

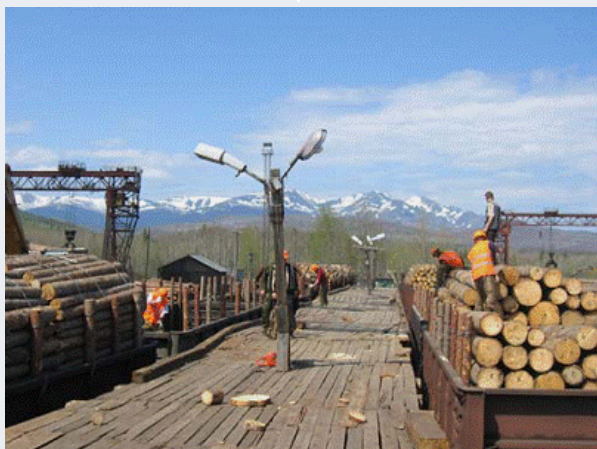
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Midway United Limited BVI

Russian Forestry News Update

OCTOBER 15, 2009

VOLUME 2, NUMBER 19



Railwagons Being Loaded with Logs

Questions or comments?

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Finland and Arkhangelsk forge stronger ties

During the export promotion trip of Minister Paavo Väyrynen, it was decided to organize a seminar that would explore cooperation in the forestry sector. The shipbuilding industry hopes for the development of joint production. Finnish companies see Russia a strategic opportunity, Minister for Foreign Trade and Development Paavo Väyrynen stated when opening the seminar to explore joint business cooperation in Arkhangelsk on 7 October."

About 600 Finnish companies are established in Russia, and they haven't withdrawn from the country along with the economic crisis," he pointed out.

According to Russian statistics, the value of the region's trade with Finland amounted to about 100 million EUR last year. Finland exports machinery and equipment and imports timber, petroleum products and fish. This year the figure will fall because of the economic crisis and the slump in wood imports.

According to Väyrynen, there would be much cooperation development potential. For example, regional actors in Northern Finland have great interest in Arkhangelsk and already conduct cooperation there.

The Governor of Arkhangelsk Region stressed the positive attitude his administration has towards investment. A regional law that came into force in summer frees foreign investors from regional and local level taxation for a few years following their investment.

The area is rich in natural resources from oil to diamonds, forests and the metals industry and a trained labor force.

Of great concern is better utilization of the region's forest resources. Väyrynen promised that the topic will be studied in a seminar of experts.

Fifteen leading Finnish companies and a delegation of civil servants participated in the export promotion and internationalization trip to Arkhangelsk led by Minister for Foreign Trade and Development Paavo Väyrynen on 6–8 October.

Informational resource: "Runa" www.runa.info based on formin.finland.fi

Komi Republic to get new woodworking plant in 2010

The project on construction of a woodworking mill (LLC Pechora Energy Resource) in the Komi Republic is being realized from scratch since 2008. It includes all stages of the technological process - from harvesting till furniture production.

All preliminary design works, incl. feasibility study, were performed by LesInTech (St. Petersburg) – with LLC Timber Product (St. Petersburg) to win a tender on machinery delivery. As a general contractor Timber Product is to deliver and assemble sawmilling and drying machinery.

It is a very common practice in Scandinavia that underlies the project and is based on replacement of second hand sawmill and its further modernization which allows increasing life of machinery up to more than 20 years. The rest of the machinery delivered is brand new. It is worth mentioning that it is already the forth sawmill that is supplied by Timber Product in Russia from Scandinavia. Prior to delivery specialists of Timber Product perform a careful examination with regard to customer requirements and climate conditions.

The project is to be realized in several stages with the so called stage of the "zero cycle" (document preparation) being performed currently. As expected, the works on machinery assembling are due to start this year with most scope of works to be finished by the end of 2009.

The first stage is to be launched in January-February 2010 and includes dry sorted sawn timber production with capacity reaching 100 thousand cubic meters, 50% of which having final moisture content – 10%. The company has already signed a contract on drying kilns delivery with WSAB (Finland).

At the same time the mill is to stake on bio-energy development. The company already got test

machinery (the USA) for distillation and extraction of essential oils from coniferous mass. Trials to be successful, the company will purchase powerful installations for essential oils production that is widely used in chemical, pharmaceuticals and fragrance industry.

Besides, center for advanced processing is to become an important part of the technological process, which allows optimizing wood of low grades and producing furniture shield.

Moreover, the project includes construction of a bark-to-energy boiler house and a plant for pellet production – capacity making up 3 ton/h. Thus, all production wastes, except bark, are to be used as a raw material for pellet production.

The sawmill being launched capacity is to reach 100 thousand cubic meters per year at 2 shifts working pattern. In future it is to be increased by 20-30% depending on the machinery. The project also includes further modernization of sawmilling machinery and expansion of the production from the point of advanced woodworking development.

Timber Product, LLC is to monitor the project in future. The sawmill being constructed the company is to sign an agreement on technical support and service of all the machinery installed.

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

Forest road construction and new approach to forest protection

Main problems that hinder the development of timber industry complex in Buryatiya include fires and undeveloped infrastructure.

The RF government is ready to invest in forest road construction.

At the same time it is extremely important to transfer to another reforestation scheme. As a result the Federal Forestry Agency suggested constructing a breeding center for planting seedlings with closed root system in the region at the area of 10 ha.

The project amounts to 120 million RUR (2.8 mln EUR). As expected, the project being realized, it will allow stabilizing the ecological situation in the region and providing reforestation.

[Informational resource: "Runa" www.runa.info based on formin.finland.f](http://www.runa.info)

Reforestation: Mondi Syktyvkar to launch facilities for seedling planting

JSC Mondi Syktyvkar mill launched a lining-out nursery - largest in the North-West Russia - for planting of seedlings with closed root system.

The investment project worth over 60 mln RUR was realized by Mondi Syktyvkar and LLC Noviy Les.

August 2008 Mondi finished construction of a technological complex for coniferous seedlings planting – capacity making up 1 mln seedlings per year which is enough for reforestation works performed by the mill.

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

New mill for timber house construction launched in Irkutsk region

October 19, 2009 a new mill for timber house construction was launched in Khomutovo (Irkutsk region). The project was realized by CJSC Gosstroy with investment volume amounting to over 1 billion RUR (over 23 million EUR).

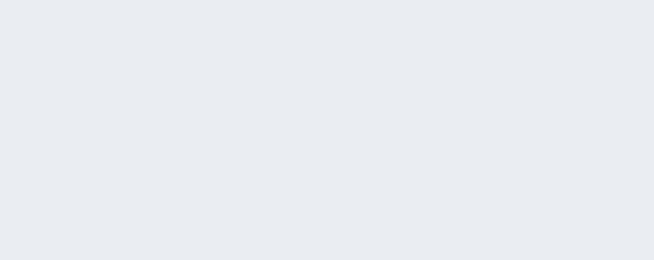
The mill is to produce houses of three types –glued log, panel frame and fachwerk houses. Expected mill capacity makes up 50 thousand cubic meters of glued logs that is equal to 150 thousand sq. meters per year.

[Informational resource: "Runa" www.runa.info based on formin.finland.f](http://www.runa.info)

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 resource: "Runa" www.runa.info

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