

Russian Forestry News Update

Последние известия российской лесной промышленности

A service for our
friends and partners

Обслуживание наших
коллег и партнёров

Courtesy of Midway United Limited BVI

MARCH 1, 2010

VOLUME 3, NUMBER 5



*Press Installation Begins At The
Sosnovoborsk Mill. Photo Taken On
February 12, 2010.*

Questions or comments?

Phone: +1(678) 290-9195

Skype: bob.nurre

Email: rnurre@midwayunited.com

We're on the Web!!

Corporate: www.midwayunited.com

&

Mill: www.efk-kr.ru

Midway United Announces New Mill Website

Midway United has a new website for our Eniseisky Plywood Mill being constructed in Sosnovoborsk: www.efk-kr.ru. The website has information about the mill as well as updated photos of the construction.

Two YouTube video tours are also featured: <http://www.efk-kr.ru/news.php?id=118> filmed by ORTV and a local Krasnoyarsk TV station, CTC Prima, <http://www.efk-kr.ru/video.php?id=38>. Additionally, there are several photo galleries such as <http://www.efk-kr.ru/photo.php?id=131>.

Big hopes for Russian timber industry recovery

Demand and production declining in the woodworking industry reached the lowest point. However, with this stage passed, manufacturers and authorities are to invest more in modernization, construction and infrastructure in order to return back to the pre-crisis indicators.

According to the Federal Forest Agency, results in 2009 turned out better than expected, despite decreased production and demand, and restrained financial resources.

Thus, for quick recovery of the Russian market there is lack of woodworking facilities, whereas many are cautious of investing in construction of advanced mills and enterprises. However, demand is gradually increasing as well as interest to the timber industry: currently Russia is discussing about 70 joint investment projects only with Finland.

The market is start recovering from the woodworking, as timber construction is becoming of more interest and decline in round wood export was partly won back by the increased export of sawn timber. However, the Russian timber products are not competitive enough in the foreign market as it was technically designed for the local consumers. According to John Lindal, Executive Vice President, Pöyry, Russia has the world's largest forest fund and abundance of energy sources, which allowed the country to create a competitive pulp-and-paper industry with low cost of production.

Besides, new construction projects the Government agree that it is necessary to modernize the existing capacities and develop infrastructure. In general Russia lacks about 10 thousand km of forest roads. Starting from the previous year the budget includes money for road construction with the works already started in six regions.

In 2009 volume of timber product transportation (JSC Russian Railways) decreased by 55% - timber export declined by 42.9% in January-November 2009. As for round wood, it is no use staking at recovery of export volumes this year as demand for the Russian round wood is not so big, moreover, harvesting volume is also decreasing. Thus, for example, one of the world's largest woodworking companies Stora Enso had to close its two logging companies in Russia due to decrease in timber haulage.

The Finnish investors are still not sure about the Russian woodworking market. Although the RF Government postponed the increase of round wood export duties for a year and perhaps will postpone for more period in future (as Mr. Putin didn't exclude such a possibility), the Russian authorities could change their decision anytime, the Finns say. Besides, the existing export duties are high for them, say in UPM-Kymmene.

One more factor for the development of the Russian woodworking sector is the growing demand from the Asian countries, first of all, China, Japan and Korea. For example, export volume of sawn timber to China increased by 62% only in the first half of 2009. Already several companies in the Far East announced their intention to construct new woodworking facilities with 2 of them

(Terneyles) being constructed together with the Japanese partners and exporting sawn timber to Japan and Korea starting from summer 2009.

Informational resource: "Runa" www.runa.info

-
-
-

Russian Primorsklesprom to open two new plants in Primorye
Two timber processing investment projects are going to run in Primorye, Russia, in 2010. The JSC Primorsklesprom is to open the timber processing mill in the settlement Olga this year and by 2012 to launch the board lumber and laminate plant in Chuguevka, as Vladivostok Times reported.

One more investment project is going to run in the Primorye forest industry in 2010. In the first three months of this year the laminated parquet plant Lesexport is to start operating in Dalnerechensk.

In the framework of the priority investment projects implementation the timber processing companies are granted 50% rent benefit besides, to support the forest industry in Primorye and provide the infrastructure the companies are granted timber lands on lease. By estimates, when all industrial capacities are brought into service the amount of timber processing in Primorye will increase twice.

Informational resource: [Lesprom Network](#)

Irkutsk region: In the village Tamtachet completed construction of a production of birch plywood

In the village Tamtachet, located 230 km from Taishet, completed the construction of wood processing enterprises for the production of birch plywood.

According to Mayor Anatoly Zelezinsky Taishet district, in the year the plant will be processing more than 200 thousand cubic meters of birch whip. The enterprise plans to employ more than 150 local residents.

"The construction was a half years" said Anatoly Zelezinsky. "At the moment, already imported equipment, automatic tuning ends. In early summer is expected the first production of finished products. Birch plywood will be implemented both in Russia and abroad."

Informational resource: [WOOD.RU](#)

-
-
-

Leningrad region and Finland to come to understanding

February 24, 2010 businessmen from the Leningrad region (36 companies) and south-east Finland (10 companies) met in St. Petersburg to discuss possible ways and fields of cooperation. Among them are low-rise timber construction, timber and pulp and paper sector, machinery construction, advertising, etc.

Authorities of the Leningrad region raised issues re. state support of the small and middle business in the region, incl. measures aimed at improving competitiveness of the local enterprises. Then businessmen started individual talks.

In future Leningrad Regional Business Support Centre and the Finnish-Russian Innovation Centre are to organize a return visit of the businessmen from the Leningrad region to Finland in order to continue talks and sign contracts.

Informational resource: "Runa" www.runa.info

Russian Sawnwood in China

Statistics from Shuifenhe Customs show that a total of over 0.3 million cubic meters of sawnwood were imported in first ten months of 2009, valued at US\$62.2 million, up 201 percent and 162 percent respectively over the same period of last year.

With this significant increase in imports, Shuifenhe Port has become one of the largest distribution centers for sawnwood in China. Currently, sawnwood used in Dalian, Qingdao, Guangzhou, Shanghai and Beijing are mainly via this port.

It is understood that some of the wood processing enterprises in the city have adjusted their industrial strategies in the Far East and Siberia Areas of Russia. Previously they imported logs

from these areas but now they principally import lumber and semi processed products. Some of the larger wood enterprises, such as Longjiang Commerce, Sanxia Wood Industry and Youyi Wood Industry, have set up their own wood processing mills in Russia and laid the foundation for imports of sawnwood.

Informational resource: Lesprom Network

Russian timber news

The arrival of logs including hardwood in 2009 was 693,100 cubic meters, less than 40% of the 1,866,800 cubic meters received in 2008.

The volume was less than 20% of the result in 2007 when the arrival of logs was 4,038,600 cubic meters. The Russian lumber industry in Japan went through a large change, and was turned upside down in just 3 years due to the announcement made by the Russian government that it would raise the export duty on logs to 80%. Domestic plywood factories are planning to further increase the use of domestic logs (mainly cedar) in future, and developing products suitable for the usage of domestic lumber.

As for the arrival of lumber products in 2009, the total volume of pine and fir that are main products was 706,900 cubic meters, slightly up from the 688,500 cubic meters received in the previous year. The increase in the number of new suppliers who export products became big news in the industry last year, and the selection of new suppliers is expected to be carried out by Japanese customers this year. The arrival of laminated structural lumber varied per month, but the demand was tightly secured in the tough market situation.

Informational resource: JLJ

China's wood products trade

Logs imports totaled 28 million m³, valued at US\$4,087 million in 2009, down 5 percent in volume and 21 percent in value from 2008. Of the total, softwood log imports were 20.30 million m³, valued at US\$2 233 million, up 9 percent in volume and down 7 percent in value; hardwood log imports were 7.76 million m³, valued at US\$ 1 854 million, down 30 percent in volume and 33 percent in value.

Of the total log imports, tropical log imports totaled 6.11 million m³, (22 percent of the national total) down 15 percent from 2008. The following five countries were main suppliers of logs to China in 2009, Russia (14.81 million m³, 53% of total log imports), New Zealand (4.41 million m³, 16%), Papua New Guinea (1.66 million m³, 6%), Solomon Islands (1.12 million m³, 4%) and Gabon (1.10 million m³, 3.9%).

Sawnwood imports totaled 9.88 million m³, valued at US\$2,319 million in 2009, up 39 percent in volume and 15 percent in value over 2008. Of the total, softwood sawnwood imports were 6.34 million m³, valued at US\$1 099 million, up 74 percent in volume and 52 percent in value from 2008. Hardwood sawnwood imports were 3.54 million m³, valued at US\$1,220 million, up 3 percent and down 6 percent respectively.

Imported sawnwood came mainly from Russia and Canada. The top five suppliers were Russia (3.12 million m³, 31%), Canada (2.44 million m³, 25%), Thailand (1.02 million m³, 10%), the United States (0.93 million m³, 9%) and New Zealand (0.42 million m³, 4%). Imports of various wood-based panels continued to fall in 2009. 2009 plywood imports were 179,600 m³, valued at US\$89 million, down 39 percent in volume and 47 percent in value from 2008.

Fiberboard imports amounted to 288,800 tons, valued at US\$119.5 million, down 9 percent in volume and 15 percent in value from 2008. Particleboard imports came to 290,200 tons, valued at US\$ 88.9 million, up 19 percent in volume and down 3 percent in value from 2008. Veneer imports were 54,200 tons, valued at US\$63.7 million, down 21 percent in volume and 35 percent in value.

Trade in wooden furniture

China imported furniture worth US\$298 million in 2009, up 5.0 percent in volume and down 4.6 percent in value from 2008. In contrast China exported furniture valued at US\$12 billion in 2009, up 9 percent in value over 2008.

Other wood product exports

2009 exports of other wood products such as wooden doors, windows and flooring as well as wooden handicrafts and package materials were worth US\$3,118 million, down 6 percent from 2008.

Wood-based panel exports

Plywood: A total of 5.63 million m3 of plywood were exported in 2009, valued at US\$2,524 million, down 22 percent in volume and 26 percent in value from 2008. Fiberboard: Fiberboard exports totaled 1.50 million tons in 2009, valued at US\$883 million, down 20 percent in volume and 19 percent in value from 2008. Particleboard: Particle board exports totaled 80 600 tons in 2009, valued at US\$32.38 million, down 36 percent in volume and 29 percent in value from 2008.

Veneer: veneer exports amounted to 85 700 tons in 2009, valued at US\$172.68 million, down 22 percent in volume and 29 percent in value from 2008.

Sawnwood: A total of 555 900 m3 of sawnwood were exported in 2009, valued at US\$345 million, down 19 percent in volume and 14 percent in value from 2008.

Sawnwood export quotas 2010

China's Ministry of Commerce has released information on its Distribution Plan for Export Quotas of Sawnwood in 2010. This Plan was developed in light of the anticipated supply and demand situation in international markets as well as the production and distribution in the regions or enterprises during January to November of 2009. Export quotas for foreign enterprises operating in China have been specially considered.

According to the Distribution Plan for Export Quotas of Sawnwood in 2010, the total export of sawnwood in 2010 is 212,000 m3. Among 29 provinces or companies who are getting export quotas, there are six provinces (cities) whose export quota is over 10 000 m3 each. They are Inner Mongolian Autonomous Region, 98 200 m3; Dalian City, 17 100 m3; Sichuan Province, 16 600 m3; Heilongjiang Province, 16 000 m3; Tianjin City, 14 700 m3 and Jilin Province, 13 300 m3. Provincial commerce departments are required to strictly follow the export plan and keep the Ministry of Commerce informed of progress.

[Informational resource: Fordaq](#)

Woodworking Machinery: an improvement in the 4th quarter 2009 leads to cautions optimism

The fourth quarter in 2009 showed the first signs of economic recovery for the Italian woodworking machinery and tools industry. Good news, though to a moderate extent, that bring some optimism for preliminary 2009 balance and 2010 forecasts. The increased confidence of international markets feeds expectations for improvement in the next few months; however, going back to pre-crisis levels is a long-term goal and will necessarily require both structural and strategic innovation processes.

According to the quarterly survey based on a statistic sample that represents the entire industry, production increased by 5.5 percent compared to the same period of the previous year (foreign orders up by 17.6 percent, domestic orders down by 22.4 percent). Prices have remained substantially stable, while the orders book, at the end of Q4 2009, covered 1.8 months approximately.

[Informational resource: Acimal](#)