THE RUSSIAN FEDERATION:
APPROACH TO FOREST
SECTOR OUTLOOK

Anatoly Petrov
Prof., Dr.Ec.Sc.
Rector of Russian Institute of Continuous Education in Forestry
ToS on Forest Sector Outlook Meeting
January 22-23, 2015
Ispra, Italy
<table>
<thead>
<tr>
<th>Wood products</th>
<th>Unit</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2013/2007 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Round wood</td>
<td>mln. m³</td>
<td>207.0</td>
<td>167.4</td>
<td>158.8</td>
<td>175.5</td>
<td>196.7</td>
<td>191.0</td>
<td>192.7</td>
<td>93.1</td>
</tr>
<tr>
<td>Sawngoods</td>
<td>mln. m³</td>
<td>24.3</td>
<td>21.6</td>
<td>17.2</td>
<td>19.1</td>
<td>20.9</td>
<td>21.1</td>
<td>21.0</td>
<td>86.4</td>
</tr>
<tr>
<td>Plywood</td>
<td>th. m³</td>
<td>2776.8</td>
<td>2592</td>
<td>2127.6</td>
<td>2686.5</td>
<td>3002.7</td>
<td>3188.8</td>
<td>3304.9</td>
<td>119.0</td>
</tr>
<tr>
<td>Particle</td>
<td>th. m³</td>
<td>5500.8</td>
<td>5750.7</td>
<td>4598.9</td>
<td>5465.9</td>
<td>6634.0</td>
<td>6778.4</td>
<td>6656.7</td>
<td>121.0</td>
</tr>
<tr>
<td>Fiberboard</td>
<td>mln. m²</td>
<td>480.6</td>
<td>479.2</td>
<td>372.5</td>
<td>397.7</td>
<td>441.6</td>
<td>423.8</td>
<td>418.5</td>
<td>87.1</td>
</tr>
<tr>
<td>Pulp</td>
<td>th. ton</td>
<td>5973.0</td>
<td>5913.0</td>
<td>5486.6</td>
<td>7510.1</td>
<td>7660.6</td>
<td>7657.8</td>
<td>7200.0</td>
<td>120.5</td>
</tr>
<tr>
<td>Paper and paper board</td>
<td>th. ton</td>
<td>7581.4</td>
<td>7699.7</td>
<td>7307.6</td>
<td>7582.8</td>
<td>7544.7</td>
<td>7801.1</td>
<td>7776.0</td>
<td>102.6</td>
</tr>
<tr>
<td>Furniture</td>
<td>bln. rub</td>
<td>83.6</td>
<td>104.9</td>
<td>78.4</td>
<td>89.5</td>
<td>114.1</td>
<td>132.1</td>
<td>126.9</td>
<td>151.8</td>
</tr>
</tbody>
</table>
## The Share of the Russian Forest Sector in National and Global Economy

<table>
<thead>
<tr>
<th>Indicators</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gross domestic product</td>
<td>1.3</td>
</tr>
<tr>
<td>2. Industries output</td>
<td>2.66</td>
</tr>
<tr>
<td>3. Export revenue</td>
<td>2.0</td>
</tr>
<tr>
<td>4. Employees in industries</td>
<td>6.9</td>
</tr>
<tr>
<td>5. World trade of wood products</td>
<td>2.9</td>
</tr>
</tbody>
</table>
Political, economic, ecological and social factors to develop forest sector

1. Forest sector has no political and economic priorities for the development as compared with energy producing sector.
2. Monopoly of public federal ownership for forest land that restricts the competition and investments attraction.
3. Low demand for wood products in the domestic market due to low living standards of population.
4. Low demand for the goods and services produced by “green economy”.

Slide 3
5. Shortage of qualified labour in the regions rich in forest in Siberia and the Far East.

6. High uncertainties and risks in forest resources supply estimation due to the big losses caused by forest fires, pest and deceases.

7. Unstable basic forest legislation that has radically changed three times for 20 years and it is always under corrections.

8. Centralized system of forest administration inspite of the federative political structure.
Instruments of long-term strategic planning

1. Strategic planning in the Russian Federation
   Federal Law approved on 30.06.2014

2. Fundamentals of public policy in the field of forest use, protection and reproduction
   Approved by Government decision on 26.09.2013
Strategic planning of forest sector development

Forest sector outlook

Federal level
- Strategy of forest complex development to 2020 (approved in 2008)
- Public program of forestry development to 2020 (approved in 2013)

Regional level (88)
- The Russian Federation Forest sector Outlook Study to 2030 (issued together with FAO in 2012)
- Forest 10 years plan of the Subject of Federation (approved in 2008)
Public programme of forestry development to 2020

1. Allocates the federal budget financing resources among the regions,

2. Allocates the federal budget financing resources among the following activities
   - forest use,
   - forest regeneration and growing,
   - forest protection against fires,
   - forest protection against pest and deceases.

3. Provides the system of financial monitoring of forestry development.
1. The Idea to carry out the Russian Forest Sector Outlook Study belongs to FAO.

2. This idea was supported officially by the Federal Forest Agency of the Russian Federation.

3. FAO presented consulting services and financial support.


5. Supervising Committee (7 persons) was appointed to present federal authorities, business, international and nongovernmental organizations.

6. 22 Russian experts contributed to the study. They represent 11 research, education and nongovernmental organizations.

7. The information concerning forest resources inventory is provided by the federal authorities.

8. The study has been carried out following democratic procedures and freedom of discussions.

9. Three seminars took place in order to present and discuss opinions and proposals.
<table>
<thead>
<tr>
<th>№</th>
<th>Branches, indicators</th>
<th>2010</th>
<th>Percent to 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Unit</td>
<td>Volume</td>
</tr>
<tr>
<td>1.</td>
<td>Wood harvesting</td>
<td>Mln. m³</td>
<td>174</td>
</tr>
<tr>
<td>2.</td>
<td>Sawngoods</td>
<td>Mln. m³</td>
<td>19</td>
</tr>
<tr>
<td>3.</td>
<td>Plywood</td>
<td>Mln. m³</td>
<td>2,7</td>
</tr>
<tr>
<td>4.</td>
<td>Particle board</td>
<td>Mln. m³</td>
<td>5,5</td>
</tr>
<tr>
<td>5.</td>
<td>Fiber board</td>
<td>Mln. m³</td>
<td>1,6</td>
</tr>
<tr>
<td>6.</td>
<td>Pulp for sale</td>
<td>Mln.t.</td>
<td>2,1</td>
</tr>
<tr>
<td>7.</td>
<td>Paper and paper board</td>
<td>Mln.t.</td>
<td>7,75</td>
</tr>
<tr>
<td>8.</td>
<td>Wood consumed to produce energy</td>
<td>Mln. m³</td>
<td>32,0</td>
</tr>
<tr>
<td>9.</td>
<td>Investment in industrial sector</td>
<td>Mln. Rub.</td>
<td>159,6</td>
</tr>
</tbody>
</table>
1. Forest inventory data
2. The distribution of forest lands into commercial and protective ones,
3. Supply of the commercial forest land for long-term leasing for and short-term forest stands cutting agreements,
4. Development of forest roads net.
Lessons Learned from existing practice of Forest Sector development planning

1. Forest sector has the different economic systems: forestry with budget financing and market oriented industries.
2. Shortage of statistical and expert data to estimate demand for forest products consumption.
3. Absence of approved methods to estimate branch and regional priorities to develop forest sector.
4. Presence of permanent conflicts between economic, ecological and social goals in forest sector development.
Forest Sector Outlook needs the new conceptual approach

a) Existing approach

Wood and paper end products market

Forest resource

b) Market approach

Wood and paper end products market

Forest resource
1. Market of the growing forest stands (stumpage market).
2. Market of roundwood and chips.
3. Market of wood and paper products produced from roundwood and chips.
Key problems of the strategic planning of forest sector development

1. Branch priorities (pulp and paper, sawmilling, bioenergy, etc.).
2. Regional priorities (North-West, Siberia, the Far East, etc.)
3. Business access to the forest use (leasing, concessions, privatization, public owned enterprises).
4. The public support (taxes, export duties, investments, subsidies, etc.)
5. Centralization or decentralization in forest administration and management.
What does the Russian federation expect from participating in ToS on Forest Sector Outlook?

1. To learn the experience of EU countries in the forest sector long-term planning.
2. To adopt the national methodology of forest sector outlook to the new demands.
3. To integrate national forest sector into the global forest policy.
4. To develop cooperation in the research and expertise.
THANK YOU FOR THE ATTENTION!