

## 2 Socio-economic situation in Lazo raion

### 2-1 Geographical characteristics of the raion

Lazo Raion is located in the zone of direct influence of Khabarovsk city, and the distance from Khabarovsk city to the raion center, Pereyaslavka village, is 68 km. The most remote settlement of the raion – Solontsovy settlement is 287 km away from Khabarovsk city.

The total area of the raion is 31,800 sq. km. The raion extends from west to east for 270 km and from north to south for 240 km. The raion borders three raions of Khabarovskiy krai: to the north – Khabarovskiy (the length of the common border is 150 km) and Nanaiskiy (350 km border) and to the south – Vyazemskiy (120 km border). To the east, it borders two raions of Primorskiy krai: Terneyskiy (190 km border) and Pozharskiy (235 km border). To the west, for a stretch of 45 km, the raion border forms the Russian border with China, following the Ussuri river.

The raion is composed of mountainous (70 percent) and flat (30 percent) areas. The mountainous portion includes spurs of the Sikhote-Alin mountain range, which reaches heights ranging from 650 to 1500 m. These mountains separate the watershed of the Khor river – the primary river of the raion – from other water systems of Primorskiy (Bikin, Samarga, and Yedinka rivers) and the Anyuy river, located in Khabarovskiy krai. The flat portion is composed of meadows and wetlands in the lower parts of rivers flowing into Ussuri and Amur rivers and also by gentle slopes and hills of mountain range foothills. Dense forests cover 2,700,500 ha or 84.9 percent of the raion territory.

### 2-2 Brief history of the raion

Before becoming part of Russia in 1854, the territory (present-day Lazo raion) was inhabited by Udege, Nanai and Orochi tribes. For many centuries they resided in the watersheds of the Ussuri, Khor, Kiya, Sukpai rivers; they migrated, went in hunting, fishing, picking wild growing plants.

The first Russian settlements were established in 1858 on Ussuri river in the form of Cossack villages Argunskaya and Nevelskaya. More intensive development of the raion began after 1880, when regular shipping routes were opened between Odessa and Vladivostok. The new push was given by completion, in 1887, of the Ussuriyskaya railway construction from Vladivostok to Khabarovsk. It attracted new groups of settlers from central Russia, Ukraine, and Belorussia. During five years from 1897 up to 1900, 2,929 people arrived to raion. Six new villages were established and from 1905 to 1910, eighteen more were formed. During the same period, settlers from Korea established two villages on the Khor river.

By 1917, the territory of the Polyotnenskaya and Kiinskaya volosts area (territory of present-day Lazo raion) totaled 9,383 sq. km and 12,400 people lived there.

From 1928, timber industry commenced to develop intensively: they established Oborskiy lespromkhoz and constructed Oborskiy sawmill. In 1930, Oborskiy railway, 49 km long, was put into service and Khorskiy sawmill #6 was built (now the Khorskiy woodworking complex). In 1940, the Khorskiy hydrolysis plant began producing products.

In 1935, the raion was assigned as a separate administrative unit and was named after the hero of the Civil War in the Russian Far East – Sergei Lazo. Pereyaslavka village became the raion center. During the next 50 years, the raion became an agrarian-industrial unit of Khabarovskiy krai. The area sown increased by 25 times totaling an area of 25,000 ha. The number of cattle increased to 10,000, pigs to 14,000. The gross grain harvest increased by five-fold, potatoes by thirty-fold, and milk production increased ten-fold. In 1956, the Khorskiy brickwork was constructed, and in 1958 the Khorskiy bread-baking plant was built. Infrastructure developed as well. In 1985, telephone service throughout all raion settled points was effected, the extent of local roads made up 248 km. Construction of the Oborskiy Railway continued apace, reaching 180 km by 1980. By 1985, the raion's population had increased 61,500.

At that period the timber industry attained its highest rates of development. In 1964, the Mukhenskiy woodworking complex began operating and, in 1982, the Sukpaiskiy forest complex and Khorskiy biochemical plant. By 1985, timber harvest reached 1.4 million cu. m, lumber production totaled 643,000 cu. m. and forage yeast – 25,000 tons.

High rates of logging operations often effected by destructive methods have brought to exhaustion of cedar-broadleaved tracts, which were the resource base of the local logging companies. Official prohibition of logging of Korean pine in 1983 led to decreased timber production rates as companies began logging smaller diameter trees. Another obstacle to increased production was outdated machinery at the most of the timber enterprises, many of which were established in the thirties. Woodworking enterprises, which machinery was targeted at cedar timber processing, also decreased production rates.

The onset of perestroika and collapse of Soviet Union in the early 1990s led to significant structural changes in the economic patterns in the *raion*. Established production patterns collapsed. In particular, timber enterprises had no markets to sell their products and lack suppliers of spare parts, machinery, and chemical products. The decrease in construction volumes led to a decline in domestic timber production, which in turn, led to a decrease of production volumes at enterprises.

### **2-3 Structure of administrative organs of Lazo raion**

Lazo raion has fifty-one settlements, which formed 20 municipal formations. In accordance with the Russian Federation Constitution and the Municipal Formation Charter, which was approved by the Legislative Duma of Khabarovskiy krai, there are two main branches of authority in the *raion* - representative (*raion* Assembly of Deputies) and executive (*raion* administration). The *Raion* Assembly of Deputies is represented by thirteen deputies elected for four-year terms. The main normative legal action of the Raion Assembly of Deputies is a decision. These decisions are then implemented by the Raion Administration, headed by the Raion Head, who is elected by the population every four years.

The management activities of the Raion Administration are manifested via publishing of decrees and decisions of the *Administration Raion* Head. They are applicable for the territory of the *raion* and must be heeded by all the enterprises, organizations, institutions and officials, regardless of type of ownership, departmental affiliation, or citizenship. Decisions decrees and commands are brought to the executors and residents via mass media.

Directly subordinate to the *raion* Head are the following (also see Figure 2.1):

- Two first deputies and two deputies;
- Office manager;
- Financial board;
- Two departments;
- Two chief experts;
- Rural village municipal formations.

Subordinate to the First Deputy of the *raion* Head on economics and finances are:

- Six departments;
- One leading expert on labor safety.

In addition, the First Deputy of the *raion* Head coordinates activities of federal government structures, which are located on the *raion*. These include the department of resident's employment, tax inspection, federal treasury, pension fund, and fund of medical insurance.

The First Deputy of Raion Head, Chairman of the committee on construction, housing and communal services, transport and communication coordinates activities of housing-communal enterprises in the structure of municipal formations, as well as of transport and communication enterprises. He has under his subordination

- Construction orders department
- Technical department
- Sector of architecture and town planning

The Deputy of Raion Head, Chairman of the agrarian-industrial committee organizes activities of the *raion* agricultural units of all ownership forms. Under this deputy's administration are the:

- Agrarian-industrial committee
- Two inspections
- Two departments

In addition, he watches over the activities of the Committee on Land Resources and Land Organization, the state inspector on hunting animals protection, and the state inspector on fish protection.

The department of environment and natural resources protection is established in the structure of the *raion* administration in 2000, after the system of the State Committee on Environment Protection (*Goskomekologiya*) was cancelled by RF President decree in May 2000. *Comparative with the organs of Goskomekologiya*, rights of the *raion* department on environment and natural resources protection are significantly reduced. The department staff has no right to limit or to suspend activities of an entity which damaging environment, and to determine magnitude of damage caused to nature. They only have the right to compile protocol on results of examination and to direct it to administrative commission of the *raion* for measures to be taken.

The Deputy of the *raion* Head for social-cultural services administers

- Committee on resident social protection
- Three departments.

Activities of the sanitation-epidemiological service, the mass media, political parties, and public and religious organizations are also under his control.

The office manager is in charge of organizational activities and business correspondence in the *raion* administration. Under his subordination are:

- Three departments
- Assistant manager

The chief specialist of control monitors decrees issues by Khabarovskiy krai and Lazo raion administrations Heads.

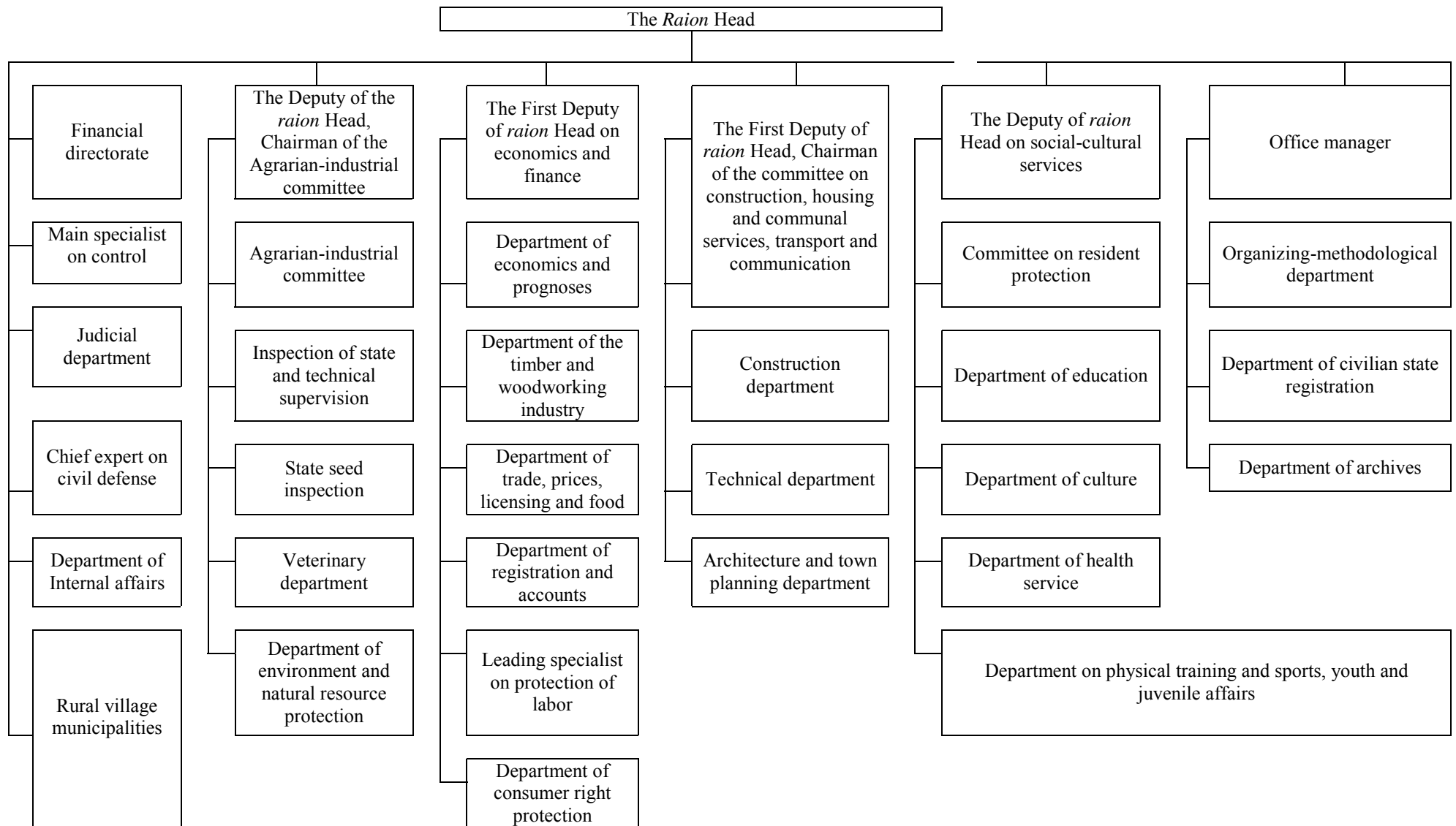
Connected to the administration Head is a board for joint solving of the most urgent issues of the *raion* vital activity established. The board includes the chairman of the *raion* Assembly of Deputies, deputies of the *raion* Head, a chief of financial management, a chief of one of large municipal formations, a chief of one of the large industrial enterprises. Heads of municipal formations and managers of relevant enterprises are invited to the sessions.

Departments and committees of *raion* administration, via budget measures, help shape the management of socio-economic infrastructure of villages and settlements.

None of the subdivisions of the *raion* administration may directly manage nature use because the *raion* hasn't got natural resources in its ownership and under its authority except deposits of construction materials of local significance. The *raion* agrarian-industrial committee, department of forest and woodworking industry, the department of environmental protection and natural resources can influence nature use indirectly via production activities of nature users in that extent, in which it is managed by official and indirect methods.

Direct management over natural resource use is done by representatives of federal vertical of power in *raion*: *leskhozes*, the committee on land resources and land organization, and state inspectors on hunting animals and fish protection. However, they manage natural resources after direction or authorization from *krai*-level authorities.

Therefore, authorities from both municipal and federal systems at the level of *raion* are given only rights and responsibilities of co-ordination, execution and rising of an initiative in nature use. In individual cases regarding forest resources, they could be given a mission to carry out auctions, under permission of *krai* authorities



2.1. Chart of the administration of Lazo raion.

Table 2.1 Structure of the Lazo raion budget for 2000.

Budget item	Projected, million rubles	Actual million rubles	%
<i>Revenues</i>			
Tax receipts	52.9	64.1	123.5
including:			
- profit tax	21.0	25.7	122.5
- tax for goods, services, and licensing and registration fees	2.5	2.8	112.2
- aggregate income tax	4.2	7.6	179.0
- tax on assets	4.9	5.6	114.9
- payments for natural resource use	9.2	5.3	57.7
including forest return	4.2	-	-
- other taxes, dues and charges	10.1	17.1	168.9
Non-tax revenue	1.0	2.6	254.9
<i>Subtotal own revenues</i>	<i>52.9</i>	<i>66.7</i>	<i>126.1</i>
Transfers	108.6	103.5	95.3
Budget loans	0	62.8	-
Total revenues	<b>161.5</b>	<b>233.0</b>	<b>144.3</b>
<i>Expenditures</i>			
Local self-government	11.3	15.0	132.7
Law enforcement activities	0.2	0.3	125.0
National economy	56.4	93.1	164.9
including:			
- fuel industry	0.8	0.6	75.0
- agriculture	2.5	0.6	24.0
- motor vehicle transport	3.0	2.3	76.6
- housing and communal facilities	50.0	89.6	179.2
- buildings inventory	0.1	0	-
Socio-cultural activities	93.2	132.2	142.0
including:			
- education	54.6	78.9	144.5
- culture	3.9	6.0	153.7
- mass media	0.16	0.2	125.0
- healthcare	16.8	21.3	126.8
- physical training	0.1	0.12	120.0
- social policy	17.6	25.6	145.5
- youth policy	0.05	0.12	240.0
Other expenditures	0.45	1.4	318.0
Total expenditures	<b>161.5</b>	<b>242.0</b>	<b>149.8</b>
<i>Budget balance (+, -)</i>	<i>+29</i>	<i>-9.0</i>	<i>-</i>

Source: Administration of Lazo raion, 2002.

Relations of the *raion* budget with the *krai* ones are regulated by the Budget Code of Khabarovskiy krai. With the purpose of monitoring all budgets flows through *krai* and *raion* treasuries that belong to the structure of the RF Ministry of Finance.

The *raion* budget project is established by a number of documents. For example, the projected budget for 2000 was set up on the basis of:

- Main trends in social-economic development of the *raion* for 2000;

- The Khabarovskiy krai law “On the budget system of Khabarovskiy krai for 2000”;
- Tax Code of the Russian Federation;
- Budget Code of Khabarovskiy krai.

The projected budget is submitted for consideration and approval by the Raion Assembly of Deputies.

The budget revenues are formed by internal revenues and receipts at the expense of allocations from federal and *krai* taxes and charges, as well as by financial support provided by the *krai* budget. The total amount of taxes paid in the *raion* in 2000 totaled 160.1 million rubles. Of this amount 66.7 million rubles or 41.7 percent were transferred to the *raion* internal revenue. For comparison, in 1966, internal *raion* revenue comprised 68.6 percent of taxes paid in the territory of the *raion*. Revenues from use of property owned by municipalities and from paid services that are provided by organs of local self-governing go completely to the *raion* budget.

According to clause 43 of the *krai* Budget Code, providing of financial support from the *krai* to a *raion* budget could take place in the following forms:

- Financial support to balance the respective levels of social-economic development of *raions* which is provided by the fund of municipal formations financial support that is included in the *krai* budget;
- Subventions for financing of specific target expenses.

The law on the *krai* budget system for the next fiscal year determines the procedure for allocation of financial support and subventions. According to the Khabarovskiy krai law “On the budget system of Khabarovskiy krai for 2000,” Lazo raion’s share comprised 9 percent of total revenues paid to the fund of municipal formations financial support. The *raion* budget could also be provided using loans from the *krai* budget to cover temporary budget deficiencies.

The budget structure of Lazo raion for 2000 is shown in Table 2.1. Revenues totaled 156.4 million rubles, including internal *raion* revenues of 52.9 million rubles, transfers totaled 103.5 million rubles, and a budget loan of 62.8 million rubles. The expendable total is 161.5 million rubles.

The main portion of budget revenues (98 percent of all the receipts) is tax receipts. Of highest significance in this category is (40 percent) is profit tax. The second most important for the *raion* is natural resource use tax – 18 percent of tax receipts. Non-tax receipts are revenues from the property being in municipal ownership.

Budget expenditures are limited by total budget revenues and transfers, as determined by the Legislative Duma of Khabarovskiy krai. Internal receipts of the *raion* only covered 27.5 percent of expenditures (in 1996, 36.8 percent was covered at the expense of internal receipts).

The Budget Code of Khabarovskiy krai considers some expenditures to be financed exclusively from the local budget, which in particular include:

- Maintenance of local self-government organs;
- Maintenance of educational institutions, healthcare, culture, physical training and sport, municipal organs of public order protection, municipal housing and communal facilities, other units under municipal ownership or under the authority of local self-government organs;
- Construction of municipal roads and maintenance of roads of local significance;
- Provision of all amenities and trees planting on the territory of municipal formations;
- Provision of transportation services for the population; securing of fire safety;
- Protection of natural environment on the territories of municipal formations;
- Other expenditures ascribed to the issues of local significance.

In accordance with the Code, the Lazo raion budget has strongly manifested social orientation: almost 58 percent of all the expenditures are for social-cultural activities, including for education – 34 percent, for healthcare – 10 percent and for social security – 11 percent.

Another large-scale portion of expenditures (35 percent) goes for national economy. Out that total, 88 percent is spent to maintain housing-communal facilities, including expenditures for purchase of fuel, subsidies to the population, and

major repairs to housing-communal facilities. Actual expenditures exceeded the planned ones by almost 80 because in the Khor and Mukhen villages boilers were repaired.

In spite of the fact that actual budget implementation on revenues in 2000 exceeds the planned one, actual expenditures overlap revenues by 9,000 rubles owing to collection of additional taxes and also to receipt of budget loan.

Rural and settlements municipal formations have no internal budgets. Financing for rural and settlement municipal formations are executed via *raion* administration corresponding committees and departments. For example, the department of education plans and finances maintenance of all the schools and underage preschool units and also pays staff salaries.

The most urgent *raion* budget issue is imbalance between resources and existing obligations. In the first rate it relates to social guarantees and incentives, which financed from the state side but not provided in complete volume (for example, children's allowance).

#### **2-4 Forest resource use and zoning of the *raion***

Forests cover 84.9 percent of the *raion* area and were always of great significance for its economy and for ecosystem stability. Hence, in the course of history of *raion* forest development, the *krai* and *raion* administrations tried to pay attention to the issue of forest management and guarding, which unfortunately quite often was belated.

The forest sector of Lazo raion is one of the oldest and developed in Khabarovskiy krai. Its history can be divided as follows:

1. Period of rural and Cossack development of forest belt adjacent to the Ussuri River. This period began in the middle of nineteenth century. It characterized as forest plots clearance for agricultural fields of new settlements and *stanitsas* (Cossack villages), and logging for houses construction and maintaining, for household constructions and for heating.
2. Period of origination and development of timber industry activities with concentration of timber cargo flows at Khor station. In 1897, after completion of the South-Ussuri railway, on the intersection of that railway and Khor river, the Khor station was built and practically immediately a sawmill was established there. Skidelskiy, the owner of the sawmill was based on the timber harvested in the watershed of Khor river. In summer timber was floated down the river, and in winter it was brought by horse sled. The sawmill owner, Skidelskiy, leased out plots around the station, but he also purchased timber harvested by others, specifically peasants, in wintertime. He also purchased timber from neighboring stations: such as Vyazemskaya, Kruglikovo, Gedike and so on. From that period on, development of Khorskiy timber-industrial complex never ceased.
3. In the late 1920s and early 1930s there was a sharp increase in demand for timber in connection with industrialization of the Far Eastern economy, construction of the second track of Trans-Siberian railway, large-scale defense construction activities and intensive agricultural resettlement. Oborskiy lespromkhoz was established in 1930 and was centered in the new village of Sita for which a timber-carrying railway was constructed with same track width as Transsiberian one. This was the first wide-tracked logging railroad in the RFE. The *lespromkhoz* developed quickly and by the beginning of World War II it attained 1 million cu. m of harvested timber per year. Woodworking plants of various specifications were also constructed in Khor, Obor, and Durmin settlements. In 1940, the Khorskiy hydrolysis plant began operating. After the War, volume of timber harvest gradually decreased due to exhaustion of the resource base and Oborskiy lespromkhoz had to move its timber harvesting from the Sita River watershed to Khor river watershed.
4. After World War II, the Khorskiy timber-industrial complex started to develop very fast. The sawmill was turned into a mighty woodworking complex, the hydrolysis plant was enlarged, and in 1982, the Khorskiy biochemical plant was put into operation. All of them used timber harvested from the Khor River watershed, first of all cedar (Korean pine). The Khorskiy woodworking complex was awarded in 60th for production successes with the highest order of the USSR.

In 1948, under the framework of the All-Union forestry reform, the Oborskiy and Khorskiy leskhoz were established; they gradually broke into five existing *leskhoz*s. Mukhenskiy and Sukpaiskiyy leskhoz were established in 1968 and in 1972, respectively. In 1992, Prigranichniy leskhoz was formed from two *lesnichestvos* of Khorskiy leskhoz.

5. Early in the 1960s, Oborskiy railway was extended to the Nemta river watershed, where the settlement of Mukhen and the Mukhenskiy timber-industry complex were established, and began to operate in 1964. The structure of the complex was vertically integrated and included logging operations and woodworking. It was expected that the further complex development would be in direction of Nanaiskiy raion.
6. In the late 1960s and early 1970s, the Oborskiy railway was extended to where the Sukpai river flows into the Khor river. Here the settlement of Sukpai and the Sukpaiskiyy timber complex were constructed, the latter was brought into operation in 1982. Its mighty development was supposed with exit to the coast of Tatar straight. And it is at this spot where the third unsuccessful effort of a joint Soviet-Cuban logging operation occurred.
7. The period from late 1980s is marked by a diminishment of woodworking of all *raion* enterprises. closing of the biochemical and the hydrolysis plants also led to, reducing felling operations volumes. In recent years there appeared large (by current norms) felling companies "Rimbunan Hijau," "Ros-DV" and other in *raion*. "Ros-DV" has restored woodworking production in settlement Sukpai. The same is the intention of "Rimbunan Hijau." There are still other functioning, stable enterprises.

Out of five *leskhoz*s which have authority to manage forest resources in the *raion* – Mukhenskiy, Oborskiy, Prigranichniy, Sukpaiskiyy and Khorskiy – Mukhenskiy leskhoz partially extends beyond *raion* limits: 451,100 ha (69.4 percent of the *leskhoz* area) is located in Lazo raion, and 198,800 ha (30.6 percent) is located in Nanaiskiy raion. It is necessary to have detailed information by lot in the *raions* in necessary, but unfortunately officials do not have them. That is why figures indicated in Tables 2.2–2.5 include not only forest resources in Lazo *raion* but also in Nanaiskiy managed by Mukhenskiy leskhoz.

As Tables 2.2 through 2.5 show, forest lands in each of the *raion leskhoz*s differ in structure. The extreme differences in that row are presented by Sukpaiskiyy leskhoz with its forest transformed to the low degree and Prigranichniy leskhoz, which forests resulted from multiple transformations.

In addition to the Group I forests, three biological (hunting) refuges (*zakazniks*) of *krai* significance are in the *raion* (see Table 2.6). The annual allowable cut (AAC) of Lazo raion is 3,130,400 cu. m or 11.4 percent of the *krai*'s total AAC. Annual use of AAC is 14 percent during last two years.

Lazo raion was always been a base of large-scale timber harvesting enterprises. And currently the ma volume of logging operations falls on the leasers. At the same time, there are a lot of small-scale forest users.

The timber harvest and woodworking industries are leading ones in *raion*'s economy. Problems characteristic of the *krai* forest sector have also affected the *raion*. Practically all the large-scale timber-harvesting enterprises have collapsed as unable to stand competition. There have appeared lots of small enterprises, and in many cases they own just one skidding tractor. Such situation has cause situation that in 1997–1998 up to 90 enterprises worked in forest. The *raion*'s forest resources were used irrationally, mainly timber of valuable species was chosen. Low-valued timber was left on felling sites. Products manufactured by morally and physically outdated machinery did not meet the modern requirements and was no longer in demand. As a result, volumes of wood processing decreased significantly, especially those of chemical wood processing. The Khorskiy biochemical plant no longer exists and cannot be restored. Existed for 60 years, Khorskiy hydrolysis plant was retargeted at food alcohol output out of grain. Most of the timber harvested is shipped to export in round logs.

That is why, beginning in 1999, *raion* administration policy is targeted at preferential assigning rights to use forests to leasers. A leaser comes to the *raion* for the long-term and thus more interested in rational use of the leased forest plots, in construction of roads, and in establishment of processing complexes.



Table 2.2. Structure of forest lands by category, thousand ha.

<i>Leskhoz</i>	Total forest land (fund)	Dense forests		Non-covered lands			Lands for reforestation					Subtotal
		Total	Including planted forests	Planted forests under development	Forest nurseries and plantations	Natural sparse forests	Burnt areas	Dead stands	Areas after clear-cut	Bare lands	Subtotal	
<i>Group I</i>												
Khorskiy	144117	131339	390	0	14	15	128	0	404	77	609	131977
Mukhenskiy	67581	56968	1523	302	0	509	1062	0	50	1624	2736	60515
Oborskiy	17060	15051	307	349	0	3	0	0	0	1104	1104	16507
Prigranichniy	17698	8784	40	0	0	1183	0	0	5	14	19	9986
Sukpaiskiy	114822	107324	0	0	0	791	1624	0	134	17	1775	109890
<i>Subtotal</i>	361278	319466	2260	651	14	2501	2814	0	593	2836	6243	328875
<i>Group III</i>												
Khorskiy	807017	787789	2955	2609	0	0	470	0	4873	175	5518	795916
Mukhenskiy	582328	463274	854	3960	0	4717	7098	0	17891	14768	39757	511708
Oborskiy	309466	250747	3431	1435	45	127	410	0	1163	19516	21089	273443
Prigranichniy	54975	21099	132	43	0	1217	329	0	672	170	1171	23530
Sukpaiskiy	1056618	1004858	422	979	0	3712	9250	0	27833	673	37756	1047305
<i>Subtotal</i>	2810404	2527767	7794	9026	45	9773	17557	0	52432	35302	105291	2651902
<i>Total</i>												
Khorskiy	951134	919128	3345	2609	14	15	598	0	5277	252	6127	927893
Mukhenskiy	649909	520242	2377	4262	0	5226	8160	0	17941	16392	42493	572223
Oborskiy	326526	265798	3738	1784	45	130	410	0	1163	20620	22193	289950
Prigranichniy	72673	29883	172	43	0	2400	329	0	677	184	1190	33516
Sukpaiskiy	1171440	1112182	422	979	0	4503	10874	0	27967	690	39531	1157195
<i>Total</i>	3171682	2847233	10054	9677	59	12274	20371	0	53025	38138	111534	2980777

Table 2.3. Structure of non-forest lands by category, thousand ha.

<i>Leskhoz</i>	Arable lands	Hayfields	Pastures	Water	Orchards, etc.	Roads	Farms, etc.	Swamps	Sand	Glaciers	Others	Subtotal
<i>Group I</i>												
Khorskiy	0	342	0	4830	0	87	627	5437	507	0	310	12140
Mukhenskiy	0	4	0	1412	0	101	9	5523	0	0	17	7066
Oborskiy	0	0	21	30	0	103	0	280	0	0	119	553
Prigranichniy	0	796	0	3153	0	57	6	3470	230	0	0	7712
Sukpaiskiy	0	0	0	3737	0	54	0	977	72	0	92	4932
<i>Subtotal</i>	0	1142	21	13162	0	402	642	15687	809	0	538	32403
<i>Group III</i>												
Khorskiy	0	286	0	403	0	514	5	7548	0	0	2345	11101
Mukhenskiy	38	31	15	857	0	1362	35	68191	0	0	91	70620
Oborskiy	0	1330	94	241	0	829	224	32715	0	0	590	36023
Prigranichniy	0	3470	0	433	0	30	12	27455	0	0	45	31445
Sukpaiskiy	0	0	0	592	0	287	0	847	9	0	7578	9313
<i>Subtotal</i>	38	5117	109	2526	0	3022	276	136756	9	0	10649	158502
<i>Total</i>												
Khorskiy	0	628	0	5233	0	601	632	12985	507	0	2655	23241
Mukhenskiy	38	35	15	2269	0	1463	44	73714	0	0	108	77686
Oborskiy	0	1330	115	271	0	932	224	32995	0	0	709	36576
Prigranichniy	0	4266	0	3586	0	87	18	30925	230	0	45	39157
Sukpaiskiy	0	0	0	4329	0	341	0	1824	81	0	7670	14245
<i>Total</i>	38	6259	130	15688	0	3424	918	152443	818	0	11187	190905

Table 2.4. Structure of dense forests by species and age, thousand ha.

<i>Leskhoz</i>	Species	Total	Young forests		Middle-aged	Maturing	Mature and over-mature	
			1st age class	2nd age class			Total	Including over-mature
Khorskiy	Total	919128	24962	19894	253657	125705	494910	135640
	including: Spruce	363487	13943	4481	74989	55002	215072	56327
	Fir	62280	1748	1784	35548	13751	9449	183
	Larch	20802	1765	997	3390	1647	13003	4333
	Korean pine	142044	1133	605	97747	36272	6287	14
	Oak	7627	20	170	611	734	6092	2274
	Ash	16018	761	623	2114	2651	9869	977
	White birch	26965	3259	6072	13997	1319	2318	982
	Aspen	12461	437	688	8382	1199	1755	542
Mukhenskiy	Total	520242	81115	34629	91410	43893	269195	117022
	including: Spruce	247980	12873	8337	46363	22926	157481	61294
	Fir	43450	6259	7064	23643	5235	1249	194
	Larch	31969	1829	694	3549	5271	20626	5478
	Korean pine	19546	785	330	9021	6093	3317	1096
	Oak	4658	98	4	62	266	4228	1051
	Ash	7869	2427	70	97	989	4286	1247
	White birch	56920	35429	13494	3987	747	3263	602
	Aspen	14606	7131	3366	1298	415	2396	1275
Oborskiy	Total	265798	47234	35450	65999	33547	83568	30481
	including: Spruce	30461	3320	726	7735	2628	16052	2932
	Fir	21610	957	464	12124	6985	1080	0
	Larch	10908	4947	900	2859	1052	1150	55
	Korean pine	10934	2421	0	305	2400	5808	573
	Oak	11330	29	0	2188	4879	4234	435
	Ash	8285	405	248	634	2028	4970	407
	White birch	29041	85677	25299	25020	4995	1322	113

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	Aspen	17081	521	2765	7119	3848	2828	535
Prigranichniy	Total	29883	7423	3930	11970	2162	4398	1493
	including: Spruce	33	0	0	0	33	0	0
	Fir	113	0	0	113	0	0	0
	Larch	501	123	57	168	24	129	14
	Korean pine	343	0	0	111	232	0	0
	Oak	5643	0	90	2736	1426	1391	520
	Ash	627	0	7	157	61	402	0
	White birch	12469	5225	2031	5169	44	0	0
	Aspen	3007	1123	591	1293	0	0	0
Sukpaiskiy	Total	1112182	78497	34267	174939	119198	705281	316659
	including: Spruce	751422	39428	16760	77870	62425	554939	261782
	Fir	74893	21128	2328	27385	15775	8277	808
	Larch	117790	6534	5540	12206	14432	79078	38287
	Korean pine	56782	519	536	31765	14954	9008	0
	Ash	1311	39	38	341	103	790	33
	White birch	39473	5711	611	5772	4111	23268	5597
	Aspen	1078	792	27	47	27	185	0
<i>Total</i>	Total	2847233	239231	128170	597975	324505	1557352	601295
	including: Spruce	1393383	69564	30304	206957	143014	943544	382335
	Fir	202346	30092	11640	98813	41746	20055	1185
	Larch	181970	15198	8188	22172	22426	113986	48167
	Korean pine	229649	4858	1471	138949	59951	24420	1683
	Oak	29258	147	264	5597	7305	15945	4280
	Ash	34110	3632	986	3343	5832	20317	2664
	White birch	164868	135301	47507	53945	11216	30171	7294
	Aspen	48233	10004	7437	18139	5489	7164	2352

Table 2.5. Structure of dense forests by species and age, thousand cu. m

<i>Leskhoz</i>	Species	Total	Young forests		Middle-aged	Maturing	Mature and overmature	
			1st age class	2nd age class			Total	Including over-mature
Khorskiy	Total	136799.4	276.2	973.7	39247.6	21829.0	74472.9	21281.5
	including: Spruce	53318.6	82.3	260.4	10894.7	8477.1	33604.1	9062.7
	Fir	8167.8	18.5	82.3	4926.3	2146.6	994.1	14.2
	Larch	1756.4	33.0	44.6	319.7	187.7	1171.4	545.0
	Korean pine	29644.8	24.5	97.1	19508.5	8590.0	1424.7	3.5
	Oak	458.8	0.2	10.3	49.9	79.1	319.3	139.7
	Ash	1570.4	2.3	43.7	224.7	342.1	957.6	74.1
	White birch	1554.9	43.4	145.2	1067.2	117.9	181.2	77.4
	Aspen	1178.7	12.9	31.1	870.3	145.0	119.4	33.0
Mukhenskiy	Total	71122.4	1007.9	1396.1	12911.1	7748.8	48058.5	22390.1
	including: Spruce	42337.3	133.1	543.6	6347.8	4079.1	31233.7	13099.4
	Fir	5084.1	57.9	343.7	3575.1	1003.0	104.4	1.9
	Larch	3896.6	22.5	44.6	397.7	683.8	2748.0	802.8
	Korean pine	4106.1	54.4	53.6	1944.5	1322.2	731.4	218.0
	Oak	542.4	0.8	0.3	4.9	29.0	507.4	125.8
	Ash	790.6	34.6	4.5	12.6	164.2	574.7	194.5
	White birch	1272.3	388.4	234.4	266.9	82.2	300.4	68.5
	Aspen	735.8	157.4	119.1	81.5	50.5	327.3	188.8
Oborskiy	Total	26248.0	347.6	1050.3	6120.1	4310.6	14419.4	5706.5
	including: Spruce	4365.7	11.8	41.7	934.1	404.3	2973.8	555.3
	Fir	2879.3	4.2	22.4	1541.1	1071.5	240.1	0.0
	Larch	461.8	36.0	41.0	173.8	98.1	112.9	5.1
	Korean pine	1918.7	27.0	0.0	59.7	526.4	1305.6	132.8
	Oak	886.2	0.1	0.0	151.0	344.7	390.4	45.6
	Ash	993.9	10.0	18.1	62.5	250.0	653.3	56.0
	White birch	3105.0	139.2	540.0	1795.5	496.4	133.9	8.8

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	Aspen	1545.2	13.2	87.7	661.5	430.9	351.9	73.0
Prigranichniy	Total	1536.9	79.7	120.4	664.5	166.5	505.8	163.2
	including: Spruce	3.6	0.0	0.0	0.0	3.6	0.0	0.0
	Fir	12.4	0.0	0.0	12.4	0.0	0.0	0.0
	Larch	37.6	1.8	1.7	11.8	2.4	19.9	0.0
	Korean pine	52.3	0.0	0.0	16.4	35.9	0.0	0.0
	Oak	350.4	0.0	2.8	138.8	91.9	116.9	49.3
	Ash	88.5	0.0	0.6	13.3	8.2	66.4	0.0
	White birch	333.4	44.6	49.1	236.6	3.1	0.0	0.0
	Aspen	98.8	15.3	14.7	68.8	0.0	0.0	0.0
Sukpaiskiy	Total	202367.4	404.3	2189.5	28379.2	23166.8	148227.6	69050.7
	including: Spruce	140907.0	168.3	681.6	11855.8	11884.8	116316.5	57336.3
	Fir	10178.7	87.3	150.9	3957.7	3113.1	2869.7	285.4
	Larch	21215.6	76.8	284.2	2244.2	2617.5	15992.9	7852.2
	Korean pine	14609.9	3.0	219.4	8180.5	3893.2	2313.8	0.0
	Ash	195.2	0.1	2.8	42.7	15.2	134.4	3.3
	White birch	5597.0	20.2	11.0	573.3	621.3	4371.2	1102.0
	Aspen	42.9	0.8	0.6	4.6	4.9	32.0	0.0
<i>Total</i>	Total	438074.1	2115.7	5730.0	87322.5	57221.7	285684.2	118592.0
	including: Spruce	240932.2	395.5	1527.3	30032.4	24848.9	184128.1	80053.7
	Fir	26322.3	167.9	599.3	14012.6	7334.2	4208.3	301.5
	Larch	27368.0	170.1	416.1	3147.2	3589.5	20045.1	9205.1
	Korean pine	50331.8	108.9	370.1	29709.6	14367.7	5775.5	354.3
	Oak	2237.8	1.1	13.4	344.6	544.7	1334.0	360.4
	Ash	3638.6	47.0	69.7	355.8	779.7	2386.4	327.9
	White birch	11862.6	635.8	979.7	3939.5	1320.9	4986.7	1256.7
	Aspen	3601.4	199.6	253.2	1686.7	631.3	830.6	294.8

Source: Database of ERI, 2001.

Table 2.6 . Specifically protected territories in Lazo raion.

Name of refuge ( <i>zakaznik</i> )	Established	Area, thousand ha
Bobrovyy*	1969	89.0
Chukenskiy	1997	219.7
Mataiskiy	1999	114.4

\* Bobrovyy wild life refuge in addition to being on the territory of Lazo raion, also stretches to Nanaiskiy and Khabarovskiy raions.

Source: Khabarovsk Wildlife Fund, 2002.

Table 2.7 Forest lease in Lazo raion.

Year	<i>Leskhoz</i>	Number of leasers	Leased area, thou. ha	AAC in leased lots, thou. cu. m	Actual cut volume, thou. cu. m
1995	Khorskiy	1	7	10	3
	Oborskiy	1	41	15	2
	Total	2	48	25	5
1998	Khorskiy	11	346	235	120
	Mukhenskiy*	1	150	224	28
	Oborskiy	2	88	35	9
	Sukpaiskiy	4	454	717	4
	Total	18	1038	1211	161
1999	Khorskiy	14	469	370	117
	Mukhenskiy	5	204	294	42
	Sukpaiskiy	3	383	665	40
	Total	22	1056	1329	199
2000	Khorskiy	14	366	206	104
	Mukhenskiy	5	211	242	55
	Oborskiy	1	34	12	0
	Sukpaiskiy	4	464	747	185
	Total	24	1075	1207	344
2001	Khorskiy	15	412	277	137
	Mukhenskiy	6	212	242	78
	Oborskiy	1	34	12	2
	Sukpaiskiy	5	494	756	173
	Total	27	1152	1287	390

Note: All leased lots in Mukhenskiy leskhoz are within the borders of Lazo raion.

Source: Department on Natural Resources for the Far Eastern Region, 2002.

As of July 1, 2001, twenty-four leasers operated in the region and their aggregate AAC totals 1.2 million cu. m. The largest leasers are Malaysian firm "Rimbunan Hijau," "Ros-DV," and "Katen." The later two firms also extract gold in the *raion*, other than timber harvesting and processing. Recently the administration of "Ros-DV"

made the decision to become a co-founder of the firm on construction of tourist-ethnographical complex in the raion.

The characteristics of the leased areas are shown in Table 2.7, which illustrates that the current leasing process began in 1995 and continues to expand. At the same time, use of the AAC on the leased plots begun in 1995 at a level of 20 percent, after that it decreased by 1998 to 13.3 percent, and then had increased to 30.3 percent as of 2001.

Data on short-term commercial use and use of budget organizations (which also in essence is short-term) are not provided in *leskhoz* reports. But it is possible to calculate the aggregated magnitude of that use on those data (Table 2.8).

Table 2.8 shows large differences between forest uses in the *leskhoz*es, but as a whole the AAC is used in low extent although this index has increased of the past few years. It is possible to say that short-term harvesting has a trend to decrease although it is not a very significant decrease. Significant portion of short-term logging is done by small firms, which are closely linked with local residents because some of the firm owners and many of employees are *raion* residents.

The rural population in the *raion* has close contact with forest resources use, in the sphere of work in forest enterprises, fuelwood procurement, harvesting of non-timber forest products, hunting, and recreation. Accounting for these kinds and types of use doesn't exist, so information about them can only be obtained through questioning.

Table 2.8 The Annual Allowable Cut (AAC) and timber harvest in Lazo raion.

Year	<i>Leskhoz</i>	Total AAC, thou. cu. m	Actual harvesting, thou. cu. m			Use of AAC, %
			Total	Within leased area	Calculated short-time harvest	
1999	Khorskiy	956.1	155.5	117	38.5	16.3
	Mukhenskiy	587.2	73.2	42	31.2	12.5
	Oborskiy	172.3	4.6	0	4.6	2.7
	Prigranichniy	5.5	0	0	0	0.0
	Sukpaiskiy	1409.3	42.2	40	2.2	3.0
	Total	3130.4	275.5	199	76.5	8.8
2000	Khorskiy	956.1	154.3	104	50.3	16.1
	Mukhenskiy	587.2	93.1	55	38.1	15.9
	Oborskiy	172.3	3.6	0	3.6	2.1
	Prigranichniy	5.5	1.1	0	1.1	20.0
	Sukpaiskiy	1409.3	196.2	185	11.2	13.9
	Total	3130.4	448.3	344	104.3	14.3
2001	Khorskiy	956.1	170.0	137	33.0	17.8
	Mukhenskiy	587.2	81.0	78	3.0	13.8
	Oborskiy	172.3	4.6	2	2.6	2.7
	Prigranichniy	5.5	0.5	0	0.5	9.1
	Sukpaiskiy	1409.3	185.5	173	12.5	13.2
	Total	3130.4	441.6	390	51.6	14.1

Source: Authors' calculation, 2002.



## 2-5 The *raion* economic structure

Lazo raion has three main resources – forest, mineral, land, and also a number of secondary ones. These resources form the basis of human endeavor in the region. Lazo raion economy is represented by all the branches of the national economy: industry, transport, agriculture, trade, construction, communications, and housing-communal services. The patterns of economic development are not equal, industry is the most developed. There are active over sixty enterprises of various forms of ownership. Those are enterprises of timber, woodworking, food, microbiological, gold-mining industry and industry of constructional materials.

Transportation infrastructure compared to other *raions* of Khabarovskiy krai is well developed. The *raion* is crossed by the Trans-Siberian railway, the Khabarovsk–Vladivostok and Khabarovsk–Nakhodka federal highways, and by a number of road offshoots of both of *krai* and *raion* significance. It promotes development of logging and woodworking industries and of agriculture.

Because the main industries in *raion* are forestry and woodworking ones, changes happened in them during the reform period influenced the entire economic situation in the *raion*. From 1991, the market for woodworking and microbiological enterprises production in Central Asia republics disappeared. At the same time other markets opened, including in the countries of Asian-Pacific Region (APR), taking from Russian enterprises timber, mainly as round-logs. This has led to dependence of exporting enterprises on prices fluctuations for the products in those markets.

A particularly hard shock was caused by financial crisis of 1998. Between 1996 and 1998, seven large-scale enterprises including four enterprises of timber and wood processing industries of *raion* couldn't stand competition and went bankrupt. Their bankruptcy led to the bankruptcy of the state unitary enterprise "Oborskiy Railway Service" because the bankrupt enterprises didn't pay for services already provided and timber delivery volumes sharply dropped.

The *raion* enterprises were in the crises of mutual insolvency; loan arrears were increasing, including unpaid wages and taxes. Forest resources adjacent to settlements were exhausted. It becomes necessary to develop logging operations in remote and mountainous areas. Existing logging enterprises with their outdated machinery and technologies were unable to develop forest tracts in the complicated natural conditions. At the initiative of the Head of the Lazo raion administration, who is a member of the *krai* Commission on Forest Use, a remote forest plot "Sikhote-Alinskiy" in Sukpaiskiy leskhoz was put up for international competition and the Malaysian firm "Rimbunan Hijau DV Co., Ltd" won it. The Malaysian firm has invested U.S. \$22 million in site preparation and logging operations, which allowed Sukpai settlement to establish new jobs and to start to restore destroyed system of water and heat supply.

To provide the logging enterprises with transportation infrastructure, the *raion* administration established a municipal enterprise on the basis of the bankrupted state enterprise "Oborskiy Railway Service." It allowed increasing timber delivery volumes of 40.7 percent in 1999 and 76.5 percent in 2000.

As before, *raion* logging enterprises aim to export round logs. In the past two years, the first results of strong policy of the *krai* administration on the increase of wood processing levels have appeared. Volume of lumber production in 2000 increased by 46.4 percent compared to 1999. The production of doors and window blocks increased. Currently in the *raion*, there are nine large and medium-sized enterprises operating in the forest sector; these include six logging companies, the Khorskiy woodworking combine, the furniture factory "Rus," and the Durminskiy cooperative plant (see Table 2.9).

In 1999, the gold mining firm "RosDV" started its operations on the *raion* territory. Although gold extraction volumes are not high in the scales of the *krai*, the firm plays an important role for the *raion*. "RosDV," along with "Rimbunan Hijau," is also large-scale forest leaser on the territory managed by Sukpaiskiy leskhoz.

Table 2.9 Industrial production by large- and middle-scale enterprises in Lazo raion.

*Figures for 1995–1997 are in million rubles, while figures for 1998–2000 are in thousand rubles.*

Industry branch and enterprise	1995	1996	1997	1998	1999	2000
<i>Timber industry</i>	78531	79247	64452	33615	49467	85378
including:						
Oborskiy Lespromkhoz	1620	196	-	-	-	-
Khorskiy timber-industry combine	962	-	-	-	-	-
Mukhenskiy timber combine	1207	-	-	-	-	-
Khorskiy woodworking combine	11650	11925	12604	8372	13384	22048
Durminski cooperage plant	571	614	1109	1078	1039	1823
Open joint-stock company "Rus"	1191	756	894	825	1204	1600
"Sukpaiski forest house"	15211	11188	1616	-	-	-
Closed joint-stock company "Mukhenskoe"	31207	25703	25264	7908	10799	9532
Joint-stock company "Khorles"	14912	17421	16557	11250	21396	10650
Open joint-stock company "Istok"	-	5274	157	-	-	-
Closed joint-stock company "Sidiminskoe"	-	6170	6251	2729	-	-
Municipal logging enterprise "Bichevskoe"	-	-	-	443	305	167
Open joint-stock company "RosDV"	-	-	-	-	-	26953
Open joint-stock company "Mukhenles"	-	-	-	-	-	10512
Lazo transportation enterprise	-	-	-	1010	1340	2093
<i>Microbiological industry – Khor hydrolysis plant</i>	43208	67873	140913	93261	147263	189227
<i>Food industry</i>	25064	31072	31711	26378	51621	104804
including:						
Pereyaslavka milk plant	13265	17392	19225	17365	39221	89042
Khor bread plant	8279	11501	10730	7814	10385	12936
Mukhen bread plant	1530	1739	1561	1199	2015	2826
Lazo vegetable-canning factory	1990	440	195	33615	-	-
<i>Industry of construction materials – Khor brickworks</i>	1161	-	-	330	2623	2800
<i>Gold mining industry – Open joint-stock company "RosDV"</i>	-	-	-	-	-	20200
<i>Other branches – Printing house</i>	-	-	-	987	1499	3025
<b><i>Total of industry output</i></b>	<b>147964</b>	<b>178192</b>	<b>237076</b>	<b>154571</b>	<b>252473</b>	<b>405434</b>
Index of physical volume of industrial production compared with the previous year, %	104.0	85.6	104.9	72.8	111.5	122.3

Source: Administration of Lazo raion, 2002.

Table 2.10 Development of the Lazo raion economy in 1995–2000.

Indices	Measurement units	1995	1996	1997	1998	1999	2000
<i>Industry</i>							
Product output (in actual prices of corresponding years)	million rubles (up to 1998 units are billion rubles)	148.0	178.2	237.1	154.6	252.5	403.8
Index of physical volume	% of the previous year	104.0	85.6	104.9	72.8	111.5	122.3
Output of main products:							
round timber	thou. cu. m	229.0	345.2	229.9	165.9	233.5	412.0
sawn timber	thou. cu. m	46.6	41.7	23.1	17.3	15.1	22.1
Parquets	thou. cu. m	No data	46.1	46.0	44.1	46.9	37.1
door blocks	thou. cu. m	No data	9.3	3.6	4.4	6.4	10.5
Window blocks	thou. cu. m	No data	4.4	5.0	4.5	3.6	6.8
Furniture	thou. rubles	-	5777	1500	4200	-	-
technical alcohol	thou. liters	4297	4663	7456	5801	14604	7134
Cooperage	100,000 kg capacity of barrels	No data	8.6	14.1	14.7	8.8	9.6
Furfural	t	127	302.5	355	288	327	290
dairy products	t	5896	5404	5518	4249	5934	11797
bakery products	t	5712	5210	4235	3134	2881	2144
Bricks	thousand pieces	-	-	-	272	2794	2490
<i>Agriculture</i>							
Sown area	thou. ha	20,5	20.1	19.3	19.6	19.9	20.6
Gross yield of main crops including:							
Cereals	thou. t	3.4	5.5	3.1	5.5	4.5	5.3
Soybeans	thou. t	1.7	1.9	1.3	1.8	2.2	3.4
Potatoes	thou. t	5.9	4.4	4.2	3.2	3.3	4.0
Vegetables	thou. t	1.6	1.0	0.4	1.7	1.3	1.0
Productivity of crops including:							
Cereals	t/ha	0.98	1.12	0.65	1.18	0.99	1.03
Soybeans	t/ha	0.62	0.67	0.50	0.67	0.82	1.16
Potatoes	t/ha	9.11	6.80	7.10	5.50	5.78	7.00
Vegetables	t/ha	5.92	4.90	2.40	7.90	5.79	4.40
Animal products including:							
Meat	thou. t	No data	2.9	3.1	2.9	2.7	3.3
Milk	thou. t	12.3	12.6	12.2	12.0	13.6	14.4
<i>Transport</i>							
Cargo transportation	thou. t	2444	1835	1326	899	779	850
<i>Trade</i>							
Retail turnover	million rubles (up to 1998 – billion rubles)	88.9	89.8	84.5	79.9	129.8	160.8
Growth index in comparative prices	% to previous year	88.6	100.5	92.4	87.0	91.0	105.0

Source: Administration of Lazo raion, 2002.

The enterprise of the microbiological industry – Khor hydrolysis plant – operates stable, providing jobs to 700 residents of the town of Khor. Its share of the produced product makes up 47 percent in the total *volume of the raion* industry production. However, because of wide use of the alcohol produced out of wood (technical alcohol) for production of false alcohol drinks, the plant was retargeted at food alcohol production out of grain. Because of that, opportunity to use low-grade wood and wood wastes was decreased.

The main enterprise of the food industry is the Pereyaslaka milk plant, which provides 22 percent of total *raion* industrial production. In 1998, the plant was reconstructed and new types of production were taught; this enabled the plant to increase production fivefold. In 1998, after long suspension of operation, the Khor brickworks resumed operations and, in 2000, produced 2,490 bricks.

Changes in the structure of production increased overall production in 1999 and 2000, by 11.5 percent and 22.3 percent respectively (see Table 2.10). Products produced by per capita totaled 6,753.1 rubles, which is higher than in 1998 as much as 2.6 times.

Agriculture in the *raion* plays a significant role in providing Khabarovskiy krai with food products. This is due to favorable soil and climatic conditions and the large tracts of flat land (See Tables 2.11 and 2.12). However, most of the *raion* is covered by forest.

Agriculture in the *raion* is represented by: five farms in *krai* ownership, one farm in municipal ownership, over a hundred of farmsteads and one training farm. As farmer movement was not supported by the state, small farm-lots and practically self-subsistent farmsteads dominate in the *raion*.

Table 2.11 Distribution of Lazo raion, by type of land use.

Land use type	Area, ha	Percent
Agricultural land use	98501	3.1
Settlement land	40803	1.3
Land of industrial enterprises, transport networks, etc.	12443	0.4
Forest land	2973207	93.5
Land under water and water facilities	3711	0.1
Land reserve	49857	1.6
<i>Total</i>	<i>3178647</i>	<i>100</i>

Source: Administration of Lazo raion, 2002.

Table 2.12 Distribution of Lazo raion land, by land category.

Land category	Area, ha	Percent
Agricultural land	76037	2.39
including:		
- arable land	25345	0.80
- orchards and berry plantations	969	0.03
- fallow land	1770	0.06
- hayfields	37277	1.17
- pastures	10676	0.34
Land under water	186246	5.86
Land under buildings	5134	0.16
Land under roads	9778	0.31
Forested land	2886443	90.81
Others	15009	0.50
<i>Total</i>	<i>3178647</i>	<i>100</i>

Source: Administration of Lazo raion, 2002.

Since 1996, 178 farms were brought to ruin. Although production volumes of the farms have increased to some extent, the production goes towards the subsistence needs of farmer families. The main output is produced by large agricultural enterprises.

The most unfavorable factor in agricultural production has been weather conditions, first of all the flooding of 1997, when 70 percent of crops were submerged. As a result of that flooding, the yield of grains and vegetables decreased almost twofold. Forage was not produced because the hayfields were flooded and this caused a decrease in dairy cattle numbers and dairy herd productivity. Subsequent droughts in 1998 and 1999 prevented high yields of grains. However, by extending area of sown and changing the structure of what was grown it did become possible to supply livestock with fodder grain. Improvement of fodder base has led to an increase of 390 dairy cattle in agricultural enterprises of the *raion* in 2000. The productivity of the dairy herds has increased by 17 percent when compared to 1995.

In spite of some positive shifts, the existing disparity between prices for agricultural and industrial products prevents the normalization of the financial state of agricultural enterprises.

Evident economic growth has triggered revival of trade in the *raion*. It is manifested in growth of retail turnover by 5 percent in 2000 comparative to 1999.

Positive shifts, which have occurred in the *raion* economy in 1999–2000 led to increase volume of collected taxes, and collected tax in 2000 was 2.5 times that of 1996. Per capita tax collection totaled 2.7 thousand rubles (Table 2.13)

Thus, the absolute amount of funds transferred from taxes to the *raion* budget has grown during the three analyzed years. However, the *raion* share of the total amount of taxes collected on its territory has steadily decreased.

Table 2.13 Tax collection in Lazo raion.

Kind of tax collection	1998		1999		2000	
	million rubles	%	million rubles	%	million rubles	%
Total tax collection	61.6	100	102.6	100	161.1	100
including taxes:						
- for federal budget	11.7	19.0	36.0	35.1	55.0	34.3
- for <i>krai</i> budget	6.4	10.4	22.0	21.4	38.9	24.3
- for <i>raion</i> budget	43.5	70.6	44.6	43.5	66.2	41.3

Source: Administration of Lazo raion, 2002.

Table 2.14 Population and age structure of those living in Lazo raion.

Year	Total permanent population		Age groups					
			from 0 to 15 years		Employable age, from 16 to 59 years		Over employable age, 60 years and more	
	persons	%	persons	%	persons	%	persons	%
1990	65227	100	19059	29.2	36443	55.9	9725	14.9
1991	64387	100	18578	28.8	36013	56.0	9796	15.2
1992	64291	100	18444	28.7	35867	55.8	9980	15.5
1993	63640	100	17920	28.2	35603	55.9	10117	15.9
1994	63187	100	17397	27.7	35650	56.3	10140	16.0
1995	61671	100	16877	27.5	34766	56.4	20028	16.2
1996	60729	100	16079	26.5	34599	57.0	10051	16.5
1997	60554	100	15535	25.6	34754	57.4	10275	17.0
1998	60298	100	15020	24.9	34963	58.0	10315	17.5
1999	59783	100	14439	24.1	35116	58.7	10228	17.2
2000	59773	100	13808	23.3	35283	59.7	10082	17.0

Source: Administration of Lazo raion, 2002.

## 2-6 Social characteristics of the *raion*

Negative situations observed in economy in the 1990s affected the *raion* population (Table 2.14). Beginning in 1989, the population has decreased as a result of migration. Emigration has decreased only for the past four years. In addition, during the analyzed period, the birth rate decreased almost twofold and there was a simultaneous increase in the death rate, which brought about a stable decrease in the population. As a result, this natural population decrease achieved its maximum in 2000 and totaled 453 persons. As a result of all the negative factors, the total population decreased by 6054 persons from 1990 to 2000.

In addition, a general aging of the population can be observed. The portion of the population over employable age has increased from 14.9 percent in 1990 to 17 percent in 2000. The portion of population 16 years old and younger has decreased during that time from 29.2 percent to 23.3 percent. Slightly more than half of population is regarded as employable people, 40 percent of them work in their own households (see Table 2.15).

About 60 percent of those employed in the *raion* work in the branches of material production, mainly industry. Those employed in material production dropped 9 percent in 2000, when compared with 1995. This decrease was primarily in the main sectors: in industry by 25 percent and in agriculture by 14 percent; both of which are related to the complex economic situation in 1998. In the sphere of nonmaterial production numbers of employed people has increased for the same period by 16. This includes those employed in state management organs, which was 2.2 higher than in 1995. Average annual numbers of unemployed people, registered in employment center, has decreased by 44 percent in 2000, which is linked with economic growth and creation of new jobs in the *raion*.

Table 2.15 Lazo raion labor resources, thousand persons.

Indexes	1995	1999	2000
Permanent population	61.7	59.8	59.8
Labor resources	33.2	31.6	30.7
Employable population, working in households (not employed in firms)	11.5	14.8	13.1
Employed in firms	17.2	16.4	17.2
including:			
Employed in material sectors of the economy:	11.0	9.2	10.0
- industry	5.5	3.5	4.1
- agriculture	2.2	1.8	1.9
- forestry	0.3	0.32	0.34
- transport and communication	0.69	0.58	0.6
- construction	0.6	0.78	0.68
- trade, public catering, material and technical supply, sales	1.0	1.52	1.63
- general commercial activities	0.63	0.6	0.56
- other types of activities	0.08	0.08	0.2
Employed in nonmaterial sectors:	6.20	7.20	7.20
- housing-communal	1.18	1.0	1.13
- healthcare, physical training, social care	1.32	1.13	1.16
- education, culture, art	2.8	3.11	3.0
- crediting, finance, insurance	0.12	0.24	0.11
- state management organs	0.77	1.62	1.70
- other types of activities	0.01	0.1	0.1
Average annual numbers of unemployed	2.75	2.10	1.55

Source: Administration of Lazo raion, 2002.

Table 2.16 Average monthly wage by economic sector, Lazo raion.

Indices	1995, thousand rubles	1999, rubles	2000, rubles
Average for the <i>raion</i>	449.9	1177.0	1907.5
including:			
- industry	509.0	1665.6	3570.3
- agriculture	405.4	964.8	1326.6
- transport	674.3	1208.0	1558.2
- communication	595.4	1182.0	2048.3
- construction	529.2	1726.8	2099.8
- trade and public catering	384.9	1316.8	1503.6
- housing communal services, servicing of population	422.8	979.5	1017.7
- healthcare, physical training and sport	357.1	952.0	1136.1
- education	381.9	890.0	1123.1
- culture and art	236.5	634.2	857.6
- organs of management	316.9	1957.4	2350.6
- other sectors	673.9	1095.2	2350.6

Source: Administration of Lazo raion, 2002.

Table 2.17 State of social infrastructure in Lazo raion.

Indices	1990	1995	1999	2000
Number of general education schools	37	38	36	37
including:				
- primary (1st—4th years)	3	4	2	2
- incomplete secondary (5th—7th years)	12	11	12	12
- secondary (8th—10th years)	21	22	21	22
Numbers of students	10879	11015	10113	10102
Numbers of teachers	780	836	829	830
Numbers of preschool units	54	42	28	28
Preschool unit capacity, persons	4906	3289	2329	2329
Number of children in preschool units, persons	4600	2442	1478	1450
Number of libraries	42	42	28	28
Number of clubs	57	52	39	39
Number of medical units	13	12	8	8
Number of hospital beds	910	795	535	530
Number of doctors of all specialties	162	145	116	115
Doctors per 10,000 persons	25.1	23.9	19.6	19.7

Source: Administration of Lazo raion, 2002.

Compared to 1995, the structure of average monthly wages by economic sector changed in 2000. In 1995, staff of transport and communication enterprises received the highest wages and by 2000 the highest wages was in industry and in the organs of state management. Wages of the staff in transport and housing services decreased sharply (see Table 2.16).

Comparative to 1995, the average monthly wage estimated in dollar terms made up only 63 percent of what was paid in 1999 and 91 percent of what was paid in 2000.

The economic crises of the past ten years have strongly impacted those units, which make the main portion of the social infrastructure (see Table 2.17). Nevertheless, it was possible to retain the numbers of educational schools and the teacher staff. Healthcare services, however, suffered a lot: 5 medical units were closed, the numbers of physicians decreased by 29 percent, including an index of provision to the residents by physicians of all specialties decreased by 22 percent. At the same time, in connection with the birth rate decrease and increase in daycare and nursery costs, 26 pre-schools were closed. In fact, the number of kids in preschools in the *raion* decreased by 3150. The number of clubs decreased by 18, and 14 libraries were closed. Some settlements have no cultural centers.

Housing construction in the *raion* has been implemented in recent years only at the personal expense of citizens, while previously most houses were built at the expense of the state. Currently, there is an average of one citizen per 17.1 sq. m of housing.

Roads construction in the *raion* is only done on those roads of federal significance at the expense of the Federal Road Fund. Local transportation network are poorly developed and maintained because there are not enough funds in the local budget for this purpose.

Only in 44 of the 51 settlements electricity is supplied by centralized system "Khabarovskenergo." In the rest of the settlements, electricity is supplied by municipal diesel electric stations. Maintenance of these stations is a large burden on the *raion* budget, because the average cost of electricity produced by diesel stations is three times higher, per one kilowatt-hour, than that produced by a centralized energy system.