

**Far Eastern Division of Russian Academy of Sciences
ECONOMIC RESEARCH INSTITUTE**

**Institute for Global Environmental Strategies
FOREST CONSERVATION PROJECT**

**The Research Report on
“Developing a Forest Conservation Strategy
for the Russian Far East”**

Interim report for the first year study

Coordinator of the Project
from the Russian side

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**Khabarovsk, Russia
2002**

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Introduction

This report is compiled on results of research implemented during the first year of the Project, “Developing a Forest Conservation Strategy for the Russian Far East,” which is being undertaken by on the basis of the agreement between the Economic Research Institute of the Far Eastern Division of Russian Academy of Sciences and the Forest Conservation Project of the Institute for Global Environmental Strategies (Japan). The research was undertaken between August 2001 and January 2002 and was implemented on the basis of the Implementation Plan for Cooperation.

To help to guide the research, a Steering Committee was organized which consisting of following:

Acad. Minakir, Pavel A., Chairman, ERI,

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The Steering Committee has selected the Lazo raion as the focal region for the research, Sita village and settlement Sukpai were identified as the target communities.

In September 2001 two initial workshops were carried out. The one in Pereyaslavka town was organized jointly with the Lazo raion Administration. Representatives from the raion Administration, from the villages Sita and Sukpai, from Oborskiy and Sukpaiskiy leskhozes administration, and forest entrepreneurs participated in the workshop. Representatives from forest technical and scientific bodies participated in the seminar in Khabarovsk city.

Following these meetings, research was launched both in Lazo raion and Khabarovsk city. In the course of the research, a questionnaire was developed and distributed to local forest entrepreneurs. Nineteen questionnaires were returned. They were passed to the Japanese collaborators and their analysis is not in the scope of the present report.

The report is compiled the research done by the Russian collaborators in the project.

1 Institutional aspects of forest and environmental management

1-1 The Forest Code of Khabarovskiy krai and related regulations and orders

Forest laws during the Soviet era corresponded completely to the ideology and the order inherent in the planned centralized economics of those days. The specific feature of these laws was the lack of mechanism for action. However, unlike the consequent federal laws, the *krai* tried to consider regional specificity by special sections. In the new political and economical conditions those laws appeared to be absolutely not applicable.

Currently, Russian forest legislation is mainly composed of the “Forest Code of the Russian Federation,” which was adopted in January 1997. To a great extent, it is oriented at market conditions in that form, in which they were visualized in late 1996 -- early 1997. At that time it was undoubtedly a step forward, but from the very beginning it incorporated a number of principal contradictions. Above that, it doesn't consider the specificity of such huge and diverse country as Russia. However, the authors of the Code insisted that it was a law of direct action and did not require the development of regional acts.

Before and after the adoption of the Russian Federation Forest Code, the forest provinces tried to fill above-mentioned gaps by adopting local normative, legal deeds. The Khabarovskiy krai developed its own code on the collaboration of legislative, executive authorities and the public. The *krai*'s Code was pushed through all the

democratic procedures and even public hearings and was approved by the Legislative Duma of Khabarovskiy krai on December 25, 1998.

One of the main factors in developing the Forest Code of Khabarovskiy Krai was the issue of ownership of land. The Russian Federation Forest Code allows for transfer of forest ownership to any province but requires that the region bear the burden of forestry maintenance. Currently, the Khabarovskiy krai budget does not have resources to taken on that burden, but in the future the situation could change. That is why it is noted in Clause 18 of the Code:

1. Forest land use on the territory of *krai* is of federal ownership and it could also be transferred to the *krai* state ownership.
2. Transfer of forest land use to the *krai* ownership is effected in accordance with federal law and an agreement concluded between the Government of the Russian Federation and the *Krai* Administration
3. Relative to the federal forest land use located on the *krai* territory, the *krai* participates in effecting the right of ownership, use and disposal of the forest land use according to the Forest Code of the Russian Federation and the present Code.
4. Forest land use located on the *krai* territory is managed on behalf of the *krai* by the Krai Administration and the territorial organ of the forestry management federal organ” (The Forest Code of Khabarovskiy Krai, 1999).

The Krai Code describes more clearly than the federal one the warrants of *krai* and municipal organs in the sphere of forest legal relations.

Unlike the federal code, the *krai* code begins from definition of all the primary terms and notions, which immediately eliminates a number of contradictions inherent in the RF Forest Code and makes the Krai Code more precise.

Wider and more precise than in the federal Forest Code, the types of forest use are described. They are divided into classes: social, protective-ecological, raw-resources; the class of use of forestlands is depicted also. The whole system of forestland transformation into non-forest land use is described more precise with indication at the mechanism of its main element action. The legitimacy of the *krai* commission on forest use, which was established one of the first in Russia and currently is common in other Russian provinces, is preserved and confirmed.

The Krai Code requires the rights to use forests, including non-timber forest resources, be based completely on auction and competition basis. Exclusions (direct transfer of rights) are proposed only in case of some social preferences. In the rest of the cases, equality of all the forest users is declared, which is not proposed in the Federal Code.

Continuous monitoring of forest user activities is envisaged in the Code. The forest users, introducing advanced technologies and observing all the silvicultural and ecological demands, get various incentives including pre-term extending. Hence, a lease could turn in principle into a term-less one with observing rational use. However, at the same time sanctions for inappropriate forest use are pointed out, including canceling of lease rights.

The list of compulsory conditions of a forest lease included into an agreement is more extensive than those found in the Federal Code. The agreement points out the rights and obligations of a forest user relative to use, guarding, protection and reproduction of the forests on the leased plot. The agreement provides exclusive rights to a leaser for a certain type of resources leased. The leaser can't use those types of resources that are allocated in the leased area but are not included into the lease agreement. The agreement doesn't limit the residents' access to the forest for their needs satisfaction. Use of the leased resource on leased plots is prohibited for anyone, except a leaser, and residents for their personal purposes. Such provision of exclusivity of leaser's rights is absent in the Federal Code

The list of limitations for free access to a forest is extended comparative to the Federal Code as follows:

Prohibits use of forests and forest products for commercial purposes without appropriate authorized documents;

Prohibits the harvest, possession or sale of wild growing plants and mushrooms, which are introduced into both Russian Federation and Khabarovskiy krai Red Books;

Prohibits to harvest, keep or sale wild growing plants and mushrooms, which are in the list of drugs containing plants, or natural drugs containing products;

Obliges citizens, going into hunting, to observe the corresponding legislation of the Russian Federation and Khabarovskiy krai;

Prohibits hunting animals, which are introduced into both the Russian Federation and Khabarovskiy krai Red Books;

Obliges citizens, who use their right for personal consumption of forest resources, to observe the provisions and rules, adopted by the Russian Federation and Khabarovskiy krai legislation, as well as accepted norms of behavior;

Regulates entry to territories designated as nature monuments, nature and national parks, reserves, wildlife refuges and other specially protected territories according to the established regime;

Temporarily cancels access to the forest during periods of high fire danger.

The Krai Code proposes to provide forest concessions on the *krai* territory only after agreement with the Krai Administration.

It is much clearer than the federal Forest Code the order that is described for forests transfer for unpaid use, which could be provided to nonprofit enterprises or organizations for satisfying their needs. The resources acquired with such type of use are not allowed to be used for commercial purposes. The resources are transferred for unpaid use by the decision of the executive power organs without bidding. A notion of agreement on unpaid use of forest plots is introduced.

A new approach is proposed for determining payment for forest use: it is required to be determined on the basis of bidding and not of fixed price-lists. Herewith, the envisaged by the federal Forest Code and approved by the Federation minimal rates of forest dues make only a basis or the lowest starting price for bidding. However, in every individual case the competition commission could assign a starting price higher than the minimal rates, if it considers that the given forest plot is of higher value. Rates established in the course of bidding are effective for the complete period of use, but they could be indexed with changing of financial-economic situation.

For leased plots, the use of two different rates was envisaged. The first one is implemented for actual harvesting of the wood stock and the second one is for the entire leased area. This payment system was introduced to prevent the groundless extension of the lease and also to increase the user's interest in rational resource use. Unfortunately, this system was ruined by *Rosleskhoz*'s instructions.

The magnitude and form of payment for resources, being a different form of ownership than the state one, is determined by the owner of the resources via direct negotiation with a user or via competition. In the federal Forest Code this norm is not envisaged at all. Clauses and sections dedicated to the public role and rights in management and monitoring of forests use, access to information on forests and their use, are significantly extended in the *krai* Code.

A special chapter on ecological assessment, including the public one, of all forests, projects, decisions, technologies etc., related with use, guarding, protection and reproduction is introduced. The notion of silvicultural-ecological assessment is also introduced. The antimonopoly clause is included in the *krai* Code but is absent in the federal Code. The *krai* Code proposes to prohibit concentration in the hands of one forest user more than 10 percent of *krai* volume of any type of forest use.

The rights of aboriginal small nations of the North to practice traditional types of forest use in the limits of the territories of traditional nature use is stipulated. The *krai* Code considers more clearly and extensively a number of issues in the sphere of forest use management, as well as guarding, protection and reproduction of forests.

The *krai* Code proposes to regard the whole forest cover of Khabarovskiy krai as an entity under the name "forests" independently of the ownership. Monitoring of all the *krai* forests and methodological management of their use, guarding, protection and reproduction are effected by the Krai Administration via the Krai Forest Directorate (former), i.e. it is proposed to transfer to this unit wider functions than to the local organ of *Rosleskhoz* (now the federal Ministry of Natural Resources).

A number of other forestry issues are also more extensively described in the *krai* Code. In particular the order of forest plots transfer for tending felling operations is described more detailed. Forests organizations and inventory are separated (the last one is not mentioned in the federal Code at all). And so on.

Further regulation is effected on the basis of decrees and decisions of Head of Khabarovskiy Krai Administration as well as via legislative amendments in the *krai* Forest Code. The *krai* Forest Code repealed acts that were in force before its adoption. The acts issued after adoption of the *krai* Code are listed below in chronological order. The list includes those acts, which were either published or placed into the information system "Consultant-Plus":

1. The decree of the Head of Khabarovskiy Krai Administration dated 02.22.1999 # 81 "On additional measures of the state regulation at harvesting, disposal and export of valuable forest species timber."
2. The decree of the Head of Khabarovskiy Krai Administration dated 03.26.1999 # 129 "On recognition as of lost validity the decree of the Head of Khabarovskiy Krai Administration dated 06.15.98 # 248 "On contract works for timber harvesting in leased plots of the forest land use on the Khabarovskiy krai territory."
3. The decree of the Head of Khabarovskiy Krai Administration dated 04.13.1999 # 164 "On the order of licensing of timber harvesting activities in the Khabarovskiy krai forest land use."
4. The decree of the Head of Khabarovskiy Krai Administration dated 04.14.1999 # 171 "On the order of intermediate use felling operations carrying out on the territory of the Khabarovskiy krai."
5. The decree of the Head of Khabarovskiy Krai Administration dated 05.17.1999 # 202 "On launching of preparing to International competition for the right to lease plots of the forest land use in Verkhnebureinskiy raion."
6. The decree of the Head of Khabarovskiy Krai Administration dated 06.22.1999 # 245 "On norms of collateral use of forests for personal needs of the citizens on the territory of Khabarovskiy krai."
7. The decree of the Head of Khabarovskiy Krai Administration dated 06.22.1999 # 247 "On additional measures on improvement of the *krai* forest industry complex management."
8. The law of the Khabarovskiy krai dated 11.24.1999 # 162 "On introduction of changes and amendments to the Khabarovskiy krai law "On the order of international commercial competitions (tenders) carrying out for the right to use natural resources in Khabarovskiy krai."
9. The decree of the Head of Khabarovskiy Krai Administration dated 01.10.2000 # 3 "On introduction of changes and amendments to the decree of the Head of Khabarovskiy Krai Administration dated 02.22.1999 # 81."
10. The law of Khabarovskiy krai dated 01.26.2000 # 178 "On estimate of revenues and budget expenses of the *krai* off-budget fund of guarding and reproduction of forest resources for 2000."
11. The decree of the Head of Khabarovskiy Krai Administration dated 01.31.2000 # 28 "On approval of the provision on the collaboration order of the Khabarovskiy krai state authority organs in the course of competitions carrying out for the right to lease forest land base plots in Khabarovskiy krai."
12. The decision of the Head of Khabarovskiy Krai Administration dated 04.04.2000 # 224-p "On participating of the Chinese company "In-Tai" in timber harvesting on burnt sites on the territory of Vaninskiy raion."
13. The law of Khabarovskiy krai dated 04.26.2000 # 213 "On introduction changes into the Khabarovskiy krai law "On principles of determination of forest dues and lease payments rates for forest land use on the territory of Khabarovskiy krai."
14. The law of Khabarovskiy krai dated 09.26.2000 # 243 "On recognition as of lost validity the Khabarovskiy krai law "On lease of the forest plots in Khabarovskiy krai."
15. The law of Khabarovskiy krai dated 11.29.2000 # 266 "On introduction of changes into the Khabarovskiy krai law "On principles of determination of forest dues and lease payments rates for forest land use on the territory of Khabarovskiy krai."
16. The law of Khabarovskiy krai dated 12.27.2000 # 275 "On introduction of changes into the Khabarovskiy krai law "On the order of the Khabarovskiy krai forest use for effecting of collateral forest uses, harvesting of secondary forest materials and plantation growing of forest resources."
17. The decision of the Head of Khabarovskiy Krai Administration dated 02.01.2001 # 88-p "On allocation of logging forest land use for 2001 year."

18. The law of Khabarovskiy krai dated 02.28.2001 # 290 “On introduction changes and amendments into the Forest Code of Khabarovskiy Krai.”
 19. The decree of the Head of Khabarovskiy Krai Administration dated 03.26.2001 # 108 “On measures for providing forests protection from fires on the territory of Khabarovskiy krai in 2001.”
 20. The decree of the Head of Khabarovskiy Krai Administration dated 04.06.2001 # 120 “On measures adoption for improvement of external economic activities in the forest industry complex of Khabarovskiy krai.”
 21. The law of Khabarovskiy krai dated 04.25.2001 # 303 “On introduction of changes into the part 2 clause 87 of the Forest Code of Khabarovskiy Krai.”
 22. The decree of the Head of Khabarovskiy Krai Administration dated 05.07.2001 # 176 “On control indicators to forest harvesting units of the *krai* on timber delivery for processing in 2001.”
 23. The decision of the Head of Khabarovskiy Krai Administration dated 05.07.2001 # 342-p “On allocation of funds for preparation to fire danger period.”
 24. The law of Khabarovskiy krai dated 06.07.2001 # 312 “On the procedure of public discussion of the project of the forest plot transfer to lease..”
 25. The decree of the Head of Khabarovskiy Krai Administration dated 06.13.2001 # 234 “On the main directions of Khabarovskiy krai forest complex development for average-term and long-term prospective.” (Main directions are published in the form of a book “Forest complex of Khabarovskiy krai” (2001) *in Russian language*).
 26. The decree of the Head of Khabarovskiy Krai Administration dated 06.05.2001 # 222 “On the order of payment determination for standing timber on the territory of Khabarovskiy krai.”
 27. The decision of the Head of Khabarovskiy Krai Administration dated 06.14.2001 # 473-p ““On additional allocation of the logging forest land base for 2001.”
 28. The decree of the Head of Khabarovskiy Krai Administration dated 07.25.2001 # 308 “On introduction of a change into the Decree of the Head of Khabarovskiy Krai Administration dated 06.05.2001 # 222.”
 29. The decree of the Head of Khabarovskiy Krai Administration dated 08.27.2001 # 368 “On krai commission on forest use under the Head of Khabarovskiy Krai Administration.”
- The decree of the Head of Khabarovskiy Krai Administration dated 10.23.2001 # 445 “On introduction of changes to the decrees of the Head of Khabarovskiy Krai Administration dated 06.05.2001 and 08.27.2001 # 368.”

Local specificity was reflected in all of those acts and quite often legal achievements were accomplished, which are of definite legislative interest for further development and replication in similar conditions. Unfortunately, currently in connection with all-Russia campaign for adapting local laws to federal ones, lots of local improvements and achievements had to be removed, which has manifested shortcomings of the federal Forest Code still stronger.

The federal Forest Code definitely needs significant changes for many reasons and most importantly because :

1. It has fallen behind that political and economic situation, which has currently shaped in Russia and specifically prognosticated for future;
2. Its clauses were closely linked with organizational structure of Rosleskhoz. Now the organizational structure, described in the Code, contradict existing management organizing of forest use and forest resources, which has really shaped during those years in the authority organs.

Above that, the Code needs significant improvement. It was accomplished in the form of a number of sub-law governmental and departmental deeds. However, some of them need to be brought to the law level, it is necessary to create laws lacking among those acts, in particular law “On forest use” and the law “On forest payments.”

At the moment of this report compiling high activity is observed in developing amendments to the federal Forest Code. Such amendments are being developed by the Forest Service of the Ministry of Natural Resources of the Russian Federation, the office of RF President Representative in the Far Eastern Federal Okrug and, perhaps, by other bodies. These amendments are still not available to the public but it is known that they are targeted at complete deprivation of provinces' rights to manage forest resources, at elimination of competitions, publicity and public participation in forest management. This was supported by so-called “10 governors appeal” of scarce

forested provinces, which believe that as long as the forests are in federal ownership their disposal should be completely in the federal center hands.

It contradicts clause 72 of the Constitution of the Russian Federation and to the spirit of political and economical reforms implemented in the country. The Ministry of Nature Resources of Khabarovskiy krai has initiated from its side elaboration of amendments of opposite trend, trying at the same time to improve the federal Code in force’.

The future will show the results of this stage of legislation.

1-2 Law and regulations for especially protected areas of Khabarovskiy krai

The Federal Law “On Especially Protected Natural Territories (EPNT)” is already in force for more than five years. During this time its merits were appreciated and drawbacks revealed. One of the last is the fact that it doesn’t take into account the diversity of natural, social, economical and other factors of the Russian provinces’, determining their environment protection opportunities, including possibilities to establish protected natural territories (PNT). The law is based only on seven categories of especially protected natural territories, which specify limits of prohibitions and restrictions of business functions. In current conditions, as a rule, a wider list of PNT types is required to extend opportunities and flexibility at preserving natural complexes and objects.

Since adoption of the law, the issue of EPNTs has expanded and altered. The main principles of nature protection in the new conditions in Russia were formulated, a list of terms and notions with attached interpretation of their essence was compiled, priorities for establishing of PNTs has been determined, and the roles of provinces and the Federation in forming of the system of PNTs have been developed. Naturally, it was required to support legally some provisions, determining opportunities of provinces in establishing of various types of PNT and accordingly in larger scale of nature protection. That’s why the establishing of the similar *krai* law was initiated. Khabarovskiy krai occupies one of the leading places in the country in terms of biological diversity. There are about 2,000 species of plants and over 1,100 species of animals, including 167 plants species and 74 animals are on the verge of extinction; these are listed in the *Red Data Book* of Khabarovskiy krai (1999). Khabarovskiy krai has a unique mixture of boreal and subtropical flora and fauna. This natural treasure could be preserved by establishing various types of PNTs and providing the legal basis for their support.

In addition, the wildlife of the region forms the basis for the aboriginal nation vital activity. Their traditional use of nature requires specific protection of the environment, assignment of specific territories with restrictions and prohibitions of intensive nature use. Restrictions of economic development and first of all of forest resources, i.e. assignments of PNTs are of importance for their vital activity.

In 2001, two versions of the Khabarovskiy krai law “On protected natural territories” were written. One of them, compiled by the group under Dr. Victor G. Krukov, is brief (16 pages), the other, compiled by a group under Dr. Alexander N. Kulikov, is more complete (29 pages). Both versions outline the basics of the essential legislation, however the extended version does it more completely and provides a more precise idea as well as it describes in more details some mechanisms of the law functioning. At the same time it is less finished off, less elaborated. The brief version is more structured and better arranged. A comparison of the two versions is presented in the Table 1.1.

Table 1.1 Comparison of structure of two projected versions of the Khabarovskiy krai law
“On protected natural territories.”

<i>Brief version</i>	<i>Extended version</i>
Chapter 1. General provisions	Chapter 1. General provisions
Chapter 2. Statutes, categories and types of protected natural territories	Chapter 2. Composition and categories of protected natural territories, their reserving and legal regime of lands
Chapter 3. Warrants of the <i>krai</i> state power Organs and municipal formations in the sphere of regulation of relations on protected natural territories	Chapter 3. Warrants of the <i>krai</i> state power organs, Municipal formations, specially authorized organs, citizens, their associations and legal persons in the sphere of organizing and functioning of protected natural territories
Chapter 4. The order of protected natural territories organization	Chapter 4. The Management order of functioning, guarding and use of protected natural territories
Chapter 5. Activities of the protected natural territories	Chapter 5. Ecological assessment in the sphere of organization, use, guarding and liquidation of PNTs Chapter 6. The order of organization (establishment) of protected natural territories Chapter 7. The order of protected natural territories functioning and their financing Chapter 8. Status and limits of protected natural territories, their reorganization and liquidation Chapter 9. Legal regime of protected natural territories Chapter 10. Organization of PNT guarding Chapter 11. Use of resources of protected natural territories
Chapter 6. Citizen participation in the organization and functioning of protected natural territories	
Chapter 7. Dispute settlement and responsibility for violation of protected natural territories regime	Chapter 12. Dispute settlement and responsibility for violation of legislation on protected natural territories regime
Chapter 8. Concluding provisions	Chapter 13. Concluding provisions

The extended version outlines twenty-five categories of SPNTs, arranged into three groups:

Especially protected natural territories

- 1. State natural reserves, including biosphere reserves
- 2. National parks
- 3. Nature parks
- 4. State nature wildlife refuges
- 5. Nature monuments
- 6. Dendrological parks and botanical gardens
- 7. Remedial-sanitary areas and health resorts
- 8. Especially guarded water bodies, including ones of international significance
- 9. Ethnic-ecological territories
- 10. Ecological corridors

Guarded nature territories

- 1. Restricted zones of especially protected natural territories
- 2. Protective plots of the territories (water areas) to preserve wildlife
- 3. Water-protective zones of water bodies and their riparian protective belts
- 4. Forests of the 1st group
- 5. Especially protective forest plots
- 6. Circuits and zones of sanitation guarding
- 7. Guarded nature-cultural objects
- 8. Green zones of settlements and economic objects

Territories with limited economic activities

- 1. Territories of traditional nature use
- 2. Cedar (Korean pine) forests
- 3. Protective forest plots (steep slopes etc.)
- 4. Virgin (native) forests
- 5. Resource reserves
- 6. Plots of the territories (water areas) for scientific-research activities
- 7. Recreational zones and territories and settlements

This list has made a basis of the law project.

Both projects have merits and drawbacks, and that is why it is reasonable to combine them. Currently such work is being carried out, however adoption of the law was delayed in connection with the Legislative Duma of Khabarovskiy krai re-election.

Two initial projects were combined into one new project under the title "On a system of especially protected natural territories," which is supposed to be transferred by Ministry of Nature of Khabarovskiy krai to the krai Legislative Duma for consideration in early February.

1-3 Laws and regulations on territories of the traditional nature use (TTPs) and on hunting in Khabarovskiy krai.

Territories of traditional nature use (TTPs) cover 34.7 percent of the *krai* area. The distribution of these territories by administrative *raion* is shown in Table 1.2.

Table 1.2. Distribution of TTPs in Khabarovskiy krai, by *raion*.

<i>Raion</i>	Area (thousand ha)	Share of total area (%)
Amurskiy	46.5	0.2
Ayano-maiskiy	9232.0	33.8
Vaninskiy	765.2	2.8
Verkhnebureinskiy	1307.0	4.8
Komsomolskiy	600.9	2.2
Lazo	816.7	3.0
Nanaiskiy	2640.0	9.7
Okhotskiy	7888.8	28.8
Polina Osipenko	912.6	3.3
Solnechny	909.1	3.3
Ulchskiy	1836.9	6.7
Khabarovskiy	395.4	1.4
Total	27351.1	100

Source: Krai administration, 2001.

Thus, the share of TTP located in Lazo raion is not highly significant – 3.0 percent of *krai* area.

As of January 2002 the following normative, legal acts were in force in Khabarovskiy krai (in chronological order):

On traditional nature use

- On territories of traditional nature use by aboriginal small nations of the North in Khabarovskiy krai. Khabarovskiy krai law dated 24.12.1999.
- On introduction of amendments and changes into the Khabarovskiy krai law “On territories of traditional nature use of aboriginal small nations of the North in Khabarovskiy krai.” Khabarovskiy krai law dated 26.01.2001 # 285

On hunting use

- Hunting rules in Khabarovskiy krai. Decision of Small Council of Khabarovskiy krai of the Council of People Deputies dated 29.06.1993 # 129.
- On hunting use on the territory of Khabarovskiy krai. The Khabarovskiy krai law dated 28.07.1999 # 145.
- On the order of calculations and amounts of payments for hunting animal resources use with withdrawal them from their habitat on the territory of Khabarovskiy krai dated 09.09.1999 # 323.
- On the Krai Commission on hunting use. The decree of the Head of Khabarovskiy krai Administration dated 09.09.1999 # 325.
- On the order and time terms of redrafting of permissive documents for long-term use of hunting animals on the territory of Khabarovskiy krai. The Decree of the Head of Khabarovskiy krai Administration dated 09.09.1999 # 326.
- On the order of harvesting, purchase and marketing of hunting business production (limited types of hunting animals) on the territory of Khabarovskiy krai. The Decree of the Head of the Khabarovskiy krai Administration dated 27.09.1999 # 350.
- On the agreement for the right to use hunting animals resources on the territory of Khabarovskiy krai. The Decree of the Head of Khabarovskiy krai Administration dated 12.04.2000 # 123.
- On approval of the Provision on the order of commercial competitions carrying out on the right to use hunting animals resources on the territory of Khabarovskiy krai. The Decree of the Head of the Khabarovskiy krai Administration dated 18.07.2000 # 260.
- On the introduction of changes and amendments to the Decree on the procedure for commercial bidding for the right to use animal resources on the territory of Khabarovskiy krai (see above), (3.23.01, Decree #101 of the Head of the Khabarovskiy krai Administration)
- On the order of quotas agreement for harvesting limited types of hunting animals on the territory of Khabarovskiy krai. The Decree of the Head of Khabarovskiy krai Administration dated 28.03.2001 # 114.

Thus, the number of local acts regulating traditional nature use is much fewer than those regulating hunting. There is also the “Provision on the order of small sales of standing timber” approved by the Decree of the Head of Khabarovskiy krai Administration dated 13.08.1997 not cancelled by the *krai* Forest Code and regulating TTP forest use. Above that, the mentioned above law on “Hunting use on the territory of Khabarovskiy krai” regulates hunting use on TTPs.

The *krai* law on TTP itself came into conflict with the similar federal law adopted last year and needs to be changed.¹ According to reports from representatives of the Khabarovsk Association of Aboriginal Small Nations of

¹ The *krai* law “On territories of traditional nature use” has now been repealed for two main reasons: (1) the law contradicted the corresponding federal law, and (2) the federal law will be implemented directly, thus does not need ‘interpretation’ on the regional level. In addition, the Khabarovskiy krai law “On Local Communities” was also cancelled. On March 14, 2002, the annual workshop for Indigenous Peoples took place. At the workshop, many of the participants noted that the regional law on Territories of Traditional Nature Use was much better than the federal one.

the North these laws are supposedly in force, but they include numerous inaccurate provisions, which allow judges to arbitrarily interpret situations or to absolutely arbitrarily make decisions.

Acts regarding hunting use operate much more clearly. A private hunter practically cannot get a license to use a hunting ground. Such licenses for lease hunting plots are issued only for legal persons having a form of hunting enterprises or associations on the decision of Natural Resources Ministry of Khabarovskiy krai (former Department). They are issued by the *krai* Directorate of Hunting Management. Such a license for a plot gives the right to hunt to the enterprise staff or to members of the association, which have got such a license. Above that, outside hunters could get from those legal persons a ticket (permit) to hunt on their grounds.

To hunt specifically limited types (bear, lynx and so on) it is necessary in addition to the license for a plot to get a license for each head of the given species.

1-4 Comments on implementation of Khabarovskiy krai criteria and indicators.

Clause 71 of the federal Forest Code requires compulsory certification of forest resources, although the content of the clause only refers to raw resources products obtained from forest. However, in connection with this, *the former Rosleskhoz* developed and approved in 1998 criteria and indicators for sustainable forestry, which were intended for European part of Russia on the basis of Pan-European standards, and for the rest of the country – on the basis of Montreal list. The document turned up very unclear and unsuccessful. Therefore, when real actions toward voluntary forest certification began in the RFE, the Forest Certification Center, supported by the Far Eastern branch of WWF has developed a system of criteria and indicators for Khabarovskiy krai (Criteria and indicators, 1999). Currently the regional system is developed on its basis for the RFE.

This system was not used in Khabarovskiy krai itself, but it was used in Primorskiy krai while preparing objects of “Terneyles” to voluntary certification.

At the same time it is appropriate to suppose that the Forest Service of Ministry of Natural Resources should be orientated in its every day activities at the system of official criteria and indicators. In the course of the present Project implementation we tried to evaluate this process (Table 1.3).

All the evaluations in the Table 1.3 are according to the following scale:

- 5 – excellent
- 4 – good
- 3 – satisfactory
- 2 – unsatisfactory
- 1 – poor
- 0 – non-existent

Three conditions were evaluated:

1. To what extent are criteria and indicators used in actual forest management;
2. To what extent does real actions of the forest service machinery in regulation of forest resources and forestry condition correspond to criteria and indicators,
3. To what extent does the actual condition of forest resources and the forestry practiced correspond to the criteria and indicators.

The Khabarovsk criteria and indicators were used in the evaluation because they are more precise and detailed than those of *Rosleskhoz*.

Interestingly, Galina Fedorava, the State Duma Advisor based in Moscow, stated that new federal laws, while implementable, merely provide a basic framework and need articulation in local laws.

Table 1.3. Evaluation of the application of criteria and indicators of sustainable forest management in Khabarovskiy krai.

Name	Use in real management	Real actions of regulation	Factual state
Criterion 1. Preserving optimum forest coverage and target structure of forest lands			
1.1. Alteration of forest-covered area share compared with <i>leskhoz</i> area during inventory period	2	1	3
1.2 Ratio of actual and critical forest coverage levels	0	1	3
1.3. Alteration of share the area of unique (requiring specific protection) forest species on the area of forest land in use, including primary (virgin) forests	3	3	3
1.4. Alteration of share of the area of forests with forbidden or limited regime of use (allocation of forests on protectiveness categories) on the area of forest land use	3	1	3
1.5. Alteration of forest resources reproduction rates (correspondence to designed indices and programs of forest restoration)	3	3	2
1.6. Alteration of species structure (correspondence to designed indices and programs of forest restoration)	3	3	3
1.7. Ratio of admissible (calculated) and actually removed volumes of forest production	4	4	3
1.8. Share of forest area covered with forest organization and planning (regulation)			
1.8.1. On forest organization classes	4	4	4
1.8.2. On landscape-ecological basis	0	0	0
1.8.3. On GIS basis	0	0	0
1.9. Observance of rules of logging sites allocation at their planning	5	3	2
1.10. Share of forest lands not covered with forests ,vegetation, which didn't restore during the period of natural restoration	4	3	3
<i>Average on criterion</i>	2.2	2.0	2.2
Criterion 2. Preservation and maintenance of forest productivity			
2.1. Completeness of use of logging site, correspondence of annual use volume to AAC and calculated quotas of resources be removed within the boundary of forest resources (leased out) plot	2	0	1
2.2. Observance of types and volumes of non-timber resources use and their correspondence to removal normatives	1	0	1
2.3.Observance of regulations regarding timber harvest, secondary logging, and NTFP harvesting	3	1	0
2.4. Silvicultural validity of main logging type choice. Differentiated application of a logging type with priority given to silviculture-ecological demands	3	2	1
2.4.1. Correspondence of logging types of harvesting and intermediate use to recommended systems of forestry measures as applied to management groups of forest types	0	0	1
2.4.2 Correspondence of share of selective cutting in the total volume of the harvesting to the share of the unevenaged forests in the forest land use	0	0	2
2.5. Correspondence of intermediate cutting to the targets of the forest stand forming and productivity increase on a forest area unit	3	1	2
2.6. Correspondence of logging technologies and machinery systems to the requirements of environment impact minimization	3	2	1
2.6.1 Share of logging machinery, which were certified for their ecological safety	4	2	1
2.6.2. Distribution and configuration of logging sites in consideration of silvicultural and ecological demands on the basis of landscape-ecological planning. Availability of prospective logging plans	3	1	1
2.7. Share of the area which need activities of natural and artificial forests restoration on areas devoid of forests	3	1	1
2.7.1. Share of undergrowth safety on logged sites	4	3	2
2.7.2. Share of assistance with natural subsequent regeneration on logged and burnt sites	4	2	1

2.7.3. Ratio of volumes and quality of forest plantations with silviculturally and ecologically reasonable volumes	3	2	1
2.8. Level of planning and availability of activities on rehabilitation (reclamation) of forest lands and prevention of negative transformation of original forest growing conditions	1	0	0
2.9. Availability of planned measures on prevention and control of forest fires and their correlation with actual activities level of fire prevention infrastructure establishing. Availability of required (normative) minimum of technical means to control fires and train staff	4	2	2
2.9.1. Work with the population to prevent its undisciplined behavior	3	2	2
<i>Average on criterion</i>	2.6	1.2	1.2
Criterion 3. Conservation and maintenance of water-protective and environment-forming functions of forests			
3.1. Evaluation of the environment impact of the extent of ecological risk at allocation of logging sites and plots of raw resources harvesting on watershed structure	0	0	0
3.2. Alteration of average long-term parameters of annual runoff and hydrologic regime of rivers, the watersheds of which are located entirely on the territory of a <i>leskhoz</i>	0	0	3
3.3. Dynamics of forest covered areas in the forests requiring water protection and fish protection	1	0	3
3.4. Alteration of levels of hard runoff relative to the seasonal average rate of runoff in long-term, in watersheds where logging operations are implemented	0	2	1
3.5. The extent of primary anthropogenic disturbance of protective river beds protective and restrictive belts along water flows	3	2	2
3.6. Preservation of beds of small water where timber skidding takes place	3	2	1
3.7. Availability and effectiveness of water drainage and anti-erosion facilities during the construction and exploitation of logging and forest roads	4	2	2
3.8. Observance of normative and regulating documents on allocation of water guarding-protective forests and management in them	4	3	2
<i>Average on criterion</i>	1.9	1.4	1.6
Criterion 4. Conservation of biological diversity			
4.1. Correspondence of the quantity of species or nature objects in the field to the lists of specifically protected objects and floral and fauna, lists of rare species	0	0	2
4.2. Dynamics of share of area of wildlife refuges, genetic reserves, guarding zones and other specifically protected natural territories in the area of the forests	3	3	3
4.3. Dynamics of the structure of forest types of the main forest species	0	0	1
4.4. Share of area of virgin (primary) forests in the area of forest covered land	0	0	2
4.5. Density dynamics of hunting animals per area unit of a management group of forest types or in the boundaries of the leased plot	0	0	2
4.6. Implementation of special organizing and technical measures in fields on biological diversity conservation during logging, according to logging rules and instructional-methodological documents on the regulation of logging activities. Planning and effecting of biotechnical measures	2	1	1
<i>Average on criterion</i>	0.8	0.7	1.8
Criterion 5. Maintenance of acceptable sanitary conditions of the forests			
5.1. Area dynamics of forests drying out or destroyed annually under influence of unfavorable factors, including a) pests and diseases; b) industrial emissions; c) transformation of the hydrological regime by development; d) impact of wind, snow and other climatic factors	0	0	2
5.2. Dynamics of the forests area with significant degradation due to recreation	2	0	1
5.3. Dynamics of forest area with implemented measures of forest protection	0	0	0
5.4. Dynamics of forest area polluted by radiation	0	0	0
5.5. Dynamics of outbreaks area of pest, damaging foliage of trees in forest	2	0	0
5.6. Dynamics of burned areas with destroyed forest stands	3	2	1
5.7. Observation of sanitary rules regarding logging operations during harvesting and intermediate use	3	1	1

5.8. Availability and volume of work to monitor forest pathogens and to prevent and control forest pests and diseases	3	1	1
5.9. Availability of qualified staff for forest protection	3	1	1
<i>Average on criterion</i>	1.8	0.6	0.8
Criterion 6. Maintenance of social-economic functions of forests			
6.1. Dynamics of volumes of harvesting and removal of industrial timber (annually). Correspondence of actual indices to program ones	4	3	3
6.2. Share of forest production processed or delivered for processing to local manufacturers compared to the total volume harvested and removed for forest production (timber, non-timber forest products)	4	3	2
6.3. Change of forest use structure by type (evaluated by examining the forest area coverage). The same on the territory of traditional nature use	3	1	0
6.4. Dynamics of forestry financing	4	4	2
6.4.1. Share of internal funds	5	4	4
6.5. Quantity of enterprises/users and the volumes of their production on the territory of a <i>leskhoz</i> . Ratio between long-term and short-term users	4	3	3
6.6. Harvesting dynamics of non-timber products (by types of NTFP and volumes)	2	2	3
6.7. Share of local residents working in the forest sector, including employment of aboriginal small nations of the North, in area where they live	1	2	4
6.8. Providing for the residents via forest production	2	2	4
6.9. Correspondence of production costs necessary for:			
6.9.1. Forest regeneration and protection from forest fires	4	2	1
6.9.2. Construction of forest roads	3	1	1
6.9.3. Training of forestry experts	2	1	1
6.9.4. Correspondence of the demand and costs in the forest sector for technical upgrading, production development, resource inventory, research and design	3	2	1
6.10. Profitability, correspondence of index of financial and economic to the development to the planning documents	4	3	3
6.11. Availability of debts to all types of budgets, timeliness of tax, forest dues and other mandatory payments	4	3	4
6.12. Level of industrial traumatism *	4	4	3
6.13. Level of public awareness regarding the issues of forest management	3	2	2
<i>Average on criterion</i>	3.3	2.5	2.4
Criterion 7. Elements of forest policy. Social-ecological-economic mechanisms of long-term strategy of the implementation of sustainable forest use			
7.1. Availability of activities programs and plans on management which are in accordance with principles of sustainable development	3	1	1
7.2. Availability of coordinated long-term forest development strategy that considers the interests of other organizations and partners	2	1	1
7.3. Participation in complex joint-projects or individual events in the forest land use	2	1	1
7.4. Activities for professional staff training	3	2	2
7.5. Public relations with residents and collaboration with public organizations regarding the implementation of forest policy and the principles of sustainable development	3	2	1
7.6. Availability and development of credit unions, and other forms of economical mutual assistance	2	1	1
7.7. Availability of the system of economic motivation (responsibility) for implementation of principles of sustainable development of forest use	0	0	0
<i>Average on criterion</i>	2.1	1.1	1.0

Source: Estimates by the authors.

Note: During logging usually there are many injuries and some time even deaths of logging workers. So, in Russia there is official statistical index "industrial traumatism" that show percentage of people who obtained traumas.

Table 1.4. Average evaluation and ranking of criteria of sustainable forest management use in Khabarovskiy krai.

Criterion	Use in actual management	Actual regulatory actions	Actual forest condition	Average on criterion
Criterion 6. Maintenance of social-economic functions of forests	3.3	2.5	2.4	2.73
Criterion 1. Preserving of optimum forest coverage and target structure of the forest lands	2.2	2.0	2.2	2.13
Criterion 2. Preservation and maintenance of forests productivity	2.6	1.2	1.2	1.67
Criterion 3. Conservation and maintenance of water-protective and environment-forming functions of forests	1.9	1.4	1.6	1.63
Criterion 7. Elements of forest policy. Social-ecological-economic mechanisms of long-term strategy of sustainable forest use implementation	2.1	1.1	1.0	1.40
Criterion 4. Conservation of biological diversity	0.8	0.7	1.8	1.10
Criterion 5. Maintenance of acceptable sanitary conditions of the forests	1.8	0.6	0.8	1.07
<i>Average</i>	<i>2.10</i>	<i>1.36</i>	<i>1.57</i>	<i>1.68</i>

Source: Estimates by the authors.

Average evaluations are put in order in Table 1.4.

The evaluation process used to assess the above criteria was informal and based on the personal experience of the authors, and from information gathered from a variety of sources (including conversations and interviews with foresters, and from the examination of statistics on forest resources and harvests). To give the reader some idea of how this evaluation process worked, it is useful to look at some examples:

Indicator 1.1: Alteration of forest-covered area compared with the total *leskhoz* area during inventory period

‘Use in actual management’ is unsatisfactory (evaluation was 2) because this fundamental index had very little impact on the plan design and wasn’t taken into consideration by the Forest Service during operational planning. The evaluation of the ‘Actual regulatory action’ taken was even worse (evaluation of 1) because there were no special measures taken to ensure compliance. About a quarter of the Forest Service’s efforts are directed towards reforestation but these efforts have had little significant impact. The ‘Actual forest condition’ was deemed satisfactory because the forest cover is slowly increasing.

Indicator 2.1: Completeness of use of logging site, specifically the correspondence of annual use volume to the Annual Allowable Cut (AAC) and calculated quotas of resources to be removed within the boundaries of the leased plot

‘Use in actual management’ is unsatisfactory (evaluation was 2) because it is well known that there is a lack of implementation during planning and registration phases of harvesting. The evaluation of the ‘Actual regulatory action’ taken was non-existent (0) because it is obvious from the logging site no action is being taken in this regard. Therefore, we gave this indicator (2.1) an evaluation of 1.

Indicator 3.8: Observance of regulations regarding the allocation of forests that protect water systems and logging that takes place in them

‘Use in actual management’ was satisfactory (evaluation of 3) because the Forest Service does try to follow these regulations during the course of their fieldwork. However, the ‘Actual regulatory action’ was unsatisfactory (evaluation of 2) because there are many violations of these regulations during harvest.

The evaluations above show that criteria and indicators practically do not influence on the forest use management. The forest resources and forestry practices from the point of view of these indices could be characterized as being between unsatisfactory and very bad. It’s possible only to share the Sten Nilson’s (2001) assertion that, “through our sampling we have not been able to detect any reporting on the criteria and indicators to the responsible authority. Therefore, there are high probabilities that the established Russian criteria and indicator system is just a paper product.”

1-5 Procedures from timber sale to timber export

According to established *krai* practice, the initiative on a plot proposition to competition begins with the forest user. The user who works with the *leskhoz*, selects a plot. After that the *leskhoz* compiles primary information on the plot and prepares the joint application of the user and the *leskhoz*. This application, which should be supported by the *raion* administration, is then given to the Government (former administration). The initiative can also proceed also from any one of these three organs as well as from the forest service of the Department of Natural Resources of the Far Eastern region (federal Ministry of Natural Resources).

Primary documents, attached to the application, include a brief description of the plot: its location, area, timber stock, and so on. These materials are then given to the *krai* Commission on Forest Use, which is composed of the following:

Krai government

- Deputy Chairman of the Government (the current commission chairman is Sergey G. Tolkachev);
- Minister of Natural Resources (deputy of the commission chairman, currently Gennadiy E. Pocherevin), and a *representative of the Ministry (the commission secretary, currently Larisa A. Vachaeva)*;
- *Representative of the Forest Industry Ministry*;
- *Representative on krai Committee on the State Property Management.*

Federal departments

- Deputy Chief of the Natural Resources Department of the Far Eastern Region (deputy of the commission chairman, currently Vladimir M. Kolomytsev) and other representatives of this department;
- Representative of the *krai* Directorate of RF Ministry of Taxes and Duties;
- Head of the *krai* Directorate of Protection and Regulation of Hunting Animal Use.

Other organizations

- Representative of the *krai* Legislative Duma;
- *Representative of the Far Eastern Forest Inventory Enterprise (lesoustroistvo)*;
- Representative of the Far Eastern Forestry Research Institute (DalNIILKh);
- *Representative of designing institute, “Dallespromproekt.”*

Heads of administrations of a particular *raion* and the President of the Association of Aboriginal Small Nations of the North are included in the commission, depending on the considered issue.

The functioning group shown in italics above executes functions of the commission secretariat continuously. The group reviews the applications, gets agreement from the Department of Natural Resources of the Far Eastern Region and, if the plots are located on a TTP, agreement from the *krai* aboriginal Association. After that the commission makes a decision whether the forest plot proposed should be open for competitive and compiling of forest resources note. The note includes detailed characteristics of the plot.

The commission makes the conclusive decision on competition carrying out. It also decides the type of the competition – open or closed.

In an open competition, the secretariat publishes notification in the *krai* newspaper. Any enterprises may participate in the competition. In a closed competition, official invitations are sent to specific potential claimants, the commission chooses them. It can simply select the enterprises or introduce limiting conditions. For example, only enterprises of the particular *raion* may compete, or only enterprises with wood processing facilities may do so, and so on. In both cases notifications should become known for the claimants thirty days prior to the competition. The competition is carried out in accordance with requirements of the RF Civil Code, RF Forest Code, and the Regulations on the order on competitions carrying out on transfer of RF forest land plots for lease, approved by *Rosleskhoz* 09.30.1997.

Organization of competition is effected by the Department of Natural Resources of the Far Eastern Region, or by its forest service. All the competitions suppose the following common conditions:

1. To conclude an agreement with *raion* administration on participation in the social-economic development of the *raion*.
2. To provide complete and rational utilization of the whole exploited timber volume including hardwood.
3. To provide development of the forest resource base according to the given volumes and normative terms.
4. To use machinery that was ecologically tested.
5. To provide complete removal of the whole felled timber from upper landing areas.
6. To provide own processing or to direct for processing *the timber volume that is prescribed by krai acts*.
7. To fully pay all forest dues and tax fees during the prescribed terms of the lease and according to relevant legislation.
8. During the first year, after signing the lease agreement, to design a project of harvesting organization and forestry management, to provide its ecological assessment (testing), and to receive its approval according the legal order.
9. To construct forest roads according the approved norms and to participate in development of forest infrastructure.
10. To engage in reforestation, fire prevention, and silvicultural efforts in accordance with prescribed annual norms.
11. To acquire necessary fire control mechanisms and machinery.
12. To work according to official regulations (*Pravila*) for fire control and harvesting.

In addition to the above, additional requirements are put forward for every individual competition plot. In general, these are requirements to deliver fuelwood to residents in nearby settlements, to create jobs for the local population, to support schools by helping with maintenance and purchase of equipment and so on.

Competition participants send their proposals in sealed envelopes to the addresses noted on the notification papers. The Commission on Forest Use receives the envelopes. All the claimants have to provide the following data:

1. Availability of a license to harvest timber;
2. Financial state of the enterprise, availability of credit and level of indebtedness;
3. Timber output of the enterprise;
4. Return of the timber sale;
5. Production costs and timber wholesale prices ;
6. Calculated and paid budget payments at all tax levels and tax liability;
7. Taxes paid per one ruble of profit and per each employee ;
8. Planned and actual volume of burnt sites developed;
9. Volume of timber processing in cubic meters and as percentage of total harvesting volume.

In addition to the above, participants could include any additional data, specific proposals, which could support them to win the competition.

In the course of the competition, proposals of all the claimants are compared.

1. To select a winner, the following criteria (approved by the decision of the commission on forest use) are used. Correspondence of the submitted proposals to the terms of the competition;
2. The most important additional measures to participate in the social and economic development of the *raion* and *krai*;
3. Availability of the enterprise's production, technical and financial resources to completely develop forest resources at the specific plot within the determined time period;
4. Positive results of production and financial activities.
5. The best business proposals for development of the forest plot.
6. The highest claimed amount of advance funds.

Prior right will be given to

- Leasers who have a leased forest plot adjacent to the competition plot;
- Leasers who are completely developing their allocated volume of forest resources;
- Enterprises with facilities to process timber in volumes not lower than that determined by the *krai* legal statutes;
- Core enterprises for the specific settlement.

While evaluating the proposals, the commission could ask the claimants for additional explanations, to inquire of additional information or confirmation. The commission may also ask experts and consultants to evaluate competition proposals. However, competition claimants or their representatives have no right to attend the final evaluation of competition proposals and the voting.

The winner is determined by an open vote of the commission members. The commission Chairman approves the voting results and signs the competition minutes.² The competition organizer and the winner sign the protocol on the competition results on the day of the announcement and the document then becomes an agreement. One copy of the protocol is given to the winner and one is given to the *leskhoz*. On the basis of that protocol the *leskhoz* concludes an agreement on leasing the forest plot.

The agreement is registered with judicial agencies and then becomes an official document for the leaser, including serving as the basis for issuing logging tickets.

During the course of a year, a leaser is obliged to compile and receive official approval, from the Commission on Forest Use, for a logging plan and feasibility study or a business plan. Further legalization is done via the *leskhoz*. Annually, and with urgent necessity, more frequently, the leaser sends an application to the *leskhoz* outlining locations of proposed logging operations. These applications should be based upon the approved logging plan, but may deviate from it somewhat, especially in the first year, when it is not yet approved. Based on the application, *forest ranges* staff allocate logging sites, i.e. mark out specific plots with sight lines and posts, divide them into inventory parcels, and perform an inventory of all the trees on each parcel by species, diameter and quality. On the basis of this data, material-monetary evaluation of each logging site is done, i.e. the timber stock of the logging site, the assortment structure and the stumpage fee are calculated.

Based on this material-monetary evaluation, a logging ticket is issued for the entire logging site. The ticket includes all the data of material-monetary evaluation, the name of the recipient of the ticket, special terms of logging operation (logging method, percentage of preserved undergrowth, species prohibited for felling and so on) and logging time terms. After a leaser makes the first deposition, he gets a ticket and receives the right to log.

For each parcel, a leaser is required to develop a technological map, which marks skidding trails, points out mechanisms and methods of logging operations and transportation, identifies areas where undergrowth should be

² Previously, the *Fond Imushestvo* (Committee of State property management) was responsible to prepare lease arrangements. However, as the powers of the Committee on Forest Use and the department of natural resources of the *krai* have increased, *Fond Imushestvo* has gradually been excluded from the lease process.

preserved, and stipulates how the logged area should be cleared. The chief forester of the leskhoz approves the technological map. Currently this stage is not implemented, specifically in small enterprises.

The logging operation should occasionally be controlled by a *leskhoz*. After the time period of the logging operation ends, as stipulated in the logging ticket, all the parcels are testified by a commission, which includes representatives of the *leskhoz*, leaser, and municipal administration and the logging ticket is voided. In the case of violations (not all the timber pointed out in the ticket is logged, the logging site is not cleared, more undergrowth is damaged than is determined by the logging ticket), a fine is imposed.

It is obvious that paid but unlogged timber is not considered as under the complete ownership of a leaser; otherwise the leaser shouldn't pay penalties for undercuts. Hence, it's important to determine the moment felled timber becomes the complete ownership of the forest user and he may deliver it for sale or to sell it on spot. The RF Forest Code doesn't include such a norm. It was introduced into the Forest Code of Khabarovskiy krai and with its introduction it was emphasized that it helps to intensify over illegal logging control. That norm, included in part 2 of clause 41, is as follows:

“Harvested and/or obtained according to the lease contract forest products (except damaged) and services could be marketed by the leaser:

- *when accounting by quantity – from the moment of forest use operations or their stages are taken over by forestry organs;*
- *when accounting by area – from the moment of their extraction/harvesting or obtaining.*

Perishable products are marketed by a leaser from the moment of their extraction/harvesting, which is stipulated in the lease contract.”

However, due to pressure from the forest industry lobby, this paragraph was excluded by Law on amendments of the Forest Code of Khabarovskiy krai dated 28.02.2001 # 290. Thus, from the moment of logging a leaser has the right to begin delivering timber for sale and this fact impedes control over actually harvested timber.

In previous years, all the timber delivered for marketing had to have a certificate issued by the *leskhoz* and confirming its legitimacy. But currently the certificate is cancelled by the *krai* Procurator as not envisaged by laws.

Timber delivery for marketing could be put into effect by several ways:

1. Sale directly on the logging site, at upper or lower yard, with consequent delivery by the purchaser's own transportation – so called “self-delivery.” Mostly it happens with cash payments, i.e. in that or other extent with illegal turnover.
2. Delivery to a dealer's yard, by own transport means. Usually practiced of small and medium-sized firms.
3. Delivery directly to loading sites onto sea vessels, railway cars, or vehicles crossing the border, by own transport means. This method is characteristic of big firms

At these stages, transportation expenses are paid, and at the moment of sale the seller transfers value added tax (VAT) to the state budget. At this stage, documents confirming logging legitimacy are not officially required. They could be requested with unexpected or inspections by procurator's office, police, or tax police; however, even for them it is extraordinary difficult to trace the actual origin of the timber.

There are often several dealers and after each subsequent sale VAT is required. After each resale, it gets more difficult to trace the timber's origin. All the consequent actions are not specific to forest use, but are carried out according to common norms of civil rights. Timber sale on domestic market could be enacted based on agreements between a seller and a buyer or without them. There are no limitations for private firms to use cash or barter payments. It is only necessary to record all the deals in accounting documents and pays all relevant taxes.

Timber sale to foreign countries formally could be carried out only on agreements and only on clearing transactions; however, barter is permissible. Regardless of whether the exporter is a forest user or a trader, they must sign a contract with the importing firm and add to the contract a payment addendum and price list. After that they must register the transaction in a bank and register the contract at the custom point at the border pass where the exporter located. If they want to use another boarder pass they should receive special document from the customs office where the exporter is based. It is here where the price level, prices conformity with goods quality and also

confirmity of sales volume with the concluded agreement are controlled. Upon delivery abroad, the exporter deposits VAT in a special account, from which he gets it back after return of the currency amount stipulated by the contract to the country. The exporter also pays export taxes (see Table 1.5). The exporter pays other relevant taxes after receiving all payments into its account. The complete chain of custody from timber production to timber export is shown in Figure 1.1.

Table 1.5. Tariffs of custom payments on timber exports.

Product	Percent of custom evaluation	Minimum rate, euro per. cu. m
Softwood logs	6.5	2.5
Hardwood logs	20	24
Softwood sawn timber	6.5	-
Hardwood sawn timber, excluding ash and oak	10.0	10
Ash sawn timber	10.0	12
Oak sawn timber	10.0	6
Plywood	5.0	6
Cellulose	20.0	40*
Furniture	20.0	0.8–1.4**

Notes: *per ton, **per kg

Source: Khabarovskglavles, 2001.

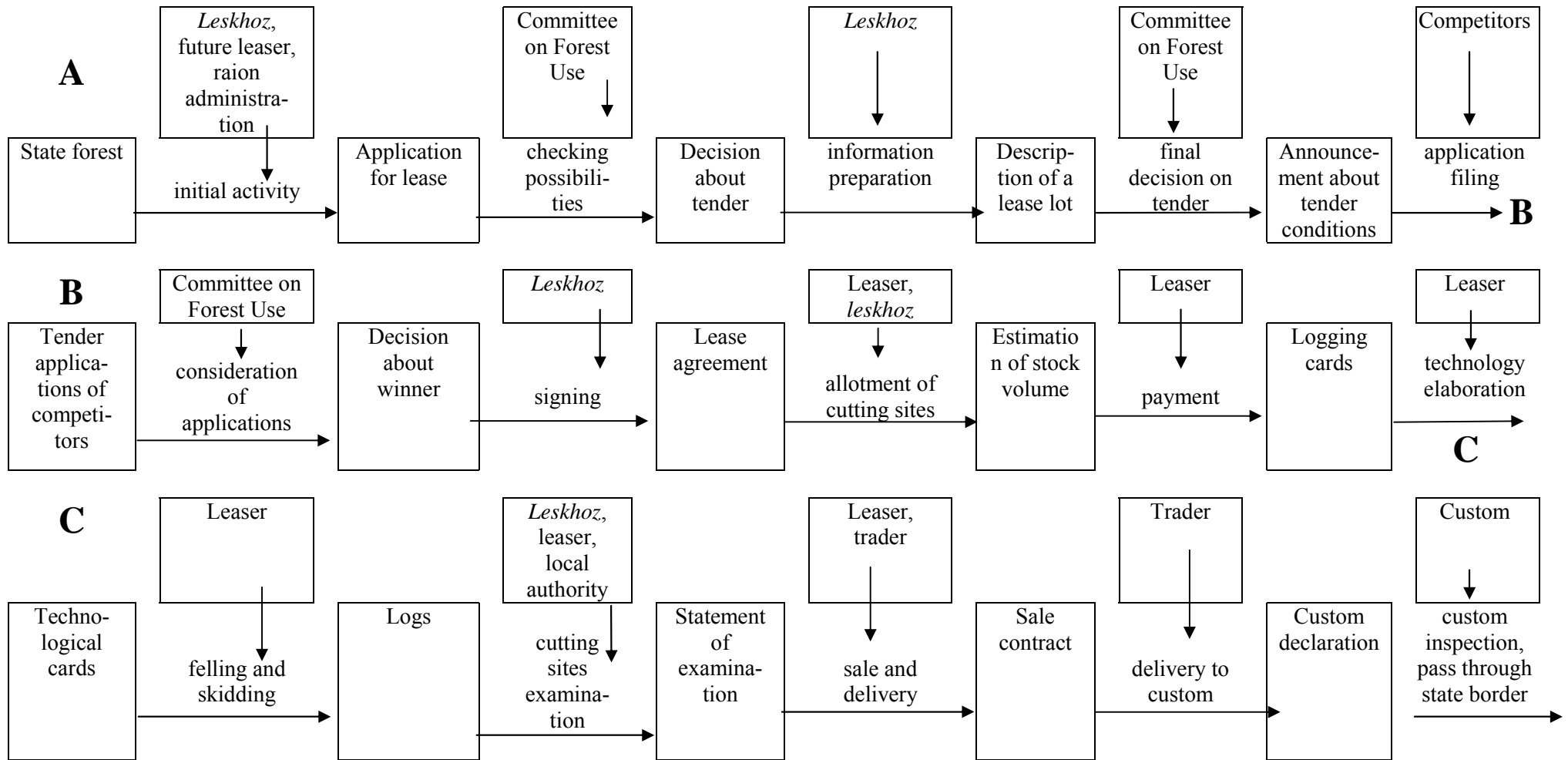


Figure 1.1. Flow chart illustrating timber harvest and export process.

Note: Figure proceeds in order: A, B, and then C.

1-6 Procedure of public participation in forest management

To cover the problem meant by the title of the section, it is necessary to consider its two sides: the legal aspect of public participation and actual public participation. The legal basis is provided first of all by the social-political structure of the country and its fundamental acts, first of all the RF Constitution. In this respect, for the past seventeen years there has been a shift of the society to democratization, openness, *glasnost*, transparency, and a general increase in the socio-political and economic activity of the population.

In terms of forest use, this process is regulated first of all by the RF Forest Code, which details citizen participation in quite a number of its provisions. Clauses 13 and 16 acknowledge citizens and legal persons, which could be public organizations, as participants of forest relations. Clauses 17 and 22 detail their rights to be forest users. According to Clause 20, they can be the owners of tree-shrubby areas (but not forest lands); clauses 21 and 86 secure the public's right for free residence in forest lands and in the forests not included into forest lands, and it registers their obligations for forests preservation.

The most specific clause in terms of public participation in forest preservation is clause 96, which is specially dedicated to participation of public associations in protecting the forest lands and forests not included into the forest lands from fires by establishing volunteer fire prevention teams. Clause 102 calls for citizens and public associations to participate in the rational use, guarding, protection, and reproduction of forests. Clause 96 includes at least an indication that the establishment of volunteer fire teams is determined by RF legislation, and the order of their financing, material and technical supply is determined by state power organs of provinces. Clause 102 doesn't include at all any instructions on mechanisms except stating that citizens and public associations "may participate."

Thus, the RF Forest Code doesn't include anything regarding public participation in forest use management and forest preservation except declarations, even though it was adopted later than other similar laws such as "On Environmental Protection" (1992) and "On Ecological Assessment" (1995), which devoted to much more attention to the issue of public participation.

The effort was made to improve that drawback in the Forest Code of Khabarovskiy krai. Preserving all the provisions of the Federal Code, the *krai* Code specifies them and extend. Clause 13, regarding citizens and legal persons as participants in forest relations, introduces the principal provision. It marks out rights of commercial and noncommercial activity on use, guarding, protection and reproduction of forests.

Clause 32, which describes categories and types of forest use, introduces a new category of social use of forest products and services. In this category, it delineates types of educational-training, recreation (sanitation, tourist, sport, cultural activities, etc.), traditional use by small nations of the North, and also use of all not forbidden types of social services of the forest.

The *krai* Forest Code also introduced chapter 17, which is completely dedicated to the citizens' and public associations' right to participate in forest management. The chapter consists of four clauses (87-90), which stipulate that:

- Citizens and public associations have the right for publicity in the sphere of use, guarding, protection, and reproduction of forests;
- Citizens and public associations have the right to access to information on the use, guarding, protection and reproduction of forests;
- Citizens and public associations have a voice in the sphere of forest conservation.

The clauses are rather extended and include a particular mechanism for citizens and legal associations have access to forest management. However, they do not describe the public management forms themselves.

One more new chapter 18 on the ecological assessment of the use, guarding, protection and reproduction of forests includes clause 93, which is specifically dedicated to public ecological assessment.

Thus, the Forest Code of Khabarovskiy krai includes more elements of public involvement in forest management but because of existing of constitutional requirements of total agreement with Federal laws, the *krai* Code also preserved mainly the "supreme power" spirit.

The next legal step was adoption of the Khabarovskiy krai law #312'(07.06.2001) "On the procedure for public hearings of the project of a forest plot transfer for lease" allowed for the direct and specific involvement of the public in the management of forests. However, until now the only example of such hearings is wide public discussion of the formulation of the *krai* Forest Code in 1999.

Currently public participation in forests management in greatest extent is manifested via activities of public environmental organizations. The most active of these are "Strazh Taigi," "Zeleniy Dom," "Ecodal" and the Wildlife Foundation. The first is located in Komsomolsk-na-Amure, the rest are in the city of Khabarovsk. The most effective is the Wildlife Foundation, which initiated many *krai* deeds in recent years on establishing of specifically protected territories. "Ecodal" participated in a number of court proceedings regarding violations of the rights of aboriginal small nations of the North by logging companies.

The last trend got specifically active in recent years. This has been initiated mainly by the Krai Association of Aboriginal Small Nations of the North. In particular, five court trials were held regarding compensation from logging companies due to impacts of such activities to the local population. Four of these trials were in favor of the Association.

In some extent some form of public participation is mass media activities. Krai newspapers, radio, and television companies regularly address issues of forest use and ecology; they have columns specifically for these issues and journalists specialize on these issues. In the conditions of definite freedom of speech those journalists reflect in some extent the point of view of population. They also serve as channels for distributing information regarding activities of the environmental organizations.

On the whole, in evaluating the general public's participation in forest management, it's possible to say that it is developing mainly in the direction of forests preservation, but it has not yet reached the critical mass necessary. And the main thing is that it has not got the required forms and mechanisms, and more than that, it doesn't use the opportunities, which are given currently by legislation on public organizations.

1-7 Relationship between the *krai* government, Federal Department of Natural Resources, Leskhozoes and Raion Administration concerning forest management and environmental protection

The complex situation originated by the current time in relations between various branches of authorities was already noted above. The RF Forest Code practically completely deprived the rights of *raion* administrations. This is especially true for lower level municipalities. The federal Code also strongly limits the power of provincial administrations, however at that time it could practically do nothing with them and in fact disposal of forest resources has remained in the hands of the latter.

The Khabarovskiy krai Forest Code articulated more clearly the rights and responsibilities of all the three levels of authorities – federal, *krai* and *raion*. It tried to give some rights to *raion* authorities, if not in the form of decision-making power but at least in terms of coordination.

Decisions over actual disposal of forest resources for long-term use is yet remain in hands of the *krai*. Short-term use was previously completely in the hands of the *raions* currently is also in great extent under the jurisdiction of the *krai*. This cannot be regarded as a positive step towards democratization of forest use management and population participation in forest complex management.

However, the most worrisome trend is the system of measures taken by RF Ministry of Nature Resources and its Far Eastern Department with the purpose to deprive the *krai* and more than that raions of all the rights to dispose resources. As a result, relations between federal executive and *krai* organs have deteriorated, even though they still have to collaborate.

Currently the *krai* administration is reorganized into a government. This process is not yet complete and the eventual structure of the government and its subdivisions is not yet approved. Extensive reorganization is also underway in the RF Ministry of Natural Resources. Currently, the Ministry has neither a stable structure not staff. All of these factors negatively affect forest management.

1-8 Budget flow concerning forest management and environmental protection between the federal government, *leskhoz*es, raion administration, and *krai* government

Apart from the goals of functioning and development provision of the forest industry, the financial state of the enterprises affects the state budget. In the latter half of the 1990s, systematic work began in the *krai* to increase control over forest resources use, decrease arrears and execution of current payments and taxes, charges, and payments for the forest use. The forest industry complex was and remains vital to the *krai* and *raion* budgets (see Table 1.6).

The Forest industry is the leader in terms of increase of payments to consolidated *krai* budget for 1997–1999 (see Table 1.7). Revenues from the forest industry for that period increased, in the structure of all the revenues of the consolidated budget by 189.5 percent, leaving behind even machine-building, which is the leader among the *krai* industries in terms of bringing revenues to the budget. Machine-building revenues increased only 153.0 percent. But as a whole, taxes generated from the forest industry to the overall *krai* budget is a relatively small percentage – 3.8 percent in 1997, 6.4 percent in 1999, and 5.7 percent in 2000 (see Table 1.8). However, the rank of the forest industry among the main industries – tax payers to the *krai* budget – has increased. In 1997, the forest industry was fifth. 1998 was a largely unsuccessful year for the industry, which can be attributed largely to the huge forest fire. However, in 1999, the industry transferred 352.6 million rubles to the *krai* budget and moved into second place after machine building. In 2000, tax receipts totaled 393.1 million rubles, which corresponds to the third rank in *krai*.

In 2000, tax payments by the forest industry to the *krai* budget were 67.5 rubles per cu. m. However, by the end of 2000, the industry owed 363.4 million rubles to the *krai* budget. It was due to fines for late payments, penalties for previous years with late payments, and debts of inactive enterprises.

In terms of the structure of forest sector payments to the budget, this has continually increased the share of the *krai* budget. In 1997, it made up 38.9 percent, and by 2000 it has increased to 47.4 percent. At the same time, the share from municipal organizations has decreased.

Payments for forest resource use have steadily increased in recent years. However, the growth has been uneven: it decreased in 1998 (the year of catastrophic fires and financial crisis) and gave difficult for explanation maximum in 1999 (Table 1.9).

Table 1.6. Payments to the budget.

Index	1998	1999	2000
Tax payments			
Total, million rubles	113.7	372.3	329.1
including to the <i>krai</i> budget	105.6	322.6	393.1
rubles per cu. m	33.6	64.3	67.5
Arrears			
million rubles	272.8	261.7	169.0
including to the <i>krai</i> budget	145.8	139.6	102.2
Decrease of arrears			
million rubles	...	6.2	37.4
Percentage	...	4.2	26.8
Payment to the <i>krai</i> budget without accounting for arrears			
million rubles	...	316.5	355.6
rubles per cu. m	...	63.1	61.1

Source: Forest Complex, 2001.

Table 1.7 Share of budget receipts from industries in all the receipts from industry to the Khabarovskiy krai budget.

Industry	1997		1998		1999	
	mln. rbls.	share %	mln. rbls.	share %	mln. rbls.	share %
All industries	1314.3	100	1755	100	2600.7	100
Electric power engineering	289.5	22.0	372.5	21.2	333.2	12.8
Fuel industry	137.2	10.4	118.1	6.7	200.6	7.7
Ferrous and non-ferrous metals	85.1	6.5	332.8	19.0	331.4	12.7
Chemical and petrochemical	27.6	2.1	7.0	0.4	15.3	0.6
Machine-building and metal working	273.2	20.8	425.7	24.3	691.5	26.6
Timber, wood-working, pulp and paper	121.8	9.3	105.6	6.0	352.6	13.6
Construction materials	38	2.9	33.1	1.9	36.8	1.4
Light industry	9.1	0.7	14.3	0.8	20.8	0.8
Food industry	263.1	20.0	283.8	16.2	336.6	12.9
Other industries	69.7	5.3	62.1	3.5	281.9	10.8
Total budget revenues	3222.9	-	3793.5	-	5486.4	-

Source: Financial Department of the Khabarovskiy Krai Administration, 2000.

Table 1.8. Percent Share of budget receipts from main industries in total Khabarovskiy krai revenue.

Industry	1997	1998	1999	2000
Electric power	898	9.82	6.07	4.25
Fuel industry	4.26	3.11	3.66	5.36
Ferrous and non-ferrous metals	2.64	8.51	6.04	6.00
Machine building and metal working	8.48	11.22	12.6	8.39
Timber, wood-working and pulp and paper	3.78	2.78	6.43	5.70
Food industry	8.16	7.48	5.14	7.40
Total <i>krai</i> budget	100	100	100	100

Source: Financial Department of the Khabarovskiy Krai Administration, 2000.

Table 1.9. Receipts of payments for forest resource use to budget.

Year	Receipts, thousand rubles	Index, 1995 = 100%
1995	12342	100.0
1996	31873	258.2
1997	52512	425.5
1998	51664	418.6
1999	95457	773.4
2000	60507	490.3
2001	73294	593.9

Source: Ministry of Natural Resources of Khabarovskiy krai, 2002.

In addition to direct payments to the budget for forest resource use, until 1999, there were payments to the *krai* 'off-budget' fund for protection and regeneration of forest resources. In 1998, revenues from that fund made up 14,834,600 rubles and in 1999, 19,042,000 rubles. Relative to direct payments to the budget it made up 28.7 and 19.9 percent respectively. Payments to off-budget fund consisted of:

- 25 percent of the leasing charge and forest dues;
- 25 percent of penalties for violation of rules regarding timber sale, penalties for violation of forestry norms and rules of fire safety, payments for the damaged caused (harm);
- 50 percent of the arrears from previous years on forest dues and leasing fees;
- 50 percent of the arrears of the past years on penalties for violation of rules of timber sales.

In 2000, the off-budget fund was cancelled and in the *krai* budget a special account for forest resource protection and regeneration was established. In 2000, 8,454,000 rubles were transferred to this account, which was equal to 13.9 percent of direct payments received for forest resource use. It consisted of:

- 100 percent of penalties for violation of rules regarding timber sale;
- 100 percent of payments for damage caused damage;
- 100 percent of the arrears from previous years on forest dues and leasing fees;
- 100 percent of the arrears of the past years on penalties for violation of rules of timber sales.

By 2000, this special account was cancelled. All the payments were incorporated into the budget and a different system of payments was instituted. After adoption of the Khabarovskiy *krai* Forest Code and until the end of 2001, forest payments in the *krai* were distributed in the following way (Clause 112):

- 40 percent of charges at minimum rates, to the federal budget;
- 40 percent of charges at minimum rates, to the *krai* budget;
- 20 percent of charges at minimum rates, to local budgets.
- Charges above the minimum rates, to the *leskhoz*s

According to the law on the Russian Federation Budget for 2002, charges at the minimum rates will remain in the *krai*, and those above the minimum rates will be transferred to the federal budget. Forthcoming payments distribution for 2002 accepted in accordance with federal deeds and deeds of the Khabarovskiy *krai* are shown on Figures 1.2, 1.3 and 1.4.

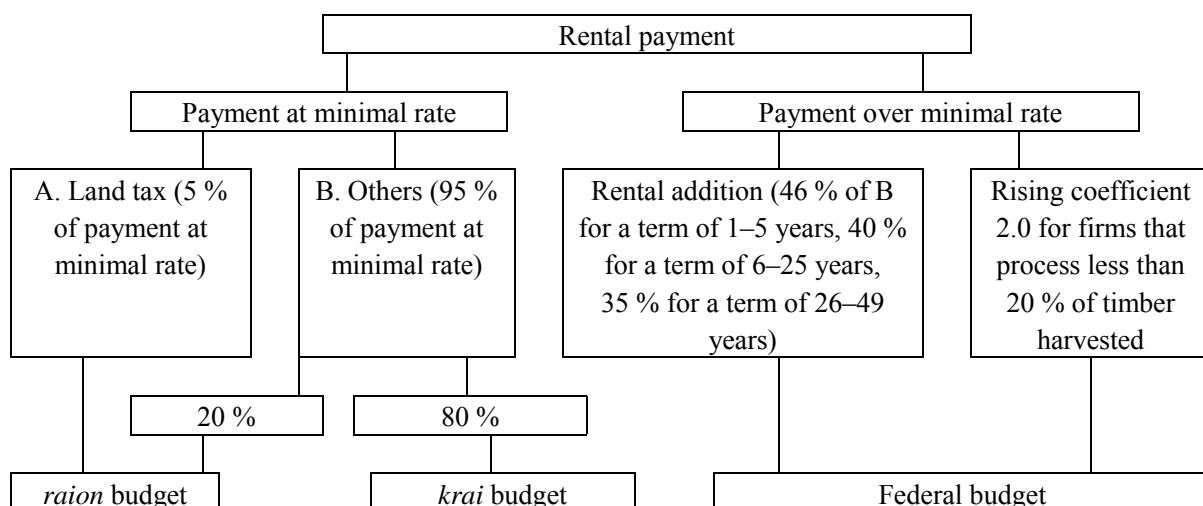


Figure 1.2. Structure of payment for long-term forest resource use in Khabarovskiy krai in 2002.

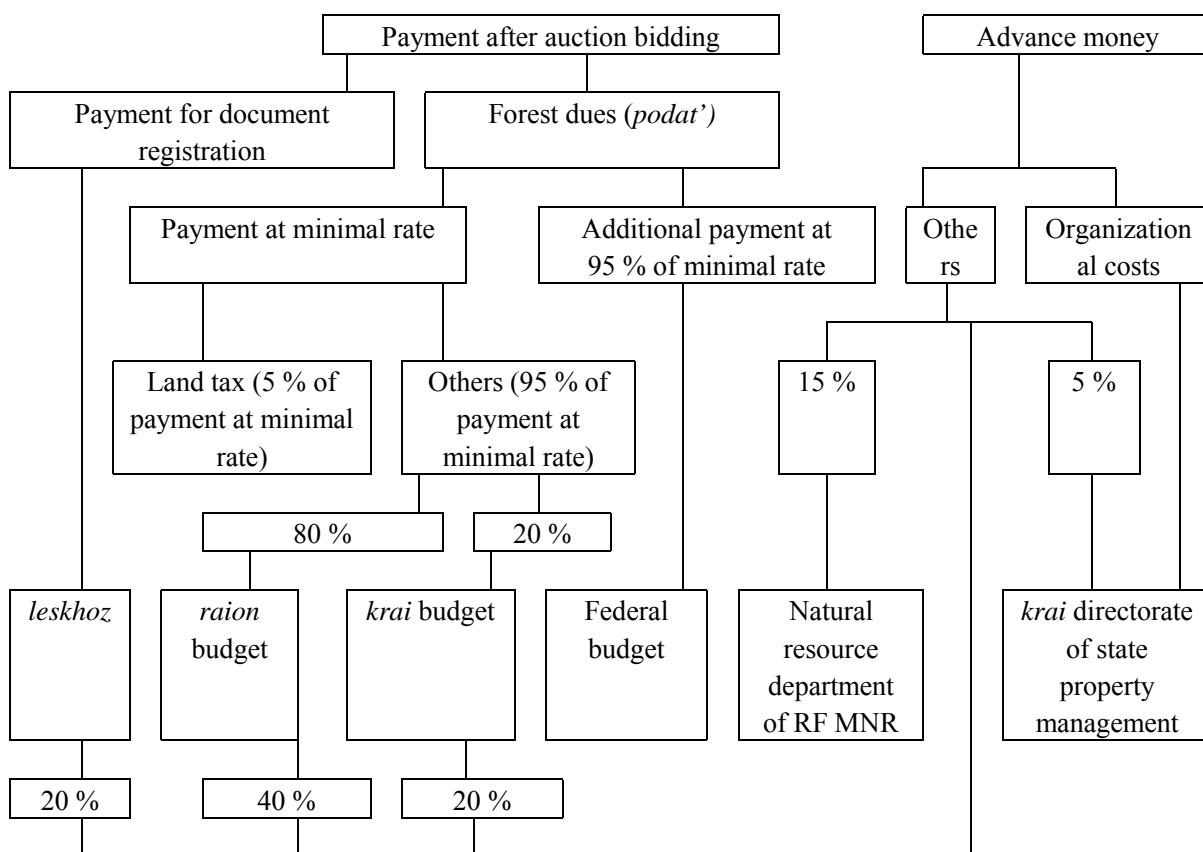


Figure 1.3. Structure of payment for short-term forest resource use in Khabarovskiy krai in 2002.

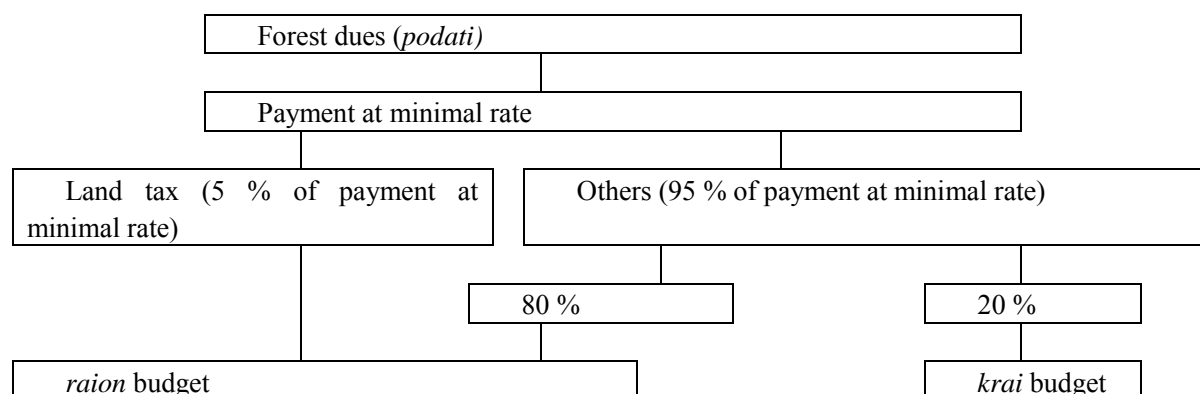


Figure 1.4. Structure of payment for forest resource use by social forest users (schools, hospitals, etc.) in Khabarovskiy krai in 2002.

In addition to normative shown on these three figures with all types of use, the rental charges and forest dues in forest stands, impacted by pests and forest diseases, wind, fires and other natural disasters are calculated using 50 percent of the minimum rates. Dead, low-grade, wind-thrown, wind-broken, damaged by fires of past years and having no commercial value timber is not charged

All payments for forest resource use are transferred to the Directorate of the Federal Treasury for Khabarovskiy krai. From there they are distributed to corresponding budgets: to the RF Ministry of Finances for the federal budget, to Khabarovskiy krai Ministry of Finances for the *krai* budget and to financial departments of raion Administrations for raion budgets. The rest of the means are directed by the Treasury to bank accounts of corresponding organizations. In all these cases these means could be used only according the rules intended for budget but not commercial means, in particular under the strict control of the Treasury.

The average actual rate of payments for forest use permanently increases in ruble terms, but when calculate dollar terms, increases only occurred prior to the financial crisis of 1998 (see Table 1.10). In comparison with total production costs of logging operations these payments make insignificant share, which for individual firms fluctuates from 1.2 to 11.5 percent, and the average is equal to 3.5 percent.

However, the data in Table 1.10 do not reflect all the payments made for use of forest resources. Analysis of the conditions of open competitions for fifty-one lease plots for 2000 has shown that, in addition to lease charges, the leasers have to pay on the basis of additional conditions from 6 to 52 rubles per cu. m (U.S. \$0.2 to \$1.8 per cu. m) flat at agreements conclusion, and to carry annual burden in the type of social infrastructure support, providing local residents with fuelwood and so on, approximately from 9 to 180 rubles per cu. m (U.S. \$.3 to \$6.2 per cu. m). Thus, actual payment for standing forest resources in some instances exceeds 200 rubles per cu. m or \$6 per cu. m.

Sources of Khabarovskiy Krai forestry financing are:

- Federal budgets;
- Territorial budgets assigned based on the decision of local government officials;
- Penalties and fines for violation of forest use rules and legislation;
- Receipts from sale of seeds and seedlings;
- Payment for services provided to indirect organizations and residents;
- Other receipts.

Among other territories rich in forest resources, Khabarovskiy krai is distinguished by high share of payment for forest resource use . and of internal funds with almost complete absence of financing from the local budgets, which prefer increase of the share of means assigned for use to direct financing (Table 1.11). In principle such distribution could be regarded as more stimulating

Table 1.10. Actual rates of forest payments.

Year	Average rate	
	ruble/cu. m	\$/ cu. m
1995	2.70	0.61
1996	7.34	1.43
1997	11.78	2.03
1998	15.54	2.50
1999	19.03	0.78
2000	20.70	0.74

Source: Ministry of Natural Resources of Khabarovskiy Krai, 2002.

Table 1.11. Sources of Khabarovskiy krai forestry financing, percent.

Source	1999	2000
Federal budget	47.8	28.6
Local budget	-	0.5
Payments for resource use	25.9	19.3
Internal funds	26.3	51.6
Total	100	100

Source: Federal Forest Service, 1999; V.A. Chyolyshev, 2001.

Notice the clear trend of increased use of internal funds as a source of financing by earning money on the basis of services and so on. Nationwide, internal financing represented about 20 percent in the total, while in Khabarovskiy krai it was 26 percent in 1999 and 52 percent (doubled increase) in 2000, and in individual *leskhoz*es of the *krai* – from 20 to 60 percent. Extremely unfavorable from the point of view of sustainable forest use is the high share of revenues from tending felling operations in the structure of internal budgets: average over the Russian Federation – 52.6 percent, but in individual *leskhoz*es in Khabarovskiy krai the figure was over 60 percent.

Of capital investments financed in 2000, 6.9 percent came from the federal budget, and the remaining 93.1 percent were covered at the expense of internal budgets of the *leskhoz*es. As a whole forestry financing on the territory of Khabarovskiy krai increased in the second half of the 1990s at a rate of 2.7 percent per year.

1-9 Timber flow in Khabarovskiy krai

To evaluate timber production and the structure of its flows in Khabarovskiy krai it is necessary to use information, which doesn't seem sufficiently authentic. It can be demonstrated on the main reporting index for 2000 – timber production. The *state krai* statistic committee pointed out in its report in February 2001 the amount 6,687,000 cu m, from the middle of 2001 in a number of documents of internal use it started to show the amount 5,825 thousand cu m, i.e. 962,000 cu. m or 16.5 percent less, and *Khabarovskglavles* used at the same time the amount 6,393,000 cu. m. Data approved by the Federal Statistical Committee, usually regarded as the standard, is still not available. We base our analysis on the *Khabarovskglavles* figure, because it is in the middle of the assessments and there is detailed information available, as shown in Table 1.12.

Table 1.12. Balance of timber production and supply in Khabarovskiy krai.

Index	1999		2000	
	Total	Round log equivalent	Total	Round log equivalent
<i>Production</i>				
Timber removal, thousand cu. m	5,016	5,016	6,393	6,393
logs, thousand cu. m	4,150	4,150	4,930	4,930
including:				
saw timber	3,400	3,400	3,970	3,970
- of coniferous species	3,320	3,320	3,800	3,800
- of hardwood species	80	80	170	170
pulpwood	430	430	720	720
- of coniferous species	380	380	660	660
- of hardwood species	50	50	60	60
piles	10	10	15	15
other short logs	310	310	225	225
Fuelwood, thousand cu. m	866	866	1,463	1,463
Sawntimber, thousand cu. m	190	360	251	475
Pulpchips, thousand cu. m	68	85	57	71
Chipboard, thousand cu. m	5	8	2,3	4
Fiberboard, thousand cu. m	2782	21	1648	12
<i>Total processed: thousand cu. m</i>		474		562
<i>percent of logs</i>		9.3*		9.6*
<i>Export</i>				
Round logs, thousand cu. m	4,028	4,028	4,412	4,412
including:				
saw timber	3,563	3,563	3,904	3,904
- of coniferous species	3,518	3,518	3,724	3,724
- of hardwood species	45	45	180	180
pulpwood	380	380	495	495
- of coniferous species	350	350	447	447
- of hardwood species	30	30	48	48
piles	10	10	13	13
Sawntimber, thousand cu. m	57	108	90	170
Pulpchips, thousand cu. m	18	22	10	12
<i>Total</i>		4158		4594
<i>Domestic market</i>				
Round logs, thousand cu. m	-	-	46	46
Sawntimber, thousand cu. m	133	251	164	310
Pulpchips, thousand cu. m	50	62	47	59
Chipboard, thousand cu. m	5	8	2,3	4
Fiberboard, thousand cu. m	2782	21	1648	13
Fuelwood, thousand cu. m	866	866	1463	1463
<i>Total</i>		1208		1849

* The processing share is calculated excluding about 89,000 cu. m per year, which are harvested in Siberia but are processed for export at the joint-venture "Vanino-Tairiku" (83,000 cu. m) and at Bikinskiy sawmill (6,000 cu. m).

Table 1.12 demonstrates that (1) about three quarters of all timber production in the *krai* is exported; (2) export volumes increased by 10.5 percent from 1999 to 2000; (3) domestic consumption volumes increased by 53.1 percent; and (4) as a result, the domestic market share increased from 22.5 percent in 1999 to 28.7 percent in 2000. In 2001, this trend continued. But the elements within the table (domestic use, export, etc) cannot be compared with each other because the domestic market data cannot be regarded as authentic due to lack of information on actual volumes of harvesting and delivery by small and medium-sized logging companies and export deliveries which are not included in custom statistics.

A truer evaluation of the domestic market in 2000 reveals the following:

- 310,000 cu. m of sawntimber was used to produce 164,000 cu. m of sawntimber (see Table 1.12);
- 45,000 cu. m of pulpwood was used at the Khorskiy plant and 125,000 cu. m of pulpwood was delivered to the Baikalskiy cellulose-paper combine;
- 85,000 cu. m was used to produce chipboard and fiberboard, sleepers, and pulpchips;
- 335–350,000 cu m are not included into various calculations, but they were used by small enterprises to produce sawntimber, primary furniture blanks and other half-finished products.

Thus, the domestic market consumes about 900,000 cu. m.. Considering a portion of timber of illegally logged is also consumed on the domestic market, it is possible to assert that the actual volume is about 1 million cu. m. This significantly changes most evaluations, which often conclude that the *krai* forest sector is targeted for the export market.

Fig. 1.5 shows timber flows. In numerical terms it correlates with Table 1.12. The largest flow in terms of round logs (50 percent of the total export) goes by way of the Baikal-Amur railroad via the Vanino and Sovetskaya Gavan ports. The second largest flow (29.8 percent of total export) is along the Trans-Siberian railway, or by vehicles, via the Russian town of Gorodekovo, to China. Three more flows are of approximately the same magnitude (6.5–7.4 percent of total export each) and go via: (1) ports along the Amur River; (2) ports on Tatar Strait; (3) along the Trans-Siberian railway and further via ports in southern Primorskiy *krai*. Detailed information on the border points is given in Table 1.13. The highest flows go via Vanino port, Gorodekovo railway station and Sovetskaya Gavan port.

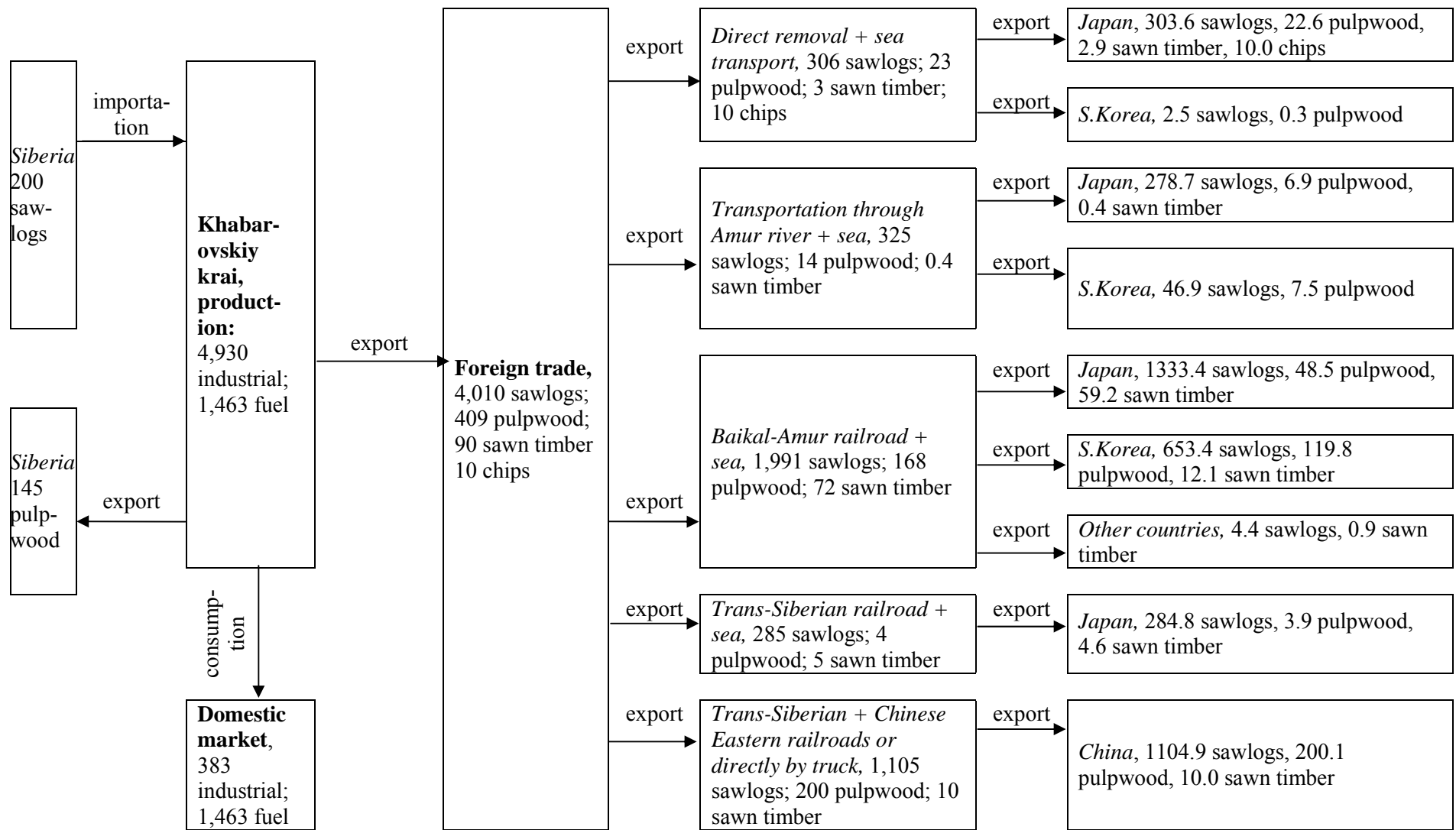


Figure 1.5. Timber flow of Khabarovskiy krai, thousand cubic meters.

Table 1.13. Distribution of timber export from Khabarovskiy krai via shipping points, 2000.

Shipping points	Round logs			Sawn timber	Total	
	saw timber		pulpwood			
	softwood	hardwood				
<i>Export to Japan</i>						
Vanino	1,039,897	31,879	42,720	1,114,496	51,005	1,165,501
Sovetskaya Gavan	235,697	595	5,750	242,042	8,167	250,209
Siziman	131,418	0	3,292	134,710	0	134,710
De-Kastri	102,758	0	5,038	107,796	2,939	110,735
Yagodnoe	95,825	0	80	95,905	141	96,046
Lazarev	41,546	0	12,249	53,795	0	53,795
Nikolaevsk	47,310	0	257	47,567	0	47,567
Podgornoe	37,347	0	3,608	40,955	0	40,955
Nelma	27,900	0	1,980	29,880	0	29,880
Kiselevka	23,187	0	2,932	26,119	0	26,119
Sovetskaya	21,935	0	0	21,935	0	21,935
Novaya Ferma	21,415	0	0	21,415	0	21,415
Tsimmermanovka	17,716	0	0	17,716	0	17,716
Nizhnyaya Gavan	7,059	0	0	7,059	0	7,059
Troitskoe	6,340	0	38	6,378	244	6,622
Bulava	3,895	0	0	3,895	0	3,895
Khabarovsk	3,712	0	0	3,712	0	3,712
Kuklya	3,513	0	0	3,513	0	3,513
Sovgavan	3,409	0	0	3,409	0	3,409
Savinskiy	3,310	0	0	3,310	0	3,310
Mariinskoe	3,274	0	0	3,274	0	3,274
Sofiysk	2,763	0	3	2,766	0	2,766
Konstantinovka	2,151	0	0	2,151	0	2,151
<i>Subtotal via ports of Khabarovskiy krai</i>	<i>1,883,377</i>	<i>32,474</i>	<i>77,947</i>	<i>1,993,798</i>	<i>62,496</i>	<i>2,056,294</i>
Nakhodka	220,953	56,453	1,395	278,801	1,500	280,301
Vostochny	3,400	1,042	2,410	6,852	0	6,852
Vladivostok	969	2,003	110	3,082	1,000	4,082
Slavyanka	0	0	0	0	2,000	2,000
Bolshoi Kamen	0	0	0	0	120	120
<i>Subtotal via ports of Primorskiy krai</i>	<i>225,322</i>	<i>59,498</i>	<i>3,915</i>	<i>288,735</i>	<i>4,620</i>	<i>293,355</i>
<i>Total to Japan</i>	<i>2,108,699</i>	<i>91,972</i>	<i>81,862</i>	<i>2,282,533</i>	<i>67,116</i>	<i>2,349,649</i>
<i>Export to China</i>						
Grodekovo	982,807	122,090	200,135	1,305,032	10,000	1,315,032
<i>Total to China</i>	<i>982,807</i>	<i>122,090</i>	<i>200,135</i>	<i>1,305,032</i>	<i>10,000</i>	<i>1,315,032</i>
<i>Export to Republic of Korea</i>						
Vanino	448,490	3,100	89,550	541,140	11,050	641,740
Sovetskaya Gavan	201,300	500	30,200	232,000	1,040	233,040
Nikolaevsk	46,900	0	7,500	54,400	0	54,400
De-Kastri	2,500	0	250	2,750	0	2,750
<i>Total to Republic of Korea</i>	<i>699,190</i>	<i>3,600</i>	<i>127,500</i>	<i>830,290</i>	<i>12,090</i>	<i>842,380</i>
<i>Export to other countries</i>						
Vanino	4,347	0	0	4,347	895	5,242
<i>Total to other countries*</i>	<i>4,347</i>	<i>0</i>	<i>0</i>	<i>4,347</i>	<i>895</i>	<i>5,242</i>
Total export	3,795,043	217,662	409,497	4,422,202	90,101	4,512,303

* Small shipments to Singapore, Taiwan, etc.

Source: Khabarovskglavles , 2002.