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Russian Forestry News Update

Последние известия российской лесной промышленности



Russian log yard

Russian Timber to Face Export Quotas on WTO Entry

Russia will introduce an export quota on unprocessed timber after it is accepted into the World Trade Organization, Interfax reported, citing Maxim Medvedkov, the Economy Ministry official responsible for trade talks. Timber exported under the quota will be taxed at a rate lower than the current duty, while sales abroad exceeding the quota will be levied at a higher rate, Medvedkov was cited as saying. The agreement was reached as part of the European Union's decision on 21 October to back Russia's entry into the global trade arbiter, the Moscow-based Interfax news service said.

Informational resource: Bloomberg and Interfax

Russia's WTO bid on track for this year

Russia's 17-year quest for accession to the World Trade Organization should be successfully concluded by the end of the year, Swiss mediators say.

Swiss President Micheline Calmy-Rey, who is mediating a dispute between Russia and Georgia over the former's bid to join the WTO, appeared with Russian counterpart Dmitry Medvedev Sunday in Moscow and said she's encouraged negotiations will soon lead to a breakthrough, RIA Novosti reported.

"I hope that today's talks will be successful and ... Russia will join the WTO (by) the end of the year," Calmy-Rey said.

"We would also like it," Medvedev added.

Calmy-Rey's visit to Russia came on the heels of last week's offer by Georgia to drop its objections to Russia's WTO accession as part of a compromise crafted by Swiss mediators.

Under the proposed deal, international trade observers posted around the breakaway Georgian regions of Abkhazia and South Ossetia would represent neutral international contractors rather than government entities.

That has been a sticking point because while Russia has formally recognized two ethnic enclaves as sovereign nations, no other government has. Georgia and Russia fought a brief war over the regions in 2008 and Moscow has repeatedly warned it wouldn't accept a deal that compromises their status as independent states.

Giga Bokeria, secretary of Georgia's National Security Council, told The New York Times the compromise would place third-party observers on both the Russian and Georgian sides of the border to monitor cargo flow through Abkhazia and South Ossetia.

Russia has yet to accept the Georgian offer, but Medvedev's comments Sunday put a positive light on the possibility.

Pressure has mounted from the United States and the European Union for Russia to gain membership in the 153-member WTO by the end of the year. After 17 years of negotiations, it remains the only major global economy outside of the global trade-governing group.

The World Bank has estimated Russia could increase its annual gross domestic product as much as 11 percent over the long term as a WTO member, although the bank has also warned the country's uncompetitive industries might suffer, the Times reported.

"We are pleased that Russia and Georgia are close to reach an agreement that, we believe, will be very useful for both sides," Philip Dimitrov, head of the EU Mission in Georgia, said in a statement. "We

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express our full support to the efforts of Switzerland, thanks to which a positive resolution of the issue appeared."

Russia's chief WTO negotiator Maxim Medvedkov said talks over the plan would continue this week after informal consultations began Wednesday in Geneva, RIA Novosti reported.

European Commission President Jose Manuel Barroso and European Council counterpart Herman Van Rompuy have urged attendees at the upcoming Group of 20 finance ministers meeting in Cannes, France, to "send a strong message to the WTO December Ministerial to finalize Russia's WTO accession by the end of this year."

If the Dec. 15-17 ministerial conference approves procedural documents on Russia's WTO accession, Moscow would become a full member of the world trade club 30 days after ratification, the Russian news agency said.

Informational resource: UPI

Hekotek to delivery equipment for Lesosibirsky LDK No.1 in Russia

Hekotek has signed the largest ever contract on equipment delivery for Lesosibirsky LDK No.1 (Krasnoyarsk Krai, Russia). The new sawmill annual capacity will make up some 750 cubic meters sawn timber, as the company said in a press release received by Lesprom Network.

The new sawmill complex based on advanced equipment from the world-leading manufacturers will annually process up to 1.5 million cubic meters of sawlogs (Siberian pine and larch):

Hekotek - 2 log feeding lines (to sawlines R200SE and SL250Trio),

Valon Kone (Finland) - 2 debarkers,

Veisto (Finland) - 2 sawlines R200SE and SL250Trio,

Hekotek – conveyor systems of wastes removal (underneath sawlines and debarkers),

Hekotek and Heinola Sawmill Machinery (Finland) - 2 green sorting and sick-stacking lines.

Hekotek will operate as a general contractor, whose challenge is to ensure successful and efficient realization of the sawmill construction project. The general contractor of the project shall take care of transportation issues and logistics solutions, as well as all the contract equipment supplier's interaction for the new sawmill to be launched as soon as possible.

The equipment deliveries are expected to start already in June 2012, the new sawmill launch is planned for the end of 2012.

AS Hekotek is a mechanical engineering company founded in 1992; its main operations include design and production of woodworking technologies and facilities.

Informational resource: Lesprom

The establishment of new sales network for Kotkamills Oy completed

Kotkamills Oy has completed the building of the new sales network for all of its product groups Absorbex, Imprex, Solaris and Wood, as the company said in a press release received by Lesprom Network.

As a part of the sales network, two own branch offices were established in Hamburg, Germany and Barcelona, Spain to serve mainly Absorbex and Imprex customers in Central and Southern Europe as well as in Northern Africa. In other areas the sales of Absorbex and Imprex products is taken care mostly by local sales agents.

For Solaris printing papers and Wood products Kotkamills has made agreements with qualified local sales agents worldwide, them being experts of their own market area and knowing the local circumstances best.

In addition, sales to some markets, mainly those located near Finland, are served directly from the mill.

Kotkamills is a forest products company based in Finland. The company specializes in laminating paper, matt coated bulky paper and sawn products.

Informational resource: Lesprom

Exports of logs and lumber from the US and Canada to China expected to reach \$2.6 billion in 2011

Shipments of softwood lumber and logs from the US and Canada to China will reach a new record high in 2011. In 2010, the two countries exported \$1.3 billion worth of softwood products; if the pace seen in the first seven months of 2011 continues, the two countries' exports will more than double from last year, reaching a record \$2.6 billion, according to the Wood Resource Quarterly.

Lumber production in both the US and Canada has been higher in 2011 than in 2010. Many sawmills in the Western US and Canada have benefitted from the dramatic increase in demand from Chinese lumber consumers and some sawmills are exporting up to 30-40% of their production to the fast developing market in Asia.

The biggest increase in shipments the past year has been that of softwood lumber from the province of British Columbia in Canada. Much of this lumber comes from the massive supply of timber that has been killed by the pine beetle over the past 15 years. The value of lumber shipments from Canada has increased from just \$55 million in 2005 to an estimated \$1.2 billion this year.

While Canada has drastically raised lumber shipments to China in recent years, the US has instead expanded exportation of logs to Chinese lumber manufacturers. This year, US west coast log exporters are projected to ship logs valued at over \$900 million, which is up from only \$42 million just four years ago.

The US and Canada have not only increased shipment volumes of logs and lumber to China the past five years; the countries have also expanded their importance in the Chinese wood market. In 2005, only four percent of all softwood logs and lumber imported to China originated from North America. Last year, this share had gone up to 18%, according to the Wood Resource Quarterly.

Many North American log and lumber suppliers have the opportunity to expand their export sales in the coming years and it is likely that their presence in the Chinese market will grow.

Informational resource: Lesprom and Wood Resource Quarterly

Chinese importers brace for Lithuanian export duty on logs

The Lithuania Western Timber Enterprises Association has forecast that Lithuanian log exports will reach 2.5 million cubic meters in 2011. Of this total, 1.5 million cubic meters will be exported to Asia with most going to China, ITTO reported.

In the past China imported large quantities of logs from Russia but this has changed due to the imposition of high export tariffs on log exports from Russia.

Timber traders in China have been importing logs from Lithuania as they are cheaper than those from Russia because there is no export duty applied. However the increasing demand from China has pushed up log prices to such an extent that domestic mills in Lithuania cannot compete.

Imedeksa, one of Lithuania timber processing companies, is of the opinion that some Lithuanian timber processing companies will face the risk of bankruptcy if the Lithuanian government does not act to impose an export tariff on logs.

Many Lithuanian timber processing companies signed a letter to the government asking that the risks to domestic manufacturers be addressed. However, the imposition of an export duty by Lithuania may first have to be approved by the EU says an analyst.

Informational resource: Lesprom

Ilim Group expanded coverage of FSC Forest management certificate over all leased timberlands

The Forestry Branch of OJSC Ilim Group in Koryazhma (Arkhangelsk Oblast, Russia) has gone through audit verifying the compliance with the FSC Forest Management requirements, as the company said in a press release received by Lesprom Network.

No significant incompliances with the international standards have been identified during the audit which was carried out by GFA (Germany). After the audit the Forestry Branch was included in the list of Ilim Group Branches covered by the multi-site Forest Management FSC Certificate.

Now, the certificate covers 100% of leased by Ilim Group-forests 5.2 million hectares. Previously, the multi-site certificate applied to 3.7 million hectares (the Company's forestry branches in Siberia) with a separate certificate in the Arkhangelsk Oblast.

Thus, all production and forestry sites of the Company are now consolidated by the multi-site Forest Management and Chain of Custody FSC Certificates.

Informational resource: Lesprom

China's State Forest Administration and the Federation of Swedish Family Forest Owners signed a recognition and cooperation

China's State Forest Administration and the Federation of Swedish Family Forest Owners, a Member of the International Family Forest Alliance (IFFA) signed a recognition and cooperation MOU in Guangzhou in the presence and under the auspices of the Ministers of Commerce and Trade of China and Sweden, as The Nordic Forest Owners' Associations reported.

The Chinese Forest Tenure Reform aims for better management of forest natural resources for the benefit for people and nature. The reform includes the indispensable corner stones: secure land tenure rights, free decision making within the legal framework, free initiative and voluntary participation in tree growers associations / cooperatives and a supportive forest extension service. Trees and forests will now have a clear value for families, providing an incentive to invest in management and more planting. This will improve the socio-economic situation for rural small land holders.

A series of exchanges of experience have already taken place in China and Scandinavia. The Chinese determination to now go for a decentralized rural population focus in the management of the forest will hopefully inspire other countries facing the devastating forest situation China had in the past. Besides the general corner stones for involvement of forest smallholders, mentioned above, the focus in the present exchanges is how smallholders can voluntary organize themselves to assure that forest product values remain with the tree growers.

The Chinese model for forest tenure is based on documented forest tenure certificates declaring user rights for a specific area of forest for normally 70 years. This will cover 3-4 planting rotations. Certificates can be inherited, sold and serve as security for borrowing money. The area of land described in a certificate is also physically marked on the ground.

Informational resource: Lesprom