



# Russian Timber

## A Growing Force in World Trade

Russia contains far more forest area than any other country, yet its presence in global forest products markets has historically been limited. But over the past decade, some export sectors have grown rapidly.

Understand the conflicting forces that both drive and constrain Russia's industry – and the market conditions that could sustain further growth.

### Russian Timber: A Growing Force in World Trade provides:

- **Forecasts from 2017 (actual) to 2023 and 2028**  
Detailed projections of future production and exports of 13 key forest products categories, including:
  - Lumber:** Learn how this once-small sector has been transformed – through government policies and targeted investment – into a major force in global wood-products markets. Includes profiles of 19 key sawmilling companies, and data on woodchip & wood pellet residues.
  - Wood panels:** Survey of production and trade in veneer, plywood, particleboard (PB), medium density fiberboard (MDF) and oriented strand board (OSB) – including profiles of 36 important Russian companies in this sector.
  - Logs:** Review of the historical and current log trade to key Nordic and Asian markets. Includes insight on major Russian regions' log exports and the largest Russian log exporting companies in 2017, plus details of multiple changes to regional and national log export taxes from 2000-2019.
  - Pulp and paper:** Data on historical production and exports. Profiles of companies in this still-minor segment of the Russian industry, plus analysis of prospects for expansion.
- **Essential info on Russia's economy, geography and overall forest sector**  
A primer on Russia's vast regional geography, macroeconomic fundamentals, federal forest inventory, and wood production – plus comparison of actual harvests to official annual cut quotas.

**A giant awakens:  
A decade of rapid  
growth, with potential  
for far more**

**20%**

Russian share of global forest area, far exceeding Brazil, Canada, the US, or China

**+32%**

Increase in Russian Lumber exports, 2006-2011

**+53%**

Increase, 2012-2017

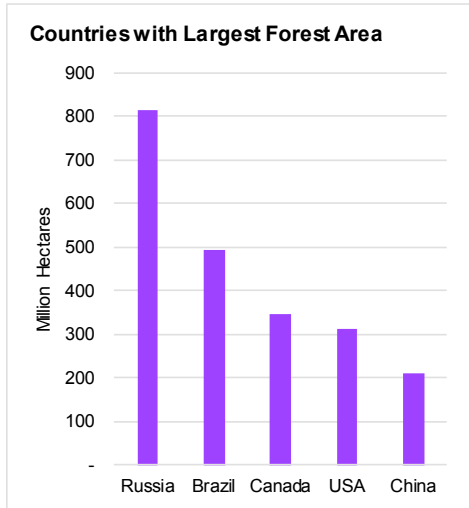
## Russia's rapid rise up the value chain

**55%**

Raw logs' share of total Russian forest-products exports, 2000

**16%**

Logs' share in 2018



## The lumber boom: Track the conditions, policies, and investments that have driven export growth

Russia's share of global forest area far exceeds that of any other country. Yet it has historically not been a major player in world markets.

Since 2007, government policies and new investments have driven increased exports of finished products – especially lumber. Also, after being stable from 2000 to 2013, the ruble's value has since fallen by half against the US dollar.

## Why pulp and paper exports have lagged – and the forces that could power future expansion

Paper and pulp export growth has been modest, but this may be changing. The value of Russian pulp exports hit a new record in 2018. While Russia historically ran a trade deficit in paper and paperboard products, in 2018 it's estimated to have run a trade surplus in these products for the first time.

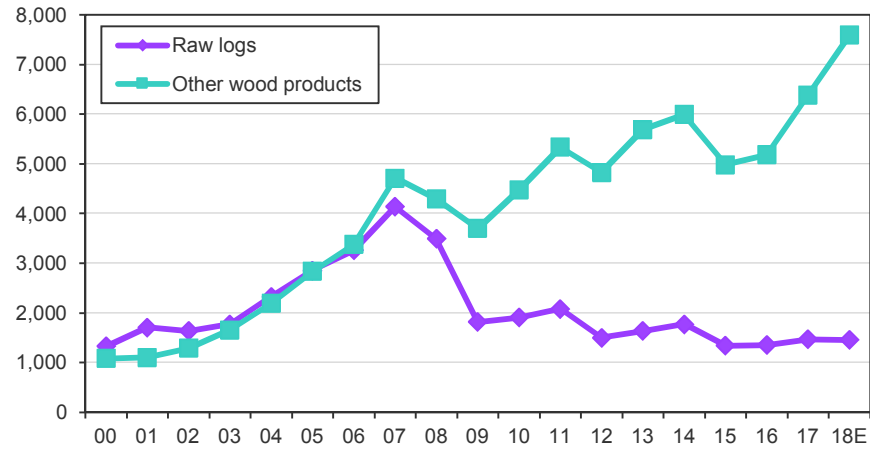
## The Great Wood Deficit of China keeps growing – and Russia is well-positioned to help

Wood demand in China far exceeds supply – its RWE deficit is forecast to hit 280 million cubic meters by 2027.

New sea and rail infrastructure – part of China's "Belt and Road" initiative – could enable a boom in already-robust Russian exports to China's wood-hungry industries.

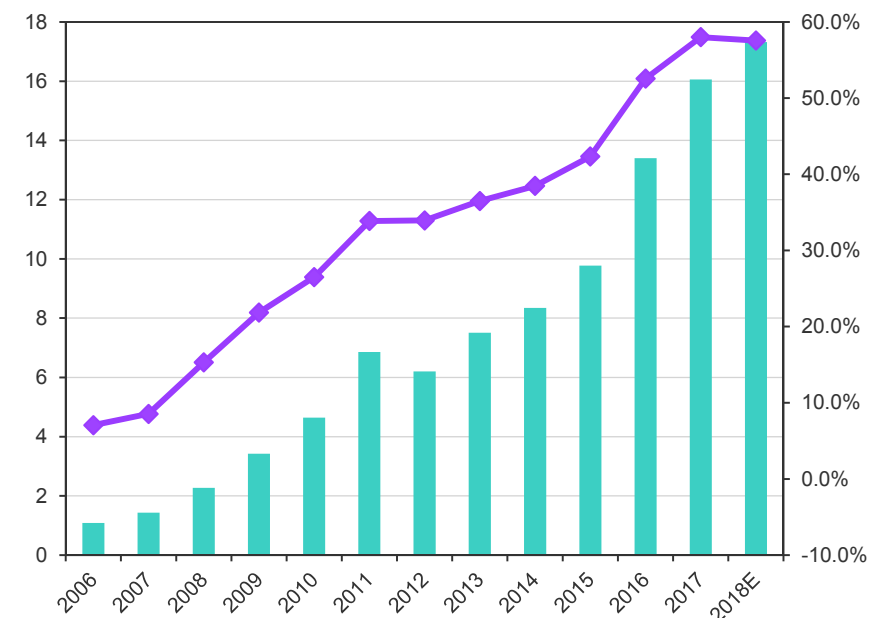
## Russian wood products export value, logs and other products, 2000-2018E

Million US dollars



## Russian softwood lumber exports to China and share of total exports, 2006-2018E

Million cubic meters (L) and percentage of total Russian exports (R)



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## Russian Timber: A Growing Force in World Trade tackles big questions

Why has Russia's log export trade shriveled, while lumber exports have more than doubled in the last decade?

Who are the major players in sawmilling, and how did they transform their industry?

Which Russian and foreign owners control the fast-growing wood panels sector?

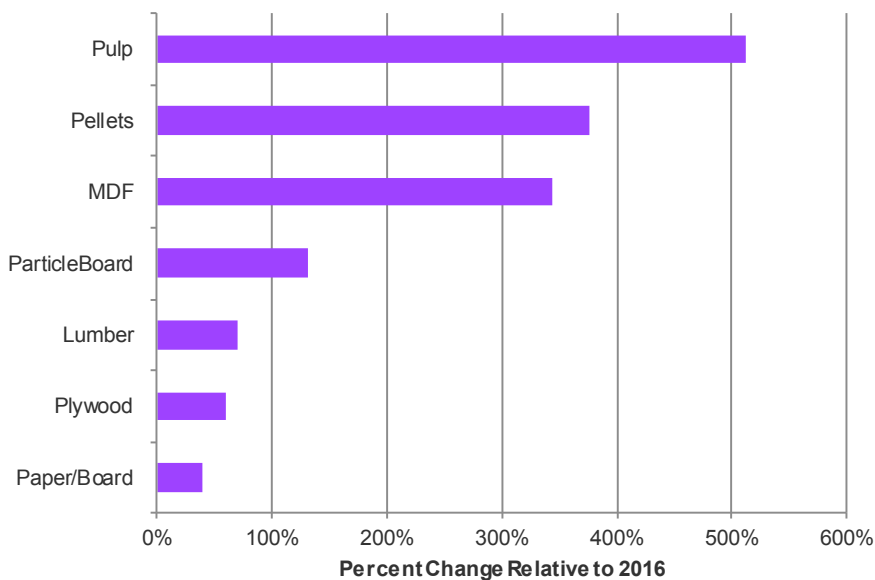
What could be the impact of Chinese log and wood processing companies expanding in and near Russia?

How have European and American economic sanctions affected Russia's forestry sectors?

How much wood is there in Russia? How much more can be profitably harvested?

Could Russia become "the next Brazil?"

### Russian "Strategy 2030" Targeted Increase in Exports

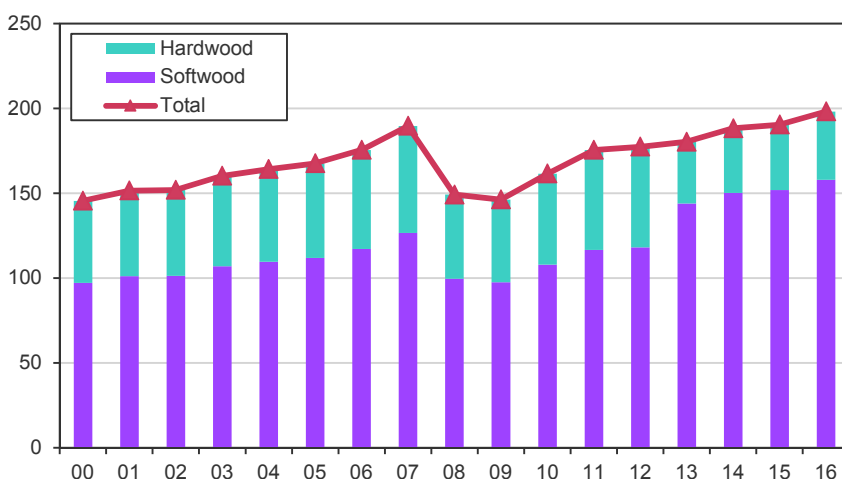


### Compare official export targets to independent forecasts

The Russian government has ambitious plans to help the forest industry expand production and exports. Are these goals achievable, and what impact could they have on world markets? This study compares the official targets to objective, fact-driven forecasts.

### Total Russian industrial roundwood production, 2000-2017

Million cubic meters



### Get objective estimates of production

Official data shows a significant increase in softwood timber production, but is this data misleading? This report analyzes regional and sub-regional data from multiple sources. It then provides estimates of total roundwood production, as well as export markets – for both logs and lumber.

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[hello.risi@fastmarkets.com](mailto:hello.risi@fastmarkets.com)  
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+32.2.536.0748

## Authors

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### **Dennis Neilson, Director, DANA Limited**

New Zealand-based Dennis Neilson first visited Russia in 1990, when he toured the huge province of the Sakha (Yakutia) Republic and visited Moscow. He has since visited St. Petersburg twice: mostly recently on a visit to Moscow and St. Petersburg in July 2018 to gather first-hand intelligence for this report. He also visited the Russian-China border city of Manzhouli in mid-2018, where most of the Russian solid wood trade traffic flows into China. He also follows Russian wood export patterns very closely, as Russia and New Zealand compete head-to-head in both the softwood log and lumber markets to northern Asia. Neilson co-authored, and DANA published, detailed reviews of the Russian forest industry sector in 1997 and 2007.



### **Gavin Hao, Fastmarkets RISI Forester/Analyst**

Shanghai-based Gavin Hao participated in several forest concession assessment projects in the Russian Far Eastern region during 2009-2010. He also recently visited numerous places in the Ural Federal and Siberian Federal Districts in Russia. He follows the China wood import market very closely, especially the wood flows from Russia. He has made a number of visits to the Chinese-Russian border at the two biggest inland ports of Manzhouli and Suifenhe. In recent years, due to China's "Belt and Road" project, he also visited many of China's inland ports, such as Chengdu and Chongqing, to follow the Russian wood market's impact through this project. Gavin is the co-author of the Fastmarkets RISI 2017 "China Timber Supply Outlook" Study.



### **Robert Flynn, Fastmarkets RISI Director, International Timber**

United States-based Robert Flynn first visited Russia in 1994. Over the past 24 years, he has tracked Russia's forest products exports and their impact in certain key markets, and has analyzed sections of the Russian industry for a number of client reports. He has visited forest operations in Siberia and the Russian Far East a number of times, and was co-author of a well-known 2004 study on illegal logging, which included a focus on Russia. Robert is the lead author of the Fastmarkets RISI 2017 "China Timber Supply Outlook" Study.

## About Fastmarkets RISI

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Fastmarkets RISI is the leading information provider for the global forest products industry. The company works with clients in the pulp and paper, wood products, timber, biomass, tissue, nonwovens, printing and publishing industries to help them make better decisions. Headquartered in Boston, MA, Fastmarkets RISI operates additional offices throughout North and South America, Europe and Asia.

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