

# **THE ECONOMICS OF MOBILIZATION**

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**PROPOSALS FROM THE GERMAN-UKRAINIAN  
BUSINESS COMMUNITY**



**KYIV  
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# POSITION PAPER ON UKRAINE'S MOBILIZATION LAW

The German-Ukrainian Chamber of Industry and Commerce (AHK Ukraine) supports its members and the business community in Ukraine during these challenging times. Russia's war of aggression has profoundly impacted companies, necessitating balanced policies that support both national defense efforts and economic stability. This position paper addresses key concerns regarding employee reservation, vehicle regulations, and travel restrictions, which are essential for the continued operation of businesses in Ukraine.

AHK Ukraine calls for mobilization that does minimum harm to companies and the economy.

## 1

### Employee Reservation and Military Registration Policies

#### 1.1. SUPPORTING THE EXTENSION OF THE 60-DAY PERIOD FOR CLARIFICATION OF DATA BY PERSONS ON THE MILITARY REGISTRY

**Issue:** The 60-day period established by the current legislation proves to be insufficient due to power outages and the resulting interruptions in mobile communication, Internet access & electronic systems' operations throughout Ukraine. In combination with insufficient capacities of military offices and centres for administrative services to accommodate visits of the remaining part of persons on the military register (circa 9 million persons), this might lead to a wave of groundless accusations and fines.

**Proposal:** In order to ensure proper conditions for persons on the military registry to fulfil the requirements of Law No. 3633-IX, we recommend that Draft Law No. 11305 be adopted as soon as possible to extend the period for data clarification by a further 90 days.

## 1.2 INTRODUCING ECONOMIC RESERVATION

**Issue:** The existing framework for employee reservation does not sufficiently consider the economic imperative of retaining key personnel. This oversight limits the capacity of businesses to prioritize and secure critical roles that are essential for maintaining economic stability and fostering growth.

**Proposal:** We recommend that an economic reservation category be established, which would permit businesses to reserve additional (as compared to the existing 50% quota) personnel deemed critical for their operations regardless of their military specialization. This would include a mechanism allowing businesses to pay for supplementary reservations. Such a provision would enable companies to retain indispensable employees, thereby ensuring continuity in critical operations and contributing to the broader economic stability during these challenging times. This policy would be subject to strict regulatory oversight to prevent misuse and ensure alignment with national defense priorities.

## 1.3 TEMPORARY PROTECTION FROM MOBILIZATION

**Issue:** Under the current environment, employees are at risk of immediate mobilization when they update their documents at recruitment centres. This immediate mobilization leaves enterprises with inadequate time to secure necessary reservations, thereby, disrupting business operations and leading to potential losses.

**Proposal:** We recommend that a temporary protection period of one month be established for employees who are in the process of updating or obtaining reservation documents. This proposed grace period would provide employers with the necessary window to complete essential administrative processes without the immediate risk of losing key personnel, thereby ensuring operational stability and continuity.

## 1.4 IMPLEMENTATION OF MECHANISMS FOR MONITORING COMPLIANCE WITH THE DEADLINES FOR CONSIDERATION OF AN APPLICATION FOR THE RESERVATION OF EMPLOYEES

**Issue:** Currently, although the deadlines for consideration of applications for the reservation of employees are clearly defined by legislation, they are often not observed by the authorities and there are long-term delays, which makes it difficult for employers to exercise their right to reserve workers within the predicted time frames.

**Proposal:** We propose to establish mechanisms of control over compliance with deadlines for consideration of requests for employee reservations and introduce the technical possibility of electronic reservations as soon as possible (using the Diia portal).

## 1.5 INDIVIDUAL EMPLOYEE REJECTION HANDLING

**Issue:** If the Ministry of Defense of Ukraine or General Staff rejects a reservation request, the entire list of proposed employees is rejected without any comment.

**Proposal:** Only the individual employee who is affected should be rejected, with a clear explanation of the reasons. This approach ensures that the rest of the reservation list is processed without unnecessary delays and uncertainties.

# 2

## Vehicle Regulations

### 2.1 CLARIFYING THE CONCEPT OF VEHICLES FOR MILITARY MANNING

**Issue:** The current regulatory framework categorizes all company vehicles as intended for military use, imposing stringent restrictions on their movement and disposal. This broad categorization hampers business logistics, creating operational inefficiencies and unnecessary burdens on enterprises.

**Proposals:**

**Option 1 (Priority):** We recommend that the concept of 'vehicles intended for manning the Armed Forces of Ukraine' be explicitly defined to include only those vehicles for which there is a formal order for withdrawal. This clarification would allow businesses to operate their remaining fleet without undue restrictions, thereby enhancing logistical efficiency.

**Option 2 (Alternative):** As an alternative measure, we propose that enterprises be required to notify the Military Center of the planned vehicle movements within Ukraine. This notification should be submitted once, with updates required only if the list of regions changes. This approach would maintain necessary oversight while significantly reducing bureaucratic hurdles and enhancing operational efficiency.

### 2.2 ESTABLISHING TRANSPARENT PROCEDURES OF VEHICLE MOVEMENT WITHIN UKRAINE AND ABROAD

**Issue:** The broad and vague restrictions on vehicle movement between Ukrainian regions (oblasts) and abroad under the current regulatory framework increase the risk of corruption in obtaining necessary permissions. For example, using a company car to travel between different regions of Ukraine is a usual part of the job description for sales representatives who otherwise can't fulfil their duties. This creates an opaque and unpredictable operational environment for businesses.

**Change:** We recommend that transparent procedures and clear guidelines be established for vehicle movement and disposal notifications to the Military Center, permitting free vehicle movement if required for certain job functions. Such measures would ensure a fair and consistent application of the rules, thereby, mitigating corruption risks and fostering a more predictable business environment.

# 3

## Travel Restrictions

### 3.1 ENABLING INTERNATIONAL TRAVEL FOR BUSINESS PURPOSES

**Issue:** The current restrictions prevent men aged 18-60 from travelling abroad, significantly hampering international business operations and engagements. This restriction adversely affects the ability of businesses to maintain global relations, secure investments, and participate in international conferences and negotiations.

**Proposal:** We recommend that men engaged in international business affairs be permitted to travel abroad, provided they obtain proper verification from their employers. This flexibility is crucial for sustaining global business relations, attending international events, and securing foreign investments, all of which are vital for the economic resilience and growth of Ukraine.

To ensure that this mechanism works, we recommend that a clear and explicit set of documents and requirements be established for men going on a business trip abroad, which would not change from one border-crossing point to another.

AHK Ukraine urges the Ministry of Economy of Ukraine to consider these proposed changes to employee reservation, vehicle regulation policies, and travel restrictions. These adjustments are crucial for maintaining the operational stability of businesses while supporting Ukraine's national defense efforts. We are ready to collaborate on drafting detailed legislative proposals and engage in further discussions to refine these suggestions.

## **WE APPEAL TO POLICYMAKERS TO**

### **1. Support the extension of the 60-day period for clarification of data by persons on the military registry**

Adopt Draft Law No. 11305 as soon as possible in order to extend the period for data clarification by a further 90 days (in order for persons on the military registry to be able to fulfil the requirements of Law No. 3633-IX).

### **2. Introduce Economic Reservation**

Establish economic reservation mechanisms, allowing businesses to reserve supplementary personnel against additional payment to the state budget. Such a mechanism would enable companies to retain indispensable employees and contribute to the broader economic stability.

### **3. Implement Temporary Protection from Mobilization**

Establish a one-month protection period for employees who are updating or obtaining reservation documents. This grace period will provide employers with the necessary time to complete administrative processes, thereby preventing immediate loss of key personnel and ensuring business continuity.

### **4. Implement mechanisms for monitoring compliance with the deadlines for consideration of an application for the reservation of employees**

Establish mechanisms of control over compliance with deadlines for consideration of requests for employee reservations and introduce the technical possibility of electronic reservations as soon as possible (using the Diia portal).

### **5. Clarify Vehicle Regulations**

Define 'vehicles intended for manning the Armed Forces of Ukraine' as only those with a formal order for withdrawal. Alternatively, require a one-time notification to the Military Center for vehicle movements within Ukraine, with updates only for changes in regional lists. These measures will enhance logistical efficiency and reduce bureaucratic hurdles.

### **6. Establish Transparent Procedures for Vehicle Movement**

Implement clear and transparent guidelines for vehicle movement and disposal notifications to the Military Center. These procedures will ensure fair and consistent rule application, mitigating corruption risks and fostering a predictable business environment.

### **7. Permit International Travel for Business Purposes**

Allow men aged 18-60, who are engaged in international business activities, to travel abroad with appropriate employer verification. This flexibility is crucial for maintaining global business relations, securing investments, and participating in international conferences, all of which are vital for Ukraine's economic growth and resilience.

We recommend that a clear and explicit set of documents and requirements be established for men going on a business trip abroad, which would not change from one border-crossing point to another.