

TRANSCRIPTION MARK TERAMAE

“Doing Business in Ukraine: Opportunities and Challenges After the War”

Mark Teramae INTRO: (5:51) – The first thing that comes to mind is obviously construction so there has been obviously so much destruction and to rebuild the country you will need a lot of both money and resources from the outside, so I think any companies involved in any aspect of the construction industry they will really have an opportunity to come in. (6:18)

Louisa Ajami: Welcome to this episode of The Berlitz language and culture podcast. Joining us today is Mark Teramae, an expert in international relations with a specialty in Russia and Ukraine, originally from the US, Mark has lived and worked across Europe, most recently holding academic positions in Finland, before moving to Kyiv, Ukraine this year. As the war in Ukraine continues, millions in the country, as well as those who were forced to leave, are eagerly awaiting an end to the war, and when the war does end, Ukraine will have the enormous task of rebuilding itself and welcoming business back in Mark will be talking to us about business norms in Ukraine, and what those hoping pause. Mark will be talking to us about business norms in Ukraine, and what those hoping to one day do business in the country can expect when hostilities end. So welcome Mark, and thank you for joining us.

Mark Teramae: Thank you, Lisa, thank you for having me.

Louisa Ajami: Mark, what are some of the industries that are thriving or that are posed to thrive in a post war Ukraine?

Mark Teramae: Well, the first two that come to mind right now, the first would be logistics. So one of my favorite examples is the kind of like a DHL, kind of company called novaposhta, which was created as an alternative to the Ukrainian post office because it's faster and more efficient. And now, since the full scale invasion in 2022 it's expanded to many of the countries where there are a lot of Ukrainian refugees. So this business has just taken off. I mean, you can get things from, let's say, Estonia, to Ukraine in one day. It's very, very cheap. And so a lot of people are getting their stuff back and forth, or getting documents and things they need back to Ukraine, very cheap and very quickly. So that's probably very prime example. Another one. You know, I just moved to Ukraine last month, but obviously I've been visiting, you know, once or twice a year, and every time I go back, I see more and more restaurants, cafes, bars, businesses. I think this trend started already, maybe about 10 years ago, and I think it began when the currency started to devalue, and people thought like, well, it's better to have something tangible than just watch our savings evaporate. So there has been a steady increase of businesses. So while

there is a war going on in Kyiv or in, especially in western parts of the country like Lviv, you might not know anything is going on. And there's, you know, cafes that are full and restaurants that are full. So I'd say, Yeah, logistics and restaurants, cafes, things like that, are probably the two industries that are thriving most right now.

Louisa Ajami: Yeah. And of course, the restaurant and cafe business can also pick up once tourists start returning. Absolutely, yeah as well. Yeah. And what are some of the tourists, some of the tourism that was in Ukraine before the war, just as an aside, or is there a lot of internal tourists from within Ukraine going to the different locations around there from other parts of the region.

Mark Teramae: yeah, I would say so the well before the war and well after, again, the three main cities for tourists would be Kiev, Lviv and Odessa, right? So you have the capital, the history, you have the western part, which is a little bit different, little closer to Central European architecture and history, and then Odessa, you have the Black Sea. And that holds true both for domestic tourists and foreign tourists. So yes, there are a lot of Ukrainians who will travel around the country. Obviously, you live in the countryside, you live in some far flung city. You want to come to the capital and check it out, or you want to the beach. So, in pause, so foreign tourists, let's say 10-15, years ago, when I was living there, the first time many people came, just kind of for the wild East aspect, right? They didn't, I can't say they had any, you know, I want to see this site. I want to go to this place more like, wow, I'm in this kind of, you know, it's Europe, but it's not European Union. It feels a little bit out there. So I would say it was just more for that kind of air of the unknown, undiscovered. And then after a certain point, I think it was Ukraine and Poland had the European football championships, a lot more people started to come in, and that whole kind of like, oh, wild East thing disappeared. Like, well, it's just a regular place, and it's not in the European Union. But it doesn't mean it's any less European than, you know, Poland or Lithuania, wherever you. (5:00)**So I think that many people would come to Kiev for the history. It's a very beautiful city. It's a very old city. It's a very large city. So I think when the war is over, then the tourism will return, and probably larger than it was before. (5:19)**

Louisa Ajami: I can, I can see that happening absolutely now. As you know, when the war does end, hopefully sooner rather than later, what are some aspects of Ukrainian society and economy that might be attractive to business people who wish to do business in the country? So you, of course, you're going to have the internal Ukrainian businesses starting back up again and expanding, hopefully. But for for any foreigners who might want to be entering or who might be considering entering When the war ends, what can they look forward to.

Mark Teramae: (5:51) – The first thing that comes to mind is obviously construction so there has been obviously so much destruction and to rebuild the country you will need a lot of both money and resources from the outside, so I think any companies involved in any aspect of the construction industry they will really have an opportunity to come in. (6:18

More than that PAUSE – cut here - 6:20 to 6:35

Louisa: Is it easy to do business there?

Mark: That's a really good question that it depends, because corruption is a thing in Ukraine, right? And it's been there for a long time, and it's gotten better over the years. I would say each year it probably gets a little bit better, but it's still a big issue. So depending on the kind of business you want to run, you may, may or may not encounter this, this corruption. I mean, if you're coming in at the very, very top and you want to jump in and make real money, you know, you might have to jump through through some hoops. But if you're at the lower end, and you know you want a store or a cafe or something, then you know, maybe not so much. But yeah, there are some, let's say, some obstacles that one might encounter, also the bureaucracy. It's not the easiest place to, first of all, even figure out what the rules are, and then second to go through the procedures necessary to get you know your documents and permissions and and this goes just you know, as a resident, for a residence permit, even much less business. So taking into consideration that it may be confusing, it might be time consuming, it will probably be frustrating at some point. That said they have moved a lot of services online, so you really have this, this, you know, dichotomy, where some of it feels like this old Soviet bureaucracy, and some is more modern than some of the Western European countries. You can go on an app, and you can do all of your different, you know, official things, and you're done. So I think it really depends on, first of all, what you require, and second, you know, how big are you on the scale of business? Are you somewhere near the top, or, you know, are you in the billions of dollars, or are you somewhere near the bottom?

Louisa Ajami: Now we tell basically everyone who's moving to a new country for work. We always tell them it really, really is beneficial to have a local contact who can help you through the bureaucracy, just pointing you where to go if you need something, giving advice on how long it might take, etc. So I suppose that certainly stands for Ukraine as well.

Mark Teramae: That's absolutely 100% because, well, from my personal experience right now, even, you know, my Ukrainian wife is getting bounced around from agency to agency, um, and I'd say to kind of go back to that point about you, you know, you have this, this very advanced electronic system where

you can do things on an app, or you get this, like antiquated Soviet bureaucracy. I think it also has to do with, is your problem or issue? Is it straightforward? Is it by the book? Then it's very simple. If you have any deviation, any kind of exception, nobody knows what to do. And it's like, well, I don't know. That's not in the rules. Go ask somebody else, and that person, oh, I don't know, go ask somebody else, and they'll bounce you, bounce you, bounce you until you push hard enough and find somebody who can give you an answer. And it's, in our case, it's very simple. They just either don't know or don't want to kind. Kind of go outside of the box. So if you have a local contact, by all means, please use that person also. The level of English in the public sector is quite low, maybe non existent, depending on the age of the person. So you will not get anywhere without Ukrainian. Basically, that's another big reason to have somebody local to help you out.

Louisa Ajami: Another plug for Berlitz, we do teach Ukrainian on multiple different types of platforms.

Mark Teramae: absolutely get get started learning, because it'll pay off in the end.

Louisa Ajami: So when it comes to workplace culture, what are some important aspects that foreigners should know about doing business in Ukraine or with Ukrainians, for example, the level of formality, the type of greetings, what are some important points that are really essential for foreign business people or academics or NGO workers to understand about Ukrainian workplace culture,

Mark Teramae: I would say in general, it's little more formal than North America or Western Europe. People would, you know, shake hands very formally. You'll greet each other, you know, with the Mr. So and So, or Mrs. So and so. If you're using English, obviously, there is a lot of, I would say, top down hierarchy. So if the boss says something, or the manager says something, you just kind of do it and you listen to it. It's not a, you know, open workplace team, like, Oh, hey, how do you feel about doing this? It's more like, No, we're going to do this. And you kind of do it again. It really depends on the workplace. It depends on the, you know, industry. It also depends on the age of the people, again, the older people who grew up with this Soviet past are still kind of stuck in this, you know, we just take orders, and that's the way it is. Whereas younger people, especially ones that may have been educated abroad, they're much more, let's say, questioning. Why do we have to do this? What is the benefit of doing that, for example? So again, it's, it's, that's why I want to say it's hard to cover all the bases at once, because there are some of these stark differences. But generally, yes, it is. It is a more formal environment. And I would say, once you're in there for a while, that level of formality will kind of go down, it'll decrease.

Louisa Ajami: We always say during our cultural programs, it's better to err on the side of formality when you don't know. So I think exactly so some of our listeners who might be unfamiliar with the patronymic system in Slavic speaking countries, could you just explain a little bit what a patronym is...

Mark Teramae: Right, so instead of saying mister or missus, like we would say in the US, like Mrs. Johnson, Mr. Jones, um, so in Ukraine, the patronymic is derived from the Father's name and then with the masculine or female ending, depending on the person. So like, if the father is, let's say Serhii, and the woman is Maria, the daughter is Maria, so her name would be Maria, Serhii ISNA, so not Mrs. Whatever her last name is, or Mrs. Maria, some countries will do the MR. MRS. And the first name you have the first name, and then this name that's derived from the father's name. Yeah. So it can be a little bit awkward, because, let's say your father's not in the picture, or your father is, you know, something died, or, I don't know what like, but you carry this legacy your entire life. So this is very common, maybe with the older gender. I'm not sure. You know, my kids are a little too young to be in the workplace, and I'm, well, kind of right in the middle. So I would say my age and older, the patronymic is definitely used, maybe people in their 20s, it might be seen as too Soviet, too, you know, antiquated. But this is a thing that will definitely come up. So there's a patronymic, yeah? And if you want to say, you know, get somebody's attention, or do you want to show somebody respect, you use the the patronymic.

Louisa Ajami: So the person's first name plus the patronymic suffix, depending on their gender.

Mark Teramae: Okay, like my kids would be Markovich, okay, yeah. And if I had a daughter, would it be mark of not mark, if not something like that. So it's you have this male ending and female ending to the Father's name, and that becomes like your middle name, okay? But it's used as it's used in place of Mr. Or Mrs. Or And just to show respect to older people

Louisa Ajami: And stuff like handshakes, eye contact tends to be on the more formal side, at least at the beginning of a relationship in business, would you say, Yeah,

Mark Teramae: That's true. And handshakes between, at least between men. I've noticed it's a very big thing. Like every time you see somebody, you always give a handshake. And if you come to the table, you shake hands with every single person, not just the person you know, and not just a Hey, what's up? You know, wave from the corner. You come and shake hands and make some kind of a contact with with the people. So, yeah, it's a little more on the and I wouldn't even say that's formal. It's just, it's just kind of, I like it. It's, you know, you're it's just

acknowledging people. So you're not going to get away standing in the corner waving Hi. You're gonna have to go up to people shake hands and, you know, you see them. They see you. And everyone knows, I don't, I don't know I like that. It's, it's, I wouldn't say it's just formality. It's just more of a more intimate kind of,

Louisa Ajami: I think that in a lot of parts of the world, and it seems like Ukraine as well, when it comes to building workplace relationships, there's an importance of making the connection, showing your face, showing formality, and deliberately establishing a trusting relationship, instead of just letting it happen, perhaps organically, there needs to be an effort made to introduce yourself show some level of formality, depending on the context, and then working towards building relationships, perhaps getting to know each other a little bit, maybe asking some questions just to break the ice, establishing a harmonious tone,

Mark Teramae: Yeah, absolutely. It's a little different from, let's say, Nordic Europe, where you can get by kind of being anonymous. I mean, you're a worker, you have to, you know, show up, do your thing, be part of the team. But there is kind of that invisible barrier to, well, this is private, and this is, you know, workplace. And while Ukraine may be more formal than, say, Sweden, Norway or Finland in the beginning, later on, I think that those ties really make it more informal, because everyone is comfortable with each other. You know, there's there's there's, I wouldn't say people are in your business, but you you blur that boundary a little more, and because of that, people are more comfortable with one another, whereas, again, in lane like Nordic Europe, there's, there's, there's that, well, maybe I shouldn't go this far, or maybe we shouldn't go, you know, this way, maybe, maybe that person will think it's a little bit too invasive. So, but, yeah, it's, it's a lot more. And again, it's just like you go to dinner and you shake hands with everybody at the table. To me, that seems normal. You're sitting at a table. I don't know you, but you're at the table, so let's get to know each other, or I'm at least going to acknowledge you're here, whereas in other places, you might say hi to your friend and then you just like, give a wave at the other end of the table. And that's that's it. You know, you never talk, you never look. So again, there's that kind of togetherness that is more is more present there, yeah.

Louisa Ajami: So there might be some sort of consideration around the public and private aspect of getting to know your colleagues, so perhaps knowing them on just a superficial level, what they do, what their name is, how much you work with them on a daily basis, versus knowing more about their family life, their home life, perhaps even seeing them outside of work, if you're close getting together on a Friday afternoon. Is that? Is that? Does that tend to be more common in the Ukrainian context, a little more public.

Mark Teramae: Yes, I would say that's more again. Again. People are different. Workplaces are different. You know, age gap, whatever. But in general, yes, I would say it's much more common that you have some kind of a more social relationship with your colleagues. I mean, I. It doesn't mean you're going to be best friends or whatever, but you know, you'll probably know about each other's families, and you may go for a drink after work or something. You may not but in comparing to other countries, it's more common that this will happen in Ukraine. So people in general are more social. So especially, again, depending on the job, some people may become very good friends. You know, it's probably rare that, if you have a workplace of 10 people that they all go in 10 different directions. You know, at least there's going to be some, you know, grouping and, you know, social activity, at least in my experience and what I've seen. So, yeah.

Louisa Ajami: So when it comes to some challenges that business people entering Ukraine may face, you did speak a little bit earlier about perhaps a little bit of bureaucracy, maybe a lack of clarity around what you might need to get something done in terms of expanding a business getting permits, registering, um, what other What other challenges might foreign business people face when entering Ukraine to work?

Mark Teramae: Well, let's say the bureaucracy would be number one. So I mean, yeah, you need people on the inside to help you navigate this, because even these people on the inside might not know. Even the people who work in these agencies might not know. So it can be a very lengthy, frustrating process. Again, let's say the economic situation in Ukraine, it goes up and down over the years, right? So the trend, let's say, since about 2008 is for the currency to devalue. So in 2008 we had one euro was oh eight, krivna, maybe eight to 10 kvna, and now it's about 45 so around 2013 14 is when the currency really started to devalue, when we saw, you know, 3540 to the euro. So do people want to be there long term? I mean, of course we have to picture in the post war society, there'll be a lot of immediate needs, right? Construction, you know, buildings, roads, whatever it might be once these needs are met, what next so is this is, are you in a business that is there for, you know, three to five years. Are you there for 20 years? Is there any part of your business that's even applicable after this initial entrance into post war society? So you know, these are different factors. Now I say like Ukrainians are very, very, very good at fixing things and coming up with solutions. I like to say it's like a country full of macgyvers Right, like you just give them, you know, a piece of gum and a hockey ticket or something, and they'll make something right. That was one episode I remember, in any case, competing with Ukrainians in things like that is not going to work. So Ukraine also has very rich soil. It grows, you know, a lot of its own products that are very high quality. So

things that come from outside. Number one, they're not really needed. Number two, they won't compete. So if you take, like, I don't know, ketchup or something like sauces, you go to the supermarket in Ukraine, and there's like 50 different sauces, and they're all Ukrainian made. And then there's the Heinz ketchup up top. That's like, five times the price. And why would you buy that? You know, that's just a silly example, but that's the kind of thing. So if you're producing products. Is it something that people will even buy? Because I guarantee you, there's already something there. And, you know, services, well, if you're I don't know cars. Most Ukrainian men can fix a car. I mean, you can go to a garage in the middle of a village somewhere, and you can get your car fixed. So competing with this, you know, I wouldn't even call it entrepreneurial spirit. It's more like survival that, you know, we have this to work with, so we're going to make something of it. Can you compete with that or be better than that? Well, you have to really offer something to top that, especially when your prices are going to be more than what the locals can do it for.

Louisa Ajami: So I'm hearing a lot of flexibility there. You know, the ability to adapt, improvise, to be tolerant of ambiguity, to take risks. So those are, those are some areas where it seems like Ukrainians Excel. So keep that in mind those who are entering the country for work absolutely well. Mark, thank you so much for joining us on this podcast episode and bringing us your vast experience many, many years in the Ukraine and moving there permanently. As of recently, I did want to mention to our listeners that this podcast with Mark Treme is also a partner to our Ukrainian country Guide, which will be available on the cultural navigator, filled with information on working, living, socializing, etc, in Ukraine. So look out for that on the cultural navigator and Mark, I just wanted to thank you again for joining us and to wish you the best of luck as you settle into the Ukraine and begin your new life there with your family. Thank you so much for sharing your wisdom with us.

Mark Teramae: Thank you so much. Have a good one. Thanks you too.