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Forest Policy Report

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# Analytical note on the problematic issues of adopting regulatory acts in forestry in 2026

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## **About the Project "Sustainable Forestry Implementation" (SFI)**

The project "Technical Support to Forest Policy Development and National Forest Inventory Implementation" (SFI) is a project established within the framework of the Bilateral Cooperation Programme (BCP) of the Federal Ministry of Food and Agriculture of Germany (BMEL) with the Ministry of Environment and Natural Resources of Ukraine (MENR). It is a continuation of activities started in the forest sector within the German-Ukrainian Agriculture Policy Dialogue (APD) forestry component.

The Project is implemented based on an agreement between GFA Group, the general authorised executor of BMEL, and the State Forest Resources Agency of Ukraine (SFRA) since October 2021. On behalf of the GFA Group, the executing agencies - Unique land use GmbH and IAK Agrar Consulting GmbH - are in charge of the implementation jointly with the SFRA.

The project aims to support sustainable forest management planning in Ukraine and has a working focus on the results in the Forest Policy and National Forest Inventory.

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## Overview of selected key regulatory acts for 2025

A number of draft legal acts regulating forestry have been prepared for 2025.

Particularly important was the meeting of the Cabinet of Ministers of Ukraine on 28 November 2025, which adopted three resolutions of the Cabinet of Ministers of Ukraine regulating

- Establishment of a joint-stock company on the basis of the State Enterprise "Forests of Ukraine" without the adoption of a relevant law and its inclusion in the list of enterprises not subject to privatisation (No. 1550);
- Certain issues of forest management (No. 1551), namely the extension of the validity of forest management materials;
- Creation of an electronic cabinet for timber exporters (No. 1552).

Also, the Cabinet of Ministers of Ukraine adopted Resolution No. 1356-r dated 28.11.2025 "On Approval of the Operational Plan of Measures for the Implementation of the State Forest Management Strategy of Ukraine until 2035 in 2025-2027" (consisting of three sections).

## Proposals for regulatory and legislative activities in 2026

Implementation of the Operational Plan of the State Forest Management Strategy of Ukraine until 2035

Some of the measures in the Operational Plan are to be implemented in 2026. The following measures deserve a separate discussion:

- a) Developing a draft law on the electronic form of issuing a logging ticket and a certificate of origin of timber.

The preparation of this draft law will require discussion, as it will apply to forests of all forms of ownership.

6) Development of a regulatory act to reform the state forest protection and forest guard.

I have developed such a draft law and it was included in the draft Law on Joint Stock Companies, which will not be considered at this time (CMU Resolution No. 1550). Therefore, it can be submitted for discussion as a basis.

- The regulation on the establishment of forest crops with seedlings with a closed root system needs to be discussed, taking into account the experience of Poland and Germany.

Ukraine, taking into account different geographical zones, climate and the abandonment of clear-cutting in the Carpathians, will move to promote natural regeneration in Polissya and the Carpathians. Therefore, the feasibility of expanding existing measures in the context of limited financial resources is a debatable issue.

#### **Development of Regulation on Joint Stock Company**

When developing the Regulation on the joint-stock company in 2026, I believe that the theses contained in the draft Law on PJSC "Forests of Ukraine" should be taken into account:

1. State ownership of forests.
2. State ownership of game animals.
3. Objects of ownership of the company (buildings, land for their maintenance, forest roads).
4. Functions of forest protection.
5. To analyse and approve the management structure of the PJSC.

#### **Improvement of the organizational structure of the state forest company**

The current structure of the SE "Forests of Ukraine" is based on the principles of a single legal entity and leads to a complete

monopolisation of power by the centre and imbalanced relations with local communities.

Centralisation has led to an increase in the area of supra-forestry to 100,000 hectares, which is three times the area of forestry enterprises and eight times the area of supra-forestry in Poland.

Foresters are responsible for forest areas of 20,000 hectares and more, and they follow only instructional instructions, with no right to make independent decisions (the area of foresteries is 10-20 times larger than in Poland).

In my opinion, there is a need to discuss the possibility of creating a two-tier legal entity:

- Central office - strategic decisions;
- Regional strategic offices (tactical decisions).

This will allow for more professional and controlled work on the ground and reduce the number of central staff, while increasing forest protection on the ground. Thus, there will be more coordinated work with local communities, which is important for their development.

The functions, rights, duties, and responsibilities of members of the supervisory boards of joint-stock companies will be discussed separately if the draft law is introduced.

#### [\*\*Amendments to the Forest Code of Ukraine\*\*](#)

The Forestry Code of Ukraine generally provides a regulatory framework for forestry, but it needs to be supplemented by chapters:

- Introduction of forestry in mined forests;
- Defence (border) forests;
- Restoration of war-damaged soils in forests;

- Agroforestry measures on agricultural land affected by military operations;
- The concept of clear-cutting and its application;
- The concept of close-to-nature forestry and the possibility of its application within geographical zones;
- Substantiation of the effectiveness of forest creation with seedlings with a closed root system with the definition of geographical zones, technologies and climatic conditions;
- Justification of plantation cultivation for obtaining timber for a shortened growing period;
- Justification of the status of communal forests;
- Justification of the status of private forests on private land;
- Separate regulatory regulation of modern timber harvesting technologies in the context of the abandonment of clear-cutting in the Carpathians is required.

#### **Adoption of the Law "On the Timber Market"**

There is an acute issue with the perception of the Timber Market Law - lobbying by big business has led to the rejection of two previous drafts. The experience of selling all timber products on exchanges is almost unique in Europe and does not always allow local businesses to compete with large companies.

In addition, a ten-year ban on the export of roundwood expires in 2025, and this issue is already a conflict with EU countries.

A constant challenge for the forestry sector is the need to take into account the EIA (Environmental Impact Assessment) Law, which requires forestry to spend UAH 30-40 million annually on projects.

Limiting the area of forest use to one hectare contradicts EU standards, which require EIAs to be carried out only when changing the purpose of forest land. This is one of the controversial provisions in the current draft law on the timber market, which is currently undergoing a second reading.

#### [\*\*Amendments to the State Forest Management Strategy until 2035\*\*](#)

In my opinion, there is a need to change the Forestry Development Strategy until 2035, and this is primarily due to the military actions and the lack of a specific programme for using the strategy on a yearly basis.

Over the past decade, Ukraine has adopted a number of legislative and other regulatory acts that affect the development of local communities and decentralisation of power. At the same time, the war has significantly changed approaches to management decision-making, causing huge environmental and economic losses to the country.

The social factor has been exacerbated by problems with people leaving Ukraine's borders (about 10 million) and moving to the western regions. The estimated decline in GDP over the next three years is about 25%.

These and other factors require prompt decisions to be made: on the one hand, to strengthen the country's defence capability, and on the other hand, to stimulate economic development. In this context, forestry plays an important role in mobilising resources and supporting businesses and local communities. At the same time, about 1 million hectares of forests along the border from Volyn to Kharkiv, which are of military and defence importance and for which a special status of forests of special environmental protection value needs to be

developed and approved, which requires a separate regulatory document. At the same time, more than 1 million forests have been affected by the war, destroyed or mined, and restoration of forest management will take time.

The regulatory framework for forestry is currently based on the Forest Code, adopted in 2006 with a number of amendments, and the State Forest Management Strategy of Ukraine until 2035, approved on 29.12.2021 and amended on 22.09.2023. For more than 10 years, there has been no effective forestry development programme.

Given the martial law and the creation of the State Enterprise "Forests of Ukraine", which is a de facto monopolist in forestry on an area of 7.4 million hectares (the total area of the state's forests is 10.6 million hectares), the adopted strategy needs to be significantly revised, both in terms of the role of decentralisation and the creation of 1469 territorial communities, and in addressing the issues of sustainable forestry development in the current environment.

#### ***Adoption of the Forestry Development Programme until 2035***

The main priorities of the strategy need to be clarified and the relevant "Forestry Development Programme until 2035" should be adopted, which should provide for

- Increasing the forest cover of the territory to a scientifically justified optimal level, expanding protective afforestation and agroforestry to implement the Presidential Decree "On Large-scale Afforestation of Ukraine" (with specific plans for each year)
- Increasing productivity, improving the quality composition of forest plantations, increasing the resilience of forest ecosystems to the impact of negative environmental factors in the context of climate change and military operations;

- increasing the environmental protection potential of forests and preserving their biodiversity in accordance with the adopted European regulations;
- expanding the application of methods of rational use of forest resources, deep processing of wood, and the adoption of the Law "On the Timber Market";
- interest of local communities in the integrated use of forest resources and efficient forestry, support for rural development in the context of decentralisation.

#### **Settlement of ownership rights to forests**

Forest ownership needs to be regulated in the current environment. The creation of a land market, strengthening of the role of local communities and centralisation of forest management creates a conflict of interest that requires legal regulation. This should be taken into account:

- 1) The state of Ukraine's economy and military operations on our territory.
- 2) The state's definition of the role and place of state, municipal and private property in the use and management of forest resources, both at the national and territorial levels.
- 3) 3. Heterogeneity of the country in terms of geographical division and, accordingly, forest resource potential and damage to forests by military operations.
- 4) Vulnerability of forests, especially coniferous monocultures, to climate change and the significant ecological importance of protective forests in the south of the country and the need to restore them. Development of agroforestry.

- 5) Regulation of the relationship between state ownership of forests and increased autonomy of territorial communities, especially in forest regions.
- 6) The lack of a state strategy for the development of wood processing and its fragmented development.
- 7) Shortage of jobs in forest regions and massive outflow of labour abroad.
- 8) Significant role of wood as an energy resource and the need to protect plantations from unauthorised logging.
- 9) Increasing role of forests as objects of green tourism, winter and summer recreation and hunting.
- 10) Training and formation of professional staff for forestry.

The Forestry Development Programme until 2035 should be based on annual specific indicators of forestry measures, which will ensure effective control over its implementation. It is particularly important that the political body, the Ministry of Economy, has been given superpowers by combining the functions of three ministries, and the multifaceted nature of its functions will lead to a possible misunderstanding of the role of forestry in the country and the need to address key issues:

- 1) The need to balance the environmental, economic and social functions of sustainable forestry.
- 2) Imperfect distribution of forest management functions among different agencies and forms of ownership.
- 3) Lack of a legislative framework and management mechanisms for controlling communal forests.

- 4) The need for regulatory regulation of agricultural lands where natural regeneration has occurred.
- 5) The need to improve the system of development of protective forestry and agroforestry, and to improve the system of combating forest fires.
- 6) Low level of public awareness.
- 7) Lack of legal and economic mechanisms to stimulate the introduction of environmental technologies.
- 8) Unbalanced structure of the forest fund.
- 9) The need to overcome the consequences of military operations in forests.

#### **Achieving international forest policy objectives**

Separately, for the balanced goals of international forest policy and its implementation in Ukraine, the amendments to the Strategy should

- stimulate the conservation and restoration of forest resources in order to reduce the impact of climate change on the environment and preserve its diversity;
- ensure interstate control over the market of illegally harvested timber and efficient trade and fair distribution of resources between forest and low-forest countries;
- through intergovernmental structures and governmental agreements, to stimulate seasonal approaches to the identification of economic, environmental and social problems of forests and forest areas and the possibility of financial assistance to areas in the zone of environmental and social risks;

- develop a unified approach to the level of forest management (e.g., forest certification, national forest inventory) and objective criteria for assessing forest management.

#### **Safeguarding public interests**

In addition, key pressing issues that have a significant public profile should be taken into account separately:

- 1)Forests, as objects of property rights of the Ukrainian people, cannot be granted for concession and lease.
- 2)Preserving the state forest management structure and supporting all forms of ownership is the key to increasing forests and forest resources in the long term, ensuring their viability and biodiversity.
- 3)Forestry is a stabilising factor and one of the basic factors of rural development, providing employment for the rural population and improving their well-being.
- 4)State support for the creation of forests on private land. Tax preferences for forests of all forms of ownership.
- 5)To effectively regulate relations with agriculture in particular, water policy reform requires separate development. Water supply in the context of climate change is problematic. Therefore, the restoration and development of agroforestry is a crucial factor in the fight against water and wind erosion. Flooding peat bogs in Polissia will not only maintain the water balance but also play an effective military defence role.
  - a.Of course, we need to consider the system of restoring soils damaged by the war and the role of forestry in this.
  - b.A separate area of development is the carbon fund and the carbon certificate market. Forestry is the main accumulator of

CO<sub>2</sub>, and using the capabilities of such a fund for reforestation is an additional source of funds, including from EU countries.

In this regard, the development of the "Forestry Development Programme until 2035" and amendments to the current "State Forest Management Strategy of Ukraine until 2035" is a necessary and constructive mechanism for regulating and developing forest relations in Ukraine.

## Conclusions

The role of forests in maintaining the stability of the biosphere is now universally recognised. Only they, among other natural complexes, have the maximum ability to stabilise the environment. They are seen as a crucial factor in ensuring the vital activity of society and as an important link in the system of sustainable development. In addition, forests provide people with timber and other forest products. By using wooden products, people slow down the pace of global warming and generally reduce their negative impact on the climate.

Over the past 50 years, Ukraine's forest cover has increased by almost one and a half times, and its timber stock by 2.5 times. The timber stock in forests is estimated at 2.1 billion  $m^3$ . The overall average change in the stock reaches 35 million  $m^3$ . The average annual change in the stock per hectare in the forests of the State Forestry Agency is 3.9  $m^3$  and ranges from 5.0  $m^3$  in the Carpathians to 2.5  $m^3$  in the steppe zone. There is a gradual increase in the stock, which confirms the significant economic and environmental potential of Ukraine's forests.

The largest share of the forests is accounted for by medieval stands - 45%. Ripe and overripe stands account for almost 17%. The average

age of the stands is about 60 years. There is a gradual ageing of forests, which affects their sanitary condition.

The forests of Ukraine are formed by more than 30 species of woody plants, among which the following dominate: Scots pine (*Pinus sylvestris*), common oak (*Quercus robur*), forest beech (*Fagus sylvatica*), European spruce (*Picea abies*), hanging birch (*Betula pendula*), glutinous alder (*Alnus glutinosa*), common ash (*Fraxinus excelsior*), hornbeam (*Carpinus betulus*), and white fir (*Abies alba*). Coniferous plantations account for 43% of the total area, including 35% of pine. Hardwood plantations account for 43%, of which oak and beech account for 37%.

According to the Land and Forest Codes (2006 edition), Ukraine's forests may be state-owned, communal or privately owned. The vast majority of forests are state-owned. In the process of land demarcation, about 1.3 million hectares (13%) of forestry land plots in permanent use by municipal enterprises subordinated to local governments were classified as communal property. The share of privately owned forests is less than 0.2% of the total forest land area.

About 0.8 million hectares of forest land are not granted for use and are classified as reserve lands.

The potential reserves and capacities of Ukrainian forests are large and, in the opinion of specialists and international experts, are not fully utilised. The utilisation of annual growth is within 60%, while in European countries this figure is 70-80%. In Ukraine, only 0.9% of the stock is cut down annually, while in Switzerland, the annual volume of logging is 1.9% of the stock, in the Czech Republic - 2.4%, Finland - 2.8%, the UK and Belgium - 3% and 3.1%, respectively.

Due to the increase in the area of mature and overgrown plantations in the forests of Ukraine in the coming years, it is objective to increase the timber harvesting rate.

Thus, the adoption of the necessary regulations for effective forestry during the war period and the post-war reconstruction period will ensure sustainable forestry development, taking into account economic, social and environmental factors.

To discuss these issues, it is advisable to organise an international roundtable with the involvement of experts, which we plan to hold at NULES in March-April 2026.