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# Midway United Limited BVI

## Russian Forestry News Update

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Siberian Red Pine Veneer

### Questions or comments?

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Russian birch plywood producers announce plans to raise prices  
A number of Russian birch plywood manufacturers announced a round of price increases at the start of June after seeing their prices plunge over recent months, EUWID reports.

At the same time, lead times have lengthened. While orders placed in May could still be delivered within two to three weeks, longer lead times must now be reckoned with. Lead times have already risen to an average of five to six weeks. A few manufacturers reported having sold out of plywood made in June very quickly and were subsequently only negotiating July deliveries.

*[Informational resource: Lesprom Network](#)*

Jan-April 2009: export volume of timber and pulp and paper products made up 61.2%

According to the Russian State Statistics Service, in Jan-April 2009 export volume of timber and pulp and paper products made up 61.2% (in USD) of the analogous index in 2008, i.e. decreased by 38.8%.

Federal Customs Service reported that export volume (in quantity, cubic meters) of main types of timber products decreased as follows: unprocessed timber – decrease by 50.4%; processed timber – by 13.4%; glued plywood – by 16.5%; pulp – by 24.2%; newspaper – increased by 0.07%.

*[Informational resource: "Runa" www.runa.info](#)*

Finnish sawmills starved by log shortages

Finnish sawmills continued to face difficulties in finding sufficient logs to feed their production during May, even in the current climate of reduced output, according to the Finnish Forest Industries Federation (FFIF), TTJ reports.

Forest industry timber procurement from private forests in Finland was about 349,000 cubic meters while the January-May figure amounted to 2.9 million cubic meters – a 36% decrease from a year ago.

Purchases of pine logs were down 56%, spruce logs by 52% and birch logs by 71%.

With log shortages affecting sawmilling operations, softwood cutting stands that can be harvested in the summer are in good demand.

"The profitability of sawmills was weak in the first quarter and they will not be able to survive these shortages for very long," said Antro Säilä, FFIF's senior vice-president of business environment and innovation.

"What is more, Finnish raw material costs remain higher than in the competing countries."

FFIF said forest owners should take advantage of the current 50% tax relief on timber sales revenues.

*[Informational resource: Finish Forest Industries Federation \(FFIF\).](#)*

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Russian Logs in Japan

The amount of Russian logs received in March was 57,200 m<sup>3</sup>, a 70.2% decrease compared to last year, being continuously in stagnation from the lowest level on record of February (45,000 m<sup>3</sup>). In detail, the amount was 17,700 m<sup>3</sup> for larch (a 168.4% increase compared to the previous

month and a 85.8% decrease compared to last year), 29,400 m<sup>3</sup> for pine (a 5.8% increase compared to the previous month and a 39.1% decrease compared to last year), and 6,500 m<sup>3</sup> for spruce (a 32.2% increase compared to the previous month and a 50.3% decrease compared to last year). Though the amount of larch received in March recovered slightly, the trend of supply and demand in Russian logs changed drastically from the first half of 2007 when the arrival of larch was more than 200,000 m<sup>3</sup> per month, the arrival of pine was more than 100,000 m<sup>3</sup> per month and the arrival of spruce was about 50,000 m<sup>3</sup> per month.

The amount of lumber products received in March was 3,400 m<sup>3</sup> for larch, and the total for spruce and pine, which is the leading variety, was 68,700 m<sup>3</sup>. The amount of spruce and pine received decreased by 12.9% compared to the previous month and increased by 23.1% compared to last year. Rumors are getting around, such as, "raw materials for lumber shifted from logs to rough lumber." The amount of structural laminated lumber received in March was 2,200 m<sup>3</sup>. The amount received decreased by 38.7% compared to the previous month and increased by 730.6% compared to last year.

The CIF Japan Port price of logs in March was 10,840 yen per cubic meter for larch, 19,209 yen for pine, and 12,052 yen for spruce, and compared to the previous month, larch fell 5.1%, while pine and spruce rose 3.4%, and 5.2% respectively. Compared to last year, the price went down 23.9% for larch and 14.8% for spruce, but rose 15.5% for pine. The deep-rooted demand for pine logs for lumber is supported its price, however the price of larch logs decreased continuously due to decrease in demand for the logs for plywood. The price of hardwood oak was 36,332 yen decreasing by 16.0% compared to the previous month bouncing up and down.

The price of lumber products was 26,633 yen per cubic meter for larch, 34,348 yen for pine and spruce, and the price of the main items of pine and spruce was an increase of 1.1% compared to the previous month and 5.3% compared to last year. The price of hardwood remained almost the same level with the previous month with 88,809 yen per cubic meter. The price of structural laminated wood was 35,999 yen per cubic meter with a decrease of 10.3% compared to the previous month and 19.6% compared to last year growing the range of drop.

*Informational resource Japan Lumber Journal (JLJ)*

## Chinese BOABC Consulting Agency Published a new Report

*Analysts from China has produced a new quarter report on Export and Import in April, 2009*

### China's Imports of log by Supplying Country

	Mar	CIF	Apr	CIF	Total	% In Tot
Total	2,598,291	127.60	2,925,275	126.38	8,526,697	100.00
Russia	1,730,078	105.09	1,808,027	105.94	5,150,237	60.40
Papua New Guinea	161,503	132.46	103,575	140.67	484,439	5.68
Gabon	76,272	313.58	117,656	312.51	354,268	4.15
Solomon Is	137,678	135.86	52,096	126.94	385,133	4.52
New Zealand	201,530	80.92	496,580	81.55	1,028,108	12.06
Malaysia	21,667	222.92	66,428	171.77	163,930	1.92
Eq. Guinea	10,743	244.61			10,864	0.13
Australia	37,188	79.54	42,107	79.31	136,584	1.60
Burma	47,417	229.75	43,472	221.89	143,874	1.69
Congo-Brazzaville	52,121	245.36	33,688	243.26	124,547	1.46
Germany,FR	16,074	169.37	25,814	183.66	69,951	0.82
United States	23,999	374.17	25,775	353.65	118,429	1.39
Belgium	2,384	134.90	5,442	144.98	14,971	0.18
Cameroon	15,095	319.18	21,537	326.04	72,304	0.85
Vietnam	1,895	1561.13	1,223	1151.68	3,591	0.04
France	5,579	204.96	12,593	185.55	30,185	0.35
Mozambique	3,207	408.52	4,994	441.11	20,995	0.25
Canada	14,069	201.03	19,184	152.92	65,903	0.77
Guyana	664	286.86	1,965	284.07	5,186	0.06
Korea, DPR	9,038	88.33	7,806	89.47	27,960	0.33
Slovakia	6,889	143.93	8,470	169.28	25,316	0.30
Laos	7,585	198.60	4,614	262.69	23,764	0.28
Others	15,616	431.81	22,229	569.94	66,158	0.78

Imports of Korean pine and Mongolia scotch pine Logs by Supplying Country

(Unit: m<sup>3</sup>, US\$/ m<sup>3</sup>)

	Mar	CIF	Apr	CIF	Total	% In Tot
Total	884,372	102.51	871,697	102.71	2,498,854	100.00
Russia	884,371	102.51	868,672	102.67	2,493,413	99.78

Imports of White pine Logs by Supplying Country

(Unit: m<sup>3</sup>, US\$/ m<sup>3</sup>)

	Mar	CIF	Apr	CIF	Total	% In Tot
Total	381,902	104.04	389,790	104.46	1,210,456	100.00
Korea,DPR	2,792	106.85	3,555	104.86	8,582	0.71
Madagascar					0	-
Germany,FR					4,938	0.41
Russia	374,947	102.59	378,705	103.37	1,147,166	94.77
Canada	1,167	133.43	3,177	168.20	9,523	0.79

Imports of Larch Logs by Supplying Country

(Unit: m<sup>3</sup>, US\$/ m<sup>3</sup>)

	Mar	CIF	Apr	CIF	Total	% In Tot
Total	384,433	100.36	462,612	101.50	1,191,635	100.00
Korea,DPR	5,447	77.62	4,042	76.06	13,818	1.16
Russia	378,839	100.69	457,998	101.75	1,177,089	98.78
Canada			462,612	101.50	1,191,635	100.00
United States			4,042	76.06	13,818	1.16

Imports of Other Coniferous Logs by Supplying Country

(Unit: m<sup>3</sup>, US\$/ m<sup>3</sup>)

	Mar	CIF	Apr	CIF	Total	% In Tot
Total	36,049	146.93	45,655	118.73	165,474	100.00
Burma	441	62.03	451	60.56	1,323	0.80
Korea,DPR					3,340	2.02
Japan	204	140.52	1,110	100.30	3,172	1.92
Taiwan prov	2	298.00	10	290.70	90	0.05
Russia	859	136.67	2,002	135.93	5,454	3.30
Canada	12,608	189.08	15,972	134.92	55,843	33.75
United States	11,221	143.16	10,688	120.75	43,527	26.30
Australia					0	-
New Zealand	10,714	105.69	15,422	101.26	52,674	31.83

Imports of Oak Log by Supplying Country

	Mar	CIF	Apr	CIF	Total	% In Tot
Total	16,280	308.53	24,702	291.71	87,607	100.00
Korea,DPR	63	100.52	22	100.73	471	0.54
Belgium			718	244.67	1,744	1.99
Germany,FR	1,457	215.44	4,018	261.24	9,271	10.58
France	1,318	269.57	2,003	251.63	4,283	4.89
Russia	8,988	252.84	13,525	254.85	56,104	64.04
Canada	18	602.89	6	552.67	25	0.03
United States	3,455	526.39	3,907	492.86	14,062	16.05

## British Columbia lumber exports to China still rising

As B.C.'s lumber exports continue to climb in China, Forests Minister Pat Bell believes they may even eclipse shipments to Japan this year, as reported by Canadian paper Prince George Citizen.

While the 714 million board feet of lumber shipped to China in 2008 did not meet Bell's hopeful forecast last year of one billion board feet, it continued a trend of several consecutive yearly increases. With another 413 million board feet already shipped to China this year, Bell believes his ambitious target of seeing four billion board feet of the province's lumber in China by 2011 is not out of reach.

"When I first set a goal of delivering four billion board feet by 2011, everybody kind of looked at me like I was kind of crazy," said Bell on Tuesday. "It's not looking so unrealistic anymore. If we can get to a billion and a half this year, by 2010, 2.5 billion is not unrealistic, which would have us right on target for four billion by 2011."

If B.C. was to reach the 1.5 billion board foot market into China, it would account for about 15 per cent of its exports at today's reduced lumber production. A housing collapse in the U.S. has significantly reduced lumber production in the province.

Bell even believes the volume of lumber shipments to China in 2009 could exceed that to Japan, traditionally B.C.'s No. 2 market. It's unlikely the dollar value of shipments to China will surpass that to Japan, as Japan is a market for high-end lumber.

For example, the dollar value of shipments to Japan in 2008 was \$719 million, while the value of shipments to China was \$177 million.

The U.S. remains the No. 1 market for B.C. lumber, accounting in 2008 for \$2.2 billion in sales, a 61-per-cent dollar share of the B.C. export market.

Expanding markets into China has been part of a long-term course Bell has charted as forests minister in the past year. Also on the list are better utilizing timber to foster a bioenergy sector, using more wood in commercial construction and growing better trees faster.

While analysts have pointed out that increases into China have been incremental and largely based on low-grade lumber, Bell argues the province's industry is finally having success selling higher-grade lumber in targeted areas. One example has been B.C.'s success at modeling wood trusses for use in the numerous multi-source apartment blocks in China. The province used a demonstration project in Shanghai last year to prove lumber suitability and cost competitiveness.

This year, the province is aiming to make a similar move into the use of lumber in partition and in-fill walls in apartment buildings.

Bell said he believes success has also been built on learning from mistakes, for example, learning not to tell the Chinese what they should be using lumber for, but finding existing markets B.C. lumber producers can win over. Bell also pointed to the approximately 40 people that B.C. and Canada have on the ground in China marketing forest products. The B.C. industry also has people in China.

Bell singled out Canfor's president and CEO Jim Shepard as being a "real leader" in expanding lumber shipments to China.

While Canfor does not release specific statistics on its shipments to China, company spokesman Dave Lefebvre said they expect to see a 50-per-cent increase in shipments this year compared to 2008.

Canfor is seeing increases in all of its lumber segments, including home construction, industrial applications and concrete forming.

Lefebvre said there's a chance the company's lumber shipments to China could outstrip those to Japan this year.

[Informational resource: Lesprom Network](#)

## Investlesprom to present 'Polar Bear' project

Investlesprom presented its investment project – "Polar Bear" - at the RF Trade Representative Office in Finland. The project includes large-scale modernization of the Segezha pulp and paper mill in the Republic of Karelia. Thus, mill capacity is to reach 845 thousand tons of pulp per year.

There is to appear the largest and most advanced mill for production of bleached coniferous pulp and bleached hardwood pulp (from birch). The mill is to process additionally about 2.5 million cubic meters of timber raw material annually.

The program also includes construction of a new wood preparation shop, pulp plant with cooking chemicals regeneration cycle and other manufacturing facilities. Expected investment volume amounts to 900 million EUR.

The project is to be realized in 2013 with Pöyry to provide permitting engineering services.

## Velux opens factory in Russia

Velux has officially opened the doors of its new Euro 40 million factory in Russia, Timber Trades Journal reported.

The roof window market leader's new factory in Rostov, 260km north-east of Moscow, will specialize in the most popular Velux roof window models on the Russian market.

The opening ceremony was attended by the factory staff, the Velux Group management, the governor and administration of the Yaroslavl region, the administration of the municipality of Rostov, the mayor of Rostov and the Minister Council of the Danish embassy.

The new production facilities are located on a 10,000 sq m plot of previously unused land. The factory expects to employ about 100 people by the end of 2009.

It is the second Velux factory to open in recent months, following the opening of a Slovenian factory, Partizanske Building Components.

*[Informational resource: Lesprom Network](#)*

## Khabarovsk area: realization of project to be delayed due to tax formalities

One of the main projects on construction of an advanced woodworking complex in the Khabarovsk area can be postponed for at least a year. The company has already invested over 2.3 billion EUR with the project to be included in the list of priority projects on the regional level in April 2009.

The investor is to purchase the construction site – area of former FSUE PO Amurmash in Amursk. However, tax administration blocked the procedure due to some formalities. If the decision is not taken till September 1, 2009, the company is to find another construction site in the Khabarovsk area or Amursk region.

Dallesprom's Project has large investment volume. The first stage – construction of three woodworking plants – is estimated at 305 million USD. With construction of a pulp and cardboard mill amounting to 1.3 billion USD.

*[Informational resource: "Runa" www.runa.info](http://www.runa.info)*

## Decline on the Russian woodworking machinery market to reach 30%

Volume of the Russian woodworking machinery market made up about 724 million USD last year, of them only 5% fell on domestic manufacturers.

Share of Russian woodworking machinery producers is decreasing on the internal market annually. This year total decline on the woodworking machinery market can reach 30% with this indicator within some sectors amounting to 80%, experts say.

According to Market research ([www.bsmarket.ru](http://www.bsmarket.ru)), sawmilling machinery was the most dynamic segment with its share increasing in the Russian production pattern as well as in the import structure annually before the financial crisis.

Share of sawmilling machinery is high repeatedly and makes up 50% of the Russian woodworking machinery market (in quantity) for several last years.

Sawmilling machinery is followed by planing and milling machines. Currently the most capital intensive sector is, however, machinery for timber house construction.

*[Informational resource: "Runa" www.runa.info](http://www.runa.info)*

## Ilim Group of Companies: Over 800 thousand EUR for reforestation works

Harvesting companies of Ilim Group affiliate in the Irkutsk region (Bratsk, Ust-Ilimsk) started reforestation works held annually in spring with investment volume amounting to over 800 thousand EUR in 2009.

Ust-Ilimsk is to get over 220 thousand EUR. Artificial reforestation works include seeding and planting works on the area of over 1800 ha, of them 232 ha for pine seedlings. Works on carding of plantations planted earlier will be held on the area of 1488 ha. At the same time the companies

are to top prepare 1884 ha of soil for next year.

Over 580 thousand EUR will be spent for reforestation works in Bratsk with area for artificial reforestation making up 1122 ha. The works also include assistance to natural regeneration (8711 ha), incl. protection of understory trees (5678 ha) and soil disturbance (3033 ha).

According to experts, survival ability of seedlings makes up 85-87%.

*[Informational resource: "Runa" www.runa.info](http://www.runa.info)*

### Over 1.5 million spruce and pine seedlings to be planted in Arkhangelsk region

Solombalales Group of Companies (Arkhangelsk region) finished spring reforestation works with almost 1.5 million spruce and pine seedlings being planted on the forest areas of the company.

According to the lease contract, Solombalales is to perform reforestation and forestry works at its own expense. The works include preparation of the soil, forest planting, seedlings care and handling, etc.

Thus, this and next season works on soil preparation are to be performed on the area of 530 ha, forest planting – 342 ha with costs making up over 50 thousand EUR for seedlings.

*[Informational resource: "Runa" www.runa.info](http://www.runa.info)*