

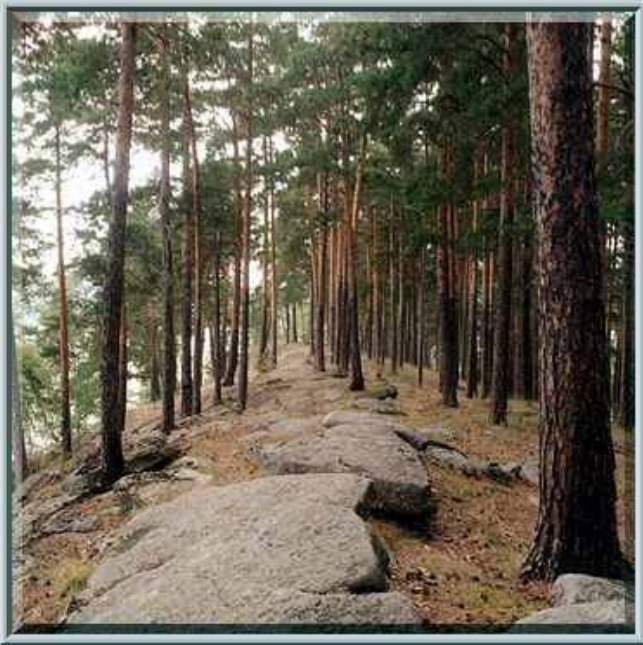
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Russian Forestry News Update

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Red Pine Forest Near a Siberian Lake

Questions or comments?

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Russian timber price soars in Suifenhe checkpoint

The Russian-Chinese border checkpoint Suifenhe, Heilongjiang province, has registered a reduction in volumes of Russia's timber import along with growing prices on timber, border checkpoint Suifenhe told Partnery.cn news website, according to Vostok-Media agency.

So prices on the oak timber imported from Russia have increased by 400-750 yuans per cubic meter from July; prices on Manchurian ash (*Fraxinus mandschurica*) timber increased by 200-400 yuans. In addition, during HY1 the Suifenhe Department of Immigration and Quarantine Control [has] handled/processed for inspection purposes a total of 2.33 million cubic meters of imported timber valued at USD 282.15 million, which is 38.5 percent and 46.34 per cent respectively less than in the same period of last year.

Experts agree that this phenomenon stems from the seasonal factors as well as from the increase on timber export tax made by Russia and tightening of control over illegal trafficking of timber.

Heilongjiang province has the largest forested area in the country. Since 1998 the China's Government has been carrying out a program aimed at the conservation of indigenous forest. As a result of this there is a growing demand of the China's timber processing industry on imported timber. Russia, in particular, has become a principal supplier of timber.

Informational resources: Lesprom Network

Siempelkamp particleboard plant started in Belarus

The project's contract has been ready for signing since 2008 but the necessary budgets were not available in Belarus, as Siempelkamp reports. Now a government guarantee ensures the approval of a loan for the Ivatsevichdrev company. This approval is the starting signal for the projected Siempelkamp particleboard line which is a project that can be assessed as a positive signal for the economy of both countries involved.

The financing of the new high-performance particleboard plant is now secured against the background of a state guarantee of Belarus. The wood-based products manufacturer Ivatsevichdrev has now received this guarantee by decree from the president of Belarus. This decree also had to be signed by a number of governmental departments. With it, the manufacturer secures the opportunity to efficiently initiate the Belarusian economy with the help of the highly productive Siempelkamp line.

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The technical homework for this project was completed a long time ago. The plant details between the partners are already wrapped up. The particleboard plant guarantees Ivatsevichdrev a daily capacity of 800 m³/day and was designed, per customer request, with a reserve of an extra 30 percent. This makes a capacity of approx. 330,000 m³ of particleboard per year possible and thus, almost doubles the country's production capacity. Belarus is located in northeastern Europe and borders to Poland, Russia, and the Ukraine as well as Lithuania and Latvia in the north. With just under 10 million inhabitants, the per capita consumption of wood-based materials is not very high compared to Western Europe and offers considerable room for growth.

The plant will be built in Ivatsevichi, a city half way between the Polish border and the Belarusian capital of Minsk. The contract was concluded in September of 2008. It provides for a broad range of Siempelkamp services in the areas of front end, press and finishing line. The forming and press line will include a high-performance 7' x 28.8 ContiRoll® press. The dryer is supplied by the Siempelkamp subsidiary Büttner; the complete automation technology will also come from Krefeld.

Furthermore, the scope of supply includes the mechanical and pneumatical materials handling technology for the exterior and interior plant areas. The complete plant will be planned, engineered, and started up by the Siempelkamp subsidiary Sicoplan in Belgium. For Ivatsevichdrev this project represents the latest and highest-performing plant in Belarus. For Siempelkamp it is a welcome opportunity to send a positive signal concerning the economic climate. Construction start is scheduled for first half of 2010.

[Informational resources: Lesprom Network](#)

Two projects to be postponed

Two large investment projects – included in the list of federal priority projects were frozen in the Komi Republic with total investment volume amounting to some 70 billion RUR (EUR 1.7 billion). They being:

Project on construction of Troitsko-Pechora timber industrial complex (67 billion RUR) realized by LLC UniversalStroy. The project aims at reaching capacities at the level of 905 thousand ton of pulp, 450 thousand ton of paper and 700 thousand ton of sawn timber. The investor has completed the full scope of concept design works within 3 years. However, the company hasn't concluded a forest lease agreement. This year 2 of 4 LLC founders gave up the project – Sroygasconsulting and Rus'. As a result UniversalStroy unwound the funding of the project for this year.

At the same time Knyazhpogotsk fiberboard mill (WOODWAY Group) was to increase fiberboard production output by 15 million sq. m and launch sawn timber production – 200 thousand cubic meters – in 4 years. The works started in 2007; however, currently the project is not financed.

The rest 4 federal priority investment projects are being realized. They include reconstruction at Syktyvkar woodworking plant, startup of Syktyvkar mill for OSB production, Ust-Kylom woodworking plant and woodworking plant for production of prefabricated low-rise timber houses.

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

New mill for timber house construction in Komi Republic

Tuesday, 25 August 2009

New mill for timber house construction – Syktyvkar industrial plant – was launched in the Komi Republic with capacity making up 300

finished houses annually.

The Ministry of Industry and Trade included this project – Manufacture of prefabricated timber houses from massive panels based on Massiv-Holz-Mauer technology, manufacture of products and structures for timber house construction – in the list of priority investment projects in the field of forest exploitation.

Total investment volume amounts to 560 mln RUR (over EUR 12 mln).

The project includes construction of a woodworking mill for manufacture of timber products and structures used in timber house construction, construction of a sawmill with timber harvested making up 404.3 thousand cubic meters per year.

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

New mill for chipboard production to be launched in Komi Republic

Friday, 21 August 2009

New mill for chipboard production was launched in Choview (Komi Republic) on August 20, 2009.

The project allows combining both advanced technologies and improved quality of manufactured products from the point of ecology.

Construction works were performed by Safwood Group (Italy). The mill is equipped with machinery supplied from Sweden, Germany, Italy and China. Mill's capacity reaches over 150 thousand cubic meters of chipboard annually. The mill is to use pulp wood and wood wastes as raw material.

As for power supply there was constructed gas-fired plant. Soon there will be constructed a wastes-to-energy boiler house for administration and on-site quarters heating. Investment volume amounts to over EUR 21 mln, 85% of them being provided by Safwood Group.

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

North-West Holding to get machinery worth 131 mln RUR

"Progress-Neva leasing" leased a production line worth 131 mln RUR (over EUR 3 mln) to North-West Holding. The machinery – supplied by Andritz Sprout A/S (Denmark) – is designed for new mill for pellet production constructed in the Leningrad region.

Mill for pellet production was constructed from scratch. Lease contract was signed in June 2007 for 3 years.

LLC North-West Holding is to launch pellet production in autumn 2009. Total investment volume amounts to 330 mln RUR (over EUR 7.5 mln). The plant is to process low-grade wood and wood wastes with annual capacity making up 50 thousand ton of pellets. The production is to be exported to the European countries

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

Russian timber industry in January-July 2009

In January – July 2009 production index in woodworking and wood product manufacture made up 74.7% as compared to the analogous period in 2008; 83.3% - printing and publishing, incl. 75.2% in

publishing and printing, written media replication; 91.7% - in pulp, pulp wood, paper, cardboard and their products manufacture.

Timber industry is characterized by high export orientation (over 45% of manufactured products are exported), which makes timber industry most dependent on foreign market conjuncture.

Due to changes on the outer market (incl. market saturation, decrease in demand and prices on timber products) some enterprises had to stop production and shipment, which led to decline in production output. Increased supply of high quality timber products on the European markets from Canada led to decreased demand on the Russian products.

January – July 2009 watched reduction in production output of fiberboards (by 37.7%), chipboards (by 29.7%), plywood (by 29.2%) and sawn timber (17.3%), door and window units (by 32.6% and 48.1% respectively) as compared to Jan-July 2008.

Decline of pulp and paper production volume can be explained by decreased demand from main pulp customers.

Production output in Jan-July 2009

Article	January	February	March	April	May	June	July	Jan-June 2009/ Jan-June 2008, %
Commercial timber, mln m3	6.7	7.6	9.6	6.2	3.7	5.2	5.9	80.6
Sawn timber, mln m3	1.2	1.4	1.7	1.7	1.5	1.7	1.7	82.7
Glued plywood, th. m3	117	146	171	178	173	184	190	70.8
Chipboard, th. ref. m3	346	363	326	307	254	333	363	70.3
Fiber boards (hard), mln ref. sq. m	17.4	20.1	2.,5	23.6	21.1	21.9	23.7	62.3
Market pulp, th ton	143	144	172	154	176	170	183	80.1
Paper, th ton	283	293	337	325	337	301	337	92.6
Cardboard, th ton	200	238	290	296	297	291	310	87.8

In January – July 2009 Pulp and paper production, publishing and printing watched decrease in production output by 24.8% as compared to the analogous period in 2008. This can be explained by the decreased production of magazines (by 32.2%), books and brochures (by 28%) and newspaper (by 23.5%).

Informational resources "Runa" www.runa.info

Japan Lumber Journal: Russian Timber News

The amount of Russian logs received in June was 69,200 m3 including that of hardwood (900 m3), a 60.8% decrease compared to the previous month but a 43.0% increase compared to last year. In detail, the amount was 21,200 m3 for larch (a 21.0% increase compared to the previous month and an 83.7% decrease compared to last year), 23,600 m3 for pine (a 5.8% decrease compared to the previous month and a 25.1% increase compared to last year), and 23,500 m3 for spruce (a 599.6%

increase compared to the previous month and a 3.6% decrease compared to last year). The log arrival of these all three wood species exceeded 20,000 m³ in June.

The amount of lumber products received in June was 1,350 m³ for larch, and the total for spruce and pine, which is the leading variety, was 56,700 m³. The amount of spruce and pine received decreased by 23.2% compared to the previous month and by 6.3% compared to last year, and the trend of that arrival showing an increase has been slowdown in June. The amount of structural laminated lumber received in June was 900 m³. The amount received decreased sharply by 79.4% compared to the previous month and by 61.3% compared to last year.

The CIF Japan Port price of logs in June was 12,160 yen per cubic meter for larch, 17,360 yen for pine, and 12,893 yen for spruce, and compared to the previous month, larch increased 2.0% but pine and spruce fell 2.7% and 0.3% respectively. Compared to last year, the prices are a 37.3% fell for larch, an 8.1% fell for pine, and a 26.2% fell for spruce. Importing price of Russian logs showed was stable. The price of hardwood oak was 37,333 yen decreasing by 9.0% compared to the previous month.

The price of lumber products was 24,571 yen per cubic meter for larch, 32,557 yen for pine and spruce, and the price of the main items of pine and spruce was a decrease of 2.7% compared to the previous month and 8.3% compared to last year. The price of structural laminated wood was 36,938 yen per cubic meter with an increase of 9.8% compared to the previous month and a decrease of 20.6% compared to last year showing a slight recovery.

Informational resources Japan Lumber Journal