

Forest industry in the regional economy

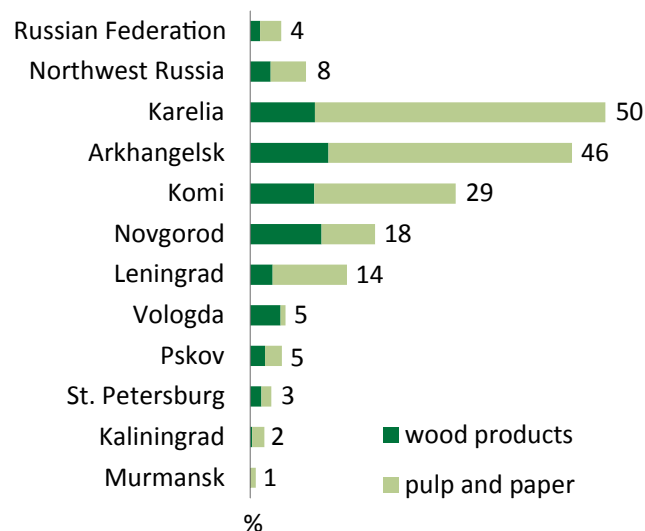
Northwest Russia has traditionally been the main producer and exporter of forest products, and for many regions forest industry is an important branch of economy. Forest industry employs over 80 000 persons, and wood harvesting over 30 000.

Share from industry production value	8%
Share from industrial labor force	15%
Share from foreign trade	6% export, 3% import

Forest industry is highly concentrated and the main companies are integrated, i.e. they cover the whole chain from the forest to the end-product. Hundreds of small and 170 medium and large size companies work in the forest industry. Half of the companies in the wood products industry are unprofitable.

Investments have been made especially in the sawn wood production and upgrading of pulp and paper mills. Competitiveness of the forest industry in the global market is quite low and based on cheap production costs.

Share of forest industry in gross production



Northwest Federal District

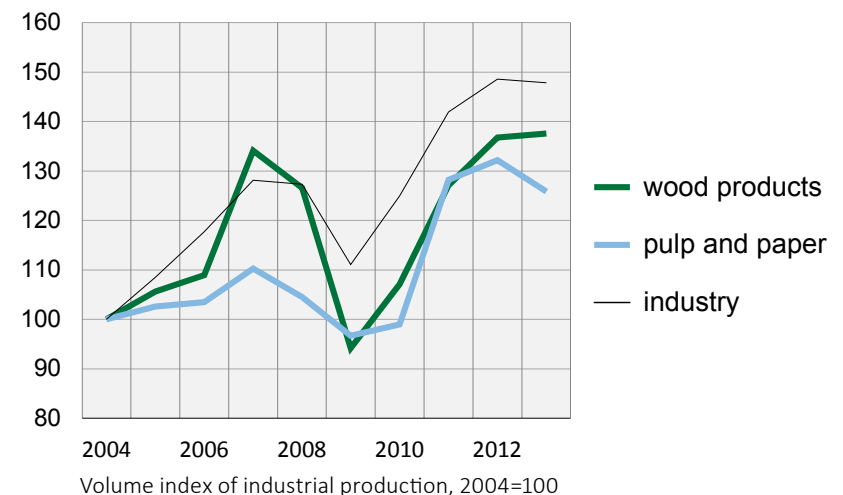
- ▶ Gross Regional Product (GRP): 9 600 EUR/per capita
- ▶ Share in the GRP of the Russian Federation: 10%
- ▶ Average income: 600 EUR/month
- ▶ Main products of manufacturing: coke and petroleum products, machinery and equipment



Forest industry consumes in Northwest Russia annually about 40 million m³ of wood, main share of which coniferous. Northwest Russia produces about one third of Russia's sawn wood, plywood and particle board. For products of pulp and paper industry the share is almost twofold.

The main development targets are increasing degree of processing, creation of new processing capacities especially for non-coniferous wood, stimulation of domestic demand for forest products and substitution of imported products by domestic.

Development of industry in Northwest Russia



Wood products industry

Northwest Russia is producing annually 6 million m³ of sawn wood mainly for export markets. There are about 50 medium and large sized sawmills and the biggest are concentrated in the Arkhangelsk region. Foreign companies, for example Stora Enso, Mayr Melnhof Holz, IKEA and Metsä Group have invested in sawn wood production in Northwest Russia.

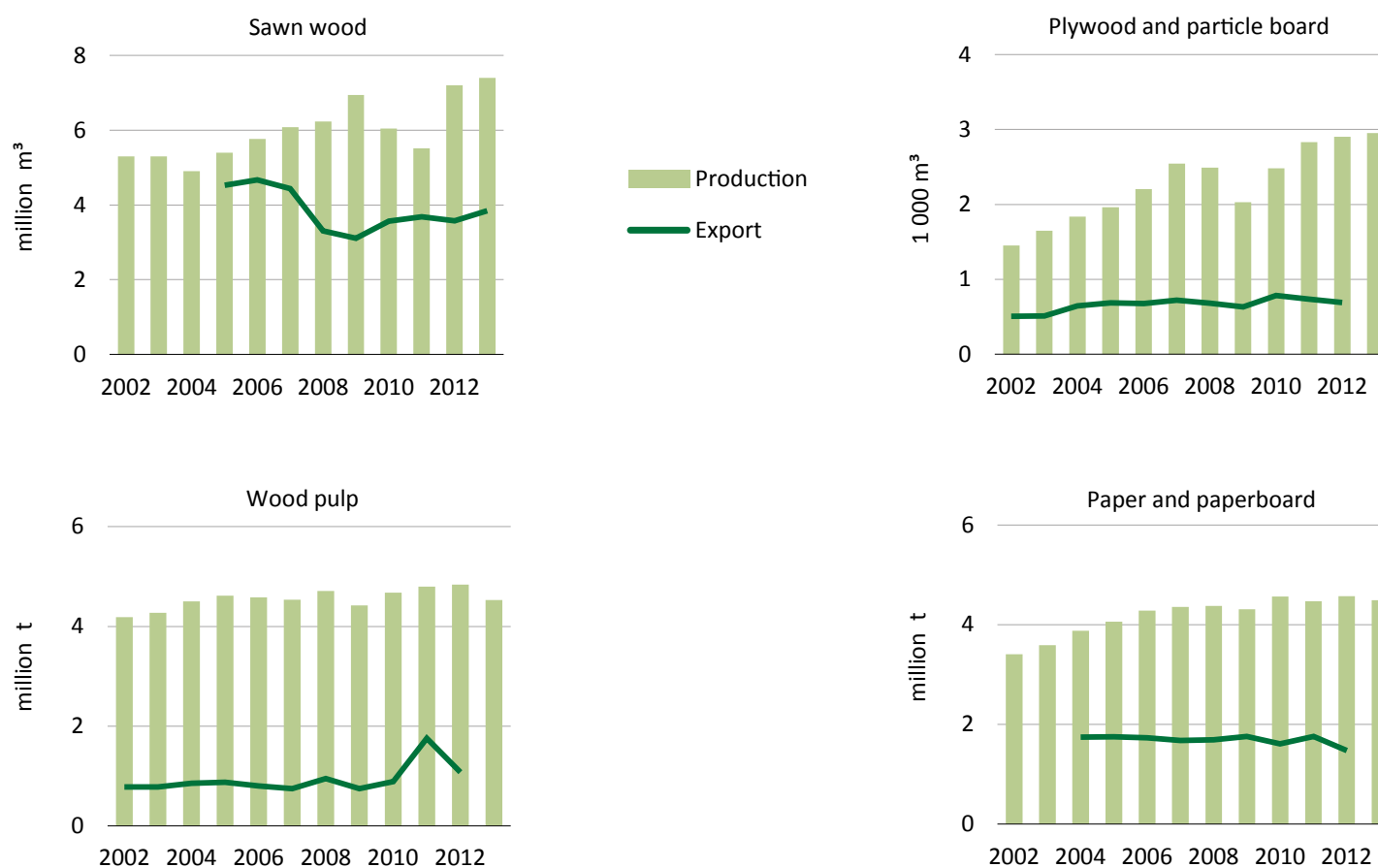
Plywood has traditionally been the main product of wood-based panel industry and its production is about one million m³ annually. Particle board production is close to two million m³, the production volume has doubled during the last 10 years. Main foreign investments have been made by UPM and IKEA.

Pulp and paper industry

Pulp and paper industry is the most important branch in the Northwest Russian forest sector. Annually is produced 5 million tonnes of pulp and 4 million tonnes of paper and paperboard. Main products are newsprint and packaging materials. Production is concentrated to few companies with foreign ownership, for example Ilim Group in the Arkhangelsk region, International Paper in the Leningrad region and Mondi Syktyvkar in the Republic of Komi.

Forest sector import includes mainly graphic papers, as well as paper and paperboard products.

Development of production and export of forest industry products in Northwest Russia



More information

Fedstat.ru, Northwest Russian Forest Sector in a Nutshell,
Information service for Russian forestry