

Viite

Asia

**Venäjän metsäviraston johtaja Roštšupkinin puhe metsäsektorin tilasta vuosina 2004-2005**

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Asiasanat	VENÄJÄ, KESTÄVÄ METSÄTALOUS
<b>Hoitaa UM</b>	<b>ITÄ-22</b>
<b>Hoitaa UE</b>	<b>MOS</b>
Koordinoi	
Tiedoksi	EUR-13; GLO-01; GLO-02; GLO-54; ITÄ-01; ITÄ-02; ITÄ-23; ITÄ-24; ITÄ-25; KEO-12; KPO-05; KPO-06; KPO-07; OIK-33; POL-06; STU-00 EUE; KSL-05; MSK; PET; PIE; VAR KTM; MMM/MEO; SM/UO; SP/BOFIT; VM; VNK; YM; YM/ALO; YM/KVY

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**Metsätalousviraston johtaja Valeri Roštšupkin kävi läpi metsäsektorin tämän ja viime vuoden saavutuksia Pietarin kansainvälisessä metsäfoorumissa viime viikolla pitämässään esitelmässä.**

**Metsäviraston tulevaisuuden painopistealueet ovat metsitys, metsien palontorjunta, metsien suojelu hyönteis- ja tautitahoilta, taistelu laittomia hakkuita vastaan sekä tehokas metsien hyödyntäminen.**

**Puheen sisältö on osin nähtävä poliittiseksi vastavedoksi Metsäteollisuuden harjoittajien ja puunviejien liiton vetämälle Roštšupkinia vastaan suunnatulle parjauskampanjalle.**

Viikolla 40 Pietarissa pidettiin VII kansainvälinen metsäfoorumi, jota voi pitää suurimpana Venäjällä järjestettävänä vuosittaisena alan tapahtumana. Metsäviraston johtaja Valeri Roštšupkin piti tilaisuudessa puheen, jossa hän kävi hyvin seikkaeräisesti läpi metsäsektorin tilannetta sekä metsäviraston toimia ja tavoitteita. Luonnonvaraministeriön nettisivuilla ([www.mnr.gov.ru](http://www.mnr.gov.ru)) on esitetty puheesta myös tiivistelmä, jossa joitakin kohtia on valotettu enemmän kuin varsinaisessa puheessa.

Tämän asiakirjan liitteinä ovat Roštšupkinin puhe englanninkielisenä Maa- ja metsätalouden ministeriön tekemänä käännöksenä sekä luonnonvaraministeriön nettisivuilla oleva tiivistelmä Metsäteollisuus Ry:n suomennoksena.

**Puheen sisältö**

Puheensa alussa Roštšupkin kertoi metsäviraston painotuksista metsänhoidossa sekä lupasi uusien käytäntöjen tulevan laillisesti säädetyiksi kunhan uusi metsälakiehdotus hyväksytään. Metsäviraston pääaktiviteetit ovat hänen mukaansa metsitys, metsien palontorjunta, metsien suojelu hyönteis- ja tautitahoilta, taistelu laittomia hakkuita vastaan sekä tehokas metsien hyödyntäminen.

Välineenä edelläolevien tavoitteiden saavuttamiseksi Roštšupkin mainitsi mm. metsänhoidon rahoituksen uudelleenjärjestelyn, metsäsektorin teknisen suorituskyvyn rakentamisen sekä metsäteiden

rakentamishjelman. Lisäksi metsäalan instituutioverkoston ja leshozien toiminta on tarkoitus uudistaa vuoden 2008 loppuun mennessä.

Puheen loppupuolella Roštšupkin kävi läpi Venäjän metsäsektorin kehitystä. Kehityksen hitauteen liittyen hän viittasi ilmeiseen tarpeeseen saadaa metsäteollisuudelle vahva etujärjestö. Lopuksi hän korosti puurakentamisen ja bioenergian merkitystä sekä esitti johtopäätöksenä menen kasvun ja kasvavien investointien antavan uskoa metsäsektorin kestäväälle kehitykselle myös tulevaisuudessa.

### **Kommentti**

Osa puheen sisällöstä on nähtävissä vastapuheenvuoroksi julkisuudessa esitetyille arvostelulle metsäsektorille asetettujen tavoitteiden saavuttamisesta. Julkinen arvostelu taas on osa suurempaa valtataistelua, jossa Roštšupkinia pyritään kampeamaan pois metsäviraston johdosta.

Puheessaan Roštšupkin paaluttaa suhteellisen selkeästi metsäsektorin tulevaisuuden tarpeet ja samalla peräänkuuluttaa sekä vahvempaa metsäteollisuuden etujärjestöä että metsästrategiaa. Näiden asioiden esiintuonti on selkeä hyökkäys Metsäteollisuuden harjoittajien ja puunviejien liiton vetämää parjauskampanjaa vastaan.

LIITTEET

Kaksi kappaletta, sähköisesti

Käännös  
13.10.2005

Venäjän luonnonvaraministeriö

07. lokakuuta 2005 (15:10)

07. lokakuuta 2005 Pietarissa pidettiin VII Metsäteollisuusfoorumin ”Venäjän metsäteollisuus 2000-luvulla” päättävä täysistunto.

Istunnon puheenjohtajina toimivat Venäjän metsätalousviraston Rosleshozin johtaja Valeri Roschupkin ja Venäjän presidentin luoteisessa hallintopiirissä [okrug] toimivan edustajan varamies Ljubov Sovershajeva.

Istunnossa määriteltiin Venäjän metsäteollisuuden kehittämisen strategia. Erityisesti mainittiin, että metsäteollisuuden kaikkien toimialojen tulee seurata metsätalouden kehitystä. Metsäsektorin toimijoiden ensisijaisiksi asettamat sektorin kehityssuunnat voitaisiin ottaa lähtökohdaksi metsälainsäädäntötyölle, jossa otetaan huomioon kaikkien osapuolten sosioekonomiset edut. Nimenomaan uudistettu metsälainsäädäntö, joka perustuu Venäjän federaation metsälakikokoelmaan [koodeksi], pitää ottaa pohjaksi lähdettäessä kehittämään alueiden [oblast], suuralueiden [region] liittymien ja federaation tason ohjelmia ja nostettaessa metsäala kansallisesti ja kansainvälisesti oikealle tasolle.

Istunnossa todettiin, että strateginen päätavoite metsäalan kehittämisessä vuosina 2010–2015 on metsänkäytöstä saatavan tulon nostaminen muuntamalla hakkuusuunnittein mitattavat metsävarat talouskasvua osoittaviksi tunnusluvuiksi, joita mitataan bruttokansantuotteen kasvulla, lisäarvolla ja voitolla. Alalle ei saada suuria investointeja niin kauan, kuin 70 prosenttia puunkorjuusta on vuokrasopimuksella toimivien varassa vuokra-ajan ollessa 5 vuotta ja vuotuisen keskimääräisen hakkuumäärän jäädessä 50 000 kuutiometriin.

Istunnon osanottajien käsityksen mukaan investointien määrän kasvua vastaan vaikuttavat myös epävakaa ja läpinäkymätön talousjärjestelmä, epävakaus johtotehtävien jaossa keskuksen ja suuralueiden [region] välillä, laittomien hakkuiden suuri määrä sekä se, että valtakunnallisilta monopoleilta puuttuu harkittu tariffipolitiikka.

Foorumin päätöslauselmassa luetellaan toimenpiteitä, joilla metsäteollisuutta voidaan kehittää eri aloilla, kuten metsäteiden rakennuksessa, investointien hankinnassa sekä tuotteiden laatu- ja mittaustandardien yhtenäistämässä kansainvälisiä normeja vastaaviksi. Päätöslauselmassa määritetään myös keskeiset toimenpiteet, joilla kehitetään talonrakennusala, metsäkoneenrakennusta, varustetaan ala uusilla tuotantolaitteilla ja otetaan käyttöön luontoa suojelevia, ekotehokkaita teknologioita metsäteollisuuden laitoksilla. Asiakirjassa ehdotetaan myös toimenpiteitä sellu- ja paperiteollisuuden kehittämiseksi sekä biopolttoainetta käyttävien teknologioiden käyttöönottamiseksi Venäjällä. Erityisesti päätöslauselmassa on huomioitu metsäteollisuutta palvelevan tieteellisen tutkimuksen sekä alan asiantuntijoiden - insinööri- ja teknikkokunnan, johtohenkilöiden ja työntekijöiden - kouluttamiseen liittyvät asiat.

Täysistunnon osanottajat hyväksyivät päätöslauselman yksimielisesti, ja se lähetetään tiedoksi Venäjän presidentille, hallitukselle, federaation ministeriöille ja virastolle.

Metsäteollisuuden toimialojen yhdistysten ja liittojen konfедераatiolle on annettu tehtäväksi huolehtia siitä, että päätöslauselmassa esitetyt asiat pannaan täytäntöön kaikilla Venäjän federaation toimeenpanevan vallan ja lainsäädäntövallan tasoilla.

Foorumin päättävän täysistunnon ja koko foorumin tuloksia arvioidessaan johtaja Roschupkin totesi: ”Tällä hetkellä Venäjän metsäteollisuuden voimat ovat hajalla. Metsäalan etuja tuodaan heikosti esille, mikä on näkynyt erityisesti uuden metsälakikokoelman [koodeksi] valmistelussa sekä tulli- ja talouspolitiikassa siltä osin, kuin niissä on kyse metsäteollisuussektorista. Siksi metsätalousvirasto Rosleshoz valtion edustajana kannattaa vilpittömästi yhtenäisen metsäteollisuutta edustavan järjestön, Metsäteollisuuden yhdistysten ja liittojen konfederaation, perustamista ja on valmis tekemään yhteistyötä sen kanssa kaikilla toiminnan alueilla Venäjän metsäalan kehittämiseksi”.

Samana päivänä päätöslauselman hyväksymisen jälkeen Valeri Roschupkin ja Konfederaation puheenjohtaja Valeri Saikovski allekirjoittivat Rosleshozin ja Konfederaation yhteistyösopimuksen metsäalan kestävästä kehityksestä sekä esityksestä kansalliseksi metsäpolitiikaksi.

Toisen yhteistyösopimuksen allekirjoittivat Rosleshoz, Luoteis-Venäjän investointitoimisto ja Luoteis-Venäjän metsäteollisuuden järjestöt, yritykset ja organisaatiot tavoitteenaan metsäteollisuuden kiinnostavuuden parantaminen investoijien kannalta sekä investointihankkeiden toteuttaminen.

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**VII INTERNATIONAL FORESTRY FORUM  
St.Petersburg, Russia**

**October 4, 2005**

**Keynote Address by  
Valery P. Roshchupkin  
Chief, Federal Forestry Agency**

**RUSSIAN FOREST SECTOR PERFORMANCE IN 2004 – 2005.  
FOREST POLICY PRIORITIES  
AT THE NATIONAL AND INTERNATIONAL LEVELS<sup>1</sup>**

Esteemed Participants and Guests of the Forum,

I am glad to welcome you on behalf of the Ministry of Natural Resources and the Federal Forestry Agency, at another regular Forest Forum in St-Petersburg.

Let me give you a brief account of the actions undertaken by the Federal Forestry Agency (FFA) to improve the efficiency of forest resource management and use in Russia and of the current forest sector performance in this country.

**1. Forest Management:**

I shall outline the **priorities as identified in the Concept of Forestry Development**, federal and sector programmes, and in the Regulations on the Federal Forestry Agency.

The highest priority is attached to the following goals:

- reforestation of all deforested areas;
- protection of forests not only against fire and pests but also against misappropriation or, to be more precise, against human thieves of forest resources in the country; and, finally,
- creation of an enabling environment for efficient forest use.

**As regards regulations and guidelines to support these activities, they underwent substantial changes within the recent year, resulting into:**

1. altered procedures and arrangements for forest use;
2. a new system of administration and budgeting in forestry; and
3. changed distribution of the powers and responsibilities between the federal centre and the subjects of the Russian Federation (regions).

For example, reforestation is now a federal function, and hence it is to be financed from the federal budget.

The FFA acquired rights and responsibilities to establish and administer forest charges, i.e. to arrange fiscal relations with all categories of forest users.

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<sup>1</sup> Text checked against delivery. Working translation from Russian – courtesy of the World Bank.

All the new principles will become legislatively fixed with the adoption of the new draft Forest Code which is under discussion and finalization by the State Duma.

**Our key activities and preliminary performance evaluation may be summarized as follows:**

**Reforestation:**

By the beginning of October, practically all planned annual reforestation operations were completed. Their area totaled 670,000 ha, with forest planting and sowing accounting for approximately one third of this area. Today, the reforestation area already exceeds the area of final felling.

But it is not sufficient. We restore only 66.5 % of all forest areas lost to final felling, fire, pests and theft. In 2006, this share should be increased to achieve the performance targets set in the Reforestation Programme for the period up to 2008.

I shall also note that this Programme was developed by the FFA specialists, in particular, to help us to generate promising forest stands with specific species compositions to match the demands of wood-processing industries.

**When speaking about forest renewal, we should not forget about the potential mechanisms incorporated in the Kyoto Protocol.**

We should focus on the establishment of a national forest carbon balance recording system adapted to meet the Kyoto Protocol requirements. This would provide grounds for large-scale reforestation and afforestation projects, i.e. for establishing “forests of future generations”.

According to expert estimates, if such forest plantations are established on an area of 1 million ha within the period up to 2007, the Russian Federation’s quota would be increasing by EURO 100 million a year. This work will be undertaken by the Government in conjunction with forest users.

**Forest protection against fire:**

Since 2005, forest fire management has a principally new organizational framework.

Now, the **responsibility for forest fire fighting** rests with the regions of Russia, and they receive subventions from the federal budget for these purposes.

**All fire prevention activities** are implemented by the Federal Forestry Agency.

The regions were fully subsidized to cope with their responsibilities under the new scheme. In addition, the FFA entered into forest fire fighting coordination/cooperation agreements with the regions.

In 2005, financing for fire prevention was also increased 2.2 times compared to 2004. This increase enabled us to expand the net of fire watch stations in leskhozoes, improve public awareness activities, and start up-grading the forest aircraft fleet.

Additionally, over 12,000 units of special-purpose equipment and machinery (including 442 units of heavy forest fire machinery) were procured, and partially funded from the Sustainable Forestry Pilot Project loan.

This year, an area of 560 million ha is covered by forest fire monitoring based on GIS-technologies and satellite imageries. It also helped to improve the efficiency of forest fire management.

All these improvements have resulted into **reductions** in the number of forest fires and the total burnt area (**1.8 and 1.2 times, respectively**) within the Russian Forest Fund over the period since the beginning of the 2005 fire season, compared to the same period in 2004.

**The FFA is also responsible for forest protection against pests and disease.** It is noteworthy that a preliminary evaluation of these activities shows a three-fold reduction in the total area of pest outbreaks over the two years. This achievement is attributable to increased coverage of forests by pest monitoring up to an area of 21.5 million ha. Focused eradication and prevention activities also have contributed to this positive development.

However, in spite of the taken measures, forest pest infestations remain to be comparable with three-year volumes of clear-cutting. Therefore, in 2006, we shall start to apply new biological – viral and bacterial - products and to expand the area of forest stands protected by biological methods.

**Illegal logging** continues to inflict losses on the budget, environment and the image of the Russian forest sector, which are comparable with losses caused by all natural calamities. Legitimate forest users also suffer from it. Unfortunately, the taken measures fail to reduce the prevalence of illegal logging. In 2004, over 23,000 offences were detected.

#### **Our efforts to control forest offences:**

The main new development of the last year is active remote monitoring of forest use. The established system of forest use remote monitoring is based on deciphering the data from satellite imagery and full-scale aerial photography of final cutting sites in forest-abundant Russian regions.

The applied technologies increase the credibility and reliability of timber harvesting control within a cutting area as well as exclude the so-called subjective factor, and possibilities for collusion between fraudulent forest users and leskhoz staff. We have become fully aware that “half” of the blame for illegal logging resides with our staff. Based on detected offences, we already had to part with two dozens of forest managers.

In 2006, we plan to cover with such a control system the whole area of intensive forest use in Russia (which is over 140 million ha in the Forest Fund), and in the following two years, it would be further expanded to include all exploited forests.

To the end of reinforcing the ground-based forest protection, the FFA submitted to the Government a proposal to restore the agency forest guard service, and received a preliminary consent.

#### **Another area is our work under the Inter-Agency Committee for Illegal Logging Control.**

Drawing on the potential of all stakeholders, we are beginning to suppress forest offences along the entire chain-of-custody, including wood harvesting, transportation, trade, export, and primary processing.

#### **We deem it necessary to intensify efforts to combat illegal logging under our international cooperation.**

In November, St-Petersburg will host the first Ministerial Conference of the Forest Law Enforcement and Governance Process in Europe and North Asia (ENA-FLEG). Its participants would adopt a Declaration and a short-term Indicative Action Plan, covering a broad range of forest issues. But our highest priority is to turn the international community from a “supervisor and a judge” into a partner and investor.

#### **How to create enabling conditions for efficient forest use?**

In 2005, a number of regulations were drafted and adopted to govern the lease of forest areas, forest classification, and transfer of forest lands from one category into another one.

As a result, forest lease has already become the dominant forest use arrangement. By the beginning of July, both the total area and standing timber volume of forests leased for wood harvesting increased, respectively to 90 million ha, and to 129 million m<sup>3</sup> which is much more than in 2004.

The FFA has come to evaluate the performance of its territorial bodies based on such indicators as increased share of forest lease and auctions and reduced share of administrative allocation forest resources.

The system of forest auctions is being further developed, with the auction stumpage price currently above RUB 96 per m<sup>3</sup> which is close to an economically sustainable level.

The FFA intends to intensively rely on such legal tools as prequalification of forest lessees, competitive selection of forest users, and auction-based establishment of forest charges.

In the period since the previous Forest Forum, a new institution – a Central Wood Supply Review Committee – emerged and was made operational. Its key functions are to review and approve territorial programmes of forest tenders, including the establishment of criteria for evaluation of their results.

As a result, forest revenue growth is preliminarily estimated at more than 10 % in 2005. These figures reflect not only improved procedures for administering the forest use charges but also a broader improvement of forest use efficiency.

#### **A couple of words about forestry finance:**

According to the Budget Message of the President of the Russian Federation, forestry is to shift to performance-based budgeting linked with forest revenue growth. Such performance-based approaches have been already applied to draft the 2006 budget.

The relevant economic agencies support our idea to reinstitute the Federal Targeted Program “Forests of Russia”. Under this Programme, starting next year, the federal budget would provide financing for technical capacity building in the forest sector, including procurement of aerial and ground-based equipment for forest fire prevention and fighting, aerial and space monitoring of forests. The program also envisages support to forest road construction at the level of 3,000 km per year, as well as more than doubling the volumes of reforestation.

It is for the first time that as much as RUB 0.5 billion is allocated to construct forest roads in 2006. These funds will be complemented by investments of the regions to enable them to embark on the development of forest infrastructure and expand the zone of active forest use.

Today, there are on-going forest road construction projects in the Arkhangelsk, Vologda and Novgorod Oblasts and in the Perm Kray. These regions will be the first to receive the funds from the budget to implement their pilot projects.

#### **As you know, the FFA is facing a most difficult institutional challenge – to reform the network of forest institutions.**

As a reminder, there are 1750 leskhozoes under the FFA. The present-day agenda includes the task to separate the functions of public administration from managerial activities. In other words, the public functions will be not funded out of leskhozoes' proceeds which they earn by way of selling harvested timber.



A number of institutional reform models have been already designed and recommended for introduction. Forest users, including private companies, will be actively involved in forest management under contracts with the government. Here, the ruling principle should be: 'plant after you have cut'.

Fifteen leskhoz started to introduce the above models on an experimental basis.

The leskhoz reform process is expected to be completed by 2008.

**Talking about leskhoz, I cannot but touch upon another issue:**

Forestry workers are often accused of improper behavior when harvesting and selling wood from sanitary and intermediate cutting. Those accusations include both use of industrial timber, damping, and non-transparent conditions of supply.

In order to ensure equitable access to these resources, we have obliged all leskhoz directors to sell the harvested wood only through auctions. Not everybody likes it. Now, the situation will depend entirely on you as consumers of their produce.

**In general, the main outcome of our work is that forestry does meet the real economy, population and export needs for forest resources.**

Last year, actual harvests from all types of cutting reached 180 million m<sup>3</sup> in the whole country, including 160 m<sup>3</sup> in the forests under the FFA. The allowable cut increased to 559 million m<sup>3</sup>, and in economically accessible forests, the cut is above 300 million m<sup>3</sup>. In 2006, these indicators will be raised on a phased basis.

**2. Russian Forest Industry Performance:**

The recent two years have **outlined upward trends in outputs of forest industries – their total output increased by 4.5%**. The cost of all delivered goods and services of large- and medium-sized forest businesses has come to exceed US\$10 billion a year.

In 2004, **export earnings from main forest products** reached US\$5.4 billion, and for the first half of 2005, they amounted to US\$3.3 billion. The most significant growth is found in plywood, roundwood, and sawn-wood export revenues.

**In wood-working, the production growth rates rose up to 107.5%** while the pulp and paper industry slowed down its growth. The higher growth rates of wood-working are accounted for by its attractive investment environment and launch of new production capacities.

At the same time, **forest logging outputs keep going down** on the average by 1.5% a year. Though its end products are meant for export, 52% forest logging enterprises are working at a loss. In the first half of 2005, 12 logging enterprises were announced bankrupt. Most of them have poor equipment and machinery, no harvesting infrastructure and in addition, the bulk of accessible forest resources are already exhausted.

**The greatest share of harvests comes from logging enterprises which are operating under vertically integrated entities**, constituting major forest industry enterprises. Integration into holdings enables forest loggers to ensure normal financial performance and to have resources to up-grade the fleet of harvesting machines and introduce up-to-date technologies.

**As for investments in forest industries, it should be noted that in 2004 they totaled RUB 31.1 billion, including 34% of foreign investments.** They are expected to reach US\$2 billion a year in 2005 and to keep growing.

**Reasons for forest industry's failure to contribute more than 3% of the Russian GDP have been under discussion for a long time. Debates and disputes do not cease, new initiatives emerge, but the situation remains unchanged.**

It was once again demonstrated at a recent meeting convened by Chairman of the Russian Government M.E. Fradkov. The meeting heard the same 'set' of criticizing arguments with indications to low efficiency of forest resource utilization, lack of down-stream wood processing, and irrational structure of exports.

At the same time, more and more specialists come to share the opinion that the present level of forest industry development matches the actual **demand**, at least, under the evolved structure, price and investment constraints and forest resource availability.

So, in this situation, the main goal is **to design an integrated long-term forest sector development strategy** building upon a step-wise approach and employing all available financial, economic and regulatory tools of the Government and business.

For this purpose, it is most important to ensure proper coordination of activities among all the relevant government agencies and business entities. Unfortunately, such coordination does not exist so far.

You, timbermen, have not as yet established a focal point, i.e. a consolidating organization capable of dealing with a strategy and safeguarding the Russian business interests.

We hoped that the Union of Timbermen and Forest Produce Exporters would assume this role but it fails to cope with it. It became evident during the Finnish lock-out period or the attempt to set up indicative prices. At the same time, the forest sector cannot successfully perform without the development of long-term partnerships between the Government, business and civil society.

In this respect, our hope is for successful cooperation with the newly established **Confederation of Associations and Unions of Forest Logging, Pulp and Paper, Wood-Working and Furniture Industries**.

I think we would be ready to delegate some public functions to a single Confederation of Forest Industries once the Federal Law on *Self-Regulating Organizations* is adopted. The new Confederation is known to have taken a most active part in the organization and work of this Forum. In my opinion, the establishment and support of such a confederation is, undoubtedly, a priority for forest industries.

**Speaking about the current situation in forest industry, I cannot ignore the adverse tendencies in environmental and economic behaviors of timber industry entities.**

Many timbermen cannot quit their barbarian manner of forest resource exploitation. That is why the forest offence prevalence and non-compliance with forest use rules are growing.

The level of utilizing the leased forest areas remains very low. In many cases, lessees fail to comply with the investment obligations under their forest lease agreements, but forest resources are channeled directly for export.

To address the above two issues, next year, our Agency together with the Federal Service for Oversight in the Area of Nature Resource Use will initiate a compliance screening of forest lease agreements. It is expected to enhance the responsibility of forest users for failures to meet their obligations in a proper manner.

**Other trends:**

Round-wood remains the dominant product among forest exports. The existing export technologies are rather 'grey' and 'black' than 'white'. The effective export regulations and control mechanisms are beneath all criticism from the perspectives of both government and forest business actors.

The "dependency" attitude still persists: let the Government construct forest roads, give money to construct pulp and paper mills or infrastructure for construction sites, provide customs protection or preferences and do many other things...

Forest business remains as fragmented as it was in the 1990-ies: there are over 20,000 operating enterprises half of which act as independent exporters. Most of them are small low-capacity enterprises unable to meet obligations of long-term lessees, develop infrastructure, wood-processing, to say nothing about forest management. So far, there are no civilized integration mechanisms based on economically mutually beneficial merges and takeovers.

**Elimination of these and other negative behavioral factors can be also viewed as a priority for the forest sector development.** I deem it possible to identify several approaches to address this issue.

I want to emphasize that all forest business participants should be aware of the need for voluntary forest certification, compliance of your business with the sustainable forest management standards, and chain-of-custody for wood and wood-based products. In the nearest future, it will become a mandatory condition of selling Russian forest goods in the world market.

Competent actions to **regulate prices and tariffs** are no less important. In this area, the main thing is integrated regulation of export and import duties to provide incentives for down-stream wood-processing and, in parallel, to reduce the share of unprocessed wood in exports. One of the Round-Tables will be focused on the efficiency of proposed economic mechanisms and our attempts to assess risks of their implementation.

#### **Some words about the new prospects for wood-based industries:**

I shall focus on two promising areas of wood utilization. These are construction and energy production.

As regards construction, modern wood-based materials are increasingly used in panel and frame wooden house-building.

The importance of the other area is also growing as more and more consumers feel the need for palletized fuel in the context of local and municipal energy sector development.

These areas provide opportunities to accelerate the growth of domestic wood-processing as well as to address major problems related to the national accessible housing programme and structural reforms in the energy and utility sectors. In terms of scales and relevance of these projects, they may be quite reasonably viewed as national projects.

It would be appropriate to rely on public-private partnerships to implement them. The Government of the Russian Federation and our economic agencies, in principle, support the idea to develop such partnerships as an implementation tool for major national projects.

It should be noted that a number of large forest industry companies and banks confirmed their interest in the implementation of the above-mentioned project.

**And finally, I would dwell on another conclusion:**

The observed growth in forest investment levels and activities is a guarantee of sustainable sector development in future.

We, on our part, must look for adequate and efficient (market-based) solutions to promote further development of such activities, to get rid of our own inefficiencies, and to ensure compliance of the forest sector development guidelines with broader national priorities.

I am sure that we shall manage to find solutions for some of these tasks at our Forum. The time and space will allow us to do it.

Thank you for attention.