

Status & trends of productions & trade in forest products of the Russian Federation

Moscow – 1999

General economic situation in the country.

Situation in the economy of the Russian Federation remains strained as before. After the August of 1998 recovery from the crisis became much more complicated. Financial & credit and payment & accounting systems do not operate properly.

However, the measures, taken by the Government for stabilization of political and economic situation allowed to improve economic conditions in the first half of 1999.

The first positive result of this is growth of industrial output. According to the data of the Russian Statistical Agency the industrial output over the first half of 1999 increased by 3.1% against the same period of 1998.

However the gross domestic product accounted for 97.1%, investment in fixed capital – 98.3%, volume of construction – 98.3%. For Russia as a whole export declined by 12.8%, import – by 45.3%. Trade balance was favorable.

In July-August of 1999 positive trends in industrial output remained. Over January-August the growth was 5.9%.

Situation in the forest and forest industry sector of the Russian Federation

Russia with its richest forest resources – 81.5 bn cu m – has all conditions for development of the forest and forest industry sector and trade in forest products.

However, transition towards market economy entails difficulties for majority of forest industry enterprises. Economic crisis impacted primarily the dynamics of production. Over the period of 1988-1998 the volumes of wood removals, production of sawnwood, plywood, wood-based panels, paper and paperboard declined 2-4 times. Reduction in production of roundwood and sawnwood was especially great.

As regards export, sharp reduction of export of forest products to CIS countries should be noted in the first place.

In 1999 some positive tendencies in the development of forest industry production took shape in nearly all branches, which is illustrated by the data, given in Table 1.

Table 1

Production of basic products of the forest and forest industry sector of Russia

Item	Unit	1998 January-July	1999 January-July	Growth rate, %
Wood removals	ths cu m	46280	49240	106.4
Industrial wood	ths cu m	38280	41012	107.6
Sawnwood	ths cu m	9922.0	9438.9	95.1
Plywood	ths cu m	688.1	766.7	111.4
Fiberboard	ths sq. m	106.6	129.6	121.5
Particle board	ths cu m	872.3	1063.5	121.9
Pulp	ths t	1926.2	2214.4	115.0
Paper and paperboard	ths t	2100.9	2466.3	117.4

Over 7 months of 1999 production of industrial wood increased by 7.1%, plywood by 11.4%, particle board by 21.9%, fiberboard by 21.5%, pulp by 15.0%,

paper and paperboard by 17.4%. Only production of sawnwood declined by 4.9% over the period under review.

For 1999 as a whole, growth of output of all types of forest products, except sawnwood, is expected as compared to 1998.

Export of forest products in 1998 and the first half of 1999

In 1998 and in the first half of 1999 export of forest products was characterized as positive on the whole.

In Appendices 1 and 2 summary data on export, import and production of forest products for 1998 (estimate), 1999 (expected) and 2000 (forecast) is given.

Roundwood

Roundwood is exported from Russia in the form of coniferous logs for sawing and coniferous and non-coniferous pulpwood for pulp and paper production.

In 1998 the total export of roundwood accounted for 20.0 mill. cu m, of which coniferous logs – 7.2 mill. cu m, hardwood logs – 0.6 mill. cu m, coniferous pulpwood – 5.1 mill. cu m and non-coniferous pulpwood, predominantly birch, - 7.1 mill. cu m.

During the first half of 1999 the total export of roundwood increased by 47% and reached 9.3 mill. cu m. During the recent years prices for exported roundwood have been reducing continually. In 1999 this reduction accounted for 5.3% against 1998.

The major countries, which imported coniferous logs in 1998 and 1999, were Japan, Finland, China, Sweden, Republic of Korea, Turkey. It should be noted here, that in 1999 export of coniferous roundwood to Japan declined considerably and at the same time export of this product to Finland increased. The major share of non-coniferous pulpwood export went to Finland. In 1998 export of roundwood to CIS countries was insignificant – only 0.3 mill. cu m.

Sawn hardwood

In 1998 export of sawn hardwood accounted for only 300 ths cu m.

Sawn softwood

In 1998 export of sawn softwood accounted for 4.4 mill. cu m, which is 5.4% lower against the level of 1997. The main reason for low level of sawn softwood export is reduction in production volumes (more than 4 times against 1998) and strengthening of competition on the world market, growth of sawnwood export from Baltic countries to the countries of Western Europe, in particular.

In 1999 the situation in export of sawnwood from Russia somewhat improved. During the first six months of 1999 export of sawn softwood increased by 36.6%. However the average export price for 1 cu m of sawnwood reduced by 19.4%.

The major countries importing Russian sawnwood are Egypt, Japan, Italy, Great Britain, Germany and Netherlands.

Plywood

In the Russian forest export the position of plywood is stable and safe. In 1997 export of plywood accounted for 631 thousand cu m, in 1998 – 736 thousand cu m, in the first half of 1999 – 435 thousand cu m.

The major countries importing plywood are USA, Great Britain, Egypt, Germany.

Particle board

Export of particle board from Russia is insignificant. In 1998 export of particle board accounted for 97 thousand cu m, mainly to CIS countries. In 1999 export of particle board was 100 thousand cu m.

Fiberboard

In Russia hardboards are mainly produced. In 1998 production of MDF amounted to only 87 thousand cu m, which is 14% of the total volume of fiberboard production.

In 1998 export of these types of fiberboard amounted to 173 thousand cu m. In 1999 export is expected to amount to 224 thousand cu m.

Pulp and paper products

Pulp and paper production is the most stable branch in the forest and forest industry sector of Russia. During 1997-1999 the volumes of production and export of pulp, paper and paperboard were continually growing. The indicators, characterizing production and export of these products are given in Table 2.

Table 2

Production and export of pulp and paper products in Russia

Item	Unit	1998
Pulp		
Production	ths t	3211
Export	ths t	1029
Share of export in production	%	31.9
Paper and paperboard		
Production	ths t	3540
Export	ths t	1708
Share of export in production	%	67.2

The major countries, importing pulp are China, Switzerland, Hungary, Czech Republic; paper and paperboard – Germany, Turkey, China, India, USA.