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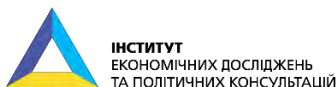


INSTITUTE
FOR ECONOMIC RESEARCH
AND POLICY CONSULTING

New Monthly Enterprises Survey

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Ukrainian Business in Wartime

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THE NEW MONTHLY ENTERPRISES SURVEY “UKRAINIAN BUSINESS IN WARTIME”

Dear ladies and gentlemen, we present you with the **twenty-third 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 and forecasting economic trends for the future. The BTS methodology is used around the world to assess the economic situation from the "basic level" - the judgments and expectations of the main economic agents - managers of enterprises and entrepreneurs. The result of tendency surveys is a short, "compressed" picture of the economy or a separate sector, economic trends in the short- and medium-term horizon, and future "turning" points of the cycle of economic activity.

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, prices, 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.

Monthly trends are presented in reports such as this one. Quarterly trends will continue to be published in the Business Opinion: Industry reports, which have been published by IER since July 2002.

The monthly survey of enterprises "Ukrainian business in wartime" was launched as part of the change 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) charitable foundation and took place under the auspices of this project since May 2022 to December 2023. Since January 2024, the research has been carried out within the framework of the project "Emergency Support to Civil Society and Media in Response to the War in Ukraine," implemented with the financial support of the European Union.

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

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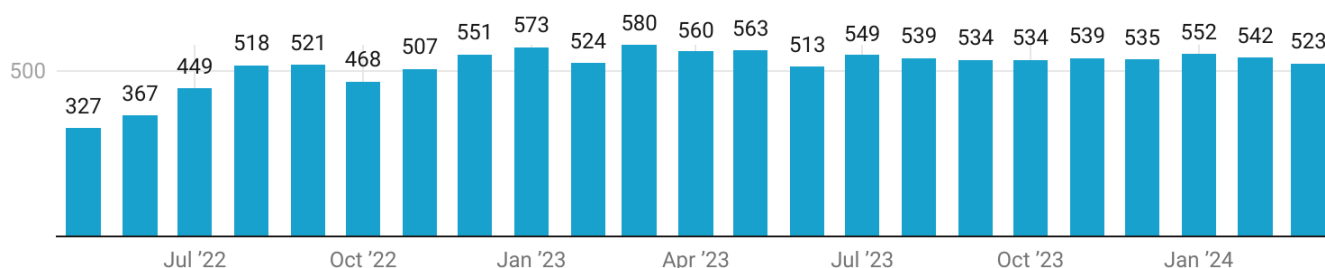
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PRACTICAL QUESTIONS AND ANSWERS TO HELP TO READ THIS REPORT

Who do we survey? This survey uses a panel sample; that means we survey the same business entities. During the twenty-third wave of the survey, the answers of 523 respondents were received.

Fig. 1 Number of enterprises surveyed



They include mainly industrial enterprises (92%) 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, Kharkiv, Khmelnytsky, Cherkasy, Chernivtsi, Chernihiv regions and in the Kyiv city. Enterprises of all sizes in terms of the number of workers are represented among the respondents.

Fig. 2 Number of enterprises surveyed, by size



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

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

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

the greater the rate of debt reduction, the decrease in the number of people on forced leave or hardships (this is good).

When the survey was conducted? The field stage of the twenty third wave lasted from March 18 to 29, 2024. The enterprises' managers compared the results of work March 2024 with February 2024, assessed the state of the indicators at the time of the survey (March 2024) 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) or with the same period of the previous year. Respondents gave forecasts for the next three months of work.

MAIN RESULTS

Two-year uncertainty is now at the lowest point for two years, with improved near-term production expectations, but short- and medium-term uncertainty has increased. The Business Activity Recovery Index and the Industrial Confidence Indicator are rising, while the percentage of businesses operating at full capacity remains unchanged. Six-month expectations regarding the business activity of enterprises and the overall economic environment have improved, and production indicators have improved for the second month in a row. The export results of enterprises and expectations in the three-month perspective have improved. At the same time, difficulties in finding workers with the required qualifications are increasing and the lack of skilled workers ranks second in the ranking of obstacles with the highest value as of May 2022. After the attacks on the energy infrastructure, the importance of the obstacle "power outages" has increased significantly, while "unsafe to work" remains without significant changes. Assessments of the government's economic policy remain mostly neutral.

OVERALL INDICATORS OF BUSINESS CLIMATE AND ECONOMIC ENVIRONMENT

- The BUSINESS ACTIVITY RECOVERY INDEX increased slightly after declining for two consecutive months and is 0.37 in March 2024 (0.34 in February).
- In March, compared to February, the INDEX OF CURRENT BUSINESS ACTIVITY AT THE ENTERPRISE significantly improved and changed its sign to positive for the first time during the entire survey period, increasing from -0.06 to 0.09.
- Enterprises' expectations regarding changes in the business in the six-month perspective have improved after several months of stagnation, and the INDEX OF EXPECTED CHANGES IN BUSINESS ACTIVITY AT THE ENTERPRISE is 0.45 (two months in a row, the value was 0.36).
- The value of the OVERALL ECONOMIC ENVIRONMENT INDEX also increased significantly, from -0.07 to 0.06 in March 2024.
- Expectations regarding changes in the overall economic environment after half a year have significantly improved, and the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT increased from 0.32 to 0.45.
- Two-year expectations regarding the prospects for the expansion of business activity remain unchanged for the third month in a row. The value of the INDEX OF EXPECTED CHANGES IN BUSINESS ACTIVITY in March is 0.15 (0.17 in February and January).
- The level of uncertainty in the two-year horizon has decreased significantly. In the six-month perspective, uncertainty has increased for the business activity at the enterprise and has almost not changed for the overall economic environment after last month's increase. Uncertainty in the three months has increased for all indicators.

PRODUCTION

- In March, the trend towards a gradual production recovery continued: the PRODUCTION INDEX, after a sharp deterioration in January, increased for the second month in a row and amounted to 0.16 in March (it was 0.11). This is due to a decrease in the share of those who reduced production volumes compared to the previous month.
- Enterprises' expectations for the next three months also improved; the INDEX OF EXPECTED CHANGES IN PRODUCTION increased from 0.42 to 0.53.
- The value of the INDUSTRIAL CONFIDENCE INDICATOR is also gradually improving and stands at 0.15 (0.11 in February).

DEMAND AND SALES

- The SALES GROWTH rate and increase in the number of new orders accelerated. The value of the sales index has doubled, from 0.07 to 0.16, as has the value of the NEW ORDERS INDEX, which has increased from 0.08 to 0.15.

- Business expectations for demand over the next three months are also improving. The value of the EXPECTED CHANGES IN THE SALES INDEX increased from 0.43 to 0.53, and the VALUE OF THE EXPECTED CHANGES IN THE NEW ORDERS index increased from 0.41 to 0.52.

PRICES

- The price growth rate is slowing down. The PURCHASE PRICE INDEX did not change significantly in March and is 0.29 (it was 0.31). The INDEX OF EXPECTED CHANGES in purchase price is 0.15 (was 0.16).
- The DOMESTIC PRICE INDEX also did not change significantly and is 0.27 (it was 0.28). The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICE is 0.14 (was 0.16).

DEBTS

- In March, compared to February, enterprises reduced their debts. The receivables indicator decreased from -0.16 to -0.23, the payables indicator decreased from -0.17 to -0.26. The indicator of tax arrears also decreased after several months of stagnation and is -0.29 (it was -0.25).
- In the three months, a further decrease in indicators for all types of debts is expected. The INDEX OF EXPECTED CHANGES IN ACCOUNTS RECEIVABLE decreased from -0.22 to -0.39. The indicator of expectations for accounts payable decreased from -0.25 to -0.42. The INDEX OF EXPECTED CHANGES IN TAX ARREARS decreased from -0.32 to -0.44.

EMPLOYMENT

- The employment reduction rate at enterprises is slowing down. The NUMBER OF WORKERS INDEX increased from -0.09 to -0.05.
- The INDEX OF THE NUMBER OF WORKERS decreased slightly, from -0.04 to -0.07.
- The INDEX OF THE NUMBER OF WORKERS ON FORCED LEAVE increased slightly, from -0.19 to -0.16. The INDEX OF EXPECTED CHANGES, like last month, is -0.22.
- In March, difficulties in finding workers with the required qualifications increased. The INDEX OF DIFFICULTIES IN FINDING UNSKILLED WORKERS increased from 0.22 to 0.28. The INDEX OF DIFFICULTIES IN FINDING SKILLED WORKERS increased less significantly, from 0.31 to 0.33.

AVAILABILITY OF ORDERS

- In March 2024, the average order portfolio remained at two months (median) after declining from three months in January-April 2023.
- The share of enterprises that have orders for no more than two months was 51%, which is practically the same as in February (52%), but less than the level of January (57%).

OBSTACLES TO DOING BUSINESS IN WARTIME

- The growth of prices for raw materials and goods continues to increase in value (from 49% in February to 53% in March) and remains in the 1st place in the rating of obstacles.
- Labor shortage also increased from 46% to 50% (highest since May 2022) and remained in 2nd place.
- The work hazards caused by a full-scale Russian invasion did not change significantly in percentage terms (45% in February and 46% in March) and remained in the 3rd place in the rating of obstacles.
- After the Russian missile attacks in March, such an obstacle as power outages increased from 24% to 40% and rose from 7th to 4th place in the ranking of obstacles.

PRODUCTION CAPACITIES DURING THE WAR PERIOD

- In March 2024, 14% of enterprises reported they were operating at full capacity (100% or more), which is slightly lower than the previous month (15%). At the same time, this is one of the highest indicators for all waves of the survey.
- The total share of enterprises operating at full and near full capacity was 57%, which is almost at the level of previous months (58% in January and February). This may indicate a "stuck" recovery among a large part of the business.

- Despite the challenges of the war, only 2% of surveyed enterprises reported that they had ceased operations during the war, and only 2% of enterprises were operating at less than 25% of pre-war production levels.
- In March 2024, only 16% of enterprises were operating at less than half capacity or were not operating compared to pre-war times (13% in February).
- Medium-sized businesses meet the challenge the best: in March 2024, 68% of medium-sized enterprises were operating almost at full capacity and at full capacity, which remains at the level of previous months (68% in January and February).
- The food industry remains the leader of the recovery: in March, 71% of food industry enterprises were operating at near full and full capacity (73% in February).
- The enterprises producing construction materials, in which only 26% of surveyed enterprises were working at full or almost full capacity, are on the last rung.

EXPORTING ENTERPRISES

- In March 2024, 61% of respondents reported that they were exporters before the war, continued exporting during the war, or started exporting during the war for the first time.
- Most businesses managed to establish exports in wartime conditions. In March 2024, 82% of respondents indicated that they exported before the war and continued to export during the last 12 months (84% in February).
- Some businesses cannot overcome new challenges for export activities. As of March 2024, 17% of enterprises were exporting before the war but could not resume exports during the last 12 months. Similar results over the past year confirm the stagnation of export recovery.

GOVERNMENT POLICY

- In March 2024, the share of positive assessments of the government's business support policy amounted to 8% and remained unchanged for more than six months in a row.
- The share of neutral assessments of this policy increased to 58% after decreasing to 55% in February, while the share of negative assessments remained unchanged (18% in February and 17% in March).
- Speaking about the role of the state (government) in Ukraine for conducting business, 40% call it a "regulator" and 18% - an "obstacle." 3% of respondents called it an "enemy" and a "friend," respectively.
- 26% of respondents could not determine the role of the state in Ukraine for conducting business.

ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

BUSINESS ACTIVITY RECOVERY INDEX

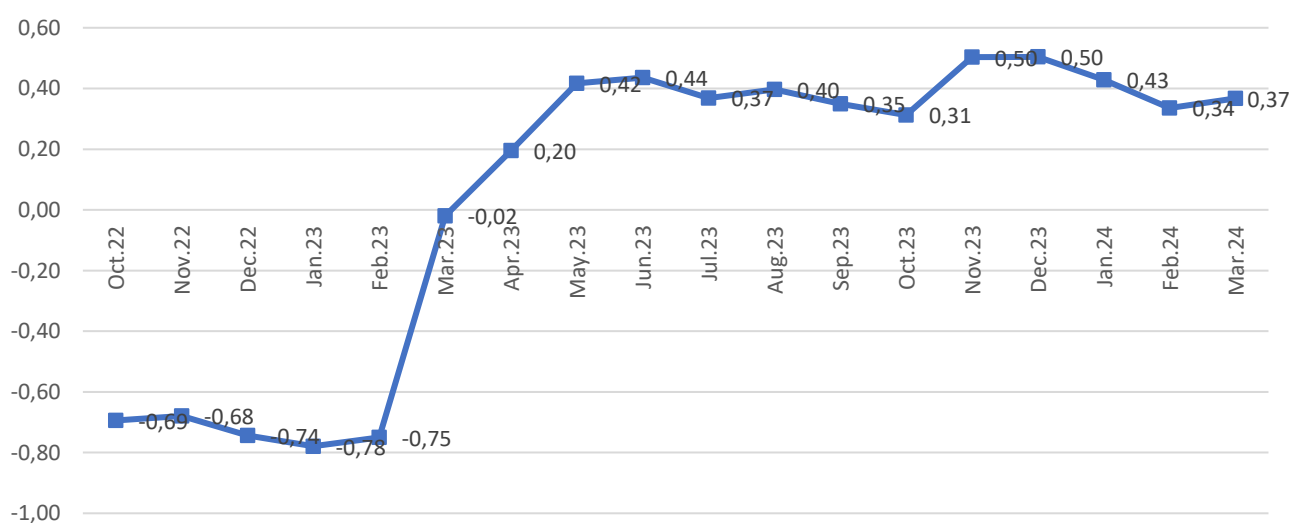
The rate of recovery of business activity has accelerated. The value of the BUSINESS ACTIVITY RECOVERY INDEX (YEAR TO YEAR) slightly increased after a two-month decline and is 0.37 (was 0.34). It is due to an increase in the share of those whose situation has become better compared to last year. The share of respondents who indicated the worsening of the situation has remained unchanged for several months in a row, and in March was 10.6% (11.2% in February). The share of those whose situation improved increased from 44.8% to 47.4%. The share of those who believe nothing has changed compared to last year decreased from 44.0% to 42.0%.

Size. Estimates of the business activity depend on the size of the enterprise. Compared to last year, medium and large enterprises feel the best, with the same indicator of 0.49. Although the indicator of small enterprises is significantly lower, it also has a positive value of 0.31. Microenterprises have the lowest and negative value of the indicator (-0.11).

Region. Lviv, Ivano-Frankivsk, Ternopil, and Rivne regions have the highest indicator (1.00 for each). Sumy (-0.39), Volyn (-0.26), and Dnipropetrovsk (-0.15) regions have the lowest indicators.

Sector. The highest value of the index was recorded for the printing (0.64), chemical, and food (0.46 each) industries. Metalworking and construction materials production have the lowest indicator (0.14 in each sector).

Fig.3. Business Activity Recovery Index



INDICATORS AND EXPECTATIONS FOR THE HALF-YEAR PERIOD

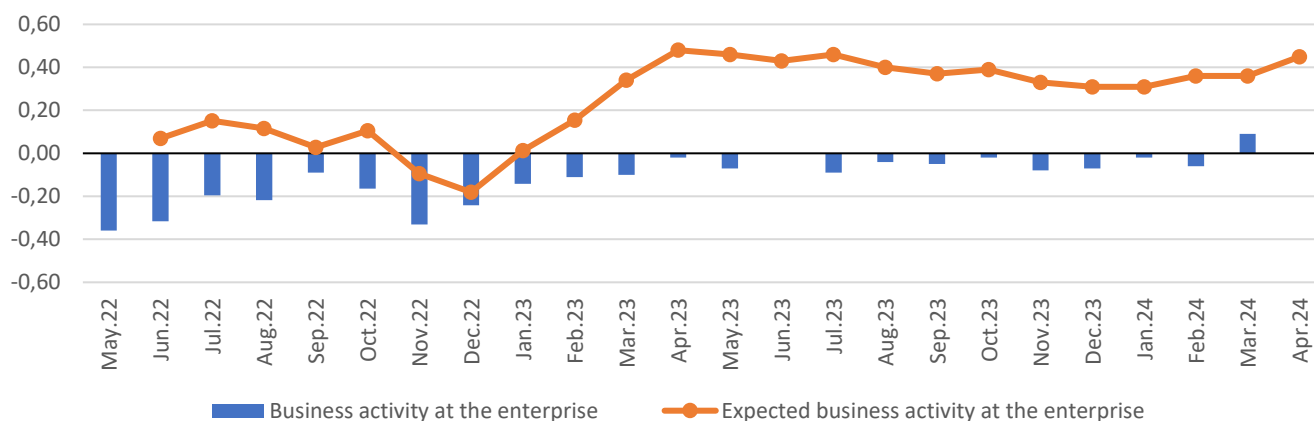
BUSINESS ACTIVITY AT THE ENTERPRISE

In March 2024, current estimates of the business activity improved significantly. The CURRENT BUSINESS ACTIVITY INDEX increased from -0.06 to 0.09, changing its sign to positive for the first time during the entire period of the survey, which means a significant increase in the share of those who give positive assessments. The share of those who assess the business activity at the enterprise as good increased from 4.0% to 15.3%. At the same time, the share of respondents giving negative assessments has not changed significantly for the third month in a row and is 11.8% (it was 11.7%). The share of those who consider the financial and economic situation at the enterprise to be satisfactory decreased from 84.3% to 73.0%.

Expectations for the future within six months have also significantly improved. The value of the INDEX OF THE EXPECTED CHANGES IN BUSINESS ACTIVITY is 0.45 (two months in a row, it was 0.36). The share of "optimists" increased (from 41.7% to 48.3%), and the share of those who expect deterioration decreased slightly (from 6.1% to 4.5%). The share of those who do not expect any changes decreased from 52.2% to 47.2%.

At the same time, the share of those who could not give a forecast for the next six months increased significantly, from 12.7% to 17.4%.

Fig.4. Business activity at the enterprise, indices



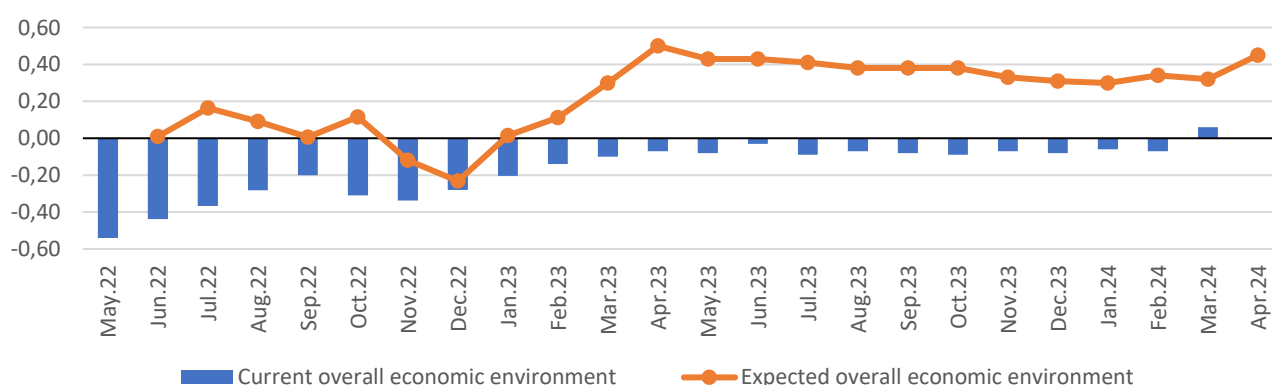
OVERALL ECONOMIC ENVIRONMENT

Estimates of the overall economic environment improved and changed their sign to positive. The value of the corresponding INDEX in March increased from -0.07 to 0.06. The share of those who assess the overall economic environment as bad has not changed significantly and is 14.5% (it was 15.9%). At the same time, the share of those giving positive assessments tripled from 5.4% to 15.5%. The share of those who consider the overall economic environment satisfactory decreased from 78.7% to 69.9%.

Enterprises' forecasts regarding changes in the overall economic environment for the next six months also improved: the value of the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT increased from 0.32 to 0.45. The share of "optimists" regarding changes in the overall economic environment increased from 39.0% to 48.9%. At the same time, the share of "pessimists" has not changed significantly and is 7.8% (it was 8.8%). The share of those who believe the overall economic environment will not change significantly over the next six months decreased from 52.2% to 43.3%.

The share of those who could not give forecasts regarding the state of the overall economic environment did not change significantly and is 18.9% (it was 17.5%).

Fig.5. Overall economic environment, indices

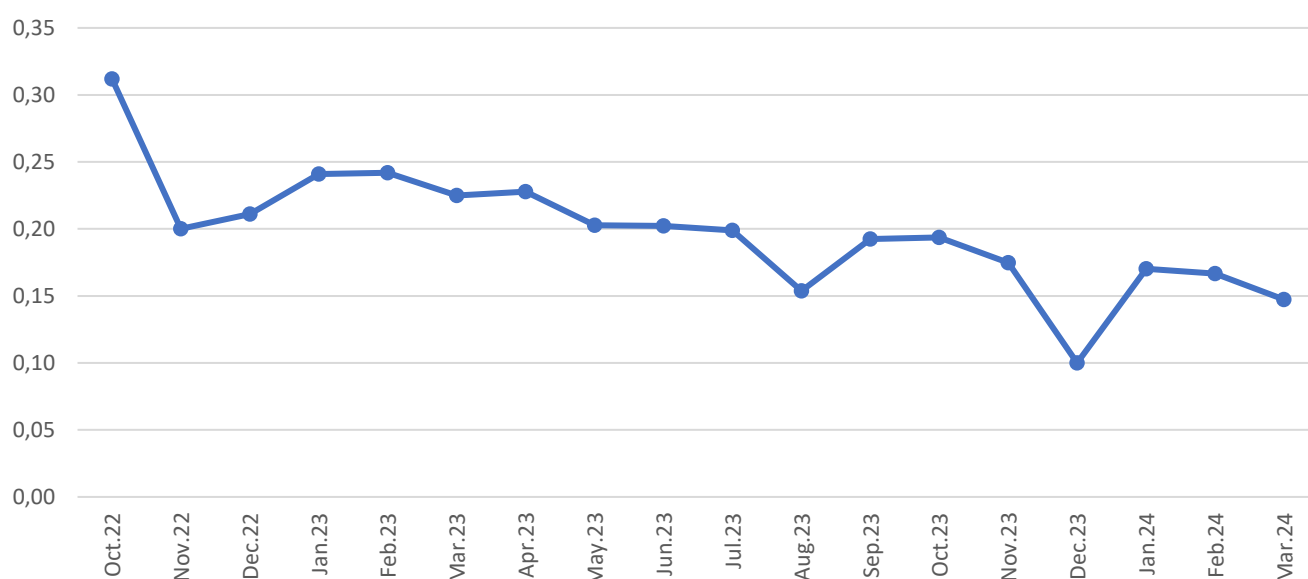


EXPANSION PLANS FOR THE NEXT TWO YEARS

Expectations regarding business activity for the next two years remain somewhat deteriorated. The INDEX OF THE EXPECTED CHANGES IN BUSINESS ACTIVITY is 0.15 in March (it was 0.17 in February and January). There is an interesting dynamic here. Both the share of those who expect the expansion of activity and those expecting its reduction have significantly decreased. In particular, the percentage of those planning to expand their activities in the next two years decreased from 23.4% to 17.5%. And the percentage of those planning to reduce their activities decreased significantly from 6.8% to 2.8%. The share of those who plan to stay at the current level has increased significantly from 69.8% to 79.6%.

The percentage of those who could not give a forecast for such a distant perspective decreased significantly in March from 51% to 39.4%, which is the lowest figure for the entire survey period.

Fig.6. Expectations regarding business activity for two years, indices



Size. Among enterprises of all sizes, micro-enterprises have the most optimistic plans for the future (0.29). The indicators of small and large enterprises are the same and amount to 0.16. Medium enterprises have the lowest rate (0.08).

Region. Significant regional differences were registered. The enterprises of Zakarpattia (1.00), Chernihiv (0.50), Volyn (0.38), and Khmelnytsky (0.36) regions have the highest indicators of expectations. The indicator of Kyiv, Lviv, Sumy, Ivano-Frankivsk, Rivne, Ternopil, Odesa, Dnipropetrovsk, Poltava, Zaporizhzhya and Zhytomyr regions is zero.

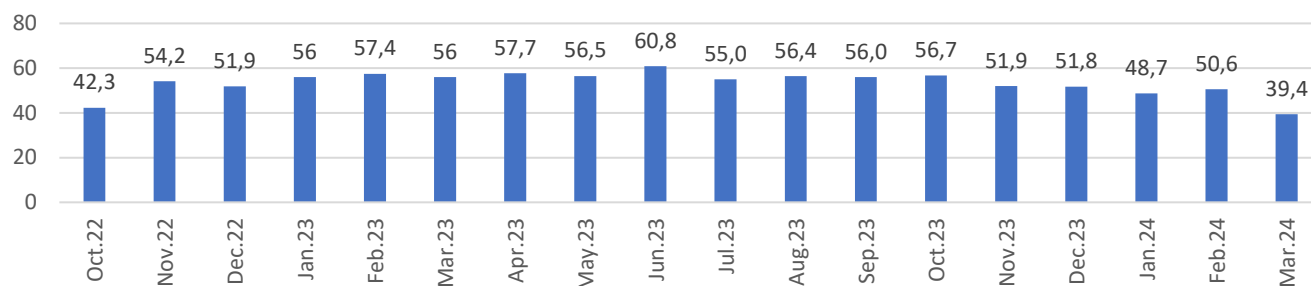
Sector. Expectations vary by industry. Light (0.25) and woodworking (0.23) industries have the highest values. The construction materials production indicator (-0.13) has the lowest and negative value.

UNCERTAINTY

Two-year expectations

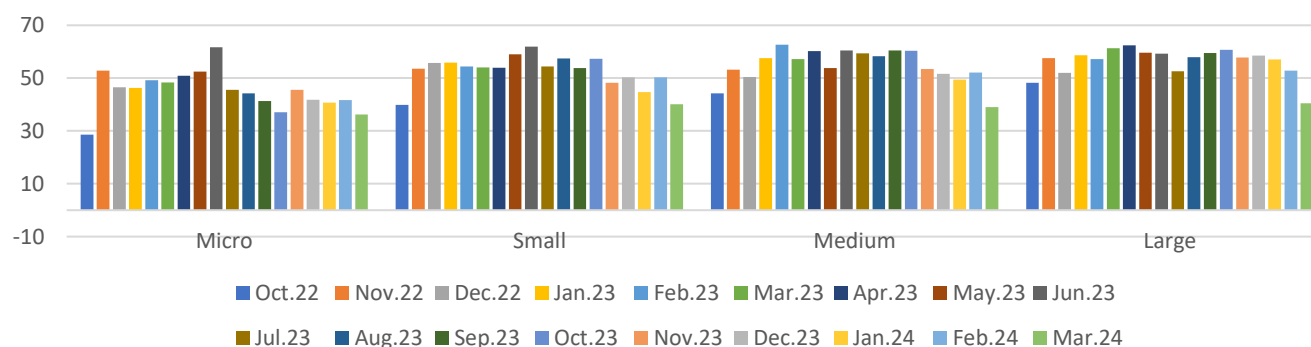
The level of uncertainty regarding the plans of enterprises for the next two years has significantly decreased and is the lowest indicator for the entire period of the survey. The value fluctuated within the same range for four months in a row. 39.4% of the surveyed heads of enterprises cannot answer about the prospects for the next two years (50.6% in February).

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



The level of uncertainty regarding plans for the two-year perspective depends on the size of the enterprise. At the same time, the uncertainty index decreased for all enterprises, regardless of size. The value is the lowest for micro-enterprises, although the changes in the indicator in this case are the smallest (down from 42% to 36% in March). The indicator is approximately the same for small (the value decreased from 50% to 40%), medium (the indicator decreased from 52% to 39%), and large (the value decreased from 53% to 41%) enterprises.

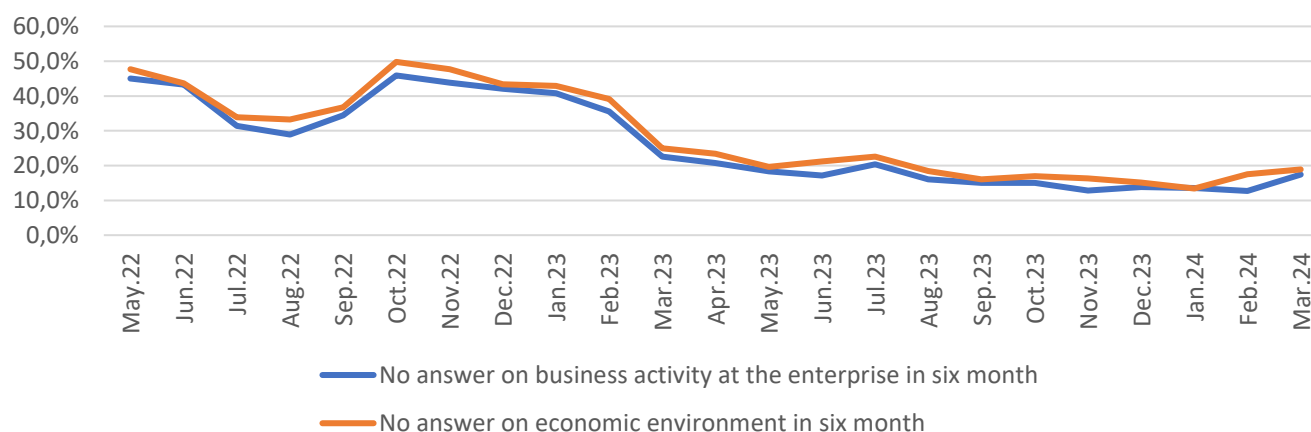
Fig.8. The share of respondents who could not answer the question about the changes for the next two years, by size of the enterprise



Half-year expectations

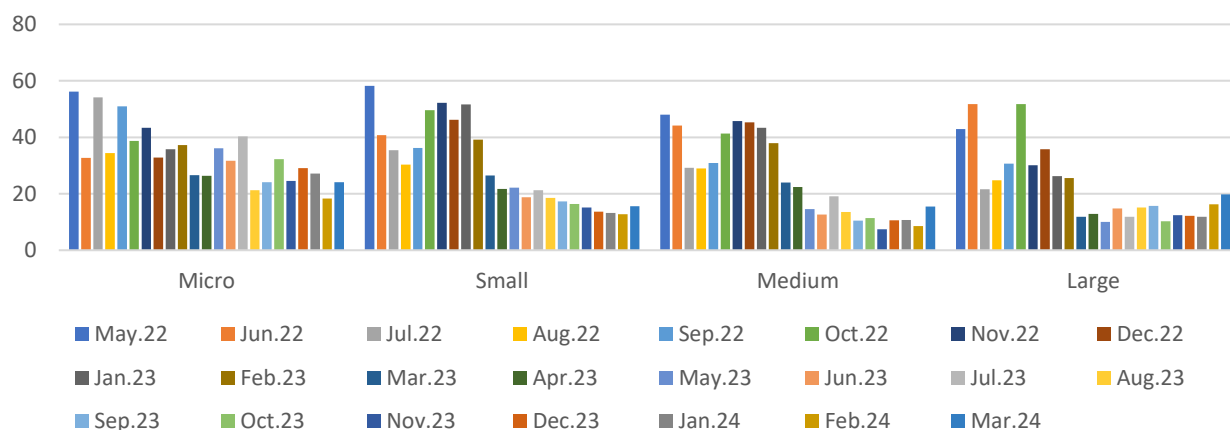
The level of uncertainty in the forecasts of the half-year perspective has significantly increased for the business activity at the enterprise and has almost not changed for the overall economic environment after the increase last month. Uncertainty about the business activity increased from 13% to 17% in March. The share of respondents who could not give a forecast regarding the changes in the overall economic environment in the country in March 2024 is 19% (it was 18% in February).

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



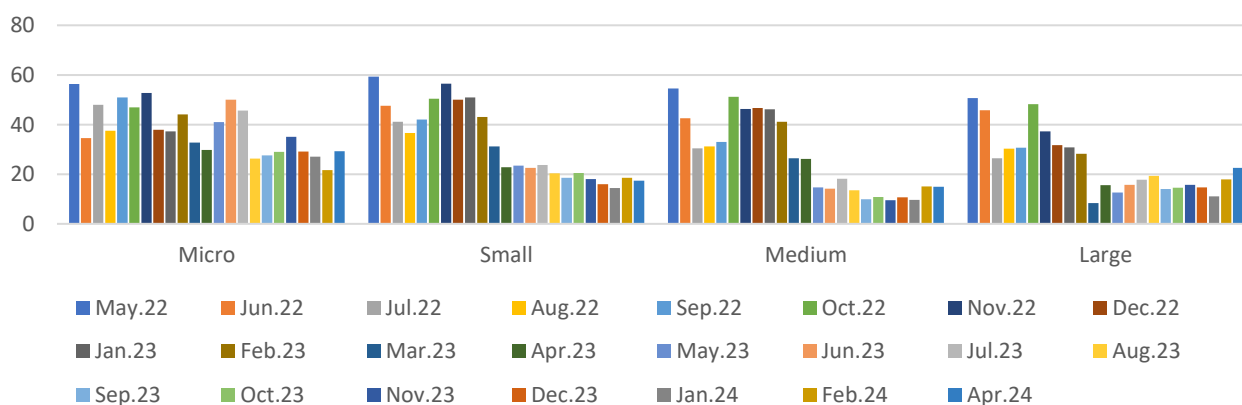
The level of uncertainty regarding the business activity at the enterprise and its dynamics depends on the size of the enterprise. The uncertainty indicator for micro-enterprises remains the highest, increasing from 18% to 24% after declining for two consecutive months. The level of uncertainty for small enterprises in March was 16% (in January and February, it was 13%). In March, uncertainty regarding the business activity at the enterprise for medium-sized enterprises increased from 9% to 16%). The uncertainty indicator for large enterprises increased from 16% to 20%.

Fig.10. 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 uncertainty indicator for micro-enterprises remained the highest and increased from 22% to 29%. The uncertainty indicator for small enterprises has not changed significantly and is 18% (17% in February), and the indicator for medium-sized enterprises is 15%, the same as last month. The level of uncertainty regarding changes in the overall economic environment increased from 18% to 23% in half a year.

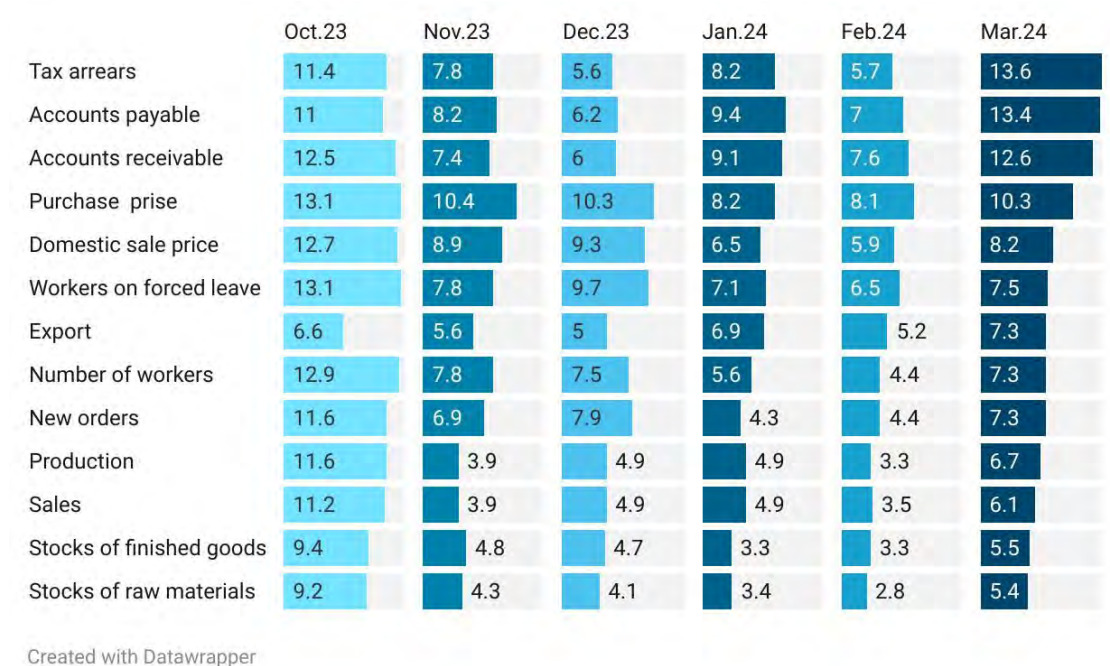
Fig.11. The share of respondents unable to answer the question regarding the changes in the overall economic environment in the six months



Three-month expectations

In March 2024, the level of uncertainty in the short-term perspective increased for all indicators. The highest level of uncertainty in the three months is for tax arrears - 13.6% (was 5.7%) and payables - 13.4% (was 6.4%), where the value increased the most. The uncertainty indicator increased the least for the number of workers on forced leave (from 6.5% to 7.5%). The lowest value is for stocks of finished goods - 5.5% (was 3.3%) and for stocks of raw materials and supplies - 5.4% (was 2.8%).

Fig.12. The share of enterprises unable to forecast the changes of the indicator in three months, % of respondents



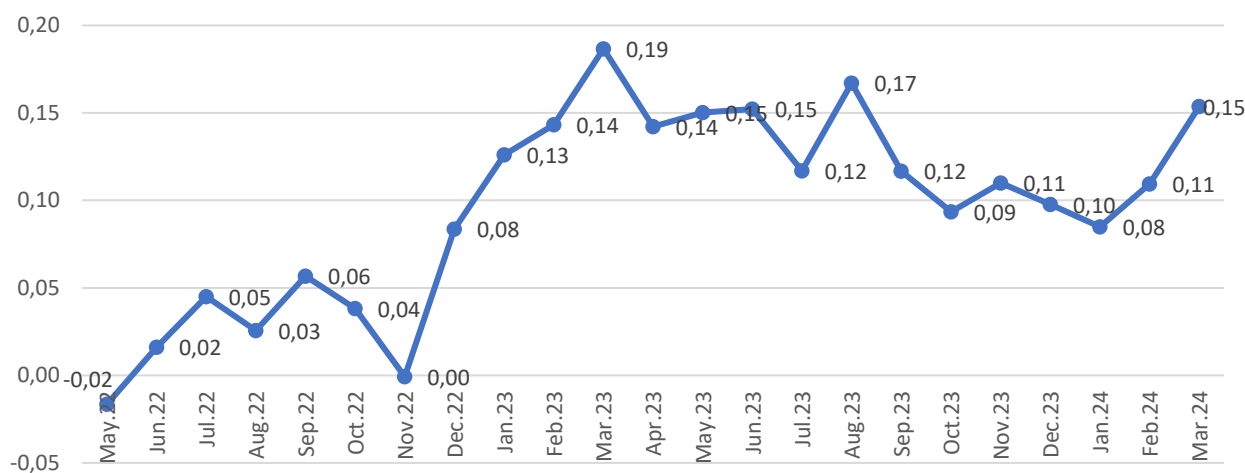
ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

INDUSTRIAL CONFIDENCE INDICATOR

The value of the Industrial Confidence Indicator (ICI) is gradually increasing for the second month in a row. The indicator increased from 0.11 to 0.15.

Changes in the value of all three components of ICI are observed: (1) production expectations for the next 3-4 months improved, and the value increased from 0.42 to 0.53. (2) new order portfolio estimates also improved significantly, increasing from -0.19 to -0.05, and (3) assessments of stocks of finished goods increased from -0.10 to 0.02, changing sign to positive.

Fig.13. Industrial confidence indicator



PRODUCTION

Changes compared to the previous month

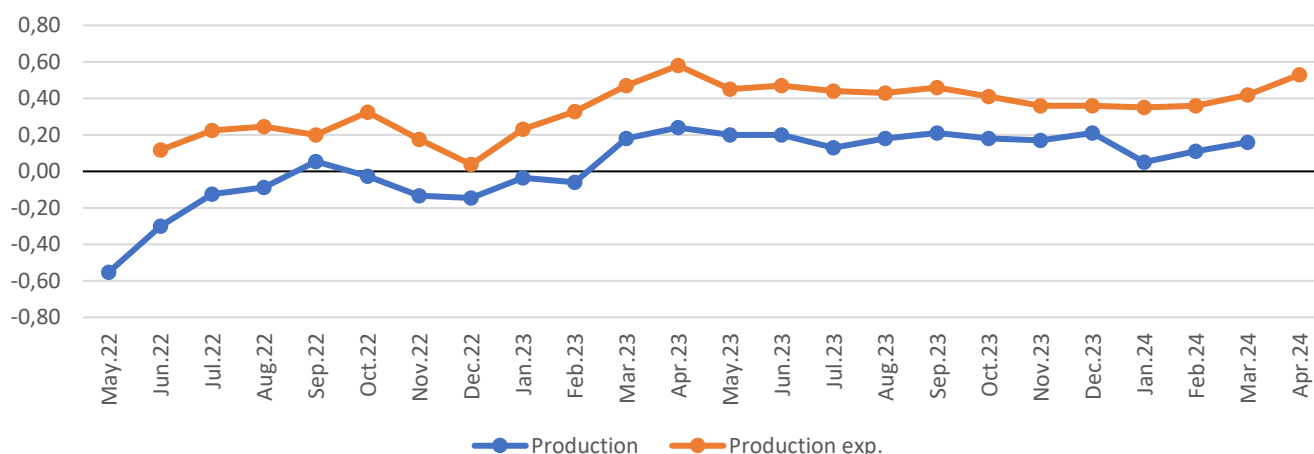
For the second month in a row, there is a trend to increase production volumes. The production index increased from 0.11 to 0.16. The share of enterprises that reduced production volumes decreased from 16.7% to 12.1%. At the same time, the share of enterprises that increased production volumes did not change significantly for the third month in a row and amounted to 24.8% in March (it was 24.3% in February). The share of enterprises in which there were no changes increased from 58.9% to 63.1%.

Size. Large enterprises (0.27) have the best results among enterprises of different sizes. The indicator of medium (0.16) and small (0.06) enterprises is lower but remains positive. The value of micro-enterprises is the lowest and negative (-0.05).

Region. Regional differences are very significant (the largest value is 0.53, and the smallest is -0.42). The best results were achieved by enterprises of Ternopil (0.53), Odesa (0.52), and Lviv (0.48) regions. The lowest index values were recorded for enterprises in Sumy (-0.42) and Kharkiv (-0.20) regions.

Sector. Index values vary among sectors and industries. The best situation is in the printing (0.36), light (0.28), and food (0.21) industries. Machine building(-0.08) and construction materials production (-0.12) have the single lowest negative value.

Fig.14. Production indices



Expected changes in production

Expectations regarding the growth of production volumes have significantly improved. The INDEX OF EXPECTED CHANGES IN PRODUCTION increased from 0.42 to 0.53. The share of enterprises at which production growth is planned increased from 49.8% to 54.4%. The share of those who do not expect changes decreased from 53.7% to 41.5%. The share of enterprises planning to reduce production increased from 2.5% to 4.1%.

Size. Production expectations depend on the size of the enterprises. The most optimistic is the indicator of large enterprises (0.61). The value for medium (0.51) and small (0.49) ones is approximately the same. The lowest value is for micro-enterprises (0.31).

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

Sector. Production expectations for three months depend on the industry. The food industry (0.58) and the printing industry (0.55) have the highest indicators of expectations. The metal processing (0.28) and construction materials production (0.24) have the lowest value of the indicator.

SALES

Changes compared to the previous month

In March, the sales results improved significantly. The SALES INDEX increased from 0.07 to 0.16. It became possible due to a decrease in the share of those who reduced production volumes from 21.7% to 13.4%. The share of enterprises in which there were no changes increased from 53.2% to 60.9%. The share of enterprises that increased sales did not change significantly and is 25.7% (it was 25.0%).

Size. The SALES INDEX of large enterprises (0.32) is the highest. At the same time, the value for medium-sized enterprises is half as much and is 0.14. The indicator of small enterprises is 0.14. Microenterprises have the lowest and only negative indicator (-0.07).

Region. The highest value of the SALES INDEX was recorded for Poltava and Ternopil regions (0.53 each) and Odesa (0.52) regions. The indicators of Sumy (-0.40) and Kharkiv (-0.20) regions have the lowest value.

Sector. Printing (0.36) and light (0.24) industries have the highest SALES INDEX. Machine building and construction materials production (-0.11 for each sector) have the lowest indicators.

Expected changes in sales

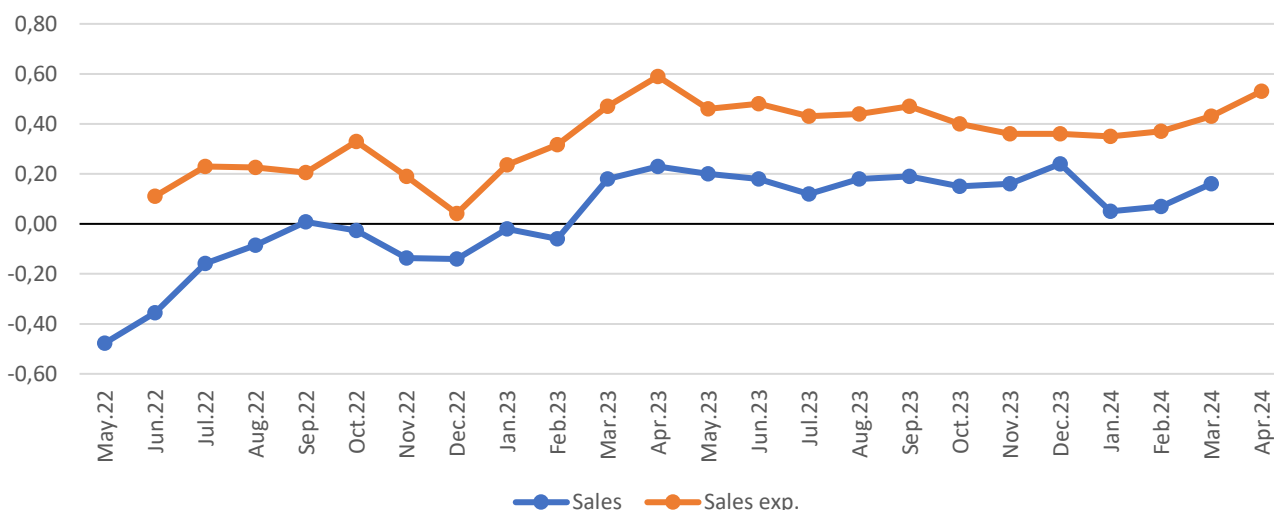
Sales expectations continue to rise. The INDEX OF EXPECTED CHANGES IN sales increased from 0.43 to 0.53. The share of those who plan to reduce sales also increased, from 2.7% to 4.1%, as well as the share of those who plan to increase them (from 45.2% to 53.7%). The percentage of respondents who believe nothing will change decreased from 52.1% to 42.2%.

Size. The indicator of expectations for large enterprises (0.62) is the highest. The value of the indicator of medium (0.49) and small (0.48) is approximately the same. The indicator of micro-enterprises (0.31) is significantly lower.

Region. The best expectations were recorded in Poltava, Lviv, Ternopil, and Ivano-Frankivsk regions (1.00 for each). The indicator of expectations of Zhytomyr, Dnipropetrovsk, and Kharkiv regions is the lowest and is equal to zero.

Sector. The food industry (0.58) and printing industry (0.55) have the highest sales expectations. The expectation index of metalworking (0.28) and construction materials production (0.27) is the lowest.

Fig.15. Sales indices



EXPORT

Changes compared to the previous month

The export growth rate is accelerating. The value of the EXPORT INDEX increased from -0.08 to -0.04, changing its sign from negative to positive. The share of respondents whose export volumes decreased significantly shortened from 29.3% to 16.1%. At the same time, the share of enterprises that increased exports decreased less significantly, from 18.9% to 16.8%. The share of enterprises whose export volumes remained unchanged increased from 51.8% to 67.1%.

Size. The value of the EXPORT INDEX is higher and approximately the same for medium (0.08) and large (0.10) enterprises. The value for small (-0.19) and micro-enterprises (-0.22) is significantly lower and has a negative value.

Region. The Odesa (0.56) region has the highest indicator. The lowest value is for the Sumy region (-1.00).

Sector. The metal processing has the highest EXPORT INDEX. (0.31). The construction materials production has the lowest value (-0.05).

Expected changes in export

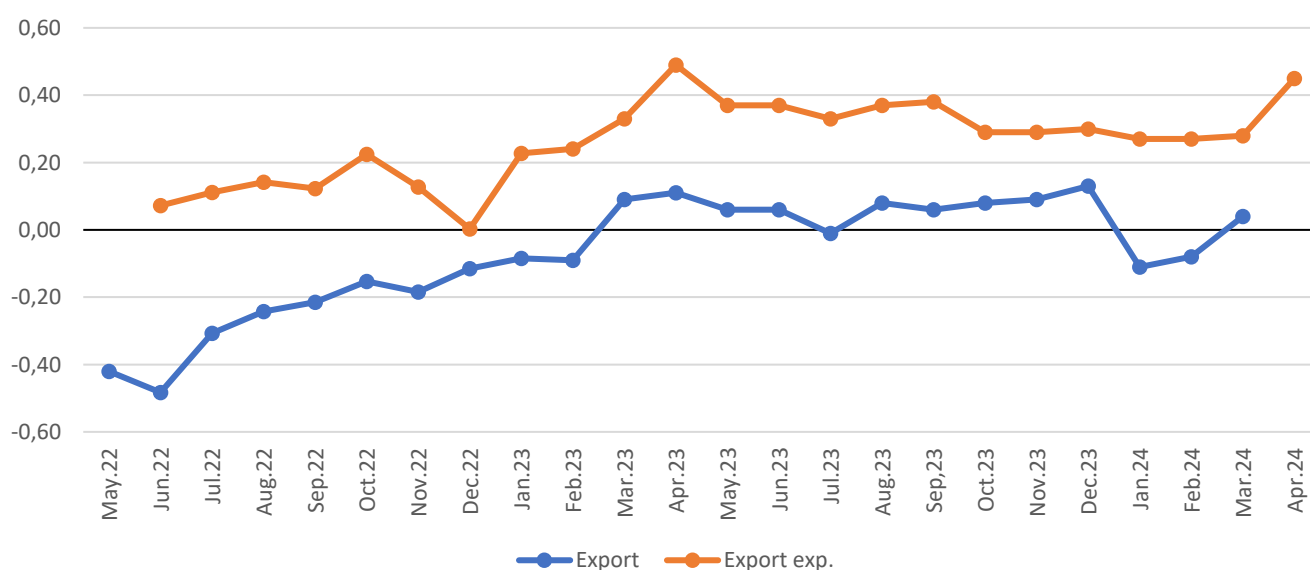
Expectations regarding changes in exports improved significantly after several months of stagnation. The INDEX OF THE EXPECTED CHANGES in exports increased from 0.28 to 0.45. The share of those planning to increase exports increased from 29.5% to 45.0%. The share of those who plan to reduce it has not changed significantly and is 4.5% (it was 4.8%). The share of those who do not expect any changes decreased from 65.7% to 50.5%.

Region. Large (0.57) and medium (0.44) enterprises have the highest and approximately the same indicator of export expectations. The indicator of small enterprises is 0.21. Micro-enterprises have the lowest export expectations, with an index of 0.15.

Region. The highest value of the INDEX OF THE EXPECTED CHANGES IN EXPORTS was recorded for enterprises of Poltava, Lviv, and Ternopil regions (1.00 for each). The expectations of business representatives of the Sumy region (-0.50) are the worst.

Sector. The food industry (0.43) and the metalworking and light industry (0.40 for each) have the highest value of the index of expected changes in exports. The construction materials production (-0.30) has the lowest and only negative value of the indicator.

Fig.16. Export indices



STOCKS OF RAW MATERIALS

Changes compared to the previous month

The rate of reduction of raw material stocks has slowed down. The value of the INDEX OF STOCKS OF RAW MATERIALS in March compared to February increased from 0.01 to 0.09. The share of respondents who reported on the accumulation of stocks of raw materials for the past month has not changed significantly and is 19.1% (it was 20.0%). The share of respondents who indicated their reduction decreased from 19.1% to 13.6%. The share of entrepreneurs, for whom nothing has changed compared to last month, increased from 61.8% to 66.4%.

Size. The INDEX OF STOCKS OF RAW MATERIALS is the highest for large enterprises (0.25). The indicator for medium (0.03) and small (0.01) companies is significantly lower and about the same, but still has a positive value. Stocks of raw materials decreased more for micro-enterprises (-0.02), whose indicator has a negative value.

Region. Most often, the accumulation of raw material stocks is reported in Poltava (0.68), Ternopil (0.58), and Odesa and Lviv (0.52 each) regions. The indicators of Kyiv (-0.52), Vinnytsia (-0.32), and Sumy and Dnipropetrovsk regions (-0.30 each) are the lowest.

Sector. The food (0.16) and light (0.15) industries have a positive value. The indicators of printing (-0.40) and woodworking (-0.10) industries are the lowest.

Expected changes in stocks of raw material

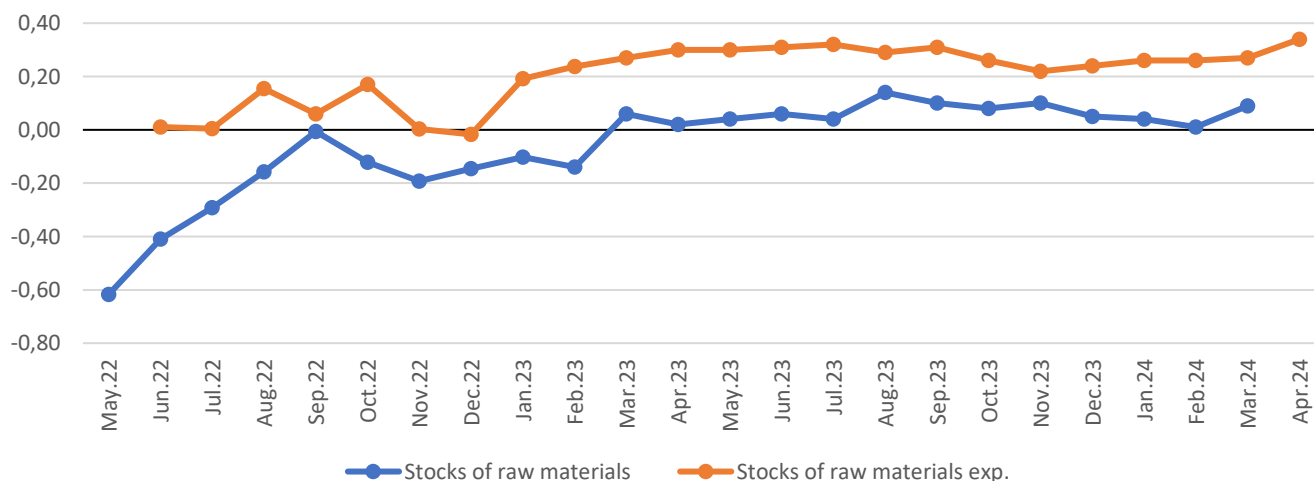
For the next three months, entrepreneurs expect further accumulation of raw material stocks: the INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS increased from 0.27 to 0.34. The share of respondents who expect the accumulation of raw material stocks (from 32.4% to 40.0%) and the share of those believing that raw material stocks will decrease (from 7.5% to 9.2%) increased. The share of those believing that the situation will not change decreased from 60.1% to 50.8%.

Size. The INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is higher for large enterprises (0.46). The indicator of medium-sized enterprises is 0.33. The indicator of small (0.22) and micro enterprises (0.19) is about the same.

Region. The Ivano-Frankivsk, Lviv, and Ternopil regions (1.00 for each) have the highest INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS. The lowest value of the index is for the city of Kyiv (-0.55), as well as for Chernivtsi (-0.14) and Sumy (-0.11) regions.

Sector. The food (0.44) and printing industries (0.30) have the highest indicator of expectations regarding changes in raw material stocks. The woodworking industry, whose index is zero, has the lowest value.

Fig.17. Stocks of raw material indices



STOCKS OF FINISHED GOODS

Changes compared to the previous month

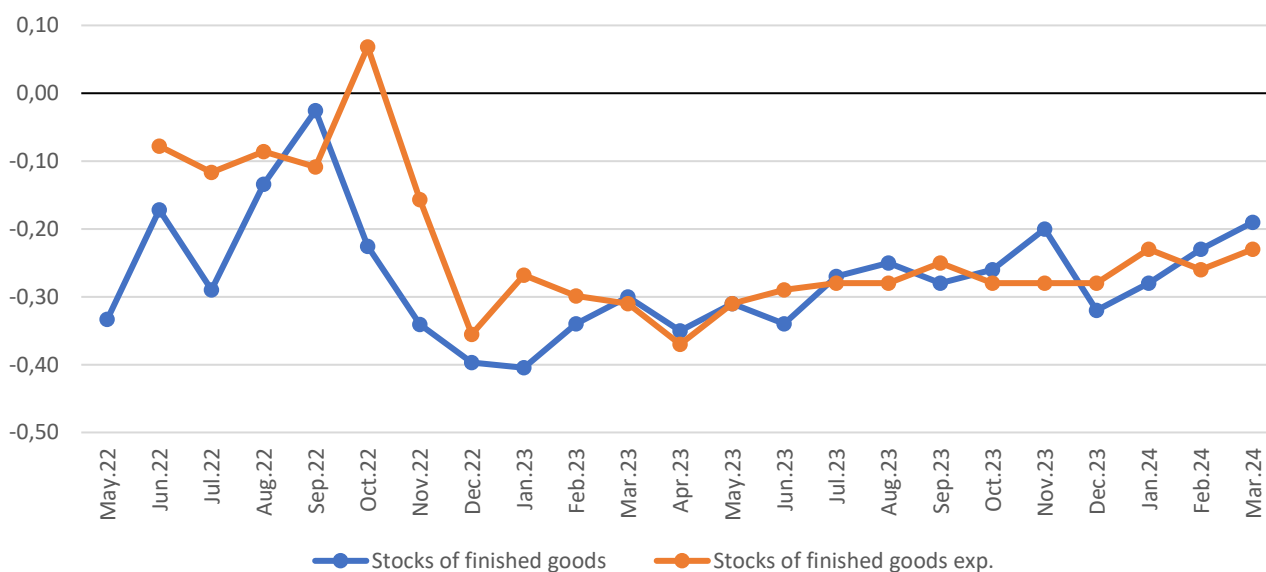
There is a gradual trend to slow down the rate of reduction of stocks of finished goods. The value of the corresponding index in March slightly increased from -0.23 to -0.19. At the same time, there were no significant changes in the percentage distribution. The share of respondents who reported a reduction in stocks of finished goods is 29.1% (it was 31.5%), and the share of those respondents whose stocks increased also almost did not change and is 7.9% (it was 8.7%). The share of respondents who did not feel any changes increased slightly from 59.9% to 63.0%.

Region. The value of the index by the size of the enterprise is lower and approximately the same for small (-0.31) and medium (-0.25) enterprises. The indicator of microenterprises is -0.14. The indicator for large enterprises has the highest, although still negative, value of -0.05.

Region. The value of the index depends on the region. The accumulation of stocks of finished goods is most often reported at the enterprises of Kyiv (0.19), Khmelnytskyi (0.14), and Cherkasy and Zaporizhzhya regions (0.07 each). The Ivano-Frankivsk (-0.88) and Ternopil (-0.84) regions have the lowest index.

Sector. The printing (-0.57) and food and light (-0.28 for each) sectors have the lowest values. The chemical industry has the highest value, which is zero.

Fig.18. Stocks of finished goods indices



Expected changes in stocks of finished goods

In the future, company managers do not expect significant changes in the indicator. The INDEX OF EXPECTED CHANGES IN STOCKS OF FINISHED GOODS is -0.24 (was -0.23). The share of respondents who believe that the stocks of finished goods will decrease in the next three months (from 27.1% to 32.6%) and the share of those who expect them to increase (from 4.0% to 7.9%) also grew. The percentage of those who believe that nothing will change has decreased from 68.9% to 59.4%.

Size. The value of the indicator depends on the size of the enterprise. The value of the index is lower and the same for small and medium enterprises (-0.33 each). The indicator of large and micro enterprises (-0.08 each) is significantly higher and the same.

Region. The Cherkasy (0.33) and Zaporizhzhya (0.18) regions have the highest value. The indicator of expectations for Zakarpattia Oblast is zero. Lviv and Ivano-Frankivsk regions have the lowest indicators (-1.00 for each).

Sector. The value of the index is the highest and equal to zero for the woodworking industry. The lowest is the indicator of light (-0.32) and food (-0.31) industry.

NEW ORDERS

Changes compared to the previous month

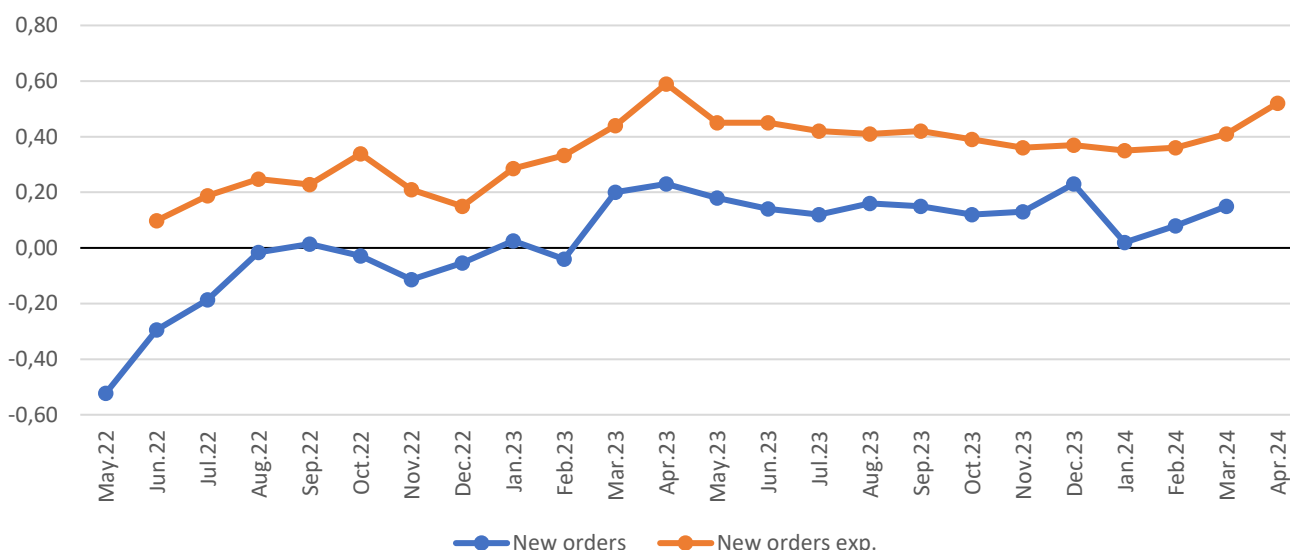
The growth rate of new orders is accelerating. The NEW ORDERS INDEX doubled in February, from 0.08 to 0.15. The share of those with an increase in the number of new orders did not change significantly and is 25.6% (it was 24.0%). The share of respondents who reported a reduction in their number decreased from 18.9% to 13.8%. The share of those who did not feel any changes increased from 57.0% to 60.6%.

Size. The value of the index is higher for large (0.28) and medium (0.13) enterprises. The indicator of small enterprises is 0.06. Microenterprises have the lowest value (-0.07).

Region. The new orders grew the most in Poltava (0.63), Ternopil (0.58), and Lviv and Odesa (0.52 each) regions, while in Sumy (-0.45) and Kharkiv (-0.20) regions, the volume of new orders decreased the most.

Sector. The best situation with new orders in the previous month was for the light (0.30) industry and printing (0.18). Woodworking (-0.15) and machine building(-0.08) have the lowest indicators.

Fig.19. New orders indices



Expected changes in new orders

In the next three months, entrepreneurs expect further growth in the volume of new orders. The VALUE OF THE INDEX OF EXPECTED CHANGES IN THE NEW ORDERS increased from 0.41 to 0.52. The share of respondents expecting an increase in new orders increased from 43.8% to 53.5%, while the share of respondents expecting a decrease in the volume of new orders increased less significantly, from 2.3% to 4.4 %. The share of those who do not expect any changes in the next three months decreased from 53.9% to 42.1%

Size. The indicator of expectations is the highest for large enterprises (0.60). The indicator of small (0.47) and medium (0.49) enterprises is approximately the same. The indicator of micro-enterprises is the lowest and is (0.35).

Region. Index values have significant regional differences. In Lviv, Ternopil, and Ivano-Frankivsk (1.00 for each) regions, the business expects an increase in new orders to a greater extent than in other regions. At the same time, the indicator of the Chernivtsi region (-0.06) is the only one with a negative value.

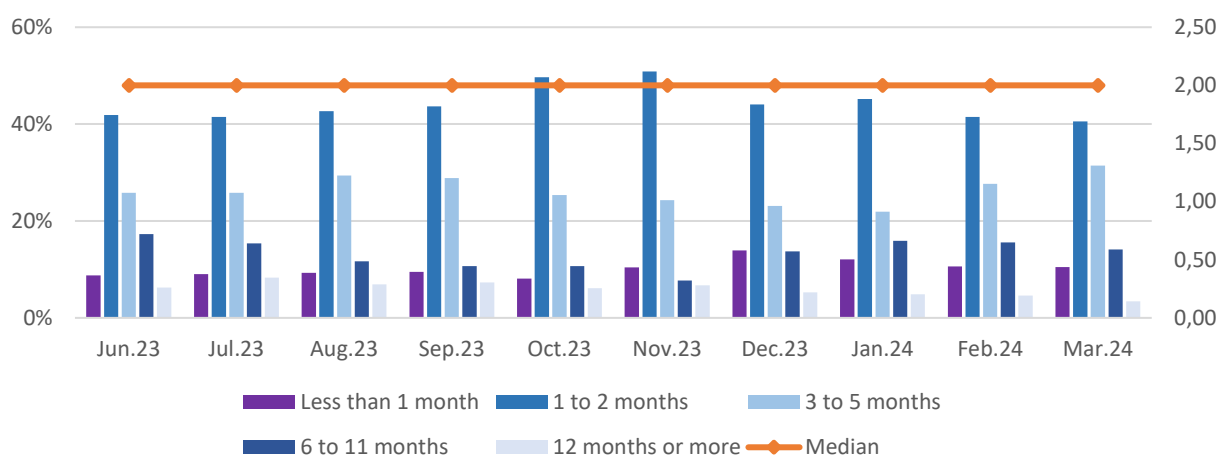
Sector. The printing and food (0.55 each) sectors have the best expectations for new orders. The index of metalworking (0.06) is the lowest.

Availability of orders

In March 2024, the average term of new order availability for surveyed enterprises remained at the level of two months (median), which it has been at since May 2023. Before that, in January-April 2023, this term was longer and was three months.

The share of enterprises with orders for no more than two months was 51%, which is almost the same as in February (52%). During the last two months, this share has been higher than in January 2024, when such enterprises made up 57%.

Fig.20. Period for which enterprises are provided with orders



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

67% of micro-enterprises and 62% of small ones have orders only for up to two months. At the same time, 30% of large enterprises and 20% of medium ones are provided with orders for six months or more.

Sector. In March 2024, the relatively longest average term of new orders, which, however, was only three months (median value), was recorded in the chemical industry, mechanical engineering, woodworking and printing industries¹. Companies in other industries represented in this survey had orders for an average of two months.

At the same time, 60% or more of enterprises in metallurgy, construction materials production, and textile, clothing, or footwear production have orders for only up to two months. These shares are larger than among other sectors.

Region. There are differences between enterprises in different regions in the availability of orders². The average term of securing order availability is the longest for enterprises of the Kyiv region, where on average it was nine months (median value). Also, the term of orders is relatively long for enterprises of the Poltava region (seven months).

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

¹ 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."

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

PURCHASE PRICES

Changes compared to the previous month

The growth rate of prices for raw materials and supplies has slowed down. The value of the PURCHASE PRICE INDEX did not change significantly and is 0.29 (it was 0.31). At the same time, there were no significant changes in the percentage distribution. The share of enterprise managers who indicated an increase in prices in March is 32.3% (it was 31.6%). At the same time, the share of those who believe that prices did not change compared to the previous month, as well as last month, is 65.6%. The share of those who talk about a decrease in prices for raw materials and supplies has also not changed significantly and is 2.1% (it was 2.8%).

Size. Depending on the size of the enterprise, managers of micro-enterprises often talk about an increase in the prices of raw materials and supplies (0.45). The indicator of small enterprises is 0.31. The value for large (0.28) and medium (0.26) enterprises is slightly lower and about the same.

Region. Significant regional differences were recorded. The value of the index is higher for Poltava (0.95), Kyiv (0.73), and Sumy (0.68) regions. The indicators of Rivne, Cherkasy, and Zaporizhzhia regions are the lowest and their value is zero.

Sector. The value of the PURCHASE PRICE INDEX is the highest for light industry (0.44) and machine building (0.36). The chemical industry and construction materials production have the lowest value of the index (0.12 for each industry).

Expected changes in purchase prices

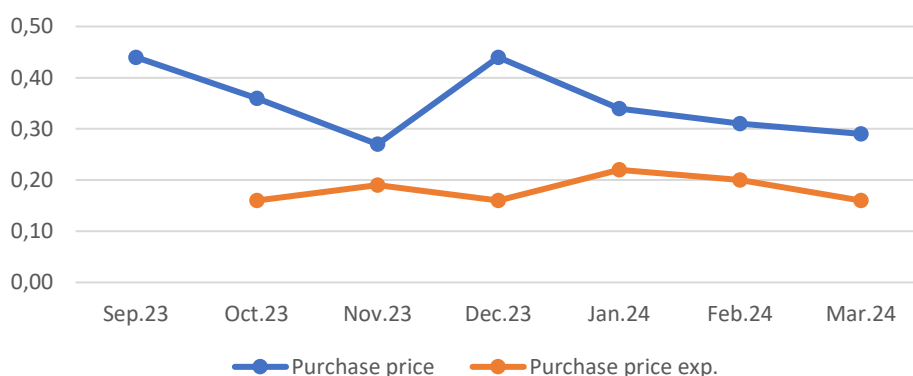
In the next three months, the business does not expect changes in the indicator. The INDEX OF EXPECTED CHANGES IN THE PURCHASE PRICE IS 0.15 (it was 0.16). The share of respondents who believe there will be no changes has slightly decreased, from 80.5% to 78.7%. The share of those who expect a price increase has not changed significantly and is 18.1% (it was 17.4%). The share of those who believe that the prices of raw materials and materials will decrease in the next three months also almost did not change and is 3.2% (it was 2.0%).

Size. The indicator of large (0.18) and micro enterprises (0.17) has higher values. The indicator of medium (0.14) and small (0.13) enterprises is somewhat lower.

Region. The most talk about a possible increase in prices for raw materials and materials is in Poltava (0.84) and Sumy (0.50) regions, as well as in the city of Kyiv (0.41). The indicator of the Vinnytsya region (-0.22) is the lowest and has the only negative value.

Sector. The chemical industry has the highest value of the index (0.33). The construction materials production has the lowest indicator (0.04).

Fig.21. Purchase prices indices



DOMESTIC SALES PRICES

Changes compared to the previous month

The growth rate of prices for finished goods slowed down. The value of the DOMESTIC SALES PRICE INDEX is 0.27 (it was 0.28). At the same time, there were no significant changes in the percentage distribution. The share of enterprise managers who indicated a price increase in March was 29.0% (it was 28.3%). The share of those who believe that the prices did not change compared to the previous month almost did not change and is 69.1% (it was 68.2%). The share of respondents who talk about price reductions has slightly decreased and amounts to 1.9% (it was 3.6%).

Size. The increase in prices for finished goods is most often discussed at micro-enterprises (0.35). The indicator of large (0.28), small (0.26), and medium (0.25) enterprises is approximately the same.

Region. Significant regional differences were recorded. The value of the index is higher for Poltava (1.00) and Sumy (0.84) regions. The indicator of Rivne and Zaporizhzhya regions is zero and is the lowest.

Sector. The value of the DOMESTIC SALES PRICE INDEX is the highest for the light (0.42) and food (0.31) industries. Printing has the lowest value of the index, which is zero.

Expected changes in the domestic sales prices

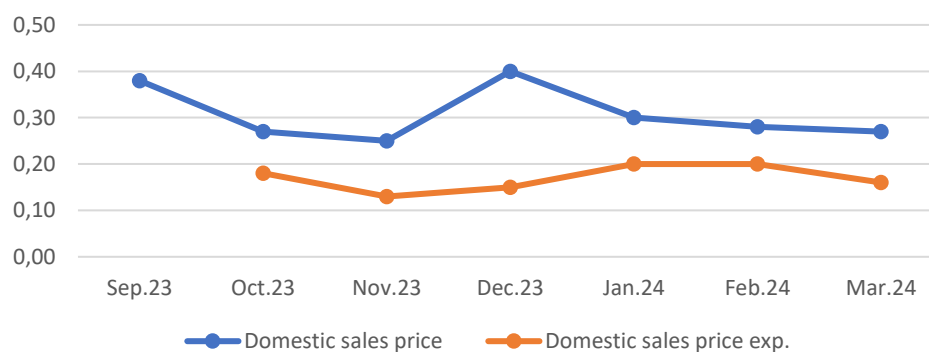
Company managers do not expect significant changes in the indicator for the next three months. The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICES is 0.14 (it was 0.16). The share of respondents who do not plan to change has almost not changed and is 80.5% (it was 80.9%). The share of respondents planning to raise prices in the next three months is 16.1% (it was 17.1%). The share of those who believe that the prices of raw materials and materials will decrease in the next three months has also not changed significantly and is 3.4% (it was 2.0%).

Size. The indicator of large enterprises (0.18) is the highest. The indicator of medium (0.14) and micro enterprises (0.11) is approximately the same. The indicator of expectations of small enterprises is the lowest and is 0.09.

Region. Most talk about a possible increase in sales prices is in Poltava (0.89) and Sumy (0.38) regions. The indicators of Ternopil (-0.05), Kyiv (-0.10), and Vinnytsya (-0.22) regions have the lowest and negative values.

Sector. The chemical industry has the highest value of the index (0.32). The woodworking industry, the value of which is zero, the has lowest indicator of expectations.

Fig.22. Domestic sales prices indices



ACCOUNT RECEIVABLES

Changes compared to the previous month

The indicator of receivables has improved significantly. The value of the ACCOUNT RECEIVABLES INDEX decreased from -0.16 to -0.23 in March. The share of those who reported debt reduction increased from 24.3% to 32.9%. At the

same time, the share of those who have accumulated debt has not changed significantly and is 7.2% (it was 6.8%). The share of those for whom nothing has changed decreased from 68.9% to 59.9%.

Size. The situation with receivables is better for small (0.34) enterprises. The indicator of medium (-0.29) and small (-0.27) enterprises is approximately the same. Large enterprises have the highest rate of receivables (-0.05).

Region. Significant regional differences in the values of this indicator were recorded. In terms of regions, the largest increase in receivables was recorded in Kyiv (0.25) region, Kyiv city (0.23), and Zakarpattia (0.10) regions. At the same time, in Sumy (-1.00), Dnipropetrovsk (-0.74), Ternopil (-0.71), and Lviv (-0.70) regions, the indicator of receivables decreased the most.

Sector. The woodworking industry has the highest indicator of receivables (-0.07). The lowest indicator is in the construction materials production (-0.48).

Expected changes in account receivables

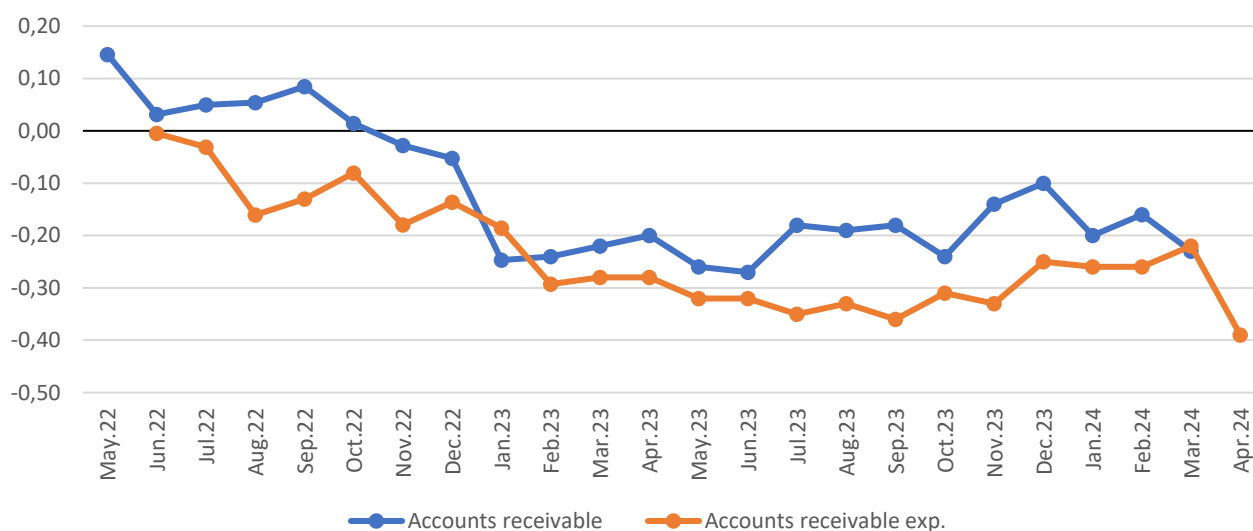
In three months, entrepreneurs expect a further reduction in receivables. The INDEX OF EXPECTED CHANGES IN ACCOUNTS RECEIVABLE decreased from -0.22 to -0.39. The share of respondents who expect the accumulation of debt has not changed significantly and is 4.5% (it was 4.3%), while the share of those who expect its reduction has increased from 27.3% to 43.7%. The share of those who believe that nothing will change has decreased from 68.4% to 51.8%.

Size. When dividing by size, small (-0.45) and medium-sized (-0.42) enterprises have the best value of the indicator. The indicator of expectations for large enterprises is -0.31. Microenterprises have the worst expectations regarding changes in receivables (-0.25).

Region. The Kirovohrad (0.36), Kyiv (0.23), and Khmelnytsky (0.05) regions have the largest and higher than zero values. Sumy and Ivano-Frankivsk regions have the lowest indicators (-1.00 each).

Sector. The highest is the indicator of expectations regarding the accumulation of receivables for the woodworking industry, the value of which is equal to zero. The chemical industry (-0.53), construction materials production (-0.52), and metalworking (-0.50) have the lowest indicator.

Fig.23. Account receivables indices



ACCOUNT PAYABLES

Changes compared to the previous month

In March, the indicator of payables improved. The ACCOUNT PAYABLES INDEX decreased from -0.17 to -0.26. The share of respondents who reported on the accumulation of debt remained almost unchanged at 5.7% (it was 5.2%), while the share of those for whom payables decreased increased significantly, from 23.7% to 33.6%. The share of those for whom nothing has changed over the past month decreased from 71.2% to 60.7%.

Size. The indicator of payables for small enterprises (-0.37) is the lowest. The indicator of medium (-0.30) and micro-enterprises (-0.29) is approximately the same. The worst indicator of the accumulation of payables is for large enterprises (-0.08).

Regions. Significant regional differences were recorded. The situation with the accumulation of payables is the worst in Kyiv (0.15) region, Kyiv city (0.05), and Vinnytsia (0.04) region. The best situation is in Sumy (-1.00) region.

Sector. The highest is the payables indicator for the woodworking industry, which is equal to zero. The construction materials production (-0.52) and food and chemicals (-0.37 for each) have the lowest indicator.

Expected changes in account payables

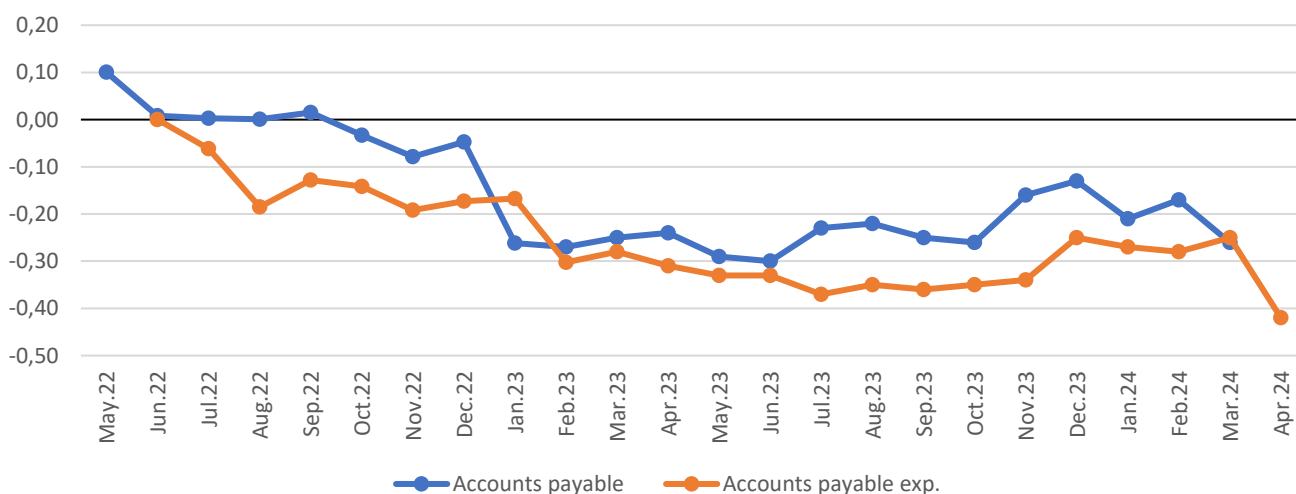
For the next three months, entrepreneurs expect further improvement of the indicator. The INDEX OF THE EXPECTED CHANGES IN ACCOUNT PAYABLES decreased from -0.25 to -0.42. The share of those who expect a reduction in accounts payable increased from 28.4% to 43.7%. The share of those who expect to accumulate it has almost not changed and is 2.7% (it was 2.2%). The share of respondents who believe that nothing will change has decreased from 69.3% to 53.6%.

Size. The indicator of small (-0.47) and medium (-0.46) enterprises is significantly better and approximately the same. The indicator of large enterprises is -0.34. Small enterprises (-0.16) have the worst expectations.

Region. The indicator of expectations regarding changes in payables is higher in Kirovohrad region (0.18) and Kyiv city (0.05). The lowest is the indicator of expectations for Sumy and Ivano-Frankivsk regions (-1.00 each).

Sector. The highest indicator is the woodworking industry (-0.06). The chemical (-0.60) industry (-0.60) and construction materials production (-0.55) have the lowest value.

Fig.24. Account payables indices



TAX ARREARS

Changes compared to the previous month

The indicator of tax arrears has decreased for the second month in a row. The TAX ARREARS INDEX decreased from -0.25 to -0.29 in March. The share of enterprises that reported a reduction in tax arrears for the past month increased from 26.2% to 32.6%. In March, the number of respondents who indicated an increase in tax arrears slightly increased, from 0.5% to 2.1%. The share of those who believe no changes have taken place has decreased from 73.3% to 65.3%.

Size. Tax arrears indicators are better and approximately the same for small (-0.39) and medium (-0.33) enterprises. The indicator of micro-enterprises is -0.24. The highest value of the indicator is for large enterprises (-0.15).

Region. There are significant differences in the value of this indicator by region. The highest indicator of tax debt accumulation is for the Vinnytsya region (0.07). The indicator of the city of Kyiv, Kyiv, Khmelnytsky, Cherkasy, Chernihiv, Poltava, Zakarpattia, and Zaporizhzhya regions is zero. The Dnipropetrovsk (-0.94) and Sumy (-0.93) regions have the lowest indicator.

Sector. The highest rate of tax arrears is for the woodworking industry (-0.07). The value for printing (-0.50) and construction materials production (-0.43) is the lowest.

Expected changes in tax arrears

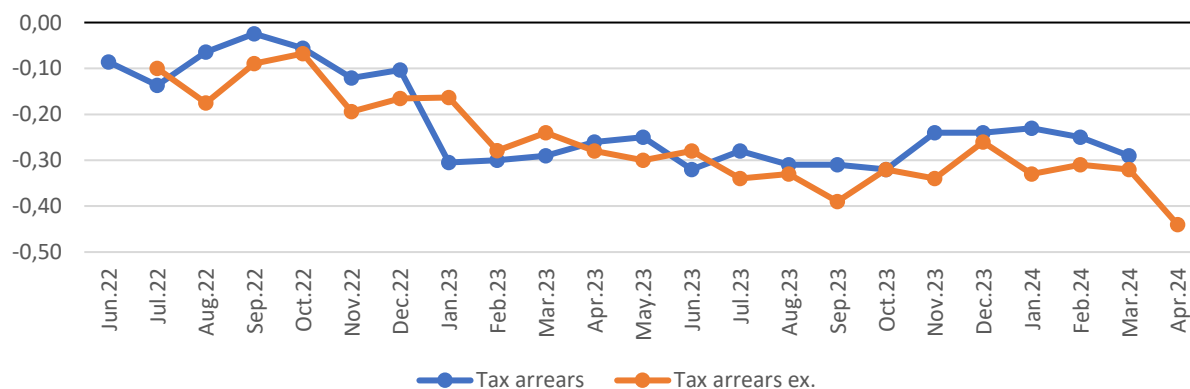
For the next three months, entrepreneurs expect a significant debt reduction. The INDEX OF THE EXPECTED CHANGES IN TAX ARREARS decreased from -0.32 to -0.44. The share of those who predicted a reduction in tax arrears increased from 32.6% to 44.2%, while the share of those who expected it to increase did not change significantly and amounted to 1.8% (was 0.2%). The share of those who do not expect changes decreased from 67.2% to 54.0%.

Size. Indicators of tax arrears expectations are better and approximately the same for small (-0.50) and medium (-0.44) enterprises. The indicator of large enterprises is -0.39. Microenterprises have the worst indicator of expectations (-0.18).

Region. The indicator of expectations regarding the accumulation of tax arrears is positive for the Volyn (0.07) and Poltava (0.05) regions. The indicator of Sumy and Ivano-Frankivsk (-1.00 for each) regions is the lowest.

Sector. The highest indicator of tax arrears expectations is for the woodworking industry (-0.07). The lowest indicator is for the food industry (-0.56).

Fig.25. Tax arrears indices



NUMBER OF WORKERS

Changes compared to the previous month

In March, for the second month in a row, there was a trend to slow down the reduction in the number of workers involved in all enterprise's operations. The NUMBER OF WORKERS INDEX increased from -0.09 to -0.05. The share of respondents reporting a reduction in the number of workers decreased slightly, from 10.5% to 8.5%, while the share of those reporting an increase increased, from 1.3% to 3.5%. The share of those for whom nothing has changed has almost not changed and is 88.0% (it was 88.2%).

Size. The rate of reduction in the number of workers depending on the size is approximately in the same range. At the same time, small enterprises (-0.07) talk about reducing the number of workers the least. The indicator of large enterprises is -0.06 and of medium enterprises - -0.05. The value of small enterprises is the highest and is -0.04.

Region. The value is higher than zero for Kirovohrad (0.14), Ternopil (0.11), Khmelnytskyi (0.07), and Chernihiv (0.06) regions. Dnipropetrovsk (-0.50) and Sumy (-0.20) regions have the lowest value.

Sector. The indicator of metalworking, woodworking, and light industry is the highest and is equal to zero. The lowest is the indicator of construction materials production (-0.22).

Expected changes in the number of workers

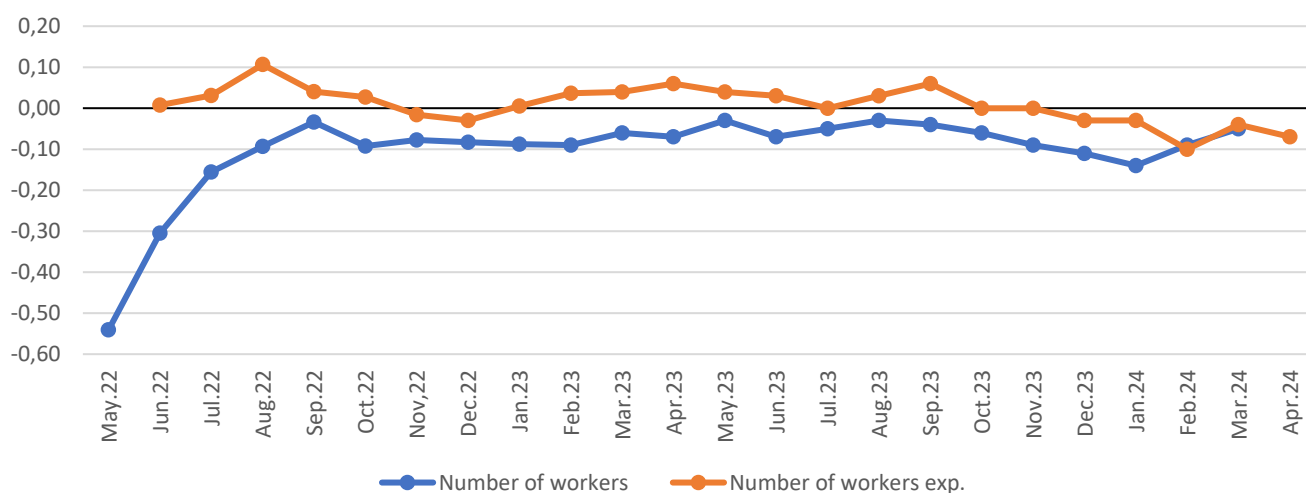
In the next three months, the surveyed heads of enterprises expect a slight acceleration of the rate of reduction in the number of workers: the INDEX OF THE EXPECTED CHANGES IN THE NUMBER OF WORKERS decreased from -0.04 to -0.07. The share of respondents who plan to increase the number of workers has not changed significantly and is 3.3% (it was 2.5%), while the share of those who expect to reduce the number of workers has slightly increased, from 5.2% to 8.3%. The share of those who do not plan to change has decreased from 92.2% to 88.4%.

Size. Depending on the size of the enterprise, the indicator of medium enterprises (-0.08) is the lowest. The indicator of large (-0.06) and small (-0.05) enterprises is approximately the same. Microenterprises have the highest value of the indicator, the indicator of which is positive and is 0.07.

Region. The value of the index of expected changes in the number of workers significantly depends on the region where the enterprise is located. The Khmelnytsky region has the highest rate (0.07). Dnipropetrovsk region has the lowest values of the indicator (-0.50).

Sector. The printing industry, the value for which is zero, has the highest index of expectations. The indicator for the construction materials production (-0.27) is the lowest.

Fig.26. Number of workers indices



WORKERS ON FORCED LEAVE

Changes compared to the previous month

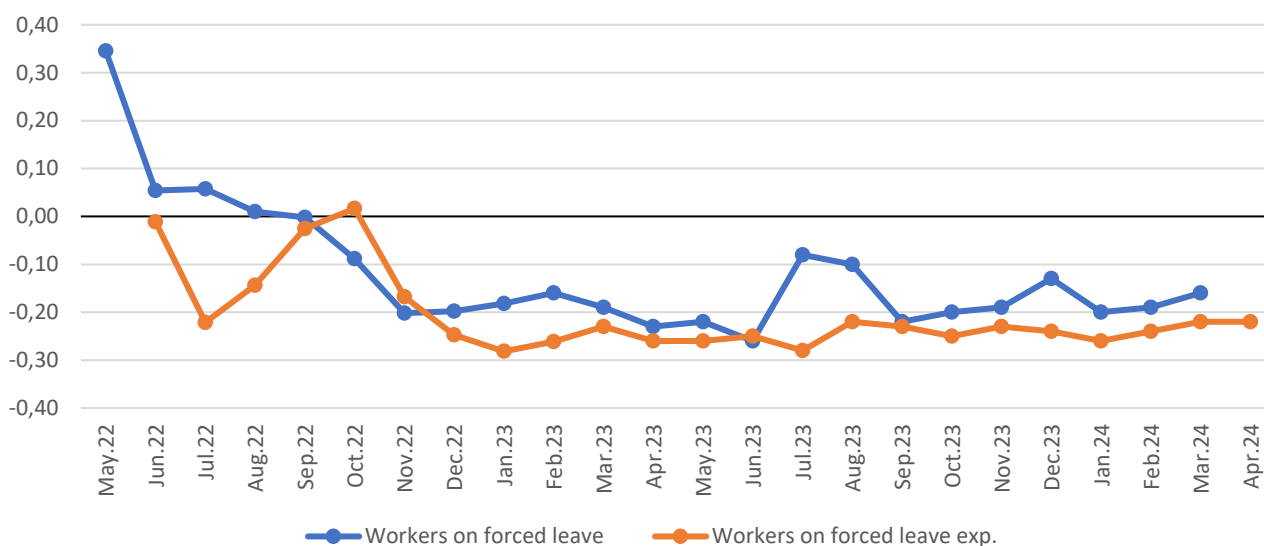
The rate of reduction in the number of workers on forced leave has somewhat slowed down. The NUMBER OF WORKERS ON THE FORCED LEAVE INDEX slightly increased, from -0.19 to -0.16. The share of those who reported an increase in such workers remained almost unchanged at 3.9% (it was 3.4%). The share of those who indicated their reduction decreased from 23.0% to 19.6%. The share of those for whom nothing has changed over the past month has slightly increased, from 73.6% to 76.5%.

Size. The indicator of medium and small enterprises is the lowest and the same and is -0.21. The indicator of large enterprises is -0.07. Microenterprises have the highest indicator, the value of which is positive and is 0.03.

Region. Among the various regions, the greatest increase in the indicator is observed for enterprises in Sumy (0.18), Vinnytsia (0.16), Volyn (0.10), and Kirovohrad (0.02) regions, and most often, a decrease in the number of workers on forced leave is reported in Ivano-Frankivsk (-1.00) and Lviv (-0.86) regions.

Sector. The highest indicators regarding the number of workers on forced leave are in metalworking, mechanical engineering, and chemical industry, the value of which is zero. Printing (-0.30) and construction materials production (-0.22) have the lowest values.

Fig.27. Number of workers on forced leave indices



Expected changes in the number of workers on forced leave

Enterprises having workers on forced leave do not expect changes in the indicator in the next three months. The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS ON FORCED LEAVE is -0.22, as in the previous month. The share of enterprises at which an increase in the number of employees on forced leave is expected has not changed significantly and is 1.4% (it was 0.7%). The share of those who believe that the number of such employees at their company will decrease also remained almost unchanged and is 23.9% (it was 23.1%). The share of those who believe there will be no changes has slightly decreased, from 76.3% to 74.7%.

Size. The indicator of micro-enterprises is -0.02 and is the highest. The value is somewhat lower for large enterprises (-0.09). Indicators of medium (-0.27) and small (-0.33) enterprises are significantly lower and approximately the same.

Region. Indicators of expectations for Vinnytsia (0.18) and Khmelnytsky (0.06) regions are higher. The indicators of Ivano-Frankivsk (-1.00) and Ternopil (-0.95) regions are the lowest.

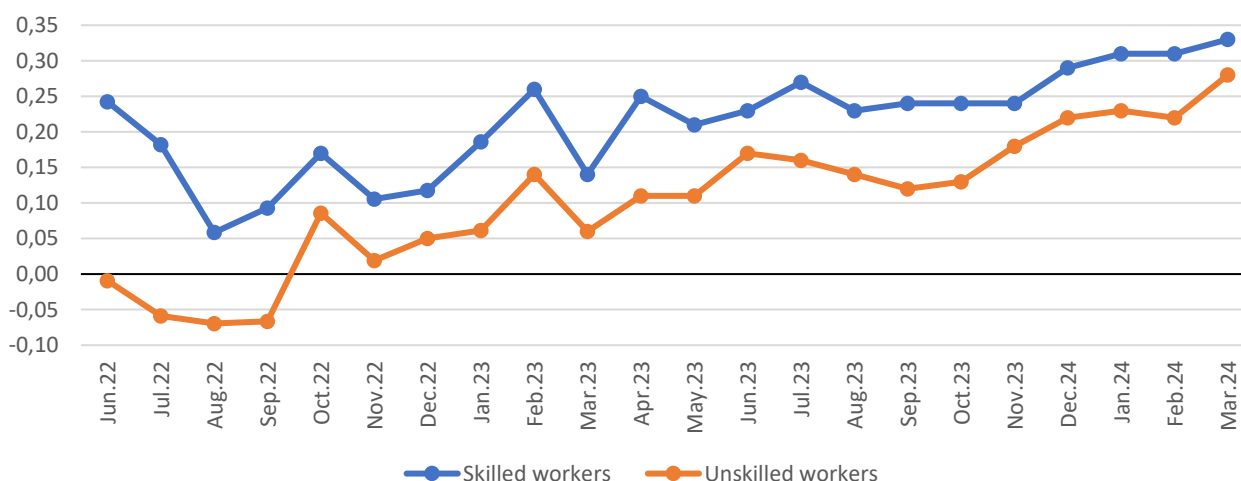
Sector. The highest indicator of expectations regarding the number of workers on forced leave is for machine building(-0.04). The lowest indicator is for the food industry (-0.31).

SKILLED AND UNSKILLED WORKERS

In March 2024, difficulties in finding workers with the appropriate qualifications increased. The value of the index of finding skilled workers increased slightly, from 0.31 to 0.33. The index of finding unskilled workers increased more significantly, from 0.22 to 0.28.

The share of company managers who indicated that skilled workers are more difficult to find increased from 31% to 38.9%. The share of those who find it more difficult to find unskilled workers also increased, from 26.5% to 31.7%. The percentage of those who find it easier to find skilled workers increased from 0.2% to 4.2%. The share of those who find it easier to find unskilled workers has not changed significantly for the third month in a row and is 4.2% (it was 4.8%). The share of those who do not feel any changes in the search for skilled workers decreased from 68.8% to 56.9%, and for unskilled workers, this percentage decreased from 68.8% to 64.1%.

Fig.28. Skilled and unskilled workers indices



Skilled workers

Size. Depending on the size of the enterprise, the indicator is higher and approximately the same for micro (0.43) and small enterprises. The indicator of medium-sized enterprises is 0.33. It is easiest for large enterprises (0.27) to find skilled workers.

Region. Significant regional differences in the labor market were recorded. In the regional distribution, it is most difficult to find skilled workers in Chernihiv (1.00), Zhytomyr (0.91), and Dnipropetrovsk (0.90) regions. It is easiest to find skilled workers in Odesa (-0.04), Kyiv (-0.20), and Rivne (-0.32) regions.

Sector. The chemical (0.31) and printing industries (0.30) have fewer difficulties in finding skilled workers. It is more difficult to find skilled workers for metalworking (0.58) and machine building(0.65).

Unskilled workers

Size. It is more difficult to find unskilled workers for micro-enterprises, whose indicator is 0.31. The indicator of medium (0.28), small (0.27), and large (0.26) enterprises is approximately the same.

Region. It is easiest to find skilled workers in Sumy (-0.59) region. The biggest difficulties with finding unskilled workers are in Zhytomyr (0.91), Dnipropetrovsk (0.90) and Poltava (0.79) regions.

Sector. The worst indicators of finding unskilled workers are observed for machine building(0.55) and metalworking (0.50). The chemical (0.04) and printing industries (0.30) have the lowest values.

SPECIAL PART OF THE SURVEY

THE IMPACT OF WAR ON ENTERPRISES

Challenges for businesses in wartime

Rising prices for raw materials and supplies became the main obstacle for surveyed businesses in March 2024. The share of businesses reporting this issue increased for the fourth consecutive month, from 41% in November 2023 to 53% in March 2024. It brings the issue back to summer 2023 levels after the decline seen in autumn.

In March, 50% of surveyed enterprises reported a **lack of labor force due to conscription or migration of workers**, as a result of which this problem took second place in the ranking of obstacles. The share of enterprises facing this problem increased compared to February, when there were 46% of such enterprises, and became the highest during the entire survey period.

46% of enterprises said in March that it is unsafe to work. As a result, the **work hazards** caused by a full-scale Russian invasion came in third place in the ranking of obstacles. The frequency of job hazard reports was almost at the same level in the first three months of 2024 after falling from 53% in December 2023.

As a result of Russian attacks on Ukraine's energy infrastructure, the problem of **power, water, or heat supply outages** ranked fourth in the ranking of obstacles in March. It was indicated by 40% of surveyed enterprises, which is significantly more than in the previous month, when there were 24% of such enterprises, and the level of reports of electricity, water, or heat supply cuts was the lowest since October 2022, when Russia began mass missile attacks on energy infrastructure of Ukraine.

The fifth place in the rating of obstacles was shared by a **decrease in demand for enterprises' products or services** of enterprises and **difficulties transporting raw materials or goods through the territory of Ukraine**. These two obstacles were reported by 32% of respondents. At the same time, the share of businesses reporting reduced demand fell to the end of 2023 level after a brief increase in early 2024, while the share of businesses saying it is difficult to transport goods or raw materials rose from 29% in February.

In March, 24% of enterprises faced **disruption of supply chains**, and as a result, the problem took the seventh position in the ranking of obstacles. It is significantly less than during the three previous months when more than 30% of surveyed enterprises spoke about problems with the adjustment of supply.

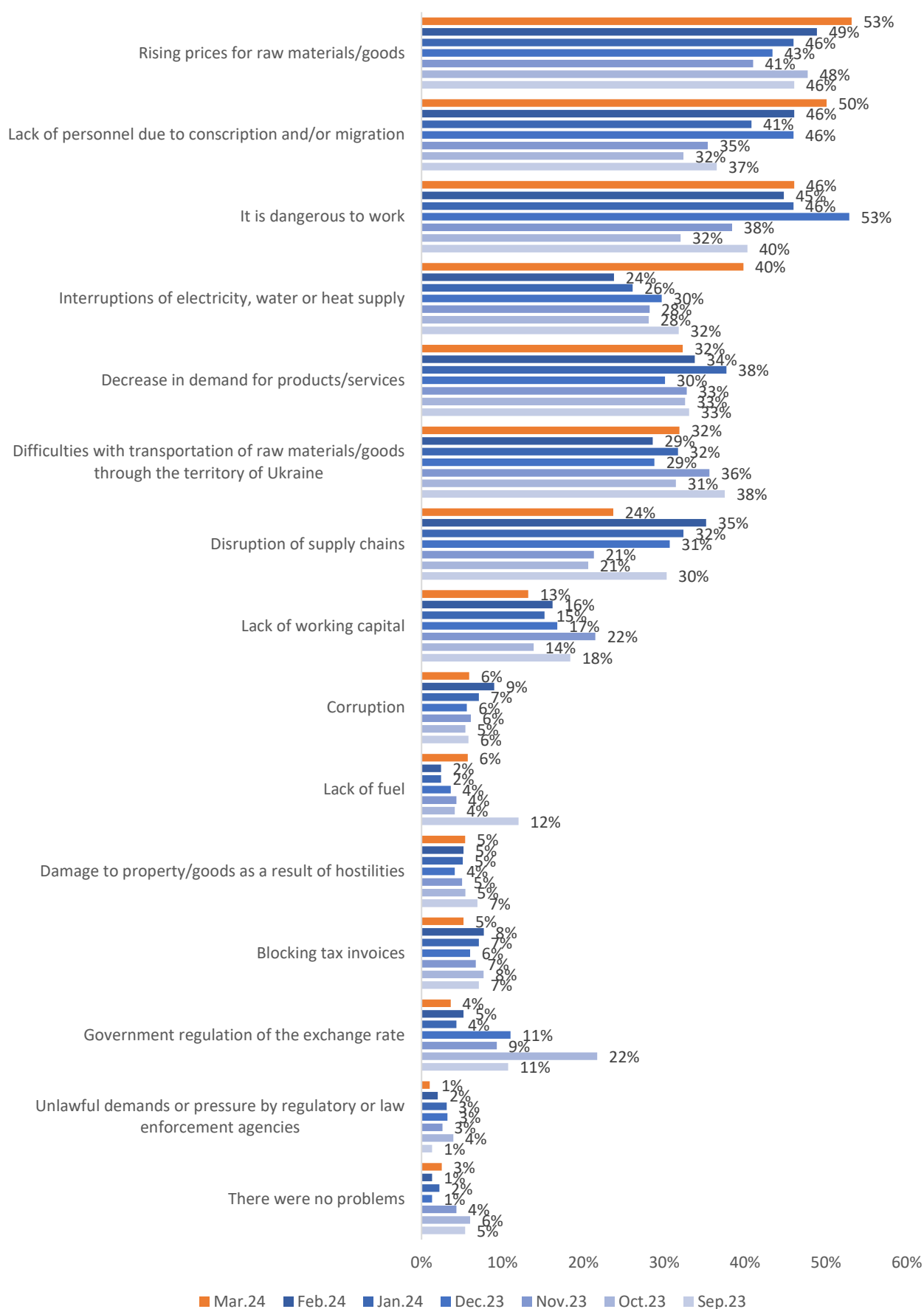
The problem of **lack of working capital** became the eighth most important problem for business in March. It was faced by 13% of respondents, which is less than in the previous month (16%). The ninth place in this rating was shared by the problems of **corruption** and **lack of fuel**, each of which was reported by 6% of respondents.

5% or less of enterprises reported such obstacles as **damage to property or goods as a result of military actions**, **blocking of tax invoices**, **state regulation of currency exchange rates**, and **unlawful demands or pressure from regulatory or law enforcement agencies**. Additionally, 3% of businesses surveyed in March 2024 said they had not faced any problems.

Challenges for businesses by size. Large enterprises felt the increase in price in March to a lesser extent than smaller enterprises. Among them, the corresponding share of respondents was 44%, while among smaller enterprises this share is from 52% to 59%.

As the business size grows, the negative impact of labor shortages due to the conscription or migration of workers is increasingly felt. This problem affected 33% of micro-enterprises, while the corresponding share for small businesses was 43%, for medium-sized enterprises - 55%, and for large enterprises - as much as 63%.

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



Also, the larger the size of the enterprises, the more often they report job hazards associated with a full-scale Russian invasion. This share increases from 36% of micro-enterprises to 47% of medium-sized enterprises and is particularly high among large enterprises: 60% of them said it is unsafe to work.

Challenges for businesses by sector. In March 2024, enterprises in the food and woodworking industries, as well as textile, clothing, and footwear producers, particularly often reported an increase in prices for raw materials and supplies (more than 50% of respondents in these industries).

Metallurgical enterprises felt the lack of labor force due to the conscription or migration of workers especially acutely: this problem affected 83% of the respondents. Businesses in construction materials production and machine building also faced personnel shortages to a greater extent than other industrial enterprises (63% and 58% of respondents, respectively).

Businesses in the printing industry (62%) spoke most often about the fact that it is unsafe to work, and businesses in the metallurgy, chemical industry, and machine building industries (more than 50%) spoke about electricity, water, or heat supply outages.

Challenges for businesses by sector. The increase in prices for raw materials or materials in March was most often talked about in Zhytomyr, Poltava, and Sumy regions, and Kyiv city (80% or more of respondents)³.

The surveyed enterprises of the Dnipropetrovsk, Zhytomyr, Zaporizhzhya, Poltava, and Chernivtsi regions most often complain about the lack of labor due to the full-scale war (80% or more).

In Vinnytsya, Dnipropetrovsk, Zaporizhzhya, Kirovohrad, Odesa, Kharkiv, and Cherkasy regions, and Kyiv city, the highest shares of businesses that said it is unsafe to work (more than 60%) were recorded.

Electricity, water, and heat supply outages are the most acute for surveyed enterprises in the Vinnytsya, Zaporizhzhya, Kirovohrad, Kharkiv, Khmelnytsky, Cherkasy and Chernivtsi regions (more than 70%).

The war impact on capacity/production volumes

In March 2024, 14% of businesses reported operating at full capacity (100% or more), which is slightly lower than the previous month (15%). It is one of the highest indicators for all waves of the survey. At the same time, the share of enterprises operating at almost full capacity (75% - 99%) was 43% (also 43% in February). As a result, **the total share of enterprises operating at almost full and full capacity was 57%** (58% in January and 58% in February). For comparison, the corresponding indicator was the highest for all waves of the survey in June 2023 - 62%. **Thus, in sum, the situation is almost at the level of previous months, which may indicate a "frozen" recovery among a significant part of the business.**

In March, 2% of surveyed enterprises reported they had 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 volumes remains low, only 2% in March (2% in February). Additionally, 11% of enterprises worked in March at 25% - 49% of pre-war production capacities (10% in February). **As a result, in March, only 16% of enterprises worked at less than half the capacity or did not work compared to pre-war times.**

Results for businesses by size. Medium-sized businesses continue to show the best production recovery rate. Compared to the pre-war period, 68% of medium-sized enterprises worked at almost full and full capacity in March, which remains at the level of the previous months (68% in January and February). The corresponding indicator decreased for large businesses from 66% in February to 61% in March 2024. The share of small businesses operating near full and full capacity increased slightly, from 51% in February to 54% in March. For micro-businesses, the

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

indicator remains at a low level - 26%. At the same time, the indicator of micro-enterprises decreased compared to the previous month.

As of March 2024, 10% of microbusiness representatives did not work, which is higher than in February (8%). By comparison, big business has fully resumed operations. Among small enterprises, 3% of respondents did not resume work, and medium enterprises - 1%. **Thus, micro-businesses remain more sensitive to the challenges of wartime.**

Fig.30. The impact of the war on the work of enterprises (% of respondents)

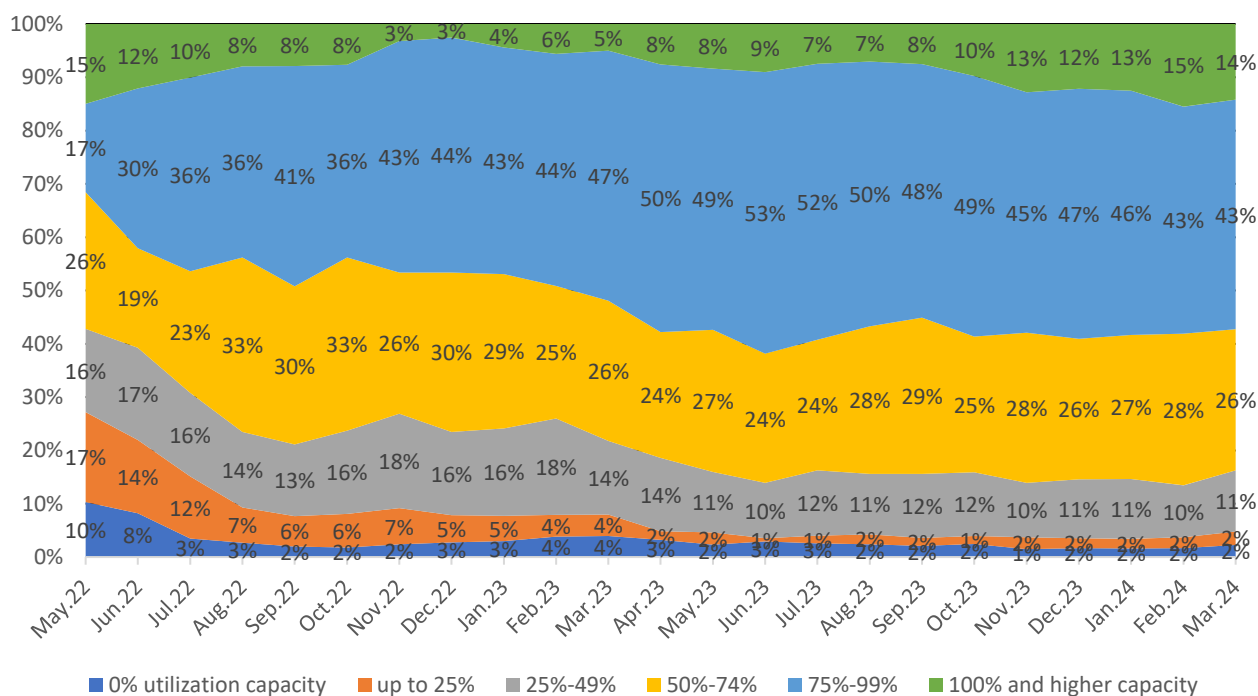
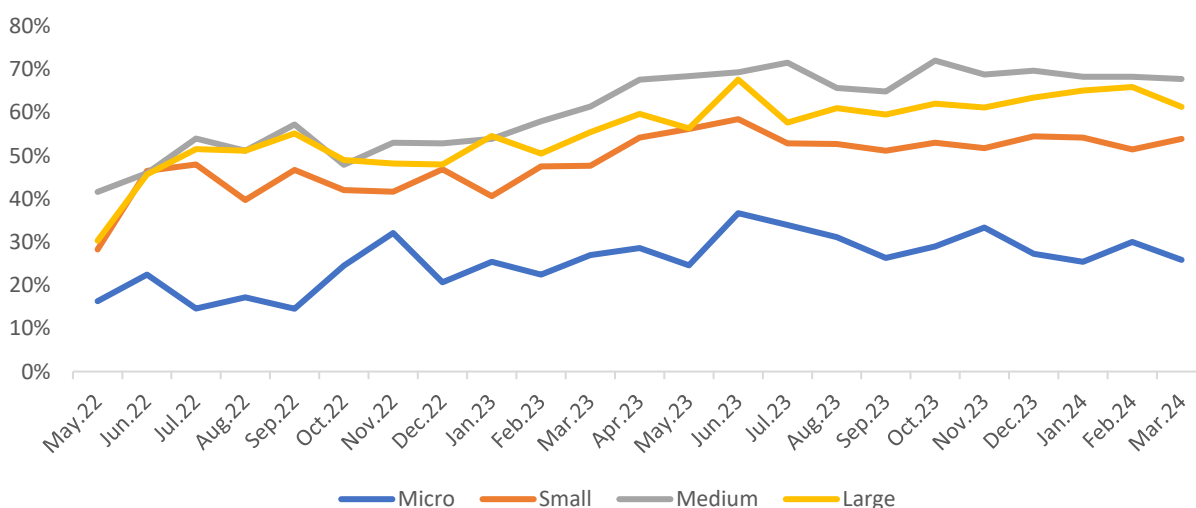


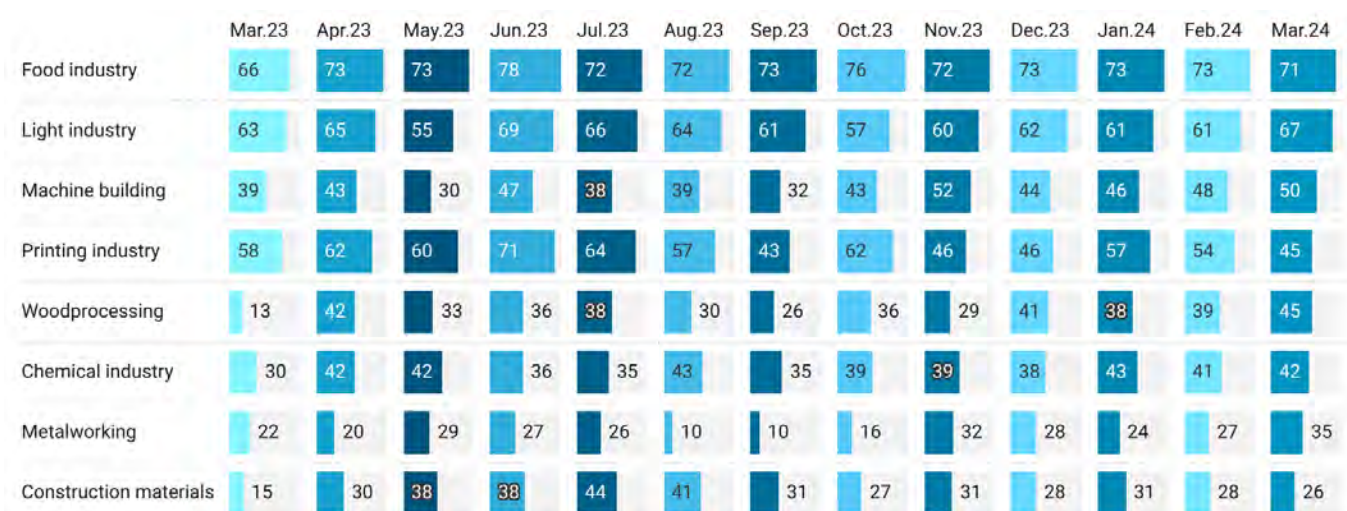
Fig.31. The share of enterprises operating almost at full and full capacity (75 - 99%, 100%, and more) compared to the pre-war period (by enterprise size, %)



Results for business by sector. The food industry remains a leader in the recovery of the processing industry. In March 2024, 71% of food industry enterprises were working at almost full and full capacity (73% in February). The light industry is on the second rung of loading, which traditionally remains in the top three. At the same time, the capacity utilization level of the light industry increased from 61% in February to 67% in March. The machine-building industry is on the third rung - 50% of respondents were working almost at full capacity in March (48% in

February). The printing industry fell to the fourth place - 45% in March (54% in February). Production of construction materials is on the last rung- only 26% of the surveyed enterprises were working at full or almost full capacity.

Fig.32. The share of industrial enterprises operating almost at full and full capacity (75 - 99%, 100% and more) compared to the prewar period, % of respondents by sector



Results by region. As during the previous waves of the survey, all or almost all enterprises in Vinnytsya (100%), Ivano-Frankivsk (100%), Lviv (100%), and Poltava (100%) regions continue to work at almost full and full capacity in February. Ternopil (100%), Rivne (92%) and Odesa (89%) regions.

At the same time, the situation remains the most difficult in the front-line Zaporizhzhya and Kharkiv regions, in which, respectively, 0% and 15% of enterprises worked at a high level of capacity utilization. The capacity utilization level is also low at enterprises in Kirovohrad (33% at almost full and full capacity), Sumy (35%), Cherkasy (37%), Khmelnytsky (29%) regions, and Kyiv city (27%). 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 twenty-third wave of the survey, **61% of respondents (among those able to answer) were or are exporters**. At the same time, almost 36% of enterprises have never exported, and almost 3% could not answer the question.

As of March 2024, among exporters, **82% of respondents indicated that 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 (during the last 12 months). At the same time, 17% of enterprises exported before the start of the war but had no exports during the last 12 months. That is, in March 2024, the share of active exporters is somewhat smaller than in February, although the overall situation remains similar. Ukrainian businesses have reached a certain level of export activity recovery because part of the businesses cannot overcome new challenges for the export recovery.

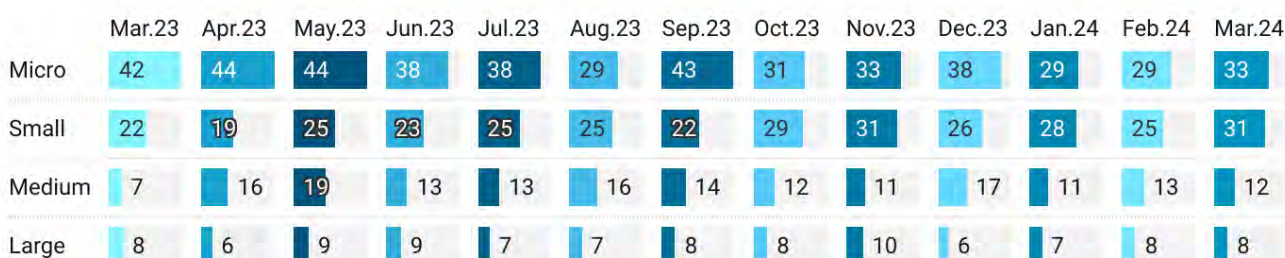
Fig.33. The impact of the war on export activity (% of the exporters surveyed)



Results for business by size. According to the results of March 2024, 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 slightly worsened compared to February (then it was 29%). There is also a high share of enterprises that cannot resume exports among small businesses - 31%. That is, the situation for small enterprises also worsened because in February the corresponding indicator was 25%. The situation among medium-sized exporters is somewhat better - 12% of respondents did not export in the last 12 months. The situation is the best among large businesses where the corresponding figure was only 8%. Thus, large business is traditionally the leader in the export activity recovery.

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



Results for business by sector. The obtained data indicate that until now the most difficult situation with the recovery of exports remains in construction materials production. 73% of the industry's enterprises exported before the war but had no exports during the last 12 months. The situation worsened compared to February (it was 60%). The situation is also difficult in metallurgy (the corresponding indicator is 39%) and machine building (21%). In contrast, the best situation is in the woodworking industry, where only 8% of enterprises had no exports during the last 12 months, although they exported before the war. In the food industry, which is the leader in the recovery, the indicator remains approximately at the level of previous months - 16%.

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



Results by region. Throughout all waves of the monthly survey, the available data do not allow us to draw conclusions about clear regional patterns due to insufficient subsamples in certain regions. However, in some regions, all enterprises (among those who were able to respond) resumed exports, in particular in the Vinnytsya, Ivano-Frankivsk, Kyiv, Lviv, Odesa, Poltava, Rivne, Ternopil, and Chernihiv regions. The situation remains the most difficult in the Dnipropetrovsk and Zhytomyr regions, where 71% and 59%, respectively, had no exports during the last 12 months, although they had them before the war.

GOVERNMENT POLICY

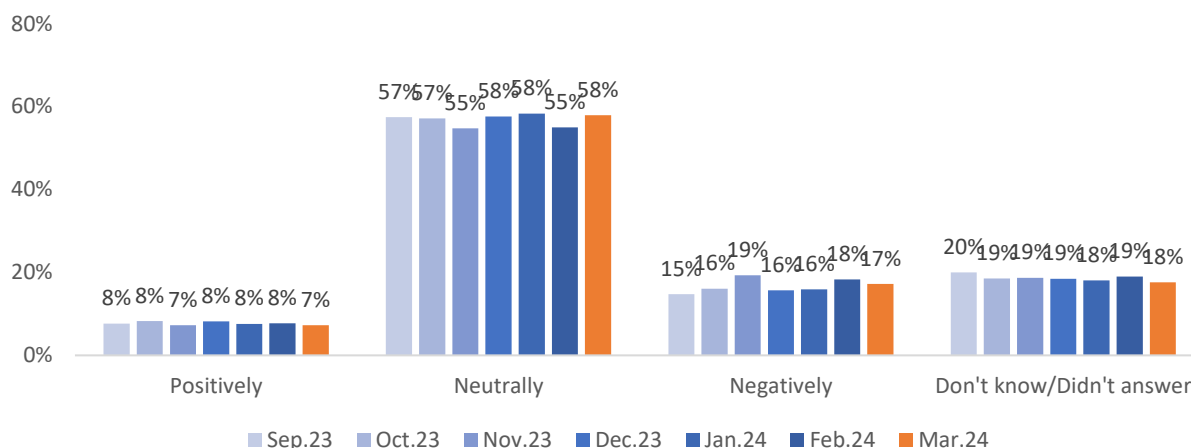
Assessment of government policy to support business

In March 2024, the share of positive assessments of the government's business policy amounted to 7%, which is practically the same as the corresponding share in February (8%). The level of positive assessments of this policy

has been the lowest for more than six 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 this policy was also almost unchanged: 17% compared to 18% in February — while the share of neutrals increased from 55% to 58%. The share of the respondents who could not rate the government business support policy amounted to 18%, which is practically the same as in February 2024.

Fig.36. 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 government policy on business support in general, representatives of micro and medium-sized enterprises noted a lower share of such assessments (5% each) than representatives of small (8%) and large (11%) businesses.

Additionally, respondents from the number of smaller enterprises more often negatively assess the government policy on business support than representatives of larger enterprises. Thus, among representatives of micro- and small businesses, 19% and 23% of respondents, respectively, assessed this policy negatively, while among the respondents representing medium-sized and large businesses, these shares are 14% and 13%, respectively.

Assessment of government policy to support business by sector. Most often, representatives of machine building (14%), as well as the textile, clothing, and footwear industry (11%) give positive assessments of the government policy on business support⁴.

On the other hand, the highest share of negative assessments of this policy was recorded among representatives of the chemical industry and metallurgy (31% each).

Assessment of government policy to support business by region. The highest level of positive assessments of state business support policy in March 2024 was recorded in Cherkasy region (20% of respondents), as well as in Kirovohrad (16%), Lviv (14%) and Chernihiv (13%) regions⁵.

At the same time, the largest shares of negative assessments are among businesses in Vinnytsya and Sumy regions, and Kyiv city (more than 30%).

⁴ This analysis does not consider enterprises in the sectors of agriculture, construction, trade, and services, and enterprises included in the category "Other production."

⁵ Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

Perception of the government's role in conducting business

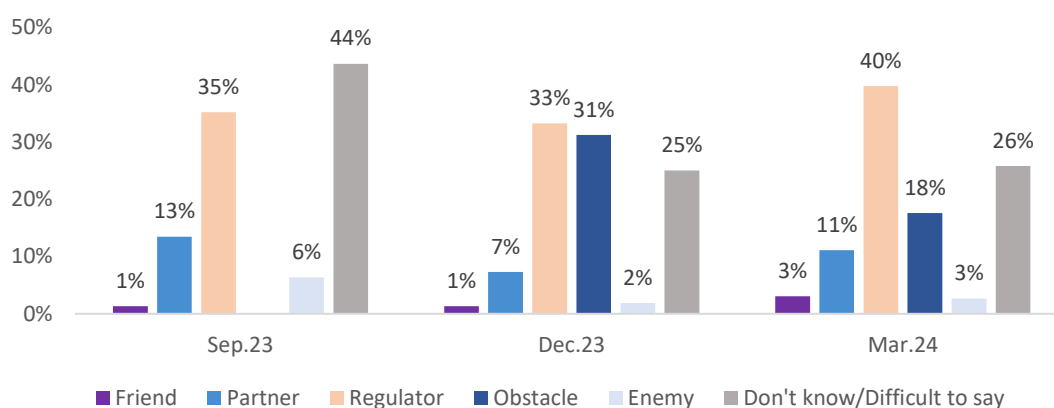
In March 2024, for the second time within this survey, we asked enterprise representatives about how they see the role of the state (government) for business in Ukraine today. The concepts of "friend," "partner," "regulator," "obstacle," and "enemy" were proposed as options. The same question was asked in the September and December 2023 waves of this survey⁶.

Businesses surveyed in March most often called the state a regulator (40%) or an obstacle (18%). Compared to the previous survey, the indicator of these two answer options shifted in favor of the state as a regulator. In particular, in December 2023, there was a higher share of assessments of the state as an obstacle (31%), while the state was called a regulator less often (33%).

At the same time, in March 2024, enterprises called the state a friend and partner more often than three months ago: 3% and 11% of respondents, respectively. For comparison, in December 2023 they were 1% and 7%. The share of those who considered the state to be an enemy of business has practically not changed over the previous three months and amounted to 3%.

In addition, 26% of the respondents could not determine the role of the state in Ukraine in conducting business, which is also almost no different from the results of the December survey, where there were 25% of such respondents.

Fig. 37. Perception of the role of the state (government) for business



Perception of the government's role in conducting business by the size of enterprise. Large enterprises are more likely to consider the state (government) to be a friend or partner for their business than smaller enterprises. So, while among micro, small, and medium-sized enterprises, the share of those who call the state a friend and business partner does not exceed 14%, among large enterprises this share was 25%.

On the other hand, micro and small enterprises are more likely to say that the state hinders business. It was called an obstacle by more than 20% of such enterprises, while among large and medium-sized enterprises, these shares are smaller: 13% and 10%, respectively.

Perception of the government's role in conducting business by sector. In the food industry and metallurgy, the role of the state (government) for business is spoken about more positively than in others: 15% and 13% of enterprises in these industries, respectively, call the state a friend or partner for business. In the rest of the industries represented in this survey, this share does not exceed 11%⁷.

⁶ In the September 2023 survey, the answer option "obstacle" was not included, but was added starting in December 2023 to balance positive and negative characteristics.

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

On the other hand, more than 30% of enterprises in the woodworking industry, construction materials production, and textile, clothing, or footwear production called the state an obstacle or an enemy to business. It is more than in other industries, where this share of respondents ranges from 9% to 28%.

Perception of the government's role in conducting business by region. More than half of surveyed businesses in the Kyiv region (55%) consider the state (government) a friend or business partner. It is the highest share compared to other areas where this survey was conducted ⁸.

Relatively often, the role of the government for business is characterized positively in the Zhytomyr, Zaporizhzhya, Kirovohrad, Odesa, Rivne, and Cherkasy regions, where the share of assessments of the role of the state as a friend or partner for business exceeded 20%.

At the same time, the highest shares of enterprises whose representatives call the government an obstacle or an enemy to business are recorded in Zakarpattia (90%), Vinnytsya (60%), and Sumy (45%) regions.

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

SURVEY METHODOLOGY

This report presents the results of the 23st 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 March 18 to 29, 2024.

SAMPLE

A total of 523 enterprises were surveyed in the 23st wave. They are located in Vinnytsya, Volyn, Dnipropetrovsk, Zakarpattia, Zaporizhzhya, Zhytomyr, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Khmelnytskyi, Cherkasy, Chernivtsi and Chernihiv regions and in Kyiv city. In each of these regions, from 13 to 43 enterprises were surveyed⁹.

The majority of the sample consisted of industrial enterprises – 479 enterprises or 92% of the sample. Among them, the food industry and light industry, prevail. Eight enterprises belong to the agricultural sector (1.5 % of the sample) and 21 to trade (4% of the sample). 12 enterprises, or 2,3% of the sample, work in the service sector. And three enterprises (0.6%) belong to the construction sector.

These are companies of various sizes, determined by the number of workers among the enterprises surveyed. Among them: micro-enterprises (up to 10 workers) – 58 or 11% of the sample, small (from 11 to 50 workers) – 167 or 32% of the sample, medium-sized (from 51 to 250 workers) – 187 or 36% of the sample, and large (more than 250 workers) – 111 or 21% of the sample.

⁹ 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
Micro-	58	11%
Small	167	32%
Middle	187	36%
Large	111	21%
TOTAL	523	100%

Sector/ industry

	Number	Share of sample
Agriculture	8	1,5%
Metal production and metalworking	23	4%
Chemical industry	26	5%
Mechanical engineering	36	7%
Woodworking industry	20	4%
Construction materials production	27	5%
Food industry	175	33%
Light industry	46	9%
Printing industry	11	2%
Other industries	115	22%
Construction	3	0,6%
Trade	21	4%
Services	12	2,3%
TOTAL	523	100%

Performance indicators of enterprises and business environment by size, indices (March 2024)

	Total	Micro	Small	Middle	Large
Production	0,16	-0,05	0,06	0,16	0,27
Expected changes in production	0,53	0,31	0,49	0,51	0,61
Sales	0,16	-0,07	0,04	0,14	0,32
Expected sales changes	0,53	0,31	0,48	0,49	0,62
Export	0,04	-0,22	-0,19	0,08	0,10
Expected changes in exports	0,45	0,15	0,21	0,44	0,57
Account receivables	-0,23	-0,27	-0,34	-0,29	-0,05
Expected changes in account receivables	-0,39	-0,25	-0,45	-0,42	-0,31
Account payables	-0,26	-0,29	-0,37	-0,30	-0,08
Expected changes in accounts payable	-0,42	-0,16	-0,47	-0,46	-0,34
Tax arrears	-0,29	-0,24	-0,39	-0,33	-0,15

	Total	Micro	Small	Middle	Large
Expected changes in tax arrears	-0,44	-0,18	-0,50	-0,44	-0,39
Stocks of raw materials	0,09	-0,02	0,01	0,03	0,25
Expected changes in stocks of raw material	0,34	0,19	0,22	0,33	0,46
Stocks of finished goods	-0,19	-0,14	-0,31	-0,25	-0,05
Expected changes in stocks of finished goods	-0,24	-0,08	-0,33	-0,33	-0,08
New orders	0,15	-0,07	0,06	0,13	0,28
Expected changes in new orders	0,52	0,35	0,47	0,49	0,60
Purchase prices	0,29	0,45	0,31	0,26	0,28
Expected changes in purchase prices	0,15	0,17	0,13	0,14	0,18
Domestic sales prices	0,27	0,35	0,26	0,25	0,28
Changes in the domestic sales prices	0,14	0,11	0,09	0,14	0,18
Number of workers	-0,05	-0,07	-0,04	-0,05	-0,06
Expected changes in the number of workers	-0,07	0,07	-0,05	-0,08	-0,06
Number of workers on forced leave	-0,16	0,03	-0,21	-0,21	-0,07
Expected changes in the number of workers on forced leave	-0,22	-0,02	-0,33	-0,27	-0,09
Skilled workers	0,33	0,43	0,40	0,33	0,27
Unskilled workers	0,28	0,31	0,27	0,28	0,26
Business activity assessment	0,09	-0,22	-0,07	0,09	0,24
Expected changes in business activity	0,45	0,38	0,41	0,47	0,46
Assessment of the business environment	0,06	-0,24	-0,09	0,05	0,20
Expected changes in the business environment	0,45	0,26	0,33	0,45	0,53
Do you plan to expand your company's activities in the next two years	0,13	0,29	0,16	0,08	0,16
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,43	-0,11	0,31	0,49	0,49

Performance indicators of enterprises and business environment by sector, indices (March 2024)

	Total	Metal production and metalworking	Chemical Industry	Engineering	Woodworking industry
Production	0,16	0,09	0,04	-0,08	0,00
Expected changes in production	0,53	0,28	0,43	0,43	0,35
Sales	0,16	0,09	0,15	-0,11	-0,10

	Total	Metal producti on and metalw orking	Chemical Industry	Engineerin g	Woodwor king industry
Expected sales changes	0,53	0,28	0,39	0,43	0,35
Export	0,04	0,31	0,21	-0,25	-0,08
Expected changes in exports	0,45	0,40	0,37	0,26	0,18
Account receivables	-0,23	-0,21	-0,21	-0,21	-0,07
Expected changes in account receivables	-0,39	-0,50	-0,53	-0,11	0,00
Account payables	-0,26	-0,16	-0,21	-0,12	0,00
Expected changes in accounts payable	-0,42	-0,50	-0,60	-0,21	-0,06
Tax arrears	-0,29	-0,28	-0,27	-0,21	-0,07
Expected changes in tax arrears	-0,44	-0,29	-0,50	-0,43	-0,07
Stocks of raw materials	0,09	0,00	-0,04	-0,03	-0,10
Expected changes in stocks of raw material	0,34	0,05	0,16	0,13	0,00
Stocks of finished goods	-0,19	-0,05	0,00	-0,12	-0,06
Expected changes in stocks of finished goods	-0,24	-0,24	-0,21	-0,11	0,00
New orders	0,15	0,00	0,12	-0,08	-0,15
Expected changes in new orders	0,52	0,06	0,29	0,47	0,26
Purchase prices	0,29	0,14	0,12	0,36	0,30
Expected changes in purchase prices	0,15	0,06	0,33	0,20	0,05
Domestic sales prices	0,27	0,09	0,15	0,25	0,15
Changes in the domestic sales prices	0,14	0,10	0,32	0,13	0,00
Number of workers	-0,05	0,00	-0,12	-0,08	0,00
Expected changes in the number of workers	-0,07	-0,10	-0,13	-0,10	-0,05
Number of workers on forced leave	-0,16	0,00	0,00	0,00	-0,06
Expected changes in the number of workers on forced leave	-0,22	-0,13	-0,11	-0,04	-0,06
Skilled workers	0,33	0,58	0,31	0,65	0,53
Unskilled workers	0,28	0,50	0,04	0,55	0,41
Business activity assessment	0,09	-0,05	0,15	0,06	-0,10
Expected changes in business activity	0,45	0,16	0,33	0,35	0,16
Assessment of the business environment	0,06	-0,04	-0,04	-0,03	-0,15
Expected changes in the business environment	0,45	0,29	0,14	0,39	0,22
Do you plan to expand your company's activities in the next two years	0,13	0,21	0,00	0,14	0,23

	Total	Metal producti on and metalw orking	Chemical Industry	Engineerin g	Woodwor king industry
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,43	0,14	0,46	0,26	0,21

	Total	Construc tion material s producti ons	Food Industry	Light industry	Printing industry
Production	0,16	-0,12	0,21	0,28	0,36
Expected changes in production	0,53	0,24	0,58	0,41	0,55
Sales	0,16	-0,11	0,19	0,24	0,36
Expected sales changes	0,53	0,27	0,58	0,41	0,55
Export	0,04	-0,50	-0,02	0,19	0,00
Expected changes in exports	0,45	-0,30	0,43	0,40	0,20
Account receivables	-0,23	-0,48	-0,34	-0,29	-0,22
Expected changes in account receivables	-0,39	-0,52	-0,48	-0,32	-0,33
Account payables	-0,26	-0,52	-0,37	-0,30	-0,37
Expected changes in accounts payable	-0,42	-0,55	-0,52	-0,36	-0,37
Tax arrears	-0,29	-0,43	-0,40	-0,37	-0,50
Expected changes in tax arrears	-0,44	-0,52	-0,56	-0,39	-0,50
Stocks of raw materials	0,09	-0,04	0,16	0,15	-0,40
Expected changes in stocks of raw material	0,34	0,08	0,44	0,27	0,30
Stocks of finished goods	-0,19	-0,24	-0,28	-0,28	-0,57
Expected changes in stocks of finished goods	-0,24	-0,27	-0,31	-0,32	-0,25
New orders	0,15	0,00	0,16	0,30	0,18
Expected changes in new orders	0,52	0,32	0,55	0,52	0,55
Purchase prices	0,29	0,12	0,33	0,44	0,27
Expected changes in purchase prices	0,15	0,04	0,13	0,22	0,09
Domestic sales prices	0,27	0,08	0,31	0,42	0,00
Changes in the domestic sales prices	0,14	0,04	0,13	0,15	0,09
Number of workers	-0,05	-0,22	-0,04	0,00	-0,09
Expected changes in the number of workers	-0,07	-0,27	-0,07	-0,05	0,00

	Total	Construction materials productions	Food Industry	Light industry	Printing industry
Number of workers on forced leave	-0,16	-0,22	-0,21	-0,17	-0,30
Expected changes in the number of workers on forced leave	-0,22	-0,27	-0,31	-0,20	-0,30
Skilled workers	0,33	0,52	0,36	0,45	0,30
Unskilled workers	0,28	0,38	0,31	0,32	0,30
Business activity assessment	0,09	-0,23	0,13	-0,07	0,09
Expected changes in business activity	0,45	0,15	0,54	0,37	0,60
Assessment of the business environment	0,06	-0,16	0,11	-0,04	0,00
Expected changes in the business environment	0,45	0,10	0,53	0,32	0,60
Do you plan to expand your company's activities in the next two years	0,13	-0,13	0,12	0,25	0,17
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,43	0,14	0,46	0,28	0,64

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	53%	55%	52%	59%	44%
Labor shortage due to conscription and/or migration	50%	33%	43%	55%	63%
Unsafe to work	46%	36%	40%	47%	60%
Electricity, water, or heat supply outages	40%	53%	35%	32%	54%
Decrease in demand for products/services	32%	48%	34%	25%	34%
Difficulties transporting raw materials/goods through the territory of Ukraine	32%	36%	29%	30%	38%

Challenges facing business in wartime, by sector

	Metal production and metalworking	Chemical Industry	Engineering	Woodworking industry
Rising prices for raw materials/supplies/goods	48%	46%	47%	55%
Labor shortage due to conscription and/or migration	83%	42%	58%	45%
Unsafe to work	57%	54%	64%	30%
Electricity, water, or heat supply outages	57%	50%	53%	25%
Decrease in demand for products/services	44%	39%	36%	40%
Difficulties transporting raw materials/goods through the territory of Ukraine	39%	31%	39%	25%

Challenges facing business in wartime, by sector(continued)

	Construction materials production	Food industry	Light industry	Printing industry
Rising prices for raw materials/supplies/goods	48%	60%	57%	46%
Labor shortage due to conscription and/or migration	63%	50%	44%	27%
Unsafe to work	26%	45%	39%	82%
Electricity, water, or heat supply outages	37%	37%	30%	27%
Decrease in demand for products/services	37%	31%	30%	18%
Difficulties transporting raw materials/goods through the territory of Ukraine	48%	32%	30%	36%

Assessment of the government policy on business support

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

	Total	Micro	Small	Middle	Large
Positive	7%	5%	8%	5%	11%
Neutral	58%	55%	50%	62%	65%
Negative	17%	19%	23%	14%	13%
Don't know / Didn't answer	18%	21%	19%	19%	12%

Assessment of the government policy on business support, by sector

	Metal production and metalworking	Chemical Industry	Engineering	Woodworking industry
Positive	4%	4%	14%	5%
Neutral	65%	65%	44%	55%

	Metal production and metalworking	Chemical Industry	Engineering	Woodworking industry
Negative	17%	31%	31%	20%
Don't know / Didn't answer	13%	0%	11%	20%

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

	Construction materials production	Food industry	Light industry	Printing industry
Positive	7%	6%	11%	9%
Neutral	52%	59%	61%	46%
Negative	22%	13%	15%	18%
Don't know / Didn't answer	19%	21%	13%	27%

Availability of orders

Availability of orders, by business size

	Total	Micro	Small	Middle	Large
Less than 1 month	10%	35%	11%	7%	4%
1-2 months	41%	33%	50%	40%	29%
3-5 months	31%	23%	30%	33%	36%
6-11 months	14%	8%	7%	18%	22%
12 months or more	3%	2%	2%	2%	9%

Availability of orders, by sector

	Metal production and metalworking	Chemical Industry	Engineering	Woodworking industry
Less than 1 month	17%	8%	12%	5%
1-2 months	56%	40%	29%	42%
3-5 months	11%	36%	35%	37%
6-11 months	6%	12%	24%	11%
12 months or more	11%	4%	0%	5%

Availability of orders, by sector (continued)

	Construction materials production	Food industry	Light industry	Printing industry
Less than 1 month	15%	11%	9%	0%
1-2 months	65%	41%	51%	40%
3-5 months	20%	36%	33%	60%
6-11 months	0%	12%	5%	0%
12 months or more	0%	1%	2%	0%