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Russian Forestry News Update

Последние известия российской лесной промышленности

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Coat of Arms of the Krasnoyarsk Krai

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Questions or comments?

Phone: +1 (678) 290-9195

Skype: bob.nurre

Email: rnurre@midwayunited.com

Komi to develop OSB production

Safwood (Italy) is to launch OSB production in the Komi Republic by February 2012. The mill will be constructed from scratch with investment volume amounting to EUR 125 million, of them EUR 72.5 million to be provided by banks.

The mill is to reach project capacity – 376 thousand cubic meters of OSB boards - by the end of 2012.

Safwood already has a mill for chipboard production, Syktyvkar woodworking mill, that was also constructed from scratch in Syktyvkar.

Informational resource: "Runa" www.runa.info

Irkutsk Region to Get Two Pulp and Paper Mills

CJSC Priangarye Investment Group is to construct two new pulp and paper mills in the Irkutsk region – in Taishet and Ust'-Kut. Investment volume amounts to USD 3.4 billion and will be provided by China Development Bank and Vneshekonombank (Russia).

In 2007-2009 two Institutes Sibgiprobum and Giprolestrans have developed projects on construction of two woodworking enterprises that will produce sawn timber and pulp in Taishet and Ust'-Kut.

As expected, having considerable resource base Taishet pulp and paper mill is to produce coniferous bleached pulp (300 thousand. ton annually) and chemithermomechanical mass (300 thousand. ton) that will be used for cardboard and paper production – total volume of raw material consumption reaching 3 million cubic meters. Investment volume makes up USD 1.4 million.

Ust'-Kut mill is to produce 1 million ton of bleached pulp per year with total volume of raw material consumption reaching 5 million cubic meters. Investment volume amounts to USD 2 million.

Both projects are to be realized by 2018. The mills will provide about 4500 jobs.

Informational resource: "Runa" www.runa.info

RusForest AB signs letter of intent to merge with Nord Timber Group

We're on the Web too!!

Corporate: www.midwayunited.com

and

Mill: www.efk-kr.ru

RusForest has signed a letter of intent with Nord Timber Group's principal owners with the aim of merging the two companies by way of a directed share issue in RusForest, payable in kind, company said in a statement received by Lesprom Network.

The new company formed through the merger will be ideally placed to supply the domestic Russian market and the European market from North West Russia as well as the fast growing Asian and Central Asian markets from Siberia.

"This merger will transform RusForest into a major integrated Russian forestry company able to supply the global market with first class timber products from its unique forest resources in Siberia and in the Arkhangelsk region. Through the combination of RusForest and NTG we will achieve important synergies, which should increase profitability substantially and make the Company very attractive to the global investment community", says Sven Hirdman, Chairman of the board of RusForest AB.

The merger is expected to lead to a significant reduction in administrative expenses as a percentage of total revenues.

The combined entity plans to grow to become Russia's leading independent forestry and sawmilling company, with a mid-term harvesting target of 1.6 million cubic meters of roundwood, and sawnwood volumes of over 600,000 cubic meters. The combined entity intends to secure external financing in order to finance its ambitious growth plans.

"The challenge for Finnish and Scandinavian sawmills is to secure enough raw materials at competitive prices in order for them to continue to run their mills. If they can't do that, they will simply have to close down. One of the main opportunities for the new combination of RusForest and NTG is to employ modern, state-of-the-art equipment from those European mills that has been forced out of business to increase our production. In a market where all main actors are price takers, our ultimate advantage is lower production costs and the fact that we control the essential raw material flows through a combination of own forest leases and harvesting capacity", says Martin Hermansson, founder and shareholder of Nord Timber Group, Arkhangelsk.

The proposed merger is subject to the parties signing a binding Sale and Purchase Agreement (SPA), and to the shareholders of RusForest voting in favor of the merger at an EGM to be held within the coming months. The merger may also be subject to regulatory approvals.

RusForest is the only listed Russian forestry and sawmilling company, with operations based in Eastern Siberia and long term leases covering over 850 thousand hectares of forest land.

Informational resource: Lesprom

Altai: Timber House Construction to Start Soon

Investment project - LKhK Altai – worth over RUR 80 million (about EUR 2 million) is being realized at LLC Bobrovka sawmill within the project Altaysky Dom in the field of wood house construction. The new mill is to be officially launched on June 15, 2010.

New mill for frame-panel house production will use the Swedish technology, which is unique for the Western Siberia. Project capacity is to reach 120 houses.

The houses will be produced with Randek Bautech AB machinery (Sweden) and designed by Makron Engineering (Finland) that is the world's leading company in the field of timber house construction since 1970s.

Informational resource: "Runa" www.runa.info

Tomsk region to develop pellet production

LLC Sandzhikles (Tomsk region) - harvesting and woodworking mill – put an advanced sawmilling plant in 2010, which allows selling high quality sawn timber. Currently Sandzhikles is actively developing the project on pellet plant construction. The plant is to process woodworking wastes, incl. sawdust, chips, cuttings, etc. Thus, the company will not only receive new opportunities, but solve the problem with waste utilization.

Significant woodworking facilities being already constructed, the company, however, lacks harvesting machinery. So it has recently purchased 2 Ponsse harvesting complexes that are already put into operation.

Technical modernization and investments in machinery gave us an opportunity to sell our products at higher prices and at 100% prepayment, says Igor Gelfenbein, Sandzhikles general manager.

The company provides 170 workplaces. In 2010-2011 season mill capacity is to reach 100 thousand. cubic meters of high quality commercial timber (harvesting and woodworking volume).

- *Informational resource: "Runa" www.runa.info*

SunPine Opens World's First Pine Diesel Plant in Sweden

SunPine's new SEK 250 million (\$32 million) pine diesel production plant has opened in Piteå, northern Sweden, as Nordic Paper Journal reported.

SunPine, a second generation biofuels company, has pioneered a "wood to wheel" renewable diesel process technology, using crude tall oil as feedstock.

The main product is a crude tall diesel. A final refinery process step, including hydrogenation treatment, converts the SunPine crude tall diesel to a first class renewable diesel fuel with a very low carbon footprint and excellent efficiency. The major by-product is a tall oil pitch, which can be processed further to recover valuable chemicals, including rosin and phytosterols.

"Our goal is to produce 100,000 cubic meters of crude tall diesel per year," said Magnus Wikman, General Manager of SunPineWooden

Informational resource: [Lesprom](#)

China's 1Q Plywood Exports Increased By 46%

China's plywood exports increased considerably in the 1Q 2010. A total of 1.4 million cubic meters valued at \$649 million of plywood was exported, an increase of 46% in volume and 40% in value over the same period in 2009, ITTO reported.

Plywood exports to the US were 252,600 cubic meters, up 13%. China's exports to the US accounted for 18% of total plywood exports. Exports to United Arab Emirates, UK, Japan and Korea also rose 110%, 85%, 68% and 83% respectively.

Other wood product exports were 436,800 tones of fiberboard (\$247 million, up 79%), 97,500 tones of moldings (\$148 million, up 20%), 114,800 cubic meters of sawnwood (\$72 million, down 15%) and 20,900 tones of veneer (\$43 million, up 13%).



The total value of wooden furniture exported was \$3,119 million, up 36% from the first quarter period of last year.

Informational resource: Lesprom