

# **EBA Investment Attractiveness Index**

*Investors' moods in the 2nd half of 2017*

# 5 KEY QUESTIONS

- What do you think about the investment climate (IC) in Ukraine?
- How would you estimate the IC for your company now if compared to the previous 6 months?
- What are your expectations regarding the IC in the upcoming 6 months?
- Will it be profitable for new investors to invest in Ukraine within the next 6 months?
- What are your expectations in terms of the conditions of doing business in your main sector within the upcoming 6 months?

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*We asked 78 CEOs from the leading Ukraine's businesses (EBA members)*

# 3.03

points on a 5-grade scale

*-0,12 points if compared to H1 2017*

*3,15 points in the 1 half of 2017*

*Index left the negative area in 2017.*



## INDEX DYNAMICS 2008-2017

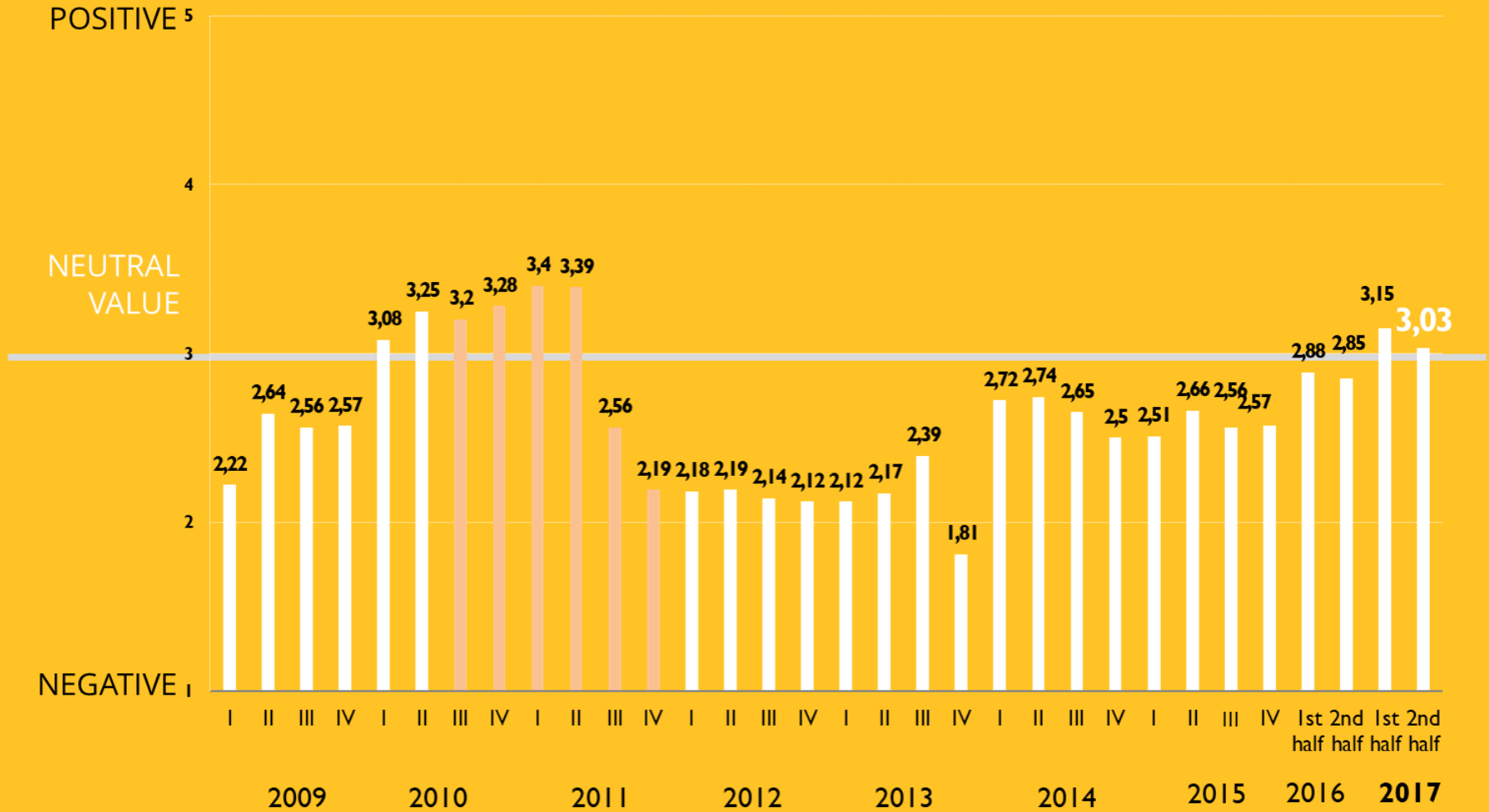
*Index in Ukraine is measured since 2008 and has never reached the positive zone.*

The highest Index rate ever was witnessed late 2010 - early 2011: 3,4 and 3,39 points respectively.

Result in H1 of 2017 is the highest since that period.

Now it is still situated in the neutral area.

# Index Dynamics



# 58%

businesses are not satisfied with the current  
investment climate

54% were not satisfied in H1 2017



*Corruption and courts remain bad. No improvements in business climate. Political cycle and populist actions will increase.*

# 11%

respondents think that IC is favourable

13% thought the same in H1 2017

9% thought the same in H2 2016



*Positive: "Maski-show-stop" law adopted, electronic VAT refund system works well, healthcare reforms approved.*

**14%**

Indicated automatic VAT  
refund as a positive sign  
for business



# Some positive changes in the eyes of business\*

liberalisation of currency control

anti-raiding law adoption

deregulation

development of online services

health care reform

reforms caused small positive movements in tax and customs

regulations

etc.

*\*based on respondents' open comments*

# 24%

*no tangible positive changes*

15% thought the same in H1 2017

39% - a year ago (in H2 2016)



*Business did not notice any new negative signs within the previous 6 months, but a lot of unfavourable factors from the past still exist. Corruption and lack of judicial reform means a lot for investors. Some of them also think that political tensions increased may impact Ukraine's financial perspective.*

# NEGATIVE CHANGES AS SEEN BY BUSINESS

**29%**

## **corruption**

(no fight with corruption, the level of corruption has increased, no progress with anticipation court implementation)

**28%**

## **economic factors**

(e.g. instability of the exchange rate, devaluation, inflation, numerous individual tax consultations that are in conflict with the law etc.)

**24%**

## **reforms**

(slow pace of reform, lack of reforms, no court reform, no labor reform, no land reform, too slow renovation of infrastructure, no real consequences of reforms)

**13%**

**new!**

## **politics**

(political tension increased, unstable political situation, political and legislative uncertainty, reputation of leading politicians goes down, 'war' between law enforcements, increased pressure)



*Corruption is on the rise. Intensified pressure on anti-corruption institutions. Melting hopes for independent court.*

46% of CEOs think the business climate remains constant comparing to previous 6 months

40% of CEOs think business climate will improve during next 6 months [40% in H1 2017, 35% in H2 2016]

**30% of CEOs think Ukraine's market will be profitable for new investors in H1 2018**

*23% think Ukraine will not be a profitable destination for new investors next 6 months*

# WHAT SHOULD BE DONE?

REFORMS  
(JUDICIAL  
ESPECIALLY)

**69%**

COMBATING  
CORRUPTION

**41%**

THE RULE  
OF LAW

**10%**

FURTHER  
SIMPLIFICATIONS  
OF BUSINESS  
ADMINISTRATIONS

**8%**

LIBERALISATION  
OF CURRENCY  
REGULATION

**6%**



*Corruptive practices are still in place. We need specialized anti-corruption court and broader judicial system reform as well as analytical financial investigation service.*

# more details

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