

UDC 674:338.24(477)

Nevar Oksana,

PhD student of the Laboratory of Projects and Initiatives

Lesia Ukrainka Volyn National University,

Lutsk, Ukraine

nevar.oksana@vnu.edu.ua

**ATTRACTING FOREIGN INVESTMENTS:
THE PATH TO RECOVERY AND DEVELOPMENT OF
UKRAINE'S WOOD PROCESSING INDUSTRY**

Ukraine's wood processing industry plays a significant role in the country's economic development and ensures sustainable growth. It contributes to job creation, the production of competitive goods, and the export of products. Additionally, this sector has substantial potential for preserving natural resources and reducing its negative impact on the environment.

However, the armed conflict in eastern Ukraine has severely affected a significant portion of the country's forest resources, resulting in significant losses for the wood processing industry. Approximately 3 million hectares of forests have been damaged, with half a million hectares still under occupation [1; 2]. This has led to a decline in timber production, increased production costs, and reduced profitability for enterprises. The State Forest Special Fund faces the challenge of raising necessary funds and restoring forest enterprises in the east and south, many of which have been almost completely destroyed [2]. This requires the implementation of various measures, such as establishing seed breeding centers, modernizing technical capabilities for selective logging, introducing digital technologies, and implementing various programs and projects.

To restore the wood processing industry and compensate for the incurred losses, it is essential to attract foreign investments. The Government of Ukraine actively collaborates with international donors to obtain financial support and technical assistance. The establishment of a

robust forest management company and attracting significant investments can be a step towards the industry's swift recovery.

One of the government's initiatives to attract foreign investments is the creation of the Advantage Ukraine platform, which was presented on September 6, 2022. Within this platform, ten priority sectors for investment in Ukraine have been identified, including the wood processing and furniture industry [3].

Ukraine, located in the geographical center of Europe, has a significant resource base for the development of the furniture and wood processing industry. Additionally, Ukrainian enterprises have the advantage of a free trade agreement with the EU, which contributes to increased exports to European markets.

The wood processing and furniture industry align with Ukraine's strategic development goals, as they are sectors with great growth potential and offer significant advantages for investors. It is important to note that the furniture and wood processing industry has substantial potential for development in Ukraine. According to estimates, the investment potential in these sectors exceeds \$5 billion [3].

To attract investors, the Government of Ukraine is creating favorable conditions, such as simplifying the tax system, utilizing financial instruments, and developing investment programs [3; 4]. These efforts incentivize foreign companies to invest in Ukraine's furniture and wood processing industry and generate profits from their investments.

An important focus of wood processing industry development is the efficient utilization of resources and reducing negative environmental impact [5-8]. The implementation of innovative technologies, such as the use of recycled materials, waste processing, and production process optimization, can help minimize losses and environmental pollution. Moreover, it will enhance production efficiency and reduce costs.

A crucial direction for the development of Ukraine's wood processing industry is the adoption of innovative technologies and improving production efficiency. The use of recycled materials, waste processing, and process optimization enable the industry to reduce its negative environmental impact, lower costs, and ensure long-term sustainability.

Therefore, attracting foreign investments in Ukraine's wood processing industry will contribute to its rapid recovery after wartime damages and further intensive development. This will create new job opportunities, improve the technological level of production, and ensure sustainable economic growth. Investments in technology modernization and enhancing the competitiveness of Ukrainian enterprises in the global market are crucial. It is important to comply with environmental regulations and standards to preserve natural resources and ensure the industry's sustainability in the future. Such development will not only promote economic growth but also contribute to the overall social upliftment of the country.

References:

1. Цимбалюк І. О. Економіка війни та перспективи для України. Together united: науковці проти війни: збірник тез доповідей I Міжнародної благодійної науково-практичної конференції (Луцьк, 20 травня 2022 р.). Луцьк : Вежа-Друк, 2022. 1 електрон. опт. диск (CD-ROM) С. 131-133.
2. Болоховець Ю. Навіщо Україні Державний фонд лісового господарства. *Економічна правда. Електронний ресурс*. 11 жовтня 2022. URL: <https://www.epravda.com.ua/columns/2022/10/11/692464/>
3. Advantageukraine – урядова інвестиційна платформа. 2022. URL: <https://advantageukraine.com/ua/>
4. Лугова М., Цимбалюк І., Павліха Н. Інвестиційна діяльність регіону в умовах європейської інтеграції: ретроспективний аналіз та напрями активізації [Текст] : монографія. Луцьк : Вежа-Друк, 2022. 242с. ISBN 978-966-940-434-3
5. Tsymbaliuk I. Assessment of business risks under conditions of war. Rebuild Ukraine: справа всього цивілізованого світу: збірник тез допов. II Міжнар. наук.-практ. конф. (Луцьк, 15 березня 2023 р.). Луцьк : Вежа-Друк, 2023. С. 70-73.
6. Павліха Н. В., Цимбалюк І. О., Хомюк Н. Л., Войчук М. В., Савчук А.Ю., Колемечюк В. В., Цимбалюк С.М. Безпека сталого розвитку регіонів та територіальних громад України на засадах інклюзивного зростання: монографія. Луцьк : Вежа-Друк. 2022. 514 с.
7. Цимбалюк І. О. Інклюзивний розвиток регіону в умовах фінансової децентралізації: теорія, методологія, практика: монографія. Луцьк : Вежа-Друк, 2019. 340 с.
8. Інноваційні форми єврорегіонального співробітництва: концептуальні засади та механізми активізації [Текст] : монографія / Наталія Володимирівна Павліха, Ірина Олександрівна Цимбалюк, Ольга Антонівна Корнелюк, Юлія Віталіївна Петришина. Луцьк : Вежа-Друк, 2022. 214 с.