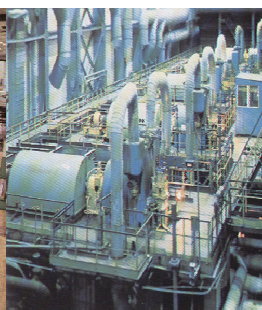
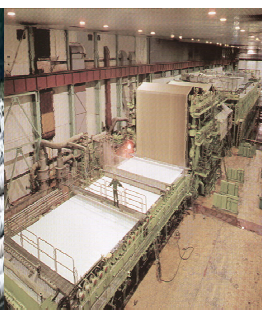


UTMER

UNION OF TIMBER MANUFACTURERS AND EXPORTERS OF RUSSIA



CURRENT SITUATION IN FOREST SECTOR AND VOLUNTARY CERTIFICATION IN RUSSIA

Andrey Prokopov
Member of Board of UTMER

Joint UNECE Timber Committee and International Softwood
Conference Market Discussions

GENEVA

Legislation

New laws and others normative acts of the Russian Federation influencing on the Russian Forest Industries Sector

- **New Forest Code.**
- **Decree of the Government of the Russian Federation (round wood export duty)**
- **Decree of the Government of the Russian Federation (sawn wood export duty)**
- **Decree of the Government of the Russian Federation (List of Priority Projects in the area of forest resources developing)**

Legislation

Comments

- In compliance with the new Forest Code, all forestry expenditures including fire control and pest control have been shifted onto forest leasers. It's possible to forecast that the quantity of small and medium independent forest harvesting enterprises should decrease and the cost of wood should rise.
- Increase a duty rate on export of round wood has already had effect on drop in deliveries to the EU countries in 2007 (-30%) as compared to the corresponding period of the last year. It's possible to predict a decrease in export volume of industrial wood to the Asian-Pacific Region as well since April 2008.

PRODUCTION

		1st half 2006	1st half 2007	%
Industrial roundwood	1000 m ³	50825,8	50156,9	98,7
Sawnwood	1000 m ³	10856,9	11098,3	102,2
Plywood	1000 m ³	1341,5	1357,4	101,2
Fiberboard	1000 m ²	390683,7	428227,5	109,6
Chipboard	1000 m ³	2164474	2482727	114,7

PRODUCTION

Industrial roundwood			
	1st half 2006	1st half 2007	%
Central Federal District	4426	3988,8	90,1
Northwest Federal District	17294,4	17680,2	102,2
South Federal District	131,5	132,9	101,1
Privolzhskiy Federal District	5975,1	5966,6	99,9
Ural Federal District	3078,3	3024,4	98,2
Siberian Federal District	13184,7	12107,3	91,8
Far Eastern Federal District	6735,8	7256,7	107,7

PRODUCTION

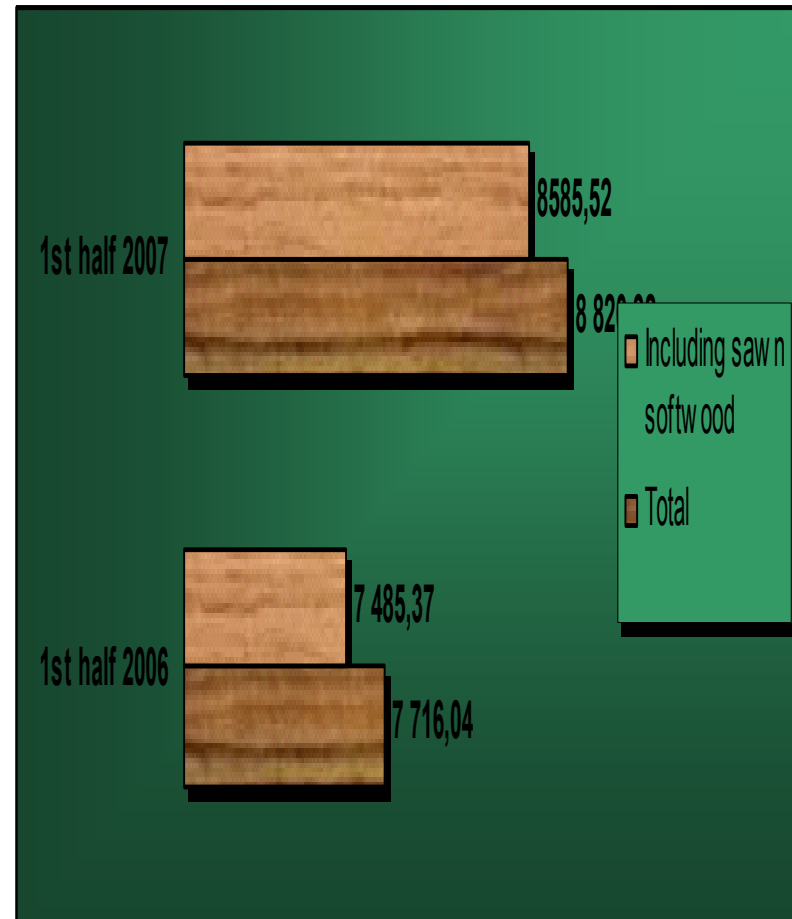
Sawnwood			
	1st half 2006	1st half 2007	%
Central Federal District	1030,5	1010,2	98,0
Northwest Federal District	3182,6	3293,6	103,5
South Federal District	109,1	132,8	121,7
Privolzhskiy Federal District	1844,8	1806,1	97,9
Ural Federal District	896,4	937,9	104,6
Siberian Federal District	3200,7	3340,1	104,4
Far Eastern Federal District	592,8	577,6	97,4

Softwood export January-June 2007

	1000 m ³
Industrial roundwood -- coniferous	
Total, including	19860,78
CIS	249,2735
The others	19611,5
Sawn softwood	
Total, including	8585,521
CIS	2064,791
The others	6520,73

Sawnwood export

	1st half 2006	1st half 2007
Million cbm		
Total	7 716,04	8 820,92
Including sawn softwood	7 485,37	8585,52



Sawn softwood export

m ³	1st half 2006	1st half 2007	%
Belgium	101 784	136 216	133,8
Germany	406 051	400 342	98,6
Finland	250 630	261 805	104,5
France	210 921	245 845	116,6
Greece	68 135	60 876	89,3
United Kingdom	358 577	371 972	103,7
Ireland	257 355	218 904	85,1
Italy	155 343	149 279	96,1
Netherlands	189 716	183 048	96,5
Austria	69 078	45 948	66,5
Spain	41 013	41 949	102,3
Poland	302 627	400 781	132,4
Estonia	214 221	296 250	138,3
Lithuania	160 535	185 648	115,6



***The National
Council of
Voluntary
Forest
Certification
in
Russia***



Russian Forest and Forestry

- Principal species of wood, ml. ha:
 - Larch- 261.4
 - Pine - 115.2
 - Spruce-74.6
 - Birch -95.9
 - Aspen -20.1
- Total volume of wood - 81,900,000 m³
- Allowable cut is over 500, 000, 000 m³

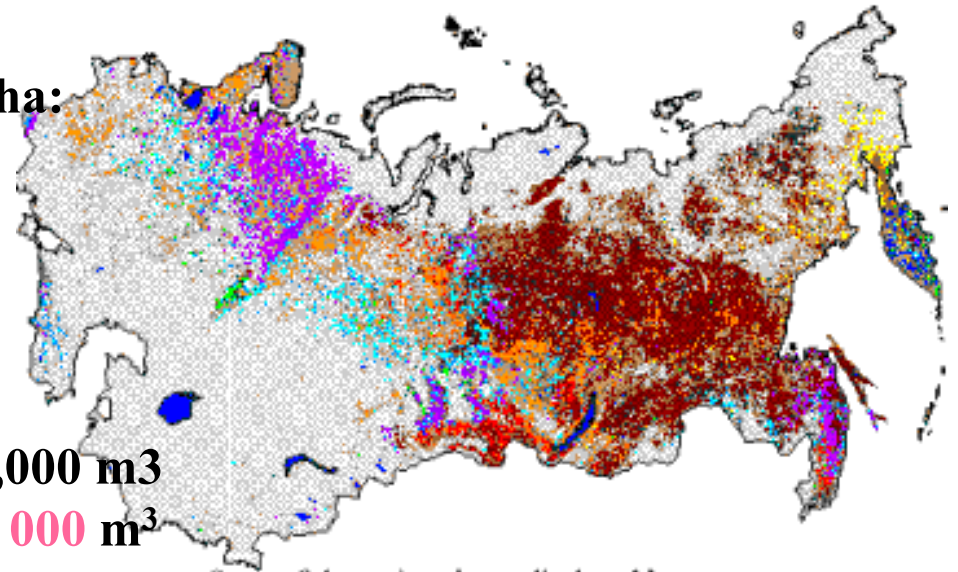
(where 300 ml.m³ –coniferous forest)

168, 500, 000 m³ was logged in 2003,
where:

- clear cutting -128, 000, 000 m³
(1/4 of allowable cut)

Why only 1/4?

- Forests are located in remote areas with poor road networks and high transportation expenses
- Old and low capacity equipment etc.



Some of the major classes displayed here are:

Orange	Pine (Pinus)	Red	Cedar (Pinus Siberica)
Purple	Spruce (Picea)	Green	Oak (Quercus)
Brown	Larch (Larix)	Cyan	Birch (Betula)
Yellow	Cedar Elfin Wood	Blue	Water
		Grey with dots	Open Land



Forest Certification Scheme, content:

1 - The Standard of forest management

- 10 Principles**
- 36 Criteria**
 - 15 Environmental
 - 7 Economical
 - 14 Social
- 104 Indicators**

2 - Rules for forest management certification procedures

3 – The Standard of chain of custody

4 - Logo use rules

5 -Rules for governing and functional bodies of the Scheme

