

A service for our  
friends and partners

Обслуживание наших  
коллег и партнёров

## Russian Forestry News Update

## Последние известия российской лесной промышленности

Courtesy of Midway United Limited BVI

JANUARY 1, 2010

VOLUME 3, NUMBER 1



Russians celebrate the New Year  
on Red Square in Moscow

### Questions or comments?

Phone: +1(678) 290-9195

Skype: bob.nurre

Email: [murre@midwayunited.com](mailto:murre@midwayunited.com)

We're on the Web!

[www.midwayunited.com](http://www.midwayunited.com)

### Chinese investors interested in building in Ryazan

Ryazan region presented to potential investors from China, six investment projects. Told the Minister of Economic Development and Foreign Economic Relations of Ryazan region Igor Loginov on the meeting of the interdepartmental working group in the Ministry of Economic Development.

The meeting reviewed a number of regional investment projects Tver and Ryazan regions, as well as the Republic of Mordovia, directed by the Chinese investors in October this year during a meeting of heads of governments of Russia and China in Beijing.

Projects presented in Ryazan party, envisaged the construction of brick plants, gypsum plant, plant for the production of wood particleboard, organizing the production of sanitary products and projects for integrated low-rise buildings. Currently, these projects are considered by potential investors. According to Igor Loginov in the region are all necessary conditions for the realization of even very large investment projects.

*Informational resource: WOOD.RU*

Global softwood lumber markets were mixed in the 3Q/09 - up in China and Northern Africa, while still slow in the US and Japan Softwood lumber imports to China have increased by 81% in 2009. It is not inconceivable that China will import more lumber than Japan in 2009, a historical first. Canadian sawmills have been the major beneficiaries of this new fast-growing market.

Softwood lumber markets continued to be weak in Japan and the US during the 3Q/09, but have improved in Europe and, surprisingly, northern Africa, according to the Wood Resource Quarterly. Swedish sawmills have shipped 45% more lumber to Egypt, Morocco and Algeria this year compared to last year, and this market has a current market share of 23% of all lumber exported from Sweden. Egypt is the third largest market for both the Swedish and Finnish lumber industries. With the increase in demand from the export market, lumber prices in the Nordic countries have gone up by over 20% in four months.

The lumber market in Japan did not change much during the 3Q, with domestic sawmills running at much lower rates than in 2008. During the first eight months, production was 15% lower than last year, and it is not expected that there will be much improvement in the 4Q. So far this year, lumber imports are about 77% of last years' level. Prices for both domestic and imported lumber have been fairly stable in Yen terms but have increased slightly in US dollars because of exchange rate adjustments.

China is consuming record-volumes of lumber this year and the country's thirst for lumber has not only been met by higher production at the country's sawmills, but also from an increase in the importation of lumber. During the first nine months this year, China imported 81% more lumber than during the same period last year. It is not inconceivable that in 2009, China will import more lumber than Japan, a historical first.

Canadian sawmills have been the major beneficiaries of this new fast-growing market, with exports up 135% so far this year. The US lumber market improved for a short period in June and July when sawmill curtailments created reduced lumber inventories, but the rally was short-lived and both production and prices fell back slightly towards the end of the 3Q in both Canada and the US. Softwood lumber prices were higher this fall than in the spring when prices reached record lows. Expectations are that the US lumber market will continue to be slow during much of 2010.

*Informational resource: WRI*

## Environmental impact assessment for UPM's biorefinery concluded in Finland; similar process starting in France

The environmental impact assessment for a possible second-generation biofuel refinery has been concluded in Rauma and Kuusankoski, Finland. The responsible authority, Southeast Finland Regional Environment Centre, has issued its official statement concerning the assessment. In the statement, the authority commends that the assessment made by UPM is well prepared and includes a lot of information about the different implementation alternatives and their environmental impacts. The authority concluded that the assessment is sufficient and meets the requirements of the EIA law and statute.

UPM is also assessing alternative locations for a refinery producing transport biofuels at UPM's mill sites in other countries. UPM is now starting an environmental impact and risk assessment study as part of preparations for a permitting procedure in Strasbourg, France. The plan is to study the option of building a second-generation biorefinery at the Stracel paper mill site. This process is estimated to last about a year.

UPM, together with Andritz/Carbona, has been testing the gasification technology needed to produce biofuel from forest energy wood near Chicago, USA. The initial testing program has been completed successfully. UPM is continuing to develop the technical concept and the technology solution is estimated to be ready by summer 2010.

- We are making necessary preparations concerning both the technical and the permit issues in the light of an investment decision. Time for the investment decision is not right now but later after the environmental impact, assessments have been done and the final technical concept has been selected, comments Petri Kukkonen, director for UPM's biofuels business area.

*Informational resource: UPM*