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UKRAINIAN PATH TO
EUROPEAN UNION.
THE POLISH EXPERIENCE

2025

REPORT

UKRAINIAN PATH TO THE EUROPEAN UNION. POLISH EXPERIENCE

WOOD PRODUCTION SECTOR

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Introduction

A full-scale Russian invasion in February 2022 accelerated Ukraine's efforts to join the European Union. The Association Agreement, which came into force in 2014, except for the Deep and Comprehensive Free Trade Area (DCFTA) enacted in 2016, formed the basis of Ukraine's preparations to join the EU. In June 2022, Ukraine was granted candidate status. In December 2023, EU leaders decided to start accession negotiations. Given Ukraine's intention to join the European Union, we would like to consider the experience of Poland and Polish entrepreneurs in practically implementing this membership. European Union regulations for new members are both a challenge and an opportunity. We believe that Poland's experience will be of great value to Ukraine due to the two countries' historical, social, and cultural proximity. The potential of the Polish economy, the Polish experience from the economic transition, and the construction of modern communications, energy, and logistics infrastructure are undoubtedly additional assets, also in the context of support for the implementation of EU regulations in Ukraine. Another issue is assessing Ukraine's ongoing economic integration with the Polish and EU market and the expected post-accession effects for both countries. Opportunities and challenges for cooperation and competition will be discussed, preparing partners for much closer economic ties soon.

This report was prepared as part of the project "Ukrainian Path to European Union. Polish experience.", carried out jointly by the Warsaw Enterprise Institute (Poland) and the Institute for Economic Research and Policy Consulting (Ukraine).

A key element of the project is expert seminars and sectoral reports. We want to focus on sensitive sectors of the economy that, on the one hand, may pose significant challenges as potential areas of competition and disputes between Polish and Ukrainian entrepreneurs, and, on the other hand, discuss those areas that can become a place of cooperation and mutual complementarity between the economies:

- energy;
- food and agriculture;
- road transportation;
- pharmacy;
- construction and building materials;
- timber and furniture industry.

Each sectoral report consists of two parts. The first deals with the Polish perspective on a respective sector of the economy, the impact of European regulations on transforming the sector, and recommendations for the Ukrainian side. The second part deals with the current state of the sector in Ukraine, the challenges posed by European integration, and prospects for cooperation between companies from both countries.

We strongly believe that our reports and the project as a whole will be an important voice in the discourse on Ukrainian integration into the European Union, provide the right knowledge, and help overcome mutual conflicts and misunderstandings. We want to convince everyone that entrepreneurs of both countries can and should work together to build the economic strength of our countries based on economic freedom and liberty.

Executive summary

This joint report on the wood production sector and Polish-Ukrainian cooperation explores the structural characteristics, challenges, and opportunities of the wood industry in Poland and Ukraine, emphasizing areas of alignment and divergence. The report also outlines recommendations for deepening cooperation between the two countries within the framework of European Union integration.

The report highlights Poland's well-established wood industry, which plays a vital role in the European market, ranking third in wood production and having strong export performance, especially in the furniture and wood products sectors. The industry benefits from a mature legal framework, strong alignment with EU regulations, and an efficient certification system, positioning Poland as a significant player in the EU wood market. Conversely, Ukraine's wood sector faces challenges due to a relatively low forest cover compared to EU countries, as well as significant disruptions caused by the ongoing war. Despite having substantial timber resources, Ukraine's roundwood production has decreased, and its wood sector is in the process of aligning with EU standards, especially in terms of forestry management and sustainability certifications.

While Poland is already deeply integrated into the EU's legal and environmental frameworks, Ukraine is still working on aligning its policies and regulations with EU norms. The Ukrainian government has introduced reforms, including a Draft Law on the Timber Market, aimed at creating a more transparent and sustainable timber industry. However, Ukraine faces significant hurdles in establishing a centralized timber tracking system and meeting EU certification standards. In terms of exports, Poland has a stable and diversified market, with a strong presence in EU trade. On the other hand, Ukraine's exports, particularly of sawn wood and furniture, face disruptions due to logistical challenges from the ongoing war, though the EU remains a key market.

The report highlights the importance of Polish-Ukrainian cooperation. As Poland has a mature wood sector that is well-integrated into the EU, it can offer valuable expertise to Ukraine in terms of adapting to EU regulations, modernizing production processes, and ensuring sustainable forestry management. Collaboration in technological exchange, joint production, and cross-border investments will help both countries enhance their competitiveness in the European market. Additionally, institutional support in both countries is crucial to ensure compliance with EU standards, particularly in forestry governance and timber certification. Strengthening the logistics infrastructure and diversifying markets will also be key to boosting competitiveness.

In summary, while there are clear differences in the development of the wood sectors in Poland and Ukraine, the shared approach of cross-border collaboration, knowledge exchange, and mutual support in regulatory alignment offers significant potential for both nations to enhance their position in the European and global wood markets. By leveraging Poland's experience and Ukraine's untapped potential, both countries can strengthen their competitiveness, ensuring sustainable growth and integration into the EU market.

1. Characteristics of the Polish wood production sector

Poland's wood production sector plays a vital role in the country's industrial processing, generating more than 2% of the total production value. Poland has over 20,000 timber-related companies, primarily small enterprises, employing up to 9 people. Approximately 40% of medium and large companies have foreign capital, a figure 10 percentage points lower than the average for the entire processing industry in Poland.

Poland is among Europe's top producers in the wood sector, ranking third in production value (2022 data). Poland has a 10% share in EU exports of wood products, second only to Germany, and is the second largest employer across the EU industry. Although exports account for about 37% of the industry's revenues (2023), their importance for the sector's development is steadily growing. Poland's timber industry is divided into several segments, the largest of which are:

- **Wood-based panels**, which account for 34% of the production value (2023),
- **Wood construction products**, such as joinery, account for 24% of total production.

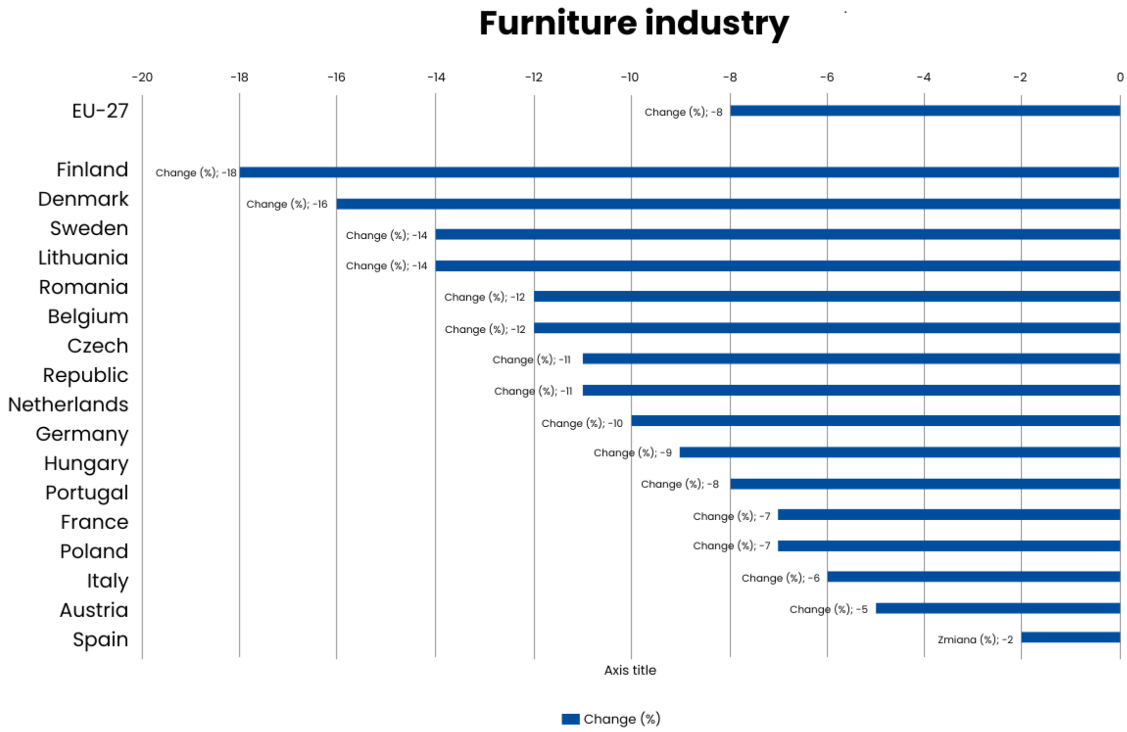
As part of the timber branch, the furniture industry is one of Poland's strongest industrial specializations. Our country is the largest furniture exporter in the EU, accounting for 19% of the Community's exports (2023). Poland also dominates the number of companies and employment in the sector, accounting for 19% and 22% of the EU total, respectively, in 2023. There are about 25,000 players in the industry, including more than 650 medium and large companies.

Picture 1. Changes in sales volume for lumber in 2023 vs. 2022

Furniture production generates about 3% of the value of Poland's manufacturing industry. Exports account for as much as 2/3 of the industry's revenue, and companies with Polish capital play a dominant role, generating 66% of the sector's revenue.

Sitting furniture is the largest category among manufactured furniture, accounting for 45% of total sales in 2022. Utility furniture, such as furniture for living rooms, bedrooms, bathrooms, and gardens, is also an important segment, accounting for 40% of the industry's value.

Picture 2. Changes in sales volume for furniture in 2023 vs. 2022



2. Characteristics of the wood production sector in Ukraine

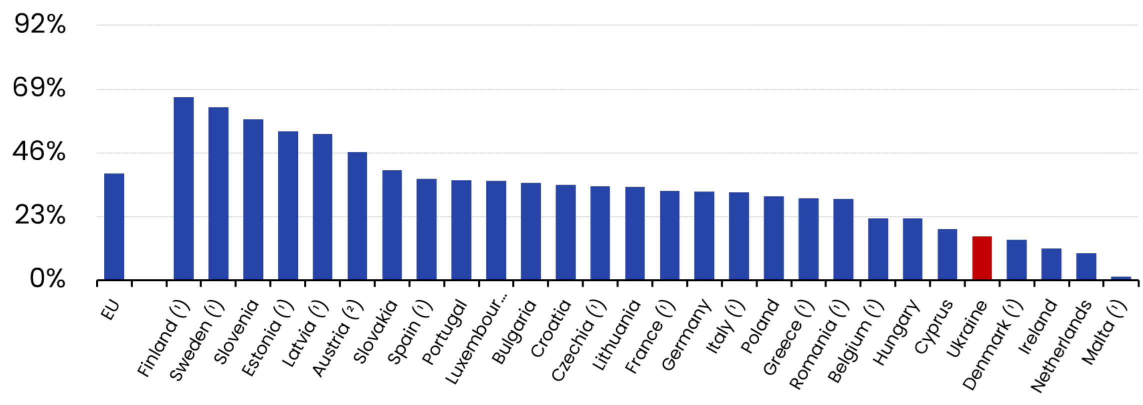
Ukraine's wood production sector is a vital contributor to the country's economic development. Enhancing domestic processing and expanding value-added production in furniture and wood products could strengthen Ukraine's position in global markets. However, the sector will face challenges due to EU integration requirements, which may introduce stricter regulations and sustainability standards, potentially impacting competitiveness[1].

According to the State Forest Cadastre, the total area of Ukraine's forest fund amounts to 10.4 m hectares, with 9.6 m hectares covered by forest vegetation[2]. Ukraine's forest area, covering 16% of its land, is significantly lower than the EU average of 39%. This places Ukraine among the countries with the least forested land in Europe, only surpassing Denmark (15%), Ireland (12%), the Netherlands (10%), and Malta (1%). In contrast, highly forested EU countries such as Finland (66%), Sweden (63%), and Slovenia (58%) have more than three times the forest coverage of Ukraine. In Poland, the degree of forestry is two times higher (30%).

[1] The chapter on Ukraine is based partially on the Discussion "European Wood – The Future of Ukrainian and Polish Wood Processing Industries in the Common Market", https://www.youtube.com/watch?v=4L8Qsk2AcmE.

[2] See https://zakon.rada.gov.ua/laws/show/1777-2021-%D1%80#Text.

Picture 3. Forest area in Ukraine and EU in 2022



Source: Eurostat, FSC

Note: For some countries, the data is estimated or provisional.

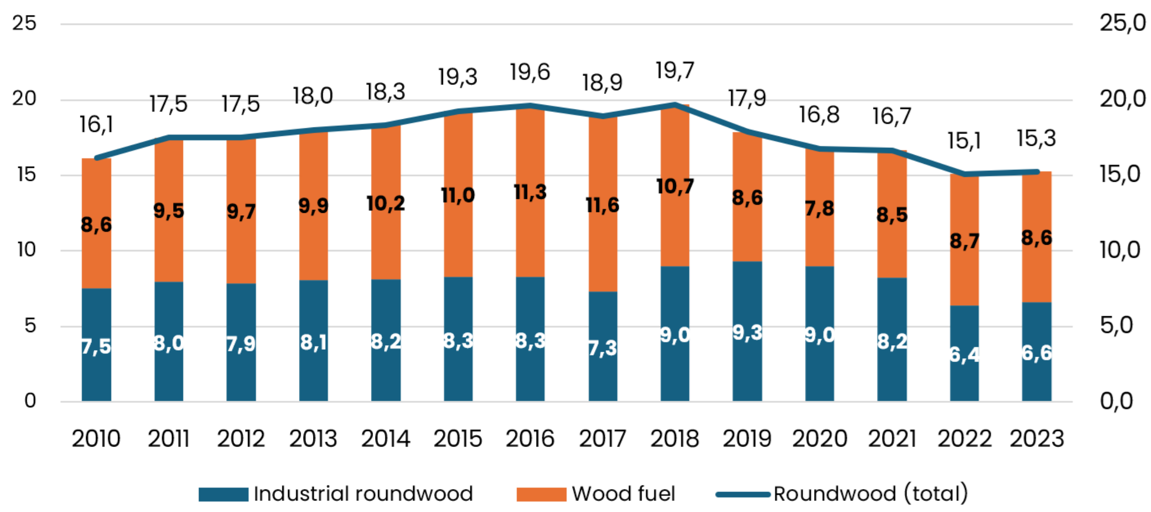
The full-scale war has had a severe impact on Ukraine's forest fund. It is estimated that almost 3 m hectares of forest are affected by military hostilities. Out of the total 10.4 m hectares of forests, 0.5 m hectares are located in occupied territories, 1.9 m hectares are in active conflict zones, and another 2.4 m hectares require restoration, with some areas remaining inaccessible due to the risk of landmines[3]. According to RDNA4 (Fourth Rapid Damage and Needs Assessment), the total cost of damage to the forest sector is estimated to be USD 1.75 bn[4].

The distribution of forests across the country is uneven. For example, Zaporizhzhia Oblast has a forest cover of just 3.7%, whereas in Zakarpattia Oblast, it reaches 51.4%. The insufficient forest cover in Ukraine is recognized as one of the key issues in the *Governmental Strategy of Forest Resources Management in Ukraine* to 2035, adopted in December 2021. The Strategy aims to increase the forest cover to at least 18%.

Despite its relatively low forest cover, Ukraine is among the leading European countries in forest resources, ranking ninth in total forest area and sixth in timber reserves[5]. The absolute size of Ukrainian forests is sufficient for active development of roundwood production, woodworking, and furniture manufacturing industries.

3 Ukraine Facility Plan, p.293, https://www.ukrainefacility.me.gov.ua/en/.
4 See https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099022025114040022.
5 https://zakon.rada.gov.ua/laws/show/1777-2021-%D1%80#Text.

Picture 4. Roundwood production in Ukraine



Source: Ukrstat

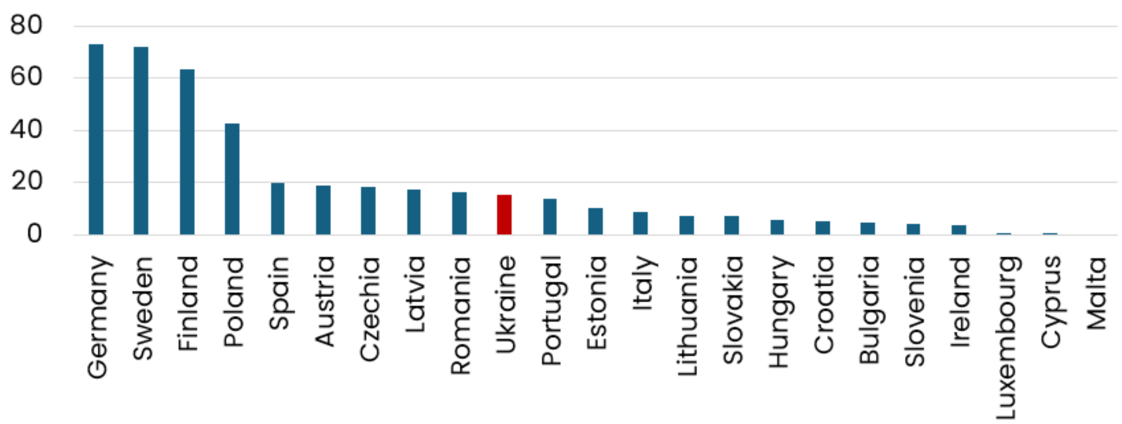
Note: Starting 2022, data exclude the territories temporarily occupied by the Russian Federation and part of territories where the military actions are/were conducted. Data can be corrected for 2021–2023.

The total volume of roundwood production, which includes industrial roundwood and wood fuel, experienced fluctuations over the years. From 2010 to 2015, production gradually increased, reaching a peak in 2016–2019, where total output ranged between 18.9 and 19.7 million m³. It coincided with the introduction of the export ban on unprocessed industrial wood in Ukraine in 2015. However, after 2019, a noticeable decline in production was observed, with total roundwood volumes dropping to 15.1 million m³ in 2022 and 15.3 million m³ in 2023 after the start of the full-scale war.

In 2023, logging in Ukraine was dominated by coniferous species (58.3%), primarily pine (7.7 million m³) and spruce (1.4 million m³). Hardwoods accounted for 29.6%, with oak (1.9 million m³) and beech (0.8 million m³) as the most harvested. Softwoods made up 11.8%, with birch, alder, and aspen as key species. The data reflects a strong reliance on pine and oak, which remain crucial for the woodworking and furniture industries, while the share of other species remains limited. For comparison, roundwood production in the EU has been primarily composed of coniferous tree species. In 2022, coniferous trees accounted for 69% of the total roundwood harvested in the forests of EU member states, reflecting their dominant role in the sector.

Ukraine's output in roundwood production remains considerably lower than that of leading European producers such as Germany (73.1 million m³), Sweden (72.2 million m³), and Finland (63.5 million m³). However, though these countries are significantly smaller, Ukraine surpasses many other countries, e.g., Portugal (13.7 million m³) and Estonia (10.4 million m³). In Poland, roundwood production is almost three times higher (42.8 million m³). Ukraine's production remains much more lower, which may indicate differences in forestry management, investment levels, and harvesting efficiency. The relatively moderate production volume suggests that Ukraine has untapped potential in its forestry sector. Strengthening forest management practices, improving harvesting technologies, and aligning with European environmental and economic standards could enhance Ukraine's role in the regional market.

Picture 5. Roundwood production in EU and Ukraine in 2023



Source: Ukrstat

Note: For some countries, the data are estimated or provisional. Date for some countries are not available.

The forestry and wood-related industries play a notable role in Ukraine's economy, encompassing forestry and logging (NACE 2), wood manufacturing (NACE 16), and furniture production (NACE 31). The manufacture of wood and wood products is the largest among them, with 2,849 entities (0.9% of total businesses), employing 38,931 people (0.8% of total employment), and generating a turnover of UAH 74.5 bn (0.6% of total turnover). The furniture manufacturing sector consists of 1,231 entities (0.4%), providing 29,309 jobs (0.6%) and contributing UAH 38.4 bn (0.3%) in turnover. Meanwhile, the forestry and logging sector has the fewest entities (575, or 0.2% of businesses), yet it employs the most workers (39,976 people, or 0.8% of total employment) and generates UAH 28.3 bn (0.2%) in turnover. In terms of Gross Value Added (GVA), wood manufacturing leads with UAH 22.5 bn (0.5%), followed by forestry and logging (UAH 17.4 bn, 0.4%) and furniture manufacturing (UAH 11.9 bn, 0.3%).

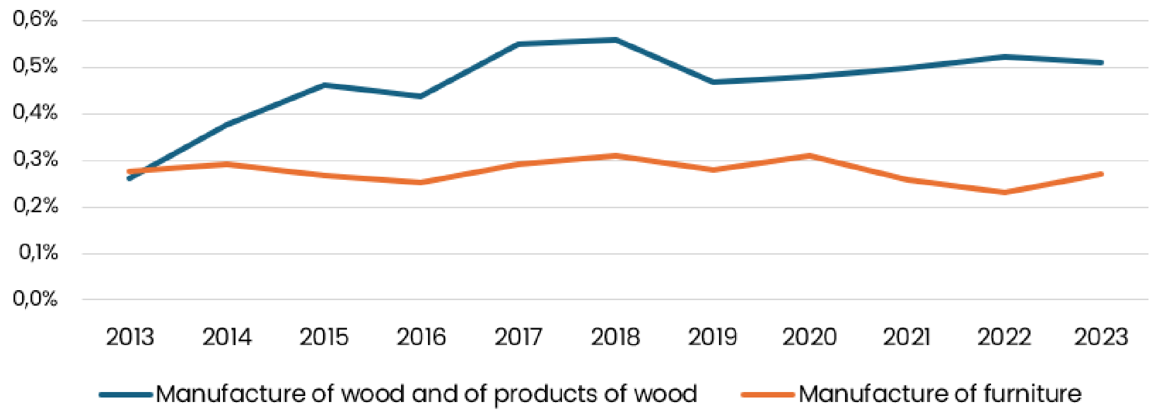
Table 1. Main indicators of forestry and wood-related industries (data on enterprises) in 2023

Indicator	Forestry and logging (code NACE 2)	Manufacture of wood and products of wood (code NACE 16)	Manufacture of furniture (code NACE 31)
Number of entities	575	2,849	1,231
%	0,2%	0,9%	0,4%
Employment	39,976	38,931	29,309
%	0,8%	0,8%	0,6%
Turnover (UAH bn)	28,3	74,5	38,4
%	0,2%	0,6%	0,3%
GVA (UAH bn)	17,4	22,5	11,9
%	0,4%	0,5%	0,3%

Source: Ukrstat

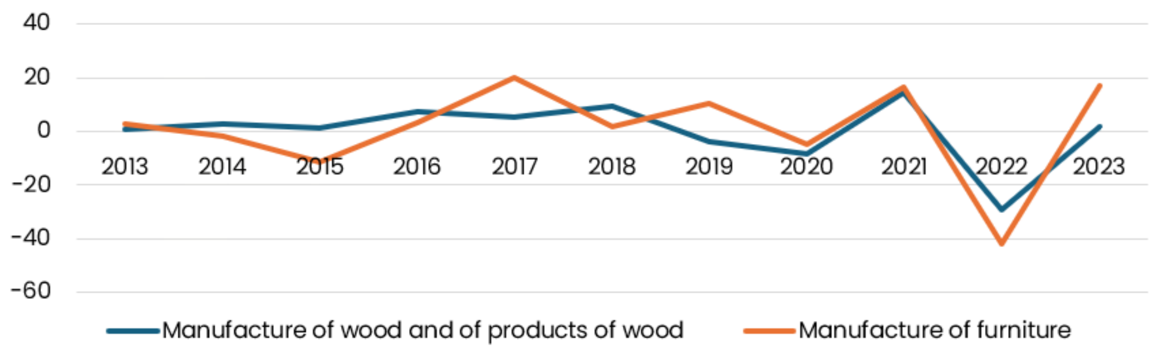
Altogether, these sectors together contribute 1.5% of all enterprises, 2.1% of employment at enterprises, 1% of turnover, and 1.2% of Ukraine's total GVA. These figures highlight the economic significance of the forestry value chain in Ukraine, with wood manufacturing having the largest financial impact, while forestry and logging remain a key source of employment and resource supply.

Picture 6. Share of woodworking and furniture industry in gross value added in Ukraine, 2013–2023



Source: Ukrstat

Picture 7. Indices of industrial production in Ukraine

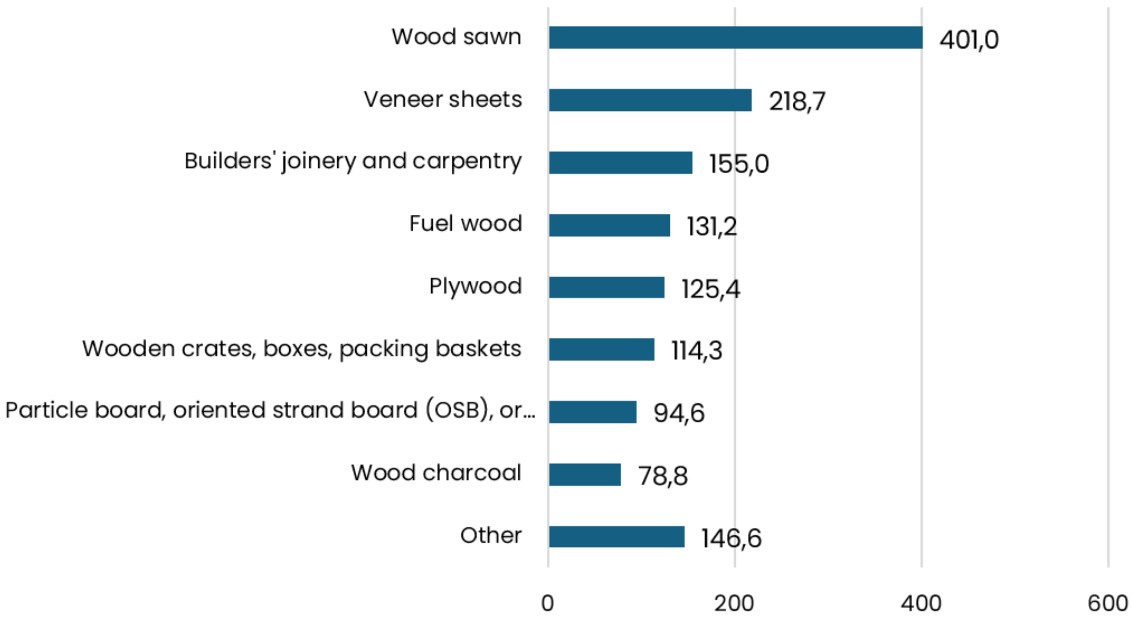


Source: Ukrstat

In 2024, Ukraine's wood exports generated significant revenue, with sawn wood leading at USD 401 m, making it the largest category in the country's wood product exports (see Picture 6). Veneer sheets ranked second, amounting to USD 218.7 m, indicating strong demand for processed wood materials. Other major export categories included builders' joinery and carpentry (USD 155 m), fuel wood (USD 131.2 m), and plywood (USD 125.4 m). In total, HS Code 44 (which includes wood and wood products) brought Ukraine USD 1.5 bn in export revenue. In addition to wood products, Ukraine exported furniture worth USD 909 m, with a substantial share of wood-based materials. As a result, exports from the wood industry (including wood products and furniture) accounted for 5.7% of Ukraine's total export volume.

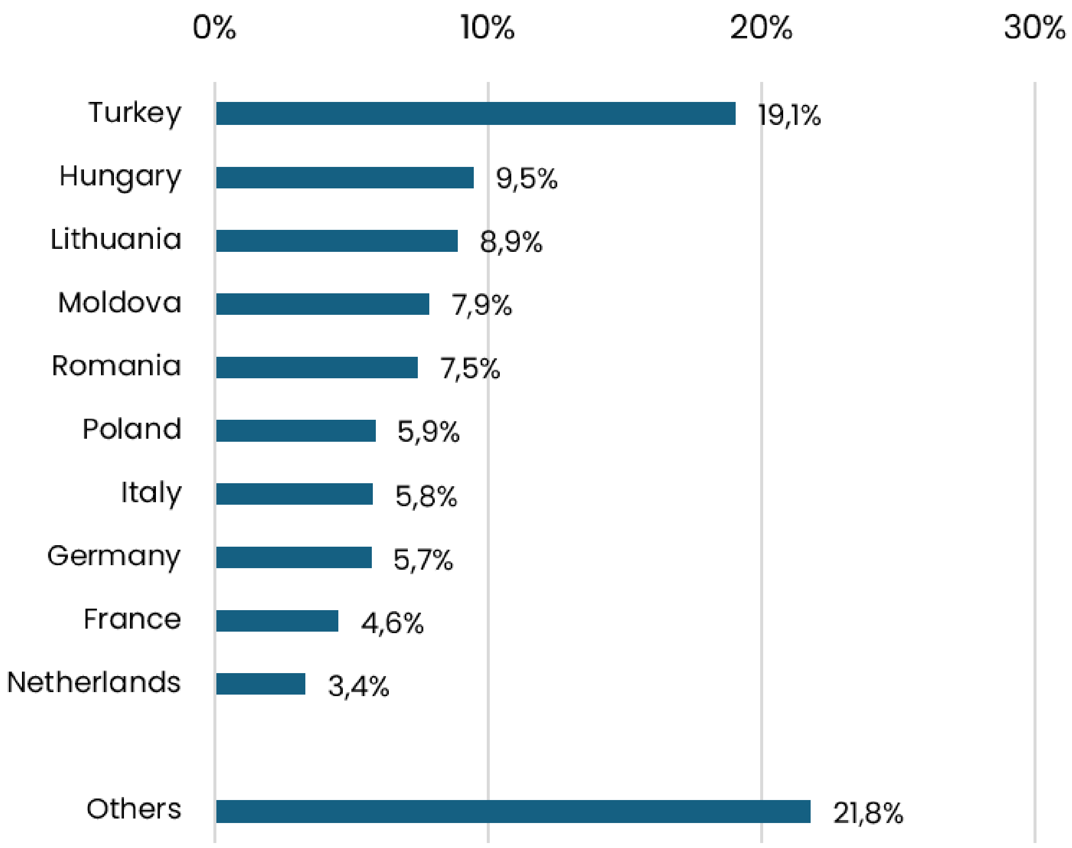
The structure of Ukraine's wood exports reflects a low-processed material (sawn wood) supply and an increasing share of processed wood products, highlighting opportunities for further value-added production, market expansion, and stronger integration with European and global trade networks. Turkey is the major consumer of Ukrainian sawn-wood, making 19.1% of Ukrainian exports (see Picture 9). At the same time, eight countries in the top ten consumers belong to the European Union. The EU is the main market for Ukrainian sawn-wood. Considering the sea blockade, the EU remains the most logistically convenient market.

Picture 8. Wood products exports in 2024, USD million (HS code 44)



Source: Ukrstat

Picture 9. Top 10 directions of sawn wood exports



Source: Ukrstat

3. Legal and organizational basis of the sector in European law

The legal framework for wood management in the European Union

Based on Article 38(1) of the Treaty on the Functioning of the European Union (TFEU), agricultural products include crops, livestock, and fishery products, as well as their primary processed forms. The detailed list of products in Annex I to the TFEU contains, among others, "live trees and other plants." However, wood as a raw material is not included in this list, so it is not classified as an agricultural product. As a result, the EU's Common Agricultural Policy does not directly cover the wood market. This omission has slowed the development of EU forestry regulations. However, in accordance with Article 43 of the TFEU, it is possible to establish regulations covering timber if this proves necessary for the regulation of markets for Annex I products.

Competence of the European Union

Timber management, understood as timber marketing, is an exclusive competence of the EU under the standard commercial policy. In contrast, related to the industry, wood processing is among the areas where the EU can carry out activities that support, coordinate, or complement member states' initiatives.

Although forestry does not fall under the exclusive competence of the EU, action in this area can be taken under shared competence. The Union can regulate timber marketing if it is relevant to other areas of standard policy, such as environmental protection or the functioning of the internal market.

The European Union's (EU) standard trade policy is one of the key elements of its external action. Its legal framework is set out in Part Five of the Treaty on the Functioning of the European Union (TFEU), particularly Articles 205-207. According to Article 207(1) of the TFEU, the policy covers trade with third countries, and its main objective is to shape trade relations consistent with the EU's overall external policy. The legal acts of the European Union fall within the scope of the common commercial policy concerning international trade and directly impact it. According to Article 216 TFEU, the Union can conclude international agreements if necessary to achieve treaty objectives, implement legally binding acts of the Union, or affect standard rules or their scope. In such cases, the Union's competence is exclusive, meaning that member states cannot act independently in these areas.

The EU can impose measures such as export or import bans and shape bilateral trade conditions.

Two main types of instruments can be distinguished: import policy instruments (tariffs, safeguards against dumping practices, and import limits) and export policy instruments (export subsidies, safeguards in case of threats to the stability of internal markets). One of the EU's current trade policy challenges is the possibility of introducing export restrictions on wood due to a commodity shortage. Introducing such restrictions would require qualifying the timber shortage as "...an exceptional market development." Such a decision should be based on a sound economic analysis, indicating:

- Impact of timber shortage on the timber industry and other sectors of the economy,

- Increase in product prices and its consequences for consumers
- Threats to labor market stability and the competitiveness of EU companies.

The European Commission has adopted a new EU Forestry Strategy 2030, part of the European Green Deal, which builds on the EU's Biodiversity Strategy 2030. The strategy is intended to contribute to implementing a package of measures proposed to reduce greenhouse gas emissions by at least 55 percent by 2030 and achieve climate neutrality in the EU in 2050. Forests are essential in the fight against climate change and biodiversity loss.

They function as carbon sinks and help mitigate the effects of climate change, for example, by cooling cities, protecting against severe flooding, and reducing the impact of drought. The Forest Strategy sets out a vision and concrete actions to increase the quantity and quality of the EU's forests and strengthen their protection, restoration, and resilience. The strategy commits to strictly protecting primary and old-growth forests, restoring degraded forests, and ensuring their sustainable management in a way that preserves the essential ecosystem services that forests offer and on which society depends. The strategy promotes the most climate- and biodiversity-friendly forest management practices, emphasizes the need to keep woody biomass within the limits of sustainability, and encourages the economical use of wood through the cascading use principle. The strategy also provides for the development of payment schemes for forest owners and managers to provide alternative ecosystem services, such as keeping parts of forests intact. The new Common Agricultural Policy (CAP) will enable better-targeted support for foresters and sustainable forest development. The new forest governance structure will create a more inclusive space where member states, forest owners and managers, industry, academia, and civil society can discuss the future of EU forests and plan to preserve their valuable assets for future generations.

In addition, the Forest Strategy announced a legislative proposal to increase monitoring, reporting, and data collection on EU forests. Harmonized data collection at the EU level and strategic planning at the member state level will provide a comprehensive picture of EU forests' status, evolution, and projected future development. This is essential to ensure that forests can fulfill multiple functions related to climate, biodiversity, and the eco-

nomy. The strategy is accompanied by an action plan to plant three billion additional trees across Europe by 2030 with full respect to ecological principles - the right tree in the right place, for the proper purpose.

The EU's next FLEGT action plan protects tropical forests from the devastating effects of illegal logging, linked to the EU's 2030 Forest Strategy. Forests are also crucial to the global economy, providing billions of dollars in raw timber, paper and construction materials. FLEGT is applying legal measures in the EU and timber-producing countries to combat illegal logging. The EU has adopted a regulation to stop companies from bringing illegal wood products into the EU market. Through FLEGT, timber exporting countries are developing systems to verify the legality of their timber products. EU companies and intra-EU trade accounted for about 35% of this global trade. FLEGT levels the timber trade playing field and increases market access for legitimate companies by eliminating illegal timber. 80% of tropical timber exports to the EU come from FLEGT countries.

An essential role in European Union legislation is the EUDR (European Union Deforestation Regulation), which came into effect in June 2023.

It introduces new obligations for forest managers and many companies in the timber, paper, and furniture industries. FSC certification is a tool that can help meet these requirements. The goal of the EUDR coincides with FSC's mission - to halt deforestation and forest degradation around the world. The FSC organization has created a set of special tools and solutions to help meet the EUDR requirements. Under this regulation, companies placing products on the EU market must ensure they do not come from deforested land after December 31, 2020. This covers a range of commodities, including cattle ranching, cocoa and coffee crops, palm oil, soy, wood, rubber, and printed paper. Companies can adjust smoothly to the requirements without adversely affecting commercial operations while ensuring that the environmental goals enshrined in the EUDR are met. Companies must implement new procedures, such as product origin identification, verifying that raw materials are compliant; risk analysis, assessing whether there is a risk that products have been produced in areas affected by deforestation; documentation and reporting, preparing detailed data to confirm compliance. As part of the EUDR, the European Parliament also adopted amendments to the classification of deforestation risk for individual countries. Countries will now be classified as: "low-risk" countries, "standard risk" countries, and "high-risk" countries. A new category has also been added: "no risk" countries characterized by stable or growing forest cover. For these countries, the requirements will be much less stringent.

At the same time, under the Strategic Plan 2023-2027, support will be granted for establishing and maintaining agro-forestry systems. This is a new type of support not previously implemented in Poland under the CAP. These systems use agricultural land, where trees or shrubs are integrated with crops in the same area (arable land or TUZ). It is a multifunctional land use with both environmental and climatic benefits and a positive impact on crop quality. Trees protect crops from the wind, reducing the blowing of soil particles and evaporation of water from the soil, improving the water balance. Agro-forestry systems in which trees and shrubs are part of the pasture shelter animals from adverse weather conditions, increasing their welfare.

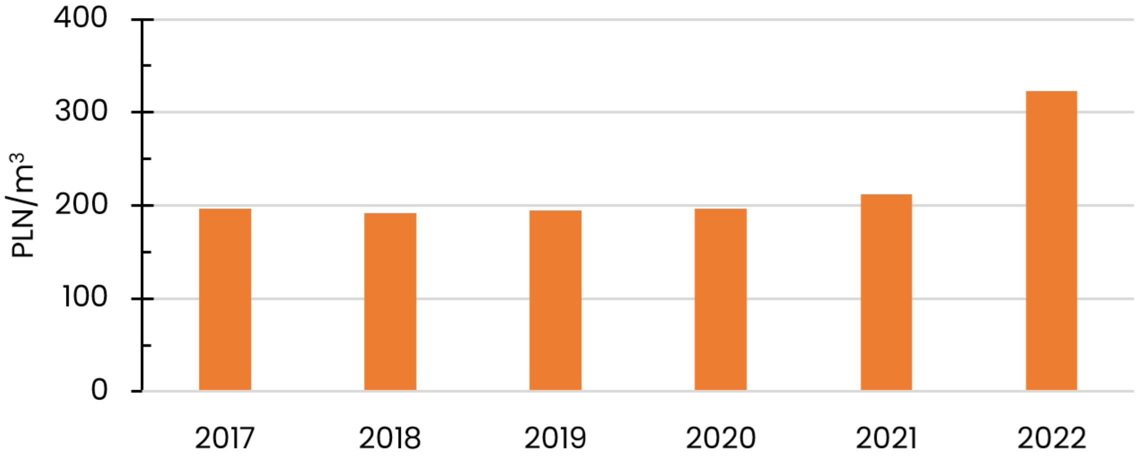
Another element of European Union policy is Directive 2023/2413 on promoting energy from renewable sources, commonly known as REDIII, introduced on November 9, 2023. The document amends Directive

(EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC, and repeals Council Directive (EU) 2015/652. The document sets targets for all economic sectors, such as transport and construction, directly and indirectly to the wood industry. The intention is to meet the provisions in the EU's Fit for 55 package, that is, to achieve a 55% reduction in GHG emissions in the European Union by 2030 relative to emissions recorded in 1990. This is to be a milestone in achieving the most crucial goal of the European Green Deal: EU climate neutrality by 2050. The main goal of the new legislation is to increase the share of "green" energy in Europe's energy mix to 42.5% by 2030, to raise this figure to 45%. In terms of transportation, the new rules allow member states to choose between a mandatory target of reducing greenhouse gas emissions by 14.5% through renewable energy sources by 2030 by increasing the share of biofuels and non-biological renewable fuels (RFNBO) or achieving a share of at least 29% of energy from renewable sources in the transport sector by the end of the decade. The RED III directive also stipulates using a minimum of 5.5% advanced biofuels and non-biological renewable fuels. The use of renewables is planned to increase annually by 1.6% in the industrial sector by 2030, while in the area of district heating, it is intended to increase by 2.1% per year. As a result of the agreement, sustainability criteria for using biomass, especially forest biomass, for energy purposes have been tightened. These measures are aimed at reducing the risk of unsustainable bioenergy production. Member states will ensure the application of the cascade principle, and wood from the most valuable forests or growing in wetlands will no longer be considered to meet renewable energy targets.

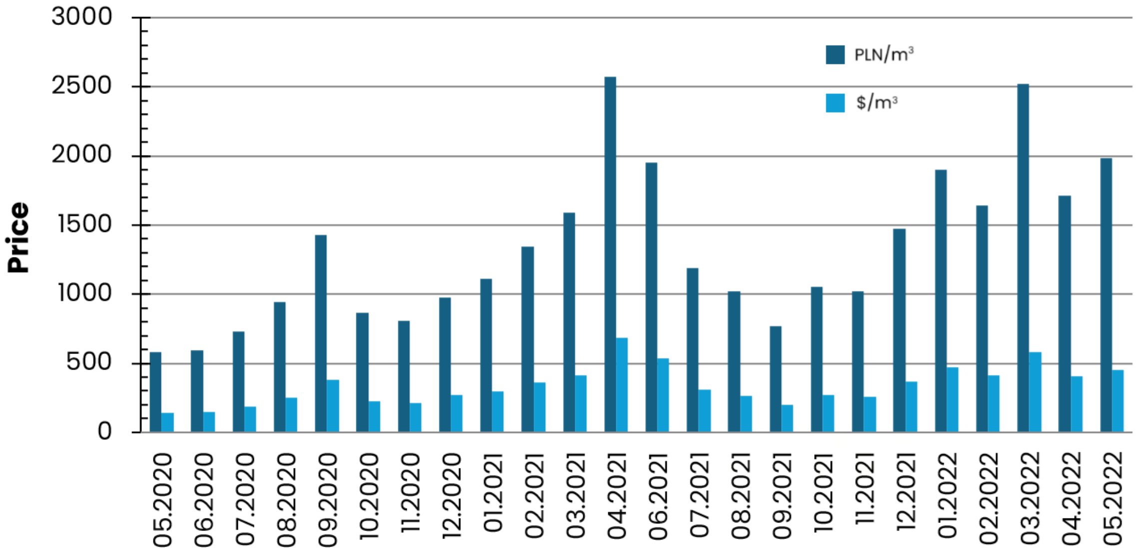
4. Impact of European regulation and practice on the wood production sector in Poland

The efficiency of manufacturing wooden products and furniture depends on the quality, prices and availability of wood raw material for furniture production. Currently, both prices and availability are negatively affecting the wood industry both in Poland and around the world.

Picture 10. Average annual round wood prices in Poland according to announcements by the President of the Central Statistical Office (GUS)



Picture 11. Change in average prices of structural lumber on the domestic market CSO



These changes triggered by fluctuating global demand for wood from Europe reflect market behavior.

The price factor destabilizes the economic situation in the global wood market, affecting companies that process both wood and wood-based products.

Wood resources can be threatened by mismanagement, so wood raw material is subject to certification. FSC and PEFC certifications ensure that wood materials come from sustainably managed forests. The Forest Stewardship Council (FSC) was established in 1993. In 1999, representatives of official institutions from 11 countries formed Pan European Forest Certification (PEFC), an independent non-governmental organization that protects wood resources by promoting sustainable forest management through certification. The certification of wood products is the standard for trade in forest products. As of December 31, 2022, 53,403 chain of custody certificates had been issued under the FSC system, covering 89 countries and regions. Meanwhile, 12,600 PEFC chain of custody certificates covering 78 countries and areas were issued. This means that the FSC system is broader than the PEFC system. Certification has high procedural requirements and is linked to awareness of its role for manufacturers of wood products. Numerous studies confirm increased consumer interest in products made from certified wood, which justifies its desirability from the producers' perspective. The requirement for sustainability is another factor reducing the supply of timber on the market.

International supply chains are playing an increasingly important role in trade, and producers' ability to meet high standards is becoming a key condition for success in foreign markets. For Poland, integrated into the international market, compliance with European standards and regulations is mandatory and represents an opportunity to increase competitiveness and develop exports. One of the main tools for improving the quality of the Polish wood sector is ISO standards, which support domestic wood and furniture companies in adapting to international requirements. ISO improvement is a process that allows an organization to make sustainable progress and adjust to changing market conditions and customer needs.

- Raise awareness among producers about progress in improving the quality of manufactured products
- Adaptation of CE-certified products to the requirements of products of the Community market,
- Development of detailed standard guidelines for the furniture and wood products manufacturing sector.

These measures allow products to be CE-marked, opening up the European Economic Area (EEA) market to them. The CE mark confirms a product's compliance with EU technical standards, allowing free trade in European markets. An essential element in developing the wood and furniture industry is equipping enterprises with the knowledge and skills necessary to meet European standards. The introduction of innovation in SMEs allows them to increase their competitiveness through the development of the export wood sector. The furniture sector in Poland is an area that requires exceptional support in selected regions of the country. Technological and process innovations backed by normative certification for introduced products in this segment of the economy have allowed better use of the production potential of the wood and furniture industry and increased participation in international supply chains. One of the priorities of the wood industry in Poland was to strengthen key institutions responsible for ensuring product quality, including testing and certification institutions. Cooperation with the International Standards Organization (ISO) made it possible:

- Introducing Good Standardization Practices,
- Modernize standards management systems and the way they are published.

This has improved the activities of enterprises, resulting in higher quality services and recognition of Polish standards internationally.

Harmonizing national regulations with EU requirements guarantees equal standards that facilitate trade, certification, and testing of wood and furniture products. This has allowed manufacturers to implement European testing methods, opening the way for wood products to EU markets.

In global trade, the role of international supply chains and their value is increasingly important, and the ability of producers to meet rigorous quality standards is a key factor for success in foreign markets in the European Union. Full compliance with European standards and regulations represents an opportunity for wood companies to increase their competitiveness.

5. Legal and organizational basis of the wood production sector in Ukraine

The Forest Code of Ukraine is the primary legislative act regulating legal relations in the forestry sector, aimed at enhancing forest productivity, conservation, and sustainable use while meeting societal needs for timber and other forest resources. It defines the legal framework for forest ownership and management, state governance and control over forest protection and regeneration, as well as the organization of forestry activities[6].

The Draft Law on the Timber Market (No. 4197-d) was first submitted to the parliament in September 2021. It aims to establish a transparent and regulated timber market in Ukraine. Ukraine should implement electronic auctions for timber sales, ensure public access to data on timber transactions, and create a single state entity for forest management. This legislation is part of broader forestry sector reforms intended to align Ukraine's timber market with European standards and promote sustainable forest use[7]. The draft law was approved in the first reading in November 2021, but as of February 2025, it has not been fully adopted.

The proposed timber market reform aligns with Ukraine's National Economic Strategy 2030, particularly Strategic Goal 3: Ensuring a Safe Environment for the Population. The strategy prioritizes the preservation and sustainable use of natural resources, including forestry, by introducing a balanced forest management system. Key initiatives included developing a Forest Management Strategy until 2035, improving timber market legislation, eliminating overlapping responsibilities in forestry governance, conducting a national forest inventory, and creating mechanisms to prevent wildfires and illegal logging[8]. The Forest Management Strategy until 2035 was approved by the government in December 2021[9].

The State Forest Resources Agency of Ukraine is the main authority responsible for forest and hunting management, overseeing 73% of the country's forests. Its key functions include implementing national policies on forest conservation, sustainable management, reforestation, and wildlife regeneration, as well as developing and executing national and international programs to enhance forest productivity and ecosystem protection. The agency operates through territorial departments and state forest enterprises, which manage all forestry activities from planting to logging, with some also engaged in primary wood processing[10].

In September 2022, the Cabinet of Ministers of Ukraine mandated the establishment of the State Specialized Forest Enterprise "Forests of Ukraine" under the jurisdiction of the State Forest Resources Agency of Ukraine. As part of Ukraine's ongoing forestry sector reform, the Agency issued Order No. 804 on October 26, 2022, to establish the State Specialized Forest Enterprise "Forests

6 See https://zakon.rada.gov.ua/laws/show/3852-12#Text.
7 See http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=72719, https://derevo.ua/en/publication/ba-pidtrimu-reformuvannya-rinku-derevini-v-2564, https://buhgalter911.com/en/news/news-1085434.html.
8 See https://zakon.rada.gov.ua/laws/show/179-2021-%D0%BF#Text.
9 See https://zakon.rada.gov.ua/laws/show/1777-2021-%D1%80#Text.
10 See https://forest.gov.ua/en/agentstvo/about-state-forest-resources-agency-ukraine

of Ukraine", 100% state-owned. This reform consolidates 158 state forestry enterprises into a single state-owned enterprise and replaces the 24 regional forestry and hunting management offices with nine regional offices[11]. The goal was to optimize the management of state forestry enterprises by centralizing administration and improving governance efficiency.

The wood industries are still impacted by Ukraine's timber export ban, implemented in 2015. Declaratively, it was introduced to protect the country's forests from excessive logging and illegal trade. The 10-year ban on exporting unprocessed timber (roundwood) was intended to curb deforestation, promote sustainable forestry, and encourage the development of Ukraine's domestic wood-processing industry. However, while the policy created friction with Ukraine's trade partners, particularly the European Union (EU), which viewed the restriction as a violation of the Ukraine-EU Association Agreement. The EU formally challenged the ban, arguing that it disrupted supply chains and negatively affected European industries dependent on Ukrainian timber. The arbitration panel ruled in 2020 that Ukraine had to lift the ban partially, yet it is still effective[12]. The possible abolition of the ban is challenged by many Ukrainian business representatives and experts.[13,14].

11 See https://e-forest.gov.ua/about-us/, https://biz.ligazakon.net/news/213831_v-ukran-startu-reforma-lsovo-galuz.

12 See https://policy.trade.ec.europa.eu/news/ukraine-wood-export-ban-found-illegal-independent-panel-ruling-2020-12-12_en.

13 See https://ukurier.gov.ua/uk/articles/moratorij-na-eksport-derevini-chi-bude-kinec-istor.

14 Yevhen Anhel, Results of Ukraine's 2015 Wood Moratorium: Trade Protectionism vs Forest Protection, 30 March 2021, https://3dcftas.eu/op-eds/results-of-ukraines-2015-wood-moratorium-trade-protectionism-vs-forest-protection.

6. Impact of European regulation and practice on the wood processing industries in Ukraine

Chapter 15 of the Ukraine Facility Plan, titled "Green Transition and Environmental Protection," outlines Ukraine's commitment to rebuilding its economy and infrastructure with a focus on sustainability and alignment with European Union (EU) standards. This chapter addresses the environmental challenges exacerbated by ongoing conflicts and emphasizes the integration of green principles across all sectors. A significant focus within this chapter is on the forestry sector[15].

In the Agenda 2024-2027, a key priority is strengthening environmental legislation enforcement, particularly within the forestry sector. This includes the clear separation of functions to prevent conflicts of interest and ensure effective governance. Additionally, the agenda emphasizes establishing a dedicated and empowered control and inspection body to enhance transparency and oversight. This initiative aims to reduce illegal, unregulated, and unreported (IUU) tree felling, promoting sustainable forest management and compliance with environmental regulations[16]. Key strategic documents will be developed to guide Ukraine's environmental and climate policies, including a detailed action plan for implementing the 'Governmental Strategy of Forest Resources Management in Ukraine to 2035' and related institutional reforms. These measures will support Ukraine's forestry sector's long-term sustainability and resilience.

Forestry-related reforms of the Ukraine Facility Plan focus on restoring and conserving natural resources, particularly through Reform 4, which aims to reduce deforestation and forest degradation. Strengthening the capacity to trace timber origins and prevent illegal, unregulated, and unreported (IUU) logging is a key priority. Additionally, restructuring forestry practices to increase the share of native tree species in reforestation will support habitat restoration and biodiversity conservation. According to the Ukraine Facility Plan, the reform will enhance the timber tracking system, ensuring comprehensive oversight of timber trade operations. By introducing new legislation, the reform will regulate the verification of timber sustainability, making it impossible to market or sell illegally harvested timber, thus significantly reducing illegal logging and deforestation risks.

This reform aligns Ukraine's forestry policies with Council Regulation (EC) No. 2173/2005, which establishes the FLEGT licensing scheme for timber imports into the EU, and Regulation (EU) 2023/1115, which regulates the placing of commodities and products linked to deforestation and forest degradation on the EU market. It also repeals Regulation (EU) No. 995/2010, further strengthening controls on timber trade. In the long term, the reform is expected to prevent illegally harvested timber from entering the market, contributing to a reduction in illegal logging and strengthening measures to combat environmental crimes. The reform will be implemented by the Ministry of Environmental Protection and Natural Resources and is scheduled for completion by Q2 2026.

15 Ukraine Facility Plan, p.290, https://www.ukrainefacility.me.gov.ua/wp-content/uploads/2024/03/ukraine-facility-plan.pdf.

16 Ukraine Facility Plan, p.294, https://www.ukrainefacility.me.gov.ua/wp-content/uploads/2024/03/ukraine-facility-plan.pdf.

7. Challenges in aligning Ukraine's wood production sector with EU standards

Ukraine's woodworking industry faces multiple challenges in its effort to align with EU regulations and market requirements. One of the biggest obstacles is the complexity of certification and compliance standards, such as the EU Deforestation Regulation (EUDR) and FSC certification. Many Ukrainian companies struggle with traceability requirements, demanding detailed timber sourcing, transportation, and processing documentation. The lack of a centralized tracking system in Ukraine makes it difficult for businesses to provide the necessary proof of sustainable forest management, limiting their ability to export to European markets.

Another significant issue is the bureaucratic and legal adaptation process. While Poland and other EU countries have well-established legal frameworks for the woodworking industry, Ukraine's state forest entities still operate under outdated policies that create uncertainty for businesses. Conflicts between private sector stakeholders and government agencies over raw material procurement and pricing policies have led to inefficiencies in the sector.

The transition to sustainable and circular economy principles also presents technical and financial challenges for Ukraine's woodworking sector. EU policies emphasize resource efficiency, requiring businesses to modernize their production facilities to minimize waste and optimize wood utilization. However, many Ukrainian woodworking companies lack access to funding for modern equipment and eco-friendly production technologies.

The energy sector and environmental policies also create additional obstacles. The EU encourages using renewable energy sources, but the debate over wood biomass as an energy alternative remains unresolved in Ukraine. While some advocate for maximizing wood processing for furniture and construction, others argue that burning wood for energy production is a necessary alternative amid Ukraine's war-related energy shortages.

Lastly, logistical and market access difficulties further complicate Ukraine's integration into the European woodworking industry. High transportation costs, supply chain disruptions, and competition from EU-based suppliers can be challenging to expand their exports. The sector must foster stronger cross-border cooperation with Poland and other EU countries. Without addressing these challenges, Ukraine's woodworking industry risks being excluded from major European markets, limiting its growth potential in the long term.

8. Experience of Polish companies related to accession and EU membership useful valid for Ukraine and Ukrainian entrepreneurs

Poland's accession to the EU 2004 changed trade and economic relations with all member countries. It involved, among other things, adopting the principles of free movement of goods and agreement to a common customs union. This meant the need to comply with EU trade rules with inclusion in the single EU internal market and adopt all the rules and instruments of the EU's standard trade policy. One of the main objectives of the free trade area and customs union is the elimination of barriers to trade and the movement of factors. These elements of accession to the EU significantly impacted the dynamics and structure of Poland's trade in goods with member states. A significant change in EU accession was the elimination of pre-existing physical, technical, and fiscal barriers to trade.

Poland and the EU differed on several important issues, such as technological level (the share of high-tech industry in Polish industry is about 5% - in the EU countries, it is 25%), communication infrastructure (lack of highways, sufficient telephone network) or level of services and employment (in Poland about 45% of the working population, in the EU on average about 65%). The differences outlined above contribute to the fact that support for integration is not stable; about half of those declaring support for accession have various fears and doubts, which continue to grow. One concern was limited production by businesses, which could lead to increased unemployment (as in Spain or Greece) and a decline in the value of the Polish product.

Despite so much anxiety with Poland's accession to the EU, total integration has led to several positive economic effects. Polish entrepreneurs gained direct access to the world's largest market, with permission to work, study, establish a business, and settle in any EU country of their choice. The Polish timber industry showed an increase in GDP resulting from the development of trade and production, a boost to the country's economic growth (improving living conditions), and an influx of new investments and technologies. A positive element was the increased value of access to EU funds and the possibility of taking loans, as well as increased exports of goods of the Polish wood industry.

To meet the challenges and seize the opportunities of Poland in the EU, it was essential to build strong partnerships with other EU member states, especially those in Central and Eastern Europe, to promote regional cooperation and common goals - Investing in education, research and innovation to promote economic growth and competitiveness. Recent decades have brought significant changes in both Poland and the world. Poland's accession to the European Union, financial crises, the dynamic development of new technologies, and the war in Ukraine have significantly impacted the national and international economy. These changes are manifested primarily in the structure of exports, the expansion of Polish companies into foreign markets, and changing consumer preferences and habits. An example is the growing awareness of consumer rights and the dynamic growth of online shopping.

Despite the economic transformation, government institutions have not always kept pace with changing market realities. The deficit of state activity and support is particularly evident in such areas as:

- Legislation and tax system - Lack of effective solutions to support the competitiveness of Polish companies.
- Support for foreign expansion - Insufficient state support for domestic entrepreneurs entering foreign markets.
- Protection against unfair competition - Inadequate protection against unfair competition practices.

These faults are particularly important in global trends such as green transformation, aging populations and the digitization of economic and social life.

Polish timber companies face competition from both the more developed economies of the European Union and players taking advantage of legislative loopholes. These problems particularly affect rapidly growing sectors such as e-commerce and sustainable manufacturing. It is in these areas that the lack of adequate regulation can lead to monopolies and the liquidation of the small and medium-sized enterprises on which the Polish timber market relies.

The European Commission, responsible for protecting competition in the Union, does not always give due weight to cases brought by Polish companies. Sometimes, this is due to a lack of recognition of the Community interest, resulting in a low priority for such cases and limited competition protection at the Community level. Polish companies have to face difficult market conditions independently, and competition protection is inadequate.

The experience of Polish companies during the EU accession period can provide valuable guidance for Ukraine and its companies. The implementation of appropriate regulations and the creation of support mechanisms can significantly affect the competitiveness of Ukrainian companies in the face of similar challenges.

9. Prospects for cooperation between Polish and Ukrainian companies in the wood production sector on the European market

The history of strategic cooperation between Poland and Ukraine has its roots in the historical geopolitical traditions of both countries. Poland has consistently built relations with Ukraine, recognizing it as a key partner in the region. The priority of Ukraine in Polish foreign policy remains unchanged, although Poland's role in Ukraine's geopolitical strategy has not always been as clearly defined. The rapprochement between the two countries, especially after the "Orange Revolution," and numerous reconciliation initiatives, have not significantly changed the perception of Poland as a strategic partner in Ukraine. This partnership, determined by many variables, including international ones, requires constant adaptation to the dynamically changing situation. Constant analysis and monitoring of mutual relations allow for a better understanding of deepening cooperation's causal processes and potential benefits.

Ukraine plays a key role as a trade partner for Poland. Over the course of its independence, the country has undergone a number of changes in the economic, legal and political spheres. Nevertheless, Ukraine still faces the task of transforming its economy into an open market system at the European level. In recent years, Ukraine's timber industry has found itself in a difficult situation. Among the reasons for this are Russian aggression, the loss of traditional export markets, rising transportation and energy costs, and a decline in domestic demand for wood. In addition, export restrictions have negatively affected the sector. Part of the economic sector has moved to Poland. In 2022, more than 24,000 companies with Ukrainian capital were operating in Poland. Most companies operated in sectors such as trade (22%), construction (19%) and transport and logistics (14%). Cultural proximity, language similarities and friendly attitudes made Poland a natural place for Ukrainian companies to develop their operations. Many Ukrainian entrepreneurs starting a business or cooperation in Poland need support in terms of legal advice, knowledge of regulations and establishing business contacts. In this context, non-governmental organizations, business associations and institutions supporting business initiatives play a key role. Thanks to them, Ukrainian companies gain access to investment projects and development opportunities in the new market that is the European Union. The end of the war does not mean the closure of the activities of Ukrainian companies in Poland. On the contrary, many of them plan to continue cooperation with Polish partners. Experts point out that Ukrainian companies are already looking for business partners to prepare for future expansion into Western European markets. Many companies assume that branches established in Poland can become permanent pillars of their business, benefiting both countries.

Poland, with its stable economy and its role as a bridge between the East and the West, stands to gain significant benefits from cooperation with Ukrainian companies, which could become an important partner that will serve to strengthen economic relations in the region. The wood sector of Poland and Ukraine faces many challenges in meeting EU standards, which require a comprehensive approach. The war in Ukraine has significantly affected the functioning of the industry in both countries, causing disruptions in production, access to raw materials and market dynamics.

- **Shortage of skilled workers**—The armed conflict has significantly reduced the number of available workers, especially in the private sector in Ukraine and Poland.
- **Labor mobilization** - The mandatory mobilization of men into the army in Ukraine has led to an exodus of workers in the timber industry, forcing companies to hire women and implement alternative employment strategies.
- **Production disruption** - Companies have had to introduce replacement technologies, such as fuel generators, to maintain operations.
- **Availability of raw materials**—Supply problems and rising prices require strategic operations adjustment to ensure continued production.
- **Changes in supply chains** - Companies are seeking to diversify their sources of supply, using safer alternatives.
- **Bureaucratic barriers** - The process of obtaining raw materials, including the need to obtain numerous certificates and permits, is becoming a significant obstacle.
- **Insufficient government support** - Companies report a lack of information about available support programs, such as loans to purchase equipment and machinery.
- **Changes in product destination**—Companies are changing their production profiles to adapt to changing demand and customer preferences.
- **New markets** - As traditional markets are disrupted, companies are looking for new customers, which requires product diversification.
- **Logistics problems** - The war has affected transportation and delivery, forcing companies to adjust their logistics strategies.
- **Market uncertainty** - It is difficult to predict further changes in the market, which affects companies' strategic decisions.
- **Industry attractiveness** - Retaining and attracting a skilled workforce requires operational improvements and more attractive working conditions.

Also problematic is the introduction of export restrictions on timber, which requires consideration of both legal and economic aspects. In the context of a shortage of raw materials, it is crucial to conduct a detailed analysis of the economic impact of such restrictions, verify compliance with the EU's international obligations, and consider renegotiating trade agreements to better adapt them to crisis situations, such as pandemics or armed conflicts. In addition, it is worth considering the introduction of more flexible mechanisms in EU law to respond more effectively to crises and protect the Union's internal market.

10. Strengthening ties between the wood processing industries of Poland and Ukraine in the European market

Poland and Ukraine's woodworking and furniture industries increasingly focus on cooperation rather than competition to strengthen their position in the European market. While both countries have strong woodworking sectors, Poland's industry is more developed, contributing around 3% to its GDP and employing 400,000 people. Instead of direct rivalry, Polish and Ukrainian businesses explore collaborative opportunities such as joint production, cross-border investments, and knowledge-sharing initiatives. Given Ukraine's ongoing EU integration, Polish companies offer valuable expertise in adapting to EU standards, certification, and sustainable forest management. Additionally, with logistical challenges such as sea blockades affecting exports, the EU—especially Poland—has become Ukraine's convenient and reliable trade partner. Strengthening ties through industrial partnerships, shared production facilities, and technological cooperation will help both nations enhance competitiveness and expand their presence in the European market.

In Ukraine, industry associations are expected to play a key role in helping businesses navigate EU regulations and challenges, following the Polish experience in sectoral cooperation. To enhance investment and efficiency, Ukraine can develop industrial parks modelled after Poland's successful approach. Additionally, many leading Ukrainian companies, particularly those with foreign investments, have established production facilities in Poland, creating a synergistic industrial network. This cooperation facilitates exports beyond the EU, including to the U.S. and other global markets, where wood and furniture products manufactured in both countries can be efficiently transported via port logistics. This interstate cluster strengthens trade capabilities, as Ukrainian companies operating in Poland benefit from easier access to European and global markets, enhancing the competitiveness and integration of both countries in the international woodworking and furniture sectors.

Furniture manufacturing emerged as a key area of collaboration, with many Ukrainian workers already engaged in Polish production facilities. Before the war, it was estimated that Ukrainians made up 10% of workers in the furniture industry[17]. Additionally, joint production and cross-border investments were identified as crucial strategies to boost competitiveness and counter non-European producers like Russia and Belarus, strengthening the regional market position of both countries.

[17] See https://ukraineinvest.gov.ua/en/news/new-opportunities-for-ukrainian-furniture-industry..

11. Recommendations for Ukraine and Ukrainian companies related to EU accession

To address the above challenges, it is necessary to implement coherent measures that address the needs of both the public and private sectors. Proposed solutions include:

1. Acceleration of legal regulation and institutional reforms

- Alignment forestry and timber processing regulations with EU legislation, particularly on sustainable forest management, timber certification and environmental protection.
- Building strong institutions and enforcement mechanisms necessary to ensure compliance with EU standards.
- Development of a transparent and competitive wood market. A well-organized wood market will increase investor confidence, attract European partners and reduce corruption, making Ukraine's forestry sector more resilient and globally competitive.

2. Production and raw materials

- Simplification of bureaucratic procedures and introduction of a transparent certification system for wood raw materials and furniture industry products in compliance with European standards.
- Increase accessibility to the national and international programs that support investment in the wood industry based on technological and process innovation.

3. Employment

- Development of vocational training programs for the timber industry in colleges and training centers.
- Support for re-branding by providing opportunities to acquire new skills through specialized courses.

4. Market and logistics

- Establish wood and furniture clusters to promote cooperation among wood enterprises and knowledge exchange at the international level.
- Improving transportation infrastructure to increase logistics efficiency.
- Diversify products and markets for wood products to reduce dependence on a single source of income.
- Strengthening cross-border cooperation with EU countries. Joint ventures, investments in cross-border processing facilities and knowledge-sharing initiatives can help Ukrainian companies overcome regulatory and logistical challenges while increasing their competitiveness in the European market.

By implementing the above measures, Ukraine's wood sector can better adapt to EU requirements and compete more effectively in international markets. An in-depth analysis of the European timber industry reveals the complexity of the challenges, but also the potential for dynamic expansion and long-term growth. The timber sector shows considerable resilience to crisis conditions, among both private and state-owned companies, highlighting their ability to adapt and innovate. The convergence of economic challenges, supply chain disruptions and changing customer preferences requires flexible and future-oriented growth strategies for the timber industry. To meet these challenges, approaches tailored to individual stakeholders must be implemented:

- **Infrastructure Modernization** - Development of transportation and logistics infrastructure to facilitate economic activity.

- **Tax reforms** - Introduce tax breaks for timber companies to support their development.
- **Financial support** - Provide grants and preferential loans for war damage reconstruction.
- **Priority for innovation** - Investing in closed-loop technologies and modern manufacturing solutions.
- **Flexible supply chains** - Building security by diversifying sources of raw materials.
- **Diversification of markets** - Exploration of new markets outside traditional export areas.
- **Sector analysis** - Conduct market research and analysis to make informed strategic decisions.
- **Training and knowledge exchange** - Organizing training programs and employee exchanges in the framework of international cooperation.
- **Certification requirements**: Reforming production processes to ensure legal sourcing of raw materials, respect for the environment, and proper preparation of standard documentation to confirm the origin and environmental integrity of the wood materials used.

Implementing these recommendations will not only overcome obstacles, but will also enable Ukraine's timber industry to play a key role in the country's economic recovery and ensure its sustainable growth in the European Union market.

The Warsaw Enterprise Institute (WEI) is a leading Polish think tank originating from the Union of Entrepreneurs and Employers. Established to enhance Poland's prosperity, WEI focuses on four critical areas: State and Law, Security, Economy, and Demographics. WEI provides solutions for state institutions and independent social or commercial entities through rigorous research, analysis, educational projects, and publication of commentaries, stances, memoranda, and reports.

WEI believes that Poland's security and the prosperity of its citizens depend on their rights and freedoms, including the right to choose their way of life, equality before the law, and the right to accumulate wealth. WEI advocates for a strong and efficient state to protect against injustice and external threats but emphasizes that the state's role should be minimal to foster entrepreneurial energy and spirit.

WEI's key areas of focus are:

State and Law. WEI is dedicated to improving the quality of laws, the legislative process, and their application and enforcement in court proceedings. WEI supports a legal framework based on simplicity and the natural order, advocating for minimal regulation and emphasizing voluntary agreements and contracts. The organization promotes a strong but limited state focused on ensuring security and justice for its citizens.

Security. Learning from historical experiences, WEI supports Poland's participation in defense pacts and international organizations while emphasizing self-reliance, with the Polish Army as the key guarantor of national independence. WEI advocates for a professional army capable of effectively countering potential threats and stresses the importance of energy security by diversifying energy sources and supply routes. The institute supports Poland's presence in the EU as an economic community but opposes the concept of a single European state dominated by bureaucracy. Poland's foreign policy, according to WEI, should prioritize national political and economic interests.

Economy. WEI asserts that a robust economy is essential for funding national defense, improving living standards, and halting depopulation. The institute calls for straightforward business regulations, low and simple taxes, and an efficient judiciary. WEI opposes harmful taxes and bureaucratic barriers, advocating for equal conditions for business competition and focusing on small and medium-sized enterprises (SMEs), the backbone of the Polish economy. Educational reform to align with job market needs and limited state participation in the economy, except in military and energy sectors, are also crucial economic policies WEI promotes.

Demography. Addressing unfavorable demographic trends is crucial for achieving WEI's goals. The institute supports policies to increase birth rates, curb emigration, and implement sensible immigration policies. Strengthening families' legal and social position to encourage higher fertility rates is a priority. WEI believes in allowing citizens to retain more earnings to support child-rearing and advocates for localized social support policies targeting only those in need.

WEI maintains a nonpartisan stance, supporting beneficial national solutions regardless of political origin. WEI collaborates with Polish authorities through professional analysis and active public engagement in strategic planning, policy development, and implementation, contributing to Poland's development and prosperity.

The Institute for Economic Research and Policy Consulting (IER) is the leading Ukrainian independent think tank focusing on economic research and policy advice. It has more than 20 years of experience in economic policy analysis and the development of policy recommendations. Since 2016, the IER actively supports regional civil society organizations in Ukraine through re-granting, mentoring, training, and awareness-raising campaigns.

IER's mission is to provide alternative solutions to key problems of social and economic development in Ukraine based on the rule of law, democracy, and market economy principles. The IER's special focus is on promoting the EU-Ukraine Association Agreement.

The IER aims to:
1. provide top-quality expertise in the field of economy and economic policy-making and developing strategic and instrumental components of the economic policy;
2. formulate a public opinion through the organization of public debate, facilitation of public dialogue and spreading knowledge;
3. contribute to the development of economic and social sciences and promote the development of the Ukrainian research community.

Since its establishment in 1999, the IER has focused on economic research and policy advice in macroeconomic policies, business climate, small and medium entrepreneurship (SME) development, international trade, financial markets, and regional and sectoral development. Since the early 2010s, the IER has been extensively focused on promoting the European integration of Ukraine.

The IER's particular strength is monitoring business attitudes and expectations towards various aspects of the business environment and regulation, including policy impacts, by conducting regular and ad-hoc business tendency surveys. Since July 2002, the IER has held a regular quarterly survey of 450 industrial enterprises in Ukraine to monitor, forecast, and analyze business activity based on the information received "from the ground up" judgments and economic agents' anticipations. Since May 2022, the survey has been conducted monthly and covered 500+ from all controlled by GOU oblasts. The IER has developed an Annual Business Climate Assessment – a policy tool for monitoring and assessing business climate and SME development based on firms' perceptions and attitudes. Annually the IER has conducted 1000+ enterprises regarding trade facilitation issues and customs work assessment.

After 24 February 2022 year, the IER focused on supporting Ukrainian resistance to full-scale military aggression. Our activities are repurposed according to stakeholder needs. Since May 2022, the IER has run the Program "Analytics and Information of the Countries' Economy during the War Time." The IER produces and promotes monthly the analysis and forecast of the Ukrauaianin economy, including monthly surveys of 500+ enterprises. The IER is a member of the public initiatives RISE (a coalition of Ukrainian and international organizations working for Ukraine's Reconstruction Integrity, Sustainability, and Efficiency). Also the IER is the founder of the RRR4Ukiraine think tank initiative, which aims to promote honest and visionary recovery based on the principles of openness and accountability.

The IER successfully combines professional analysis with active involvement in public dialogue and advocacy and actively cooperates with Ukrainian national and regional authorities in strategic planning and policy development, and policy implementation. The IER has the capacity for grant management and provides re-granting for capacity development to regional civil society organizations and media.

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