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DEVELOPMENT OF THE UKRAINE WOOD PROCESSING INDUSTRY IN THE CONDITIONS OF WAR: PROBLEMS AND PROSPECTS

The invasion of the aggressor caused a sharp decrease in the production of goods and the provision of services in all branches of the economic complex of Ukraine, including woodworking. The war in Ukraine created significant challenges for the development of this industry, such as limiting access to raw materials, reducing demand in the domestic market and reducing export opportunities. In the territories where hostilities continue, the infrastructure and logistics are actually destroyed, and many woodworking enterprises in the Kyiv, Sumy, Chernihiv, Kharkiv, Mykolaiv, Zhytomyr, and Luhansk regions have ceased their activities or were destroyed by the occupiers [1; 2]. Due to the lack of

human resources, problems with sales and access to raw materials, enterprises in the woodworking industry cannot fully function.

Although the war is still ongoing, after its end, the restoration of the woodworking industry of Ukraine will become an important task, for the solution of which it is necessary to explore the possibilities of development and ways of overcoming the challenges facing it today.

The problems of the woodworking business in the conditions of war include a shortage of personnel due to the mass displacement of the civilian population from war zones and the lack of workers for industries that cannot quickly relocate production facilities. In addition, the woodworking industry mainly employs men of draft age, who can do military service in hot spots instead of working at machines [1].

In the conditions of hostilities, problems with logistics appeared in the woodworking sector. Enterprises located on the territory of combat zones have difficulties with the organization of supplies of raw materials and the export of finished products. The logistics infrastructure in these areas is disrupted, which complicates the transportation of goods, as well as interaction with partners and customers. In the western regions of Ukraine, where the situation is calmer today, due to the inconsistency of transport connections, there is a danger of disrupting production chains, which can lead to production stoppages and loss of orders.

In war zones, due to the presence of mined fields, roads and forests, access to raw materials and their transportation to enterprises of the woodworking sector is impossible.

The war creates a threat of loss of the client base of woodworking enterprises, the reason for which is the difficulty of fulfilling contracts for enterprises located in the zone of armed conflict, compared to those located outside it. This can lead to the irreversible loss of sales markets, intensifying competition and reducing company revenues.

Many foreign customers will find new suppliers if Ukrainian enterprises cannot quickly restore production and logistics. The problem is common to the entire woodworking industry, as the Forest Stewardship Council (FSC) and the Program for the Endorsement of Forest Certification (PEFC) have stopped work on verifying the legality of the origin of wood on the territory of Ukraine, which forces global furniture retailers, in particular IKEA, JYSK, XXLUZ, HOMECENTER, stop buying Ukrainian products [1].

In order to solve the pressing problems, it is necessary to take urgent measures, using the opportunities that arise even in this difficult time.

Thus, in connection with the fifth package of sanctions against Russia, which includes an embargo on wood and goods made from it, including those made from Russian wood in third countries, a vacant niche has appeared on the European market for manufacturers of wood products. In order to effectively occupy this niche, the Ukrainian government should quickly stimulate the development of the forestry and woodworking industries and provide preferences to affected businesses.

It is necessary to create conditions for the relocation and full recovery of the activities of enterprises affected by the war, as well as the increase of production volumes and the general development of the forest industry. The Government of Ukraine has already implemented some measures to support enterprises, including:

- additional payments for enterprises that provide work to temporarily displaced persons;
- reduction of taxes for enterprises, incl. woodworking industry;
- provision of favorable loans for small and medium-sized businesses;
- payments to the population that provide temporary shelter;
- introduction of a grace period for filing tax and other reports.

However, the steps taken are not enough to effectively restore the work of all enterprises in the woodworking industry, especially private ones that were directly affected by the war. It is important to introduce a set of measures aimed specifically at the development of the woodworking sector and the support of its enterprises, namely:

1. To launch a program at the national level, which will provide woodworking enterprises affected by the war with the opportunity to use land plots or property complexes of communal or state ownership, suitable for the organization of production, free of charge.

2. To provide private enterprises affected by the war with the opportunity to obtain long-term free use of production facilities (workshops, property complexes, equipment, etc.) of forestry state enterprises, especially those state enterprises that carry out "state processing" of forest.

3. To provide woodworking enterprises that have lost production due to the war, unhindered access to wood raw materials at fixed prices or to transfer raw materials to them with the possibility of deferred payment under the conditions determined by the government [1; 3].

4. Detify the market for wood, lumber and waste from wood processing, in particular, oblige state forestry enterprises to sell all

products (pallet board, lumber and waste from wood processing, firewood) only at transparent auctions.

Consideration should be given to the simultaneous introduction of differentiated rents and tax burdens for state-owned enterprises and woodworking businesses, taking into account criteria such as location, production volumes and the availability of surviving forest resources in the region. In the regions affected by the war, it is possible to significantly reduce the tax burden in order to ensure the fairness and sustainability of economic recovery and business turnover [4; 5].

In addition, the woodworking industry should reorient itself to the principles of sustainable development, which include the use of environmentally friendly materials and production processes, as well as the optimization of the use of resources. This will contribute not only to the effective use of natural resources, but also to increasing the competitiveness of the industry on the international market [6-9].

Therefore, the woodworking industry is an important sector of the economy of Ukraine, as it provides a significant number of jobs and is an important export direction. However, due to the war, it suffers significant costs, such as personnel starvation, disruption of logistical ties and difficult access to raw materials. Despite this, the opportunity to occupy a new niche in the international wood market, which was vacated due to the sanctions imposed against Russia, can become a great advantage for the woodworking industry of Ukraine. Therefore, it is necessary to take immediate measures for state support of woodworking enterprises, such as free use of land plots, long-term free use of production facilities, detinization of the wood market, and the introduction of differentiated rent payments to reduce the tax burden in war-affected areas. Such measures will help preserve and develop the industry, contribute to the recovery of the economy and business turnover in the regions affected by the war.

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