THE EFFECTS OF RUSSIAN FORESTRY

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**I. Abstract**

Even though Russia holds the greatest amount of forestry in the world, it has not been able to recover from its volatile past, a past that has affected its resources and economy, most notably its forestry. The goal of this paper is to examine the challenges this country faces and, therefore, deduce some reasoning in order to comprehend the situation at hand. Through an examination of its history, this paper aims to provide a better understanding of the current state of the nation. In addition, an analysis of the challenges regarding Russia’s social, environmental, and economic arenas will offer an explanation as to why the nation has experienced such a multitude of setbacks.

Section II will open the discussion and provide a brief overview and history of Russian forestry and its importance in the culture. Following this, Section III will examine the local and global challenges that Russia has faced in the areas that consist of social, environmental, and economic factors. Section IV will lastly conclude the paper with recommendations that may guide the country towards an effective development of this sector.

*Keywords: forestry, Russia, sustainability, forests, timber*

**II. Overview and History of Russian Forestry**

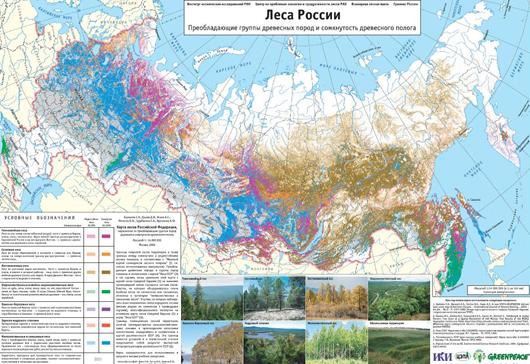
*“The forest served the Russian people in a number of ways: economically, politically, and even morally. They built with pine and oak, they heated with birch and aspen, they lighted their cabins with birch splinters, they shod themselves with bast, and made household tools of linden. For centuries in the north, as in earlier times in the south, the forest fed the economy with the pelts of fur-bearing animals and the honey of the forest bees. The forest served as a dependable refuge from external enemies who burdened the Russian people with sorrow and chains…”*

(V.O. Klyuchevsky)

The above is an excerpt from *The Course of Russian History*, a book written by a well-known Russian historian, Klyuchevsky (Teplyakov, Kuzimichev, Baumgartner, Everett, 1998, p.1). Clearly, as he demonstrates, forestry is one of the leading industries in Russia and has been in place for many centuries. As one of most budding markets for this industry, there are more than 60,000 private companies who specialize in forestry harvesting and its complementary products that employ over one million people. The Slavic nation boasts 82 billion cubic meters of forest, which accounts for 25% of the world’s wood supply (Export.gov, 2016). Unfortunately, because of a lack of infrastructure, only 10% of this supply is reachable. Despite some growth in forestry sub-sectors in 2014, the total growth rate in 2015 experienced a decrease. Nevertheless, due to the devaluation of the ruble which subsequently attracted exporters, Russia’s GDP experienced a 0.2% to 1.22% increase that year (Export.gov, 2016).

History of forest use in Russia is divided into nine periods and dates back to the 8th century (Teplyakov, Kuzimichev, et al, 1998, p.1). During the First Period (8th – 12th centuries), as there were no regulations, forest use was unlimited and also worshipped. Furthermore, deeds or laws were nonexistent until the end of this period. During the following periods, the forest was used mainly for hunting, honey gathering, and fishing, in addition the public was prohibited from cutting the trees. With the development of timber for commercial use in the 17th century, came new economic relationships and laws, such as leasing the land for logging and the creation of many new regulations (Teplyakov, Kuzimichev, et al, 1998, p.3). Forest owners even saw their ownership rights reduced.

In more recent times, Russia has put into place the Forest Code, which became law in 1997 and was created to modernize forest management (Teplyakov, Kuzimichev, et al, 1998, p.11). The Code enforces the values of forest management, such as sustainable development, rational use of forest resources, and improvement, along with protection and conservation of the environment. Evidently, forest national policy and management in Russia have undergone numerous and inconsistent short-term changes throughout the years, from an unregulated usage of the forests to mass destructions of the land to strict public prohibition from cutting the trees and the death penalty as a punishment for breaching this law. Up until to today, Russia does not have in place a clearly articulated long-term plan stating the country’s objectives regarding the forest segment, which includes its wood processing industry, furniture manufacturing, forestry, pulp and paper production, and the import and export sector.



*Figure 1: Distribution of Forests in Russia*

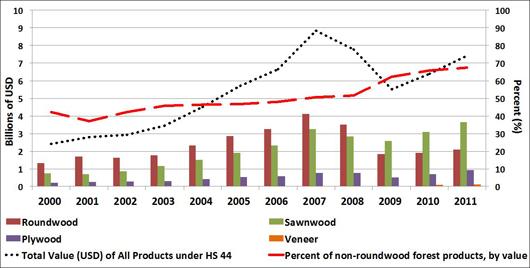
Source: ForestForum.ru

**III. 6 Sustainability Challenges**

**A. Social**

Known worldwide for its corruption and illegal logging, Russian timber is a tainted topic. For this reason, two administrative restriction regulations from the United States and the European Union were created to compel companies all over the world to monitor the supply chain of wood products they used in their productions (Simeone, 2013). In 2003, the European Union created the FLEGT (Forest Law Enforcement, Governance, and Trade), an act designed to decrease the share of illegal timber in its markets. In 2008, The United States amended the Lacey Act from 1990 to include plants and plant products; this includes timber and wood products. Since its induction, only one instance of illegal wood sourcing has been reported and prosecuted (Simeone, 2013).

Forests are all publicly owned in Russia, and private businesses perform forest management based on lease agreements. Unfortunately, because of a very bureaucratic process and a lengthy lease time of 49 years, this has not proven to be successful. Moreover, dissatisfaction is high among authorities due to the leaseholders who are focused on profits and who place minimal effort into the proper handling of the forests and their harvesting. Unfavorable results, such as widespread cutting, meager regrowth of trees, and insufficient development and a shortage of the trees, have put the practices of the over 12,000 businesses that have leased forests with the goal of harvesting into question (Forestlegality.org, 2016).



*Figure 2: Total Export Revenue of Russian Forest Products—excluding Furniture*

Source: Simeone, 2013

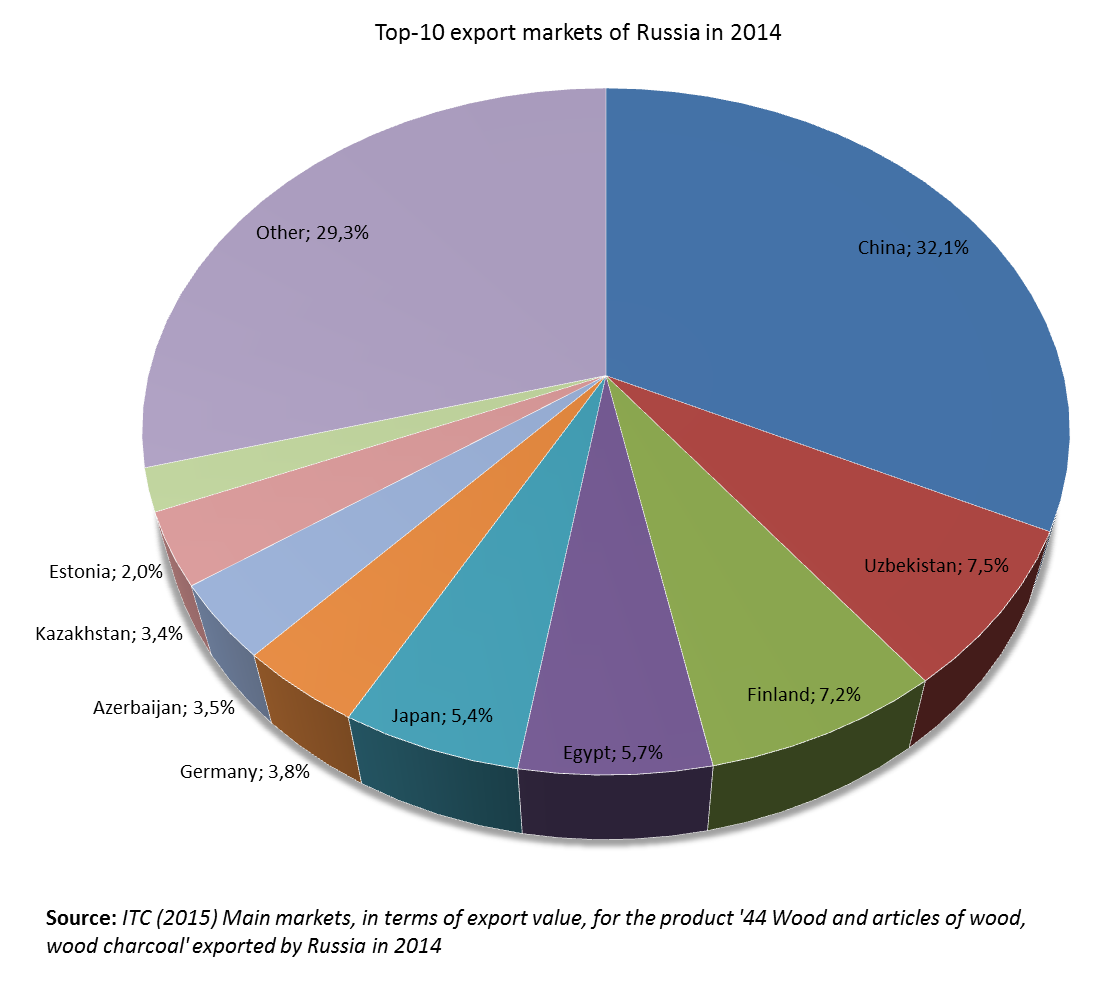
**B. Environmental**

These Russian forests hold an important part in steadying world climate. From 2000-2007, Russia supplied over 90% of the carbon sink of the Earth's boreal forests and it is estimated that the carbon sink during the last ten years has been annually between 500 and 700 millions tonnes (FAO.org, 2012). Nevertheless, this comes with a danger. Should global warming seriously worsen, FAO.org has predicted that the carbon emissions from the coldest areas in Russia might surpass the current emissions from tropical deforestation (FAO.org, 2012). Despite still being relatively unrecognized, this is an issue that can affect the world all over and must continue to be monitored and discussed in climate change negotiation processes.

Another environmental issue that Russia is faced with is the aftermath of the Chernobyl accident that resulted in the contamination of tens of thousands of hectares. Due to the long-lasting effects of this situation, the outcome of this accident will be felt for years to come. As forests are one of the most effective ways to store radiation, it is not possible to clean or fix the damage (Timbertradeportal.com, 2016). Most large areas are under strict control and there is a small area that is entirely closed to all except to those conducting scientific research. Local authorities have even created strategies for monitoring and managing the site.

1. **Economic**

Even though the demand for wood products and timber has increased worldwide, for the last twenty years, Russia has not been able to control or improve its forests in a sustainable manner, neither environmentally nor economically. The Slavic country has still not been able to recuperate from the turmoil leftover from the 1990s, an era when timber became a feasible form of illegal profit. It is acts such as these that brought about the current destabilization of the economic development of the forest sector. In an effort to develop investment and to modernize their forestry, in 2007, the government instituted a range of new policies. As a result, short-term progress has been made thanks to several policy changes, such as subsidies for new investments and export taxes (Simeone, 2013).



*Figure 3: Top 10 Export Markets of Russia in 2014*

Source: TimberTradePortal.com

However, these changes have not come without their side effects. For instance, even though the export tax may have reduced the number of illicit timber exports, it may also have added to the rise of illegal exports by those who wish to avoid the tax. On another note, it is expected that lessening illegal logging and illegally sourced wood products will cause a decrease in the international wood supply market and, therefore, increase prices for all members of the supply chain, especially consumers (Simeone, 2013). Although the price increase might be of benefit to suppliers or processors, it would be unfavorable for customers who would purchase these wood products.

**IV. Concluding Remarks**

To conclude, despite the fact that Russia is home to more forests than any other nation, it has not been able to succeed in properly managing this resource. This paper demonstrated that a volatile history, along with short-term policy laws, have inhibited the country from advancing and securing its forestry. Some sustainability challenges that Russia faces are a corrupted system, radioactive contamination, and unsuccessful policy changes. In order for Russia to advance, they may have to add on to their 2007 policies. Even though it may appear that in the short-term wood manufacturing will be fruitful, it is not certain whether or not it will be effective in the future. The lowered export tax rate may add to the higher log export revenue, but it might not be adequate enough to make up for the decrease in tax revenue. It is clear that uncertainty is prevalent in Russia. The best options for the country are to foster effective financial markets, better the tax procedures, create improved establishments with precise and compulsory property rights, and build an operative legal system. If Russia is able to institute new domestic policies and rid itself of its dependence on export taxes, it may finally be able to stand a chance at improvement.

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