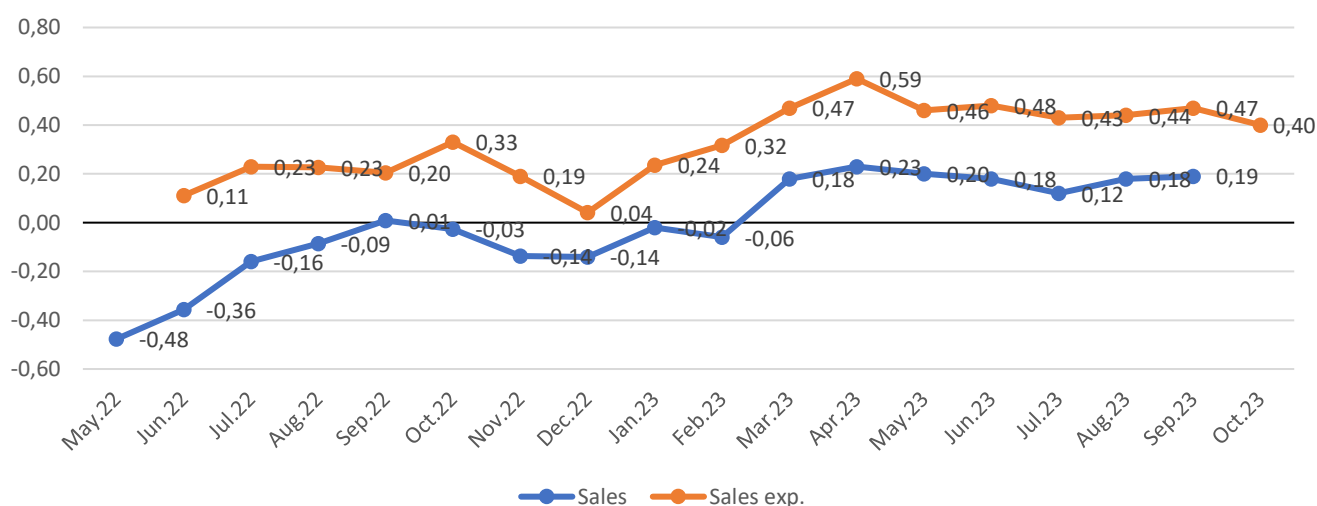
**At the same time, expectations regarding sales volumes worsened.** The INDEX OF EXPECTED CHANGES IN SALES decreased from 0.47 to 0.40. The share of those surveyed who plan to increase sales in the next three months decreased from 48.8% to 41.0%, while the share of those who expect them to decrease remained almost unchanged at 3.1% (was 4.0%). At the same time, the percentage of respondents who believe nothing will change has increased from 47.3% to 55.9%.

**Size.** Indicators of expectations for medium (0.41), large, and small (0.40 each) enterprises are higher and approximately the same. The indicator of micro-enterprises is the lowest and is 0.14.

**Region.** The best expectations were recorded in Poltava, Ternopil, Lviv, and Ivano-Frankivsk regions (1.00 for each) and in Odesa (0.85) and Rivne (0.80) regions. The indicator of expectations for the Vinnytsya, Dnipropetrovsk, and Zakarpattya regions is the lowest and is equal to zero.

**Sector.** The printing (0.58) and food (0.51) industries have the highest sales expectations. The indicator of expectations of metalworking is the lowest and is equal to zero.

Fig.15. Sales indices



## EXPORT

### Changes compared to the previous month

**In September, compared to August, the export growth rate slowed down somewhat.** The value of the EXPORT INDEX decreased slightly, from 0.08 to 0.06. The share of respondents whose export volume decreased, from 21.0% to 19.9%, and the share of enterprises that increased exports, from 26.1% to 23.9%, also decreased. At the same time, the share of enterprises whose export volumes did not change increased from 52.9% to 56.2%.

**Size.** The export index value is higher and approximately the same for large (0.13) and medium enterprises (0.09). The indicator of micro-enterprises is zero. Small enterprises (-0.14) have the lowest indicator with a negative value.

**Region.** Poltava (1.00) and Ivano-Frankivsk (0.86) regions have the highest indicators. Sumy region (-1.00) has the lowest value.

**Sector.** The export index has the highest value for food (0.21) and light (0.16) industries. Machine building and metalworking have the lowest and negative index values (-0.36 for each sector).



## Expected changes in export

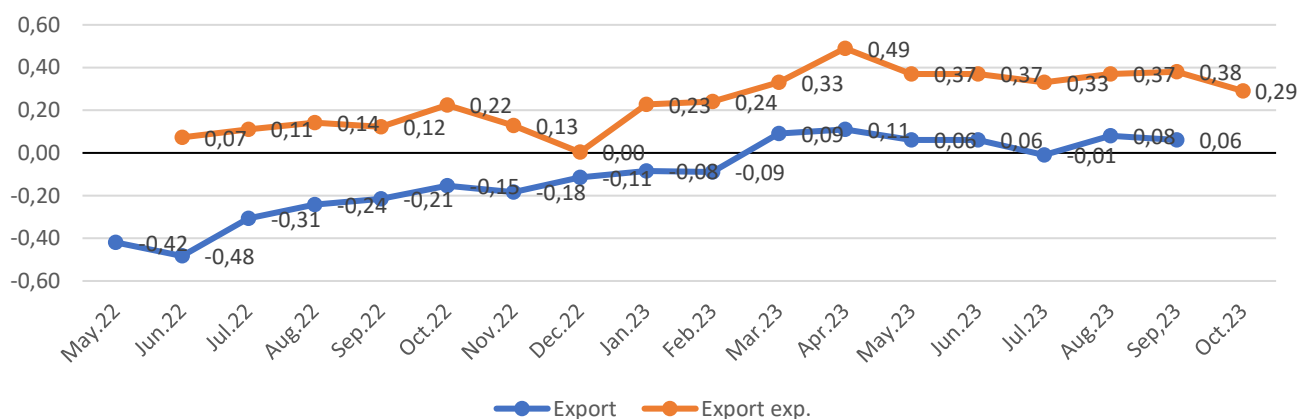
**A significant deterioration of the indicator is expected for the next three months.** The INDEX OF THE EXPECTED CHANGES IN EXPORTS decreased from 0.38 to 0.29. The share of those who plan to increase exports decreased from 38.4% to 31.6%, while the share of those who plan to reduce volumes did not change significantly and is 4.0% (it was 4.5%). The share of those who do not expect any changes increased from 57.1% to 64.4%.

**Size.** Large (0.34) and medium (0.30) enterprises have the highest and approximately the same indicator of export expectations. The indicator of small (0.19) and micro enterprises (0.15) is significantly lower.

**Region.** The highest value of the INDEX was recorded for enterprises of Poltava, Lviv, Ternopil, and Ivano-Frankivsk regions (1.00 for each). The expectations of business representatives of Kyiv (-0.17) and Sumy (-0.50) regions are the worst.

**Sector.** Food (0.41 each) and chemical (0.26) industries have the highest value of the index of expected changes in exports. Machine building has the lowest and negative value (-0.11).

Fig.16. Export indices



## STOCKS OF RAW MATERIALS

### Changes compared to the previous month

**The rate of reduction of raw material stocks has slightly accelerated.** The STOCKS OF RAW MATERIALS INDEX decreased only slightly, from 0.08 to 0.06. The share of respondents reporting an increase in stocks of raw material over the past month decreased from 23.5% to 21.3%. At the same time, the share of respondents who indicated its reduction increased from 11.1% to 14.3%. The share of entrepreneurs for whom nothing has changed compared to last month has slightly decreased, from 65.4% to 64.5%.

**Size.** The STOCKS OF RAW MATERIALS INDEX is approximately the same for medium (0.15) and large (0.17) enterprises. The indicator of small enterprises is -0.02. The index of micro-enterprises is the lowest (-0.12).

**Region.** Most often, the accumulation of raw materials is reported in Poltava (1.00), Odesa (0.44), and Ternopil (0.42) regions. The indicators of Kyiv (-0.52) and Kharkiv (-0.29) region are the lowest.

**Sector.** Food (0.23), light (0.10), and chemical (0.04) industries have a positive value. Indicators of the woodworking industry (-0.24) and machine building (-0.22) are the lowest.

### Expected changes in stocks of raw material

**For the next three months, entrepreneurs expect a further acceleration of the reduction rate:** the INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS decreased from 0.31 to 0.26. In percentage distribution, the share of respondents who expect stockpiles of raw materials decreased from 34.7% to 31.0%, while the share of those

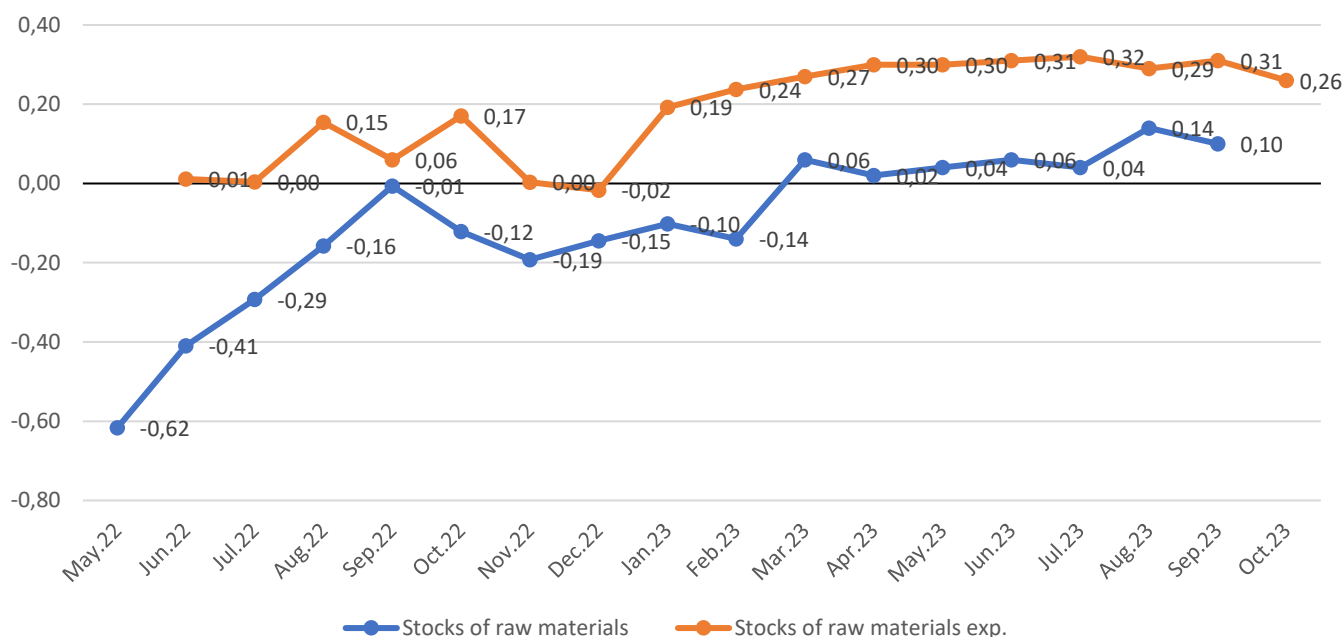
who believe that stockpiles of raw materials will decrease increased from 5.9% to 7.1%. The share of those who believe that the situation will not change increased from 59.5% to 61.9%.

**Size.** The INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is higher and about the same for medium (0.30) and large (0.28) enterprises. The indicator of small enterprises is 0.21. Microenterprises have the lowest and negative value of the indicator (-0.03).

**Region.** Ternopil and Ivano-Frankivsk regions (1.00 for each) have the highest INDEX OF EXPECTED CHANGES IN RAW MATERIALS STOCKS. The Kyiv city (-0.57), Sumy (-0.20), and Kharkiv (-0.11) regions have the lowest value of the index.

**Sector.** The food (0.41) and printing (0.25) industries have the highest indicator of expectations regarding changes in raw material stocks. The lowest value of the index is for metalworking (-0.11).

Fig.17. Stocks of raw material indices



## STOCKS OF FINISHED GOODS

### Changes compared to the previous month

**The rate of accumulation of stocks of finished goods slowed down somewhat.** The values of the corresponding index in September compared to August decreased from -0.25 to -0.28. The share of respondents who reported a reduction in stocks of finished goods slightly increased (from 32.5% in August to 34.9%). At the same time, the share of respondents whose stocks increased remained almost unchanged at 6.7% (it was 6.8%). The share of respondents who did not feel any changes at all decreased slightly, from 60.7% to 58.4%.

**Size.** The value of the index, depending on the size of the enterprise, is lower for medium (-0.30) and small (-0.33) enterprises. The indicators of large (-0.22) and micro-enterprises (-0.21) are somewhat higher and approximately the same.

**Region.** The value of the index depends on the region. The enterprises of Sumy (0.15) and Volyn (0.10) regions have the highest value of the index. Ternopil (-1.00), Ivano-Frankivsk (-0.88), and Lviv (-0.86) regions have the lowest indices.

**Sector.** Printing (-0.57) and construction materials production (-0.36) have the lowest index values. The chemical industry (-0.17) and machine building (-0.18) have the highest values.

### Expected changes in stocks of finished goods

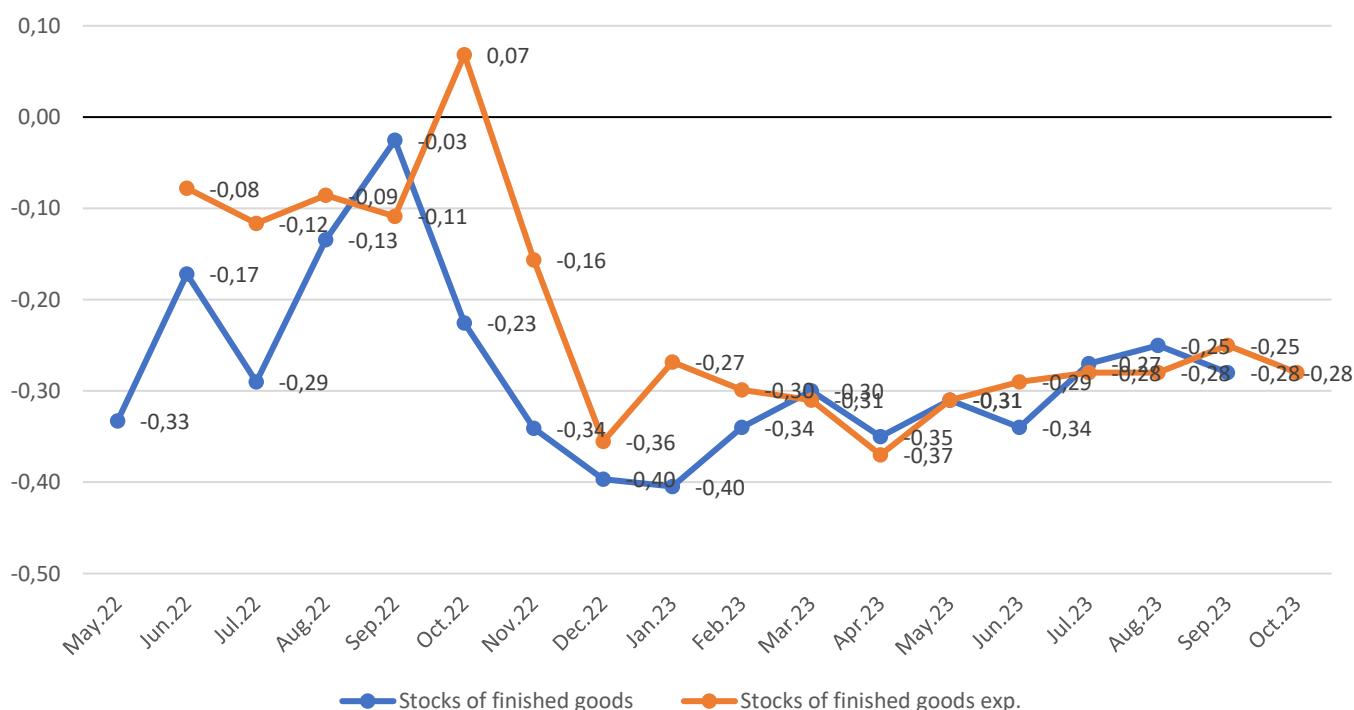
**In the future, enterprise managers expect a further decrease in the indicator.** The INDEX OF EXPECTED CHANGES IN STOCKS OF FINISHED GOODS decreased from -0.25 to -0.28. The share of respondents who believe that the stocks of finished goods will decrease in the next three months (from 30.7% to 28.6%) and the share of those who expect them to increase (from 4.0% to 1.7%) also decreased. The percentage of those who believe that nothing will change has increased from 65.3% to 69.7%.

**Size.** The value of the indicator depends on the size of the enterprise. Micro (-0.19) and large (-0.16) enterprises have the highest and approximately the same index value. The indicator of medium (-0.30) and small (-0.33) enterprises is significantly lower and approximately the same.

**Region.** The expectation index is higher than zero for Poltava (0.05), Cherkasy (0.03), and Kirovohrad (0.02) regions. The indicator of expectations for Chernihiv, Zakarpattya, and Zaporizhzhya regions is zero. The indicators of other regions have a negative value, and the lowest are the indicators of the Ternopil and Lviv regions (-1.00 for each).

**Sector.** The value of the index is the highest for metalworking (-0.11). The printing (-0.55) and food (-0.32) industries have the lowest indicators.

Fig.18. Stocks of finished goods indices



### NEW ORDERS

#### Changes compared to the previous month

**The growth dynamics of new orders remained unchanged.** The NEW ORDER INDEX in September is 0.16 (it was 0.15 in August). The share of those who had an increase in the number of new orders almost did not change and is 25.8% (was 25.7%), as well as the share of those who reported a reduction in their number, which is 12.2% (was 12.0%). The share of those who did not experience changes is 62.0% (it was 62.3%).

**Size.** The value of the index is approximately higher and is approximately in the same range for large (0.22) and medium (0.16) enterprises. The indicator of small enterprises is 0.09. The indicator of micro-enterprises is the lowest and is 0.02.

**Region.** The new orders grew the most in Poltava (1.00) and Ternopil (0.42) regions, while new orders fell the most in Dnipropetrovsk and Kharkiv (-0.15 each) regions.

**Sector.** The food (0.23) and light (0.15) industries had the best situation with new orders in the previous month. Machine building (-0.03), woodworking (-0.04), and metalworking (-0.10) have the lowest and negative indicators.

### Expected changes in new orders

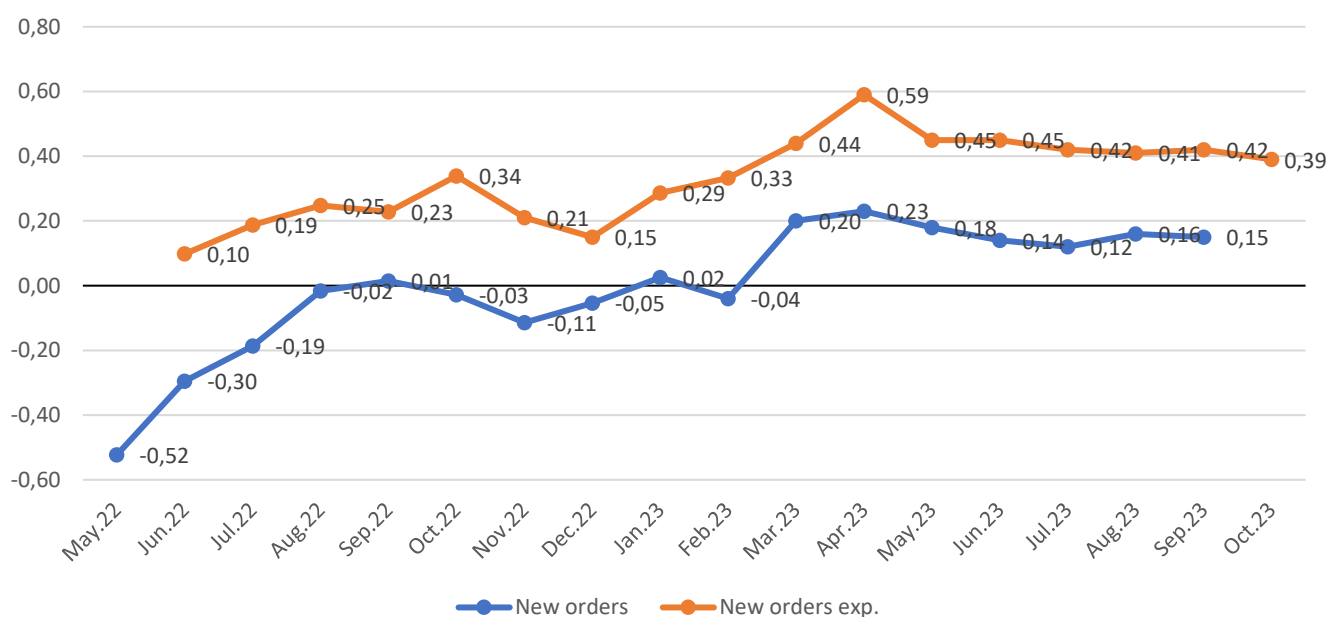
**In the next three months, entrepreneurs also do not expect significant changes in the indicator.** The value of the INDEX OF EXPECTED CHANGES IN NEW ORDERS is 0.39 (it was 0.42). The share of those expecting an increase in new orders slightly decreased from 44.9% to 41.3%. At the same time, the share of those who did not expect any changes in the next three months increased from 51.1% to 55.3%. The share of respondents expecting a reduction in the volume of new orders slightly decreased from 4.1% to 3.1%.

**Size.** The indicator of expectations is approximately the same for medium (0.43) and large and small (0.38 for each) enterprises. The indicator of micro-enterprises is significantly lower (0.19).

**Region.** Index values have significant regional differences. In Poltava, Ternopil, and Ivano-Frankivsk (1.00 for each) regions, the business expects an increase in new orders to a greater extent than in other regions. The indicator of the Zhytomyr region is zero. However, the indicator of the Sumy region (-0.07) is the only one with a negative value.

**Sector.** The food (0.53) and printing (0.42) industries have the best expectations for new orders. The index of metalworking is the lowest and is equal to zero.

Fig.19. New orders indices



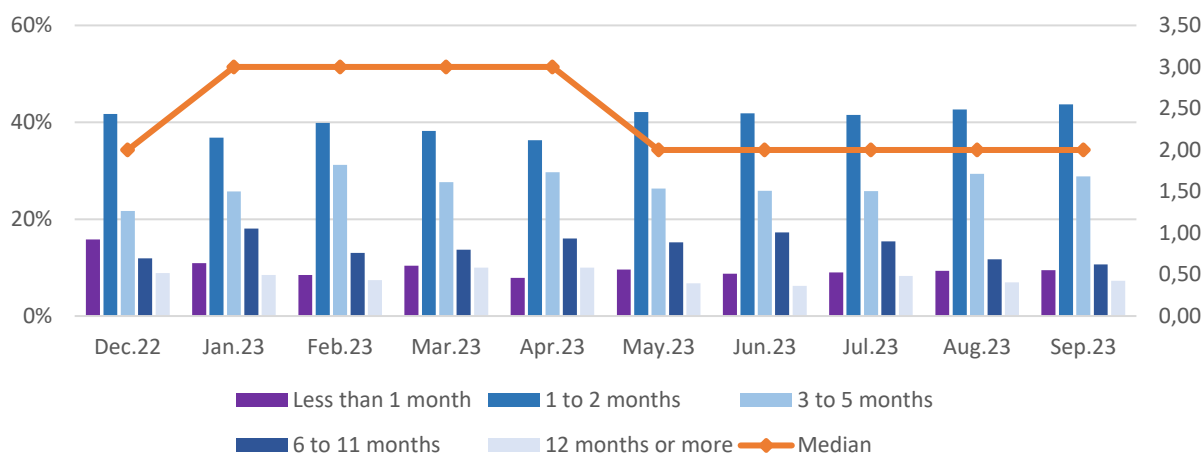
## NEW ORDERS

### Availability of orders

In September 2023, the average term of new order availability for surveyed enterprises remained at the previous level of two months, at which it remained from May to August. Before that, in January-April 2023, this term was longer and was three months.

53% of enterprises reported in September that they have orders for up to two months. This share has practically not changed since May 2023. For example, in September, 9% of enterprises had orders for less than one month, and 44% - for 1-2 months.

Fig.20. Period for which enterprises are provided with orders (% of respondents)



**Size.** Availability of orders increases with the increase in the size of enterprises. Thus, on average, micro-enterprises are provided with new orders for only one month (median value), while small businesses - for two, medium and large - for three months.

78% of micro-enterprises and 60% of small ones have orders for up to two months only. At the same time, 32% of large enterprises and 18% of medium enterprises have orders for six months or more.

**Sector.** In September 2023, the relatively longest average terms of new orders, which, however, amounted to only three months (median value), were recorded in the machine building, woodworking, and printing industries<sup>1</sup>.

All other industries represented in this survey had orders for 1.5-2 months in August. It is also worth noting that more than 70% of enterprises in construction materials production have orders for only up to two months. This share is larger than among other industries.

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

Also, the term of orders is relatively long for enterprises of the Volyn and Poltava regions (six months). On the other hand, the shortest average period of orders - only half a month - was recorded in the Kharkiv region. In the Khmelnytsky, Chernivtsi, and Chernihiv regions, this term is also short on average - one month.

## PURCHASE PRICES

### Changes compared to the previous month

**Almost half of the respondents indicated an increase in the prices of raw materials and supplies.** The value of the PURCHASE PRICE INDEX is 0.44. The share of enterprise managers who indicated an increase in prices in September compared to August is 46.4%. Only 3.3% of respondents noted a price decrease. The share of those who believe prices did not change compared to the previous month is 50.4%.

**Size.** Depending on the size of the enterprise, managers of large (0.50) and micro-enterprises (0.53) often talk about an increase in the prices of raw materials and supplies. The indicator of small (0.41) and medium (0.38) enterprises is lower and approximately the same.

<sup>1</sup> This analysis does not consider enterprises in the sectors of agriculture, construction, trade, and services, as well as 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.



**Region.** Significant regional differences were recorded. The value of the index is higher for Poltava (0.89) and Zaporizhya (0.83) regions. The indicator of the Rivne region is the lowest and is equal to zero.

**Sector.** The value of the PURCHASE PRICE INDEX is the highest for the woodworking (0.77) industry. The food industry (0.33) has the lowest value of the index.

#### Expected changes in purchase prices

**The majority of respondents do not expect significant changes in the prices of raw materials and supplies in the next three months.** The INDEX OF EXPECTED CHANGES IN THE PURCHASE PRICES is 0.16. The share of respondents who believe there will be no changes is 79.3%. 18.9% of respondents believe that prices will rise. Only 1.8% of respondents believe that the prices of raw materials and supplies will decrease in the next three months.

**Size.** Depending on the size, the indicator of micro-enterprises (0.33) is the highest. The value of the index of large (0.20) and small (0.18) enterprises is approximately the same. The lowest indicator is for medium enterprises (0.12).

**Region.** The most talk about a possible increase in prices for raw materials and supplies is in Poltava (0.89), Sumy (0.79), Kyiv (0.57), and Kharkiv (-0.55) regions. The indicators of the Ivano-Frankivsk (-0.06), Lviv (-0.07), and Volyn (-0.08) regions have the lowest and negative values.

**Sector.** Machine building has the highest value of the index (0.48). The lowest indicator of expectations is in the woodworking (0.06) industry.

Fig.21. Purchase prices indices



## DOMESTIC SALES PRICES

### Changes compared to the previous month

**The value of the DOMESTIC SALES PRICES INDEX is 0.38, which is quite a high indicator.** The share of enterprise managers who indicated an increase in prices in September is 41.2%. 3.3% of respondents noted a price decrease. More than half of the respondents (55.5%) believe the prices did not change compared to the previous month.

**Size.** Depending on the size of the enterprise, the increase in prices for finished goods is most often discussed in large (0.43) and micro-enterprises (0.48). The indicators of medium (0.34) and small (0.36) enterprises are approximately the same and lower.

**Region.** Significant regional differences were recorded. The value of the index is higher for Zaporizhya (0.87), Sumy, and Poltava (0.79 each) regions. The indicator of the Rivne region is the lowest and is equal to zero.

**Sector.** The value of the DOMESTIC SALES PRICES INDEX is the highest for the woodworking (0.68) industry. The food industry (0.27) has the lowest value of the index.

#### Expected changes in the domestic sales prices

**The majority of respondents believe that release prices will not change significantly in the next three months.** The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICES is 0.18. The share of respondents who do not expect changes

is 79.6%. 19.5% of respondents expect price increases in the next three months. Only 1.7% of respondents believe that the prices of raw materials and supplies will decrease in the next three months.

**Size.** Depending on the size, the indicator of micro-enterprises (0.31) is the highest. The value of the index of large (0.21) and small (0.19) enterprises is approximately the same. The medium enterprises (0.14) have the lowest indicator.

**Region.** Sumy (0.93), Poltava (0.84), and Kharkiv (0.55) regions most talk about a possible increase in release prices. Indicators of Lviv region (-0.07) have a single negative value.

**Sector.** The machine building has the highest value of the index (0.46). The lowest indicator of expectations is in the woodworking (0.06) industry.

Fig.22. Domestic sales prices indices



## ACCOUNT RECEIVABLES

### Changes compared to the previous month

**The indicator of account receivables has not changed significantly for the third month in a row.** The value of the ACCOUNT RECEIVABLES INDEX is -0.18 (it was -0.19), which indicates insignificant changes in the percentage distribution of responses. The share of those who reported debt reduction is 34.0% (it was 33.8%), and the share of those who accumulated debt is 13.2% (it was 13.0%). The share of those for whom nothing has changed slightly decreased, from 53.2% to 52.8%.

**Size.** The situation with account receivables is about the same and significantly better for medium (-0.25), small (-0.28), and micro (-0.27) enterprises. The indicator of large enterprises is the highest and is -0.03.

**Region.** Significant regional differences in the values of this indicator were recorded. In terms of regions, the largest increase in account receivables recorded in the Vinnitsa region (0.42) and Kyiv city (0.33). At the same time, in Lviv, Ternopil, and Ivano-Frankivsk regions (-1.00 for each), the indicator of receivables decreased the most.

**Sector.** Machine building has the highest and positive value (0.06). The lowest are the printing (-0.31) and food (-0.26) industries.

### Expected changes in account receivables

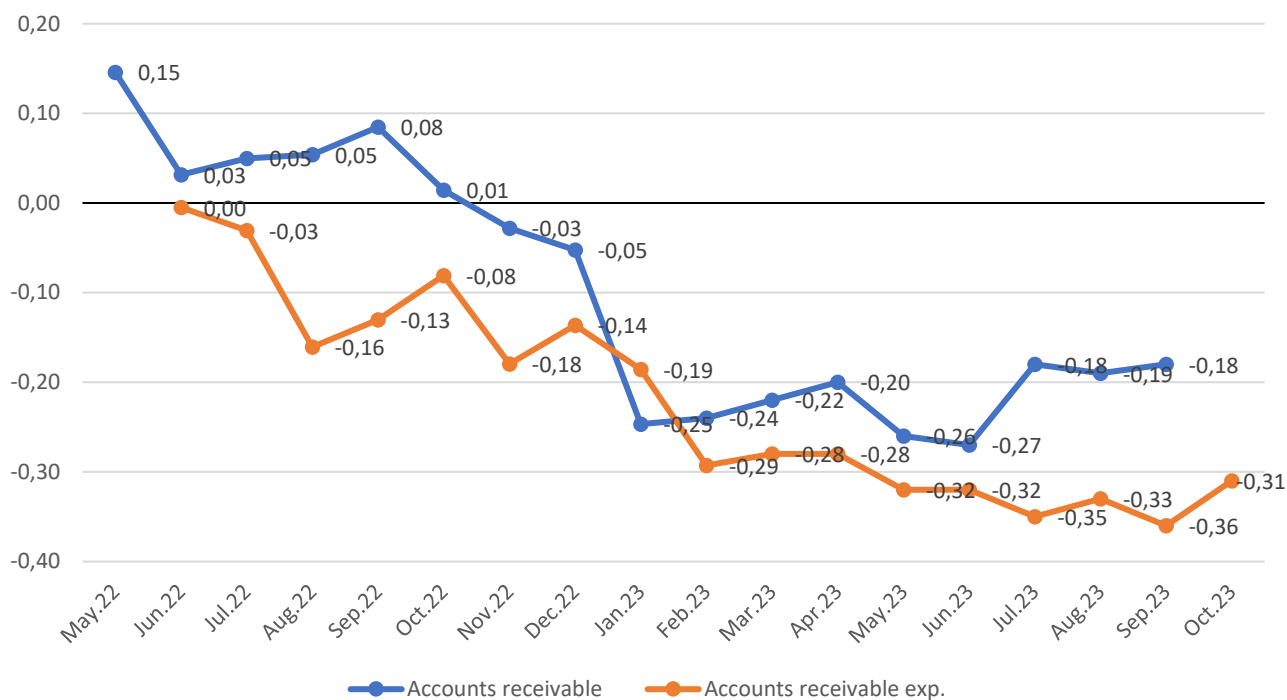
**In three months, entrepreneurs expect a slight deterioration of the indicator.** The INDEX OF EXPECTED CHANGES IN ACCOUNTS RECEIVABLES increased from -0.36 to -0.31. The share of respondents who expect the accumulation of debt increased slightly, from 2.7% to 3.7%, while the share of those who expect its reduction decreased from 38.2% to 36.5%. The share of those who believe nothing will change has not changed significantly and is 59.8% (it was 59.1%).

**Size.** The indicator values are higher for large (-0.17) and micro-enterprises (-0.26). Medium (-0.36) and small (-0.42) enterprises have the lowest value of the index.

**Region.** Poltava region (0.37), Kyiv city (0.15) and Kirovohrad region (0.05) have the largest and higher values than zero. The indicators of Sumy, Ivano-Frankivsk and Ternopil regions are the lowest (-1.00 for each).

**Sector.** The highest indicator of expectations for the increase in account receivables is for the woodworking industry (-0.17), and the lowest indicator is for the construction materials production and the food industry (-0.37 for each industry).

Fig.23. Account receivables indices



## ACCOUNT PAYABLES

### Changes compared to the previous month

**In September, compared to August, the indicator of payables slightly improved.** The ACCOUNT PAYABLES INDEX decreased from -0.22 to -0.25. The share of respondents who reported on the accumulation of debt did not change significantly and is 8.1% (it was 8.7%), while the share of those for whom account payables decreased slightly increased, from 32.0% to 34.3%. The share of those for whom nothing has changed over the past month has not changed significantly, decreased from 59.3% to 57.6%.

**Size.** The indicator of small and medium businesses (-0.34 each) is better and the same. The performance of large (-0.10) and micro-enterprises (-0.09) is about the same and worse.

**Region.** Significant regional differences were recorded. The situation with the accumulation of account payables is the worst in Cherkasy and Zaporizhya regions (0.17 each), as well as in Kirovohrad (0.14) and Vinnytsya (0.12) regions. The best situation is in Lviv, Ivano-Frankivsk, and Ternopil regions (-1.00 for each) regions.

**Sector.** Machine building (-0.06) and woodworking (-0.11) have the highest indicator. The food (-0.39) and printing (-0.33) industries have the lowest value.

### Expected changes in account payables

**Entrepreneurs do not expect significant changes in the indicator for the next three months.** The INDEX OF THE EXPECTED CHANGES IN ACCOUNT PAYABLES is -0.35 (was -0.36). The share of those who expect a reduction in the amount of accounts payable remained almost unchanged (36.3% in August and 36.1% in September). The share of those who expect its accumulation did not change and is 0.07%, as well as the previous month. The share of

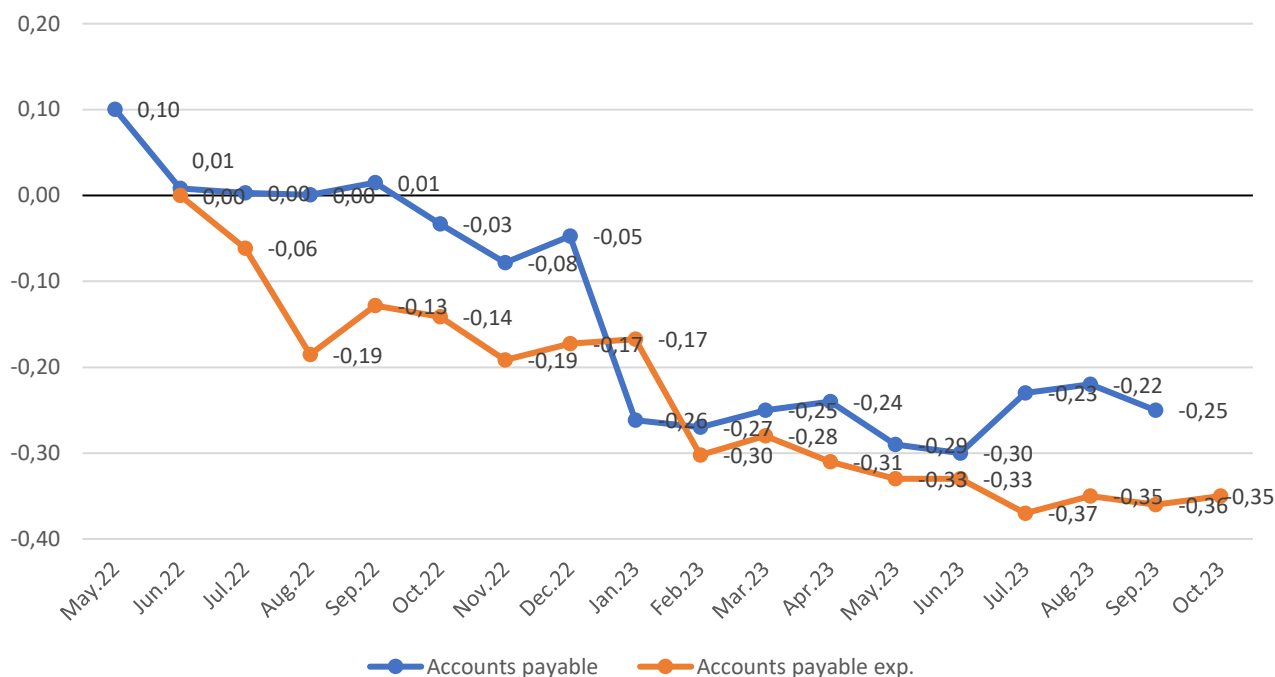
respondents who believe that nothing will change has also hardly changed (it was 63.0% in August and 63.2% in September).

**Size.** The indicator of expected account payables for large (-0.24) and micro-enterprises (-0.15) is worse. The indicator of medium (-0.40) and small (-0.44) enterprises is lower and significantly better.

**Region.** The indicator of expectations for account payables is positive and higher than zero for the Kyiv city (0.05) and Kirovohrad (0.02) region. The Ivano-Frankivsk, Sumy, and Ternopil regions (-1.00 for each) have the lowest indicators.

**Sector.** The highest are woodworking indicators (-0.17). The food industry (-0.46) has the lowest value.

Fig.24. Account payables indices



## TAX ARREARS

### Changes compared to the previous month

**The tax arrears reduction rate has slowed down.** The TAX ARREARS INDEX in September compared to August did not change and is -0.31. The share of enterprises that reported a reduction in tax arrears over the past month increased slightly, from 32.6% to 33.2%, while the share of respondents who indicated an increase in tax arrears decreased slightly, from 2.3% up to 1.0%. The share of those who believe that no changes have taken place has hardly changed and is 65.8% (it was 65.0%).

**Size.** Tax arrears indicators are higher and approximately the same for large (-0.21) and micro-enterprises (-0.27). The value of medium (-0.34) and small ones (-0.41) is significantly lower and better.

**Region.** There are significant differences in the value of this indicator by region. Vinnytsya (0.07), Volyn (0.06), and Kirovohrad (0.05) regions have the highest and positive values. Sumy, Lviv, Ivano-Frankivsk, and Ternopil regions (-1.00 for each) have the lowest indicators.

**Sector.** The indicator of tax arrears for the woodworking industry (-0.13) and machine building (-0.19) have the highest value. The values of the printing and food (-0.44 for each) industries are the lowest.

## Expected changes in tax arrears

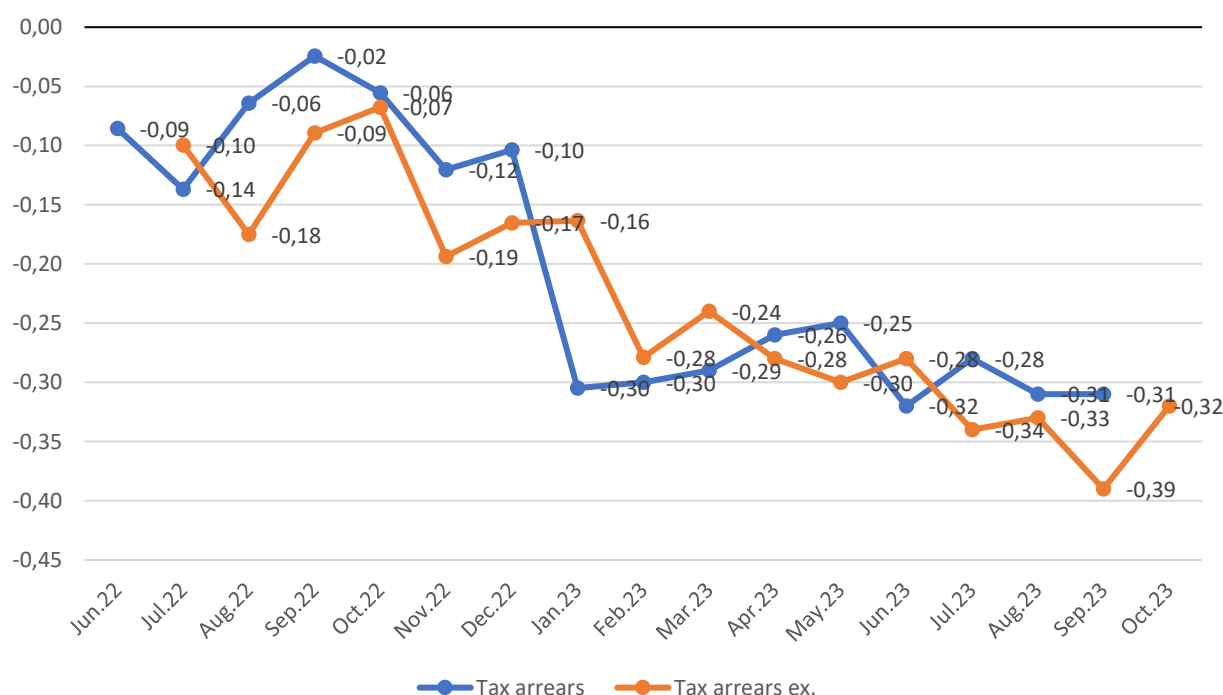
**For the next three months, entrepreneurs expect a significant deterioration of the indicator.** THE INDEX OF THE EXPECTED CHANGES IN TAX ARREARS increased from -0.39 to -0.32. The share of those who predicted a reduction in tax arrears decreased (from 37.5% to 33.4%), and the share of those who expected it to increase slightly increased from zero to 0.8%. The share of those who do not expect changes increased from 62.5% to 65.8%.

**Size.** Indicators of expectations regarding tax arrears are worse for large (-0.18) and micro-enterprises (-0.16). The indicators of small (-0.44) and medium-sized (-0.37) enterprises are significantly better.

**Region.** The indicator of expectations of the Kirovohrad region is the only one with a positive value (0.02). The indicator of Ivano-Frankivsk and Ternopil regions is the lowest (-1.00 for each).

**Sector.** The highest rate of tax arrears expectations is for the woodworking industry and metalworking (-0.13 for each industry). The lowest is the indicator for the food industry (-0.43).

Fig.25. Tax arrears indices



## NUMBER OF WORKERS

### Changes compared to the previous month

**The employment reduction rate slowed down; the indicator almost did not change compared to August.** The NUMBER OF WORKERS INDEX in September 2023 is -0.04 (was -0.03). The share of respondents reporting a reduction in the number of workers involved in all operations (from 8.5% to 6.1%) and the share of those who indicated an increase (from 4.7% to 1.9%) also decreased. The share of those for whom nothing has changed increased from 86.8% to 92.0%.

**Size.** The indicator is higher and approximately the same for small (-0.01) and medium (-0.01) enterprises. At the same time, the indicator of large (-0.08) and micro-enterprises is significantly lower (-0.12).

**Region.** The indicator of Lviv region (0.04) is higher than zero. Kharkiv (-0.16), Sumy (-0.15), Khmelnytsky (-0.14), and Chernivtsi (-0.13) regions have the lowest values.

**Sector.** Indicators of the woodworking, light, and printing industry are zero. Indicators of other industries have a negative value, and the lowest are the indicators of the chemical industry (-0.15) and the construction materials production (-0.14).

### Expected changes in the number of workers

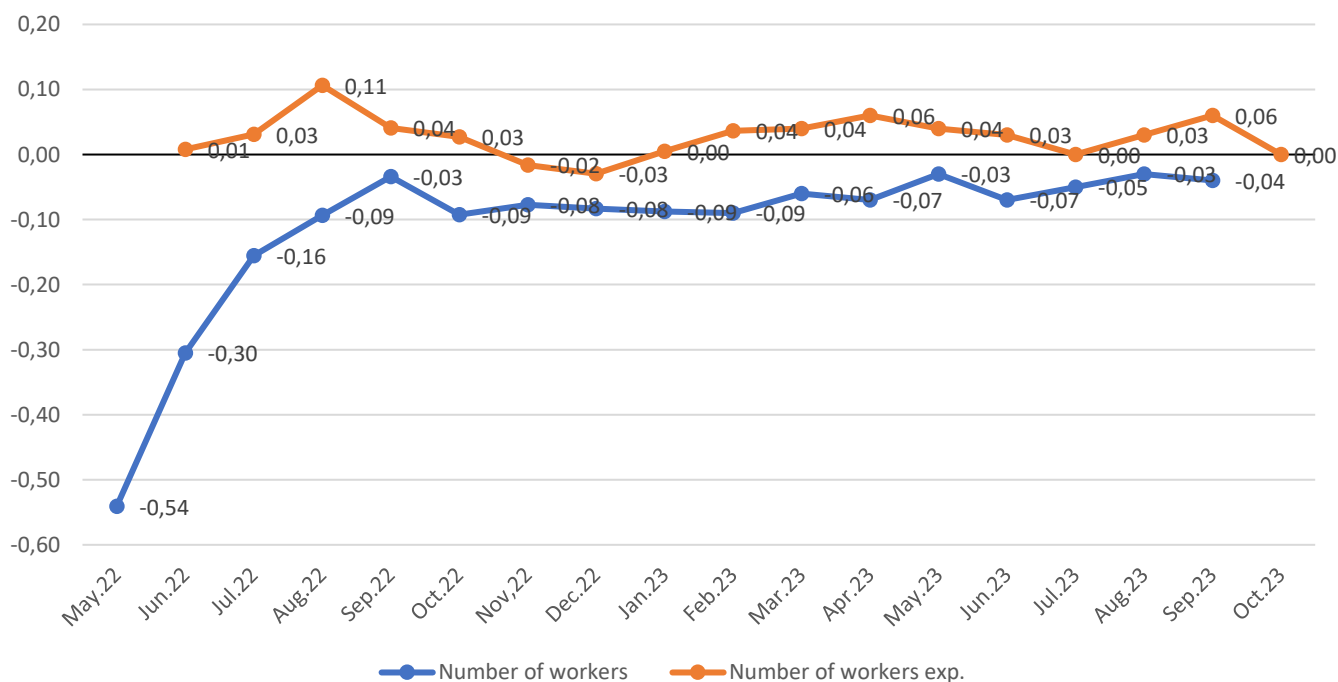
**In the next three months, the heads of enterprises surveyed expect an acceleration of the number of workers reduction rate:** the INDEX OF THE EXPECTED CHANGES IN THE NUMBER OF WORKERS decreased from 0.06 to zero. In the percentage distribution, the share of respondents who plan to increase the number of workers also decreased from (7.0% to 3.0%), while the share of those who expect to reduce the number of workers did not change significantly (2.3% in August and 3.0% in September). The share of those who do not plan to change has increased from 90.7% to 94.0%.

**Size.** Depending on the size of the enterprise, the indicator of medium-sized enterprises is positive and is 0.02, and the indicator of small enterprises is zero. The indicators of large (-0.01) and micro-enterprises (-0.08) have a negative value.

**Region.** The value of the index of expected changes in the number of workers significantly depends on the region of enterprise location. The highest indicator of expectations was recorded in Chernihiv (0.19), Chernivtsi (0.12), and Dnipropetrovsk (0.05) regions, whose indicators are higher than zero. Lviv region (-0.04), Kyiv city (-0.05), Kharkiv (-0.11), Sumy (-0.12), and Khmelnytsky (-0.22) regions have lower and negative values of the indicator.

**Sector.** The light (0.08) and food (0.02) industries have the highest index of expectations. The chemical industry has the lowest indicator (-0.12).

Fig.26. Number of workers indices



## WORKERS ON FORCED LEAVE

### Changes compared to the previous month

**The reduction rate in the number of workers on forced leave has significantly accelerated.** The NUMBER OF WORKERS ON FORCED LEAVE INDEX halved, from -0.10 to -0.22. The share of those who reported an increase in such workers decreased from 8.0% to 3.1%. At the same time, the share of those who indicated their reduction



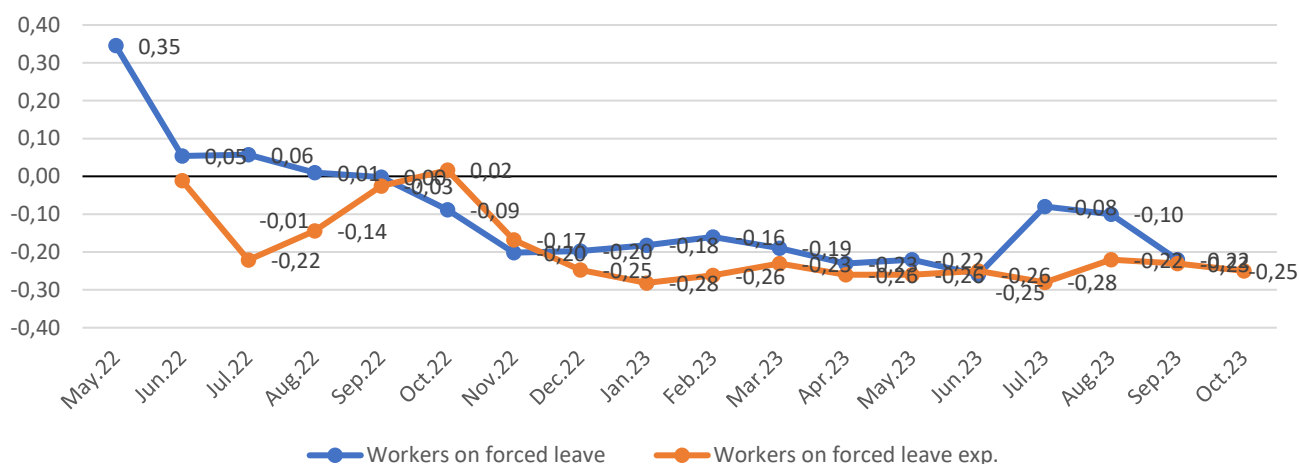
increased from 18.5% to 25.8%. The share of those for whom the situation has not changed over the past month has slightly decreased, from 73.5% to 71.0%.

**Size.** The indicator of micro (-0.06) and large (-0.09) enterprises is higher and about the same, while the indicator of medium (-0.29) and small (-0.30) is significantly lower.

**Region.** Among the various regions, the largest increase in the indicator is observed for enterprises in Vinnytsya (0.12), Volyn (0.10), and Kirovohrad (0.07) regions, and most often, the reduction in the number of workers on forced leave is reported in Lviv, Ivano-Frankivsk and Ternopil regions (-1.00 each).

**Sector.** Metalworking (0.07) and machine building (0.03), the indicators of which are positive, have the worst indicators regarding the number of workers on forced leave. The indicators of the printing (-0.33) and food (-0.32) industries are the lowest.

Fig.27. 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 reduction in their number.** The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS ON FORCED LEAVE decreased slightly from -0.23 to -0.25. The share of enterprises in which the number of employees on forced leave is expected to grow slightly decreased, from 1.3% to 0.7%. At the same time, the share of those who believe that the number of such workers at their company will decrease slightly increased, from 25.2% to 26.9%. The share of those who believe no changes will occur slightly decreased from 73.6% to 72.3%.

**Size.** Indicators of micro (-0.10) and large (-0.15) enterprises are higher. Indicators of medium (-0.30) and small (-0.35) enterprises are significantly lower.

**Region.** Indicators of expectations for Sumy (0.17) and Kirovohrad (0.03) regions are higher and positive. The indicators of Lviv, Ivano-Frankivsk and Ternopil regions (-1.00 each) are the lowest.

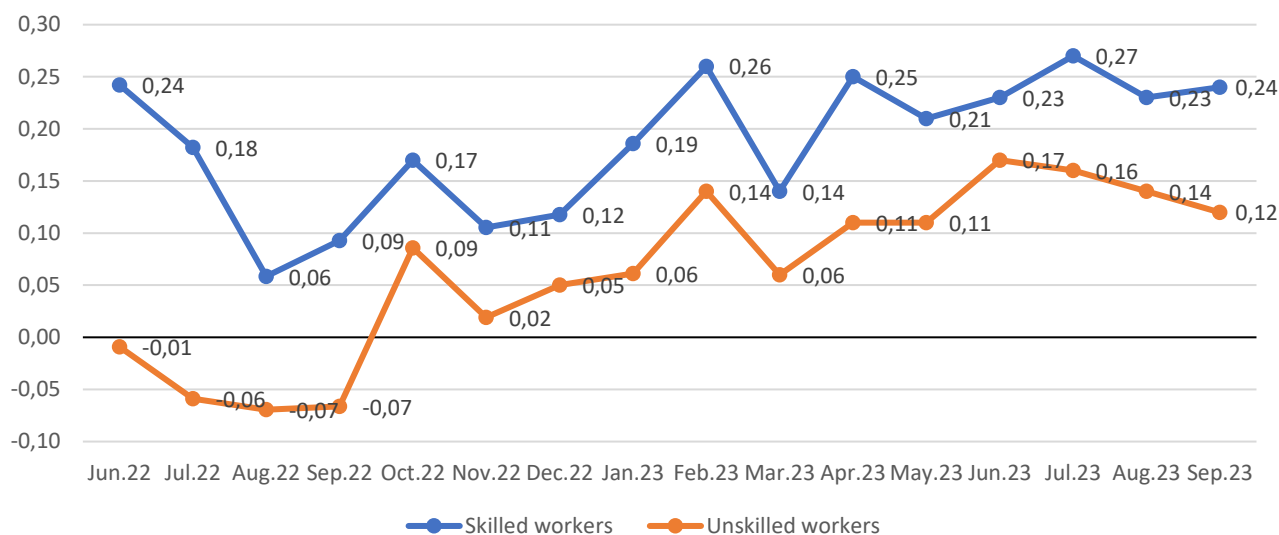
**Sector.** Metalworking (-0.08) has the highest indicator of expectations regarding the number of employees on forced leave. The lowest is the indicator for the food (-0.39) and printing (-0.36) industries.

### SKILLED AND UNSKILLED WORKERS

**In September 2023, the difficulties in finding skilled workers did not change significantly, while the difficulties in finding unskilled workers gradually decreased for the third month in a row.** The value of the INDEX OF DIFFICULTIES IN FINDING SKILLED WORKERS is 0.24 (it was 0.23). The value of the INDEX OF DIFFICULTIES IN FINDING UNSKILLED WORKERS decreased from 0.14 to 0.12.

The share of enterprise managers who indicated that it is more difficult to find skilled workers has almost not changed and is 25.7% (it was 25.4%), as well as the share of those who find it more difficult to find unskilled workers (17.6% in August and 18.0% in September). The percentage of those who find it easier to find skilled workers is unchanged at 1.5% (was 1.2%), while the share of those who find it easier to find unskilled workers increased slightly, from 4.4% to 5.7%. At the same time, the share of those who do not feel any changes in the search for skilled workers decreased from 73.4% to 72.8%, and for unskilled workers, the percentage decreased from 78.0% to 76.3%.

Fig.28. Skilled and unskilled workers indices



### Skilled workers

**Size.** Depending on the size of the enterprise, the indicator is lower and about the same for small (0.23) and medium (0.22) enterprises. The indicator of large enterprises is somewhat higher and is 0.26. It is most difficult to find skilled workers for micro-enterprises, whose indicator is the highest and is 0.39.

**Region.** Significant regional differences in the labor market were recorded. It is easiest to find skilled workers in the Rivne region, whose only indicator has a negative value and is -0.04. Chernihiv and Khmelnytsky regions have the greatest difficulty in finding skilled workers (1.00 for each).

**Sector.** The chemical industry has fewer difficulties with finding skilled workers (0.15). It is more difficult to find skilled workers for metalworking (0.47) and machine building (0.43).

### Unskilled workers

**Size.** It is easiest for small (0.07) enterprises to find unskilled workers. The index of difficulties in finding unskilled workers for medium (0.14) and large (0.11) enterprises is approximately the same. It is most difficult to find unskilled workers for micro-enterprises, whose index is 0.33.

**Region.** It is easiest to find unskilled workers in Sumy (-0.69) and Chernivtsi (-0.27) regions, Kyiv city, and Kyiv region (-0.05 each). The largest difficulties with finding unqualified workers are in Chernihiv (1.00), Khmelnytsky (0.95), and Dnipropetrovsk (0.80) regions.

**Sector.** The worst indicators for finding unskilled workers are observed for the metalworking (0.29) and light (0.23) industries, and the lowest value is for printing (0.10) and chemical industries, whose indicator is zero.

## SPECIAL PART OF THE SURVEY

### THE IMPACT OF WAR ON ENTERPRISES

#### Challenges for businesses in wartime

The main obstacle to business associated with a full-scale Russian invasion in September 2023 was the **increase in prices for raw materials**. This issue comes out on top for the seventh month in a row in 2023: as from March to August 2023, it was the most common obstacle for surveyed businesses in September. However, in September, the absolute value of this obstacle decreased to the lowest value for the entire time of conducting this survey and amounted to 46%. For comparison, in August 2023, 57% of enterprises complained about price increases.

The work hazards related to the attacks of the aggressor country have once again become one of the main obstacles to doing business from the point of view of the surveyed enterprises. In September, 40% of surveyed businesses said that it was **unsafe to work**. It is the largest share since February 2023, when the share of respondents who indicated the danger posed by a full-scale Russian invasion was also 40%. Due to this, in September, this obstacle took second place in the ranking of obstacles.

The third and fourth places in this rating were shared by problems such as **difficulties transporting raw materials or goods through the territory of Ukraine** and **labor shortages due to conscription and migration of workers**.

Logistics problems affected 37% of surveyed enterprises, which is less than during the three previous months when the corresponding share of respondents was 41%-43%. The same number of enterprises surveyed in September - 37% - faced a lack of personnel. This share again returned to the level of June-July 2023 after a slight decrease in August (to 35%).

In September, the problem of **decreasing demand for enterprises' goods or services** came in fifth place in the rating of obstacles. 33% of survey participants pointed to it. It is less than in the previous month (37%).

**Power, water, or heat supply outages** were in sixth place in the rating of obstacles caused by a full-scale Russian invasion in September 2023, and the **disruption of supply chains** was in seventh place. Each of these obstacles was indicated by a little less than a third of the respondents: 32% and 30%, respectively.

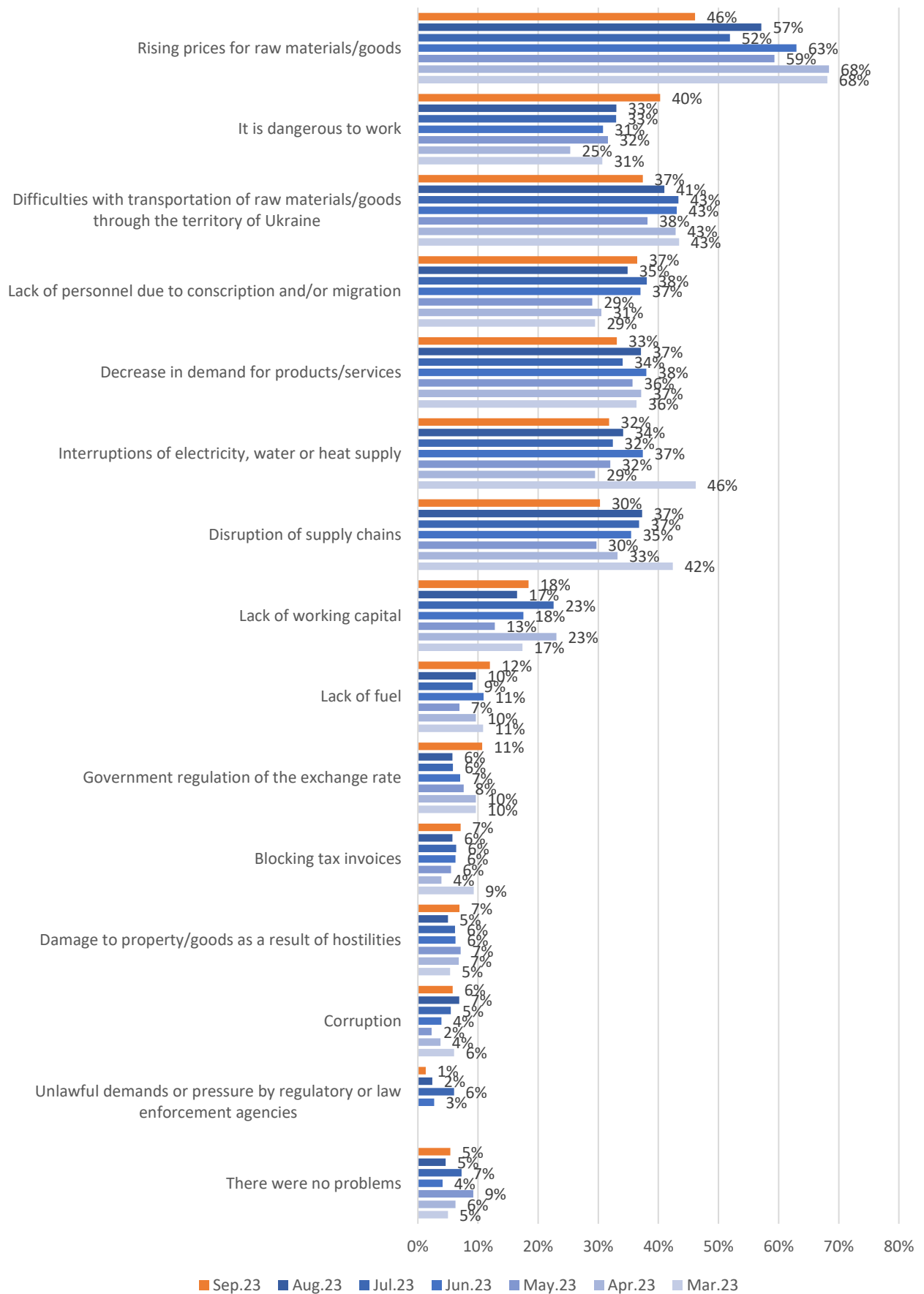
At the same time, if power, water, or heat supply outages were reported in September with approximately the same frequency as in August (34%), the impact of supply chain disruption was less than a month ago, when 37% of surveyed businesses complained about it.

The problem of **lack of working capital** took the eighth place in the rating of obstacles to business activity. It was reported by 18% of respondents, which is almost the same as in August (17%). **Lack of fuel** took ninth place in this ranking with 12% of respondents indicating this problem. This share also did not change significantly compared to August, when it was 10%.

In September, the problem of **state regulation of the exchange rate** took tenth place in the ranking of obstacles. 11% of respondents spoke about it. It is the largest share in the last seven months of the survey and may be related to business concerns about the consequences of the National Bank of Ukraine's transition to managed exchange rate flexibility, which was announced at the end of September.

Obstacles such as **blocking of tax invoices, damage to property or goods as a result of military actions, corruption, and unlawful demands or pressure from regulatory or law enforcement agencies** were reported by 7% or less of enterprises. Additionally, 5% of businesses surveyed in September 2023 said they did not experience any problems.

Fig.29. The most important problems for the surveyed businesses



**Challenges for businesses by size.** The main problem for business in September - rising prices for raw materials or supplies - affects micro-enterprises the most. 62% of them reported this obstacle, compared to 43%-45% of larger businesses. Also, micro-businesses talk more often than larger enterprises about a decrease in demand for goods or services (50%) and about power, water, or heat supply cuts (64%).

On the other hand, large companies are more likely to report job insecurity (51%) and labor shortages (47%). For comparison, among micro, small, and medium-sized enterprises, from 36% to 38% say that it is unsafe to work, and from 31% to 35% feel that there is a shortage of labor.

**Challenges for businesses by sector.** In the woodworking industry, more often than in others, the most important problem for the surveyed business in September 2023 is indicated: the increase in prices for raw materials or supplies (78% of enterprises)<sup>3</sup>. This problem is also acute for businesses in the sectors of metallurgy (60%), machine building (59%), and textile, clothing or footwear production (59%).

In September, representatives of the printing industry (57%) spoke most often that it is unsafe to work and about difficulties transporting raw materials or goods through the territory of Ukraine - construction materials production (48%), as well as enterprises of the metallurgical industry (44%) and textile, cloths and footwear production (43%). The labor shortage became the most acute for metallurgy (60%) but also relatively more serious for machine-building and woodworking industries (50% and 48% of enterprises, respectively).

**Challenges for businesses by region.** The surveyed businesses of Vinnytsya, Zhytomyr, Sumy, and Khmelnytsky regions and Kyiv city often complain about the increase in prices for raw materials or supplies. In these regions, 70% or more of the respondents reported this problem<sup>4</sup>.

In September, in Dnipropetrovsk (100%), Poltava (95%), Vinnytsya, Kharkiv and Cherkasy regions (more than 80% of enterprises), it is often mentioned that it is unsafe to work.

Vinnytsya, Dnipropetrovsk, Zhytomyr and Chernivtsi regions recorded the highest shares of businesses that faced a labor shortage due to the full-scale war (more than 80%).

Between 95% and 100% of enterprises in the Poltava, Kharkiv, and Chernivtsi regions reported electricity, water, or heat supply cuts in September, which is significantly more than the average in the sample (32%).

#### The war impact on capacity/production volumes

**In September 2023, the capacity utilization rate decreased slightly compared to August. In September, 8% of enterprises reported operating at full capacity (100% or more), which is slightly higher than the previous month (7%). At the same time, the share of enterprises operating at almost full capacity (75% - 99%) was 48% (it was 53% in June, 52% in July and 50% in August). As a result, the total share of enterprises operating at almost full and full capacity was 55% (59% in July and 57% in August). For comparison, the corresponding indicator was the highest for all survey waves in June - 62%. It may indicate a slowdown in production recovery.**

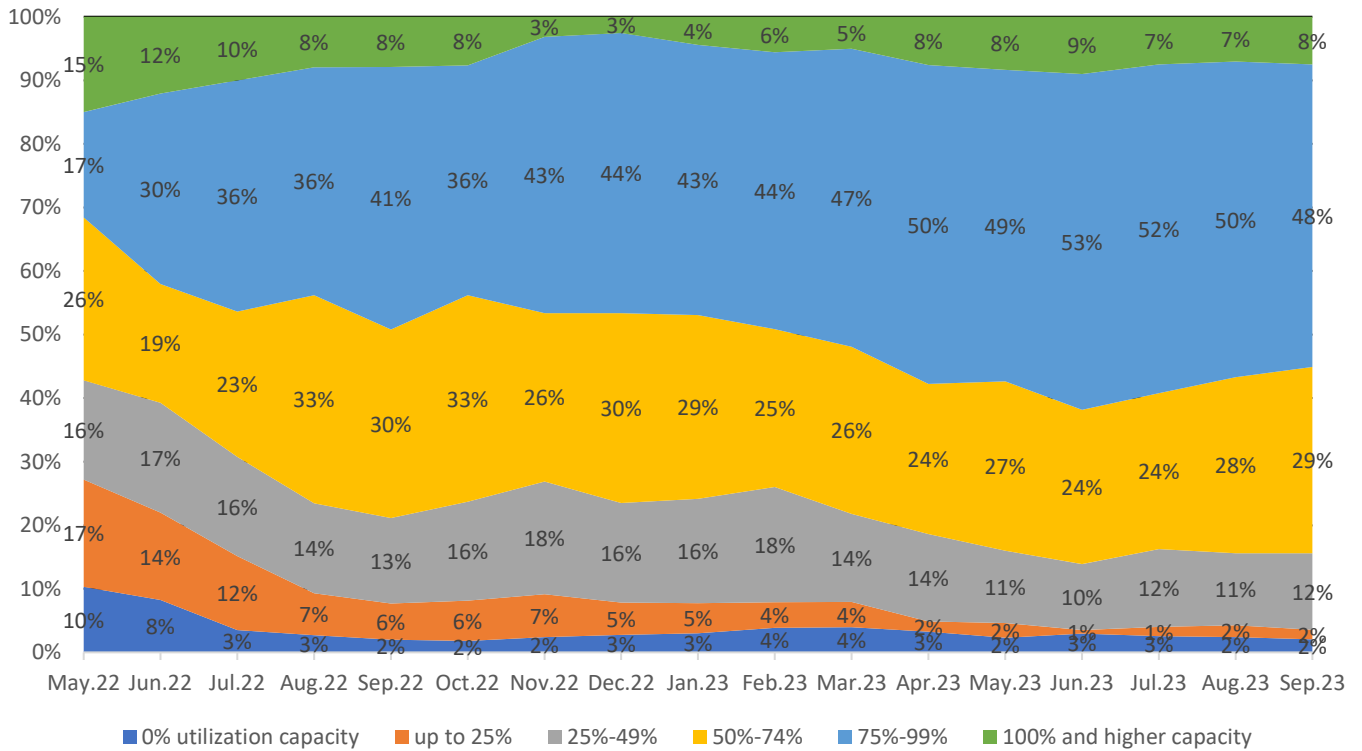
In September, 2% of surveyed enterprises reported they stopped their activities during the war. This rate remains low since July 2022, in the 2% - 4% range. Also, the share of enterprises operating at less than 25% of pre-war production capacity remains low - only 2% in September (2% in August). Additionally, 12% of enterprises worked in September at 25% - 49% of pre-war production capacities (11% in July). **As a result, in September, only 16% of enterprises worked at less than half their capacity, compared to pre-war times.**

---

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

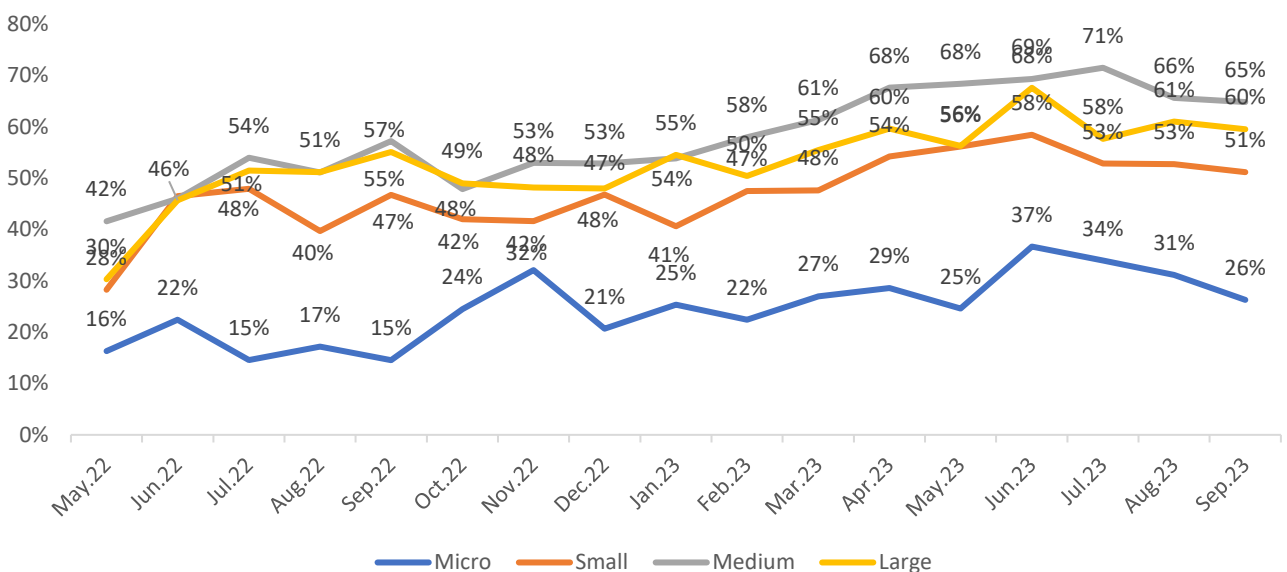
<sup>4</sup> Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

Fig.30. 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, 65% of medium-sized enterprises worked at almost full and full capacity in September, which is almost at the level of the previous month (66% in August). At the same time, the corresponding indicator slightly decreased for large businesses - from 61% in August to 60% in September. The share of small enterprises that worked almost at full and full capacity also slightly decreased - from 53% in August to 51% in September. For micro-businesses, the indicator remains low – 26% in September (31% in August).

Fig.31. 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 September 2023, 12% of microbusiness representatives were unemployed (17% in June, 16% in July). For comparison, large and medium-sized businesses have fully resumed work - 0% of respondents did not work in



September. Among small enterprises, 2% of respondents did not resume work. Thus, **micro-businesses remain more sensitive to the challenges of wartime.**

**Results for businesses by sector.** The food industry remains a leader in the recovery of the processing industry. In September, 73% of food industry enterprises were working almost at full and full capacity (72% in August and July). Light industry enterprises capacity is 61% (in July - 66%, and in August - 64%). The printing industry capacity fell from 64% in July to 57% in August and 43% in September. Capacity utilization also decreased in machine building - from 39% in August to 32% in September. In general, capacity utilization decreased in all sectors except the food industry and metallurgy. However, the situation remains the most difficult in metallurgy and metalworking, as only 10% of enterprises worked at almost full and full capacity.

Fig.32. 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	Jul.23	Aug.23	Sep.23
Food industry	58	61	62	62	58	63	62	66	66	73	73	78	72	72	73
Light industry	43	47	62	44	60	46	46	52	63	65	55	69	66	64	61
Printing industry	57	53	61	53	75	54	33	50	58	62	60	71	64	57	43
Chemical industry	32	25	38	11	27	25	35	36	30	42	42	36	35	43	35
Machine building	33	33	40	32	51	33	37	46	39	43	30	47	38	39	32
Construction materials	11	13	39	33	29	25	14	14	15	30	38	38	44	41	31
Woodprocessing	35	25	22	26	43	22	18	17	13	42	33	36	38	30	26
Metalworking	26	26	20	10	13	17	23	24	22	20	29	27	26	10	10

**Results by region.** As during the previous waves of the survey, all or almost all enterprises in Ivano-Frankivsk (100%), Lviv (100%), Poltava (100%), Ternopil (100%), Rivne, Odesa (96%), and Vinnytsya (88%) regions continue to work at almost full and full capacity in August (100%).

At the same time, the situation remains the most difficult in the front-line Zaporizhyya and Kharkiv regions, in which, respectively, 0% and 10% of enterprises worked at a high level of capacity utilization. The low level of capacity is also at the enterprises of Kirovohrad (39%), Sumy (30%), Cherkasy (37%), Khmelnytsky (33%) regions, and Kyiv city (14%). 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 seventeenth wave of the survey, **62% of respondents (among those who were able to answer) were or are exporters.** At the same time, 37% of enterprises have never exported, and about 1% (only five respondents) could not answer the question.

As of September 2023, among exporters, **84% of respondents indicated that they exported before the war and also continued to export during the last 12 months.** Another 1% of enterprises started exporting for the first time precisely during the war (during the last 12 months). At the same time, 15% of enterprises exported before the start of the war 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.33. The impact of the war on export activity (% of the exporters surveyed)

	Mar.23	Apr.23	May.23	Jun.23	Jul.23	Aug.23	Sep.23
Exported before the war and continued in the last 12 months	87	84	80	84	85	83	84
Exported in the last 12 months for the first time	1	1	1	1	1	1	1
Did not export in the last 12 months, but exported before the war	13	16	19	15	14	16	15

**Results for business by size.** According to the results of September, a regularity was again recorded regarding the state of export activity depending on the size of the enterprise. Among micro-businesses, 43% of enterprises exported before the war but had no export activity during the last 12 months. At the same time, the situation among micro-businesses worsened compared to the summer (29% in August, 38% in July). There is also a high share of enterprises that cannot resume exports among small businesses - 22%. The situation among average exporters is somewhat better - 14% of respondents did not export in the last 12 months. The situation is the best among large businesses, where the corresponding indicator was 8%. Thus, large business is traditionally the leader in the export activity recovery.

Fig.34. Share of exporters who did not export during the last 12 months, by size of enterprises (% of exporters surveyed)



**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, 67% of the industry's enterprises exported before the war but had no exports during the last 12 months. Thus, the situation in the industry remains difficult compared to the first half of the year, when the corresponding indicator remained at approximately 50% (in particular, 50% in June). The situation in metallurgy is also difficult, for which the corresponding indicator is 33% (however, the situation is improving). In contrast, the best situation is in the chemical industry, where 0% had no exports in the last 12 months. In the light industry, only 4% of enterprises had no exports during the last 12 months, although they exported before the war, and in the food industry - 16%.

Fig.35. Share of exporters who did not export during the last 12 months, by industry (% of surveyed exporters)



**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 respond) resumed exports, in particular in the Vinnytsya, Ivano-Frankivsk, Kyiv, Lviv, Odesa, Poltava, Rivne, Ternopil, and Chernihiv regions. The most difficult situation is in the Dnipropetrovsk and Zhytomyr regions, where 71% and 59%, respectively, had no exports during the last 12 months, although they had them before the war.

## GOVERNMENT POLICY

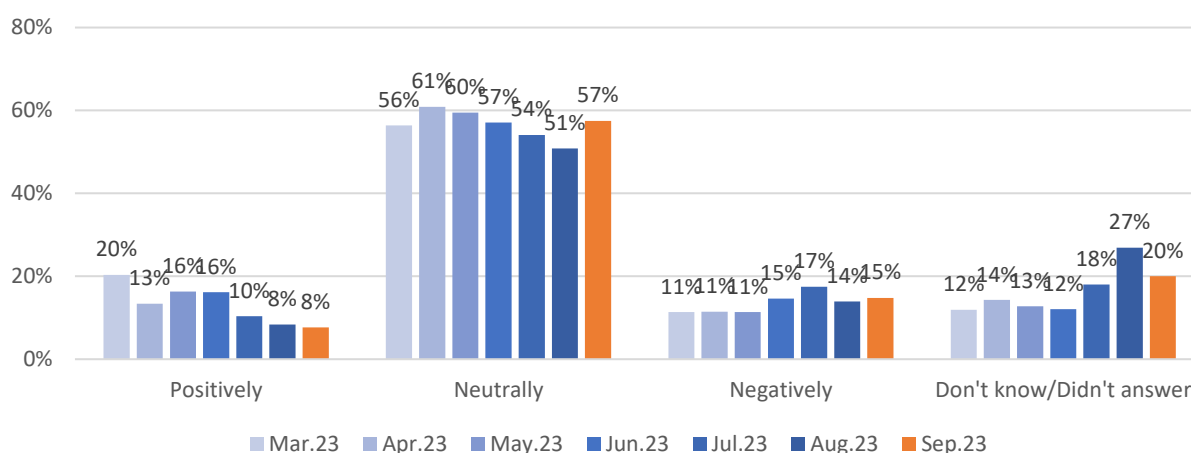
### Assessment of government policy to support business

In September 2023, the share of positive assessments of government policy regarding business support remained unchanged and amounted to 8%, as in August. The level of positive assessment of this policy for two months remains the lowest during the entire period of this survey, the first wave of which was conducted in May 2022.

At the same time, negative assessments have remained almost unchanged over the past two months. If in August their share was equal to 14%, then in September it was 15%.

As before, the surveyed business mostly neutrally assessed the state policy regarding business support. However, after a gradual decline over the previous four months (from 61% in April to 51% in August 2023), the percentage of neutral assessments rose to 57% in September. In addition, after a sharp increase to 27% in August, the share of respondents who could not assess the government's business support policy decreased to 20% in September.

Fig.36. Assessment of government policy to support business



**Assessment of government policy to support business by business size.** Among the representatives of large enterprises, there is a relatively large number of those who gave a positive assessment of the state policy on business support (13%). For comparison, among smaller business groups, the respective shares are from 4% to 8%.

Among micro- and small enterprises, the largest shares of respondents with negative assessments of this policy were recorded (22% and 19%, respectively). Also, representatives of micro-enterprises, more often than others, could not assess it (28%).

**Assessment of government policy to support business by sector.** Most often, representatives of the construction materials production industry and the printing industry (21% each) give positive assessments of the state policy on business support.<sup>5</sup>

On the other hand, one of the highest shares of negative assessments compared to other industries (28%) was recorded in construction materials production. Negative assessments are also often given in metallurgy (30%), machine building (27%), and woodworking (26%).

**Assessment of government policy to support business by region.** The highest level of positive assessments of state business support policy was recorded in the Kyiv region (38%). In Zaporizhzhya, Kirovohrad, and Cherkasy regions, positive assessments of this policy were also quite often given (20%-21%)<sup>6</sup>. At the same time, the largest

<sup>5</sup> This analysis does not consider enterprises in agriculture, construction, trade, and services, as well as enterprises included in the "Other production" category.

<sup>6</sup> Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

shares of negative assessments are among businesses in Khmelnytsky (48%), Volyn (41%) and Sumy (35%) regions.

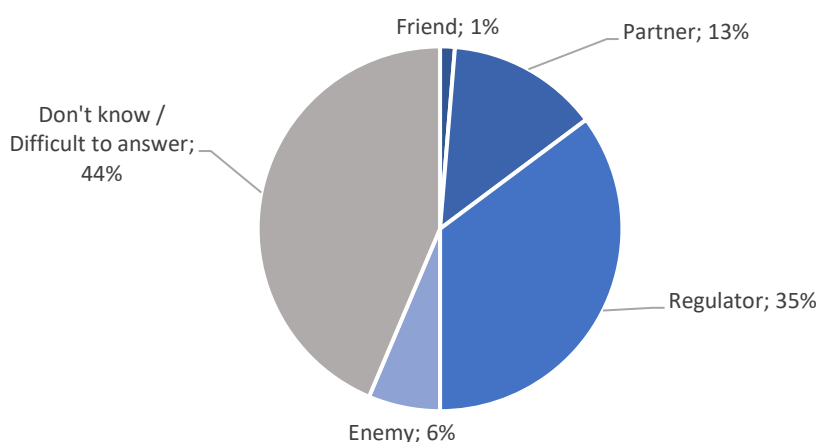
### Vision of the state's role in conducting business

In September 2023, we asked representatives of enterprises about how they see the state's role in business in Ukraine today. The concepts of "friend," "partner," "regulator," and "enemy" were proposed as options.

However, none of these options received the largest share of responses. Most often, respondents answered that it was difficult for them to say or that they did not know the answer. The share of the respondents who found it difficult to determine the role of the state in business made up 44% of the sample.

The next largest share – 35% – was made up of those who call the state the regulator. Another 13% consider the state a partner. The most positive and negative options - "friend" and "enemy" - received the least support from respondents: only 1% and 6%, respectively.

Fig.37. Vision of the role of the state



**Vision of the state's role in conducting business by the enterprise size.** Micro and small enterprises differ significantly from medium and large enterprises in their perception of the state's role in business today. While less than 10% of micro- and small enterprises consider the state a friend or partner, among medium- and large-sized enterprises, 18% and 22% of respondents chose such characteristics, respectively.

Also, among micro-businesses, there is the highest share of those who called the state hostile to business: 10% compared to 5%-6% in groups of larger businesses.

**Vision of the state's role in conducting business by sector.** In metallurgy and printing, people are ready to call the state a friend or partner for business more often than in other sectors<sup>7</sup>. Here, the shares of respondents who chose one of these two characteristics were 25% and 29%, respectively. Among other industries represented in this survey, this share does not exceed 19%.

Instead, every fourth representative of the woodworking industry (26%) considers the state an enemy of business. It is more than in other industries, where this share of respondents does not exceed 10%.

**Vision of the state's role in conducting business by region.** 60% of business representatives of the Dnipropetrovsk region call the state a friend or business partner. It is the highest proportion compared to other areas where this survey was conducted<sup>8</sup>. Relatively often, the role of the state for business is characterized

<sup>7</sup> This analysis does not consider enterprises in the sectors of agriculture, construction, trade and services, and enterprises included in the "Other production" category.

<sup>8</sup> The comparison does not include regions in which no enterprises were surveyed and Mykolayiv and Poltava regions, where the number of respondents was insufficient for statistical comparison. For more details, see the "Sample" section.

positively in the Zhytomyr, Zaporizhzhya, and Kyiv regions, and Kyiv city, where the shares of assessments of the role of the state as a friend or partner for business range from 23% to 33%.

At the same time, Khmelnytsky and Zakarpattya regions recorded the highest shares of enterprises whose representatives call the state an enemy of business: 23% and 20%, respectively.



## SURVEY METHODOLOGY

This report presents the results of the seventeenth 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 September 18 to 29, 2023.

## SAMPLE

A total of 534 enterprises were surveyed in the seventeenth wave. The companies are located in Vinnytsya, Volyn, Dnipropetrovsk, Zakarpattia, 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 16 to 44 enterprises were surveyed<sup>9</sup>.

The majority of the sample consisted of industrial enterprises – 499 enterprises or 93% of the sample. Among them, the food industry, light industry, machine building and construction materials production, prevail. Ten enterprises belong to the agricultural sector (1.9% of the sample) and 14 to trade (2.6% of the sample). Eight enterprises, or 1.5% 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) – 58 or 11% of the sample, small (from 11 to 50 workers) – 173 or 32% of the sample, medium-sized (from 51 to 250 workers) – 182 or 34% of the sample, and large (more than 250 workers) – 121 or 23% of the sample.

---

<sup>9</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>	58	11%
<b>Small</b>	173	32%
<b>Middle</b>	182	34%
<b>Large</b>	121	23%
<b>TOTAL</b>	534	100%

Sector/ industry

	Number	Share of sample
<b>Agriculture</b>	10	1,9%
<b>Metal production and metalworking</b>	20	4%
<b>Chemical industry</b>	26	5%
<b>Machine building</b>	34	6%
<b>Woodworking industry</b>	23	4%
<b>Construction materials production</b>	29	5%
<b>Food industry</b>	174	33%
<b>Light industry</b>	46	9%
<b>Printing industry</b>	14	3%
<b>Other industries</b>	133	25%
<b>Construction</b>	3	0,6%
<b>Trade</b>	14	2,6%
<b>Services</b>	8	1,5%
<b>TOTAL</b>	534	100%

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

	Total	Micro	Small	Middle	Large
<b>Production</b>	0,21	-0,05	0,14	0,22	0,28
<b>Expected changes in production</b>	0,41	0,17	0,39	0,42	0,42
<b>Sales</b>	0,19	-0,03	0,14	0,20	0,24
<b>Expected sales changes</b>	0,40	0,14	0,40	0,41	0,40
<b>Export</b>	0,06	0,00	-0,14	0,09	0,13
<b>Expected changes in exports</b>	0,29	0,15	0,19	0,30	0,34
<b>Account receivables</b>	-0,18	-0,27	-0,28	-0,25	-0,03
<b>Expected changes in account receivables</b>	-0,31	-0,26	-0,42	-0,36	-0,17
<b>Account payables</b>	-0,25	-0,09	-0,34	-0,34	-0,10
<b>Expected changes in accounts payable</b>	-0,35	-0,15	-0,44	-0,40	-0,24
<b>Tax arrears</b>	-0,31	-0,27	-0,41	-0,34	-0,21
<b>Expected changes in tax arrears</b>	-0,32	-0,16	-0,44	-0,37	-0,18
<b>Stocks of raw materials</b>	0,10	-0,12	-0,02	0,15	0,17
<b>Expected changes in stocks of raw material</b>	0,26	-0,03	0,21	0,30	0,28
<b>Stocks of finished goods</b>	-0,28	-0,21	-0,33	-0,30	-0,22
<b>Expected changes in stocks of finished goods</b>	-0,28	-0,19	-0,33	-0,30	-0,16

	Total	Micro	Small	Middle	Large
<b>New orders</b>	0,15	0,02	0,09	0,16	0,22
<b>Expected changes in new orders</b>	0,39	0,19	0,38	0,43	0,38
<b>Prices for raw materials and supplies</b>	0,44	0,53	0,41	0,38	0,50
<b>Prices for raw materials and supplies: expectations</b>	0,16	0,33	0,18	0,12	0,20
<b>Prices for finished products (release prices)</b>	0,38	0,48	0,36	0,34	0,43
<b>Prices for finished goods (release prices) expectations</b>	0,18	0,31	0,19	0,14	0,21
<b>Number of workers</b>	-0,04	-0,12	-0,03	-0,01	-0,08
<b>Expected changes in the number of workers</b>	0,00	-0,08	0,00	0,02	-0,01
<b>Number of workers on forced leave</b>	-0,22	-0,06	-0,30	-0,29	-0,09
<b>Expected changes in the number of workers on forced leave</b>	-0,25	-0,10	-0,35	-0,30	-0,15
<b>Skilled workers</b>	0,24	0,39	0,23	0,22	0,26
<b>Unskilled workers</b>	0,12	0,33	0,07	0,14	0,11
<b>Business activity assessment</b>	-0,05	-0,24	-0,11	-0,01	-0,02
<b>Expected changes in business activity</b>	0,39	0,30	0,37	0,38	0,41
<b>Assessment of the business environment</b>	-0,08	-0,35	-0,15	-0,03	-0,06
<b>Expected changes in the business environment</b>	0,38	0,17	0,38	0,38	0,39
<b>Do you plan to expand your company's activities in the next two years</b>	0,20	0,30	0,17	0,10	0,30
<b>How do you assess your company's business activity in the current month, compared to the same period last year in 2022?</b>	0,37	0,09	0,36	0,41	0,37

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

	Total	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
<b>Production</b>	0,21	-0,15	0,15	-0,06	0,00
<b>Expected changes in production</b>	0,41	0,00	0,27	0,31	0,26
<b>Sales</b>	0,19	-0,20	0,15	-0,15	-0,04
<b>Expected sales changes</b>	0,40	0,00	0,19	0,32	0,26
<b>Export</b>	0,06	-0,36	0,00	-0,36	-0,31
<b>Expected changes in exports</b>	0,29	0,09	0,26	-0,11	0,17
<b>Account receivables</b>	-0,18	-0,12	-0,25	0,06	-0,11
<b>Expected changes in account receivables</b>	-0,31	-0,19	-0,33	-0,26	-0,17
<b>Account payables</b>	-0,25	-0,29	-0,13	-0,06	-0,11
<b>Expected changes in accounts payable</b>	-0,35	-0,19	-0,30	-0,33	-0,17
<b>Tax arrears</b>	-0,31	-0,24	-0,26	-0,19	-0,13
<b>Expected changes in tax arrears</b>	-0,32	-0,13	-0,19	-0,37	-0,13
<b>Stocks of raw materials</b>	0,10	-0,15	0,04	-0,24	-0,22
<b>Expected changes in stocks of raw material</b>	0,26	-0,11	0,04	-0,07	-0,06
<b>Stocks of finished goods</b>	-0,28	-0,26	-0,17	-0,18	-0,30
<b>Expected changes in stocks of finished goods</b>	-0,28	-0,11	-0,20	-0,17	-0,14

	Total	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
New orders	0,15	-0,10	0,04	-0,03	-0,04
Expected changes in new orders	0,39	0,00	0,24	0,12	0,22
Prices for raw materials and supplies	0,44	0,58	0,62	0,55	0,77
Prices for raw materials and supplies: expectations	0,16	0,20	0,17	0,48	0,06
Prices for finished products (release prices)	0,38	0,61	0,58	0,42	0,68
Prices for finished goods (release prices) expectations	0,18	0,13	0,22	0,46	0,06
Number of workers	-0,04	-0,10	-0,15	-0,12	0,00
Expected changes in the number of workers	0,00	-0,06	-0,12	-0,04	0,00
Number of workers on forced leave	-0,22	0,07	-0,09	0,03	-0,12
Expected changes in the number of workers on forced leave	-0,25	-0,08	-0,11	-0,10	-0,12
Skilled workers	0,24	0,47	0,15	0,43	0,35
Unskilled workers	0,12	0,29	0,00	0,11	0,13
Business activity assessment	-0,05	-0,47	-0,15	-0,29	-0,14
Expected changes in business activity	0,39	-0,06	0,13	0,21	0,39
Assessment of the business environment	-0,08	-0,63	-0,15	-0,30	-0,18
Expected changes in the business environment	0,38	0,00	0,21	0,05	0,39
Do you plan to expand your company's activities in the next two years	0,20	0,10	0,11	0,12	0,29
How do you assess your company's business activity in the current month, compared to the same period last year in 2022?	0,37	0,05	0,28	0,12	0,14

	Total	Construction materials productions	Food Industry	Light industry	Printing industry
Production	0,21	0,03	0,28	0,24	0,15
Expected changes in production	0,41	0,08	0,53	0,28	0,58
Sales	0,19	0,00	0,24	0,28	0,15
Expected sales changes	0,40	0,12	0,51	0,28	0,58
Export	0,06	-0,33	0,21	0,16	0,00
Expected changes in exports	0,29	0,00	0,41	0,13	0,00
Account receivables	-0,18	-0,16	-0,26	-0,21	-0,31
Expected changes in account receivables	-0,31	-0,37	-0,37	-0,28	-0,31
Account payables	-0,25	-0,24	-0,39	-0,28	-0,33
Expected changes in accounts payable	-0,35	-0,33	-0,46	-0,30	-0,25
Tax arrears	-0,31	-0,23	-0,44	-0,24	-0,44
Expected changes in tax arrears	-0,32	-0,29	-0,43	-0,27	-0,33
Stocks of raw materials	0,10	-0,08	0,23	0,10	-0,10
Expected changes in stocks of raw material	0,26	0,00	0,41	0,15	0,25
Stocks of finished goods	-0,28	-0,36	-0,29	-0,33	-0,57
Expected changes in stocks of finished goods	-0,28	-0,16	-0,32	-0,26	-0,55
New orders	0,15	0,00	0,23	0,15	0,07

	Total	Construction materials productions	Food Industry	Light industry	Printing industry
Expected changes in new orders	0,39	0,08	0,53	0,28	0,42
Prices for raw materials and supplies	0,44	0,62	0,33	0,44	0,36
Prices for raw materials and supplies: expectations	0,16	0,17	0,15	0,09	0,25
Prices for finished products (release prices)	0,38	0,64	0,27	0,40	0,29
Prices for finished goods (release prices) expectations	0,18	0,17	0,17	0,11	0,23
Number of workers	-0,04	-0,14	-0,02	0,00	0,00
Expected changes in the number of workers	0,00	-0,04	0,02	0,08	0,00
Number of workers on forced leave	-0,22	-0,17	-0,32	-0,18	-0,33
Expected changes in the number of workers on forced leave	-0,25	-0,17	-0,39	-0,22	-0,36
Skilled workers	0,24	0,29	0,23	0,37	0,27
Unskilled workers	0,12	0,13	0,16	0,23	0,10
Business activity assessment	-0,05	-0,32	0,03	-0,05	0,00
Expected changes in business activity	0,39	0,18	0,49	0,31	0,58
Assessment of the business environment	-0,08	-0,29	0,02	-0,09	-0,29
Expected changes in the business environment	0,38	0,18	0,49	0,32	0,58
Do you plan to expand your company's activities in the next two years	0,20	0,00	0,14	0,13	0,60
How do you assess your company's business activity in the current month, compared to the same period last year in 2022?	0,37	0,03	0,46	0,23	0,57

### The impact of war

#### Challenges faced by business in wartime

Challenges faced by the business during wartime, by business size

	Total	Micro	Small	Middle	Large
Rising prices for raw materials/supplies/goods	46%	62%	45%	45%	43%
Unsafe to work	40%	38%	36%	38%	51%
Difficulties transporting raw materials /goods throughout Ukraine	37%	36%	40%	36%	36%
Labor shortage due to conscription and/or migration	37%	31%	33%	35%	47%
Decrease in demand for products/services	33%	50%	36%	31%	24%
Electricity, water or heat supply outages	32%	64%	33%	20%	33%

Challenges facing business in wartime, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Rising prices for raw	60%	39%	59%	78%

	<b>Metal production and metalworking</b>	<b>Chemical Industry</b>	<b>Machine building</b>	<b>Woodworking industry</b>
<b>materials/supplies/goods</b>				
<b>Unsafe to work</b>	45%	31%	47%	17%
<b>Difficulties transporting raw materials /goods throughout Ukraine</b>	35%	38%	44%	39%
<b>Labor shortage due to conscription and/or migration</b>	60%	31%	50%	48%
<b>Decrease in demand for products/services</b>	35%	27%	56%	52%
<b>Electricity, water or heat supply outages</b>	40%	23%	53%	22%

Challenges facing business in wartime, by sector (continued)

	<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>	45%	44%	59%	43%
<b>Unsafe to work</b>	28%	42%	39%	57%
<b>Difficulties transporting raw materials /goods throughout Ukraine</b>	48%	39%	43%	21%
<b>Labor shortage due to conscription and/or migration</b>	38%	36%	37%	14%
<b>Decrease in demand for products/services</b>	45%	34%	33%	29%
<b>Electricity, water or heat supply outages</b>	35%	26%	33%	21%

#### Assessment of the government policy on business support

Assessment of the government policy on business support, by business size

	<b>Total</b>	<b>Micro</b>	<b>Small</b>	<b>Middle</b>	<b>Large</b>
<b>Positive</b>	8%	7%	4%	8%	13%
<b>Neutral</b>	57%	43%	56%	60%	63%
<b>Negative</b>	15%	22%	19%	12%	11%
<b>Don't know / Didn't answer</b>	20%	28%	21%	21%	13%

Assessment of the government policy on business support, by sector

	<b>Metal production and metalworking</b>	<b>Chemical Industry</b>	<b>Machine building</b>	<b>Woodworking industry</b>
<b>Positive</b>	5%	4%	12%	9%
<b>Neutral</b>	50%	62%	47%	39%
<b>Negative</b>	30%	23%	27%	26%
<b>Don't know / Didn't answer</b>	15%	12%	15%	26%

## Assessment of the government policy on business support, by sector (continued)

	Construction materials production	Food industry	Light industry	Printing industry
<b>Positive</b>	21%	3%	4%	21%
<b>Neutral</b>	41%	63%	61%	50%
<b>Negative</b>	28%	12%	20%	14%
<b>Don't know / Didn't answer</b>	10%	22%	15%	14%

**Availability of orders**

## Availability of orders, by size

	Total	Micro	Small	Middle	Large
<b>Less than 1 month</b>	9%	37%	9%	6%	4%
<b>1-2 months</b>	44%	41%	51%	43%	36%
<b>3-5 months</b>	29%	14%	29%	33%	28%
<b>6-11 months</b>	11%	8%	8%	9%	17%
<b>12 months or more</b>	7%	0%	3%	8%	15%

## Availability of orders, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
<b>Less than 1 month</b>	17%	4%	7%	14%
<b>1-2 months</b>	44%	48%	39%	32%
<b>3-5 months</b>	17%	36%	39%	41%
<b>6-11 months</b>	17%	8%	11%	9%
<b>12 months or more</b>	6%	4%	4%	5%

## Availability of orders, by sector (continued)

	Construction materials production	Food industry	Light industry	Printing industry
<b>Less than 1 month</b>	12%	7%	10%	7%
<b>1-2 months</b>	64%	50%	43%	29%
<b>3-5 months</b>	20%	31%	45%	50%
<b>6-11 months</b>	4%	8%	2%	14%
<b>12 months or more</b>	0%	4%	0%	0%