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Siberian Forest in Winter

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Russia will not lower timber export tax in 2010

Russia will not lower its export duties on timber next year, Economics Minister Elvira Nabiullina was quoted as saying on Saturday, despite a trade row with Finland over the taxes.

"At the moment our working plan is to keep the same level of duties in 2010 as this year," Nabiullina said after talks with her Finnish counterpart Paavo Vaeyrynen at an investment forum in the Black Sea resort city of Sochi.

"The government is now discussing this issue and a decision will likely be taken in September-October," she was quoted by news agencies ITAR-TASS and RIA Novosti as saying.

Finland - for whom Russia was the biggest trading partner last year - fiercely protests Moscow's refusal to lower duties on raw timber imports, an issue that has long been a thorn in the two countries ties.

"This is one of the prickliest questions in our cooperation because a lot of wood from Russia is supplied to Finland," Nabiullina admitted.

"Most (Russian) regions have asked for duties to remain the same, but many also ask for them to be lowered now that the crisis has worsened the situation," she added.

Exports have been hit badly since Russia started gradually ratcheting up export duties in 2006.

Informational resources: Lesprom

Chinese forest industry shows gains in first half

According to the State Forestry Administration, the performance of China's forest industry showed gains during the first half of 2009. Statistical data showed total output value of forestry industry amounted to RMB726.6 billion Yuan in the first six months, which is roughly the same as last year. The output of timber and wood-based panels reached 29.5 million m³ and 59.57 million m³ respectively. The paper making industry also showed signs of recovery. The output of machine-made paper amounted to 43.10 million tons in the first six months and reached a peak of 8.52 million tons in June alone. According to professionals, these achievements resulted mainly from the following measures taken by governments.

Firstly, the guidance and support for industry development strengthened. For instance, for products produced with timber residues, the policy of refunding upon payment of VAT has been established; export tax rebate rates for 63 forest products have been increased. Secondly, local authorities sped up incentives to encourage development of industrial structures. Some new industries, such as biomass energy, biological medicine production, forest food, forest tourism and biomass material, continued to increase. Thirdly, the import and export of major forest products showed signs of a gradual increase.

Furniture exports through Guangdong Province rise

According to statistics from Guangzhou Customs, the value of exports of furniture and parts (including non-wood furniture) was USD4.4 billion in Guangdong Province in the first half of 2009, down 12% from last year. Of the total, the exports to US and EU were USD 1.52 billion and USD1.06 billion, respectively, down 26% and 11% respectively. To cope with this difficult situation, the Guangdong furniture industry has actively explored ASEAN markets and the export value to these areas continued to rise. In the first half of 2009 the value of its furniture exports to ASEAN was USD440 million. Guangdong furniture is exported to all ASEAN countries except Laos. The value of furniture exports to Malaysia was over USD200 million, to Singapore was USD150 million, more than two times their worth in the first half of 2008. According to experts, ASEAN countries have become one of the largest markets for Guangdong furniture.

Sino-Russia Cooperation discussed in Harbin

Affected by the global financial crisis as well as increased Russian export tariffs, China's logs imports from Russia in 2008 declined by 26%. Under this circumstance, the two countries discussed potential cooperation in wood downstream processing during the 20th Sino-Russia Economic Cooperation and Trade Fair organized on 15 June 2009 in Harbin. The representatives from governments and enterprises of the two countries also discussed joint exploitation of forest resources in other areas.

Informational resources: Fordaq

Mayr-Melnhof Holz GmbH and LSR Group to launch the largest wood-processing plant in Northwest Russia

Phase 1 of the LLC MM-Efimovsky wood-processing plant was officially launched in the village of Chudtsy, Boksitogorsky district, Leningrad region. The joint project of the Austrian company, Mayr-Melnhof Holz GmbH and LSR Group was realized by MM-Efimovsky with the support of the Leningrad Region Government. Total investment volume amounted to EUR 80 billion.

Design and construction works were performed by LLC MM-Efimovsky that was specially formed for realization of the wood-processing plant project of Mayr-Melnhof Holz GmbH and LSR Group on the territory of Russia.

Phase 1 of the plant with an area of 24 ha was finished in less than three years since the cornerstone ceremony. A site is already reserved for the second phase of the project – a glued laminated timber plant with construction to start in 2010. Consequently, the area of the complex including access ways and a railway siding will total 42 ha. Plant capacity being reached the annual output is to exceed 650 thousand cubic meters of incoming round timber, and its yield of final products will be 350 thousand cubic meters of sawn timber per year.

Specialists of LLC MM-Efimovsky already completed plant trial that started in April 2009. Now the plant is put into operation and has reached its planned capacity. Today it is one of the most advanced plants in the Leningrad region that will use an efficient router bit technology that allows increasing the timber yield and reducing waste generation. The production technology is based on waste-free processing of raw materials. 100% of bark and, if necessary, chips will be used as fuel for a plant producing heat energy to be used for drying kilns in summer and for heating all production premises in winter. Chip will be sold to paper mills and saw dust - to chipboard and pellet production facilities.

The basic raw material – spruce – by 80% will be supplied for processing from the forestry stock of the Boksitogorsky and Tikhvinsky districts in the Leningrad region, with the other 20% to come from the nearby regions. A part of raw materials is to be supplied by a subsidiary of MM-Efimovsky, Stroyles 2 that has a lease agreement signed with the forestry authorities providing for a license to harvest 450 thousand cubic meters of timber per annum including 120 thousand cubic meters of sawlog.

The key consumers of the products of the new woodworking plant – wood boards with a size ranging from 13 to 100 mm - are construction industry companies manufacturing prefabricated frame buildings and furniture industry companies.

The production will be exported into different regions of Russia, CIS, Japan and Western Europe. This spring the products were for the first time supplied to Germany, Austria, Baltic States, England, Netherlands, Belgium, Denmark, Czech Republic, Poland and Japan.

New plant is socially important for the Boksitogorsky district. The company currently employs 200 people. Project capacity reached the number of employees will grow to 250 or 300. The surplus tax revenues of the Leningrad region budget will amount to around 120 million RUR a year. The plant will operate round the clock – seven days a week, in three shifts.

By Order of the RF Ministry of Industry and Commerce, the LLC MM-Efimovsky project was included in the list of national priority investment projects in the field of forest exploitation.

Informational resources "Runa" - www.runa.info

Yugra: new facility for chipboard production

It is one of the largest investment projects in the Khanty-Mansiysk Autonomous area. The investment volume already reached 2.2 bln RUR with it to be increased as much as 1.5-2 times.

The mill is to process wastes of Yugra Timber Industrial Complex incl. chips, sawmilling wastes, and to produce 150 thousand sq. m of chipboards (mainly laminated) for furniture factories in the Urals. The mill to reach project capacity (in the mid of 2010) the annual turnover is to make up 1.3 mln RUR.

The second stage includes the expansion of the capacities up to 265 thousand cubic meters and construction of facilities for OSB and amino-formaldehyde resins manufacture. The mill will provide 600 workplaces.

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

New facilities in Komi Republic

LLC Plant for wood processing and production of structures for timber house construction (LLC Sawmill No1) is being constructed in Kazluk (Komi Republic) – annual capacity making up 120 thousand cubic meters of sawn timber.

Assembling and start-up works are due to start in February 2010. Sawmilling production is to be put into operation in June 2010 with market products manufacture to start in December 2010. Structures for timber house construction from glued logs and panels will be produced starting from 2010-2011 with pellet production to be launched in 2011-2012.

Forest areas exploitation will already start this year in December. The project Construction of a plant for production of structures used in timber construction belongs to White Sea Ltd (Cyprus) – investment volume amounting to 502 mln RUR (over 11 mln EUR). Period of recoupment is to make up 5 years.

MDF production to be launched in December 2010

Friday, 02 October 2009

CJSC LPK Partner-Tomsk is to launch the first production of MDF and HDF boards in the end of December 2010. The plant is to reach project capacity – 264 thousand cubic meters per years - in three next months. The plant is to also put into operation a laminating line as 60% of the production manufactured is to be coated.

Project investment volume amounted to 186 million EUR with loans being provided by Eurasian Development Bank and Nomos-Bank. Main machinery is placed on the area of 35 ha. The delivery of Dieffenbacher machinery is performed up to 90%. Press and grinding lines are already assembled.

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

Day of Forestry Workers in Russia!

September 20, 2009 Russia is to celebrate a Day of Forestry Workers – professional holidays of those engaged in timber industry. The holiday dates back to 1980 and is traditionally celebrated on the third Sunday of September.

Timber industry historically played an important role in Russia and still takes one of the leading places in country's economy. Thus, it is a nice chance to send your regards to your existing and potential customers in Russia!

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

Australia export declined but didn't affect the industry

Exports of wood chips from Australia have declined 28% in 2009 but the country is still the largest chip exporter in the world, reports the Wood Resource Quarterly.

Australia, the world's largest chip exporter, has reduced Eucalyptus and pine chip exports substantially in 2009 due to weak pulp markets in Japan. In the domestic market, pulpwood prices have increased over 13% in US dollars this year as the Australian currency has strengthened, reports the Wood Resource Quarterly.

Australia, the world largest exporter of wood chips reduced shipments by 28% during the first half of 2009. The biggest decline was that of softwood and hardwood chips to Japan, which were down 31% and 36%, respectively, compared to the same period in 2008. As a result of the reduced production of pulp in Japan the past year, demand for imported wood fiber has fallen

and countries that export, such as Australia, have had to try to find alternative markets. In 2009, Eucalyptus chips destined for Japan were down to 74% of all Australian hardwood chip exports as compared to 86% in the previous year. Other increasingly important markets include Taiwan, South Korea and China. The brightest spot for chip exports the past year has been China, which has more than doubled the import volumes from Australia this year, reaching over 470,000 tons during the first eight months (some softwood but most hardwood).

Although Eucalyptus exports have declined, the domestic consumption of plantation Eucalyptus wood fiber in Australia has been increasing steadily as fast-growing plantations have matured. In the 2Q/09, there were 21% more Eucalyptus chips traded compared to the same quarter last year.

Domestic prices for both softwood and hardwood fiber were slightly lower in the 2Q in Australian dollars, but substantially higher in US dollar terms as a result of the strengthening Australian currency. Eucalyptus pulplog prices were up 14% in the 2Q and Eucalyptus chip prices for domestic pulpmills increased by 13%, according to the Wood Resource Quarterly.

The export price for Eucalyptus chips going to Japan for the remainder of the year settled at the same level as in the 1H/09 and 2008. Softwood chip export prices for chips shipped from Portland, Victoria fell US\$19/BDU to US\$140.50/BDU (US\$129/odmt) in the 1H/09. Australian softwood chips were close to the lowest cost chips delivered to Japan in the 2Q/09, only slightly higher than the price for Douglas-fir chips from the US. Radiata pine from New Zealand and spruce-pine-fir chips from Canada are currently the highest cost fiber delivered to Japanese pulp mills.

Informational resources: Wood Resource Quarterly

UPM Raflatac opens distribution terminals in St Petersburg and Istanbul

UPM Raflatac has opened a new slitting and distribution terminal in St. Petersburg. The new terminal will supply the Russian labeling market with high-quality film and paper labelstock.

"We're very excited to be the first pressure sensitive manufacturer to open our own distribution facility in Russia. This investment signals our commitment to the Russian market, where it will significantly improve our service capabilities. Our customers can now enjoy shorter delivery times, smaller order sizes and a wider range of products – each being essential to success in today's challenging economic climate," says Tapio Kolunsarka, Senior Vice President of UPM Raflatac in Europe.

In the beginning of 2010, UPM Raflatac will open a new slitting and distribution terminal in Istanbul to supply the local labeling market with high-quality film and paper labelstock.

"Demand for our products has seen strong growth in Turkey in the past year, and we're committed to offering the local market a wide range of products with fast delivery. This investment is also perfectly in line with our strategy of strengthening the service network and gradually growing our market share in Eastern Europe," says Mr. Kolunsarka.

UPM Raflatac has recently completed a global development program incorporating new production facilities in the USA and China, a brand new production and logistics centre in Wroclaw, Poland.

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Informational resource: UPM