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A MECHANISM TO SUPPORT RETAILERS UNDER MARTIAL LAW

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Abstract

In the context of the martial law imposed in Ukraine, local businesses, in particular the trade sector, have faced unprecedented challenges that have significantly affected the country's economic stability and business development. This study aims to provide an in-depth analysis of the current situation caused by the war, identify the key challenges faced by businesses, and develop effective strategies to overcome them and adapt to the new environment.

Keywords: trade enterprises, martial law, state authorities, business development.

Introduction

The relevance of the study is due to the urgent need to adapt retail and wholesale trade enterprises to the difficult economic conditions caused by the introduction of martial law. Military conflicts and crises impose severe restrictions on economic activity, creating a range of problems, in particular:

- Logistical delays and disruption of normal supply chains;
- Physical damage to infrastructure (warehouses, transport routes, retail space);
- Loss of sales markets and changes in consumer demand;
- Financial instability due to rising costs and reduced purchasing power of the population;
- Psychological and social challenges for employees.
- In these conditions, retailers are forced to look for ways to adapt quickly, including:
 - Diversification of suppliers and refocusing on the domestic market;
 - Use of digital technologies to optimize business processes and customer interaction;
 - Developing new logistics models and strengthening local production chains;

– Ensuring personnel safety and protecting the material assets of companies.

The study of this topic will allow not only to analyze the specifics of the challenges faced by trade enterprises in wartime, but also to develop effective strategies to overcome them. Implementation of such strategies will contribute to the country's economic sustainability, support business and provide the population with the necessary goods and services in the face of limited access to resources.

Overview

Analysing the state of business during the war, it becomes obvious that the study of this aspect is critical to understanding the large-scale impact of military conflicts on economic life and business activities. Since the beginning of the large-scale invasion, Ukraine's economy has faced unprecedented challenges that have significantly undermined the stability of the trade sector.

The main economic consequences of the war:

Destruction and damage to businesses – many companies, regardless of size, were destroyed or forced to cease operations due to the hostilities.

Destruction of critical infrastructure – transport hubs, logistics networks, warehouses and production facilities have been severely damaged, making it difficult to supply goods and raw materials.

Significant financial losses – in the summer of 2022, the country's economic losses exceeded USD 30 billion [1].

As of June 2022, almost three months after the start of the war, the 10 largest players in the industry had closed about 300 of their supermarkets, but kept more than three thousand retail outlets open.

Total economic losses – as of March 2022, the military conflict caused losses of more than USD 500 billion [1; 2].

The structure of economic losses:

Infrastructural destruction – USD 120 billion.

GDP decline – \$112 billion.

Losses among the civilian population – 91 billion US dollars.

Destruction of business and enterprises – 82 billion US dollars.

Loss of foreign investment – 50 billion US dollars.

State budget deficit – 47 billion US dollars.

These data demonstrate that the war has dealt a devastating blow to key sectors of the economy, which requires the development of effective strategies for recovery and business adaptation to new realities.

Under martial law, Ukrainian businesses are facing unprecedented challenges that threaten their functioning and survival. The main problems include:

- Loss of sales markets due to changes in the economic situation and the destruction of business ties;
- Damage to infrastructure, which hampers the supply of goods and the functioning of supply chains;
- Financial losses and reduced purchasing power of the population;
- Psychological pressure on employees and management.

In this situation, government support becomes critical to ensure business stability and development. The main areas of such support include:

- Financial assistance (soft loans, tax holidays, grant programmes for small and medium-sized businesses);
- Advisory support (development of adaptation strategies, recommendations on digital transformation and optimisation of business processes);
- Logistics support (restoration of transport infrastructure, simplification of customs procedures);
- Ensuring staff safety and job security.

Thus, at the beginning of the full-scale invasion, the country's food security was threatened. To respond promptly to these challenges, the state created the Food Committee, which worked 24/7 and helped resolve the most pressing issues – from the delivery of goods to ensuring access to products in the most difficult conditions.

In addition, a number of important initiatives were implemented. One of the largest support programs during the war was preferential lending at 5-7-9%, which was also used by large retail chains.

Another initiative is a single tax of 2%. It was in effect in 2022 and slightly reduced the tax burden on business. Although the privilege was abolished, in the first year of the full-scale war it became a real lifeline. An important step was to maintain the current acquiring and interchange rates. This allowed to restrain price growth and maintain stability in the industry.

When massive rocket attacks on energy infrastructure began, the government allowed the import of generators duty-free. This decision allowed retailers to save on customs duties and provide stores with energy sources. Thanks to this, even during power outages, supermarkets could operate and provide people with access to the necessary products.

In the context of military operations, trade enterprises need a comprehensive approach to adaptation. Solving logistical problems, financial stabilisation, changing business models and integrating digital technologies

are becoming key factors in their further development. Effective strategies should take into account the rapidly changing conditions of war and ensure business flexibility in the face of new challenges.

Conclusion

Analysing the state of business during the war is key to understanding the impact of military events on the economic situation and entrepreneurship in Ukraine. This approach allows us to identify the main difficulties faced by businesses and to identify effective ways to overcome them. The findings of this study will contribute to the development of strategies aimed at supporting businesses and ensuring the country's stable economic development in the future.

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