



# FORESIGHT FOR RECOVERY AND DEVELOPMENT OF UKRAINIAN EXPORT

Foresight for recovery and development of Ukrainian export was carried out within the framework of the ReACT4UA international cooperation project (“Application and implementation of the EU-Ukraine Association Agreement in the field of trade”) funded by the German government. The project is aimed at the increase of competitiveness and sustainability of Ukrainian small- and medium-sized enterprises, especially in view of the accession to the EU. The strategic contractor of the project is the German federal company Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The local implementing partner is the United Nations Development Program (UNDP) in Ukraine.

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# Contents

<b>SUMMARY</b> .....	<b>6</b>
<b>1. INTRODUCTION</b> .....	<b>8</b>
<b>2. RESEARCH METHODOLOGY</b> .....	<b>9</b>
2.1. Applied methods .....	9
2.2. Glossary .....	10
<b>3. GENERAL DESCRIPTION OF WORKSHOP SESSION</b> .....	<b>12</b>
Metaphor of Ukrainian exports as of 2022 .....	13
Metaphor of Ukrainian exports in 2030 .....	13
<b>4. TRENDS AND DRIVING FORCES</b> .....	<b>14</b>
4.1. Society, culture, ethics, human capital .....	14
4.2. Technologies .....	15
4.3. Economy, markets, finance .....	15
4.4. Ecology, environment .....	16
4.5. Politics, international relations, war .....	16
4.6. Law and regulation .....	17
4.7. Infrastructure .....	18
4.8. The most important variable trends (“expansions”, axes of uncertainty) .....	18
<b>5. SCENARIOS OF THE FUTURE</b> .....	<b>20</b>
Scenario 1: “European Leopard” .....	21
Scenario 2: “Freedom hub” .....	22
Scenario 3: “Law for the rest” .....	22
Scenario 4: “Lost opportunities” .....	22
Scenario 5: “One to one’s for one’s” .....	23
Scenario 6: “Poor relatives... at the big table of free people” .....	23
Scenario 7: “Buy Ukrainian” .....	23
Scenario 8: “Erdoganism” .....	24
<b>Probability and desirability of scenarios</b> .....	<b>24</b>
<b>6. NECESSARY STEPS FOR IMPLEMENTATION OF DESIRED SCENARIOS</b> .....	<b>25</b>
<b>7. GENERAL DESCRIPTION OF SURVEY</b> .....	<b>28</b>
7.1. General data on respondents .....	28
7.1.1. Number of respondents by category .....	28
7.1.2. Number of business respondents by industry .....	29



7.1.3. Number of business respondents by size . . . . .	29
7.1.4. Sources of involvement of respondents . . . . .	29
7.2. Export volumes and directions . . . . .	30
7.2.1. Business orientation to domestic and foreign markets. . . . .	30
7.2.2. Export share in the volume of sales . . . . .	31
7.2.3. Added value of exported products . . . . .	31
7.2.4. Export geography . . . . .	32
7.3. Organization of export at the enterprise. . . . .	33
7.3.1. Current export organization. . . . .	33
7.3.2. Development plans. . . . .	34
7.3.3. Main direction of efforts . . . . .	35
<b>8. REASONS FOR RESTRAINING EXPORTS . . . . .</b>	<b>36</b>
8.1. Main obstacles. . . . .	36
8.2. Overcoming obstacles . . . . .	38
8.3. The main problems . . . . .	38
8.4. Studying the problems . . . . .	39
<b>9. STATE SUPPORT FOR EXPORT DEVELOPMENT . . . . .</b>	<b>41</b>
9.1. Expected state support . . . . .	41
9.2. The most useful government services . . . . .	42
9.3. The most necessary knowledge. . . . .	43
9.4. Ideas of government decisions for the recovery and development of exports . . .	43
<b>10. MAIN ACTIONS OF KEY STAKEHOLDERS . . . . .</b>	<b>46</b>
10.1. The State . . . . .	46
10.2. Large business. . . . .	47
10.3. Small and medium-sized business. . . . .	47
10.4. Financial sector . . . . .	48
10.5. International organizations . . . . .	48
10.6. Local self-government . . . . .	49
10.7. Civil society . . . . .	50
10.8. Cultural figures . . . . .	50
<b>11. COUNTRY DEVELOPMENT FACTORS DETERMINING EXPORT DEVELOPMENT . . . .</b>	<b>51</b>
<b>12. CONCLUSIONS AND RECOMMENDATIONS . . . . .</b>	<b>52</b>
<b>LIST OF APPENDICES. . . . .</b>	<b>55</b>



# List of abbreviations

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EU	European Union
FEA	Foreign Economic Activities
SME	Small- and Medium-Sized Enterprises
VAT	Value Added Tax
CCI	Chamber of Commerce and Industry
IE	Individual Entrepreneur



# SUMMARY

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Foresight for recovery and development of Ukrainian export was carried out in January- May 2023 within the framework of the project “Supporting inclusive economic development in Ukraine by aligning export strategy with regional development and the Sustainable Development Goals”, which is funded by the German government and implemented by the German federal company Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in cooperation with the United Nations Development Program (UNDP) in Ukraine.

Foresight brought together a wide range of experts, primarily representatives of business associations, major exporters, expert economists, government officials, members of the parliament and other stakeholders. Specifically, 73 specialists took part in a live workshop session dedicated to the analysis of trends and development scenarios, and 246 respondents took part in the survey, including 187 representatives of businesses of various sizes from various industries.

The main tasks of the foresight were:

- To attract stakeholders and develop a vision of possible development of Ukrainian exports by 2030. To raise awareness of future challenges.
- To establish mutual understanding of stakeholders regarding driving forces that influence future development of Ukrainian export, to support efforts in terms of reaching a consensus on problematic issues and ways to solve them. To identify key factors of uncertainty for the formation of the scenario framework.
- To develop scenarios that describe different paths of future development and explore how different conditions may inhibit or stimulate export development.

The significant reduction of the domestic market as a result of the war (destruction of production and logistics infrastructure, reduction of incomes and departure of a large part of the population, etc.) makes the accelerated development of exports the only way of economic recovery and development. The accelerated development of exports is actually the key to all economic problems of Ukraine: without it, the country will remain in poverty, in a ruined condition for a long time, with limited opportunities to support national security and post-war social programs, etc.

At the same time, Ukraine itself has significant ongoing uncertainties, in addition to those related to war and demographics. The economy suffers from low economic freedom, at the same time threats to the preservation of democracy (partly caused by wartime restrictions) are increasing, and the prospects for European integration, despite confident rhetoric from both parties, remain uncertain due to slow pace and partial failure of reforms (primarily those related to the rule of law).

The demographic problem appears to be the biggest post-war problem: the lack of labor force will require significant immigration, which risks turning the country into a field of international conflicts, unless there is an opportunity for mass successful assimilation, and here we are talking not only about the strength of the Ukrainian language and culture, but also about open, inclusive nature of Ukrainian society and Ukrainian identity.

Therefore, the desired scenarios of development are formed by deepening the democracy



and formation of an open model of society. The first allows for a more even distribution of fruits of economic development in society, overcoming inequality and poverty and preserving and increasing the middle class. The second allows attracting and assimilating the necessary human capital, in particular to replace those emigrating, but also to solve the problem of the inverted demographic pyramid.

At the same time, the inertial scenario, which is the most likely, is formed by a tendency towards authoritarianism in combination with a closed model of society. It is capable of generating some economic growth, however short and unstable.

The biggest obstacle for export development is the lack of financial resources for scaling up production, adaptation and/or promotion of products. This affects all business segments without exception. At the same time, large enterprises often face logistics constraints and high competition in target markets, while micro- and small-sized enterprises lack knowledge, competence and experience.

The costs of micro- and small-sized enterprises to overcome the obstacles for export are estimated at an average of USD 250,000, which is an unaffordable amount for most of them in the current conditions. Medium and large enterprises need investments in the amount of USD 2-2.5 million on average, which seems more affordable, but not in all cases, judging by complaints about the lack of finances.

The lack of competences remains a significant obstacle for the development of exports. This primarily concerns marketing and legal knowledge and experience in target markets. But there are also problems with foreign languages.

Successful marketing and search for orders in foreign markets is a serious problem for all categories of exporters. This relates to the greatest expectations regarding state support of exporters, from exhibitions and other promotional events, marketing research to direct assistance in search for customers.

Exporters dream of a system of effective state or state-private representations of Ukrainian economy abroad, which will simultaneously promote Ukrainian culture and narratives through full-time staff and a network of ambassadors.

Relations between exporters and state authorities are far from ideal. It is characteristic that state authorities of own country turned out to be a problem five times more often than state authorities of the country where the exported products are headed.

The main tasks of the state are to ensure access to financial resources and to bring order to customs and tax service (primarily this concerns VAT refunds). Liberalization of the economy (primarily deregulation and tax reforming) should contribute to the growing competitiveness of Ukrainian exports. At the same time, the state is expected to promote the brand of Ukraine, support Ukrainian exporters at exhibitions abroad, etc.

A special role in export development is given to Ukrainian culture as means of popularization of the country's brand and a partner in the promotion of specific Ukrainian brands.



# 1. INTRODUCTION

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- Brand “Ukraine” is so powerful that it will allow selling anything in the world;
- No one is waiting for our manufacturers with open arms, no matter how powerful the country’s brand is (situationally).

These two extremely opposite opinions are often heard in business environment. It is obvious to everyone: the war has squeezed the purchasing power of Ukrainians and, accordingly, the potential of the domestic market to such an extent that the only chance for development at the level of both individual businesses and the economy as a whole is the explosive export development. It is obvious to everyone that Ukraine has currently a unique chance to tell the world not only about its heroism, but also about its entrepreneurs, goods and services. But how can it be done? There are no simple solutions and obvious ways, and there are not enough resources. Moreover, it is unknown how long the wave of interest to Ukraine and everything Ukrainian will last after the war. Several years? And what will happen in 2030?

In order to outline possible scenarios for the development of Ukrainian exports in the medium term, **a foresight for recovery and development of Ukrainian export** was organized. This event was carried out within the framework of project “Supporting inclusive economic development in Ukraine by aligning export strategy with regional development and the Sustainable Development Goals”, funded by the German government and implemented by the German federal company Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in cooperation with the United Nations Development Program (UNDP) in Ukraine.

The foresight “Recovery and development of Ukrainian export” was carried out in January-May 2023 with the participation of a wide range of experts, primarily representatives of business associations, expert economists, government officials, members of the parliament and other stakeholders.





## 2. RESEARCH METHODOLOGY

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Foresight is a methodology of active research of the future by people who take direct responsibility for creation of that future. Such research usually becomes the first step towards its formation – because someone who does not have his own project for the future becomes only a resource for those who have project for the future. Foresight is a set of research and management activities aimed at forecasting and constructing the future based on a combination of objective analysis and subjective predictions.

Foresight was carried out in two main stages:

1. Workshop session on January 25, 2023.
2. Online survey from April 2 to May 8, 2023.

### 2.1. Applied methods

During the research, a number of futurological methods were applied to discuss, outline and explore possible, likely and desirable future alternatives.

- **Futures Workshops** – a live event with the participation of a wide range of stakeholders to analyze trends, scenarios and necessary actions regarding issues related to their future. It is important that the participants of this process feel like its beneficiaries.
- **Images of the Future** – complex expectations that people have about the future. Images help not only to overcome uncertainty, but also to direct social energy. Images are often formed using more or less extended metaphors, sometimes in the form of integral narratives. Images of the future reflect people's hopes and fears and consciously and subconsciously influence behavior and decisions. The method was applied as an element of the workshop session.
- **Trendwatching, Driver Mapping** – a method of researching the future, which consists in studying trends and driving forces in various spheres (dimensions). Usually, several approaches are used, for example, traditional PESTLE (political, economic, social, technological, legal, environmental dimensions) or newer STEEPED (social, technological, economic, ecological, political, ethical, demographic dimensions), recommended in the guidelines of the European Parliament (Guidelines for Foresight-based Policy Analysis, European Parliamentary Research Service, 2021). In practice, in each particular case, certain dimensions combine or complement others for in-depth study of specific areas.



- **Variability Analysis.** Trends are classified according to opportunities of influence on them by subjects. **Invariant** trends form the inevitable future, which will come regardless of actions of managerial subjects and is included in all scenarios of possible future. **Variable** trends complement the inevitable future, forming a scenario space of possible future. Thus, which scenario of possible future is finally realized depends on managerial decisions of subjects and their influence on variable trends.
- **Scenarios Mapping.** Scenarios of possible future are formed by leading variable trends (“expansions”, axes of uncertainty) and provide a comprehensive picture of various aspects of the future, important for stakeholders. Scenarios are not predictions of the future that should happen, but descriptions of possible options (probable alternatives) of events depending on actions of the subjects. Scenarios are a convenient way of organizing various statements about the future, they describe both future situation and the course of events leading thereto.
- **Backcasting** – a method of developing a path to the desired future through working out the steps of stakeholders necessary for realization thereof.

## 2.2. Glossary

<b>Foresight</b>	A set of research and management activities aimed at forecasting and constructing the future based on a combination of objective analysis and subjective predictions.
<b>Subject</b>	A foresight beneficiary (actual or conditional), in whose interests the future is projected.
<b>Framework</b>	Constraints (time, spatial, sectoral, etc.) defining the subject matter of the foresight, delineating the important things to be taken into account and discarding the rest.
<b>Scenarios</b>	Possible options for the future that have significant differences between themselves, from the point of view of the foresight subject.
<b>Trends</b>	Factors of internal and external changes that determine the difference between the future and the present.
<b>Invariants</b>	Trends that remain unchanged regardless of managerial decisions (synonyms: invariant trends, inevitable trends).
<b>Expansions</b>	Trends that lead to different scenarios (synonym: variable trends).
<b>Inevitable future</b>	A superposition of scenarios determined by invariants, that is, elements of the future that do not depend on managerial decisions.
<b>Possible future</b>	A superposition of scenarios determined by all trends, that is, all possible elements of the future with all options for managerial decisions.



<b>Impossible future</b>	Variants of the future that contradict invariants, that is, unattainable, based on inevitable trends.
<b>Scenario trajectories</b>	Sets of subject managerial decisions that lead to the implementation of a particular scenario contrary to other possible scenarios.
<b>Jokers</b>	Unforeseen events that change boundaries of possible and impossible. Also known as “black swans”.
<b>Metaphors</b>	Figurative expressions characterizing scenarios.



### 3. GENERAL DESCRIPTION OF WORKSHOP SESSION

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Foresight began with a live workshop session on January 25, which had a three-fold goal:

- To attract stakeholders and develop a vision of possible development of Ukrainian export by 2030. To raise awareness of future challenges.
- To establish mutual understanding among a number of stakeholders regarding driving forces (political, economic, social, technological, legislative and environmental) affecting future development of Ukrainian export, to support efforts in the direction of reaching a consensus on problematic issues and ways to solve them.
- To identify key factors of uncertainty for the formation of scenario framework.
- To develop scenarios describing different development paths of the future, and investigate how different conditions can restrain or stimulate the development of Ukrainian export.

These live workshop sessions were attended by 73 specialists, including 33 women and 40 men, representing business associations (23 persons, some of them direct representatives of exporting enterprises), large exporters (8 persons), public sector – the government and government agencies, various parliamentary factions (17 persons), expert-analytical society (21 persons), organizers (4 persons).

The leading discussion topics of export strategy formation covered:

- its geographical direction – Europe or the Global South;
- regulation level – maximum automation, but according to fairly strict rules, or “invisible hand of the market” – self-regulation by business environment;
- financing – internal or external;
- admissibility of protectionism – whether there can be such a situation when we trade freely with the whole world, while carefully protecting the domestic market;
- the level of mutual integration of goods, services and Ukrainian culture – is our cultural society ready to add competitive advantages to goods, while globalizing, or will we remain a closed society with a closed culture.

To begin with, we suggest looking at the metaphors generated by foresight participants during the discussion.



### Metaphor of Ukrainian exports as of 2022:

- Nuclear reactor. Something that starts a chain reaction (of the economy). However, it is quite unclear what exactly should become the uranium rods that are the fuel for this reactor. The participants also paid attention to the complexity of the design and processes, the “risks of incorrect handling” and too high cost of error. So, export is now an extremely important, however complex, rather risky and difficult to reproduce business option.

### Metaphor of Ukrainian exports in 2030:

- A light sailboat that quickly picks up the “wind of new trends” and is constantly on the waves. The emergence of such a metaphor primarily signals the scaling up of the concept of export orientation for SMEs (while this is currently the prerogative of mostly medium- and large-sized enterprises, small businesses lack experience, knowledge, working capital and opportunities to fulfill obligations to external counteragents), formal (regulatory) simplification, and not only from the Ukrainian side, as well as increasing the adaptability of Ukrainian entrepreneurs (those who are unadaptable are unlikely to survive until 2030).

The foresight participants noted that a significant reduction of the domestic market as a result of the war (destruction of production and logistics infrastructure, reduction of incomes and departure of a large part of the population, etc.) makes the accelerated development of exports the only way of economic recovery and development. The accelerated development of exports is actually the key to all economic problems of Ukraine: without it, the country will remain in poverty, in a ruined condition for a long time, with limited opportunities to support national security and post-war social programs, etc.



## 4. TRENDS AND DRIVING FORCES

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The key element of the first part of the research was search for the most important trends affecting the recovery and development of Ukrainian business until 2030. To study the trends, participants formed seven expert groups in the following areas:

1. Society, culture, ethics, human capital.
2. Technologies.
3. Economy, markets, finance.
4. Ecology, environment.
5. Politics, international relations, war.
6. Law and regulation.
7. Infrastructure.

This structure of working groups reflects a special focus on regulatory and infrastructural prerequisites for export development, that is, a practical direction of joint work. Social and humanitarian dimensions were combined into a single direction, and two practical dimensions were added.

Identified trends were classified into inevitable (that is, those not affected by particular subjects) and variable (that is, those affected, or whose actions are uncertain or variable). Below, inevitable trends are marked (i), variable (v). At this stage, the relative importance of the trends has not yet been evaluated, so they are listed in an arbitrary order.

### 4.1. Society, culture, ethics, human capital

- (i) Fragmentary thinking;
- (i) Growing population in the world, increase in the number of Ukrainians abroad;
- (v) Strengthening the identity politics;
- (v) Strengthening the diversity ideology;
- (i) Digitization – the entire business is moving online;
- (i) Changing the principle of education – soft skills instead of hard skills;
- (v) Education and return to active work of people of the third age;
- (v) Strengthening the inclusiveness;
- (v) Strengthening the civic (informal) education;
- (i) Peer to peer communication;
- (v) Shift from competition to cooperation;



- (v) Clustering of entrepreneurs;
- (v) Strengthening the brand of Ukrainian culture;
- (v) Changes in social and psychological attitudes of Ukrainians (“We can do it!”);
- (v) Increasing the entrepreneurial culture and entrepreneurial skills in Ukraine;
- (v) Greater penetration of culture into business and product creation;
- (i) Metamodern thinking.

## 4.2. Technologies

- (i) Growth of cloud solutions;
- (i) Development of artificial intelligence;
- (i) Blockchain;
- (v) Penetration of virtual reality;
- (i) Internet of Things;
- (i) Penetration of technologies into all spheres of life;
- (v) Reduction of control and delegation of decision-making and authorization functions to technologies;
- (v) Sharing economy;
- (v) Restorative technologies;
- (i) Human to human technologies;
- (v) Delegation of entire industries to technologies;
- (i) 5G, 6G development;
- (i) Technology transfer (primarily military);
- (i) Data confidentiality / data openness;
- (v) Availability of technologies / unavailability of technologies (and resulting social stratification);
- (v) Copyright for artificial intelligence;
- (v) Ethics and equality in technoworld;
- (v) Disappearance of professions due to development of artificial intelligence;
- (i) Technology war.

## 4.3. Economy, markets, finance

- (i) Variety and availability of financial instruments;
- (v) Protectionism;
- (i) Reduction of added value chains (transfer of production closer to consumer);
- (v) Greening of the economy;
- (v) Energy efficiency;
- (i) Automation of production (cheap labor force is no longer an advantage);



- (i) Innovative development of technologies;
- (v) Customization of goods;
- (v) Access to markets of the Global South;
- (i) Access to EU markets;
- (i) Globalization of labor market;
- (v) Competition for talents;
- (i) Use of artificial intelligence;
- (i) Deterioration of demography, aging of the country;
- (i) Development of marketplaces as an opportunity for small businesses to enter a new market;
- (v) Globalization of service market;
- (i) Market of emotions.

#### 4.4. Ecology, environment

- (v) Building trust through improving quality controls;
- (i) Climate marketing;
- (v) Global climate trend dominates the protection of Ukraine;
- (v) Negative image of products for final consumption as a result of the war;
- (v) Export of technologies of disposal of the consequences of war;
- (v) Trend “UA – natural products”;
- (i) Availability of water as a stable production base;
- (v) Climate neutrality – increasing the control level;
- (i) Green energy market;
- (v) Development of children’s nutrition culture;
- (v) Development of ecoproduct brands;
- (v) Development of ecology education;
- (v) Local ranking according to environmental indicators of the region;
- (v) Increase in the export of products with high added value and parallel decrease in export of raw materials.

#### 4.5. Politics, international relations, war

- (v) Accession to NATO;
- (v) Ukraine as an exporter of security solutions;
- (v) Development of military-industrial complex;
- (v) Export of own weapon technologies (primarily missiles, drones, robotics, space technologies);
- (i) Continuation of society democratization;





- (v) Increasing role of cities / communities;
- (i) New security architecture and Ukraine's new role therein;
- (v) Ukraine's opening of new markets of the Global South;
- (i) Rethinking and weakening the BRIC (Brazil, Russia, India, China);
- (v) Specific weight of products with high added value in exports is more than 50 percent.

## 4.6. Law and regulation

- (i) Globalization (unification of the rules of game for countries/regional associations) / regionalization (breakup of the WTO and other associations that establish the uniform rules of game);
- (v) Deregulation/regularity;
- (v) Growth of regional protectionism;
- (i) Green deal and sustainable development strategy as an integral part of international contracts;
- (v) Strengthening financial freedom / strengthening financial unfreedom;
- (v) Ukrainian regulatory dysfunction;
- (v) Access to global financial resources (subject to establishment of global rules of game);
- (i) New markets – new rules of game – new law;
- (i) Virtual reality regulation;
- (v) Cyberocracy;
- (i) Digital legal environment;
- (i) Artificial intelligence as generator of new rules and subject of international relations;
- (v) New international agreements as a result of subjectivization of artificial intelligence as one of the parties;
- (v) Automation of customs clearance;
- (v) Automation of control bodies, which will contribute to increasing their influence;
- (v) New forms of entrepreneurship (production + social entrepreneurship + charity);
- (v) Tokenization of international contracts;
- (i) Increasing competition (stricter regulation of monopolies, oligopolies);
- (v) Civil society proactivity, increased demand for justice;
- (v) New subjects of legal responsibility (as a result of automation);
- (v) Business self-regulation.



## 4.7. Infrastructure

- (i) Increase in airport passenger traffic;
- (v) Separate cargo airport in Ukraine for export;
- (i) Growth of river transport cargo flow;
- (v) Ukrzaliznytsia is moving to Eurorail;
- (v) Creation of 5-10 “dry ports”;
- (v) Development of highways / roads from east to south? or from west to south?
- (v) Concentration of infrastructure around industrial parks;
- (v) Concession autobahns;
- (i) 90% Internet coverage;
- (v) 90% coverage by charging stations for electric cars;
- (v) Distributed energy system;
- (v) Unmanned cargo transportation.

## 4.8. The most important variable trends (“expansions”, axes of uncertainty)

To simulate scenarios, it is necessary to highlight the most important variable trends (“expansions”). The ranking took place in two stages: firstly, each expert group proposed three most important expansions in its dimension, then all participants of the foresight determined the most important by open voting, taking into account the impact on the scenarios of development of Ukrainian exports until 2030.

The main expansions selected by each of the expert groups are listed below. In parentheses there is the number of votes cast during further voting to determine the most important of them.

Technological:

- Openness / or confidentiality.
- Technology as a tool / or technology as a weapon.
- People driving technology / or technology driving people (11).
- Technological accessibility and inclusiveness / or restricted access.

Public:

- A mentally and culturally closed country / or an open country (15).
- Conservative education / or education meeting the needs of market and society.
- Strong country brand / or loss of country brand.
- Diversity orientation / or unification orientation.

Economical:

- Protectionism / or free market (17).



- Customization / or mass product.
- New markets / or traditional markets.
- Globalization of production / or regionalization of production.
- Outflow of people from Ukraine / or inflow of people to Ukraine (12).

Political:

- Democratization / or autocracy (15).
- Ukraine is integrated into European politics / or an eternal candidate (8).
- Exporter of military technologies / or importer of military technologies.
- Trade with high added value / or trade in raw materials (9). Ecological:
- Ecodistrust (distrust in the environmental friendliness, safety of Ukrainian goods) / Ukrainian goods as SuperEcoBrand, certified and reliable.

Infrastructural:

- Development of UZ and construction of Eurorail / or freezing in current condition.
- Infrastructure development and its concentration around industrial parks / or freezing in current condition.
- Construction of autobahns in Ukraine / or everything as it is now.
- Construction of new ports (sea, river, air) / or no construction.

Legal and regulatory:

- Globalization and global rules of game / or regionalization, protectionism, dominance of local rules (17).
- Ukraine is a country of effective deregulation, automation of bureaucratic processes/ or ineffective regulated discretion, overcontrol, corruption (16).
- Global stimulation of competition / or monopolization, oligopolization.
- Artificial intelligence as a benefit and assistance in deregulation / or artificial intelligence as an evil that leads to loss of control.



## 5. SCENARIOS OF THE FUTURE

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When selecting the expansions to form the scenario space, the foresight participants were guided by the following logic.

The world is experiencing rapid technological development simultaneously with new economic and environmental challenges, and finding one's place in the international division of labor is becoming increasingly difficult. Global uncertainties include both further globalization of the world or its regionalization with the division into protectionist domains, and humanity's ability to cope with the next technological leap, which threatens a significant economic stress.

At the same time, Ukraine itself has significant ongoing uncertainties, in addition to those related to war and demographics. The economy suffers from low economic freedom (regulation, excessive control, discretion on the part of civil servants, corruption, lack of transparency), at the same time threats to the preservation of democracy (partly caused by wartime restrictions) are increasing, and the prospects for European integration, despite confident rhetoric from both parties, remain uncertain due to slow pace and partial failure of reforms (primarily those related to the rule of law).

The demographic problem appears to be the biggest post-war problem: the lack of labor force will require significant immigration, which risks turning the country into a field of international conflicts, unless there is an opportunity for mass successful assimilation, and here we are talking not only about the strength of the Ukrainian language and culture, but also about open, inclusive nature of Ukrainian society and Ukrainian identity – and we cannot currently boast of this.

Since the foresight methodology assumes the subjective position of its participants, in other words, an internal locus of control (focusing on national factors that are subject to collective influence, rather than global ones), it was decided to choose three main expansions that reflect alternative versions of key factors of Ukraine's development.

It is usually enough to form a two-dimensional scenario space, where two main expansions form 4 scenarios. It happens that it is possible to distinguish three main expansions, but it is difficult to determine two most important of them, then you can increase the level of complexity of the study and form a three-dimensional scenario space consisting of eight scenarios. After a long discussion, it was decided to do so. The following three were chosen as the main expansions:

- Economic: open economy or protectionism;
- Political: strengthening democracy or strengthening authoritarianism;
- Socio-cultural: open society or closed society.



The matrix of scenarios with corresponding metaphorical names is given below:

		Protectionism	Free market
<b>Open society</b>	Democratization	“European Leopard”	“Freedom hub”
	Authoritarianism	“Law for the rest”	“Lost opportunities”
<b>Closed society</b>	Democratization	“One to one’s for one’s”	“Poor relatives...”
	Authoritarianism	“Buy Ukrainian”	“Erdoganism”

The foresight participants tried to determine the following for each of eight scenarios:

- Main characteristics of the scenario;
- Key events (trajectory of movement);
- Leading players in the scenario;
- Who wins and who loses as a result of its implementation;
- What should we do if this scenario came to life;
- Split point indicators (how we know that this scenario takes place);
- Metaphor is a short apt name.

Below is a brief description of the scenarios developed by the participants of the workshop session.

### Scenario 1: “European Leopard”

#### Open society, democratization, protectionism

*Ukraine nevertheless made an economic breakthrough, although it still remains only a candidate for the EU membership. Democracy is preserved. Formally, the economy is declared as open, however protection of national manufacturers is strengthened, that results in clustering of the economy. In this situation, large Ukrainian business will win, while SMEs will lose. The executive power is also at an advantage, political influence on business increases. At the same time, the goal has been achieved – the export of products with increased added value is growing. The closest example of an economic model is the USA.*



## Scenario 2: “Freedom hub”

### Open society, autocracy, free market

*Ukraine is winning the war. A strong civil society is being formed; rapid European integration is taking place. Thanks to this, legal reform is carried out, and a fair judicial system is established. Trust in judges is growing significantly. After the war, Ukraine is a popular and “branded”, “trendy” country, and this popularity helps it attract investments.*

*Ukraine is an EU member, the market is open de jure and de facto. Foreign companies are actively entering Ukraine. However, this poses a threat to national manufacturers who, having been weakened after the war, cannot withstand competition. On the other hand, foreign companies bring here capital, business practices and create jobs. An important task in this case is to build an investment and regulatory policy so that foreign companies enter Ukraine not with ready-made goods, but as investors in new productions. The oligarchy in this scenario actually disappears.*

*The closest country in terms of a similar model is Poland in the 1990s and early 2000s. At the same time, this scenario actually does not foresee the presence of paternalists in society. What to do with 80 percent of society is unclear. It is obvious that they will need social protection and financial support.*

## Scenario 3: “Law for the rest”

### Open society, autocracy, protectionism

*Ukraine has an open society simultaneously with protectionism and authoritarianism. This leads to “enchantment” with populism, as a result of which both quality of politics and influence of civil society decrease. This paves the way for authoritarianism. In this scenario, Ukraine complicates business regulation even more, strengthens protection of national manufacturers, and finally – foreign companies are not interested here at all.*

*As a result, inflow of foreign capital is falling. The state tries to maintain the economy, which leads to corruption and clannishness. Relations with international partners are becoming more complicated. The judiciary system is not effective. The winners in this scenario are politicians, clans, domestic financial and industrial groups and very large multinational companies that have received benefits. Example – Singapore.*

## Scenario 4: “Lost opportunities”

### Open society, autocracy, free market

*Ukraine has an open and free market under authoritarian rule. Because of the war, institutions have weakened, people are grouping around a strong leader. The main players in this model are: the authoritarian government itself (because the parliament becomes purely nominal); oligarchs. In this case, the raw material business wins, the business with increased added value loses. Such a scenario can be prevented by zero tolerance to the decrease of democracy and strengthening the activity of civil society. The closest example is Azerbaijan, modern Hungary, an example from the past is Chile during the Pinochet times.*



### Scenario 5: “One to one’s for one’s”

#### Closed society, democratization, protectionism

*In Ukraine, democracy is preserved, protectionism flourishes, society is as closed as possible. In such conditions, the movement towards authoritarianism becomes only a matter of time, but free elections remain, as does freedom of speech. The state actively helps manufacturers, particularly exporters, but is conservative and closed to anything new. Society does not accept diversity. Regulation of business activity is strict. In fact, the legislation has not changed as compared to the current one. The main player in this case is the state, which is the biggest beneficiary of such a scenario, as well as large corporations. In addition, the church becomes an important actor – due to the closedness and conservatism of society. Business loses – due to strict regulation, monopolization of markets and lack of labor force (society does not accept migrants, at the same time, the demographic crisis has not disappeared). The closest examples are Japan and Italy.*

### Scenario 6: “Poor relatives... at the big table of free people”

#### Closed society, democratization, free market

*Ukraine is in the same economic and political condition as it was before the large-scale invasion (2021). Ukraine won the war and restored the borders of 1991. Democracy is preserved. The European integration movement continued, but Ukraine is still not an EU member. At the same time, the trust of Western partners remains, this is confirmed by the fact that international partners continue to support Ukraine. Migration policy is aimed at the return of “own” citizens from abroad, that is, the mental division between “own” and “foreigners” in the country remains, although Ukraine urgently needs to attract and integrate migrants. Civil society, local self-government bodies, business associations gain high influence. A foreign business that gains access to Ukrainian resources in free market conditions will win. Ukrainian business loses in these conditions, because it cannot compete (especially after being exhausted by the war), so there is a need to protect it. Example – Ukraine before the war.*

### Scenario 7: “Buy Ukrainian”

#### Closed society, autocratism, protectionism

*The scenario is possible under the condition that the end of the war does not take place on Ukraine’s conditions. Therefore, there remains a very strong threat from the east, the country is in a condition of mobilization. This gives rise to a closed society, authoritarianism (people are grouping around a strong leader), protectionism (an attempt to preserve at least something of what is left). In this case, the population continues to leave and does not return. The general standard of living is falling, the domestic market continues to shrink. It is necessary to constantly subsidize both the impoverished population and industries on the verge of survival. Security forces, monopolists, and large state corporations win in this scenario. In social terms, the church (conservative society) also wins. Civil society, business, institutions, business associations will lose. Example – Russia.*



## Scenario 8: “Erdoganism”

### Closed society, autocracy, free market

*Economic reforms are taking place, leading to economic growth. However, we do not enter the EU due to the lack of a sufficient level of rights and freedoms. Society is paternalistic, state power is strong and concentrated. This creates state corruption, but economic freedoms are preserved. Serving the interests and needs of power structures, which are significantly increasing and strengthening the influence, stimulates the development of small, mostly service businesses. The new president is the president of the security forces.*

*In this model, exporters lose, and SMEs operating on the domestic market benefit to an extremely limited extent. Civil society loses. The closest countries according to a similar model are the UAE, Kazakhstan, and Turkey.*

*Safeguards against this scenario: consolidation and activation of civil society, as well as active involvement of military men in civil processes, to avoid the risk of creating a separate “caste” of veterans.*

## Probability and desirability of scenarios

Discussing the desired and probable scenarios, the foresight participants agreed that the most desirable are the “Freedom hub” and the “European Leopard” (opinions differed on the appropriate level of protectionism, and in the end, it turned out that this first economic expansion is not as important as political and socio-cultural). Instead, the most likely and inertial scenario (what will happen if nothing is done) is the “Erdoganism” scenario.

Therefore, the desired development scenarios are formed by deepening the democracy and forming an open model of society. The first makes it possible to more evenly distribute the fruits of economic development in society, overcoming inequality and poverty and preserving and increasing the middle class, which creates a demand for democracy, innovation and quality education. The second allows attracting and assimilating the necessary human capital, including to replace those emigrating, but also to solve the problem of the inverted demographic pyramid (the ratio of young and old, capable and retired). At the same time, democracy enables economic freedom, which allows attracting investment and increasing the added value generated in the economy, which means choosing an immigration model that is attractive for talents from around the world, rather than for an uneducated and low-skilled labor force from the poorest countries, as in the economies with low added value.

At the same time, the inertial scenario, which is the most likely, is formed by a tendency towards authoritarianism in combination with a closed model of society. It is capable of generating some economic growth, but it is short and unstable.





## 6. NECESSARY STEPS FOR IMPLEMENTATION OF DESIRED SCENARIOS

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Who should do what so that the desired scenarios are implemented and the undesirable ones not? At the last stage of the live session, the participants identified eight main stakeholder groups and outlined the main steps they should take.

### The State:

- Availability of state economic policy on export development;
- Systematic support of exhibition activities abroad;
- Global information campaign to promote everything Ukrainian;
- Information and analytical support for exporters;
- Educational programs for exporters (accelerators);
- Digitization of customs services;
- Deregulation;
- Popularization of the advantages of the status of the Authorized Economic Operator;
- New financial instruments;
- Free opening of production lines;
- Infrastructure development;
- Harmonization with the EU legislation.

### Large enterprises:

- Are carriers of knowledge about exports, demonstrating how to work with markets;
- Adapt technologies to climate and resources;
- Certify production;
- Show its own success algorithms;
- Create ecosystems with SMEs;
- Socially responsible;
- Invest in the return of specialists from abroad;
- Cultivate an adult understanding of business and the market;
- Perform both inside the country and abroad the lobby and government relations function.



### Small and medium-sized enterprises must:

- Take off the rose-colored glasses and do not wait for magic pills or entities that will solve all problems;
- Be ready to assume obligations;
- Have an export strategy;
- Study: language, jurisprudence, global culture;
- Meet compliance criteria;
- Participate in all activities related to international activities;
- Constantly research the markets, have access to information, study trends, be proactive.

### Financial sector:

- Solving the problem with the availability of financing – affordable loans to exporters;
- Banks should be interested in working with exporters;
- Export factoring (repurchase of exporters' debts);
- Financing of exporters of Ukrainian products;
- Support programs from international financial organizations;
- Increasing confidence in the insurance market (unlocking the possibility of reinsurance of risks);
- Development of various financial instruments (customization in the financial sphere);
- Dissemination of information about crediting opportunities for exporters.

### Donors:

- Delegation of control over the transparency of distribution of donor funds to civil society;
- Increasing transparency, especially the project portfolio;
- Grants to support local self-government;
- Business financing for social changes.

### Local self-government:

- Preservation of democracy (local self-government is an important condition for this);
- Open system;
- Open markets;
- The need to defend decentralization against attempts to weaken it;
- The policy of regional development in cooperation with the EU should be restored (development of territories that stimulate competitive advantages);
- Community strategy (it is necessary to develop and implement what is written);
- Equal access to resources.



### Civil society:

- Transition from authoritarianism to democracy, preservation of strong democracy;
- Reconstruction after victory;
- Reforms on the way to the EU;
- Support of the “Buy Ukrainian” trend as an important process for export;
- Opening of the state to the world and citizens;
- Control of the state by civil society, advocacy, facilitation;
- Compliance with ethical standards;
- Absence of conflict of interests in the process of authority control.

### Culture:

- Cultural elites must be intellectually and morally ready for cultural expansion – from small town to global level;
- Promotion of projects that meet interests of exporters. But for this, cultural elites must learn the language of business;
- Cultural elites – ambassadors of Ukraine;
- Cultural elites should study what the world is living on now in order to generate global senses;
- To establish dialogue with people from other fields;
- To launch creative collaborations;
- To study project management and work with concepts;
- To digitize and be digitized;
- High culture must meet the mass;
- Culture must become viral;
- Culture should add energy, become a catalog of emotions, inspire.



## 7. GENERAL DESCRIPTION OF SURVEY

The next stage of the foresight is an online survey of main stakeholders. For this, a questionnaire was developed in which the exporting companies had a significant number of additional questions as compared to experts, government officials, etc. The survey was conducted in the period from April 2 to May 8, 2023. A total of 246 respondents took part in the survey – representatives of business, state administration, expert-analytical centers, educational and scientific institutions, specialized public organizations. Regional and sectoral diversity was achieved in the survey.

The questions included in the questionnaire were devoted to current business problems standing on the way of recovery and development of Ukrainian export. The respondents shared their opinions on the priority steps that should be taken by stakeholders – the state, large, small and medium-sized enterprises, financial sector, international organizations (donors, intergovernmental organizations, international public organizations, etc.), representatives of local self-government, cultural figures.

The respondents also identified the most useful state services, the introduction or improvement of which would have the greatest benefit for recovery and development of Ukrainian export. Respondents were also asked about areas of knowledge they lack for successful operation in the international markets.

The survey was supplemented by personal interviews with several leading entrepreneurs.

### 7.1. General data on respondents

#### 7.1.1. Number of respondents by category

A total of 246 questionnaires were collected, the main effort was focused on attracting actual exporters of various sizes and industries. It was also important to involve people's deputies (MPs) and leading economist experts who, for various reasons, were unable to participate in a live workshop session.

Business	187
Government organizations	6
Parliament (people's deputies)	10
Public organizations	25
Expert analytical centers	18



### 7.1.2. Number of business respondents by industry

Agriculture, forestry, fisheries	13
Metallurgy	2
Machine building, instrument engineering	22
Food industry	31
Pharmaceutical industry	1
Perfume and cosmetic industry	5
Furniture industry	7
Wood industry	6
Light industry	22
Chemical industry	3
Other types of processing industry	18
Water supply and other communal services	1
Construction	5
Wholesale	11
Retail	3
Transport and logistics	11
Information technology	10
Financial and insurance activities	2
Professional services to enterprises	9
Arts, sports, entertainment and recreation	2
Provision of other types of services	3

### 7.1.3. Number of business respondents by size

Individual entrepreneur (up to 5 employees, income up to EUR 250,000)	35
Microbusiness (up to 10 employees, income up to EUR 2 million)	33
Small business (10-50 employees, income up to EUR 10 million)	52
Medium business (50-250 employees, income up to EUR 50 million)	51
Large business (more than 250 employees, income over EUR 50 million)	16

### 7.1.4. Sources of involvement of respondents

Respondents came through three main channels:

- personal appeals of foresight organizers to experts, scientists, major exporters, government officials and members of parliament;



- mailings of business associations: Chamber of Commerce and Industry, Union of Ukrainian Entrepreneurs, European Business Association, American Chamber of Commerce, CEO Club, community of business owners Board, regional business clubs, etc., as well as communities of graduates of business schools – in total, several thousand enterprises were covered;
- through platform “Diia. Business” thanks to the support of the Business and Export Development Office.

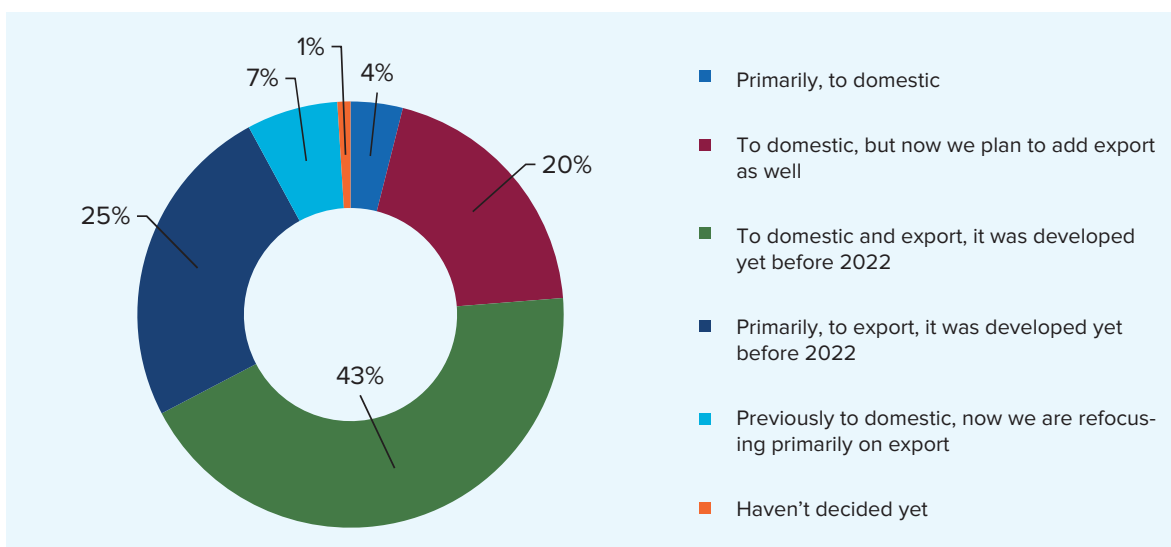
A rather large volume of the questionnaire, especially for representatives of enterprises, could scare away a significant part of potential respondents, but at the same time it filtered out those who had sufficient motivation to take a conscious part in the survey.

Mailing of business associations, CCI, etc.	62	26%
Diia. Business / Business Development and Export Office	94	39%
A letter from the Foresight organizers	85	35%

## 7.2. Export volumes and directions

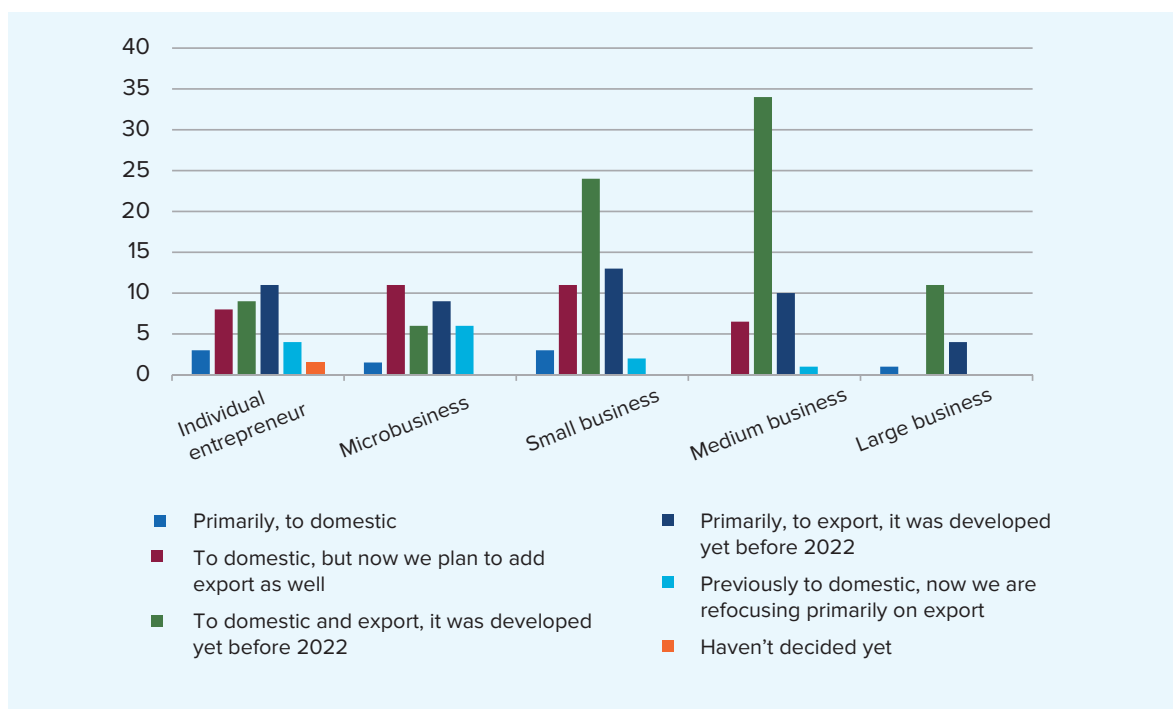
### 7.2.1. Business orientation to domestic and foreign markets

Primarily, to domestic	7	4%
To domestic, but now we plan to add export as well	37	20%
To domestic and export, it was developed yet before 2022	82	44%
Primarily, to export, it was developed yet before 2022	47	25%
Previously to domestic, now we are refocusing primarily on export	13	7%
Haven't decided yet	1	1%





At the same time, export focus and future plans for different business categories look different, as shown in the chart below.



### 7.2.2. Export share in the volume of sales

The average export share in the volume of sales of respondents at the time of the survey is 34.5 percent, and this value does not differ much in different categories: for microbusiness – 24 percent, for medium-sized enterprises – 40 percent, for large enterprises – 34 percent.

A comparison of current export share with what it was in 2019, before the start of the Covid epidemic and the full-scale Russian invasion, shows the same average level of 34.5 percent, but here there is a significant difference by category. Large enterprises suffered significantly, with their exports falling by 20 percent, while medium-sized enterprises saw an average increase by 11 percent, and individual entrepreneurs – by 19 percent.

A different picture emerges when analyzing expectations. For evaluation purposes, we took the year 2025, which, on average, corresponds to society's expectations as to full completion of the war and reaching the stage of active recovery. So, as of 2025, in an optimistic scenario, respondents expect an average export share of 60 percent. And here there is a big discrepancy by category: the most restrained large business expects to grow by 35 percent, and small – more than 2.5 times.

### 7.2.3. Added value of exported products

The exporters participating in the survey constitute the stratum with the highest degree of added value: only 8 percent export raw materials, 19 percent – products or services with low added value. However, this can be considered as an evaluative judgment and cannot be given much importance.

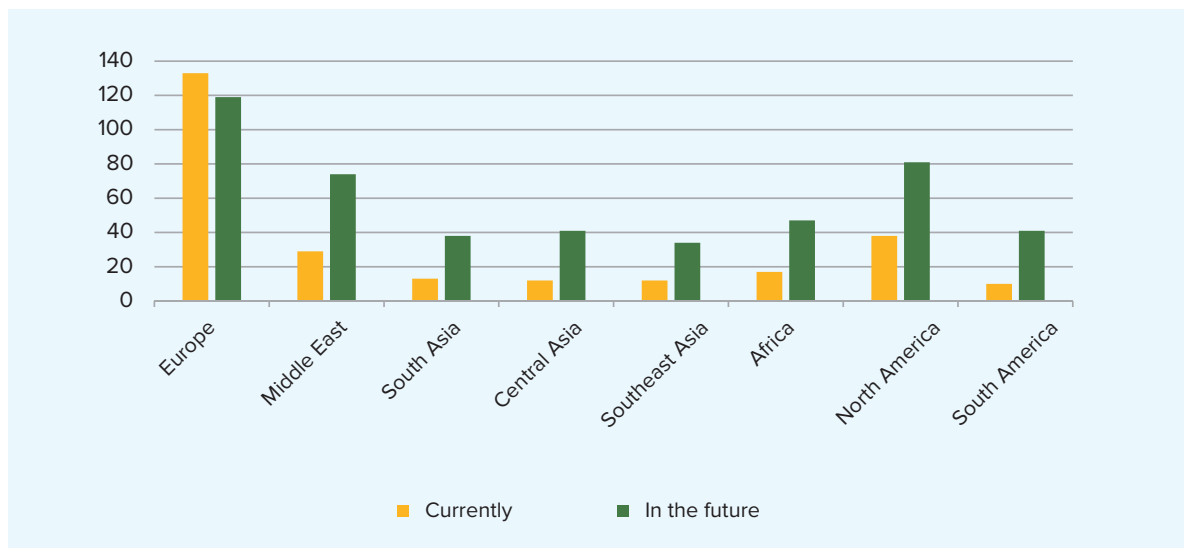


### 7.2.4. Export geography

The main export direction is and will remain Europe, although almost all respondents plan to significantly diversify export directions. The number of those planning to export to Asian and African destinations is three times higher than those already working there. In absolute numbers, after Europe, the Middle East and North America are the most attractive markets.

As for the Russian Federation and Belarus, the degree of dependence on them turned out to be moderate: only 27 percent exported to these countries.

	Currently	In the future
Europe	133	119
Middle East	29	74
South Asia	13	38
Central Asia	12	41
Southeast Asia	12	34
Africa	17	47
North America	38	81
South America	10	41





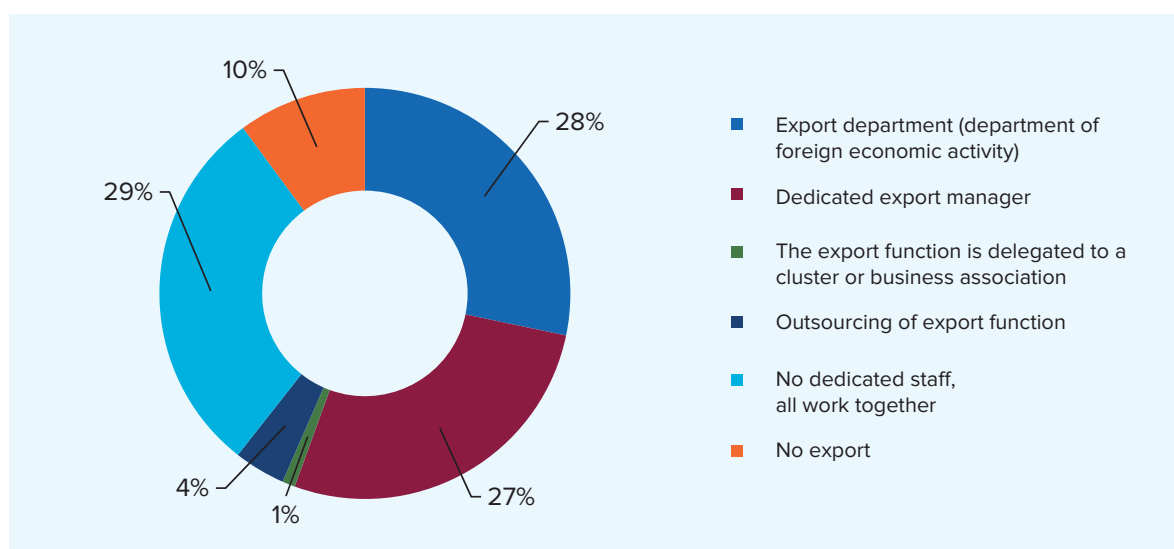


## 7.3. Organization of export at the enterprise

### 7.3.1. Current export organization

The following question concerned how export was organized in the respondents' companies.

Export department (department of foreign economic activity)	52	28%
Dedicated export manager	50	27%
The export function is delegated to a cluster or business association	2	1%
Outsourcing of export function	7	4%
No dedicated staff, all work together	53	29%
No export	19	10%



Almost all surveyed large enterprises and half of the medium-sized enterprises have an export department (department of foreign economic activity). At the same time, there is no dedicated staff, and export sales are carried out all together at a third of micro- and small-sized enterprises and at 20 percent of medium ones.

Separately, the questionnaire contained questions about the website.

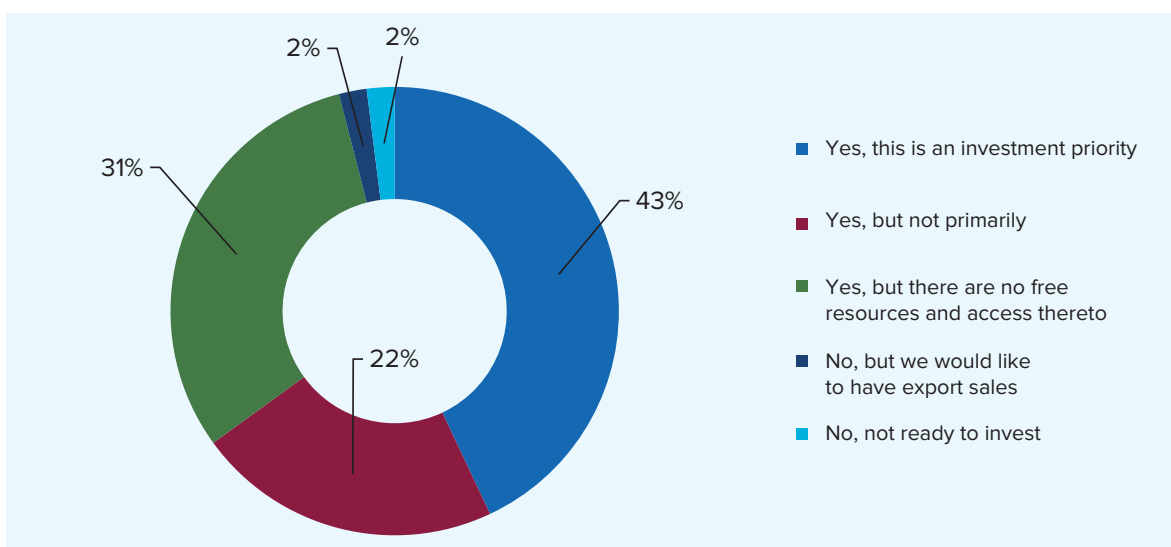
We have an English version	99	53%
We have versions in several languages of the target countries	41	22%
We do not have an English version, but we plan to have it in the near future	15	8%
We do not have an English version	12	6%
We do not have a website	20	11%



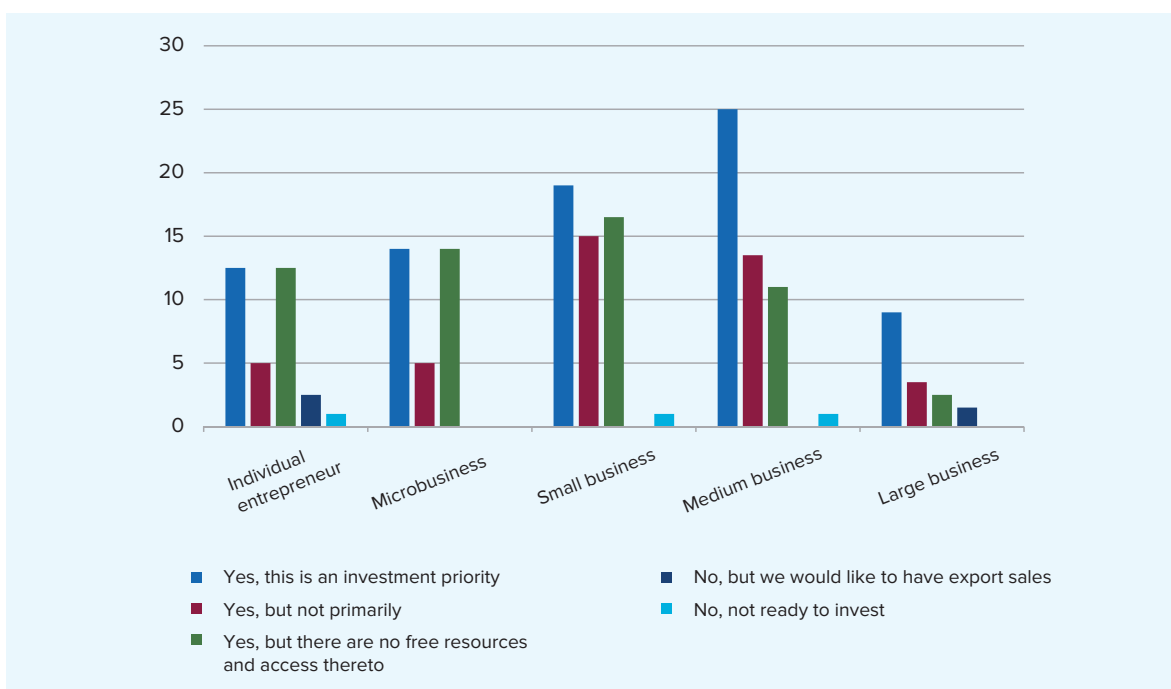
### 7.3.2. Development plans

Are respondents ready to invest resources in export development?

Yes, this is an investment priority	79	43%
Yes, but not primarily	41	22%
Yes, but there are no free resources and access thereto	56	31%
No, but we would like to have export sales	4	2%
No, not ready to invest	3	2%



At the same time, the analysis of the enterprises by size sharply demonstrates the willingness to invest in the development of exports of medium- and large-sized enterprises and the lack of resources for micro and small businesses.

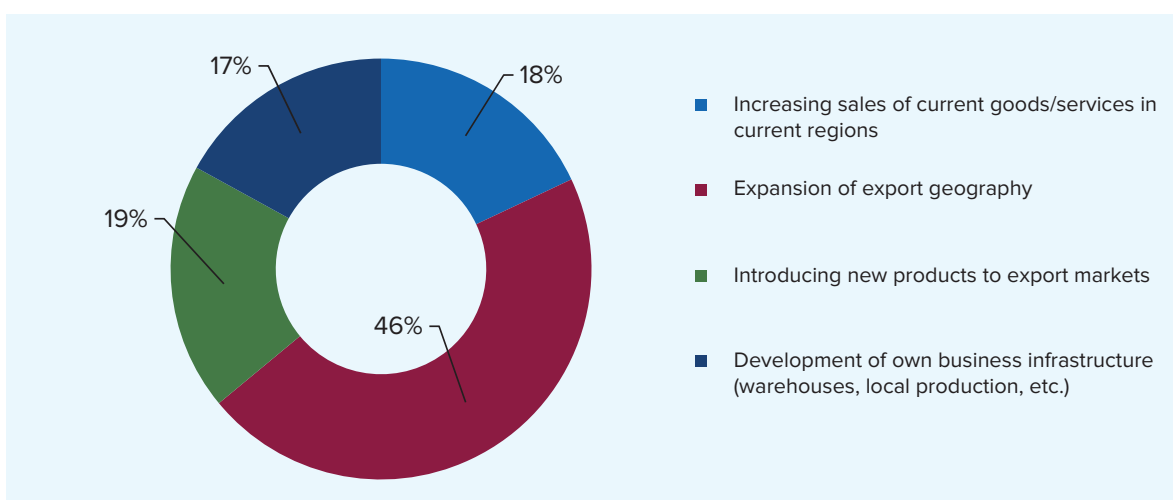




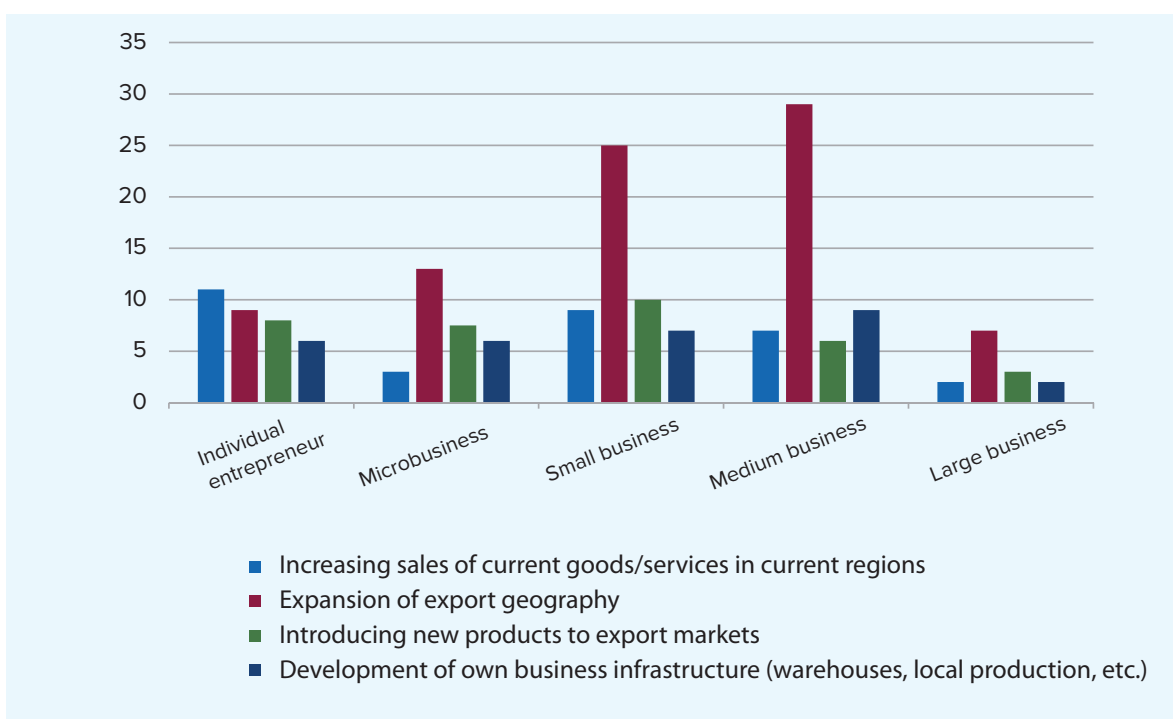
### 7.3.3. Main direction of efforts

The main direction of efforts in the next two years (part of those who plan to invest in export development):

Increasing sales of current goods/services in current regions	32	18%
Expansion of export geography	83	46%
Introducing new products to export markets	35	19%
Development of own business infrastructure (warehouses, local production, etc.)	30	17%



All business categories, except for individual entrepreneurs, are focused on expanding the export geography.





## 8. REASONS FOR RESTRAINING EXPORTS

### 8.1. Main obstacles

The respondents were asked to evaluate the reasons that hold back the growth of exports or lead to the fact that the company still does not export. The biggest problem turned out to be the lack of resources for scaling up production, adaptation and/or promotion of products – similar assessments can often be heard on various business forums.

Insufficient production and/or financial resources for scaling up production or adaptation of products to market of the country of export	72	40%
Lack of financial resources for marketing research and advertising in the country of export	64	36%
Logistics problems	54	30%
High competition in foreign markets, insufficient competitiveness	47	26%
Lack of information regarding certifications, requirements for documentation and marking, customs procedures in the country of export	36	20%
Lack of experienced personnel	32	18%
Lack of information about local culture, business practices, consumer preferences in the country of export	30	17%
Long settlement period for export operations and/or currency risks	28	16%
Lack of knowledge and experience in international sales	28	16%
Insufficient financial resources for the organization of transportation and logistics	24	13%
Lack of information on the regulation of export activity in Ukraine	20	11%
Technical barriers	20	11%
Organizational and managerial unpreparedness	20	11%
Absence of need for export – focus on the domestic market	8	4%
Non-compliance of goods/services with the requirements of foreign markets	7	4%
High risks, negative experience of colleagues	4	2%

(The response options in this question were mixed during the survey.)



However, the weight of the main obstacles for different business segments is not the same. The map of the main obstacles is given in the table. The number of “plus” signs corresponds to the weight of relevant obstacle for a particular category.

	Individual entrepreneur (up to 5 employees, income up to EUR 250,000)	Microbusiness (up to 10 employees, income up to EUR 2 million)	Small business (10-50 employees, income up to EUR 10 million)	Medium business (50-250 employees, income up to EUR 50 million)	Large business (more than 250 employees, income up to EUR 50 million)
Insufficient production and/or financial resources for scaling up production or adaptation of products to market of the country of export	++	++	++	++	++
Lack of financial resources for marketing research and advertising in the country of export	++	++	++	++	++
Logistics problems	++			++	+++
High competition in foreign markets, insufficient competitiveness				++	++
Lack of information regarding certifications, requirements for documentation and marking, customs procedures in the country of export	++			++	
Lack of experienced personnel		+		++	
Lack of information about local culture, business practices, consumer preferences in the country of export			+	+	
Long settlement period for export operations and/or currency risks		+		+	+
Lack of knowledge and experience in international sales	+	++			
Insufficient financial resources for the organization of transportation and logistics		+	+		
Technical barriers	+	+			+



Organizational and management unpreparedness	+	+	+		
Non-compliance of goods/services with the requirements of foreign markets		+		+	+
High risks, negative experience of colleagues		+			+
Technical barriers	+	+			+
Organizational and management unpreparedness	+	+	+		
Non-compliance of goods/services with the requirements of foreign markets		+		+	+
High risks, negative experience of colleagues		+			+

## 8.2. Overcoming obstacles

Later, the respondents were asked to estimate the approximate costs associated with overcoming the above-mentioned obstacles. Individual, micro and small businesses need an average of USD 250,000, medium-sized businesses – USD 1.7 million, large businesses – an average of USD 2.6 million. From this it is clear that medium and large businesses are most likely to have their own resources for export development, while smaller-scale enterprises need the resources involved.

## 8.3. The main problems

In order to look at the problem from a different angle, exporting companies were asked to assess the biggest problems they face. As expected, the problem of financial resources for development was in the first place, but a significant part of the companies, as it turned out, lacks competences regarding foreign markets. It is characteristic that state authorities of own country turned out to be a problem five times more often than state authorities of the country where the exported products are headed.

Lack of financing for export development	73	42%
Problem with searching for orders	65	38%
Logistics problems	57	33%
Insufficient knowledge and experience in marketing and sales in foreign markets	45	26%
Problems with customs and tax authorities in Ukraine	40	23%
Low prices in the markets of the target countries	29	17%
Insufficient awareness of foreign markets	27	16%



Problems with local competitors in target countries	27	16%
Lack of personnel for export activities	25	14%
Low level of knowledge of foreign languages in the company	23	13%
Technical regulation in the markets of target countries	15	9%
Non-fulfilment of obligations by foreign partners	8	5%
Problems with government agencies in target countries	8	5%
Inefficient business model of the company	5	3%

(During the survey, the response options in this question were mixed.)

## 8.4. Studying the problems

Respondents provided more than two hundred answers to an open question about the biggest business problems that prevent recovery and development of exports. This question was asked not only to business representatives, but also to other categories of respondents. Five categories of answers were found most often, and therefore they can be considered the main ones:

- Lack of financial resources

The problem of lack of financial resources was mentioned by 53 respondents. There were different formulations of the problem – a lack of financial resources both for the development of exports in general and for specific tasks (marketing, renewal of production facilities, financing of product certification, etc.). Respondents also noted the unavailability of cheap credit programs, lack of sufficient working capital, currency risks.

- Logistics limitations

Also 40 respondents reported a problem with logistics. In particular, experts and business representatives pointed to the physical restriction of exports due to the occupation and blocking of the main transit and export corridors (in particular, sea ports), the increase in the cost of logistics, the total delivery time, the congestion of checkpoints on the border of Ukraine, the delay in obtaining permits for logistics.

- War and related risks

The problem of continuation of hostilities is relevant (34 respondents). In particular, the respondents pointed to potential risks in the eyes of clients and partners, which become the leading factor of refusal when concluding agreements. Counterparts fear that because of the war, Ukrainian manufacturers will be unable to produce products on time and with high quality. Along with the war, respondents point to the unpredictability of the development of the situation in Ukraine. The problem is also called the constant risk of mobilization, the outflow of professional personnel and, as a result, the loss of qualifications. An urgent issue is the reservation of managers of SMEs.



- Lack of required information

The absence of necessary competences or the lack of necessary information for the recovery and development of exports was noted by 29 respondents. The problem is the lack of expertise regarding demand in foreign markets (assortment, price level, quality, etc.), weak awareness of the conditions for entering other markets. Information about market conditions and legal aspects of work is important. Often companies do not have a marketing or export strategy.

- The problem with travelling of men abroad

In particular 21 respondents indicated the impossibility of men going abroad. The purpose of going abroad is to participate in exhibitions and conferences, conduct presentations and negotiations, conclude contracts with potential customers and partners.

- Among other problems, the respondents named the following:

- High tax burden (20);
- Problems with customs clearance (18);
- Problems with obtaining necessary permits and certificates (15);
- Excessive regulation of state bodies and institutions (14);
- Lack of support from the state (13);
- Negative brand of Ukraine in the world (11);
- Lack of personnel with the required level of competence (9);
- Absence of a National Export Strategy (7);
- Language barrier (7);
- Problems with finding clients in foreign markets (7);
- Problems with insurance of international contracts (6).





# 9. STATE SUPPORT FOR EXPORT DEVELOPMENT

## 9.1. Expected state support

Although the lack of funding is noted in the first place, respondents primarily expect marketing support: finding customers, help in organizing participation in exhibitions and other events, research, etc.

Search for clients/customers in foreign markets	110	60%
Assistance in organizing participation in exhibitions and other events	61	34%
Assistance in financing and insurance of export contracts	58	32%
Marketing in foreign markets	46	25%
Assistance in certification	45	25%
Assistance in organizing sales	43	24%
Analytics and marketing research	38	21%
Assistance in organizing logistics	23	13%
Consulting on participation in international tenders	24	13%
Consulting on the development of plans to enter the markets	18	10%
Assistance in matters of technical regulation	17	9%

(During the survey, the response options were mixed.)

However, the weight of different means of support for different business segments is not the same. A map of the preferred means of support is provided in the table. The number of “plus” signs corresponds to their weight for a particular category.



	Individual entrepreneur (up to 5 employees, income up to EUR 250,000)	Microbusiness (up to 10 employees, income up to EUR 2 million)	Small business (10-50 employees, income up to EUR 10 million)	Medium business (50-250 employees, income up to EUR 50 million)	Large business (more than 250 employees, income up to EUR 50 million)
Search for clients/customers in foreign markets	+++	+++	+++	+++	++
Assistance in organizing participation in exhibitions and other events		++	++	++	++
Assistance in financing and insurance of export contracts	++	++		++	+++
Marketing in foreign markets				++	
Assistance in certification	++	+	++		
Assistance in organizing sales	++	+		+	+
Analytics and marketing research			++	++	++
Assistance in organizing logistics	+			+	
Consulting on participation in the international tenders				+	
Consulting on the development of plans to enter the markets	+				
Assistance in matters of technical regulation		+			+

## 9.2. The most useful government services

The respondents were asked to name services from the state, the introduction or improvement of which would cause the greatest benefit for the recovery and development of Ukrainian exports. From the responses, it can be concluded that the respondents are not aware of the already available services.

Diia + Diia. Business	62
Business Development and Export Office	11
Nazovni platform	8
Prozorro	5
Single Window web portal (e-customs)	5
Electronic court	3
Export credit agency	2
Single export web portal	2
E-business trip	2



### 9.3. The most necessary knowledge

Respondents were asked to identify areas where entrepreneurs lack knowledge for export recovery and development. Legislation, marketing and foreign languages lead this rating.

Legislation (in particular, foreign economic activities and product certification)	48
Marketing	40
Foreign languages	34
Knowledge of markets	20
Finances	18
Logistics	9
Strategic planning	6
Economy	6
Culture	5
Negotiations	4
Management	4
Sales	3
Document flow	3

### 9.4. Ideas of government decisions for the recovery and development of exports

In the questionnaire, the question was formulated as follows: “If you were offered to head the government, what one original idea or project would you implement to restore and develop Ukrainian exports? Describe the general content of the idea or project in a few sentences.” Below are the main response options, structured accordingly.

1. Development of a network of state institutions to support exports
  - 1.1. State support of networks of trade representatives of Ukraine.
  - 1.2. Creation of a network of Ukrainian business hubs on the basis of private-state partnership – a modern tool for the promotion of Ukrainian exports, culture and narratives, which will replace the imperfect and archaic system of trade representatives.
  - 1.3. Introduction of economic departments at embassies of Ukraine (with corresponding key performance indicators).
  - 1.4. Implementation of a comprehensive program of support and development of Ukrainian exports (creation of necessary infrastructure, search for partners, customer base and electronic contracts, creation of necessary services, contract insurance, etc.).
  - 1.5. Creation of a project office for the promotion of Ukrainian exports: analysis of Ukrainian manufacturers and their competitive advantages, analysis of markets, consolidation of exporters, creation of “Buy Ukrainian” exhibition offices in target countries operating 24x7, provide support to exporters, arranging training, helping in simplifying procedures, attracting financing, searching for better logistics options.
  - 1.6. Creation of a network of Ukrainian business ambassadors abroad.



2. Development of logistics infrastructure
  - 2.1. Creation of logistics hubs (technology clusters) for small and medium-sized enterprises in central or western part of the country, where products will not only be produced, but also collected in batches of goods, which will then centrally undergo customs clearance and be delivered to the hub on the territory of the EU, and later – to end consumers (simplification of logistics and reduction of its cost, as well as the possibility for non-residents to pay for products on the territory of the EU, and for manufacturers – guaranteed to receive payments).
  - 2.2. Increasing the volume of transshipment in marine terminals in Poland, Germany and Romania. Increasing the capacity of freight transportation by rail and road with neighboring countries. Cooperation of Ukrzaliznytsia with foreign partners.
  - 2.3. Creation of an export hub with integration into existing European and American platforms to solve the issue of certification and logistics for a turnkey manufacturer.
  - 2.4. Creation of a logistics infrastructure that would allow to send product samples or test batches around the world quickly, inexpensively and without complex technical obstacles.
3. Taxes, deregulation and other reforms
  - 3.1. Tax reform. Exemption of micro-businesses from taxes for a period of 2-3 years.
  - 3.2. Creation of target clusters with a preferential tax regime and a mechanism for attracting credit resources.
  - 3.3. Simplification of VAT refund procedure for exporters.
  - 3.4. Deregulation. Reduction of manual regulation factor for control bodies.
  - 3.5. Optimization of customs, tax service, regulatory bodies. The business is currently overwhelmed by the need to document its own activities within the limits of tax and accounting. The accounting staff at the enterprise is bloated due to the mass of documentation, although its management and payment of taxes do not guarantee anything – at any moment, the tax authority can recognize even an export operation as fictitious. Entrepreneurs need to protect their own investments and business from draconian fines that can bury the entire business due to the whim of an official.
  - 3.6. Simplification of customs control, promotion of product certification, search for new niches and promising markets.
  - 3.7. Substitution of quality control by the state for insurance of risks associated with low quality as a tool for consumer protection.
4. State support of foreign exhibitions
  - 4.1. The only permanent online exhibition of Ukrainian goods and services.
  - 4.2. State support during exhibitions abroad (according to the experience of Germany, Turkey and other countries).
5. Training
  - 5.1. Knowledge centers for every entrepreneur.
  - 5.2. “Export for everybody” project: free access to EU business directories; detailed comprehensive information on the legal requirements for each type of product.
  - 5.3. Training programs on optimizing the export department for existing companies and opening an export department for beginners.
  - 5.4. Analytical site with calculation of the prospects of bringing the product to the market of the country: so that it is possible to enter the product and the country and get theoretical indicators about sales volume of the product in the market of the selected country with recommendations for achieving the specified results.



6. Other ideas

- 6.1. Development of a single Made in Ukraine brand with a clear definition of who exactly can claim it, what conditions must be met.
- 6.2. Implementation of automatic reservation from mobilization to all Sole Entrepreneurs and business leaders who do not have combat experience.
- 6.3. Access to credit financing at a rate of 1-8%.



## 10. MAIN ACTIONS OF KEY STAKEHOLDERS

In the questionnaire, the question was formulated as follows: “Please name in each section no more than three most important steps that, in your opinion, should be taken by main stakeholders (the state, large business, small and medium-sized business, financial sector, donors, local self-government, civil society, cultural figures) for the recovery and development of Ukrainian exports”.

### 10.1. The State

From the point of view of the respondents, the main tasks of the state are:

- ensuring access to a financial resource;
- deregulation, reduction of tax burden, bringing order to customs and with VAT refunds.

Note that these three answers are fully correlated with the results of business research conducted by Diia.Business consortium, Advanter Group, Central Research Institute. But if for the domestic market, in particular, there is a lack of solvent customers (which, in fact, becomes a prerequisite for the search of export opportunities for business), then for exports, assistance in financing access to foreign markets and modernization of production to meet international standards is important.

Liberalization of internal economic relations (primarily deregulation and tax reform) should contribute to the growth of the competitiveness of Ukrainian exports.

Improving access to credit resources and grant programs	36
Deregulation	32
Reduction of tax burden	28
Creating a positive image of Ukraine and Ukrainian goods in the world	16
Speeding up the movement of goods through customs	14
Solving the VAT refund problem	14
Assistance in the arrangement of participation in exhibitions and other events	13
Organization of educational and consulting programs	11
Implementation of reforms in customs and tax spheres	11
Comprehensive export support	10
Creation of a mechanism for men to travel abroad to participate in exhibitions and sign agreements with partners	9
Assistance in financing and insurance of export contracts	9



Fight against corruption	8
Development of the National Export Strategy	8
End of the war	5

## 10.2. Large business

According to respondents, the main task of large business is to invest in increasing the added value and the competitiveness of products. At the same time, large business is seen as an icebreaker, the first to enter new markets and demonstrate success algorithms. Launching the sale of products with high added value in a new market, where previously only raw materials were sold, becomes an impetus for the development of an entire sector of the economy.

To invest funds in deep processing of products, improving their quality and competitiveness	17
To cooperate with SMEs	15
To actively expand to foreign markets	9
To pay taxes	8
To join associations and business circles	5
To invest in the development of the brand of Ukraine and Ukrainian products	5
To lobby for changes and state reforms	3

## 10.3. Small and medium-sized business

According to the respondents, both large business and SMEs should strive to join forces. Note that according to regular researches of Advanter Group (in particular, in February 2023), a third of Ukrainian businesses are already part of various types of communities, and about 30 percent are considering such an opportunity. The association enables SMEs to strengthen their own positions in foreign markets. So, for example, within the Board business community (1,500 owners of Ukrainian businesses) in 2022-2023, six sectoral consolidators and four geographical ones (Poland, the Czech Republic, Spain, the United Arab Emirates) were created, which helps Ukrainian enterprises to strengthen their export positions, and newcomers to gain access to local competences, connections, sales channels, sources of financing. In fact, such consolidation is the answer to the second priority of SMEs – access to knowledge.

To join into associations, business communities and business clubs	28
To gain new knowledge about conducting business, organizing export activities, developing personnel competencies, learning the language	17
To work and pay taxes	7
To invest in production facilities, increase the level of production and develop personnel	7
To improve product quality	6



To make investments in the development of innovation	6
To meet international standards	3
To create jobs	3

## 10.4. Financial sector

As mentioned above, business access to financial resources – it is mainly about access to a cheap and long-term resource – is the most important task. The lack of financial resources affects the low level of capital investments, the low efficiency of launching new projects, the inability of business to scale up (and this forms a vicious circle: high cost of production, uncompetitive price). Given the small domestic market, this problem can only be solved by financing the development of export programs.

Providing businesses with an access to credit programs	48
Creation of new financial instruments	10
Financing	10
Providing businesses with an access to cheap financial resources	8
Reduction of loan rates	7
Insurance of commercial risks in the process of export, insurance of export contracts	7
Implementation of preferential credit programs for exporters	5
Provision of grants and other financial assistance	4
Investing in export development, in particular with international financial institutions and insurance companies to develop effective investment financing tools	3

## 10.5. International organizations

Donors, intergovernmental organizations, international public organizations, etc. are an important part of the Ukrainian export ecosystem. They are primarily expected to provide grant support. But no less important is an access to knowledge on export development, informational support, assistance in promotion. Assistance in obtaining competences from the government structures of partner states can facilitate successful private investments from their countries.

Provision of grants to support exports, purchase of new equipment, staff training, etc.	24
Business support through training, seminars, round tables, etc.	12
Information support, dissemination of information about Ukrainian companies, provision of direct and rapid exchange of information regarding legislative and regulatory requirements for products between manufacturers in Ukraine and target markets	8





Support of export development institutions, financial and organizational support of trade missions	6
Funding of business initiatives and business associations to promote exports, funding for the promotion of Ukrainian goods and services	5
Opening access to international investment funds	4
Support in the purchase of equipment, obtaining certification, assistance in business participation in international events	4
Promotion of Trade with Ukraine brand, training programs, organization of trade missions	4
Promotion of Ukrainian business at international industry exhibitions, promotion of free participation	3
Development of credit programs	3
Assistance in tender procurements, organization of exit of companies through tenders to foreign markets	3
Financial support programs for exporters	3

## 10.6. Local self-government

Promoting the development of local business, encouraging development and relocation to the region thanks to better tax conditions, allocation of land plots and ensuring access to communications – all this, according to respondents, will significantly help the development of local export-oriented business.

Support of local initiatives, advocacy of local business interests	13
Organization of programs for learning foreign languages, holding events to promote the success stories of exporters	8
Allocation of land for production, provision of access to connection to communications, maintenance of land tax at an acceptable level	7
Reduction of local taxes, refusal of taxation of production premises, tax benefits for exporters	6
Development of long-term community development strategies and calendar plans for their implementation	6
Creation of favorable conditions for business relocation within Ukraine	5
Launch of local programs for the promotion of the region, promotion of the local manufacturer, conducting business missions, financial support for the participation of the local manufacturer in trade missions, exhibitions, conferences	4
Assistance to enterprises in renting premises, allocation of land plots for production or processing on preferential terms	4
Support of local manufacturers with the search for personnel	3
Fight against corruption	3



## 10.7. Civil society

Civil society is considered as an influential stakeholder in export development only by a minority of respondents. In their opinion, control over the activities of the authorities and assistance in the promotion of Ukrainian business abroad are the main tasks of civil society.

Control of the activities of state authorities, control of the accession to the EU, implementation of reforms	10
Support of the Ukrainian manufacturer abroad	9
Fight against corruption	5
Learning foreign languages	3
Advocacy for necessary reforms: law enforcement reform, court and customs reform	3

## 10.8. Cultural figures

Popularization of Ukraine, Ukrainian brands and business relies heavily on cultural figures. Interest in Ukrainian products is a direct result of growing interest in the country, its culture, and values. There are many examples of successful collaboration of personal and product brands in foreign markets, but there is no systematic interest in Ukrainian brands in the world, and a significant part of successful Ukrainian brands generally do not advertise their Ukrainianness. Fashion for Ukrainian has not been formed, and several historical opportunities to consolidate interest in Ukraine in the systematic positioning of the Made in Ukraine brand have not been implemented. At the same time, there is a threat that war fatigue and the end or freezing of active hostilities will lead to the disappearance of Ukraine from the focus of attention.

Popularization of the brand of Ukraine in the world, search for ambassadors of Ukrainian brands, drawing the attention of the world community to the potential of Ukraine	19
Promotion of Ukrainian brands in the world, participation in a campaign to promote Ukrainian goods and services	16
Popularization of Ukraine, the role of business	10
Promotion of Ukraine on all cultural platforms	4



# 11. COUNTRY DEVELOPMENT FACTORS DETERMINING EXPORT DEVELOPMENT

The respondents were asked to name the most important factors of the country's development in view of the impact on the development of exports in the next 5 years.

Deregulation, simplification and transparency of customs and tax systems	190	74%
European integration (acquiring membership in the European Union)	137	53%
Protection of the domestic producer in the domestic market	72	28%
Availability of labor force (return of those who temporarily left and attraction of migrants)	72	28%
Acquisition of membership in NATO	63	25%
Preservation and strengthening of democracy in Ukraine	64	25%
Signing agreements on free trade and opening the markets of the countries of the Global South (Asia, Africa, Latin America)	60	23%
Formation of an open society, inclusiveness of culture and identity	30	12%



## 12. CONCLUSIONS AND RECOMMENDATIONS

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The foresight for the recovery and development of Ukrainian exports provided a sufficiently large volume of information on the main trends, scenarios, limitations and necessary steps. Brief conclusions are given below.

1. The significant reduction of the domestic market as a result of the war (destruction of production and logistics infrastructure, reduction of incomes and departure of a large part of the population, etc.) leaves the accelerated development of exports as the only way of economic recovery and development. The accelerated development of exports is actually the key to all economic problems of Ukraine: without it, the country will remain in poverty, in a ruined state for a long time, with limited opportunities to support national security and post-war social programs, etc.
2. The world is experiencing rapid technological development simultaneously with new economic and environmental challenges, and finding one's place in the international division of labor is becoming increasingly difficult. Global uncertainties include both further globalization of the world or its regionalization with the division into protectionist domains, as well as humanity's ability to cope with the next technological leap, which threatens with significant economic upheavals.
3. At the same time, Ukraine itself has significant current uncertainties, in addition to those related to war and demographics. The economy suffers from low economic freedom (regulation, excessive control, discretion on the part of civil servants, corruption, lack of transparency), while threats to the preservation of democracy (partly caused by wartime restrictions) are increasing, and the prospects for European integration, despite confident rhetoric from both sides, remain unclear due to low pace and partial failure of reforms (primarily those related to the rule of law).
4. The demographic problem appears to be the biggest post-war problem: the lack of workers will require significant immigration, which risks turning the country into a field of international conflicts, if the possibility of mass successful assimilation is not ensured, and here we are talking not only about the strength of the Ukrainian language and culture, but also about an open, inclusive nature of Ukrainian society and Ukrainian identity – at the moment we cannot boast of this.
5. Desired development scenarios are formed by deepening the democracy and forming an open model of society. The first makes it possible to more evenly distribute the fruits of economic development in society, overcoming inequality and poverty and preserving and increasing the middle class, which creates a demand for democracy, innovation and quality education. The second allows attracting and assimilating the necessary human capital, in particular to replace the emigrating one, but also to solve the problem of the inverted demographic pyramid (the ratio of young and old, able-bodied and retired). At the same time, democracy enables economic freedom, which allows attracting investment and increasing added value, which is generated in the economy, which means choosing an immigration model that is attractive to talents from around the world, rather than to low-educated and low-skilled labor from the



poorest countries, as in a low-value-added economy.

6. At the same time, the inertial scenario, which is the most likely, is formed by a tendency towards authoritarianism in combination with a closed model of society. It is capable of generating some economic growth, but it is short-lived and unstable.
7. After the end of the war, Ukrainian business expects to increase the share of exports in its turnover by at least one and a half times, entering the rich markets of North America and the Middle East, but also not forgetting about other regions. For almost half of the surveyed enterprises, the development of exports is the investment priority, despite existing restrictions, and the expansion of the geography of exports is the main line of action.
8. The biggest obstacle to export development is the lack of financial resources for scaling up production, adaptation and/or product promotion. All business segments without exception suffer from this. At the same time, large businesses often face logistical constraints and high competition in target markets, while micro and small businesses lack information and knowledge and experience.
9. The costs of micro and small businesses to overcome obstacles to export are estimated at an average of USD 250,000, which is an unaffordable amount for a large part of them in the current conditions. Medium and large businesses need investments in the amount of USD 2-2.5 million on average, which seems more affordable, but not in all cases, judging by complaints about lack of finances.
10. Therefore, the biggest obstacle remains financial problems – lack of not only investment, but also working capital (financing and insurance of current export contracts), currency risks, etc. Entrepreneurs dream of affordable credit programs for export development and various customized financial instruments.
11. Current restrictions, obstacles and risks are largely directly related to the war: logistical restrictions, refusal of counterparties to enter into agreements with businesses from a warring country, as well as personnel problems: mobilization of part of the staff, risk of further mobilization, emigration, restrictions on temporary departure for exhibitions and negotiations, etc.
12. The lack of competences remains a significant obstacle to the development of exports. It is primarily about marketing and legal knowledge and experience in target markets. But there are also problems with foreign languages.
13. Successful marketing and finding orders in foreign markets is a serious problem for all categories of exporters. This relates to the greatest expectations regarding state assistance to exporters, from exhibitions and other promotional events, marketing research to direct assistance in finding customers.
14. Exporters dream of a system of effective state or state-private representations of the Ukrainian economy abroad, which will simultaneously promote Ukrainian culture and narratives through full-time staff and a network of ambassadors.
15. Relations between exporters and state bodies are far from ideal. Characteristically, the authorities of one's own country turned out to be a problem five times more often than the authorities of the country where the export products are headed. Exporters are poorly aware of the available state aid programs.
16. Logistics restrictions are imposed on problems with customs, and the lack of financial resources – on problems with export VAT return. Exporters dream of a regulatory policy that will not hinder their competitiveness and will not require excessive reporting.
17. The main tasks of the state are to ensure access to financial resources and to bring order to customs and the tax service (primarily this concerns VAT refunds). Liberalization of the economy (primarily deregulation and tax reform) should contrib-



ute to the growth of the competitiveness of Ukrainian exports. At the same time, it is expected that the state will promote the brand of Ukraine, support Ukrainian exporters at exhibitions abroad, etc.

18. Large business is seen as an icebreaker, the first to enter new markets and demonstrate success algorithms. The main task of large business is to invest in increasing the added value and the competitiveness of products. At the same time, small and medium-sized businesses expect greater openness and the creation of ecosystems that increase their own chances of success.
19. The main challenge faced by SMEs in connection with exports is to remove rose-colored glasses and not to wait for magic pills or wizards that will solve all problems. The main task of SMEs is to unite and strengthen the level of competences: to learn, to be ready to assume obligations.
20. Donor programs for the development of competences, support for impact investing, etc. can be a significant support for the development of exports.
21. An important role is played by local self-government, which is capable of locally improving business conditions, but its main task, given the importance of democracy and threats to it, is to preserve decentralization as a safeguard against authoritarian tendencies.
22. Business also places its hopes on civil society as a “watchdog” of democracy and European integration.
23. A special role is assigned to cultural figures. They should be ambassadors and be invited to cooperate in order to popularize both the brand of Ukraine and specific Ukrainian brands. But for this you need to be intellectually and morally ready for cultural expansion, to be able to speak the language of business and other fields, to offer global meanings.
24. Respondents associate their main hopes for the better with deregulation, simplification and transparency of customs and tax procedures, as well as Ukraine’s European integration.



# LIST OF APPENDICES

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Note: The attachments are not intended for public distribution, as they contain personal data that was collected for research participation and other restricted information.

1. Scenario of the workshop session.
2. List of participants of the workshop session.
3. Questionnaire.
4. Survey results.
5. Presentation.







