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A FEATURE OF THE WOOD PROCESSING INDUSTRY OF UKRAINE AND THE COUNTRIES OF THE EUROPEAN UNION

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Abstract

The woodworking industry plays an important role in the formation of GDP, significantly influencing the development of other industries and the social sphere of Ukraine. A significant share of its products is exported, which proves the prospects for the development of the woodworking industry and its significance for determining Ukraine's place in the international division of labor. At the same time, being formed in conditions of limited forest resources and insufficient reserves of raw materials, it is worth recognizing that the economic potential of the woodworking sphere in Ukraine is not fully realized.

Key words: *woodworking industry, forest resources, export, import, profitability.*

The woodworking industry is one of the important components of the economy of both Ukraine and every country in the world, which plays an important role in the economy and our society in general, providing a variety of products and materials used in construction, furniture industry, energy and many other industries. The importance of this sector lies not only in its enormous economic potential, but also in its impact on environmental protection and sustainable development.

The woodworking industry is a branch of industry that combines mechanical and chemical-mechanical processing and processing of wood. There are three groups of productions in the woodworking industry: the first – productions that carry out primary processing of wood (sawmills, dowel sawmills); the second – secondary processing of wood (parquet, plywood, furniture, chipboards, matches, standard houses and parts, etc.);

the third – chemical and mechanical processing of wood (wood fiber boards, wood plastics).

The domestic woodworking industry is a promising export-oriented branch of the national economy. In terms of the area of forest cover, Ukraine ranks 9th in Europe (the forest fund is 10.4 million hectares), in terms of wood reserves, it is 6-th (the forest cover of the territory is 15.9%).

According to the State Statistics Service of Ukraine, during 2019–2022, the volume of sold products of the woodworking industry has a stable growth rate from UAH 7.4 billion in 2019, up to UAH 9.3 billion in 2022. In 2022, the domestic woodworking industry (production of wood and wood products, except furniture) showed a growth of 10.7%, compared to 2021, in the main types of products, except for wood chipboards, where a decline in production was observed 13.1% (Fig. 1) [1].

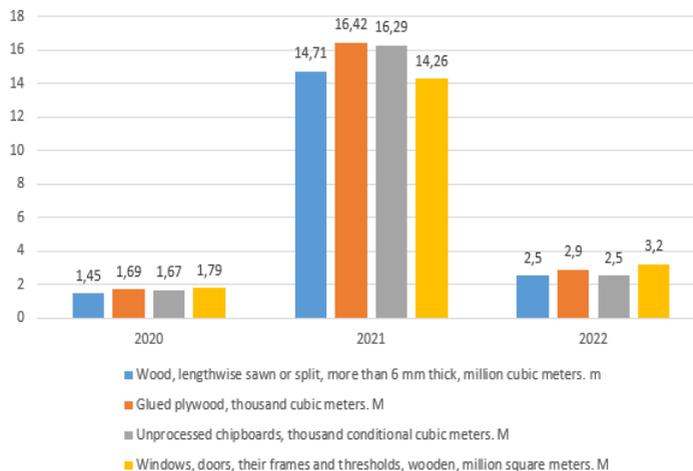


Figure 1. Production of certain types of products of the woodworking industry in 2020–2022

During 2020–2022, exports to EU countries of the group of goods "Wood and wood products" tended to decrease annually, and in 2022 amounted to 612,050.1 thousand dollars. (or 97.4% by 2020), with an increase in imports to USD 301,679.4 thousand. (or by 10.2%). However, the group of products "Plywood and products from it" had positive dynamics, and in 2022 it exceeded the volume of 2020 by 5.3 times

(439.1 thousand dollars) with a decrease in the import of this product to 40% (table. 1) [2].

Table 1

**Foreign trade in woodworking industry products
with EU countries, 2020–2022, thousands of dollars**

EU countries	Export				Imports			
	2020	2021	2022	2022 to 2020, %	2020	2021	2022	2022 to 2020, %
wood and wood products	628331,6	557224,2	611609,4	97,3	260305,9	241469,1	289030,4	111,0
cork and its products	52,6	42,0	1,6	3,0	13208,8	14663,1	12529,6	94,9
plywood and its products	83,1	560,8	439,1	5,3	290,6	387,8	119,4	41,1
In total	628467,4	557827,0	612050,1	97,7	273805,3	256520,0	301679,4	110,2

Ukraine plays a significant role in the woodworking industry of EU countries. The country has large forest resources, which makes it one of the largest exporters of wood to the European Union. A large amount of wood in Ukraine, including hardwood and coniferous wood, ensures a sustainable supply of the EU's demand for wood materials used in construction, furniture production and other industries. The competitive advantage of the woodworking industry of Ukraine in the form of a lower cost makes its wood products more attractive on the European market. Foreign investments of European companies are also involved in the woodworking industry of Ukraine. The country's association agreement with the EU facilitates market access for its woodworking products, contributing to trade liberalization, harmonization of technical regulations and elimination of trade barriers.

The Ukrainian woodworking market is of great importance for Europe for several main reasons, namely:

1) Geographical location: Ukraine is strategically located in Eastern Europe, bordering several European countries. The favorable location of the country provides easy access to the markets of Western and Eastern Europe,

making it an important center of the woodworking industry. This proximity facilitates the trade and transportation of wood products within Europe.

2) Large forest resources: Ukraine is known for its rich forest resources, about 17% of the country's territory is covered by forests. This rich forest reserve provides a sustainable and reliable source of timber for the woodworking industry. Europe is largely dependent on imports to meet its timber needs, and Ukraine's forest resources are critical to meeting this demand.

3) Profitability: The Ukrainian woodworking industry offers a competitive cost structure. The country benefits from lower production costs, including labor and tax costs, compared to many Western European countries. This price advantage allows European companies to transfer their woodworking activities to Ukraine, reducing production costs and increasing their competitiveness on the EU market.

4) Ecological and responsible forest management: Europe pays great attention to forest ecology. Ukraine has made significant progress in this area, introducing sustainable practices and ensuring the protection of its forests. The desire of the Ukrainian woodworking market for sustainable development further strengthens its importance for Europe. This is consistent with European Union policies and initiatives aimed at promoting sustainable timber sources [3].

Thus, the Ukrainian woodworking market is of great importance to Europe due to its convenient location, forest resources, competitive production capacity, export potential, economic impact and commitment to sustainable development. The contribution of the market significantly affects the quality and availability of woodworking products in Europe, making it a vital component of the European woodworking industry.

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