

**PRODUCTION, CONSUMPTION AND TRADE  
IN FOREST PRODUCTS IN THE RUSSIAN FEDERATION  
in 2005-2008**

MOSCOW 2008

## Macroeconomic indices of the Russian Federation

Analysis of the economic situation in the Russian Federation over recent years shows positive dynamics of the basic macroeconomic indices, which is clear from the data presented in Table 1

*Table 1*

### Basic economic indices of the Russian Federation for 2005-2008

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b> (forecast)
Gross domestic product	106.4	107.4	108.1	107.6
Industrial production	105.1	106.3	106.3	105.7
Investment in fixed capital	110.9	116.7	121.1	117.8
Retail sale turnover	112.8	114.1	115.9	114.4
Real income of population	112.4	113.5	110.7	110.6

In 2007 according to ROSSTAT the gross domestic product in the Russian Federation increased by 8.1% against 2006, industrial products output increased by 6.3%, investment in fixed capital increased by 21.1%, retail turnover – by 15.9%, real income of the population increased by 10.7%.

In 2007 the forest and forest industry sector as a whole was developing in a dynamic way as well. There was increase in the output and domestic consumption of all types of forest products against 2006.

The volume of wood removals increased by 8.6%, production of sawnwood – by 5,0%, plywood – by 5.7%, particle board – by 12.5%, fiberboard – by 8.7%, paper and paperboard – by 1.7%.

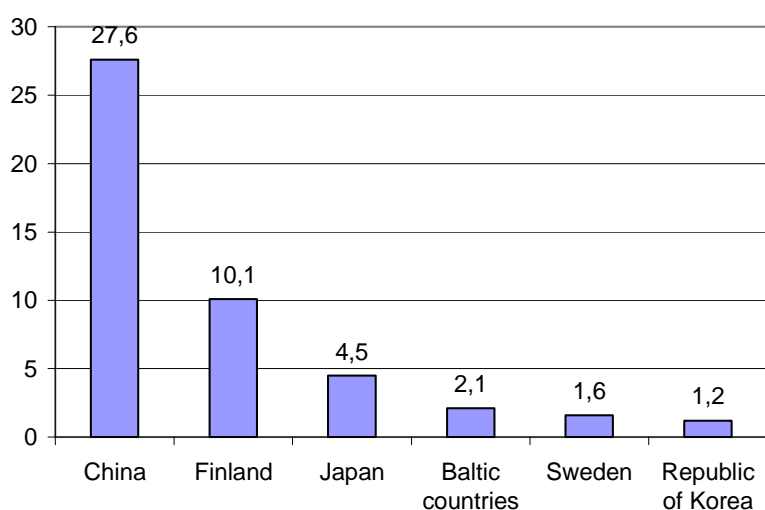
More detailed information on trends in production, consumption, export and import of forest products is given below.

Table 2

**Balance of production and consumption of roundwood, mln. m<sup>3</sup>**

	2005	2006	2007	2007/2006,%	2008 (estimate)
Production	185.0	190.6	207.0	108.6	201.1
Export	43.8	51.1	49.3	96.5	34.2
Import	1.0	0.5	0.3	60.0	0.3
Consumption	137.7	140.0	158.0	112.6	167.2

In 2007 production of roundwood increased by 8.6% against 2006 and accounted for 207.0 mln.m<sup>3</sup>. Export of roundwood declined by 3.5% in 2007. In 2008 further reduction in roundwood export to 34.2 mln. m<sup>3</sup> is expected, which is caused primarily by increase in export duties. According to the data for 2007 the major importers of roundwood from the Russian Federation were China, Finland, Japan, Baltic countries.(fig. 1)



**Fig 1. The major importing countries of roundwood from the Russian Federation, mln. m<sup>3</sup>**

In 2007 domestic consumption of roundwood increased by 12.9% against 2006. In 2008 domestic consumption of roundwood is expected to reach 167.2 mln. m<sup>3</sup> and export – 34.2 mln. m<sup>3</sup>(estimate).

Growth in roundwood domestic consumption is the result of growth in its processing in the first place.

Table 3

**Balance of production and consumption of sawn softwood  
in the Russian Federation, mln m<sup>3</sup>**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2007/2006,%</b>	<b>2008 (estimate)</b>
Production	19.4	19.5	20.4	104.6	21.1
Export	14.3	15.4	16.8	109.1	14.5
Import	0.017	0.006	0.007	116.7	0.01
Consumption	5.117	4.106	3.607	87.8	5.71

In 2007 output of sawnwood in the Russian Federation accounted for 23.2 mln.m<sup>3</sup>, of which 20.4 mln. m<sup>3</sup> or 87.9% are sawn softwood and 2.8 mln. m<sup>3</sup> or 12.1 are sawn hardwood.

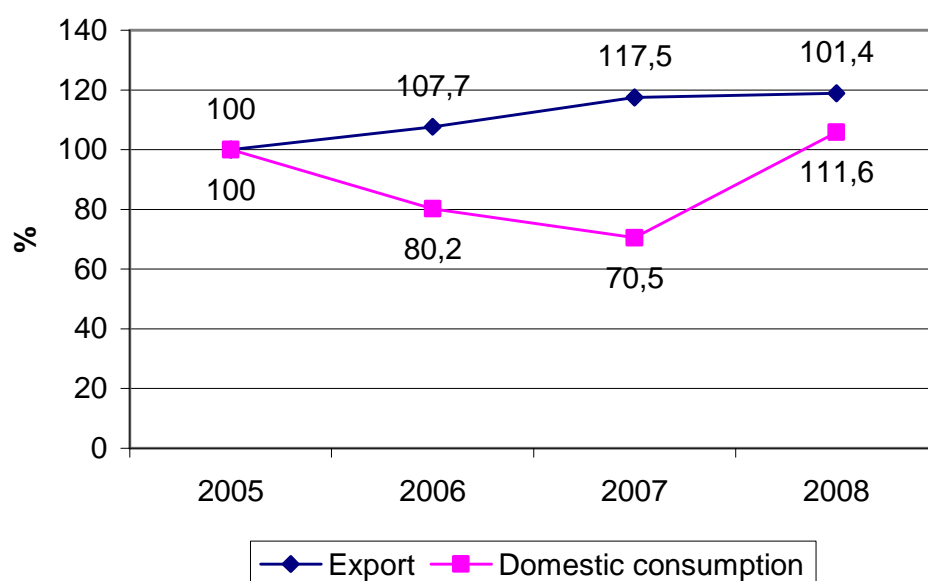
In 2007 production of sawn softwood increased by 4.6% against 2006, export increased by 9.1% and domestic consumption reduced by 12.2%.

However the given figures need revising. As a matter of fact domestic consumption did not decline, and in the estimation of specialists it increased. The matter is that statistical bodies do not take full account of production of sawn softwood by small enterprises.

In our opinion production of sawn softwood by small enterprises in 2008 will account for 21.1 mln. m<sup>3</sup> and consumption – 5.7 mln. m<sup>3</sup>, which is by 2.1 mln m<sup>3</sup> more against 2007.

In 2007 the major importers of sawn softwood from the Russian Federation were: CIS countries – 27.3%, Egypt – 11.3%, China – 9.8%, Baltic countries – 9.5%, Japan – 6.5%, Germany – 4.5%, Great Britain – 3.6%.

Comparative data on dynamics of export and domestic consumption of sawn softwood in the Russian Federation for 2005-2008 is presented in fig. 2.



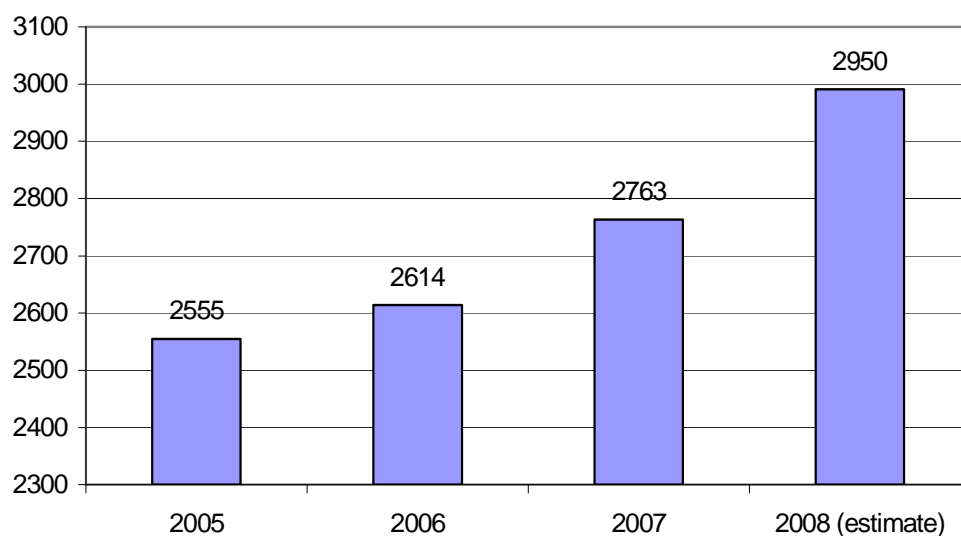
**Fig. 2 Dynamics of export and domestic consumption of sawn softwood in the Russian Federation**

In recent years production of plywood in the Russian Federation has been developing in a dynamic way, which is clear from the data presented in Table 4 and Figure 3.

*Table 4*

**Balance of production and consumption of plywood, 1000 m<sup>3</sup>**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2007/2006,%</b>	<b>2008</b> (estimate)
Production	2555	2514	2763	105.7	2950
Export	1527	1577	1503	95.3	1400
Import	54	46	128	278.3	150
Consumption	1082	1083	1388	128.2	1700



**Fig. 3 Production of plywood in the Russian Federation in 2005-2008, 1000 m<sup>3</sup>**

In 2007 production of plywood in the Russian Federation accounted for 2.763 mln m<sup>3</sup>, which is by 5.7% higher against 2006.

There was a growth of plywood import, mainly from China. At that, prices for plywood imported from China are lower compared to ones for plywood imported from other countries.

In 2007 domestic consumption of plywood in the Russian Federation increased by 28.2% against 2006., which was caused by growth of plywood consumption in house construction. Further growth of production and consumption of plywood is expected in 2008.

In 2007 export of plywood slightly decreased – by 4.7%. In 2008 further decline in plywood export is expected - to 1400 m<sup>3</sup>. The major countries-importers of plywood from the Russian Federation are: USA – 16.5%, Germany – 9.8%, Italy – 6.6%, Egypt – 6.6%, Great Britain – 4.9%.

*Table 5*

**Balance of production and consumption of particle board in the Russian Federation , 1000 m<sup>3</sup>**

	2005	2006	2007	2007/2006,%	2008 (estimate)
Production	3930	4718	5306	112.5	5900
Export	242	296	479	161.8	550
Import	572	788	761	96.6	750
Consumption	4260	5210	5588	107.3	6100

In 2007 production of particleboard in the Russian Federation accounted for 5.306 mln m<sup>3</sup>, which is by 12.5% higher against 2006. Consumption of particle board declined by 3.4% and export increased by 61.8%.

The main countries which exported particle board to the Russian Federation in 2007 were: Germany, Poland, Belarus, China, Ukraine. The countries importing particle board from the Russian Federation are: Kazakhstan and Uzbekistan. In the Russian Federation growth of particle board production, export and consumption is projected in 2008. Import will slightly decline on account of commissioning new capacities for particle board production.

*Table 6*

**Balance of production and consumption of fiberboard  
in the Russian Federation, 1000 m<sup>3</sup>**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2007/2006,%</b>	<b>2008 (estimate)</b>
Production	1296	1452	1578	108.7	1720
Export	380	448	468	104.5	575
Import	493	668	756	113.2	790
Consumption	1409	1672	1866	111.6	1935
of which MDF, 1000 m <sup>3</sup>					
Production	446	624	722	115.7	850
Export	90	140	146	104.3	175
Import	424	597	676	113.2	700
Consumption	780	1081	1252	115.8	1375

In 2007 production of fiberboard in the Russian Federation accounted for 1.578 mln m<sup>3</sup>, including 722 thousand m<sup>3</sup> of MDF. In 2007 the total growth of fiberboard production against 2006 was 8.7%, growth of MDF output – 15.7%. It is noteworthy that at present new MDF plants are being constructed in many regions of the country in connection with increase of demand on domestic market, mainly in the sphere of house building. Because of lack of domestic capacities for MDF production their import is growing. In 2007 import of MDF accounted for 676 thousand m<sup>3</sup>, which is 13.2% higher against 2006. It is estimated that in 2008 consumption of fiberboard will increase by 3.7% against 2007 owing to internal

production of MDF. MDF is imported to the Russian Federation mainly from Germany, China, Poland.

In 2007 the rates of growth of pulp and paper production were lower in the Russian Federation as compared to other types of forest products.

Production of pulp and paper increased only by 1.7% in 2007. At the same time import of pulp and paper increased considerably – by 19.7% and export decreased by 7.0%.

*Table 7*

**Balance of production and consumption of pulp and paper in the Russian Federation, thousand tons.**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2007/2006,%</b>	<b>2008</b> (estimate)
Production	7126	7434	7559	101.7	7850
Export	2737	2701	2512	93.0	2600
Import	1065	1221	1462	119.7	1540
Consumption	5454	5954	6509	109.3	6790

In 2008 growth in production, consumption, export and import of paper and paperboard is expected. At that import growth rates will be higher than export growth rates.

In conclusion it should be noted that the dynamics of production and consumption of forest products in the Russian Federation in 2007 was affected by 2 factors:

- New Forest Code
- Increased export duties

In accordance with the new Forest Code the number of forest parcels leased in 2007 accounted for 4568 with the total area of 118 mln. ha. The volume of wood harvested in leased forests was 90 mln. m<sup>3</sup>. Besides, forest stands with total growing stock of 30 mln. m<sup>3</sup> were sold at auctions.

Introduction of export duties on roundwood influenced roundwood export – it reduced by 3.5% against 2006.



Product			Historical data		Revised	Estimate	Forecast
Code	Product	Unit	2006	2007	2007	2008	2009
<b>1.2.1.C</b>	<b>SAWLOGS AND NEER LOGS, NIFEROUS</b>						
	Removals	1000 m <sup>3</sup>	<b>58 200</b>	<b>65 200</b>	<b>65 200</b>	<b>61 400</b>	<b>61 700</b>
	Imports	1000 m <sup>3</sup>	<b>200 #</b>	<b>200 #</b>	<b>200</b>	<b>200</b>	<b>200</b>
	Exports	1000 m <sup>3</sup>	<b>20 500 #</b>	<b>19 000 #</b>	<b>19 000</b>	<b>13 600</b>	<b>10 700</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>37 900</b>	<b>46 400</b>	<b>46 400</b>	<b>48 000</b>	<b>51 200</b>
<b>1.2.1.NC</b>	<b>SAWLOGS AND VENEER LOGS, NON- CONIFEROUS</b>						
	Removals	1000 m <sup>3</sup>	<b>15 600</b>	<b>17 500</b>	<b>17 500</b>	<b>17 900</b>	<b>18 000</b>
	Imports	1000 m <sup>3</sup>	<b>0 #</b>	<b>0 #</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Exports	1000 m <sup>3</sup>	<b>3 000 #</b>	<b>2 500 #</b>	<b>2 500</b>	<b>2 400</b>	<b>1 900</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>12 600</b>	<b>15 000</b>	<b>15 000</b>	<b>15 500</b>	<b>16 100</b>
<b>1.2.1.NC.T</b>	<b>of which, tropical logs</b>						
	Imports	1000 m <sup>3</sup>	<b>0 #</b>	<b>0 #</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Exports	1000 m <sup>3</sup>	<b>0 #</b>	<b>0 #</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Net Trade	1000 m <sup>3</sup>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>1.2.2.C</b>	<b>PULPWOOD (ROUND AND SPLIT), CONIFEROUS</b>						
	Removals	1000 m <sup>3</sup>	<b>37 500</b>	<b>40 600</b>	<b>40 600</b>	<b>40 500</b>	<b>39 800</b>
	Imports	1000 m <sup>3</sup>	<b>100 #</b>	<b>100 #</b>	<b>100</b>	<b>100</b>	<b>100</b>
	Exports	1000 m <sup>3</sup>	<b>15 200 #</b>	<b>10 700 #</b>	<b>10 700</b>	<b>9 700</b>	<b>8 100</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>22 400</b>	<b>30 000</b>	<b>30 000</b>	<b>30 900</b>	<b>31 800</b>
<b>1.2.2.NC</b>	<b>PULPWOOD (ROUND AND SPLIT), NON- CONIFEROUS</b>						
	Removals	1000 m <sup>3</sup>	<b>18 500</b>	<b>20 000</b>	<b>20 000</b>	<b>15 200</b>	<b>13 200</b>
	Imports	1000 m <sup>3</sup>	<b>0 #</b>	<b>0 #</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Exports	1000 m <sup>3</sup>	<b>11 200 #</b>	<b>13 500 #</b>	<b>13 500</b>	<b>8 500</b>	<b>6 300</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>7 300</b>	<b>6 500</b>	<b>6 500</b>	<b>6 700</b>	<b>6 900</b>
<b>3 + 4</b>	<b>WOOD RESIDUES, CHIPS AND PARTICLES</b>						
	Domestic supply	1000 m <sup>3</sup>	<b>29 400 C</b>	<b>29 600 C</b>	<b>29 600</b>	<b>30 000</b>	<b>30 000</b>
	Imports	1000 m <sup>3</sup>	<b>5 C</b>	<b>9 C</b>	<b>9</b>	<b>0</b>	<b>0</b>
	Exports	1000 m <sup>3</sup>	<b>1 752 C</b>	<b>1 780 C</b>	<b>1 780</b>	<b>2 000</b>	<b>2 000</b>
	Apparent consumption	1000 m <sup>3</sup>	<b>27 653</b>	<b>27 829</b>	<b>27 829</b>	<b>28 000</b>	<b>28 000</b>

<b>1.2.3.C</b>	<b>OTHER INDUSTRIAL ROUNDWOOD, CONIFEROUS</b>						
	Removals	1000 m <sup>3</sup>	<b>12 100</b>	<b>14 300</b>	<b>14 300</b>	<b>16 100</b>	<b>17 900</b>
<b>1.2.3.NC</b>	<b>OTHER INDUSTRIAL ROUNDWOOD, NON-CONIFEROUS</b>						
	Removals	1000 m <sup>3</sup>	<b>2 700</b>	<b>4 400</b>	<b>4 400</b>	<b>5 000</b>	<b>5 600</b>
<b>1.1.C</b>	<b>WOOD FUEL, CONIFEROUS</b>						
	Removals	1000 m <sup>3</sup>	<b>18 300</b>	<b>17 900</b>	<b>17 900</b>	<b>17 600</b>	<b>17 600</b>
<b>1.1.NC</b>	<b>WOOD FUEL, NON-CONIFEROUS</b>						
	Removals	1000 m <sup>3</sup>	<b>27 700</b>	<b>27 100</b>	<b>27 100</b>	<b>27 400</b>	<b>27 400</b>

Product			Historical data		Revised	Estimate	Forecast
Code	Product	Unit	2006	2007	2007	2008	2009
<b>5.C</b>	<b>SAWNWOOD, CONIFEROUS</b>						
	Production	1000 m <sup>3</sup>	19 470	20 415	20 415	21 120	22 440
	Imports	1000 m <sup>3</sup>	6	7	7	10	10
	Exports	1000 m <sup>3</sup>	15 430	16 766	16 766	14 540	15 030
	Apparent consumption	1000 m <sup>3</sup>	4 046	3 656	3 656	6 590	7 420
<b>5.NC</b>	<b>SAWNWOOD, NON-CONIFEROUS</b>						
	Production	1000 m <sup>3</sup>	2 657	2 785	2 785	2 880	3 060
	Imports	1000 m <sup>3</sup>	9	11	11	15	15
	Exports	1000 m <sup>3</sup>	470	511	511	460	470
	Apparent consumption	1000 m <sup>3</sup>	2 196	2 285	2 285	2 435	2 605
<b>5.NC.T</b>	<b>of which, tropical sawnwood</b>						
	Production	1000 m <sup>3</sup>	0	0	0	0	0
	Imports	1000 m <sup>3</sup>	4	5	5	7	7
	Exports	1000 m <sup>3</sup>	0	0	0	0	0
	Apparent consumption	1000 m <sup>3</sup>	4	5	5	7	7
<b>6.1</b>	<b>VENEER SHEETS</b>						
	Production	1000 m <sup>3</sup>	179 C	166 C	166	170	175
	Imports	1000 m <sup>3</sup>	10 C	15 C	15	20	20
	Exports	1000 m <sup>3</sup>	38 C	43 C	43	45	45
	Apparent consumption	1000 m <sup>3</sup>	151	138	138	145	150
<b>6.1.NC.T</b>	<b>of which, tropical veneer sheets</b>						
	Production	1000 m <sup>3</sup>	0	0 R	0	0	0
	Imports	1000 m <sup>3</sup>	7	10	10	10	10
	Exports	1000 m <sup>3</sup>	0	0	0	0	0
	Apparent consumption	1000 m <sup>3</sup>	7	10	10	10	10
<b>6.2</b>	<b>PLYWOOD</b>						
	Production	1000 m <sup>3</sup>	2 614 C	2 763 C	2 763	2 950	3 110
	Imports	1000 m <sup>3</sup>	46 C	128 C	128	150	170
	Exports	1000 m <sup>3</sup>	1 577 C	1 503 C	1 503	1 400	1 500
	Apparent consumption	1000 m <sup>3</sup>	1 083	1 388	1 388	1 700	1 780
<b>6.2.NC.T</b>	<b>of which, tropical plywood</b>						
	Production	1000 m <sup>3</sup>	0	0	0	0	0
	Imports	1000 m <sup>3</sup>	2	6	6	6	6
	Exports	1000 m <sup>3</sup>	0	0	0	0	0
	Apparent consumption	1000 m <sup>3</sup>	2	6	6	6	6

<b>6.3</b>	<b>PARTICLE BOARD (including OSB)</b>						
	Production	1000 m <sup>3</sup>	4 717	5 306	5 306	5 900	6 600
	Imports	1000 m <sup>3</sup>	788	761	761	750	700
	Exports	1000 m <sup>3</sup>	296	479	479	550	600
	Apparent consumption	1000 m <sup>3</sup>	5 209	5 588	5 588	6 100	6 700
<b>6.3.1</b>	<b>of which, OSB</b>						
	Production	1000 m <sup>3</sup>	0	0	0	0	0
	Imports	1000 m <sup>3</sup>	110	106	106	250	350
	Exports	1000 m <sup>3</sup>	0	0	0	0	0
	Apparent consumption	1000 m <sup>3</sup>	110	106	106	250	350
<b>6.4</b>	<b>FIBREBOARD</b>						
	Production	1000 m <sup>3</sup>	1 452 C	1 578 C	1 578	1 720	2 005
	Imports	1000 m <sup>3</sup>	668 C	756 C	756	790	830
	Exports	1000 m <sup>3</sup>	448 C	468 C	468	575	630
	Apparent consumption	1000 m <sup>3</sup>	1 672	1 866	1 866	1 935	2 205
<b>6.4.1</b>	<b>Hardboard</b>						
	Production	1000 m <sup>3</sup>	822	836	836	830	845
	Imports	1000 m <sup>3</sup>	71	80	80	90	100
	Exports	1000 m <sup>3</sup>	308	322	322	400	430
	Apparent consumption	1000 m <sup>3</sup>	585	594	594	520	515
<b>6.4.2</b>	<b>MDF (Medium density)</b>						
	Production	1000 m <sup>3</sup>	624	722	722	850	1 100
	Imports	1000 m <sup>3</sup>	597	676	676	700	730
	Exports	1000 m <sup>3</sup>	140	146	146	175	200
	Apparent consumption	1000 m <sup>3</sup>	1 081	1 252	1 252	1 375	1 630
<b>6.4.3</b>	<b>Insulating board</b>						
	Production	1000 m <sup>3</sup>	6	20	20	40	60
	Imports	1000 m <sup>3</sup>	0	0	0	0	0
	Exports	1000 m <sup>3</sup>	0	0	0	0	0
	Apparent consumption	1000 m <sup>3</sup>	6	20	20	40	60
<b>7</b>	<b>WOOD PULP</b>						
	Production	1000 t.	7 063 C	7 010 C	7 010	7 270	7 480
	Imports	1000 t.	56 C	94 C	94	90	86
	Exports	1000 t.	1 918 C	1 899 C	1 899	2 010	2 110
	Apparent consumption	1000 t.	5 201	5 205	5 205	5 350	5 456
<b>10</b>	<b>PAPER &amp; PAPERBOARD</b>						
	Production	1000 t.	7 434 C	7 559 C	7 559	7 850	8 160
	Imports	1000 t.	1 221 C	1 462 C	1 462	1 540	1 620
	Exports	1000 t.	2 701 C	2 512 C	2 512	2 600	2 650
	Apparent consumption	1000 t.	5 954	6 509	6 509	6 790	7 130

