

Timber sourcing in Russia and a few attempts to Keep It Legal

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Russian Forest Resources

- 22 percent of the Earth's total forest cover (776,1 mln. ha) and more than half of its coniferous forest cover
- In ecological terms – 26 percent of the world's frontier or intact forest
- In economic terms – 81.5 billion cubic meters of standing timber volume
- Annual increment – 993.8 mln.m³
- Annual Allowable Cut – 570.7 mln.m³
- Total Actual Cut - 190.6 mln.m³
- Russian forests are divided into four major geographic regions: European Russia, Western Siberia, Eastern Siberia, and the Russian Far East



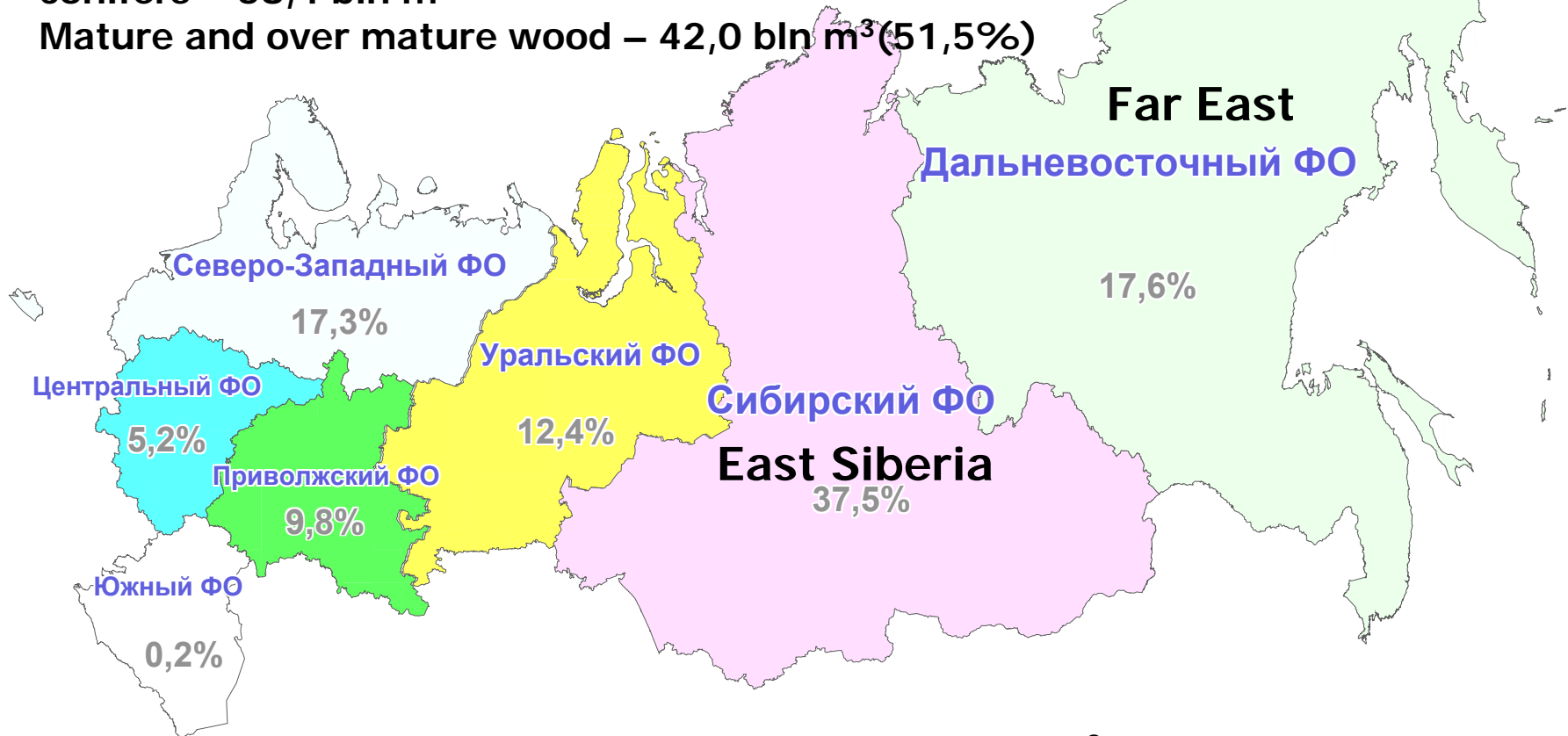
Forest Resources of Russia

Forested area – 776,1 mln. ha
Standing timber volume – 81,5 bln m³

Including:

conifers – 58,4 bln m³

Mature and over mature wood – 42,0 bln m³ (51,5%)



Annual increment – 993,8 mln. m³

Including:

conifers – 575,4 mln. m³



New Forest Legislation: major features

- Legislative reform: since 2007 Russian forestry is operating under fundamentally new terms and conditions, formed by the new Forest Code
- Management-level reform: maximum decentralization of forest management and forest use in Russia
 - Transfer of authority and responsibilities over the forest management, forest use and protection to the regional level
(*subjects of the Russian Federation*)
- New export tariff policy for round wood

Main reason for export tariffs revision is stimulation of domestic wood processing and raising effectiveness of the forest sector

Resolution of the Russian Government N75:

from 1-Jul-2007: 20% = EUR 10/m³

from 1-Apr-2008: 25% = EUR 15/m³

from 1-Jan-2009: 80% = EUR 50/m³

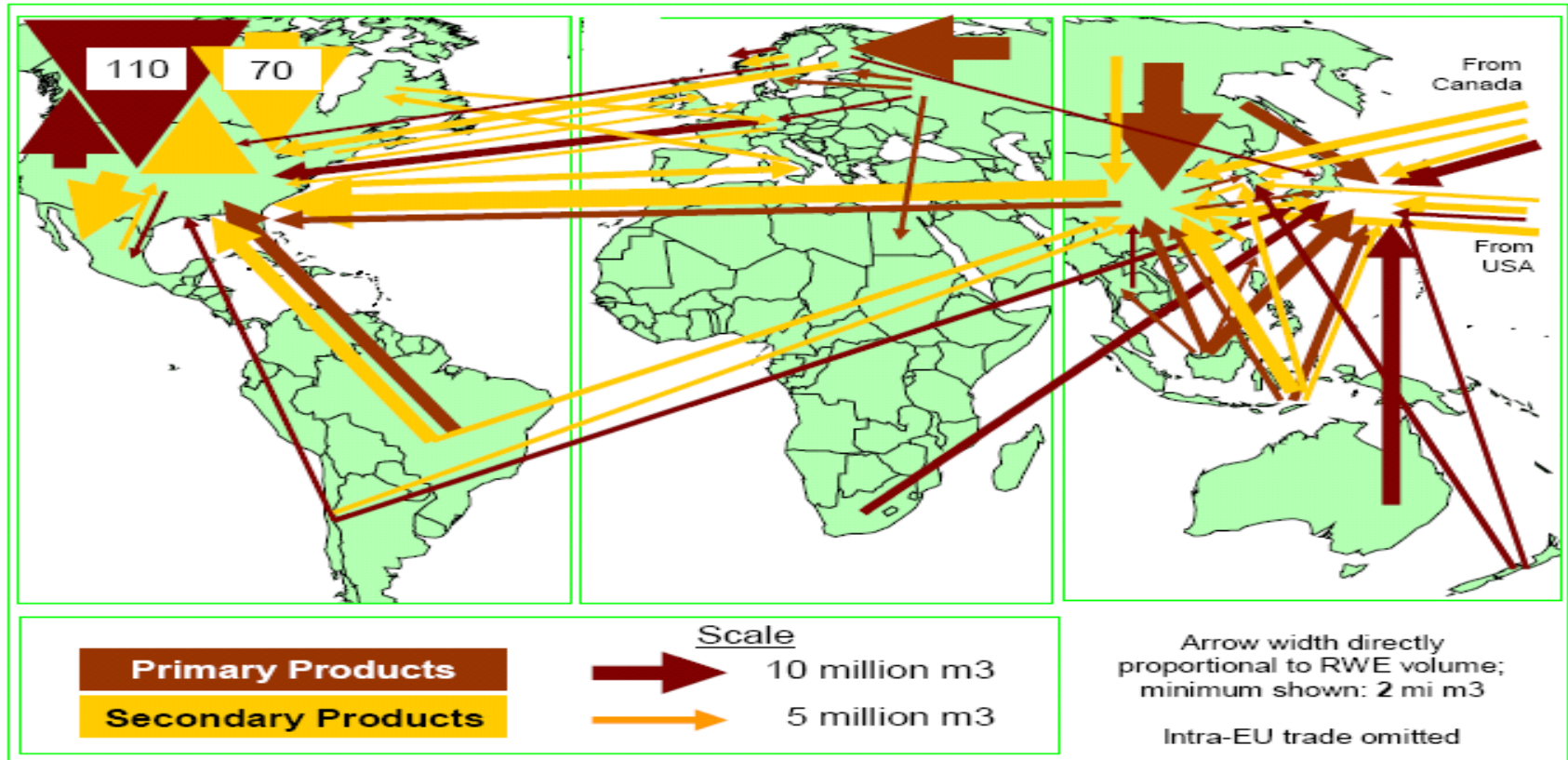




Timber, coming from Russia.

Major trade flows of primary products -roundwood (■) and secondary products – processed timber (▮)

Figure 5. Major trade flows (Primary and Secondary Products, 2005)

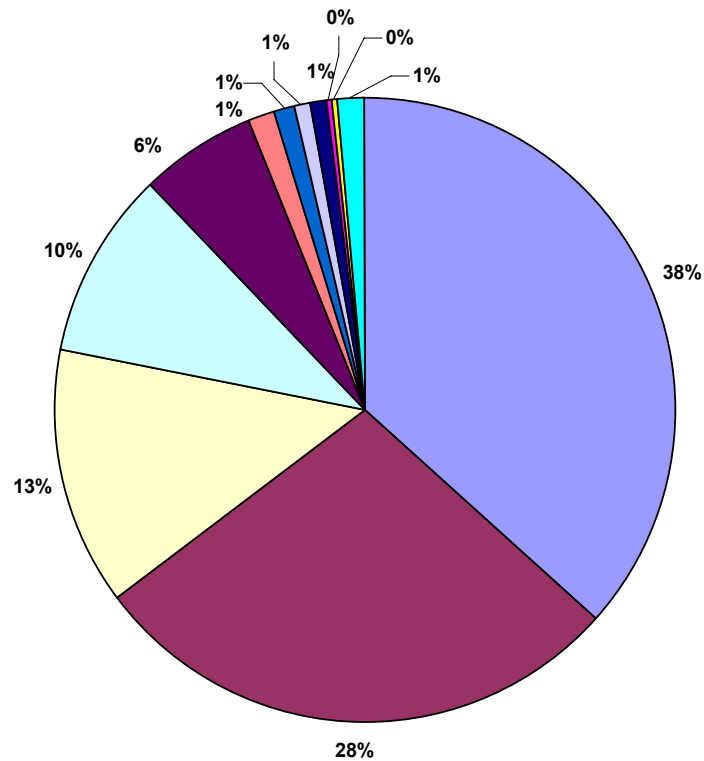


Source: James Hewitt, based on calculations commissioned for this paper.





Russian Export of Forest Products (2007, by value)



round wood sawnwood paper pulp plywood fibreboard
builder's joinery fuelwood particle board shaped wood reclaimed paper other





Emerging Trends:

Europe

- State procurement policies
- EU requirement to purchase only certified timber from the year 2009 on
- EU FLEGT process development

Asia

- China
 - Government: more attention to the issue of cross border illegal logging and trade (EU conference held in China)
 - Business: clear trend towards responsible management and trade (growing numbers of CoC certificates)
- Japan – state procurement policy adopted

Russia

- More companies oriented towards European markets (environmentally sensitive)
- Growing number of foreign companies operating in Russia (IKEA, Stora, UPM, etc)
- Development and introduction of their OWN systems of timber tracking
- Cooperation with WWF to identify company's «weak» points and to harmonize timber tracking systems with the new forest legislation as well as to jointly participate in the development of new normatives
- Growing certification





Rate of FSC Certification Growth in Russia

- 2000: first certificate in Altaysky Kray (Siberia) - 32,7 thousand ha
- 2008: 19 987 mln ha (North-West, Siberia, Far East)
- It comprises more than 1/10 of commercial forests (under lease)
- 2-nd place in the world

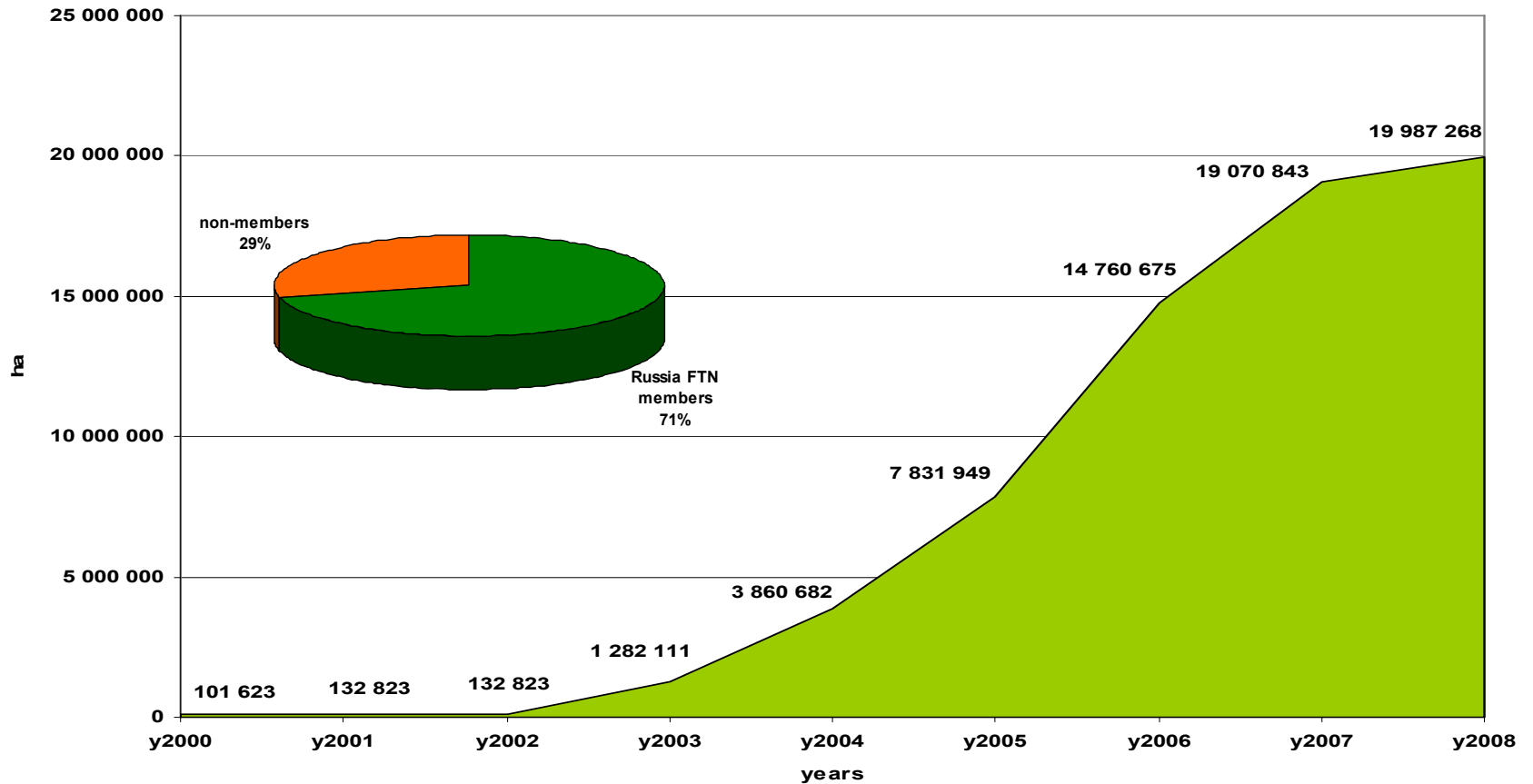
It is well recognized that certification is a tool to:

- Be promoted at the environmentally sensitive markets in Europe and worldwide;
- Making forest management and forest use sustainable;
- Gaining better investment conditions as certification has become an indicator of forest management sustainability, reliability of a company and illustration of its perspective growth.



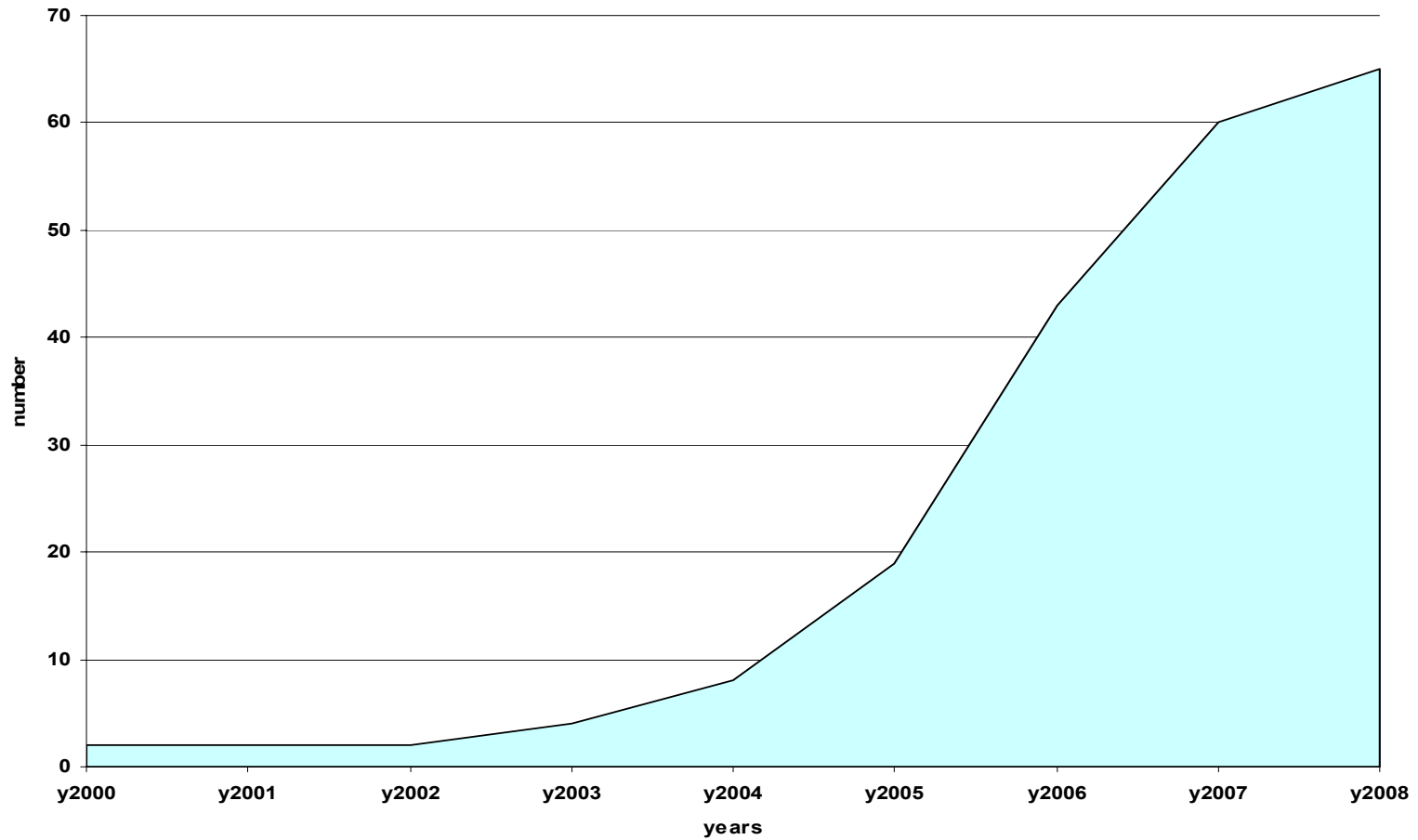


FSC Forest Management Certification in Russia





FSC Chain of Custody Certification in Russia





Russian FTN - Association of Ecologically Responsible Timber Companies

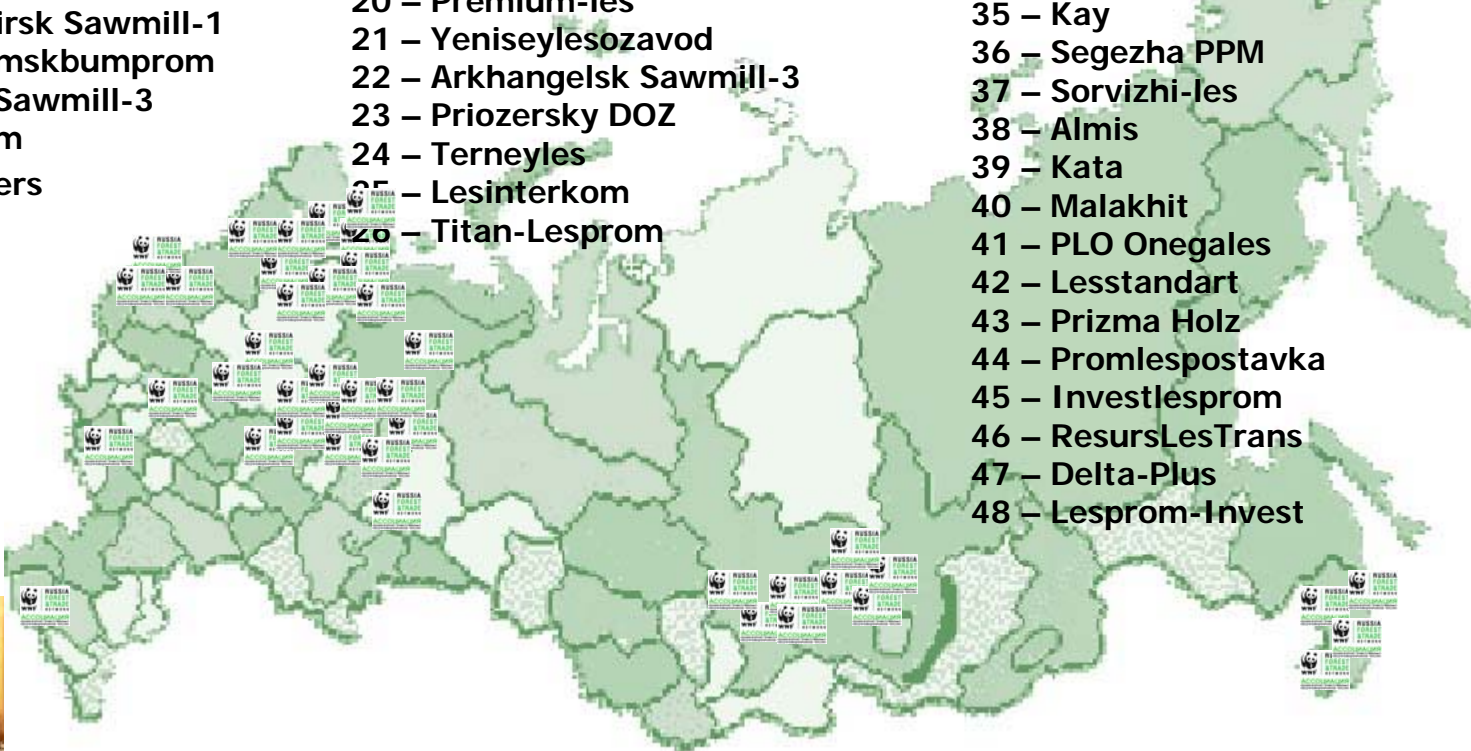


- Established in 2000, under aegis of WWF
- Member of Global Forest and Trade Network (GFTN)
- Partnership between WWF and Russian companies, seeking to improve their ecological performances and striving for FSC certification (making commitment to responsible forestry and credible forest certification, thus excluding the use of wood from unknown, illegal and uncontrolled sources)
- Basis: signed agreement with environmentally responsible company



Russia Forest and Trade Network

- | | | |
|---------------------------|-----------------------------|---------------------------------------|
| 1 – Ilim Group | 14 – Swedwood Tikhvin | 27 – Technoclassik |
| 2 – Arkhangelsk PPM | 15 – Siberian Silver Pine – | 28 – Mospromstroyaterialy-Vyatka |
| 3 – Volga | Management | 29 – Pankratov |
| 4 – Solombala Sawmill | 16 – Zalazna Sawmill | 30 – Primorsklesprom |
| 5 – Kartontara | 17 – VM-Invest | 31 – Primorsky GOK |
| 6 – TAMAK | 18 – Cardinal | 32 – Serebryanaya Sosna |
| 7 – Sawmill-25 | 19 – Les Export | 33 – TMKPerspektiva |
| 8 – Cherepovetsles | 20 – Premium-les | 34 – Mondi Business Paper – Syktyvkar |
| 9 – Lesosibirsk Sawmill-1 | 21 – Yeniseylesozavod | 35 – Kay |
| 10 – Solikamskumprom | 22 – Arkhangelsk Sawmill-3 | 36 – Segezha PPM |
| 11 – SLT – Sawmill-3 | 23 – Priozersky DOZ | 37 – Sorvizhi-les |
| 12 – Fankom | 24 – Terneyles | 38 – Almis |
| 13 - Dammers | 25 – Lesinterkom | 39 – Kata |
| | 26 – Titan-Lesprom | 40 – Malakhit |
| | | 41 – PLO Onegales |
| | | 42 – Lesstandart |
| | | 43 – Prizma Holz |
| | | 44 – Promlespostavka |
| | | 45 – Investlesprom |
| | | 46 – ResursLesTrans |
| | | 47 – Delta-Plus |
| | | 48 – Lesprom-Invest |





New Trends of Environmentally Responsible Forest Business: Siberia and the Far East

- Increase of Russia FTN members in **Siberia and the Far East**:
 - 2005 – 3 members
 - 2006 – 7 members,
 - 2007 – 13 members
 - 2008 – 16 members
- Growth of FSC-certified forests in **Siberia and the Far East**:
 - 2004: + 1 662 976 ha
 - 2005: + 1 589 944 ha
 - 2006: + 1 332 934 ha
 - 2007: + 1 651 767 ha
 - 2008: + 102 634 ha, totaling now **6 340 255** ha
- 2007: workshops on environmentally responsible forest business in the Russian Far East and Siberia: Vladivostok, Irkutsk, Tomsk
- 2007: visit of China FTN experts to Siberia and the Far East
- 2007: participation of Russia FTN Manager in the Annual Meeting of China FTN
- 2008: visit of Russia FTN members to China scheduled.





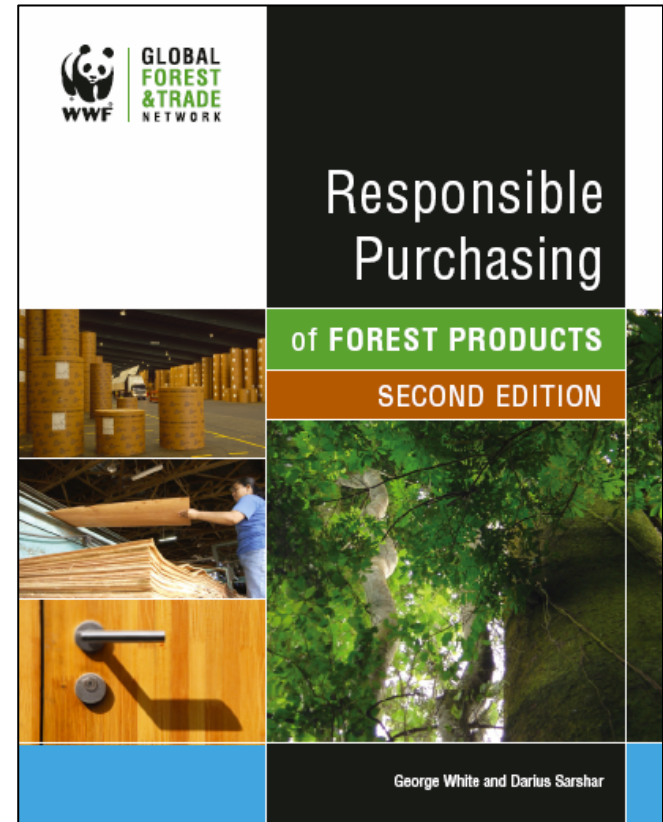
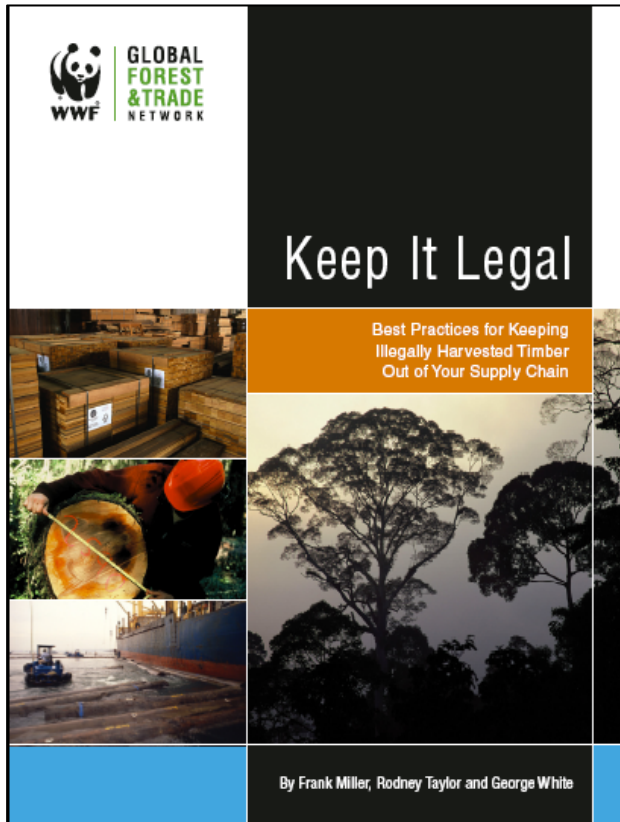
More activities to contribute to legal forestry: WWF Response

- Environmentally Responsible Forest Business – through certification - FTN Russia;
- Joint Strategy of Russia and China FTNs in Responsible Timber Trade from Russia to China elaborated;
- Demonstration pilots for “verified legal” wood in cross-border (Russian forest to China factory) to promote systems to identify legally-sourced wood in supply chains involving Russia and China;
- Cooperation with Customs in Russia and China improve methods for control of trans-boundary timber shipments and compilation of customs statistics;
- “Keep it Legal” manual.





Keep It Legal – Global Guidance





"Keep it Legal" Major Purpose

Several countries involved: "Keep it Legal" (KIL) is a manual with country specific guidance on Indonesia, Malaysia, Russia and China.

To make all parts of supply chain to guarantee the wood is not illegally harvested

"Keep it Legal" manual PROVIDES guidance on how to identify and address the risk of illegal timber entering a supply chain.

This INVOLVES checking (a) the geographic source of the timber and (b) confirm that the logging company has a legal right to harvest.

The manual PROPOSES that a Chinese buyer should do enough due diligence to ensure that the timber comes from a "known licensed source".





Major Parts of KIL – Russia Country Guide



«ДЕЙСТВУЙ ЛЕГАЛЬНО!»

РУКОВОДСТВО ПО СТРАНАМ —

практический справочник по определению легальности происхождения древесины

РОССИЯ



Лесная программа WWF

- background and explanatory information about the problem of illegal logging in China and in Russia;
- what you need to do to ensure you avoid buying illegally harvested or illegally traded wood?
- information you should request from the exporting country (scanned documents included);
- various appendices, providing more detailed information on the various topics and guidance towards further sources of help.





Information to request: Scanned Appendices

Типовой договор аренды	Agreement for rent of an area for timber harvesting
Типовой договор купли-продажи	Sample sale agreement
Пример лесорубочного билета	Example of a logging permit (Lesnoy Bilet)
Пример ведомости материально-денежной оценки лесосеки	Example of a Blank form for material and financial estimation of a felling area
Пример технологической карты	Example of a technological map
Пример плана отвода лесосеки	Example of felling area allocation plan
Лесная декларация по лесопользованию	Forest use declaration
Лесная декларация по использованию леса, не связанному с заготовкой древесины	Forest declaration for use of forest resources other than timber
Отчет о лесопользовании	Forest use report
Отчет о воспроизводстве лесов	Forest regeneration report
Пример товарно-транспортной накладной	Example of a transportation invoice
Бланк таможенной декларации	Customs Declaration Form
Перечень видов (пород) деревьев и кустарников, заготовка древесины которых не допускается	List of trees and shrubs species prohibited for logging
Перечень видов лесоматериалов, для экспорта которых нужна лицензия	List of forest products which are the subject for obligatory export licensing





A Logging Permit

Серия А1
№ 620

Выдается лесопользователю

МИНИСТЕРСТВО ПРИРОДНЫХ РЕСУРСОВ РОССИЙСКОЙ ФЕДЕРАЦИИ

Лесорубочный билет № 48

Российская Федерация

26 августа 2008

Лесхоз

Лесничество

Вид пользования

На основании

разрешается

вырубать в счет лесосекового фонда 2008

Лесотаксовый пояс

Скидка предоставляется на основании

Группа леса	№ лесного участка	№ лесного участка	Площадь лесного участка га	Хозяйство	Объемы заготовки		Масса древесины в куб. м		Лесная подстилка (тонны) в рубках		Примечания к плану в рубках	
					на площади га	количество тыс. шт. на 1 га	дерево-вой	древес-ной	дерево-стой	древес-ной		дерево-стой
III	2	151	25	15.2	2.0	155	150	144	150	150	150	
		152	15	15.3	1.9							
Итого...					15.2		155	150	144	150	150	150

Сроки внесения в бюджет платы за заготавливаемую лесопроизводство

Рубки не подлежат

Срок окончания заготовки

Места временных складов

Вывозка разрешается

Срок окончания вывозки

Досрочная рубка разрешается

Сроки окорки или химической обработки древесины

Способ окорки

Разработку лесосек произвести согласно утвержденным технологическим картам.

Особые условия

Директор лесхоза

Инженер

Лесопользователь обязан строго соблюдать Правила отпуска древесины на корню и Правила пожарной безопасности в лесах Российской Федерации.

С правилами отпуска древесины на корню и правилами пожарной безопасности ознакомлен.

В соответствии со ст. 35 Основ лесного законодательства Российской Федерации лесопользователь обязан произвести следующие лесовосстановительные работы в 20 году:

посадка леса

посев леса

содействие естественному возобновлению

Подпись лесопользователя

Отметки о предоставлении отсечек по заготовке и вывозке

Директор лесхоза

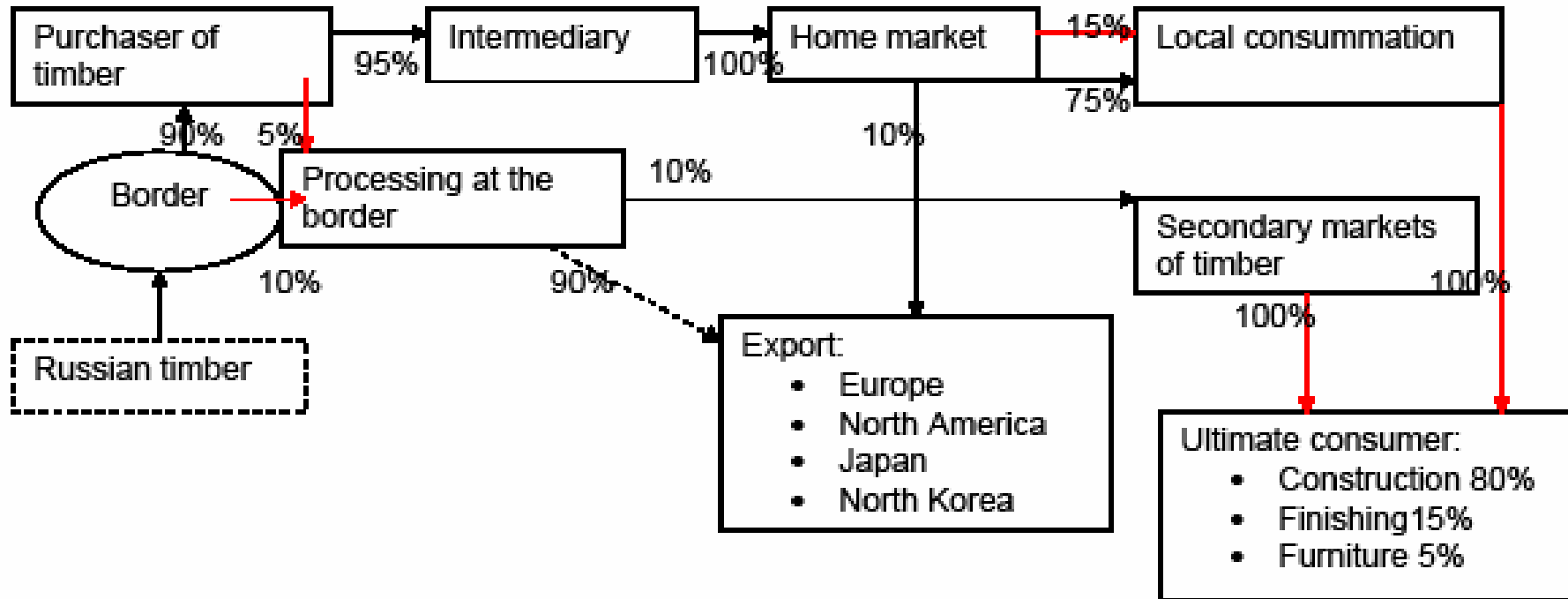






Distribution of Russian Timber in China

(source: Forest Trends)





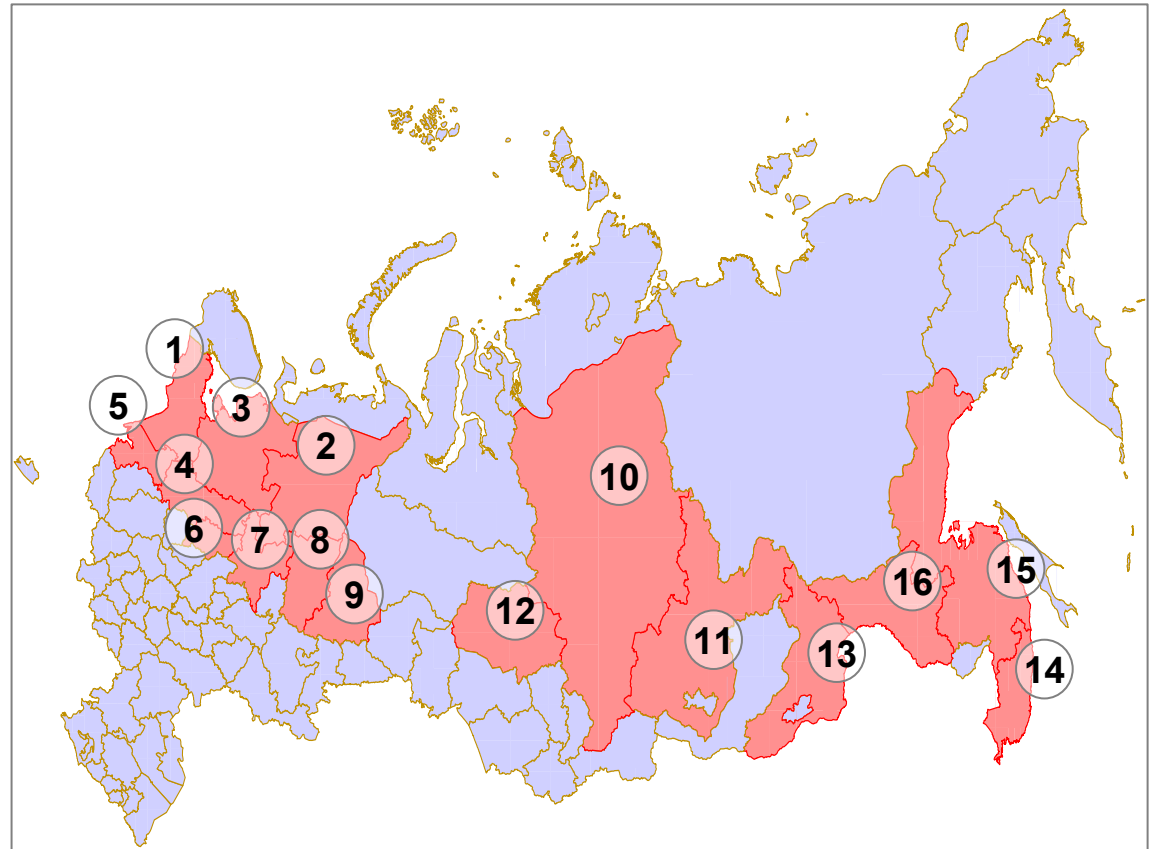
Federal Level Control

Integrated assessment and comprehensive inspection of forest management practices and related operations in Karelia (March 2007), Chita (April-May 2007), etc.

Complex-valued check-up with involvement of relevant agencies (customs, transportation, Ministry Of Interior, etc.)

Remote sensing control (2006-2007)

- 16 Russian regions
- 101,2 mln ha - area of remote sensing monitoring





The issue of illegal logging and illegal timber trade is recognized by the Russian government

- Russia's Interagency Commission for Combating Illegal Logging and Timber Trade was established in late 2007 by a joint order of the Ministry of Natural Resources of the Russian Federation and the Ministry of Interior of the Russian Federation.
- March 26, 2008 it held its first formal meeting in Moscow, chaired by the newly appointed Deputy Minister of Natural Resources (Mr. Semen R. Levi).

The meeting took stock of the implementation of the national anti-illegal logging action plan adopted in Russia for 2007. A similar action plan for 2008 is expected to be finalized and approved based on the results of the discussions during this meeting.





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