

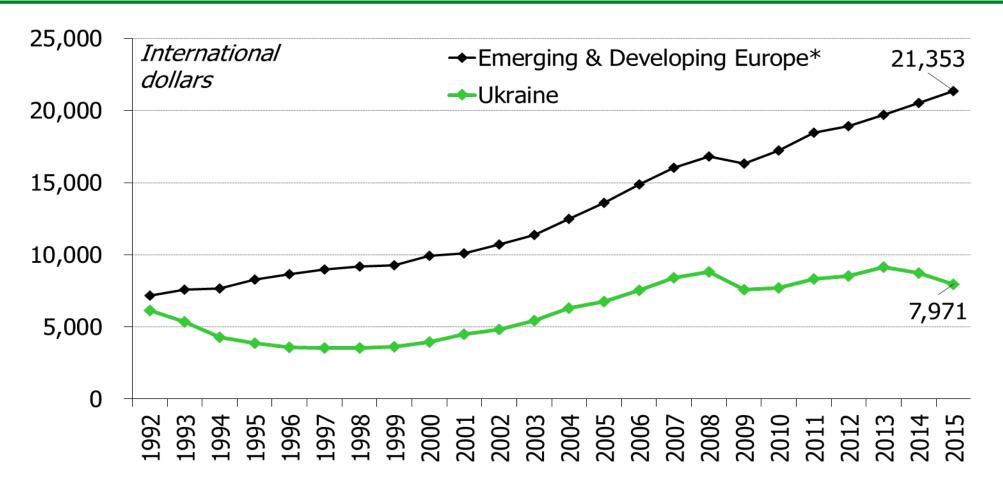




Foreign Investor Survey

September 2016

GDP per capita based on purchasing power parity (PPP)



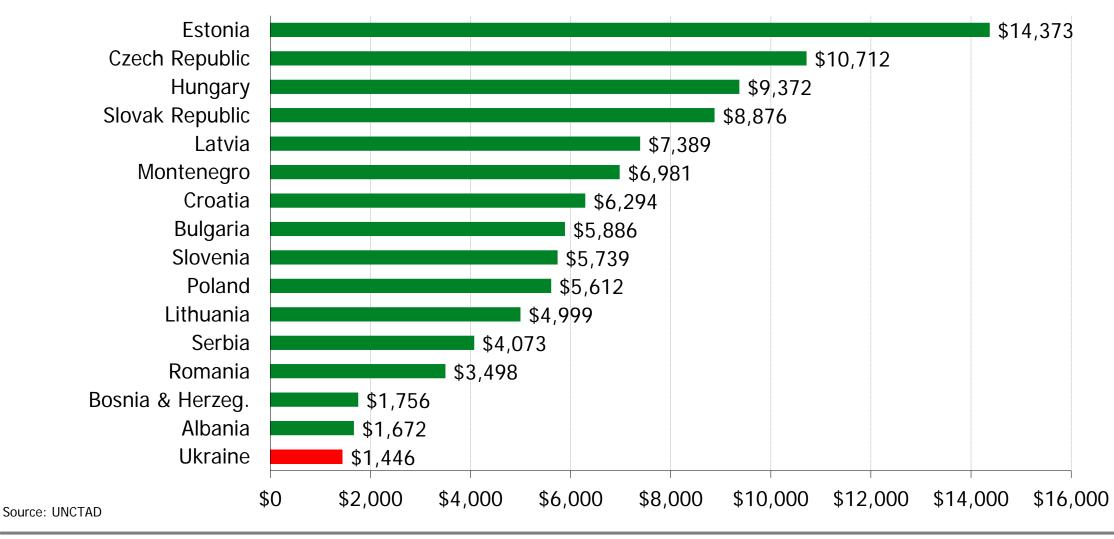
Notes: *Emerging & Developing Europe includes Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Kosovo, FYR Macedonia, Montenegro, Poland, Romania, Serbia and Turkey. Source: IMF







FDI stock per capita (end-2015)









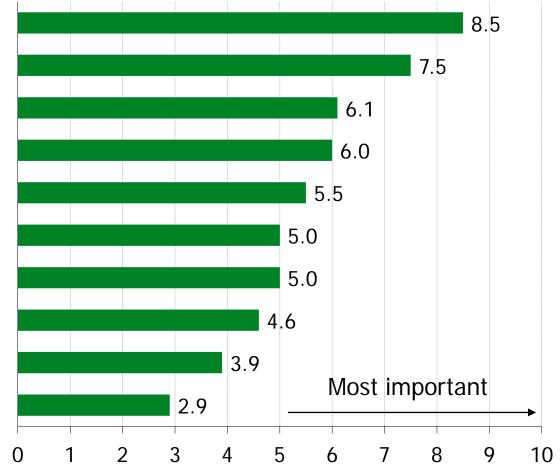
- Online questionnaire
- August 25-September 2, 2016
- 102 responses
- 2/3 are direct investors
- 2/3 are currently invested







Major obstacles to foreign investment in Ukraine



Widespread corruption Lack of trust in judiciary Military conflict with Russia Unpredictable currency and unstable financial system Restrictive capital and F/X controls Complicated tax administration Cumbersome legislation Weak prospects for economic recovery Low consumer purchasing power High tax rates

Sources: EBA, Dragon Capital

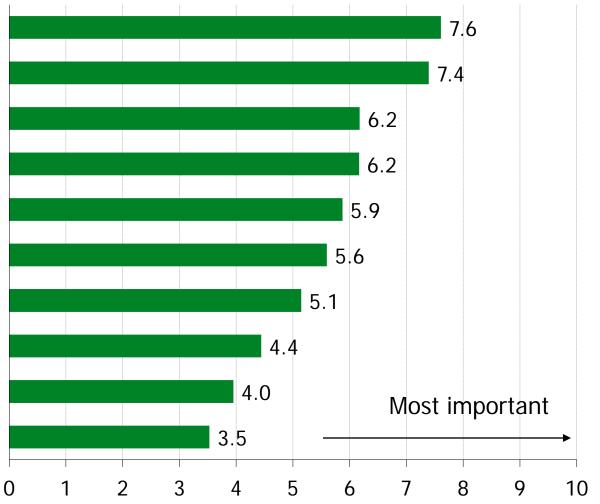






What actions Ukrainian authorities should take

Vet the existing and hire new judges



Prosecute high-level officials and judges for corruption Ensure the IMF program remains on track and on schedule Liberalize foreign exchange controls Complete at least 3 transparent and successful big privatizations Streamline tax administration Overhaul domestic infrastructure Offer tax breaks to new direct investors Establish a one-stop shop for foreign investors Cancel the moratorium on agricultural land sales

Source: EBA, Dragon Capital





