



**MOVING FORWARD  
TOGETHER**



INTERNATIONAL  
RENAISSANCE  
FOUNDATION



ATLAS  
NETWORK



INSTITUTE  
FOR ECONOMIC RESEARCH  
AND POLICY CONSULTING

# New Monthly Enterprises Survey

Issue 19. (11.2023)  
Ukrainian Business in Wartime

Project implementation:

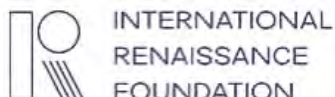


Institute for Economic Research and Policy Consulting

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 **nineteenth 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
Business Activity Recovery Index .....	10
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 .....	11
EXPANSION PLANS FOR THE NEXT TWO YEARS .....	12
OVERALL ECONOMIC ENVIRONMENT .....	12
UNCERTAINTY.....	13
Two-year expectations .....	13
Half-year expectations.....	14
Three-month expectations.....	15
ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS .....	16
INDUSTRIAL CONFIDENCE INDICATOR .....	16
PRODUCTION.....	16
Changes compared to the previous month.....	16
Expected changes in production .....	17
SALES .....	18
Changes compared to the previous month.....	18
Expected changes in sales .....	18
EXPORT .....	18
Changes compared to the previous month.....	18
Expected changes in export.....	19
STOCKS OF RAW MATERIALS.....	19
Changes compared to the previous month.....	19
Expected changes in stocks of raw material .....	20
STOCKS OF FINISHED GOODS .....	20
Changes compared to the previous month.....	20
Expected changes in stocks of finished goods.....	21
NEW ORDERS.....	21
Changes compared to the previous month.....	21
Expected changes in new orders .....	22
Availability of orders.....	22
PURCHASE PRICES .....	23

Changes compared to the previous month.....	23
Expected changes in purchase prices.....	24
DOMESTIC SALES PRICES .....	24
Changes compared to the previous month.....	24
Expected changes in the domestic sales prices.....	25
ACCOUNT RECEIVABLES .....	25
Changes compared to the previous month.....	25
Expected changes in account receivables .....	26
ACCOUNT PAYABLES.....	26
Changes compared to the previous month.....	26
Expected changes in account payables .....	27
TAX ARREARS.....	27
Changes compared to the previous month.....	27
Expected changes in tax arrears.....	28
NUMBER OF WORKERS.....	28
Changes compared to the previous month.....	28
Expected changes in the number of workers.....	29
WORKERS ON FORCED LEAVE .....	29
Changes compared to the previous month.....	29
Expected change in the number of workers on forced leave .....	30
SKILLED AND UNSKILLED WORKERS .....	30
Skilled workers.....	31
Unskilled workers .....	31
SPECIAL PART OF THE SURVEY .....	32
THE IMPACT OF WAR ON ENTERPRISES .....	32
Challenges for businesses in wartime .....	32
Causes of the shadow economy .....	34
The war impact on capacity/production volumes.....	35
THE WAR IMPACT ON THE ENTERPRISES' EXPORT ACTIVITIES .....	37
GOVERNMENT POLICY.....	39
Assessment of government policy to support business.....	39
Key goals of the government policy .....	40
SURVEY METHODOLOGY .....	41
SAMPLE.....	41
APPENDIX 1. Survey results in figures .....	42

## 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 nineteenth wave of the survey, the answers of 539 respondents were received.

Fig. 1 Number of enterprises surveyed



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

Fig. 2 Number of enterprises surveyed, by size

	Jul.22	Aug.22	Sep.22	Oct.22	Nov.22	Dec.22	Jan.23	Feb.23	Mar.23	Apr.23	May.23	Jun.23	Jul.23	Aug.23	Sep.23	Oct.23	Nov.23
Micro	50	64	55	49	53	58	67	59	64	57	61	60	57	61	58	62	57
Small	128	142	138	133	138	156	161	158	189	180	171	155	160	167	173	171	172
Medium	169	183	191	172	203	214	212	190	208	214	212	190	214	192	182	184	189
Large	102	129	137	114	113	123	133	117	119	109	119	108	118	119	121	117	121

**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 nineteenth wave lasted from November 17 to 30, 2023. The enterprises' managers compared the results of work in November 2023 with October 2023, assessed the

state of the indicators at the time of the survey (November 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

The economic recovery rate accelerated again amid the cessation of the downward trend in short-term optimism and the reduction of uncertainty. Uncertainty in the 3-month perspective has decreased significantly, and uncertainty in the 2-year perspective, although still high, has also decreased somewhat. The rate of business activity recovery compared to the previous year is high and has almost doubled compared to the previous month. Industrial confidence indicator increased, production indicators compared to previous months, and expectations for three months remain optimistic. The share of enterprises operating at full capacity has increased. Rising prices, insecurity, logistical problems, and labor shortages top the list of obstacles. The obstacle "unsafe to work" moved from the 3rd to the 2nd position in the list of obstacles. Employment indicators showed a seasonal slowdown, while the labor market experienced a shortage of unskilled workers.

### OVERALL INDICATORS OF BUSINESS CLIMATE AND ECONOMIC ENVIRONMENT

- In November 2023, the Business Activity Recovery Index (BARI) is the highest for the entire survey period; its value increased from 0.31 in October to 0.50 in November.
- The value of the industrial confidence indicator increased from 0.09 to 0.11 in November due to changes in two of its three components.
- The level of uncertainty in the two-year perspective has slightly decreased, although it still remains high. In the half-year perspective, the uncertainty indicator has also slightly decreased for the business activity and overall economic environment it has remained unchanged. And for the short-term perspective, uncertainty has significantly decreased.
- In November 2023, compared to October, the INDEX OF CURRENT BUSINESS ACTIVITY worsened, decreasing from -0.02 to -0.08.
- The enterprises' expectations regarding changes in the business activity in the six-month perspective are gradually deteriorating, and the INDEX is 0.31 (it was 0.33).
- The value of the OVERALL ECONOMIC ENVIRONMENT INDEX in November slightly increased, from -0.09 to -0.07.
- Expectations regarding changes in the overall economic environment worsened after six months; the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT decreased from 0.33 to 0.31.
- Two-year expectations regarding the prospects for the expansion of business activity worsened slightly. The value of the INDEX OF EXPECTED CHANGES IN BUSINESS ACTIVITY decreased to 0.16 (the value was 0.20 for two consecutive months).

### PRODUCTION

- In November 2023, the PRODUCTION INDEX did not change significantly and was 0.17 (0.18 in October). In percentage terms, both the share of those who reduced production volume and the share of those who increased it increased.
- Business expectations for the next three months remain optimistic. The value of the INDEX OF EXPECTED CHANGES IN PRODUCTION for the second month in a row is 0.36.

### DEMAND AND SALES

- The sales growth rate and the increase in the number of new orders remain unchanged. The value of the SALES INDEX has not changed significantly and is 0.16 (was 0.15), as well as the value of the NEW ORDERS INDEX which is 0.13 (was 0.12).
- Business expectations regarding demand for the next three months also remained almost unchanged. The value of EXPECTED CHANGES IN THE SALES INDEX is 0.36 for the second month in a row, and the VALUE OF EXPECTED CHANGES IN THE NEW ORDERS INDEX is 0.37 (was 0.36).

### PRICES

- The PURCHASE PRICE INDEX in November decreased from 0.36 to 0.27 due to the further increase in the share of those who did not experience changes. The INDEX OF EXPECTED CHANGES IN PURCHASE PRICES decreased from



0.19 to 0.16 due to a decrease in the share of those who expect a rise in prices and their transition to those who do not expect changes for the next three months.

- The DOMESTIC SALES PRICE INDEX decreased slightly and is 0.25 (it was 0.27). The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICES slightly increased from 0.13 to 0.15.

#### DEBTS

- In November, compared to October, indicators for all types of debt significantly increased. It happened mostly due to the transition of the share of those who reduced their debt to those who did not change anything. At the same time, the share of those who accumulated debt remained unchanged. Accounts receivable doubled from -0.24 to -0.14, and accounts payable increased from -0.26 to -0.16. The indicator of tax arrears increased from -0.32 to -0.24.
- A further increase in indicators is expected in the three months. The index of expected changes in receivables increased from -0.33 to -0.25, and the index of expected changes in tax arrears increased from -0.34 to -0.26. The indicator of expectations for accounts payable increased from -0.34 to -0.25.

#### EMPLOYMENT

- The employment reduction rate at enterprises has somewhat accelerated. The NUMBER OF WORKERS INDEX decreased from -0.06 to -0.09.
- For the next three months, enterprise managers expect a further reduction in the number of workers; the INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS decreased to -0.03 (the value was zero for two months in a row).
- The rate of reduction in the number of workers on forced vacations remained unchanged. The INDEX is -0.19 (was -0.20). In three months, sharp changes are also not expected; the INDEX OF EXPECTED CHANGES is -0.24 (it was -0.23).
- In November, the INDEX OF DIFFICULTIES IN FINDING UNSKILLED WORKERS increased from 0.13 to 0.18. The INDEX OF DIFFICULTIES IN FINDING SKILLED WORKERS has remained unchanged for the third month in a row and is 0.24.

#### AVAILABILITY OF ORDERS

- In November 2023, the order book among surveyed enterprises remained at the level of 2 months (median), after a decrease from three months in January-April 2023.
- The share of enterprises with orders for no more than two months increased even more: from 58% in October to 61% in November. In the previous months of 2023, it was at 50% or less.

#### OBSTACLES TO DOING BUSINESS IN WARTIME

- The rising prices for raw materials or supplies remain the main obstacle but lose importance for the second month in a row.
- The problem of decreasing demand moved from the 2nd to the 3rd place, despite the increase in its value compared to the previous month.
- The work hazards posed by a full-scale Russian invasion increased from 32% to 38%, moving up from 3rd to 2nd place.
- Labor shortages ranked 4th, moving from 3rd place, despite increasing from 32% to 35%.
- Power outages remained in 6th place with an unchanged value.

#### PRODUCTION CAPACITIES DURING THE WAR PERIOD

- In November 2023, the capacity utilization indicator remained almost at the level of October. The share of enterprises operating at almost full and full capacity was 58% (59% in July, 57% in August, 55% in September and 59% in October).
- Despite the challenges of the war, only 1% 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 capacity.

- In November, only 16% of enterprises worked at less than half the capacity or did not work compared to pre-war times (also 16% in July - October).
- Medium-sized businesses meet the challenges the best: 69% of medium-sized businesses are operating at near full and full capacity in November compared to the pre-war period; it is one of the highest figures for medium-sized businesses in all waves of the survey (72% in October).
- The food industry remains the leader of the recovery: in November, 72% of food industry enterprises worked at near full and full capacity (it was 76% in October).
- For the first time, the machine-building industry entered the top three leaders of recovery: 52% of surveyed enterprises are operating at full or almost full capacity.
- In metallurgy and metalworking, the share of enterprises operating at full or almost full capacity doubled from 16% in October to 32% in November. At the same time, metallurgy is one of the three industries where the situation is the worst (together with the construction materials production and woodworking).

#### **EXPORTING ENTERPRISES**

- In November, 61% of respondents reported they were exporters before the war, continued exporting during the war, or started exporting during the war for the first time.
- Most businesses managed to establish exports in wartime conditions. In November, 82% of respondents indicated they exported before the war and continued to export during the last 12 months (82% in October).
- Some businesses cannot overcome new challenges for export activities. As of November, 16% of enterprises exported before the war started but could not resume exports during the last 12 months. Such results indicate the stagnation of the export activity recovery.

#### **GOVERNMENT POLICY**

- In November 2023, the share of positive assessments of government policies to support business remained unchanged at 7% and is still the lowest for the entire survey period.
- The share of negative assessments of the policy increased from 16% to 19%, and the share of neutral ones was 55%.
- The key goals of the Government's policy from the point of view of business are the mobilization of resources and efforts for victory, favorable conditions for business development, and equal opportunities for all citizens.

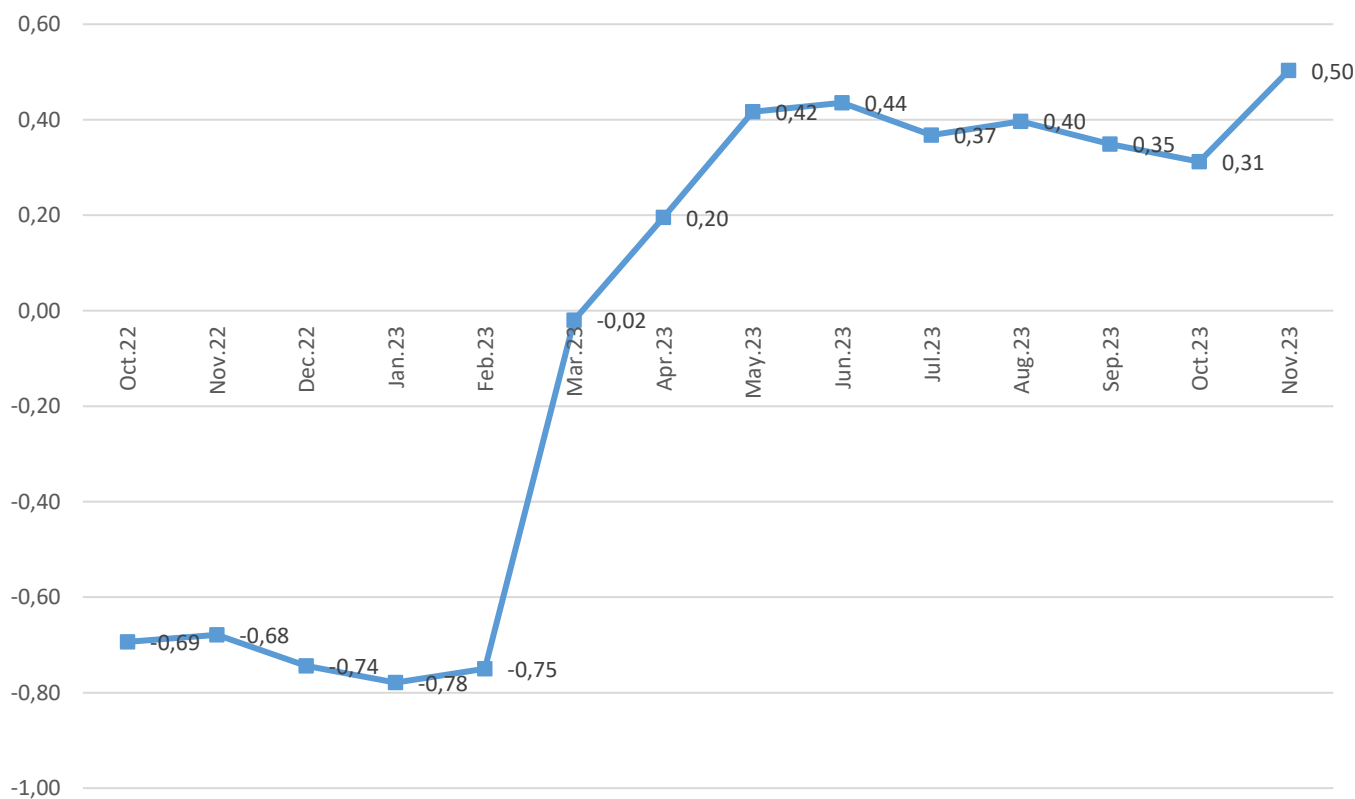
#### **CAUSES OF THE SHADOW ECONOMY**

- The main causes of the "informal" or "shadow" economy in Ukraine that are often cited are high taxes and high corruption, the habit of tax evasion, and mistrust of how these taxes are used by the state.

## Business Activity Recovery Index

In November 2023, the Business Activity Recovery Index (BARI) was the highest for the entire survey period. It happened due to an increase in the share of enterprises that reported that their business activity was better than last year (from 43% to 63%). The share of those for whom nothing has changed decreased (from 45% to 25%). At the same time, the share of those with the situation worsened remained unchanged (13% against 12% in October). In November, BARI increased for all size groups but remains the lowest for micro-businesses.

Fig. 3. Business activity at the enterprise, indices



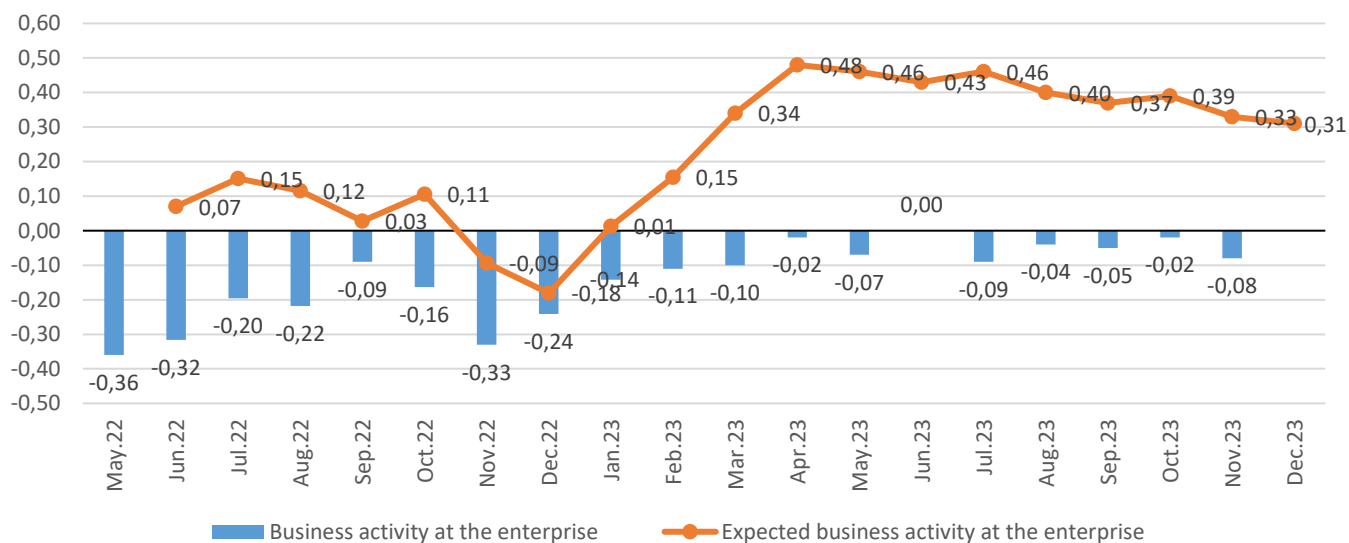
## INDICATORS AND EXPECTATIONS FOR THE HALF-YEAR PERIOD

### BUSINESS ACTIVITY AT THE ENTERPRISE

**In November 2023, compared to September, current assessments of the business activity worsened.** The CURRENT BUSINESS ACTIVITY INDEX decreased from -0.02 to -0.08. It happened due to a decrease in the share of neutral and an increase in the share of negative assessments. The share of respondents who assess the current business activity at the enterprise as bad increased from 14.0% to 17.9%. At the same time, the share of those who positively assess the business activity at the enterprise decreased slightly, from 8.2% to 7.3%. The share of those who consider the business activity at the enterprise to be satisfactory decreased from 77.8% to 74.8%.

**Expectations for the future within six months continue to deteriorate gradually.** The value of the INDEX OF THE EXPECTED CHANGES IN BUSINESS ACTIVITY decreased from 0.33 to 0.31. It happened due to the transition of the share of those who do not expect changes to "pessimists." The share of "pessimists" increased from 4.6% to 6.9%. The share of those who do not expect any changes decreased from 58.4% to 55.8%. At the same time, the share of "optimists" has not changed significantly and is 37.3% (it was 37.1%). The share of respondents who could not give a forecast regarding changes in the business activity at the enterprise for the six-month perspective decreased from 15.2% to 12.8%.

Fig. 4. Business activity at the enterprise, indices



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

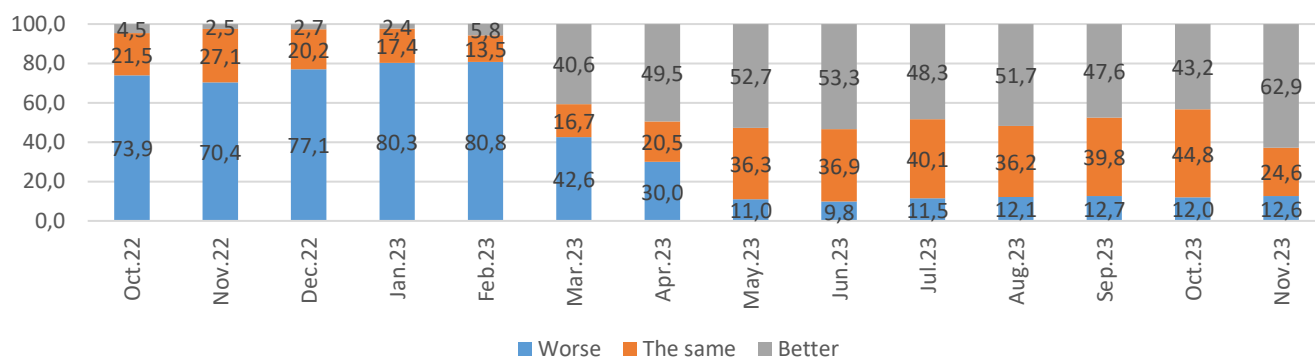
The indicators of business activity recovery compared to last year are extremely high. At the same time, the indicator also increased compared to the previous month. The value of the CURRENT BUSINESS ACTIVITY INDEX (YEAR TO YEAR) increased from 0.34 to 0.50. The share of respondents who indicated that the situation has worsened has remained almost unchanged for several months and was 12.6% in November (it was 12.7%), while the share of those for whom it has improved has increased from 43.2% to 62.9%. The share of those who believe nothing has changed compared to last year decreased from 44.8% to 24.6%.

**Size.** Assessments of the business activity depend on the size of the enterprise. Large (0.57) and medium (0.59) enterprises feel the best. The indicator of small enterprises is 0.47 compared to last year. The worst is the indicator of micro-enterprises, which is 0.19.

**Region.** Lviv, Ivano-Frankivsk, Ternopil, and Cherkasy regions have the highest indicator (1.00 for each). Dnipropetrovsk (-0.37), Volyn (-0.25), and Zhytomyr (-0.23) regions, whose indicators are negative, have the lowest indicators.

**Sector.** The highest value of the index was recorded for the printing (0.77), chemical (0.70), and food (0.61) industries. Metal processing, whose indicator is zero, has the lowest indicator.

Fig. 5. How do you assess the business activity at the enterprise compared to last year?, % of respondents

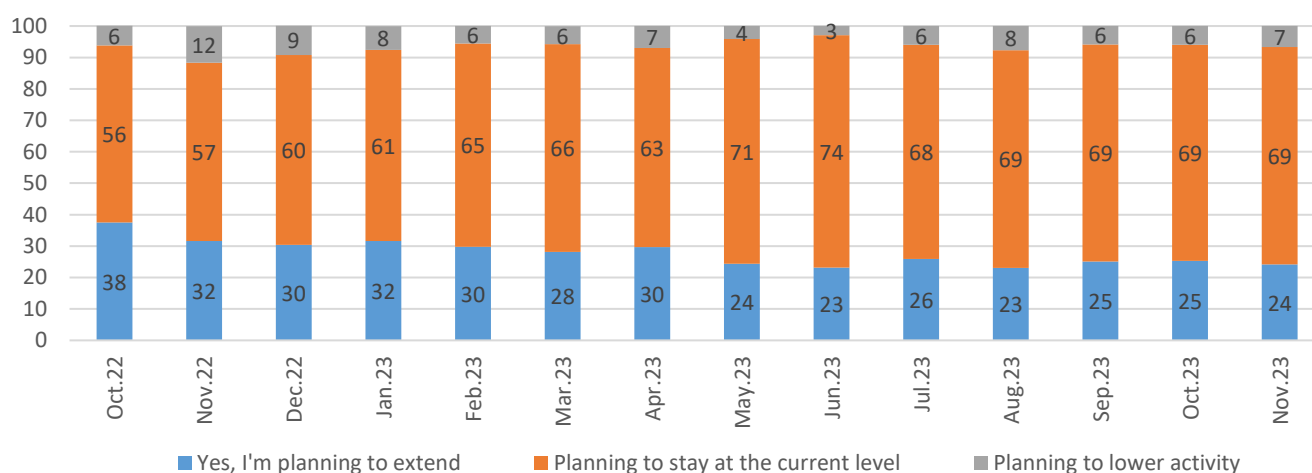


## EXPANSION PLANS FOR THE NEXT TWO YEARS

**Expectations regarding business activity for the next two years have slightly worsened.** The INDEX OF EXPECTED CHANGES IN BUSINESS ACTIVITY is 0.16 (for two months in a row, the value was 0.20). At the same time, there were no significant changes in the percentage distribution. The percentage of those who plan to expand their activities in the next two years slightly decreased, from 25.3% to 24.2%, and the percentage of those who plan to reduce their activities is 6.7% (for two months in a row, the value was 5.9%). The share of those who plan to stay at the current level increased slightly, from 68.8% to 69.1%.

The percentage of those who could not give a forecast for such a distant perspective decreased after remaining without significant changes for several months in a row and is 51.9% (it was 56.7% in October).

Fig. 6. Do you plan to extend the company's activities in the next two years?, % of respondents



**Size.** Among enterprises of all sizes, large enterprises (0.26) and micro enterprises (0.34) have the most optimistic plans for the future. The indicator of small enterprises is 0.16. The medium-sized (0.07) enterprises have the lowest indicator.

**Region.** Significant regional differences were registered. Enterprises of Zakarpattia and Zaporizhzhya regions have the highest expectations (1.00 for each). Indicators of Lviv, Sumy, Ivano-Frankivsk, Rivne, Ternopil, Vinnytsya, and Odesa regions are zero. The indicators of Zhytomyr (-0.23) and Dnipropetrovsk (-0.26) regions have negative values and are the lowest.

**Sector.** Expectations vary by industry. Printing (0.43) and metalworking (0.38) industries have the highest values. The indicator of construction materials production and metalworking is the lowest and is 0.09.

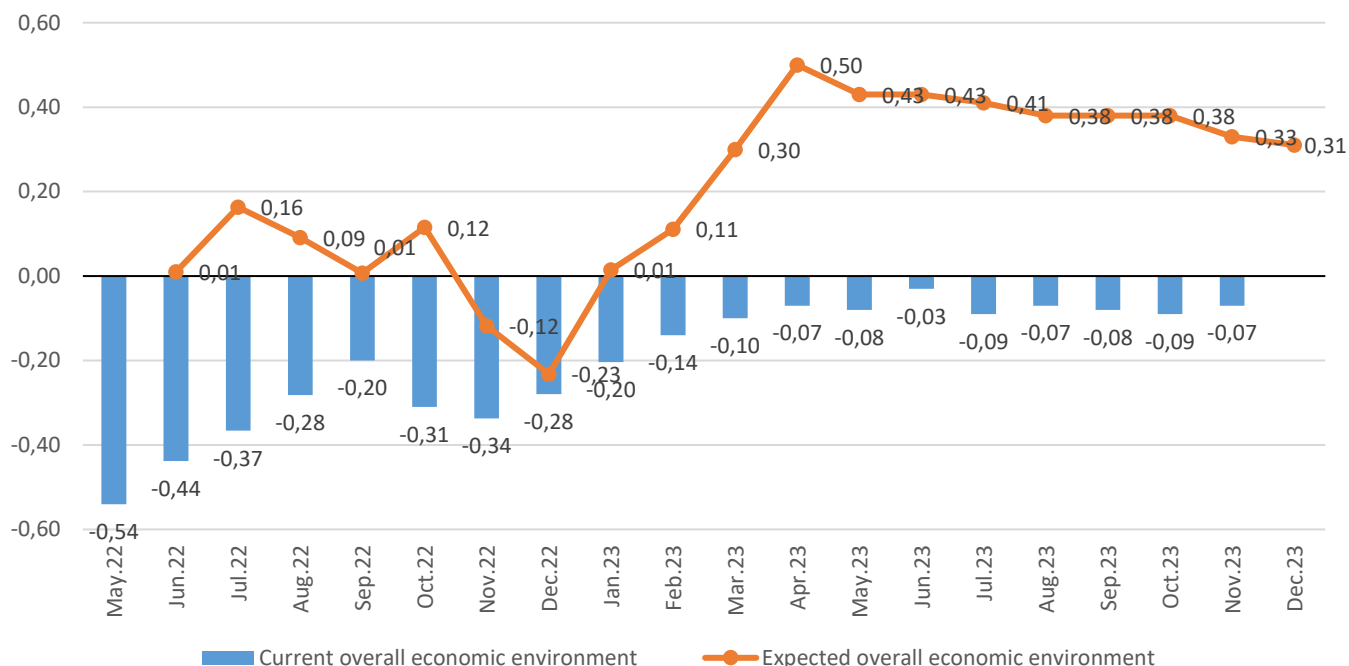
## OVERALL ECONOMIC ENVIRONMENT

**Assessments of the overall economic environment improved slightly.** The value of the corresponding INDEX in November is -0.07 (it was -0.09). The share of those who assess the overall economic environment as bad decreased from 20.0% to 18.9%. At the same time, the share of those who give positive assessments did not change significantly and is 8.9% (it was 7.4%). The share of those who consider the overall economic environment to be satisfactory has not changed significantly and is 72.3% (it was 72.5%).

**Enterprises forecasts regarding changes in the overall economic environment for the next six months** continue to deteriorate gradually: the value of the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT decreased from 0.33 to 0.31. The share of "optimists" regarding changes in the overall economic environment has not changed significantly and is 37.4% (it was 36.7%), while the share of "pessimists" has increased from 5.8% to 7.4%. The share of those who believe the overall economic environment will not change significantly in the next six months decreased from 58.2% to 55.2%.

The share of those who could not give forecasts regarding the state of the overall economic environment did not change significantly and is 16.3% (it was 16.9%).

Fig. 7. Overall economic environment, indices

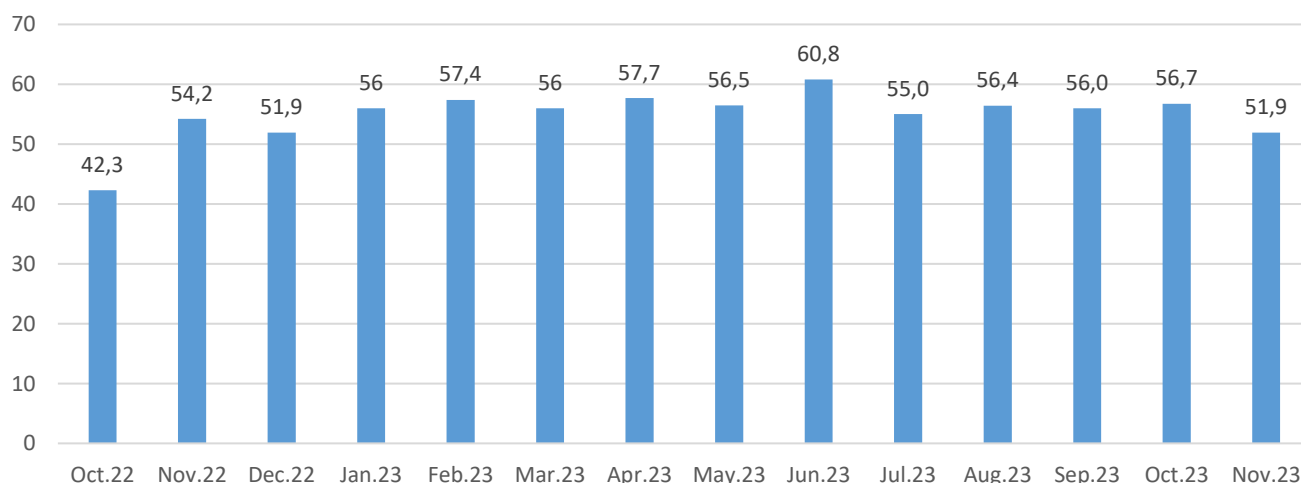


## UNCERTAINTY

### Two-year expectations

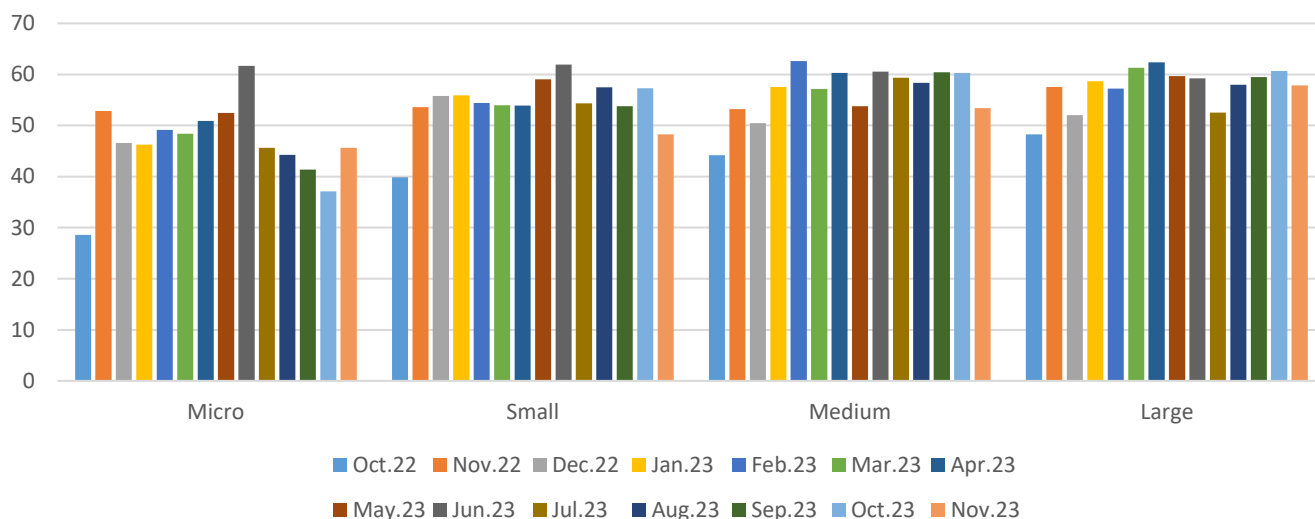
The level of uncertainty about companies' plans for the next two years eased in November after several months of remaining unchanged, although it remains high. A little more than half of the respondents (51.9%) cannot give an answer regarding the prospects for the next two years.

Fig. 8. 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. The uncertainty indicator is the highest for large enterprises, although the value has decreased from 61% to 58%. The uncertainty indicator for medium-sized enterprises decreased more significantly, to 53%, after two months in a row of 60%. The indicator for small enterprises decreased from 57% to 48%. Despite a significant increase in the level of uncertainty for micro-enterprises (from 37% to 46%), their indicator is the lowest.

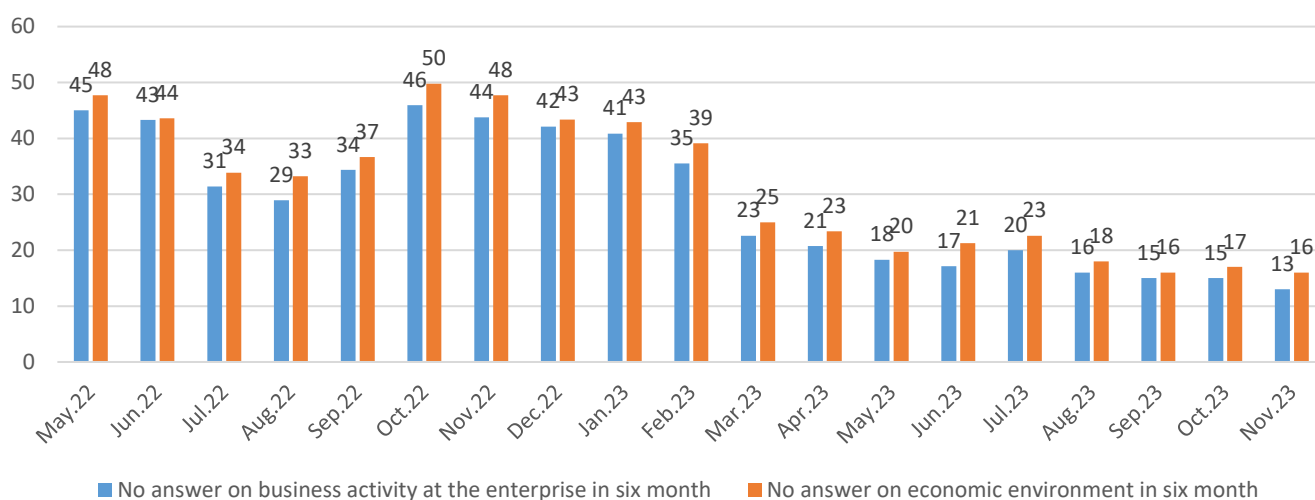
Fig. 9. The share of respondents who could not answer the question about the changes for the next two years, by size of the enterprise



### Half-year expectations

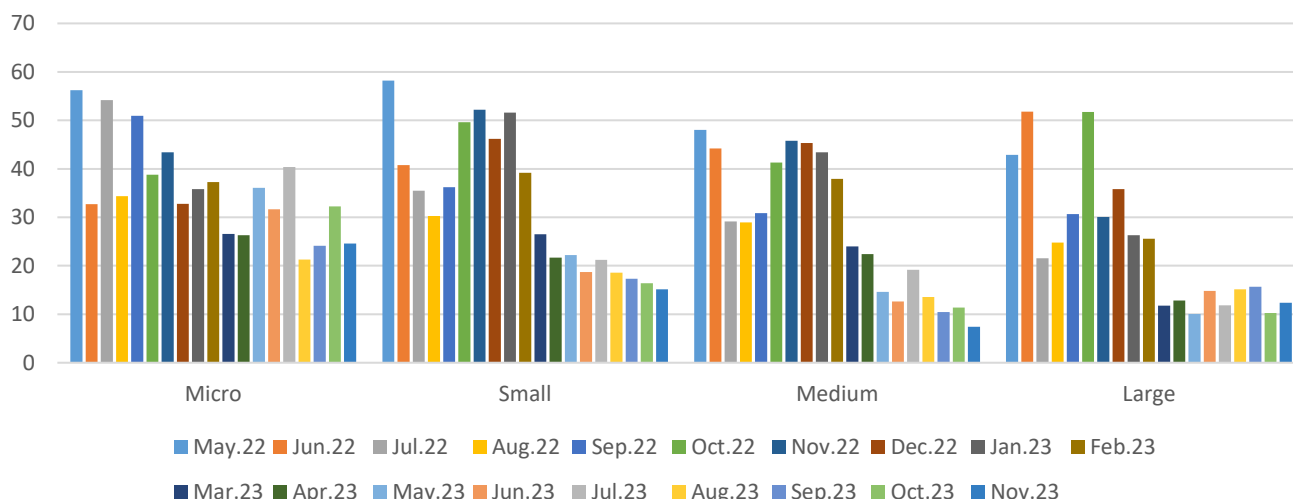
**The level of uncertainty in the forecasts of the half-year perspective has decreased for the business activity at the enterprise and has not changed significantly for the overall economic environment.** Uncertainty for the business activity decreased from 15% to 13%. The share of respondents who could not give a forecast about changes in the overall economic environment in the country was 16% in November (it was 17%).

Fig. 10. The level of uncertainty of the business activity and the overall economic environment, % of respondents



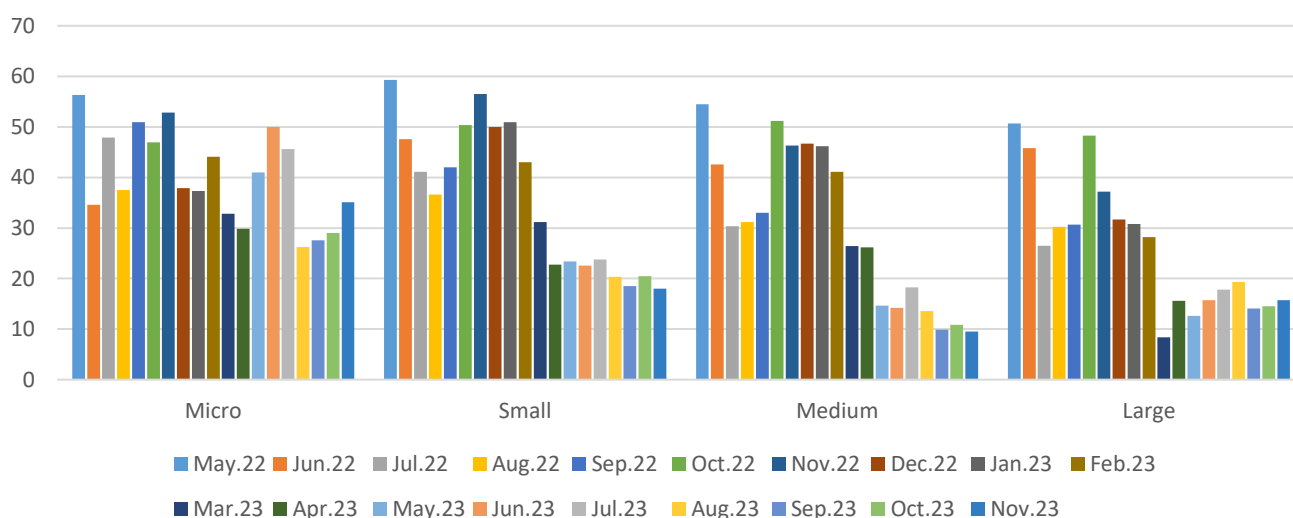
**The level of uncertainty regarding the business activity at the enterprise and its dynamics depends on the size of the enterprise.** In percentage distribution, after increasing for two consecutive months, the level of uncertainty for micro-enterprises decreased from 32% to 25%, although the value is still the highest. The indicator of small enterprises does not change significantly, although it gradually decreases and amounts to 15% (it was 16% in October). The indicator of medium-sized enterprises decreased from 11% to 7%. The indicator of large enterprises is the only one where the level of uncertainty in the six-month perspective increased, albeit slightly, from 10% to 12% in November.

Fig. 11. The share of respondents unable to answer the question about the changes 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 indicator of uncertainty of micro-enterprises has the highest value and has significantly increased after two months of almost no change and is 35% (it was 29% in October and 28% in September). The value of small enterprises decreased from 20% to 18%. The uncertainty index of medium (10% in November vs. 11% in October) and large companies (16% in November vs. 15% in October) did not change significantly.

Fig. 12. The share of respondents unable to answer the question regarding the changes in the overall economic environment in the six months



### Three-month expectations

**In November 2023, the percentage of uncertainty decreased to a greater or lesser extent for all indicators.** The highest level of uncertainty is for the prices of raw materials and supplies (the indicator decreased from 13.1% to 10.4%) as well as for the prices of finished goods (the percentage decreased from 12.7% to 8.9%). The uncertainty index decreased the most for production (from 11.6% to 3.9%) and sales (from 11.2% to 3.9%), and their values are the lowest. The least significant changes in the uncertainty indicator are observed for exports (the percentage decreased from 6.6% to 5.6%) but it is worth noting that the uncertainty about exports remained the lowest for several months in a row.



Fig. 13. The share of enterprises unable to forecast the changes of the indicator in three months, % of respondents



Created with Datawrapper

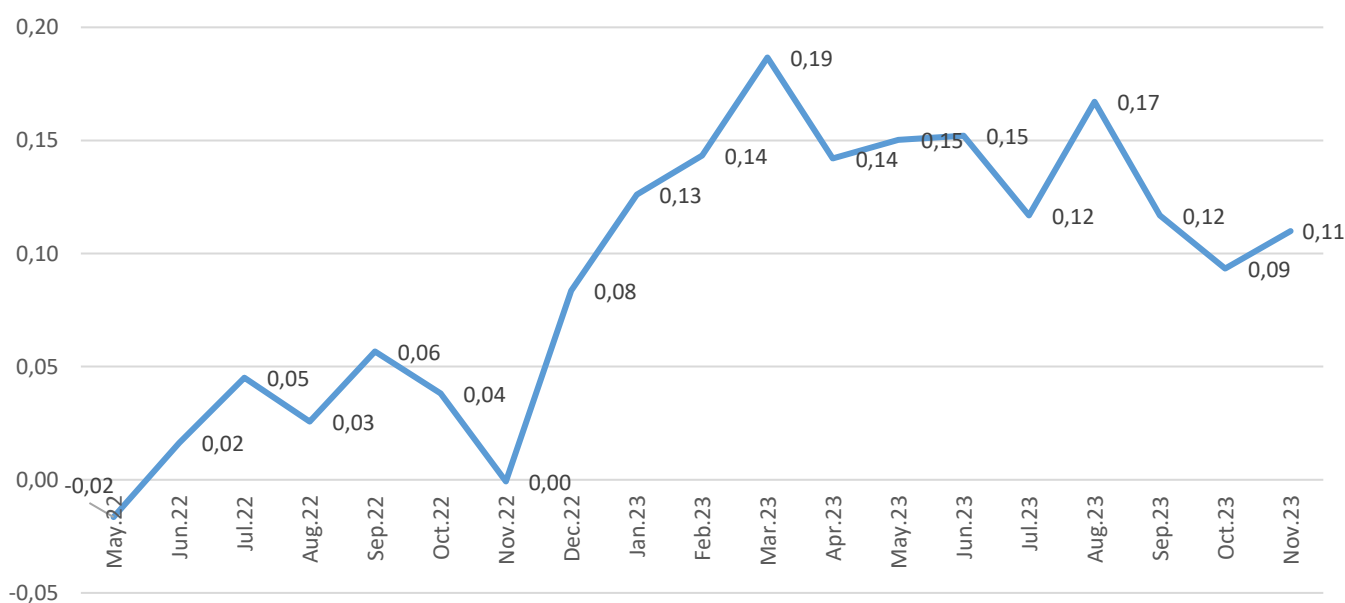
## ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

### INDUSTRIAL CONFIDENCE INDICATOR

The value of the Industrial Confidence Indicator (ICI) slightly improved after a two-month decline and is 0.11 (it was 0.09).

Changes in the value of two of its three components are observed in ICI: (1) production expectations for the next 3-4 months remained unchanged and amounted to 0.36. At the same time, (2) estimates of the new orders portfolio increased slightly, from -0.17 to -0.15, and (3) estimates of stocks of finished goods decreased from -0.09 to -0.12.

Fig. 14. Industrial confidence indicator



### PRODUCTION

Changes compared to the previous month

In November, compared to October, the production results did not change significantly. The PRODUCTION INDEX amounts to 0.17 (it was 0.18 in October 2023). The share of enterprises that reduced production volumes (from

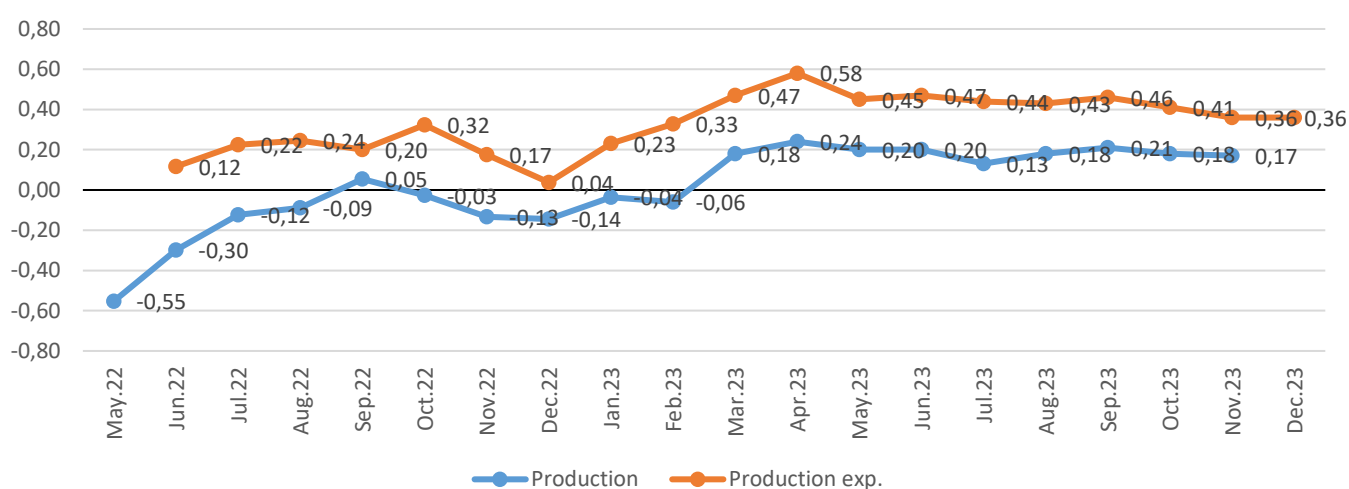
14.1% to 18%) and the share of enterprises that increased volumes (from 26.8% to 29.6%) also increased. The share of industries with no changes decreased from 59.1% to 52.4%.

**Size.** Among enterprises of different sizes, the best results are obtained by large (0.24) and medium (0.23) enterprises, whose indicator has a positive value and is approximately the same. Small (-0.02) and micro-enterprises (-0.13) have worse and negative values.

**Region.** Regional differences are significant (the highest value is 1.00, and the smallest is -0.60). The best results were obtained by enterprises of Poltava (1.00) and Ivano-Frankivsk (0.37) regions and Kyiv city (0.36). The lowest index values were recorded for enterprises in Sumy (-0.60) and Kharkiv (-0.26) regions.

**Sector.** Index values vary across sectors and industries. The best situation is in the light (0.58), printing (0.46) and food (0.20) industries. Construction materials production (-0.37) and metalworking (-0.36) have the lowest and negative indicators.

Fig. 15. Production indices



### Expected changes in production

**For the perspective of three months, there is some optimism regarding production plans.** The INDEX OF EXPECTED CHANGES IN PRODUCTION is 0.36 for the second month in a row. It means only minor changes in the percentage distribution of responses. The share of enterprises at which production growth is planned remained almost unchanged at 40.2% (it was 40.5%). The share of those who do not expect changes has also not changed significantly and is 53.5% (it was 54.2%). The share of enterprises that plan to reduce production is 6.4% (it was 5.3%).

**Size.** Production expectations depend on the size of enterprises, while the indicator decreases with decreasing enterprise size. At the same time, the value is approximately the same for large (0.40), medium (0.37), and small (0.35) enterprises. The indicator of expectations for micro-enterprises (0.09) is the lowest.

**Region.** Enterprise plans depend significantly on the region of location. Poltava, Ivano-Frankivsk, and Ternopil regions (1.00 each) have the most optimistic plans for production growth. The indicator of expectations for Sumy (-0.05) and Chernihiv (-0.07) regions has the lowest and negative values.

**Sector.** Production expectations for three months depend on the industry. The food (0.54) and light (0.46) industries have the highest indicators of expectations. Metal processing (-0.09) and construction materials production (-0.19) have the lowest and only negative indicators.

## SALES

### Changes compared to the previous month

**In November, sales results did not change significantly.** The SALES INDEX is 0.16 (it was 0.15 in October). At the same time, there were some changes in the percentage distribution. The share of enterprises that increased sales volumes (from 26.1% to 29.2%) and the share of those that reduced them (from 15.6% to 18.4%) increased. The share of enterprises in which there were no changes decreased from 58.3% to 52.4%.

**Size.** The SALES INDEX of large (0.24) and medium (0.21) enterprises is higher and approximately the same. The indicator of small enterprises is 0.07. Small (-0.01) and micro-enterprises (-0.18) have a negative value of the index.

**Region.** The highest value of the SALES INDEX was recorded for Poltava (1.00) and Ivano-Frankivsk (0.37) regions and Kyiv city (0.36). The indicators of Sumy (-0.50), Khmelnytsky, and Kharkiv regions (-0.26 each) have the lowest values.

**Sector.** Light (0.50), printing (0.46) and food (0.20) industries have the highest SALES INDEX. Metal processing (-0.14) and construction materials production (-0.22) have the lowest indicators.

### Expected changes in sales

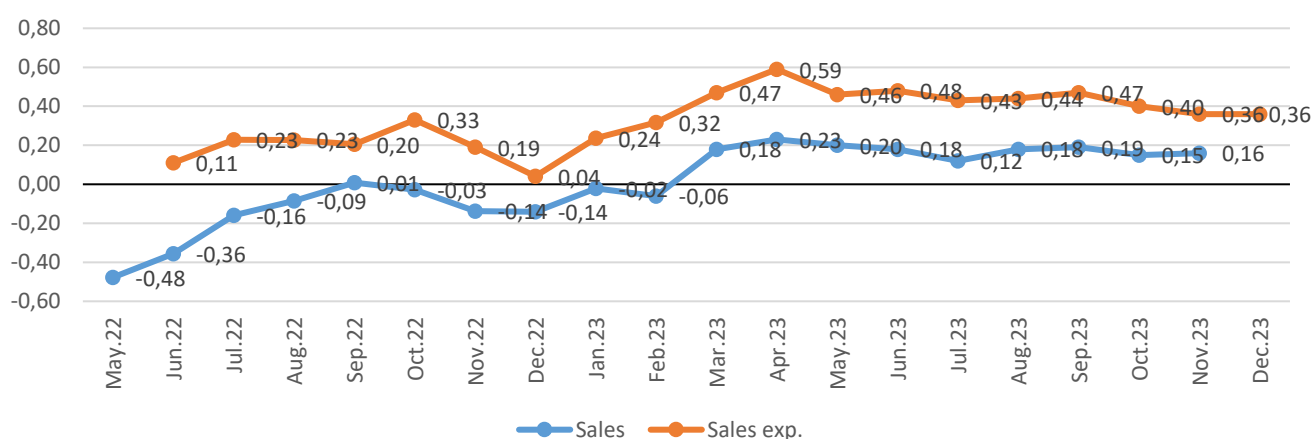
**Sales expectations remained unchanged.** The INDEX OF EXPECTED CHANGES IN SALES is 0.36 for the second month in a row. The share of those who plan to reduce sales is 7.3% (it was 6.1%), and the share of those who plan to increase them is 40.0% (it was 41.0%). The percentage of respondents who believe that nothing will change has also not changed significantly and is 52.7% (it was 52.9%).

**Size.** Expectation indicators for large (0.40), medium (0.36), and small (0.34) enterprises are higher and roughly the same. The indicator of micro-enterprises is the lowest and is 0.02.

**Region.** The best expectations were recorded in Poltava, Ternopil, and Ivano-Frankivsk regions (1.00 for each). The indicator of expectations for Sumy (-0.15) and Chernihiv (-0.07) regions is the lowest and negative.

**Sector.** Food (0.55) and light (0.46) industries have the highest sales expectations. Expectations of metalworking (-0.14) and construction materials production (-0.22) are the lowest and have a negative value.

Fig. 16. Sales indices



## EXPORT

### Changes compared to the previous month

**Export growth rates have remained unchanged for several months in a row.** The value of the EXPORT INDEX is 0.09 (it was 0.08). The share of respondents whose export volumes decreased (from 17.9% to 19.0%) and the share of

enterprises that increased exports (from 21.2% to 24.2%) also increased. At the same time, the share of enterprises whose export volumes did not change decreased from 60.9% to 56.9%.

**Size.** The EXPORT INDEX value is higher and approximately the same for large (0.17) and medium (0.12) enterprises. The indicator of micro enterprises (-0.08) and small enterprises (-0.21) is significantly worse and negative.

**Region.** Poltava (1.00) and Ivano-Frankivsk (0.56) regions have the highest indicators. The lowest value is for the Sumy region (-1.00).

**Sector.** The EXPORT INDEX has the highest value for the light industry (0.41). The woodworking (-0.42) industry has the lowest value.

### Expected changes in export

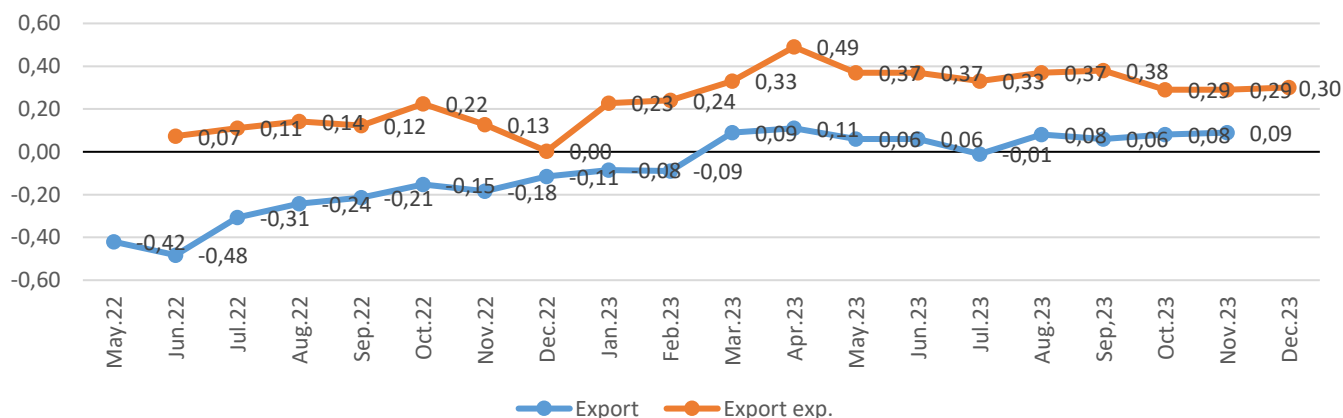
**No changes are expected for the next three months either.** The value of the INDEX OF THE EXPECTED CHANGES IN EXPORTS is 0.30 (for two months in a row, it was 0.29). There were minor changes in the percentage distribution. The share of those planning to increase exports (from 32.0% to 35.0%) and the share of those planning to reduce them (from 4.6% to 6.8%) also increased. The share of those who do not expect any changes decreased from 63.4% to 58.2%.

**Size.** Large (0.36) and medium (0.30) enterprises have the highest and approximately the same indicator of export expectations. The indicator of micro-enterprises is 0.24. Small (0.17) enterprises have the lowest export expectations.

**Size.** The highest value of the INDEX OF THE EXPECTED CHANGES IN EXPORTS was recorded for enterprises of Poltava, Lviv, Ivano-Frankivsk, and Ternopil regions (1.00 for each). The worst are the expectations of business representatives in Kyiv city (-0.57) and Chernihiv (-0.20) regions.

**Sector.** Food (0.47) and light (0.26) industries have the highest value of the index of expected changes in exports. The printing industry (-0.14) has the lowest value.

Fig. 17. Export indices



## STOCKS OF RAW MATERIALS

### Changes compared to the previous month

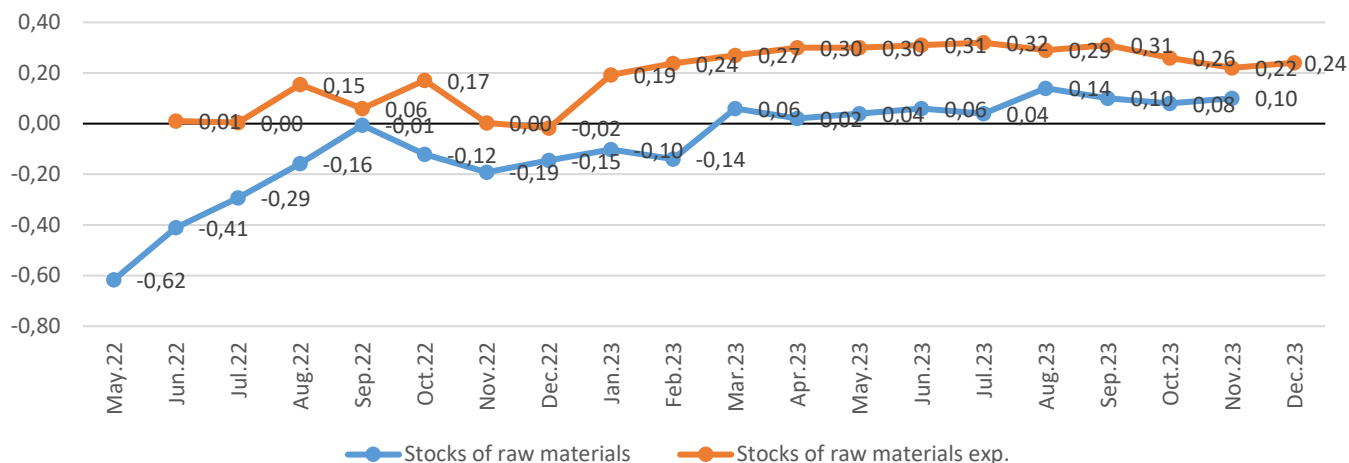
**The reduction rate of stocks of raw materials has slowed down.** The value of the INDEX OF STOCKS OF RAW MATERIALS increased slightly, from 0.08 to 0.10. The share of respondents who reported on the accumulation of stocks of raw materials for the past month increased from 18.2% to 20.5%. At the same time, the share of respondents who pointed to its reduction almost did not change and is 12.8% (it was 12.2%). The share of entrepreneurs for whom nothing has changed compared to last month decreased from 69.6% to 66.7%.

**Size.** The INDEX OF STOCKS OF RAW MATERIALS is the highest for large (0.14) and medium (0.12) enterprises. The indicator of small enterprises is 0.02. The indicator of micro-enterprises is the lowest and negative (-0.04).

**Region.** Most often, the accumulation of raw materials is reported in Poltava (1.00), Ivano-Frankivsk (0.37) and Lviv (0.36) regions. The indicators of Kyiv city (-0.62) and Kharkiv (-0.29) region are the lowest.

**Sector.** The light (0.26) and food (0.20) industries have a positive value. The indicators of the woodworking industry (-0.14) are the lowest.

Fig. 18. Stocks of raw material indices



### Expected changes in stocks of raw material

**For the next three months, entrepreneurs expect a further slowdown in the reduction rate of stocks of raw materials:** the INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS increased from 0.22 to 0.24. In percentage distribution, the share of respondents who expected the accumulation of stocks of raw materials increased from 28.0% to 30.3%. At the same time, the share of those who believe that stocks of raw materials will decrease did not change significantly and amounted to 9.2% (there were 8.1%). The share of those who believe that the situation will not change decreased from 63.9% to 60.5%.

**Size.** The INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is higher and about the same for medium (0.27) and large (0.24) enterprises. The indicator of small enterprises is lower and is 0.19. Microenterprises have the lowest value, which is zero.

**Region.** The HIGHEST INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is for the Poltava and Ternopil regions (1.00 for each). The lowest value of the index is for Kyiv city (-0.55) and Vinnytsya (-0.33) region.

**Sector.** The food (0.36) and light (0.22) industries have the highest expectations for changes in stocks of raw materials. The lowest value of the index is for the printing industry (-0.08).

## STOCKS OF FINISHED GOODS

### Changes compared to the previous month

**The rate of reduction of stocks of finished goods is slowing down.** The value of the corresponding index in November compared to October increased from -0.26 to -0.20. It happened due to a decrease in the share of those who reduced goods stocks at the expense of an increase in the share of those who did not change anything. In the percentage distribution, the share of respondents who reported a reduction in stocks of finished goods decreased significantly, from 35.2% to 28.2%. At the same time, the share of respondents whose stocks increased almost did not change and amounted to 8.5% (there were 8.0%). The share of respondents who did not feel any changes increased from 56.9% to 63.2%.

**Size.** The value of the index by the size of the enterprise is lower for small (-0.30) and medium (-0.24) enterprises. The indicator of large enterprises is -0.07. The indicator of micro-enterprises has the only positive value and is 0.02.

**Region.** The value of the index depends on the region. The enterprises in Khmelnytsky (0.33), Chernihiv (0.10), and Kirovohrad (0.06) regions have the highest and positive value of the index. The indicator of the Vinnytsya and Poltava regions is zero. Ivano-Frankivsk (-0.79), Lviv (-0.68), and Ternopil (-0.63) regions have the lowest index.

**Sector.** The construction materials production (-0.29) has the lowest index values. Metal processing has the highest value (0.05). The indicator of the printing industry is zero.

Expected changes in stocks of finished goods

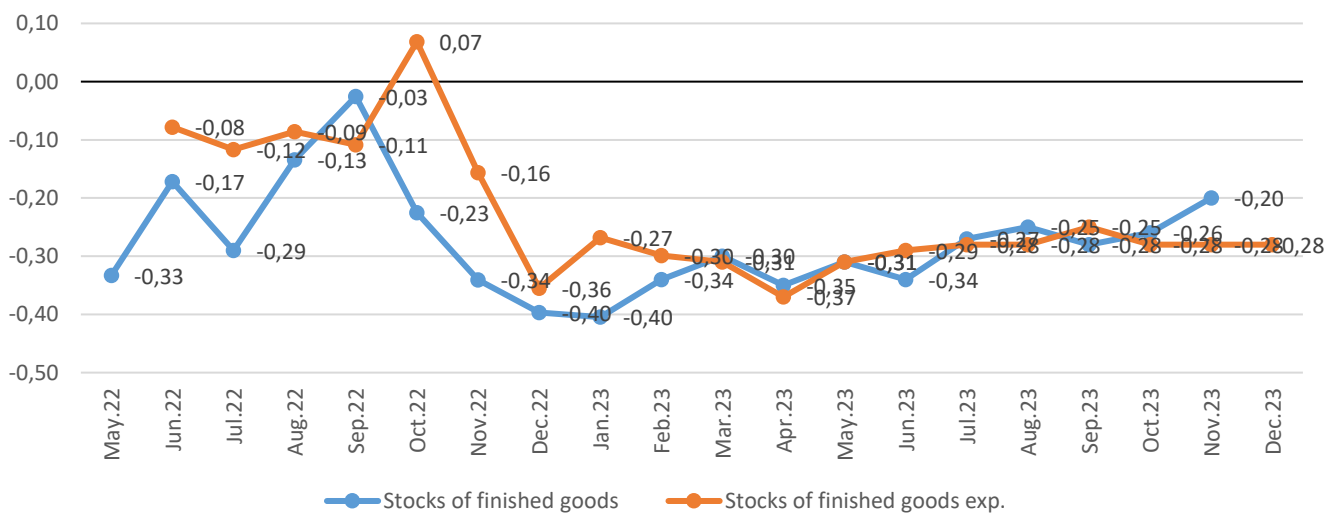
**Enterprise managers do not expect any changes in the future.** The INDEX OF EXPECTED CHANGES IN STOCKS OF FINISHED GOODS is -0.28 for the second month in a row. There were no significant changes in the percentage distribution. The share of respondents who believe that stocks of finished goods will decrease in the next three months is 31.8% (it was 30.6%), and the share of those who expect them to increase is 2.9% (it was 2.0%). The percentage of those who believe that nothing will change decreased from 67.5% to 65.4%.

**Size.** The value of the indicator depends on the size of the enterprise. Micro (-0.18) and large (-0.14) enterprises have the highest and approximately the same value of the index. The indicator of medium (-0.34) and small (-0.38) enterprises is significantly lower.

**Region.** The Poltava region (0.05) has an indicator of expectations higher than zero. The indicator of expectations for the Cherkasy, Zaporizhzhya, and Zakarpattya 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 and is equal to zero. The light (-0.37) and food (-0.39) industries have the lowest indicators.

Fig. 19. Stocks of finished goods indices



NEW ORDERS

Changes compared to the previous month

**The growth dynamics of new orders remain stable.** The NEW ORDERS INDEX in November is 0.13 (was 0.12). In the percentage distribution, the share of those who reported an increase in the number of new orders (from 22.7% to 26.1%) and the share of those who reported a decrease in their number (from 14.7% to 17.5%) increased. The share of those who did not experience changes significantly decreased, from 62.6% to 56.4%.

**Size.** The values of the index are higher and about the same for large (0.18) and medium (0.16) enterprises. The indicator of small enterprises is zero. The indicator of micro-enterprises is the lowest and has a negative value of -0.11.

**Region.** The new orders grew the most in Poltava (1.00), Ivano-Frankivsk (0.37), and Lviv (0.36) regions, while in Sumy (-0.45) and Khmelnytsky (-0.23) regions the new orders have decreased the most.

**Sector.** The best situation with new orders in the previous month was in the light (0.50) and printing (0.38) industries. Metal processing (-0.32) and construction materials production (-0.34) have the lowest indicators.

#### Expected changes in new orders

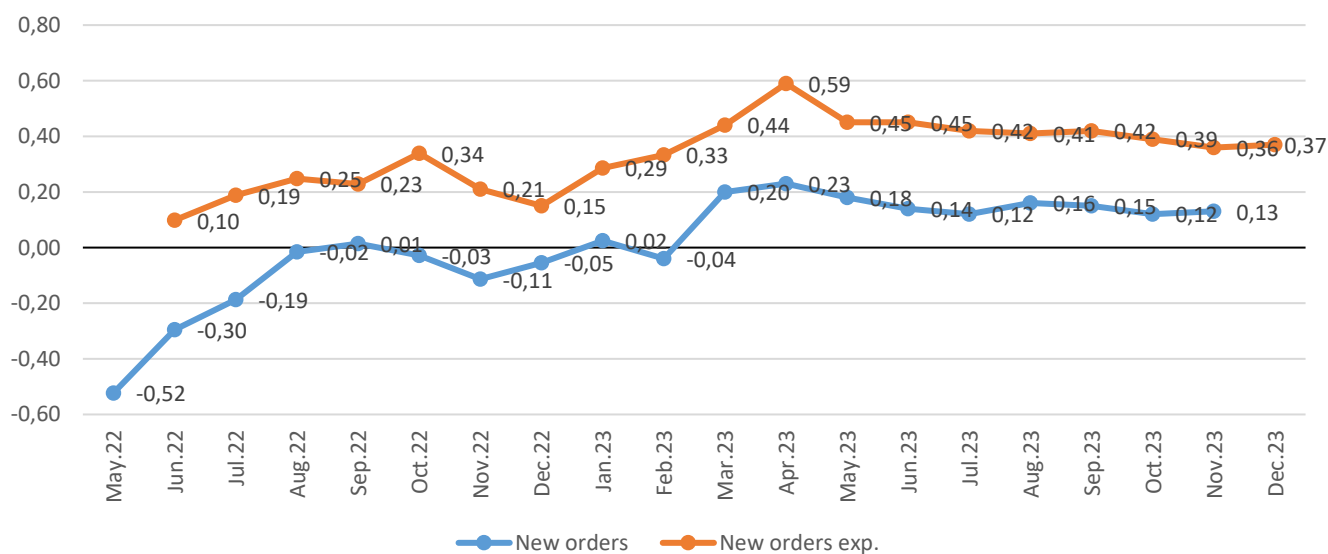
**In the next three months, entrepreneurs do not expect significant changes in the indicator.** The value of the INDEX OF EXPECTED CHANGES IN THE NEW ORDERS is 0.37 (it was 0.36). In the percentage distribution, the share of those who expect an increase in new orders (from 39.1% to 41.7%) and the share of respondents who expect a reduction in new orders (from 4.9% to 7.4%) increased. At the same time, the share of those not expecting any changes in the next three months decreased from 55.3% to 50.9%.

**Size.** The expectation indicator is about the same for medium (0.39) and large (0.41) companies. The indicator of small enterprises is 0.33. The indicator of micro-enterprises is significantly lower (0.08).

**Region.** Index values have significant regional differences. In Poltava and Ternopil regions (1.00 each), Lviv (0.96), and Ivano-Frankivsk (0.95) regions, businesses expect an increase in new orders to a greater extent than in other ones. However, the indicators of Sumy (-0.08) and Dnipropetrovsk (-0.11) regions have negative values.

**Sector.** Food (0.56) and light (0.43) industries have the best expectations for new orders. The indicators of metalworking (-0.14) and construction materials production (-0.23) are the lowest and have negative values.

Fig. 20. New orders indices



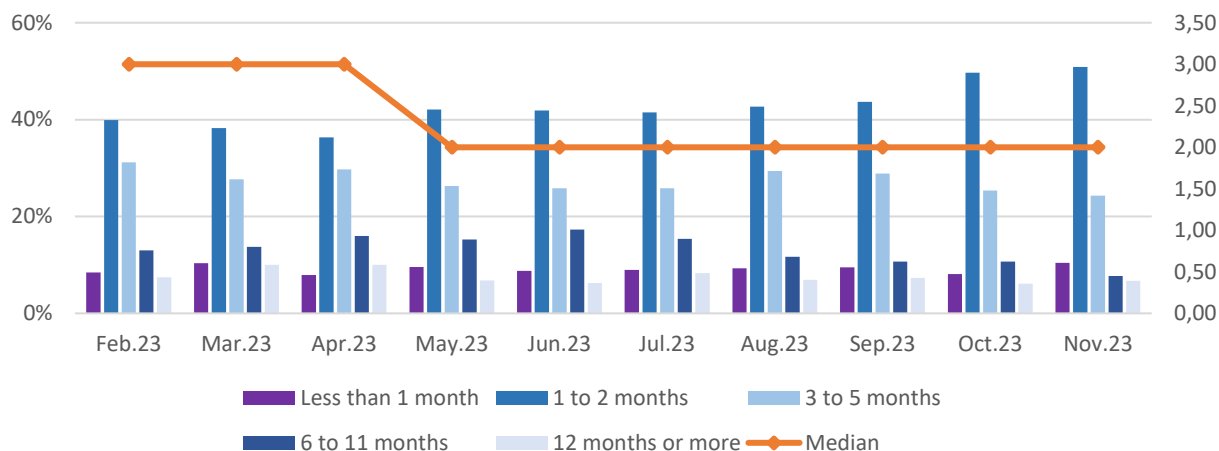
#### Availability of orders

In November 2023, the average term of new order availability for surveyed enterprises remained at the level of two months (median), where it has been since May 2023. Before that, in January-April 2023, this term was longer: three months.

At the same time, the share of enterprises with orders for no more than two months increased even more, from 58% in October to 61% in November. In particular, in November, 10% of enterprises had orders for less than one

month, and 51% - for one or two months. In the previous months of 2023, the share of business with orders up to two months was at 50% or less.

Fig. 21. 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 and medium-sized businesses - for two months and large - for three.

83% of micro-enterprises and 74% of small ones have orders for only up to two months. At the same time, 31% of large companies and 15% of medium enterprises have orders for six months or more.

**Sector.** In November 2023, the relatively longest average term of new orders, which, however, amounted to only three months (median value), was recorded in the printing industry<sup>1</sup>. On the other hand, enterprises in the metallurgy and machine building industries were provided with orders for only one month on average, and the construction materials production industry - for 1.5 months.

At the same time, more than 80% of producers of textiles, clothes, and footwear and more than 70% of enterprises in machine building and construction materials production have orders for only up to two months. This share is larger than among other branches of industry.

**Region.** There are differences between enterprises in different regions in the availability of orders. The average term of order availability is the longest for enterprises of the Kyiv region, where it was ten months on average (median value). Also, the term of orders is relatively long for enterprises of the Poltava region (six months).

On the other hand, the shortest average period of orders - only one month - was recorded in Vinnytsya, Kharkiv, Khmelnytsky, Chernivtsi, and Chernihiv regions, and Kyiv city.

## PURCHASE PRICES

### Changes compared to the previous month

**The growth rate of prices for raw materials and supplies is slowing down.** The value of the PURCHASE PRICE INDEX decreased from 0.36 to 0.27. However, it is worth noting that it is due to an increase in the share of those for whom nothing has changed. The share of enterprise managers who indicated an increase in prices in November compared to October decreased from 39.1% to 29.8%. At the same time, the share of those who believe that prices have not changed compared to the previous month has significantly increased, from 57.3% to 68.3%. The share of those who talk about a decrease in prices for raw materials and supplies decreased slightly, from 3.6% to 1.9%.

<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."



**Size.** Depending on the size of the enterprise, managers of micro (0.36) and small (0.31) enterprises often talk about an increase in the price of raw materials and supplies. The indicator of medium (0.24) and large (0.26) companies is lower.

**Region.** Significant regional differences were recorded. The value of the index is higher for Poltava (1.00) and Sumy (0.70) regions and Kyiv city (0.68). The indicator of Dnipropetrovsk region is the lowest and is equal to zero.

**Sector.** The value of the PURCHASE PRICE INDEX is the highest for light industry (0.49) and machine building (0.44). The chemical industry and metalworking have the lowest value of the index (0.18 for each sector).

#### Expected changes in purchase prices

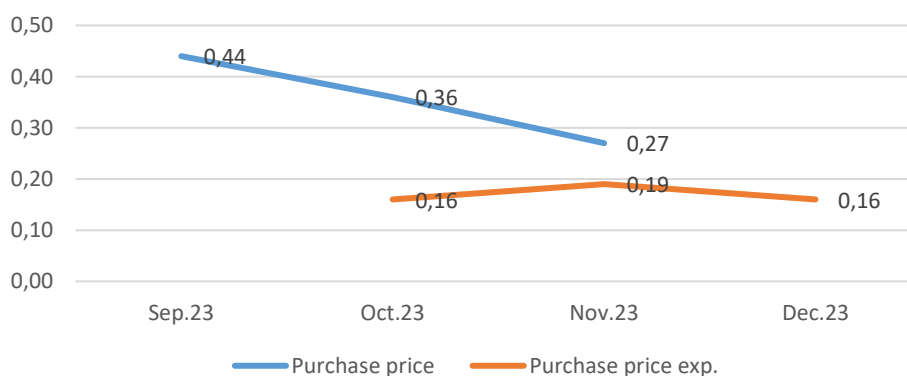
**In the next three months, the business does not expect significant changes in the indicator.** The INDEX OF EXPECTED CHANGES IN THE PURCHASE PRICE decreased slightly, from 0.19 to 0.16. The share of respondents who believe there will be no changes has increased (from 75.1% to 79.8%). At the same time, the share of those who expect price increases decreased (from 22.1% to 18.3%), and the share of those who believe that the prices of raw materials and supplies will decrease in the next three months (from 2.8% to 1.9%).

**Size.** Depending on the size, the indicator of large (0.23) and micro enterprises (0.25) is higher and about the same. The index value of small (0.12) and medium (0.14) is twice as low.

**Region.** The most talk about a possible increase in the price of raw materials is in the Poltava and Kharkiv regions (by 1.00 for each). The indicators of Lviv, Cherkasy, Rivne, Zhytomyr, Zakarpattya, and Zaporizhzhya regions are zero. The indicators of the Ivano-Frankivsk and Ternopil regions (-0.05 each) have negative values.

**Sector.** Machine building has the highest value of the index (0.50). The construction materials production (0.04) has the lowest indicator of expectations.

Fig. 22. Purchase prices indices



## DOMESTIC SALES PRICES

### Changes compared to the previous month

**The growth rate of prices for finished goods is gradually slowing down.** The value of the DOMESTIC SALES PRICE INDEX decreased from 0.27 to 0.25. It happens due to a decrease in the share of those who plan to raise prices and their transition to the share of those who do not plan changes. The share of enterprise managers who indicated a price increase in November decreased from 31.1% to 28.5%. At the same time, the share of respondents talking about price reduction decreased less significantly, from 3.2% to 2.4%. At the same time, the share of those who believe that prices did not change compared to the previous month increased from 65.7% to 69.0%.

**Size.** Depending on the size of the enterprise, micro-enterprises (0.35) often point to an increase in prices for finished goods. The indicator of large (0.23), medium (0.25), and small (0.26) enterprises is lower and approximately the same.

**Region.** Significant regional differences were recorded. The value of the index is higher for Poltava (0.89) and Sumy (0.80) regions. The indicator of Chernihiv and Dnipropetrovsk regions is the lowest and is equal to zero.

**Sector.** The value of the DOMESTIC SALES PRICE INDEX is the highest for printing (0.54) and light (0.45) industries. Metalworking has the lowest value of the index (0.09).

#### Expected changes in the domestic sales prices

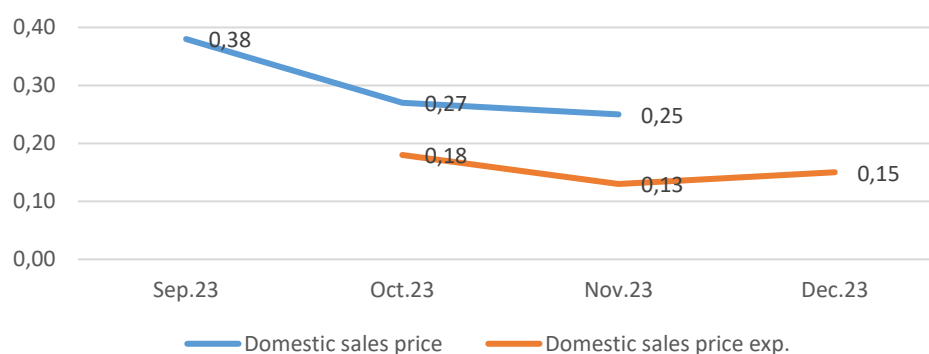
**Company managers do not expect significant changes in the indicator for the next three months.** The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICES increased only slightly, from 0.13 to 0.15. At the same time, there were no significant changes in the percentage distribution. The share of respondents who do not plan to change has not changed significantly and is 79.8% (it was 79.1%). The share of respondents who plan to increase prices in the next three months remained almost unchanged and is 18.0% (it was 18.4%), as well as the share of those who believe that the prices of raw materials and supplies will decrease in the next three months, which is 2.2% (it was 2.6%).

**Size.** Depending on the size, the indicator of large (0.21) and micro enterprises (0.26) is the highest. The value of the index of small and medium-sized enterprises is significantly lower (0.12 each).

**Region.** Kharkiv (1.00), Poltava (0.89), and Sumy (0.73) regions talk about a possible increase in release prices the most. The indicators of Rivne (-0.04), Ivano-Frankivsk, and Ternopil (-0.05 each) regions have the lowest and negative values.

**Sector.** Machine building has the highest value of the index (0.54). Construction materials production has the lowest indicator of expectations (-0.03) with the only negative value.

Fig. 23. Domestic sales price indices



## ACCOUNT RECEIVABLES

### Changes compared to the previous month

**The indicator of receivables worsened significantly in November compared to October.** The value of the ACCOUNT RECEIVABLES INDEX doubled, from -0.24 to -0.14. It happened due to the transfer of the share of those who reduced their debt to those who did not change. The share of those who reported debt reduction decreased from 35.0% to 24.4%. The share of those who have accumulated debt has not changed significantly and is 8.5% (it was 9.6%). The share of those for whom nothing has changed increased from 55.3% to 67.1%.

**Size.** The situation with receivables is much better for small enterprises (-0.28). Medium (-0.16) and micro-enterprises (-0.13) are about the same. Large enterprises have the highest indicator of receivables (-0.02).

**Region.** Significant regional differences in the values of this indicator were recorded. The largest increase in receivables was recorded in the city of Kyiv (0.57). At the same time, in the Sumy region (-1.00), the indicator of receivables decreased the most.

**Sector.** Printing (0.25) and machine building (0.03) have the highest and positive indicator of receivables. The lowest indicator is in the construction materials production (-0.38).

#### Expected changes in account receivables

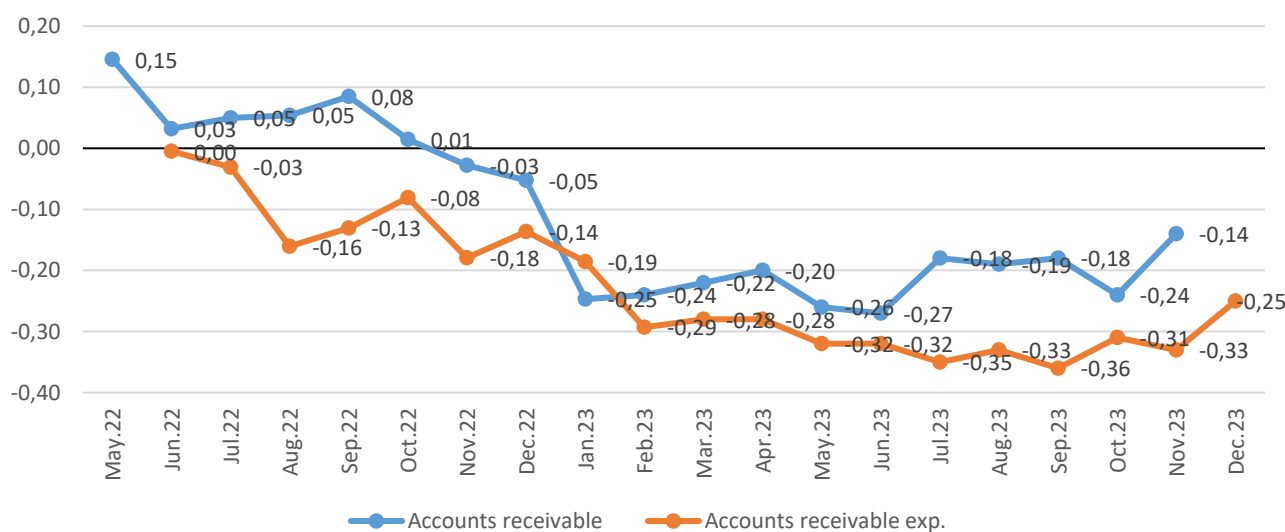
**In three months, entrepreneurs expect further deterioration of the indicator.** The INDEX OF EXPECTED CHANGES IN ACCOUNT RECEIVABLES slightly increased from -0.33 to -0.25. The share of respondents who expect debt accumulation has not changed significantly and is 1.8% (it was 2.4%), while the share of those who expect its reduction has decreased from 36.4% to 27.7%. The share of those who believe that nothing will change has increased from 61.2% to 70.5%.

**Size.** The small (-0.39) and medium (-0.25) enterprises have the best value of the indicator. The expectation index for large (-0.15) and micro-enterprises (-0.12) is higher and about the same.

**Region.** The Khmelnytsky region (0.04) has the largest and higher value than zero. The Sumy region (-1.00) has the lowest indicator.

**Sector.** The printing industry (0.08) has the highest indicator of expectations for an increase in receivables. The light industry has the lowest rate (-0.39).

Fig. 24. Account receivables indices



## ACCOUNT PAYABLES

### Changes compared to the previous month

**In November, the indicator of payables worsened.** The ACCOUNT PAYABLES INDEX increased from -0.26 to -0.16. The share of respondents who reported on the accumulation of debt did not change significantly and is 5.6% (it was 6.4%). The share of those for which account payables decreased significantly decreased, from 34.1% to 22.8%. The share of those for whom nothing has changed over the past month increased from 59.5% to 71.6%.

**Size.** The indicator of payables for small enterprises (-0.29) is the lowest. The indicator of medium (-0.15) and micro-enterprises (-0.14) is approximately the same. Large enterprises have the worst indicator of payables (-0.07).

**Region.** Significant regional differences were recorded. The situation with the accumulation of payables is the worst in Kyiv city (0.29), Kyiv (0.19) region, and Cherkasy and Volyn regions (0.10 each). The best situation is in Sumy (-1.00) region.

**Sector.** The printing industry (0.09) has the highest and positive debt indicator. The construction materials production has the lowest indicator (-0.38).

#### Expected changes in account payables

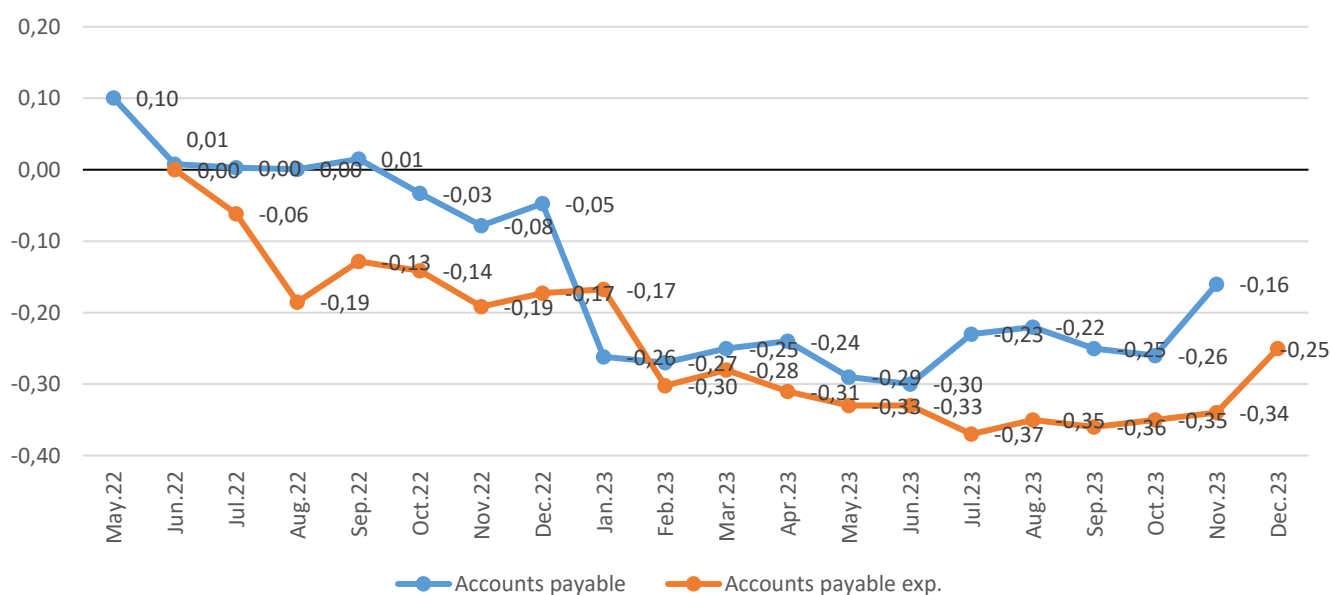
**For the next three months, entrepreneurs expect further deterioration of the indicator.** The INDEX OF THE EXPECTED CHANGES IN ACCOUNT PAYABLES increased from -0.34 to -0.25. The share of those expecting a reduction in account payables decreased from 35.9% in October to 26.3% in November. The share of those expecting its accumulation remained almost unchanged and amounted to 1.0% (it was 1.6%). The share of respondents who believe nothing will change has significantly increased, from 62.6% to 72.7%.

**Size.** The indicator of small (-0.35) and medium-sized (-0.26) enterprises is much better. The debt indicator of large (-0.160) and micro-enterprises (-0.13) is significantly higher.

**Region.** The indicator of expected account payables is positive and higher than zero for the Khmelnytsky region (0.04). The indicator of Cherkasy, Chernihiv, Zaporizhzhya, Zakarpattia, and Poltava regions is zero. The lowest is the indicator of expectations for the Sumy region (-1.00).

**Sector.** The printing industry has the highest indicator, which is zero. Light industry (-0.37) and construction materials production have the lowest values.

Fig. 25. Account payables indices



## TAX ARREARS

### Changes compared to the previous month

**The indicator of tax arrears worsened, as did the indicators of receivables and payables.** The TAX ARREARS INDEX increased from -0.32 to -0.24. The share of enterprises that reported tax arrears reduction for the past month decreased from 33.6% to 24.2%. The share of respondents who indicated an increase in tax arrears did not change significantly and amounted to 0.5% (it was zero in October). The share of those who believe nothing has changed has increased from 66.4% to 75.3%.

**Size.** Indicators of tax arrears are the highest for micro-enterprises (-0.08). The indicator of large (-0.19) and medium-sized (-0.21) enterprises is approximately the same. Small enterprises have the lowest indicator (-0.34).

**Region.** There are significant differences in the value of this indicator by region. The highest and positive value of the indicator is in the Kirovohrad region (0.02). The indicator value of Kyiv city, Cherkasy, Chernihiv, Volyn, Zakarpattia, and Zaporizhzhya regions is zero. The Sumy (-0.94) and Poltava (-0.95) regions have the lowest indicators.

**Sector.** Metalworking and woodworking industries (-0.06 for each) have the highest value of the indicator of tax arrears. The value for construction materials production (-0.36) is the lowest.

#### Expected changes in tax arrears

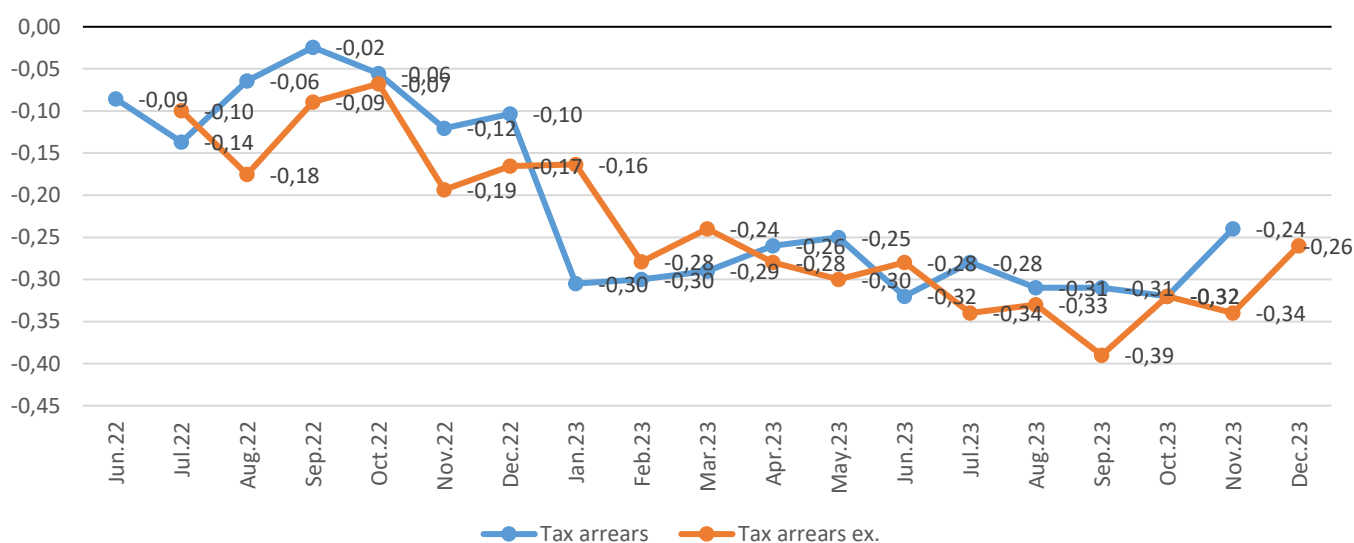
**For the next three months, entrepreneurs expect further deterioration of the indicator.** The INDEX OF THE EXPECTED CHANGES IN TAX ARREARS increased from -0.34 to -0.26. The share of those who predicted a reduction in tax arrears decreased from 34.5% to 28.0%, while the share of those who expected it to increase did not change significantly and is 1.2% (it was 0.2%). The share of those who do not expect changes increased from 65.3% to 70.8%.

**Size.** Indicators of expectations regarding tax arrears are worse for micro-enterprises (-0.13). The indicator of large enterprises is -0.18. Indicators of small (-0.36) and medium (-0.28) enterprises are significantly better.

**Region.** The indicator of expectations of the Khmelnytsky region is the only one with a positive value (0.04). The indicator of Zhytomyr region (-1.00) is the lowest.

**Sector.** The highest tax arrears expectations are in metalworking and printing (0.00 for each industry). The lowest is the indicator of light industry (-0.34).

Fig. 26. Tax arrears indices



## NUMBER OF WORKERS

### Changes compared to the previous month

**The employment reduction rate is accelerating.** The NUMBER OF WORKERS INDEX decreased from -0.06 to -0.09 in November. The share of respondents reporting a reduction in the number of workers involved in all operations increased from 7.7% to 10.6%. At the same time, the share of those who indicated an increase did not change significantly and is 1.9% (was 1.3%). The share of those for whom nothing has changed decreased from 90.9% to 87.5%.

**Size.** The indicator is slightly higher and the same for medium and micro enterprises (-0.07 each). The indicator of large enterprises is -0.09. The indicator of micro-enterprises is the lowest (-0.11).

**Region.** The value for Rivne region (0.07) is higher than zero. Zhytomyr (-0.81) and Sumy (-0.30) regions have the lowest values.

**Sector.** The indicator of the printing industry is zero. Indicators of other industries have a negative value, and the lowest indicators are for the construction materials production (-0.29) and light industry (9-0.23).

#### Expected changes in the number of workers

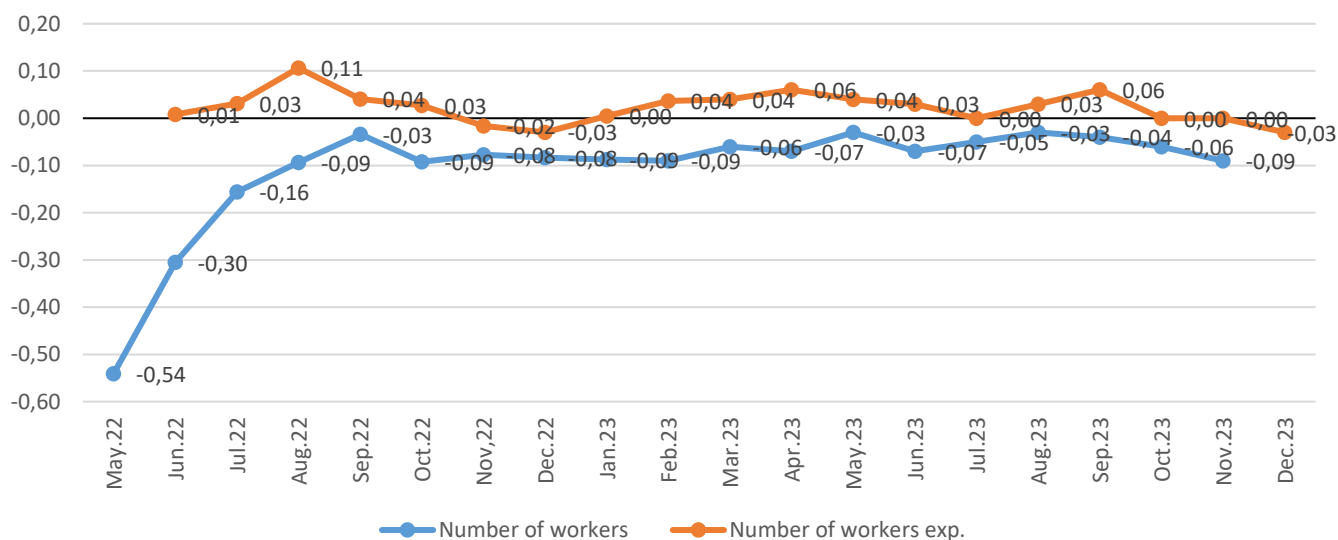
**In the next three months, the managers surveyed expect a further slight acceleration of the rate of reduction in the number of workers:** the INDEX OF THE EXPECTED CHANGES IN THE NUMBER OF WORKERS decreased from zero to -0.03. The share of respondents who plan to increase the number of workers slightly decreased from 4.1% to 2.8%, while the share of those who expect to reduce the number of workers increased from 3.9% in October to 6.0%. The share of those who do not plan to change has not changed significantly and is 91.1% (it was 92.0%).

**Size.** Depending on the size of the enterprise, the indicator of medium and micro enterprises is the same and is -0.02. The indicator of large enterprises is -0.03. The lowest is the indicator of expectations of small enterprises (-0.06).

**Region.** The value of the index of expected changes in the number of workers significantly depends on the region of enterprise location. Chernihiv region has the highest and only positive indicator (0.02). Zhytomyr region has the lowest values of the indicator (-0.41).

**Sector.** The highest index of expectations is for the woodworking (0.05) industry and machine building (0.04). The indicator of the construction materials production is the lowest (-0.27).

Fig. 27. Number of workers indices



## WORKERS ON FORCED LEAVE

### Changes compared to the previous month

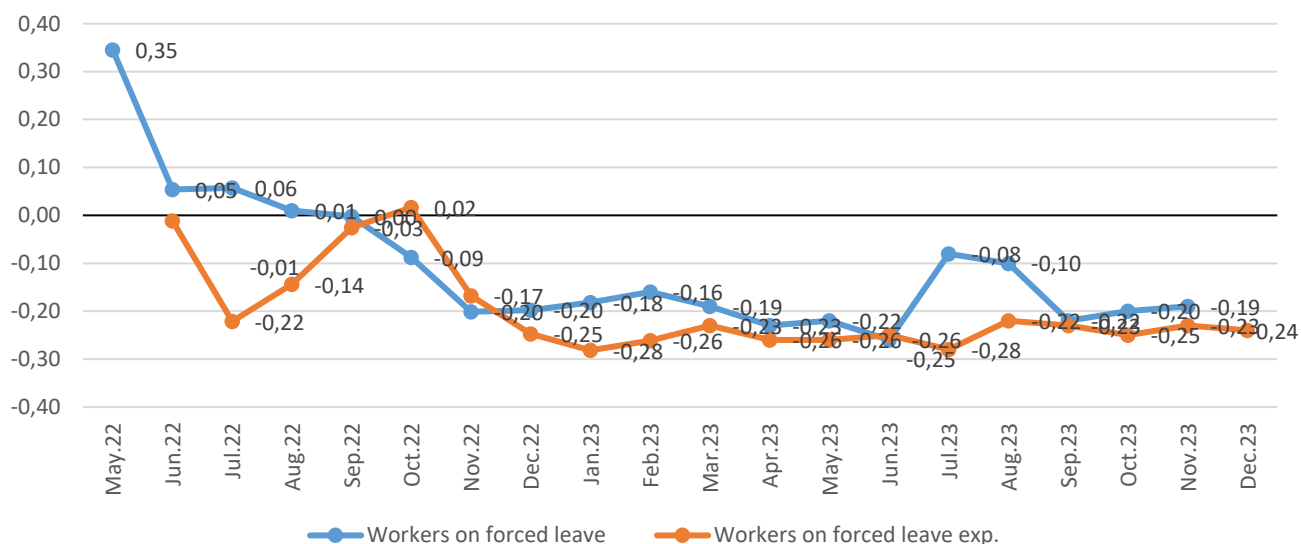
**The reduction rate in the number of workers on forced leave is slowing down.** The NUMBER OF WORKERS ON THE FORCED LEAVE INDEX has not changed significantly and is -0.19 (it was -0.20 in October). The share of those who reported an increase in such workers increased slightly, from 2.9% to 4.0%. At the same time, the share of those who indicated their reduction slightly decreased, from 24.1% to 23.1%. The share of those for whom there have been no significant changes over the past month is 72.9% (it was 73.1%).

**Size.** The indicator of micro-enterprises is the highest and is equal to zero. The indicator of large enterprises is -0.08. The indicator of small (-0.24) and medium (-0.25) enterprises is significantly lower and approximately the same.

**Region.** Among the various regions, the highest increase in the indicator is observed for enterprises in Sumy (0.33), Volyn (0.11), Kirovohrad (0.05) and Vinnytsya (0.04) regions, and most often a decrease in the number of workers on forced leave is reported in Ternopil (-1.00), Lviv (-0.96) and Ivano-Frankivsk (-0.95) regions.

**Sector.** Machine building (0.04), whose indicator is positive, has the worst indicator of the number of workers on forced leave. The indicators of construction materials production (-0.26) and food industry (-0.31) are the lowest.

Fig. 28. Number of workers on forced leave indices



### Expected change in the number of workers on forced leave

**Enterprises that have employees on forced leave do not expect significant changes in the next three months.**

The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS ON FORCED LEAVE is -0.24 (was -0.23). There were no significant changes in the percentage distribution. The share of enterprises at which an increase in the number of workers on forced vacations is expected is 1.7% (it was 1.2%). The share of those who believe that the number of such workers at their company will decrease is also almost unchanged and amounts to 25.5% (it was 25.1%). The share of those who believe there will be no changes is 72.9% (it was 73.7%).

**Size.** The indicator of micro-enterprises is 0.03 and is the highest. The value is somewhat lower for large enterprises (-0.08). Indicators of medium (-0.28) and small (-0.34) enterprises are significantly lower.

**Region.** Indicators of expectations for Sumy (0.14), Chernihiv (0.07), and Kyiv (0.05) regions are higher and positive. The indicators of the Ternopil (-1.00), Ivano-Frankivsk (-0.94), and Lviv (-0.93) regions are the lowest.

**Sector.** The highest is the indicator of expectations regarding the number of workers on forced leave of metalworking (0.13). The lowest is the indicator of food (-0.38) and light (-0.26) industry.

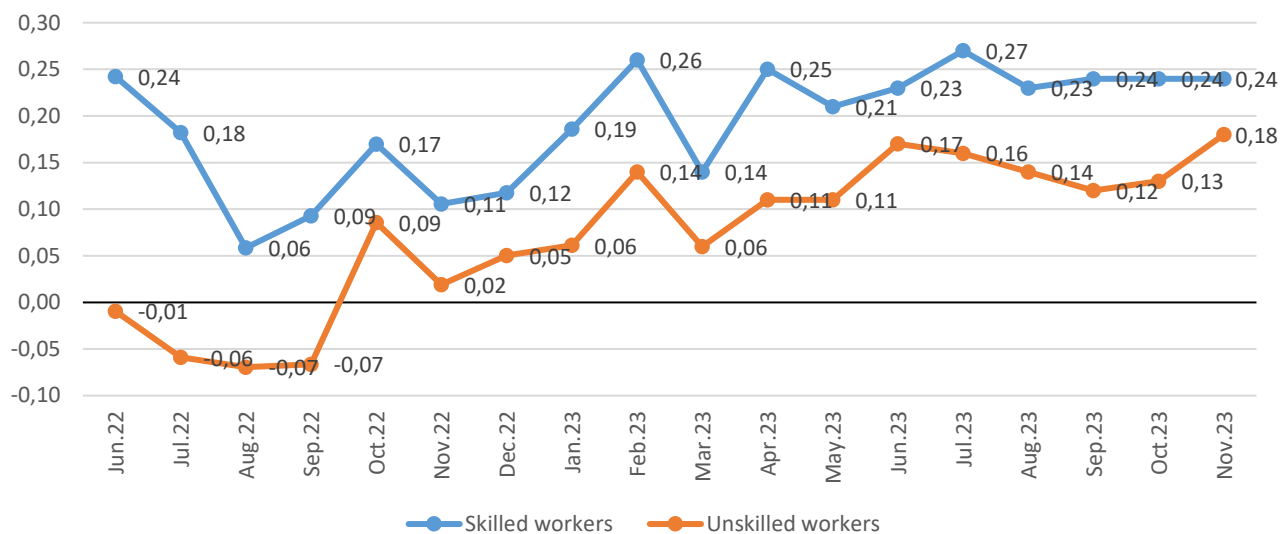
### SKILLED AND UNSKILLED WORKERS

**In November 2023, difficulties in finding unskilled workers increased, while the figure for skilled workers remained unchanged.** The value of the INDEX OF FINDING SKILLED WORKERS is 0.24, and the indicator has not changed for the third month in a row. The value of the INDEX OF FINDING UNSKILLED WORKERS worsened significantly, increasing from 0.13 to 0.18.

The share of enterprise managers who indicated that it is more difficult to find skilled workers has not changed significantly and amounts to 27.7% (it was 26.3%). At the same time, the share of those who find it more difficult to find unskilled workers increased from 18.8% in October to 22.6% in November. The percentage of those who find it easier to find skilled workers has not changed significantly and is 0.8% (it was 1.9%), as well as the share of those who find it easier to find unskilled workers, which is 4.7% (it was 5.3 %). The share of those who do not feel

any changes in the search for skilled workers increased from 70.5% to 72.9%, and for unskilled workers, the percentage decreased from 75.9% to 72.7%.

Fig. 29. Skilled and unskilled workers indices



### Skilled workers

**Size.** The indicator is approximately the same for large (0.22), medium (0.23), and small (0.26) enterprises, depending on the size of the enterprise. It is most difficult to find skilled workers for micro-enterprises, whose indicator is the highest and is 0.45.

**Region.** Significant regional differences in the labor market were recorded. It is most difficult to find skilled workers in Chernihiv, Dnipropetrovsk, and Zhytomyr regions (1.00 for each). It is easiest to find skilled workers in Chernivtsi (-0.03) and Odesa (-0.04) regions.

**Sector.** Chemical (0.21), food (0.24), and printing (0.25) industries have fewer difficulties with finding skilled workers. It is more difficult to find skilled workers in metalworking and machine building (0.42 each).

### Unskilled workers

**Size.** Small (0.14), medium (0.17), and large (0.20) enterprises find it easiest to find unskilled workers. The index of difficulties in finding unskilled workers for micro-enterprises is significantly higher and amounts to 0.30.

**Region.** It is easiest to find unskilled workers in Chernivtsi (-0.16) and Sumy (-0.76) regions. The greatest difficulty in finding unskilled workers is in Chernihiv, Dnipropetrovsk, and Zhytomyr regions (1.00 for each).

**Sector.** The worst indicators for finding unskilled workers are observed in the woodworking (0.33) industry, and the lowest value is for the chemical (0.11) industry.



## 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 November 2023 was the **increase in the prices of raw materials**. This issue comes out on top for the ninth month in a row, as from March to October 2023 it was the most common obstacle for businesses surveyed in November.

However, since September, the absolute value of this obstacle has been lower than in previous waves of this survey. In November, it decreased even more to 41% compared to 48% in October. The trend to reduce the impact of price increases on the surveyed business corresponds to the slowdown of inflation rates in Ukraine as a whole observed in 2023. Thus, in November 2023, inflation amounted to 5.1% in year terms, while in January 2023 it was equal to 26%.

The **work hazards** caused by full-scale war became an even more acute problem for the businesses surveyed. In November, 38% of surveyed businesses complained about it, as a result of which it took second place in the rating of obstacles. Thus, the value of this problem returned almost to the level of September 2023 after a short-term decrease in October (up to 32%).

Almost the same shares of respondents - 36% and 35% - in November pointed to such obstacles as **difficulties transporting raw materials or goods through the territory of Ukraine** and **labor shortages due to conscription and migration of workers**. The importance of these obstacles has increased compared to the previous month: in October, slightly more than 30% of surveyed businesses pointed to them. As a result, they finished third and fourth in the obstacle rankings in November.

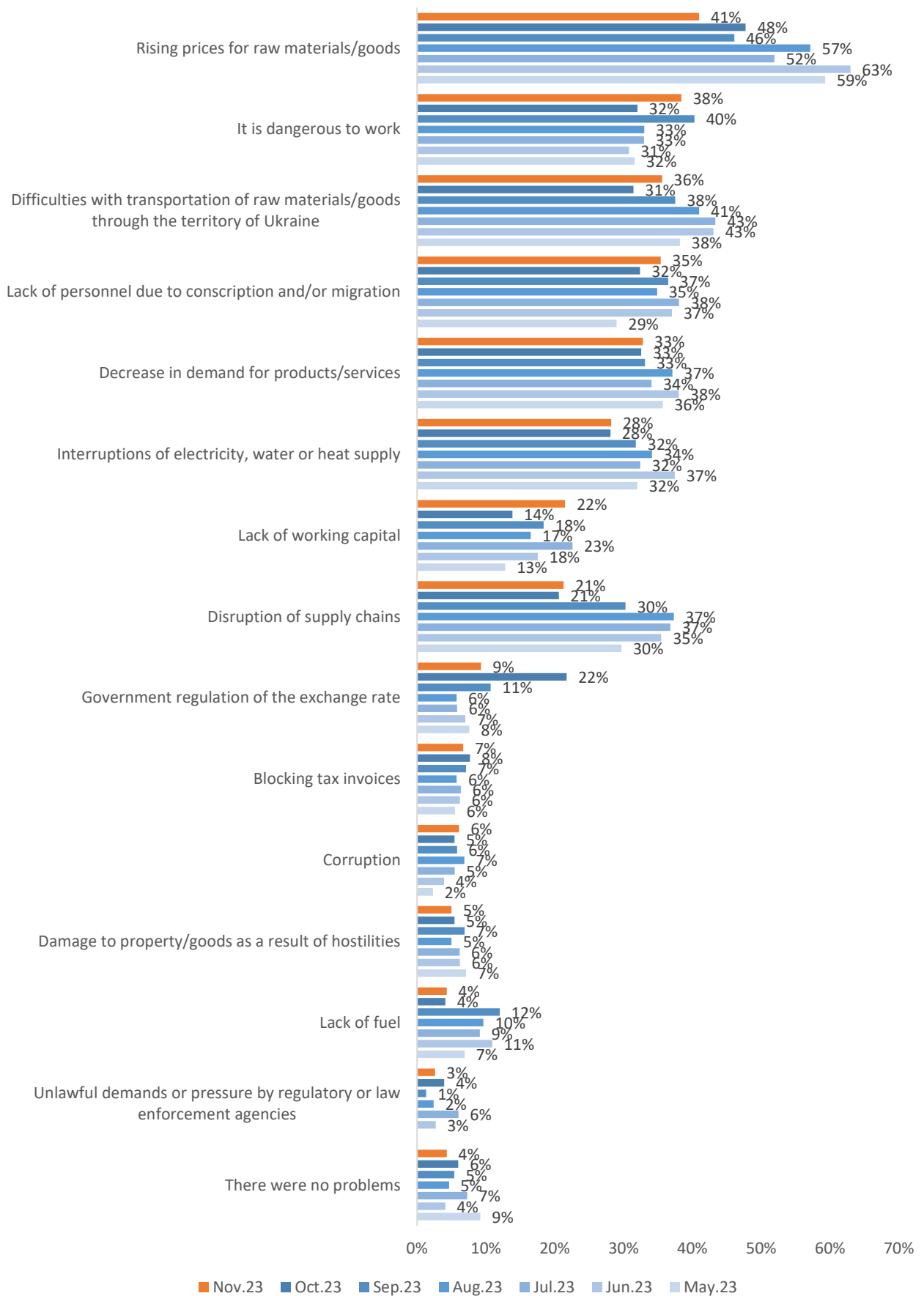
Such an obstacle as **decreasing demand for enterprises' goods or services**, which 33% of respondents have been complaining about for three months in a row, was in fifth place in this rating. The sixth place in the rating of obstacles caused by the full-scale Russian invasion in November is taken by **power, water, or heat supply outages**, which, as a month ago, was indicated by 28% of enterprises.

With a slight difference, the seventh and eighth places were obtained by the problems of **lack of working capital** and **disruption of supply chains**, which were reported by 22% and 21% of respondents, respectively, in November. At the same time, after some period of relative decrease in the importance of the problem of lack of working capital (from August to October, it was relevant for less than 20% of enterprises), it increased again, and the problem of disruption of supply chains remains at one of the lowest levels for the entire survey period for the second month.

The problem of **state regulation of exchange rate** became the ninth most important issue for business in November. The share of enterprises that reported it decreased to 9% after increasing to 22% in October. It may have been caused by the fears of the surveyed businesses about the consequences of the transition of the National Bank of Ukraine to managed exchange rate flexibility, which took place at the end of September 2023.

The **blocking of tax invoices** affected 7% of surveyed enterprises and took tenth place in the ranking of obstacles. 6% or less of enterprises reported obstacles such as **corruption, damage to property or goods as a result of military actions, lack of fuel**, and **unlawful demands or pressure from regulatory or law enforcement agencies**. Additionally, 4% of businesses surveyed in November 2023 said they did not experience any problems.

Fig. 30. The most important problems for the surveyed businesses



**Challenges for businesses by size.** The top business challenge in November – an increase in prices for raw materials or supplies – affected micro, small, and medium-sized businesses about equally, with between 40% and 44% of these businesses reporting this obstacle. For large companies, the increase in prices was less noticeable: it was indicated by 36% of these enterprises.

On the other hand, large enterprises, more often than smaller ones, said that it is unsafe to work and pointed to the labor shortages due to conscription and migration of workers. These obstacles were indicated by 47% and 49% of large enterprises, respectively, while among smaller ones, these shares did not exceed 37%.

In addition, 53% of micro-businesses complained in November that power outages hindered their activities. It is significantly more than among larger companies, where the respective shares did not exceed 29%.

**Challenges for businesses by sector.** In the woodworking and in the metallurgy industries, more often than in others, the most acute problem for the surveyed business in November 2023 was the increase in price for raw materials or supplies (62% and 59% of enterprises, respectively)<sup>2</sup>.

The work hazards issue was most acute for the machine building industry (55%), and difficulties transporting raw materials or goods through the territory of Ukraine most affected the chemical industry (50%).

In metallurgy and textile, clothing, and footwear production, more often than in other sectors, they reported a lack of personnel due to conscription and migration of workers (50% or more of the respondents), and representatives of the construction materials production industry (63%) spoke most often about a decrease in demand.

**Challenges for businesses by region.** The surveyed businesses of Zhytomyr region (96% of enterprises) and Kyiv city (82%) most often complain about the increase in price for raw materials or supplies<sup>3</sup>.

Dnipropetrovsk and Poltava regions (95% of enterprises each), as well as Vinnytsya (92%) and Kyiv (87%) regions said it is unsafe to work in November.

Difficulties transporting raw materials or finished goods across the territory of Ukraine are the biggest concern of surveyed enterprises in Zaporizhzhya (70%) and Cherkasy (63%) regions, and Kyiv city (59%).

In the Dnipropetrovsk, Zhytomyr, and Chernivtsi regions, the highest shares of businesses facing a labor shortage due to the full-scale war (more than 70%) were recorded.

### Causes of the shadow economy

The "shadow" part of Ukraine's economy, which includes undeclared employment and lack of reporting on economic transactions, reduces revenues to the state budget. According to the estimates of the Ministry of Economy of Ukraine, from 2012-2021, the volume of the shadow economy was from 30% to 36% of the official GDP volume<sup>4</sup>. As noted in previous IER studies, reducing costs by concealing income can be one of the strategies that businesses use, in particular, to mitigate economic crises<sup>5</sup>.

In November, IER asked representatives of enterprises what, in their opinion, is the main reason for the informal or shadow economy in Ukraine. Almost half of the respondents cited high taxes as the reason (45%)<sup>6</sup>. Factors such as a high level of corruption, the habit of avoiding paying taxes, and mistrust of how taxpayers' money is used

---

<sup>2</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>3</sup> Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

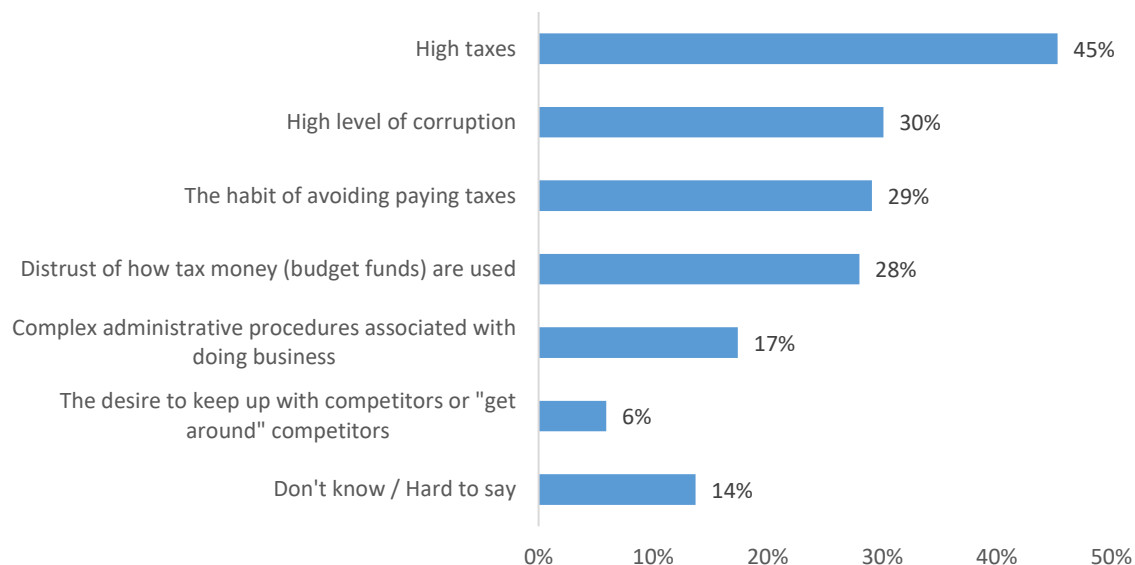
<sup>4</sup> Ministry of Economy. General trends of the shadow economy in Ukraine in 2021 <https://www.me.gov.ua/Documents/Download?id=74e86de5-126a-4849-94d5-7d4ea048e4b8>

<sup>5</sup> Ukraine against corruption: the economic front. Economic assessment of anti-corruption measures in 2014-2018. Analytical report. Kyiv – 2018 [http://www.ier.com.ua/files/publications/Policy\\_papers/IER/2018/Anticorruption\\_%20Report\\_Ukr\\_.pdf](http://www.ier.com.ua/files/publications/Policy_papers/IER/2018/Anticorruption_%20Report_Ukr_.pdf)

<sup>6</sup> Respondents could choose several answer options.

were mentioned by very close shares of the surveyed businesses (from 28% to 30%). Much less respondents - 17% - believe that complex administrative procedures can lead businesses to tax evasion. And a very small share of respondents (6%) considers the shadow economy as a strategy in the competition, which allows enterprises not to lose to competitors or to have an advantage over them.

Fig. 31. Causes for the "informal" or "shadow" economy in Ukraine to exist, according to the surveyed enterprises



**Size.** The smaller the size of the enterprise, the more often their representatives cite complex administrative procedures in conducting business as one of the reasons for the existence of the shadow economy in Ukraine. This opinion was expressed by 13% of representatives of large enterprises, and this share increases to 26% among respondents representing micro-enterprises. On the other hand, in micro-businesses, the existence of the shadow economy is less often associated with the habit of avoiding paying taxes. Thus, among representatives of micro-enterprises, this reason was named by 12% of respondents, while among representatives of small, medium, and large businesses - 31%-32%.

**Sector.** Half or more of the representatives of metallurgy, chemical industry, construction materials production, and food industry consider high taxes as one of the reasons for the existence of the shadow economy. It is more than in other sectors. Representatives of the printing industry (46%) most often consider a high level of corruption to be such a factor; the representatives of the chemical industry (36%) point to the habit of avoiding paying taxes, and representatives of the machine building industry (36%) say about distrust in how budget funds are used.

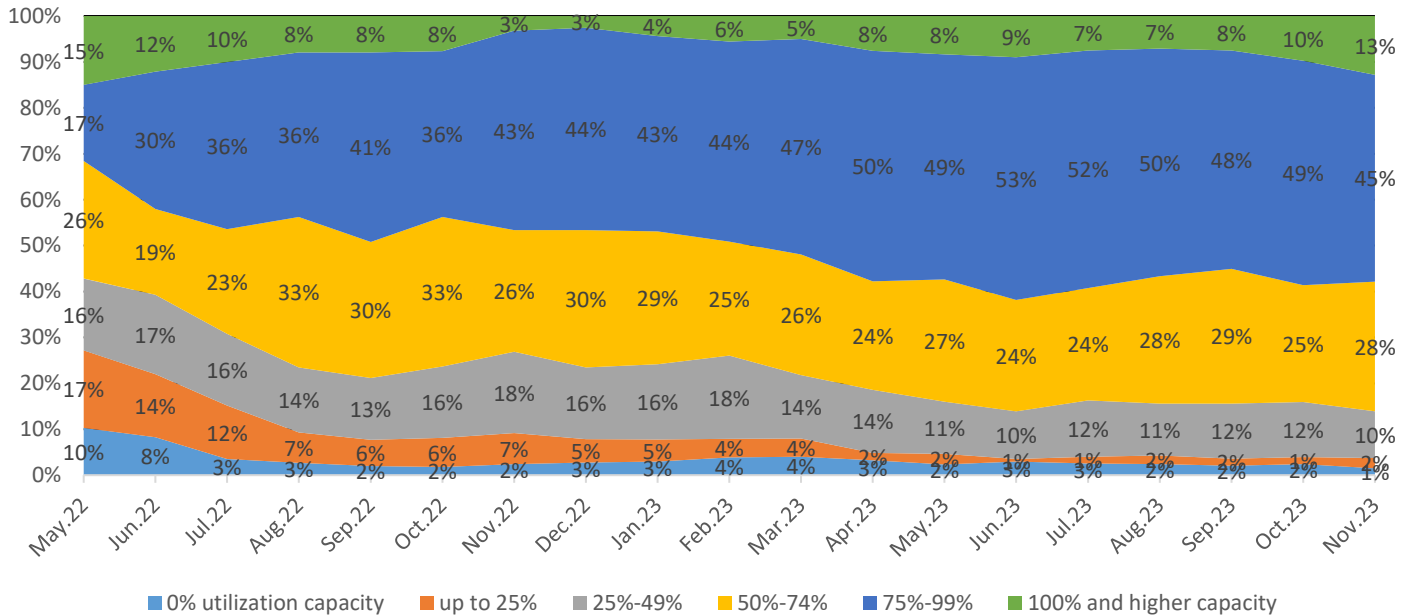
**Region.** Representatives of enterprises located in Dnipropetrovsk and Zhytomyr regions, more often than in other ones, indicate high taxes among the reasons for the existence of the shadow economy in Ukraine (95% and 96%, respectively). Also, this reason is often indicated in the Poltava region (79%). Also, Dnipropetrovsk and Poltava regions have the highest shares of respondents who see the reason for the shadow economy in a high level of corruption (95% and 84%, respectively).

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

**In November 2023, the indicator of capacity utilization remained almost at the level of October. In October, 13% of enterprises reported they operated at full capacity (100% or more), which was slightly higher than the previous month (10%). Additionally, this is the highest indicator since the spring of 2022. At the same time, the share of enterprises operating at almost full capacity (75% - 99%) was 45% (48% in September and 49% in October). As a result, the total share of enterprises operating at almost full and full capacity was 58% (59% in July, 57% in August, 55% in September and 59% in October). For comparison, the corresponding indicator was the highest for all survey waves in June - 62%. Thus, the situation is almost at the level of previous months but the**

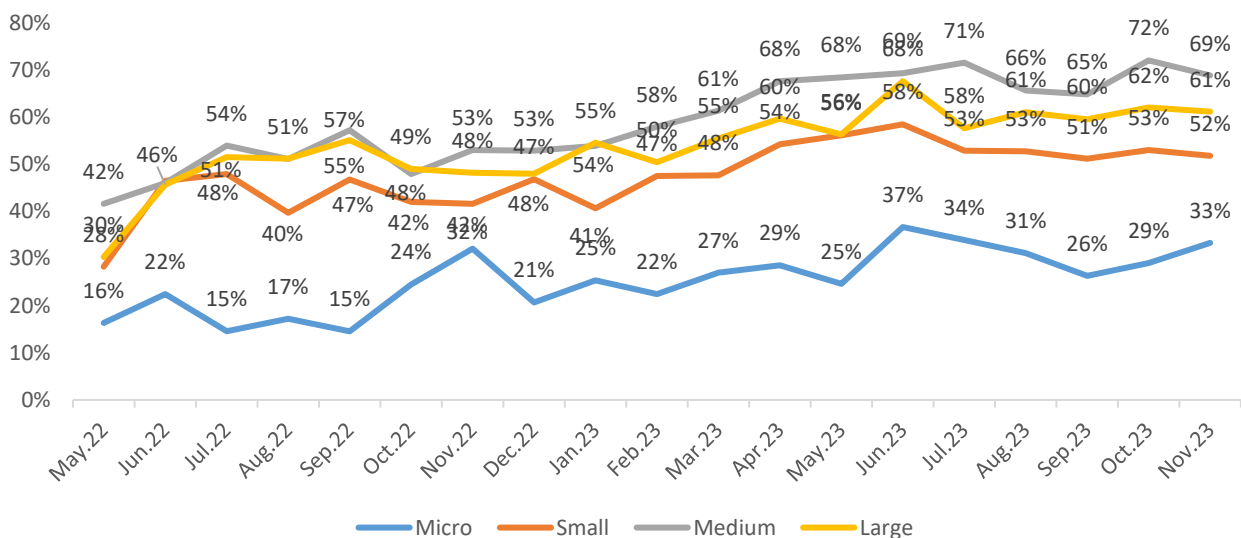
**increase in the share of enterprises operating at full capacity may be a signal for recovery.** In November, 1% of surveyed enterprises reported they stopped their activities during the war. This rate has remained low since July 2022, in the 2% - 4% range. Also, the share of enterprises operating at less than 25% of pre-war production capacity remains low, only 2% in November (1% in October). Additionally, 10% of enterprises worked in November at 25% - 49% of pre-war production capacities (12% in October). **As a result, in November, only 14% of enterprises worked at less than half capacity or did not work, compared to pre-war times.**

Fig. 32. The impact of the war on the work of enterprises (% of respondents)



**Medium-sized businesses continue to show the best production recovery rate.** 69% of medium-sized enterprises were operating at almost full and full capacity compared to the pre-war period in November, which remains one of the highest figures for medium-sized businesses in all waves of the survey (for example, it was 72% in October). At the same time, the corresponding indicator almost did not change for large businesses - 61% in November against 62% in October. The share of small businesses operating at near full or full capacity also changed only marginally, from 53% in October to 52% in November. The indicator of micro-businesses remains low, but micro-enterprises showed the greatest recovery, from 26% in September to 29% in October and 33% in November.

Fig. 33. 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 November 2023, 7% of micro-business representatives did not work, which is twice as good as in October (15%). For comparison, large and medium-sized businesses have fully resumed work - 0% of respondents did not work in November. 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 November, 72% of food industry enterprises worked almost at full and full capacity (73% in September). The light industry, which traditionally remains in the top three, is in second place. At the same time, the indicator for the industry increased from 57% in October to 60% in November. The machine building industry, where 52% of respondents were working almost at full and full capacity in November, is for the first time in the top three, which is the highest result for the industry since the start of the survey. The printing industry fell to the fourth place, and capacity utilization decreased from 62% in October to 46% in November. The situation has significantly improved in metallurgy and metalworking, as the share of enterprises that worked at almost full and full capacity has doubled - from 16% in October to 32% in November. At the same time, metallurgy stays among the top three industries with the highest capacity utilization (also production of building materials and woodworking).

Fig. 34. 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



**Results by region.** As during the previous waves of the survey, all or almost all enterprises in Vinnytsya (100%), Ivano-Frankivsk (100%), Lviv (100%), Odesa (100%), Poltava (100%), Rivne (100%) and Ternopil (100%) regions continue to work at almost full and full capacity. At the same time, the situation remains the most difficult in the front-line Zaporizhzhya and Kharkiv regions, in which, respectively, 0% and 10% of enterprises worked at a high level of capacity utilization. The low capacity is also at the enterprises of Kirovohrad (36%), Sumy (35%), Cherkasy (37%), Khmelnytsky (35%) regions, as well in Kyiv city (36%). 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 nineteenth wave of the survey, **61% of respondents (among those who were able to answer) were or are exporters.** At the same time, 38% of enterprises have never exported, and about 1% (only four respondents) could not answer the question.

As of November 2023, among exporters, **82% of respondents indicated they exported before the war and continued to export during the last 12 months.** Another 2% of enterprises started exporting for the first time during the war (the last 12 months). At the same time, 16% of enterprises exported before the war started but had no exports during the last 12 months. That is, there are no changes in November compared to October. Ukrainian businesses have reached a certain level of export activity recovery because part of the businesses cannot overcome new challenges for the export recovery.

Fig. 35. The impact of the war on export activity (% of the exporters surveyed)



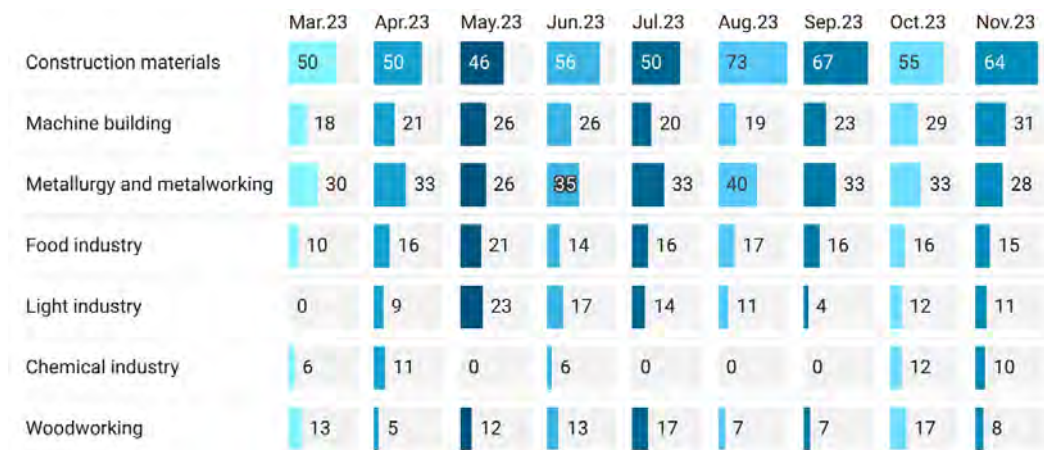
**Results for business by size.** According to the results of November, a regularity was again recorded regarding the state of export activity depending on the size of the enterprise. Among micro-businesses, 33% of enterprises exported before the war but had no export activity during the last 12 months. The situation among micro-businesses worsened compared to October – the indicator decreased from 31% to 33%. There is also a high share of enterprises that cannot resume exports among small businesses - 31%. The situation is somewhat better among medium exporters - 11% of respondents did not export in the last 12 months. The best situation is among large businesses, where the corresponding indicator was 10%. Thus, large business is traditionally the leader in the recovery of export activity.

Fig. 36. 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 the construction materials production. For example, 64% of the industry's enterprises exported before the war but had no exports during the last 12 months. The situation significantly worsened compared to October (55%), although an improvement was observed in the previous two months. The situation is also difficult in metallurgy (the corresponding indicator is 28%) and machine building (31%). In contrast, the best situation is in the woodworking and chemical industries, where 8% and 10% of enterprises, respectively, had no exports during the last 12 months, although they exported before the war. In the food industry, the indicator remains at the level of previous months - 15%.

Fig. 37. 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 Vinnytsya, Ivano-Frankivsk, Lviv, Odesa, Poltava, Rivne, Ternopil, and Chernihiv regions. The most difficult situation remains in the Dnipropetrovsk and Zhytomyr regions, where 69% and 63%, respectively, had no exports during the last 12 months, although they had them before the war.

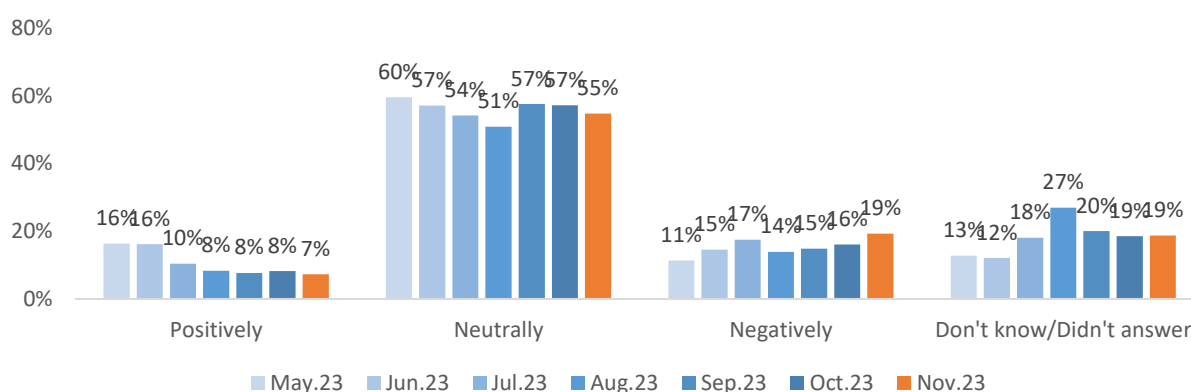
## GOVERNMENT POLICY

### Assessment of government policy to support business

In November 2023, the share of positive assessments of state policy regarding business support amounted to 7%. It slightly differs from the corresponding share in October (8%). The level of positive assessments of this policy has been the lowest for three months in a row for the entire period of this survey, the first wave of which was conducted in May 2022.

The share of negative assessments of the policy increased from 16% in October to 19% in November. It is the highest rate of negative assessments in 2023. The share of neutral assessments of the state policy on business support slightly decreased from 57% in October to 55% in November, and the share of respondents who could not rate the state policy on business support was 19%, the same as in the previous month.

Fig. 38. Assessment of government policy to support business



**Assessment of government policy to support business by business size.** Against the background of a low level of positive assessments of state policy on business support in general, representatives of large and medium-sized enterprises gave such assessments somewhat more often (at the level of 9%-10%) than respondents from micro and small businesses.

On the other hand, in small businesses, government policy on business support is evaluated negatively more often than in other size groups. Here, the corresponding share of respondents was 24%. Also, representatives of small enterprises, more often than others, could not assess this policy (27%).

**Assessment of government policy to support business by sector.** Most often, representatives of the construction materials production (16%), printing (15%) and woodworking industries (14%) give positive assessments of the state policy on business support<sup>7</sup>.

On the other hand, the highest share of negative assessments of this policy was recorded among representatives of machine building (49%). Negative assessments are quite common in construction materials production (38%).

**Assessment of government policy to support business by region.** The highest level of positive assessments of state business support policy in November 2023 was recorded in the Zaporizhzhya, Cherkasy, and Chernihiv regions (20% of respondents each)<sup>8</sup>.

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



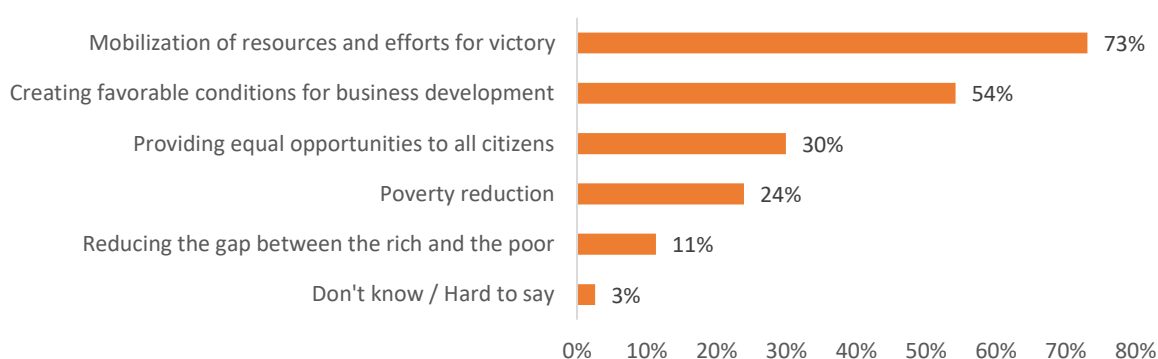
The largest shares of negative assessments are among businesses of Vinnytsya, Dnipropetrovsk, Zhytomyr, Sumy regions, and Kyiv city (more than 40%).

### Key goals of the government policy

When talking about what should be the key goals of public policy, the majority of business representatives surveyed in November (73%) named mobilizing resources and efforts for victory. The next most common priority from the point of view of survey participants is the creation of favorable conditions for business development; this goal was chosen by 54%.

For the business representatives surveyed, equal opportunities for all citizens are important; 30% believe this should be the goal of state policy. Reducing poverty as a goal of government policy was supported by fewer respondents: 24%, and reducing the gap between the rich and poor became the least common option, supported by 11%.

Fig. 39. What should be the key goals of government policy, according to business



**Size.** Representatives of large businesses often say that the state should mobilize resources and efforts for victory. Among them, 88% of respondents voiced this goal, compared to 70% or less of representatives of smaller businesses. Also, representatives of large and medium-sized enterprises talk more often than representatives of micro and small enterprises about the need to create favorable conditions for business development; among them, this goal is important for 63% and 58% of respondents, respectively. It is also worth noting that representatives of micro-businesses more often than others consider it necessary to reduce the difference between rich and poor (19%), but less often than others, compared to others, they name poverty reduction among the key policy goals (9%).

**Sector.** The need for the state to mobilize resources and efforts for victory is most often spoken about by representatives of the chemical industry, machine building, and construction materials production (more than 80%). In the metallurgy sector, there is a particularly high share of respondents who see the role of the state in creating favorable conditions for business development (86%), and representatives of the food industry more often than others consider the reduction of poverty to be an important goal of government policy (29%).

**Region.** All representatives of enterprises located in Vinnytsya, Dnipropetrovsk, Zhytomyr, Zakarpattya, Poltava, and Kharkiv regions, and more than 90% of representatives of enterprises in Kyiv, Kirovohrad, Cherkasy, and Chernivtsi regions named mobilization of resources and efforts for victory among the key goals of government policy. These shares are higher than in other areas covered by this survey. Respondents in Dnipropetrovsk, Zhytomyr, Kyiv, Poltava, and Rivne regions speak most often about the need to create favorable conditions for business development (more than 80%) and about providing equal opportunities to all - in Zakarpattya region (100% of respondents).

<sup>8</sup> Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

## SURVEY METHODOLOGY

This report presents the results of the nineteenth 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 November 17 to 30, 2023.

## SAMPLE

A total of 539 enterprises were surveyed in the nineteenth 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 15 to 44 enterprises were surveyed<sup>9</sup>.

The majority of the sample consisted of industrial enterprises – 505 enterprises or 94% of the sample. Among them, the food industry, light industry, and machine building, prevail. Four enterprises belong to the agricultural sector (0.7% of the sample) and 19 to trade (3.5% 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) – 57 or 11% of the sample, small (from 11 to 50 workers) – 172 or 32% of the sample, medium-sized (from 51 to 250 workers) – 189 or 35% of the sample, and large (more than 250 workers) – 121 or 22% 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>	57	11%
<b>Small</b>	172	32%
<b>Middle</b>	189	35%
<b>Large</b>	121	22%
<b>TOTAL</b>	539	100%

Sector/ industry

	Number	Share of sample
<b>Agriculture</b>	4	0,7%
<b>Metal production and metalworking</b>	22	4%
<b>Chemical industry</b>	28	5%
<b>Machine building</b>	33	6%
<b>Woodworking industry</b>	21	4%
<b>Construction materials production</b>	32	6%
<b>Food industry</b>	183	34%
<b>Light industry</b>	48	9%
<b>Printing industry</b>	13	2,4%
<b>Other industries</b>	125	23%
<b>Construction</b>	3	0,6%
<b>Trade</b>	19	3,5%
<b>Services</b>	8	1,5%
<b>TOTAL</b>	539	100%

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

	Total	Micro	Small	Middle	Large
<b>Production</b>	0,17	-0,13	-0,02	0,23	0,17
<b>Expected changes in production</b>	0,36	0,09	0,35	0,37	0,36
<b>Sales</b>	0,16	-0,18	-0,01	0,21	0,16
<b>Expected sales changes</b>	0,36	0,02	0,34	0,36	0,36
<b>Export</b>	0,09	-0,08	-0,21	0,12	0,09
<b>Expected changes in exports</b>	0,30	0,24	0,17	0,30	0,30
<b>Account receivables</b>	-0,14	-0,13	-0,28	-0,16	-0,14
<b>Expected changes in account receivables</b>	-0,25	-0,12	-0,39	-0,25	-0,25
<b>Account payables</b>	-0,16	-0,14	-0,29	-0,15	-0,16
<b>Expected changes in accounts payable</b>	-0,25	-0,13	-0,35	-0,26	-0,25
<b>Tax arrears</b>	-0,24	-0,08	-0,34	-0,21	-0,24

	Total	Micro	Small	Middle	Large
Expected changes in tax arrears	-0,26	-0,13	-0,36	-0,28	-0,26
Stocks of raw materials	0,10	-0,04	0,02	0,12	0,10
Expected changes in stocks of raw material	0,24	0,00	0,19	0,27	0,24
Stocks of finished goods	-0,20	0,02	-0,30	-0,24	-0,20
Expected changes in stocks of finished goods	-0,28	-0,18	-0,38	-0,34	-0,28
New orders	0,13	-0,11	0,00	0,16	0,13
Expected changes in new orders	0,37	0,08	0,33	0,39	0,37
Purchase prices	0,27	0,36	0,31	0,24	0,27
Expected changes in purchase prices	0,16	0,25	0,12	0,14	0,16
Domestic sales prices	0,25	0,35	0,26	0,25	0,25
Changes in the domestic sales prices	0,15	0,26	0,12	0,12	0,15
Number of workers	-0,09	-0,07	-0,11	-0,07	-0,09
Expected changes in the number of workers	-0,03	-0,02	-0,06	-0,02	-0,03
Number of workers on forced leave	-0,19	0,00	-0,24	-0,25	-0,19
Expected changes in the number of workers on forced leave	-0,24	0,03	-0,34	-0,28	-0,24
Skilled workers	0,24	0,45	0,26	0,23	0,24
Unskilled workers	0,18	0,30	0,14	0,17	0,18
Business activity assessment	-0,08	-0,23	-0,20	-0,04	-0,08
Expected changes in business activity	0,31	0,15	0,35	0,33	0,31
Assessment of the business environment	-0,07	-0,29	-0,19	-0,03	-0,07
Expected changes in the business environment	0,31	0,11	0,32	0,37	0,31
Do you plan to expand your company's activities in the next two years	0,16	0,34	0,16	0,07	0,16
How do you assess your company's business activity in the current month, compared to the same period last year in 2022?	0,54	0,19	0,47	0,59	0,54

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

	Total	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Production	0,17	-0,36	0,07	0,12	-0,24
Expected changes in production	0,36	-0,09	0,19	0,29	0,10
Sales	0,16	-0,32	0,11	0,09	-0,19
Expected sales changes	0,36	-0,14	0,15	0,21	0,05

	Total	Metal producti on and metalw orking	Chemical Industry	Machine building	Woodwor king industry
Export	0,09	-0,15	0,20	-0,23	-0,42
Expected changes in exports	0,30	0,00	0,09	-0,06	0,00
Account receivables	-0,14	-0,09	-0,08	0,03	-0,15
Expected changes in account receivables	-0,25	-0,14	-0,24	-0,15	-0,16
Account payables	-0,16	-0,05	-0,08	-0,03	-0,10
Expected changes in accounts payable	-0,25	-0,10	-0,24	-0,15	-0,16
Tax arrears	-0,24	-0,06	-0,14	-0,16	-0,06
Expected changes in tax arrears	-0,26	0,00	-0,23	-0,24	-0,12
Stocks of raw materials	0,10	-0,05	0,00	-0,03	-0,14
Expected changes in stocks of raw material	0,24	0,05	0,07	-0,04	0,05
Stocks of finished goods	-0,20	0,05	-0,24	-0,14	-0,22
Expected changes in stocks of finished goods	-0,28	0,00	-0,11	-0,14	-0,06
New orders	0,13	-0,32	0,00	0,00	-0,10
Expected changes in new orders	0,37	-0,14	0,17	0,24	0,20
Purchase prices	0,27	0,18	0,18	0,44	0,29
Expected changes in purchase prices	0,16	0,11	0,18	0,50	0,05
Domestic sales prices	0,25	0,09	0,25	0,38	0,19
Changes in the domestic sales prices	0,15	0,05	0,21	0,54	0,10
Number of workers	-0,09	-0,05	-0,07	-0,06	-0,05
Expected changes in the number of workers	-0,03	-0,10	-0,12	0,04	0,05
Number of workers on forced leave	-0,19	-0,06	-0,04	0,04	-0,06
Expected changes in the number of workers on forced leave	-0,24	0,13	0,00	-0,14	-0,12
Skilled workers	0,24	0,42	0,21	0,36	0,37
Unskilled workers	0,18	0,28	0,11	0,27	0,33
Business activity assessment	-0,08	-0,62	-0,21	-0,15	-0,14
Expected changes in business activity	0,31	-0,16	0,09	0,32	0,11
Assessment of the business environment	-0,07	-0,48	-0,12	-0,36	-0,10
Expected changes in the business environment	0,31	-0,26	0,04	0,15	0,18
Do you plan to expand your company's activities in the next two years	0,16	0,38	0,11	0,17	0,14
How do you assess your company's business activity in the current month, compared to the same period last year in 2022?	0,54	0,00	0,70	0,16	0,29

	Total	Construction materials productions	Food Industry	Light industry	Printing industry
<b>Production</b>	0,17	-0,37	0,20	0,58	0,46
<b>Expected changes in production</b>	0,36	-0,19	0,54	0,46	0,15
<b>Sales</b>	0,16	-0,41	0,20	0,50	0,46
<b>Expected sales changes</b>	0,36	-0,22	0,55	0,46	0,15
<b>Export</b>	0,09	-0,27	0,10	0,41	-0,25
<b>Expected changes in exports</b>	0,30	-0,11	0,47	0,26	-0,14
<b>Account receivables</b>	-0,14	-0,38	-0,18	-0,24	0,25
<b>Expected changes in account receivables</b>	-0,25	-0,32	-0,29	-0,39	0,08
<b>Account payables</b>	-0,16	-0,38	-0,20	-0,24	0,09
<b>Expected changes in accounts payable</b>	-0,25	-0,32	-0,29	-0,37	0,00
<b>Tax arrears</b>	-0,24	-0,36	-0,29	-0,23	-0,13
<b>Expected changes in tax arrears</b>	-0,26	-0,30	-0,33	-0,34	0,00
<b>Stocks of raw materials</b>	0,10	-0,04	0,20	0,26	0,00
<b>Expected changes in stocks of raw material</b>	0,24	-0,06	0,36	0,22	-0,08
<b>Stocks of finished goods</b>	-0,20	-0,29	-0,23	-0,25	0,00
<b>Expected changes in stocks of finished goods</b>	-0,28	-0,16	-0,39	-0,37	-0,20
<b>New orders</b>	0,13	-0,34	0,16	0,50	0,38
<b>Expected changes in new orders</b>	0,37	-0,23	0,56	0,43	0,15
<b>Purchase prices</b>	0,27	0,22	0,23	0,49	0,31
<b>Expected changes in purchase prices</b>	0,16	0,04	0,16	0,10	0,08
<b>Domestic sales prices</b>	0,25	0,22	0,22	0,45	0,54
<b>Changes in the domestic sales prices</b>	0,15	-0,03	0,15	0,10	0,00
<b>Number of workers</b>	-0,09	-0,29	-0,04	-0,23	0,00
<b>Expected changes in the number of workers</b>	-0,03	-0,27	-0,01	-0,02	0,00
<b>Number of workers on forced leave</b>	-0,19	-0,26	-0,31	-0,18	-0,20
<b>Expected changes in the number of workers on forced leave</b>	-0,24	-0,08	-0,38	-0,26	-0,18
<b>Skilled workers</b>	0,24	0,32	0,24	0,42	0,25
<b>Unskilled workers</b>	0,18	0,19	0,21	0,25	0,18
<b>Business activity assessment</b>	-0,08	-0,47	0,03	-0,10	-0,08
<b>Expected changes in business activity</b>	0,31	0,07	0,42	0,31	0,25
<b>Assessment of the business environment</b>	-0,07	-0,28	0,02	-0,10	-0,15
<b>Expected changes in the business environment</b>	0,31	0,17	0,45	0,28	0,25

	Total	Construction materials productions	Food Industry	Light industry	Printing industry
Do you plan to expand your company's activities in the next two years	0,16	0,09	0,11	0,29	0,43
How do you assess your company's business activity in the current month, compared to the same period last year in 2022?	0,54	0,32	0,61	0,56	0,77

### 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	41%	44%	40%	44%	36%
Unsafe to work	38%	37%	36%	36%	47%
Difficulties transporting raw materials /goods throughout Ukraine	36%	37%	30%	37%	41%
Labor shortage due to conscription and/or migration	35%	32%	31%	32%	49%
Decrease in demand for products/services	33%	40%	36%	30%	30%
Electricity, water or heat supply outages	28%	53%	29%	20%	28%

Challenges facing business in wartime, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Rising prices for raw materials/supplies/goods	59%	21%	33%	62%
Unsafe to work	41%	29%	55%	24%
Difficulties transporting raw materials /goods throughout Ukraine	36%	50%	42%	38%
Labor shortage due to conscription and/or migration	55%	29%	42%	29%
Decrease in demand for products/services	50%	39%	55%	48%
Electricity, water or heat supply outages	36%	32%	58%	14%

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>	47%	35%	54%	54%
<b>Unsafe to work</b>	16%	38%	29%	39%
<b>Difficulties transporting raw materials /goods throughout Ukraine</b>	44%	38%	31%	39%
<b>Labor shortage due to conscription and/or migration</b>	41%	32%	50%	8%
<b>Decrease in demand for products/services</b>	63%	26%	17%	39%
<b>Electricity, water or heat supply outages</b>	31%	25%	25%	15%

### 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>	7%	7%	4%	9%	10%
<b>Neutral</b>	55%	53%	45%	61%	60%
<b>Negative</b>	19%	21%	24%	15%	18%
<b>Don't know / Didn't answer</b>	19%	19%	27%	15%	12%

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>	9%	7%	6%	14%
<b>Neutral</b>	59%	57%	33%	43%
<b>Negative</b>	18%	21%	49%	14%
<b>Don't know / Didn't answer</b>	14%	14%	12%	29%

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

	<b>Construction materials production</b>	<b>Food industry</b>	<b>Light industry</b>	<b>Printing industry</b>
<b>Positive</b>	16%	7%	8%	15%
<b>Neutral</b>	31%	56%	56%	62%
<b>Negative</b>	38%	17%	19%	15%
<b>Don't know / Didn't answer</b>	16%	21%	17%	8%

### Availability of orders

Availability of orders, by size

	<b>Total</b>	<b>Micro</b>	<b>Small</b>	<b>Middle</b>	<b>Large</b>
<b>Less than 1 month</b>	10%	32%	14%	5%	4%
<b>1-2 months</b>	51%	51%	60%	50%	39%



	<b>Total</b>	<b>Micro</b>	<b>Small</b>	<b>Middle</b>	<b>Large</b>
<b>3-5 months</b>	24%	11%	21%	30%	26%
<b>6-11 months</b>	8%	6%	2%	8%	17%
<b>12 months or more</b>	7%	0%	4%	7%	14%

Availability of orders, by sector

	<b>Metal production and metalworking</b>	<b>Chemical Industry</b>	<b>Machine building</b>	<b>Woodworking industry</b>
<b>Less than 1 month</b>	30%	0%	9%	10%
<b>1-2 months</b>	35%	52%	66%	57%
<b>3-5 months</b>	20%	37%	16%	10%
<b>6-11 months</b>	15%	11%	6%	14%
<b>12 months or more</b>	0%	0%	3%	10%

Availability of orders, by sector (continued)

	<b>Construction materials production</b>	<b>Food industry</b>	<b>Light industry</b>	<b>Printing industry</b>
<b>Less than 1 month</b>	23%	8%	11%	0%
<b>1-2 months</b>	54%	48%	72%	46%
<b>3-5 months</b>	23%	32%	17%	46%
<b>6-11 months</b>	0%	7%	0%	8%
<b>12 months or more</b>	0%	4%	0%	0%