“Forest Sector of Russia: Challenges and Solutions”

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## Russia – Forest Power

1 in the world in forest area  
2 in the world in reserves of forests

<table>
<thead>
<tr>
<th>Data</th>
<th>Forest resources (bln m3)</th>
<th>Gas (trln m3)</th>
<th>Oil (bln ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>World reserves</td>
<td>400</td>
<td>150</td>
<td>300</td>
</tr>
<tr>
<td>Russian reserves</td>
<td>83</td>
<td>48</td>
<td>15</td>
</tr>
<tr>
<td>Russia’s share of global reserves, %</td>
<td>21%</td>
<td>32%</td>
<td>5%</td>
</tr>
<tr>
<td>Approximate valuation of reserves</td>
<td>$28 trln</td>
<td>$19 trln</td>
<td>$7 trln</td>
</tr>
</tbody>
</table>

Source: Wall street journal 24/7, 2012
Forest Sector in the Russian Economy

- Gross domestic product – 1.3%
- Industrial output – 2.5%
- Foreign exchange earnings – 2.1%
- Investments in fixed assets – 0.8%
- Flow of revenues to budget system – 0.2%
- Forest sector employs about 1.1 mln people

Potential of forest sector by 2030:

- Forest area ↑ by 3%
- Main products ↑ in 1.5-2 times
- GDP ↑ up to 3-5%
- Investments in fixed assets ↑ in 1.3-3.8 times
- Employment (Number of employed) ↑ up to 2 mln people

(In accordance with the Project FFA-FAO “Forecast of the Russian forest sector by 2030”)
Use of Forests

Forest area leased

- Harvesting: 223 mln ha
- Recreational activities: 174.3
- Work on geological survey, mining: 47.8

Incomes from forests

- Construction, reconstruction, maintenance of linear facilities: 65%
- Other uses of forest (harvesting and collecting non-timber products, agriculture, game management, etc.): 9%
- Work on geological survey, mining: 5%
- Recreational activities: 16%
- Harvesting: 5%
Place and Role of Forests in International Negotiations on Forests

International conventions and protocols in which forest plays role

Indirect role
- UN Convention to Combat Desertification
  1994, Paris
- UN Convention on Biological Diversity
  1992, Nairobi

Important role
- UN FCCC
  1992, Rio de Janeiro
- Kyoto Protocol
  Kyoto, 1997

Leading role
- Legally Binding Agreement on Forests in Europe
- Convention on the Conservation of European Wildlife and Natural Habitats
  1979, Bern
- Montreal Protocol
  Montreal, 1987
- Geneva Protocol
  Geneva, 1984
- Helsinki Protocol
  Helsinki, 1985
Goal and Main Objectives of the Russian Foreign Policy in the Field of Forestry

GOAL

PROMOTING DYNAMIC, HARMONIOUS, EFFICIENT, AND Socially RESPONSIBLE DEVELOPMENT ON FOREST INDUSTRY IN THE WORLD, USING THE GENERALLY ACCEPTED MECHANISMS AND INSTRUMENTS FOR INTERNATIONAL COOPERATION

MAIN OBJECTIVES

- Forming international forest policy favorable for the global forest community
- Promoting modernization, improvement of scientific, technical and technological potential of forest sector, widespread adoption of innovations, incl. development of “green economy”
- Increasing presence of Russia in the global timber market, forming international market for forest ecosystem services
- Developing investment cooperation in forest sector
- Securing adequate place and significant role of forests in international organizations and processes
Solving Tasks of the Russian Forest Policy

International obligations of the Russian Federation in the field of sustainable forest management

National forest policy (strategy)

Federal forest legislation

Practical implementation of forestry through federal and regional developmental programs, forest plans

Regional legislation, Standards
External and Internal Challenges of the Russian forest sector

1. Trends of forest marketability degradation (age and species composition)
2. Depletion of economically attractive resource
4. Obsolete wood-processing industry
5. Illegal forest exploitation
6. Infrastructural and institutional constraints

- Adapting forest sector under conditions of Russia’s entry into WTO
- Increasing competition in the global forest sector (new materials and technologies)
- Entering into force on March 3, 2013 the EU Regulations on terms of delivering wood and products thereof to European markets
- Global climate change (forest fires, diseases, drying, etc)

Forest sector

1. Trends of forest marketability degradation (age and species composition)
2. Depletion of economically attractive resource
4. Obsolete wood-processing industry
5. Illegal forest exploitation
6. Infrastructural and institutional constraints
Main Directions of Forest Policy

Russian forest policy aims to ensure the constitutional rights and freedoms of the people of Russia, associated with forest and its use, inter alia rights to a healthy environment, reliable information about its condition; to create conditions for a dignified life and free development of the individual.

Goals

- In the economic sphere – achieving maximum gross domestic product in forest sector while maintaining the balance of environmental and social concerns, securing competitiveness and modernization of forest sector
- In the environmental sphere – creating supportive environment for population, conserving biological diversity of forest and other ecosystems, introducing resource-saving and environmentally friendly technologies
- In the social sphere – improving living standards of people associated with the forest, creating new and better jobs, improving social security

Main directions

1. Conservation, augmentation and sustainable use of forests
2. Development of forest management system
3. Formation of effective forest sector’s economics
4. Social and environmental priorities
5. Improvement of scientific and human resources
6. Ensuring of Russia’s leadership in global forest policy
State Program of Forestry Development for the Years 2012 – 2020

Goals

✓ Increasing efficiency of use, conservation, protection and reproduction of forests
✓ Ensuring sustainable public consumption of resources и and forest services with guaranteed preservation of resource and environmental capacity and global functions of forests

Objectives

✓ Reducing losses of forestry from fires, pests and illegal logging
✓ Creating conditions for sustainable and intensive use of forests while maintaining their ecological functions and biological diversity, as well as for improved monitoring of use and reproduction of forests
✓ Securing balance of disposal and recovery of forests, increasing productivity and quality of forests
✓ Increasing efficiency of forest management
Implementing State Program of Forestry Development for the Years 2012 – 2020

Conservation and protection of forests

4 sub-programs

Forest utilization

Reforestation

Securing implementation of forestry development state program of the Russian Federation for the years 2012 – 2020

- Sub-programs include 17 main measures, implemented at federal level and level of subjects of the Russian Federation
- Effectiveness of implementing sub-programs will be evaluated using the 40 indices (indicators)
Goals and Objectives of Sub-program for Developing Forest-Industrial Complex of the Russian Federation up to 2020

Goal of sub-program

Meeting the needs of domestic market for high-quality and competitive paper products of domestic production and declining share of imported products

Objectives of sub-program

- Improving investment climate and further implementing priority and other investment projects
- Developing bioenergetics and production of biofuel, increase of processing low-grade wood and waste for increasing production efficiency of timber industry
- Developing wooden house-building

Goals and Objectives of Sub-program for Developing Forest-Industrial Complex of the Russian Federation up to 2020
Description of Main Activities of Sub-program

**Sub-program includes two main measures:**

**FIRST MEASURE**

Encouraging development of timber industry organizations, providing alignment of macroeconomic conditions for timber industry organizations under conditions of Russia’s WTO membership

Subsidizing interest rates on loans to timber industry organizations to create intraseasonal stock of raw stuff and materials

Subsidies for timber industry organizations to compensate for part of interest on loans for investment projects to create new high-tech processing facilities (projects with total investment of 300 million rubles and more)

**PRIVILEGES:**

-50% reduction in rent for forest area used for implementing investment project, during its return

- Obtaining the right to lease forest area without auction

- Ability to construct wood processing facilities on lands of Forest fund
Description of Main Activities of Sub-program

**SECOND MEASURE**

**Developing industrial biotechnologies in timber industry**

- Modernizing existing pulp and paper industry with introduction of the best available technologies to increase its power and environmental efficiency
- Creating conditions for scientific and innovative development of timber industry with focus on development of technologies and new equipment for deep wood processing, including with involving relevant technology platforms and innovative regional clusters
- Thermal pyrolysis of wood to produce liquid biofuel
- Developing technologies for producing active coals
- Obtaining nano cellulose materials to create novel composite materials
- Creating biodegradable polymer materials based on wood, etc.
Since launching mechanism of priority investment projects, were put into operation 24 new production facilities with total investment of 70 billion rubles.

In 2012 were put into operation 5 new facilities with total investment of 44 billion rubles, annual volume of wood extraction of 10 million cubic meters, and 15 000 new jobs.
2013 – Year of Environment Protection
Major International Events in Russia

International

1. Next session of Intergovernmental Negotiation Committee (INC) on developing legally binding agreement (April 3-5, Saint-Petersburg)

2. International conference “Small business in forestry” (April 25-26, Pushkino)

3. International scientific and practical conference “Innovations and technologies in forestry” (May 22-24, Saint-Petersburg, registration of participants - www.spb-niilh.ru/register)

4. Russia-ECE Seminar “Forest resources and technologies of the future” (May 22-24, Saint-Petersburg)

5. International Junior Forest Contest (September 8-14, Khanty-Mansiysk)

6. Launch of International forest projects (“Forest project-2” and ENPI FLEG -2 ) (April-June 2013)

National

1. International Day of Forest – Day of Knowledge about Forest (annually, from March 21, 2013, in all regions of Russia)

2. All-Russian Junior Forest Contest “Young Growth” (May, Nizhny Novgorod)

3. All-Russian Forest Planting Day (on regular basis, 2 times a year, starting from 2011 – “International Year of Forest”)

4. Events devoted to the Day of Forester (annually, the 3rd Saturday of September)

5. All-Russian Junior forum “Seliger” – Day of Forest (annually)
THANK YOU FOR YOUR ATTENTION!

The Federal Forestry Agency
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