Mobilizing finances for all types of forests in the Russian Federation
Andrey Laletin, Friends of the Siberian Forests

Panel presentation at the OLI-2012, Rome, Italy
September 19, 2012
Russian Forests

• 1 place in the World on Forest Territory
• 2 place in the World on Timber Volume
• 70% of the World Boreal Forests
• 25% of the World Intact Forests
Timber volume in Russian forests (in MLN m³)

- 1990: 80039.64
- 2000: 80270.39
- 2005: 80479.05
- 2010: 81522.85
Volumes of logging in Russian forests (in MLN m³)

- 1990: 335.62 MLN m³
- 1995: 116.21 MLN m³
- 2000: 158.1 MLN m³
- 2005: 184.977 MLN m³
- 2010: 206.144 MLN m³
AAC in 2009-2010

Annual Allowable Cut (AAC) is calculated without counting of transport availability.

In 2009 AAC was harvested at 25.8% and it increased in 2010 till 27.7%.
Sources of money from forests

• Logging is the main source of money from forest use (70%).
• Payments for forest use from mining and construction give about 20% of money,
• and for recreation – 10% (all figures for 2010).
Payments for forest use

In 2008 – 18 512,1 MLN rub. were received:
- Federal budget received 11 796,2 MLN rub.,
- Provincial budgets received 6 715,9 MLN rub.

In 2011 - 21 593,1 MLN rub. were received:
- Federal budget received 16 328,4 MLN rub.,
- Provincial budgets received 5 264,7 MLN rub.
Wood products export

- A feature of the Russian wood products export during the last years was the increment of round wood export – from 20.0 million m³ in 1998 to 51.1 million m³ in 2006.

The main importers of the round wood are: China (56%), Finland (20.3%), and Japan (9.0%).
Lost opportunity from round wood export

By estimation of the MED, the importers of Russian round wood (which total cost is $4.1 billion) produce from it high-level processed products with total cost of $12 billion.

Thus, Russian loss of opportunity is about $8 billion. As a comparison, all investments in the Russian forest sector are only $2.6 billion.
Forest Complex

- The Forest Complex of the RF includes: forestry, timber harvesting enterprises, wood processing, pulp and paper, and wood chemical enterprises.
- In 2008, the share of the Forest Complex in GDP of the RF was 1.1%, in export – 2.3%. About 1/3 of the exported wood products were round wood, more than 1/4 – sawn wood.
## Dynamics of wood products cost and volume
(by Statistical data of the Federal Forestry Agency)

<table>
<thead>
<tr>
<th>Parameter</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood production cost, BLN rubles</td>
<td>52,5</td>
<td>60,4</td>
<td>50,8</td>
</tr>
<tr>
<td>Wood products production cost, BLN rubles</td>
<td>274,9</td>
<td>322,1</td>
<td>274,6 (9 months)</td>
</tr>
<tr>
<td>Sawn wood, mill. m³</td>
<td>22,0</td>
<td>21,3</td>
<td>23,2</td>
</tr>
<tr>
<td>Plywood, mill. m³</td>
<td>2,55</td>
<td>2,6</td>
<td>2,8</td>
</tr>
<tr>
<td>Fiberboard, mill. m²</td>
<td>375,2</td>
<td>373,0</td>
<td>477,0</td>
</tr>
<tr>
<td>Particleboard, mill. m³</td>
<td>3,9</td>
<td>4,6</td>
<td>5,3</td>
</tr>
<tr>
<td>Pulp on cooking, mill. t</td>
<td>5,9</td>
<td>6,0</td>
<td>6,0</td>
</tr>
<tr>
<td>Commodity pulp, mill. t</td>
<td>2,4</td>
<td>2,4</td>
<td>2,4</td>
</tr>
<tr>
<td>Paper, mill. t</td>
<td>4,0</td>
<td>4,0</td>
<td>4,0</td>
</tr>
<tr>
<td>Newsprint, mill. t</td>
<td>2,0</td>
<td>2,0</td>
<td>2,0</td>
</tr>
<tr>
<td>Paperboard, mill. t</td>
<td>3,1</td>
<td>3,4</td>
<td>3,5</td>
</tr>
<tr>
<td>Boxboard, mill. t</td>
<td>2,2</td>
<td>2,5</td>
<td>2,6</td>
</tr>
<tr>
<td>Paper bags, mill.</td>
<td>526,0</td>
<td>564,0</td>
<td>595,0</td>
</tr>
</tbody>
</table>
### Total and per capita consumption of wood and wood products

<table>
<thead>
<tr>
<th>Parameter</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total consumption of wood and wood products in round wood equivalents, million m³</td>
<td>89,0</td>
<td>90,0</td>
<td>100,0</td>
</tr>
<tr>
<td>Per capita consumption of wood and wood products in round wood equivalents, m³ per head</td>
<td>0,62</td>
<td>0,63</td>
<td>0,70</td>
</tr>
</tbody>
</table>
FM expenditures & their distribution

- In 2008, the total value of forest management (FM) expenditures was 24.91 billion rubles, including:
  - subventions from the federal budget – 17.59 (70.6%) billion rubles; regional budgets and other sources – 7.32 billion rubles.
- From that total sum, 13.42 billion rubles (53.9%) were spent for government management functions;
- from all government expenditures, 11.49 billion rubles (46.1%) were spent for forest protection and reforestation.
CONCLUSIONS 1

1. RF is rich in forests, but it uses them badly.
2. The highest levels of wood production was in 80’s before USSR collapse.
3. The main source of money from forest use is logging.
4. Due to export of round wood, loss of opportunity is about $8 billion.
CONCLUSIONS 2

- 5. The share of the Forest Complex in GDP and in export is low.
- 6. During the last 20 years levels of wood production and consumption increase.
- 7. Majority of expenditures for forestry comes as subventions from the federal budget. Around half of them is spent for government management functions mostly for protection and reforestation.
THANK YOU FOR ATTENTION!