

**DOI: 10.12731/2218-7405-2013-7-23**

**ANALYSIS OF INFLUENCE OF CUSTOMS TARIFF POLICY  
IN FOREST FOR THE RUSSIAN FEDERATION FORESTRY  
DEVELOPMENT BORDER TO CHINA REGION  
(FOR EXAMPLE ZABAYKALSKY KRAY)**

Kolesnikova A.V.

Availability of large amounts of forest resources in Russian Federation, as well as existence of the general border between Russia and China causes export orientation in the development of timber industry in regions of Russia, which have borders with China. On the basis of the actual material is considered the impact of ongoing customs and tariff policy on the development of the forestry sector to China's border regions (for example, Zabaykalsky Kray).

During the studies it was concluded that despite the ongoing customs and tariff policy in the Russian Federation is now forestry development of border regions is at an early stage. In addition, despite the existing flow of investment, including foreign investment it is by far not sufficient to change the current export-oriented raw timber industry complex border regions.

**Keywords:** forest resources; timber; exports; investment in the forest sector.

## **АНАЛИЗ ВЛИЯНИЯ ТАМОЖЕННО-ТАРИФНОЙ ПОЛИТИКИ В ЛЕСНОМ СЕКТОРЕ РОССИЙСКОЙ ФЕДЕРАЦИИ НА РАЗВИТИЕ ЛЕСОПРОМЫШЛЕННЫХ КОМПЛЕКСОВ ПРИГРАНИЧНЫХ К КИТАЮ РЕГИОНОВ (НА ПРИМЕРЕ ЗАБАЙКАЛЬСКОГО КРАЯ)**

Колесникова А.В.

Наличие на территории Российской Федерации значительного запаса лесных ресурсов в совокупности с наличием общей границы между Российской Федерацией и Китаем обуславливает экспортную направленность в развитии лесной отрасли регионов России, граничащих с Китаем. В настоящей работе на основе фактического материала рассматривается влияние проводимой таможенно-тарифной политики на развитие лесного сектора приграничных к КНР регионов (на примере Забайкальского края).

В ходе проведенных исследований было заключено, что не смотря проводимую таможенно- тарифную политику в Российской Федерации в настоящее время развитие лесопромышленных комплексов приграничных регионов находится на начальном этапе. Кроме того, не смотря на существующий приток инвестиций, в том числе и иностранных, это инвестирование является на сегодняшний день недостаточным для изменения сложившейся экспортно-сырьевой направленности лесопромышленного комплекса приграничных регионов.

**Ключевые слова:** лесные ресурсы; древесина; экспорт; инвестиции в лесную отрасль.

Russia is the largest forest country. Forest resources of the Russian Federation are concentrated on almost a half of the area of the country (more than 770 million hectares) and are accounted for 20% of total world reserves of wood. The value of the timber industry complex (of Russia) is very significant for Russia, and the reason for

that is (This is due to) the annual increase in demand for the products of the forestry sector, existing on the international timber market.

Major suppliers of timber products on the international timber market are Canada, USA, Finland, Sweden, Germany and Russia, which firmly occupies a niche on the market of raw timber over the past decade. However, since 1997, there is a positive trend in the development of the forest sector in Russia on the international market, related to the increase in the proportion of sawn timber produced in the country [1]. The changes in the timber industry of the Russian Federation, are connected not only with the influence of demand, the emerging international market of timber and timber products, but also with the general economic recovery of the country.

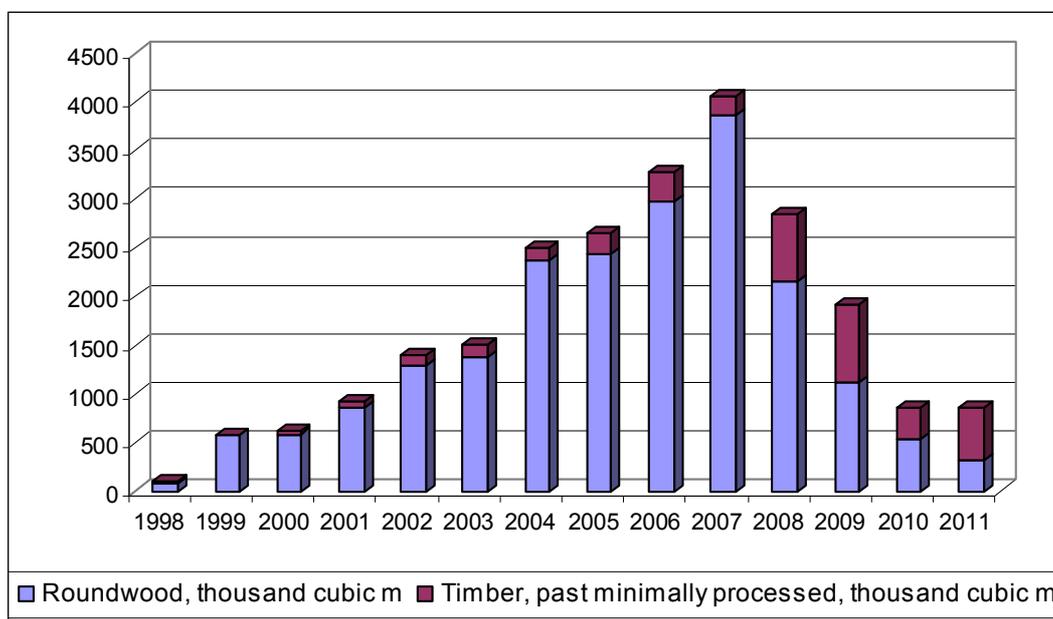
Timber processing and manufacture of timber products in regions of the Russian Federation are developed unevenly (a detailed study is given in [2]). For example, rich with forest regions of Siberia and the Far East have less developed timber industry than the North-European region of the country. This is due to a low domestic demand for raw timber of the forest industry in some regions of Siberia and the Far East (for example, in the Khabarovskij Kray in 2007 the industrial consumption was 22-25% of the total production volume of raw timber [3]).

The presence of sufficiently large stocks of forest resources in the regions of Siberia and the Far East, in conjunction with the prevailing domestic demand for the raw timber industry explain the dependence of the forestry sector in these regions from external annually increasing demand from China. Zabaykalsky Kray is one of the most forest-rich regions of Russia and it had been chosen to explore the development of cross-border timber industry in a region bordering China.

Zabaikalsky Kray is located on the territory of 431,5 thousand sq. km (2.5% of the territory of the Russian Federation). The area of forests occupies 340,9 thousand sq. km (more than 79% of the region territory and about 3% of the total forest area of Russia). The total stock of plantations in the region is 2.7 billion cubic meters, including more than 1 billion cubic meters of mature and over mature ones.

Significant reserves of timber resources, demand on world markets, and the presence of the state border in the Zabaikalsky Krai determine the participation of the region as a supplier of timber products in the foreign trade turnover, mainly saw logs and timber, which had minimal processing.

The 1<sup>st</sup> diagram shows the dynamics of export supplies of timber products from the region. In just a decade, the annual volume of timber exports rose nearly 44-fold. Moreover, in 1999 exports increased in comparison with the previous year for more than 6 times. In other years the annual growth of volumes of export had been ranging in physical terms from 5.75 % in 2005 to 65.9 % in 2004. Also it should be stated that in the period from 1998 to 2007, the export of timber from the region in physical terms consisted of exports of unprocessed timber almost completely (from 90.9 % in 2006 to 97.3 % in 1999). Such a high share of round timber in the significant quantities of exported wood indicates a low level of development of timber processing within the territory of the region.



Data source: [4]

**Fig. 1.** Dynamics of export supplies of wood and products made of it from the Zabaikalsky Krai

For the purpose of state regulation of exports of timber and timber products from the Russian Federation in 2006-2007, the Government of the Russian Federation adopted a number of resolutions regulating the increase of export customs duties on raw timber:

- Resolution of the Government of the Russian Federation dated December 23, 2006 №795 «On approval of the rates of export customs duties on goods exported from the territory of the Russian Federation outside the countries - participants of the agreements on the Customs Union and the invalidation of certain acts of the Government of the Russian Federation».
- Resolution of the Government of the Russian Federation, dated February 5, 2007 № 75 «On amending resolution of the Government of the Russian Federation dated 23 December 2006 № 795 in respect of certain types of raw timber».
- Resolution of the Government of the Russian Federation dated May 15, 2007 № 290 «On amending resolution of the Government of the Russian Federation dated 23 December 2006 № 795 in relation to certain types of lumber».

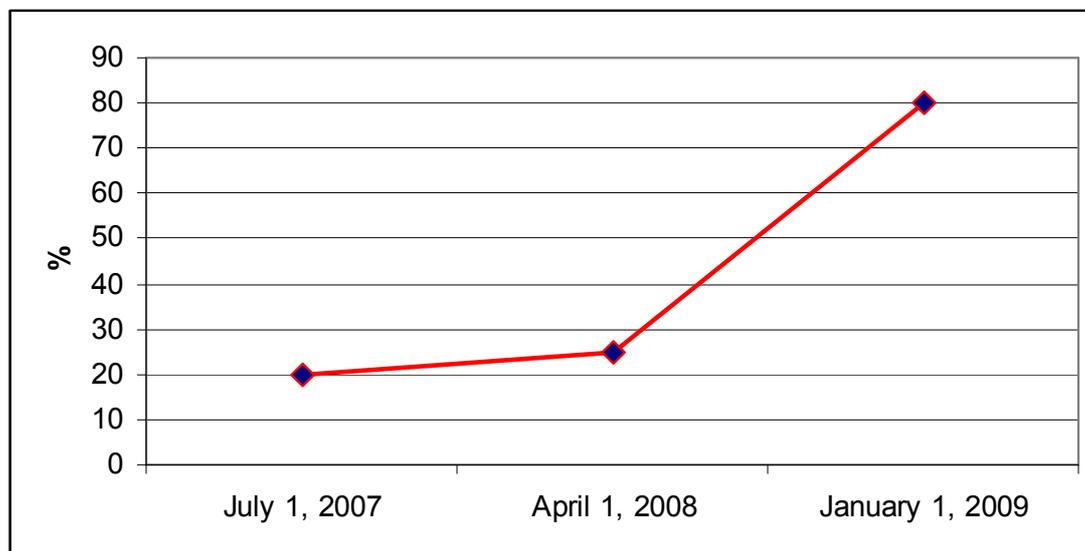
These resolutions established the schedule of gradual increase of the export duties on raw timber (figure 2).

However, the expected increase in the rates of export customs duties on raw timber in 2009 (up to 80%, but not less than 50 euros per 1 cubic) never happened. A number of Resolutions of the Government of the Russian Federation was adopted to carry the increase in the rates of export customs duties to the maximum level (80% but not less than 50 euros per 1 cubic meter) to a later date:

Resolution of the Government of the Russian Federation of December 24, 2008 № 982 (planned to start raising rates to apply from 1 January 2010);

Resolution of the Government of the Russian Federation of December 23, 2009 number 1071 (to increase export duties on unprocessed timber up to 80% had been moved to January 1, 2011);

Resolution of the Government of the Russian Federation of December 29, 2010 № 1190 (it was decided to leave rates of export customs duties on raw timber in 2011 at the level of 2009, 25%, but not less than 15 euros per 1 cubic meter).



**Fig. 2.** Dynamics of change of the export tariffs on raw timber  
(in% to previous year)

However, despite this, in the short term, these actions had some influence on the development of timber industry complex of the Zabaikalsky Krai. So, starting from the second half of 2007, there was a real impact of the customs tariff policies in the Russian Federation, which was due to reduced supply of raw wood. Since 2008 the share of sawlogs in the exported wood decreased notably and reached 37,85% of total timber exports in physical terms in 2011.

It should also be mentioned that, with these seemingly positive shifts in the development of the forest sector, the timber supplied from the region as lumber usually was timber which had been minimally processed.

This tendency of increase of export of timber with the minimal processing, in 2009-2012 is explained by the reaction of both exporters and importers on the rise in the Russian Federation export customs duties on raw timber.

Considering the fact that export duties were increased only for raw timber, export duties on treated timber (regardless of the degree of processing) were removed, and it became profitable to make the primary processing of timber on the territory of Russia, and then export partially processed timber.

In the border of China regions Chinese importers supplied inexpensive equipment and human resources and also carried out the minimum (roughing) timber processing, and then exported partially processed timber. Creation of such enterprises in the border territories of the Russian Federation did not just allowed Chinese importers to avoid the export duties, but also to leave unused waste production in Russia.

Thus, despite the marked reduction of export deliveries of raw timber, it should be concluded that the planned upgrade of manufacture for advanced timber processing enterprises of the timber industry complex of Transbaikalian edge during the period under review did not happen. The forest sector of economy of the Zabaikalsky Krai and other border regions still have a number of challenges [5]:

- Lack of competitiveness of the produced timber industry complex of the region's timber products.
- Discrepancy in export prices for products of timber processing complex, prevailing in the region, Russia's average prices.
- Selling products timber industry at dumping prices.
- Increase in the share of high-quality and large timber in the total volume of exported timber.
- High level of illegal forest exploitation.

In addition, a significant obstacle to the development of timber industry complex in Zabaikalsky Krai is low investment and innovation activity in the industry of the region.

For example, in 2009 the forest industry of the Zabaikalsky Krai received foreign investment of U.S. \$ 3,328.0 million, representing 6.85% of the total volume of foreign investments in 2009; in 2010 - 2394.1 thousand U.S. dollars, which

accounted for 3.4% of the total volume of foreign investments; in 2011 - 2394.1 thousand U.S. dollars, which amounted to 0.27% from total volume of foreign investment [6].

Paradoxically, but as most of the border regions of eastern Russia, the region is an outsider to attract foreign investment [7], [8]. The circumstances of innovation in the forest industry in the region are no better: in 2011 the forest sector of the region had only one innovative project (the total number of innovative projects and scientific and technical developments in 2011 in Zabaikalsky Krai amounted to 89).

Such low investment and innovative activity in the forest sector is largely explained by the presence of high commercial risks, and also risks associated with the General political and economic instability of the Russian Federation.

It should be stated that the existence of high risks is typical not only for the forest industry of Zabaikalsky Krai, but for the forest sector of the Russian Federation in general. However, in the border of China regions, this problem is more pronounced, which can be explained by economic reasons (high cost of timber processing in comparison with China) and significant share of the shadow sector, the imperfection of the legislative base regulating the legal relationship in the sphere of forest management.

As a result of lack of investment in the forest sector of the Zabaikalsky Krai on the territory of the region there are still no enterprises of deep processing of timber. It causes economic damage to the budget system of the Russian Federation and has a number of negative environmental impacts. Thus, due to lack of capacities for high degree wood processing and the presence of a significant resource base in the Zabaikalsky Krai is an excess of timber waste.

It should be mentioned that the production capacity for the production of wood-based panel and pulp and paper products is placed very unevenly. The basic capacities of wood processing are concentrated in the European part of the country - the North-Western and Central Federal districts. Capacities on manufacture wood-fiber plate and wood pulp are also in the Siberian Federal district (Krasnoyarsky

Kray, Irkutsk region, Republic of Buryatia), the capacity utilization in the Siberian Federal District, more than 70% (71.45% for the production of cellulose; 73.35% - Fibreboard, 78.19% - chipboard).

Thus, despite the seemingly positive developments of the export-oriented forest industry of Zabaikalsky Kray, marked in the short period and connected with increasing of the share of processed timber in the structure of export of timber and timber products, should admit the fact that this is the only primary processing, which does not show deep processing and development of relevant industries on the territory of the Zabaikalsky Kray.

Currently, the urgent task is to reduce the existing risks, including those concerning the reduction of the share of the informal sector. This can have a positive impact on the stimulation of investment activity in the forest sector. It is necessary to consider, that decrease in rates of the export customs duties on raw timber in accordance with the obligations of the Russian Federation, adopted in accession to the WTO, may reduce investor's interest in the development of advanced timber processing on the territory of Russia.

Besides, for development of forestry sector in the border regions, it is necessary to ensure state stimulation of processing and recycling of timber waste (including logging). This should help to stimulate the transfer of communal energy for biofuels, which is most relevant for the regions rich with forest resources, as well as with developed forest complex. It can become possible by adopting measures to encourage the loggers (logging residues) and utilities (in the part of biofuel).

*Работа выполнена при поддержке проекта РГНФ: № 13-02-00093  
«Стимулы и антистимулы для повышения эффективности использования  
лесных ресурсов в условиях приграничного региона».*

## References

1. *Forest Products Annual Market Review, 2000-2011*. <http://www.unece.org> (accessed July 15, 2012).
2. Kolesnikova A. *Ispol'zovanie prirodnogo kapitala lesnyh jekosistem s uchetom transgranichnyh faktorov* [The use of natural capital of forest ecosystems in terms of cross-border factors]. 2012.
3. Antonova N.E., Lankin A.S. *Prostranstvennaya ekonomika* [Spatial Economics], no. 1 (2009): 26-50.
4. Kolesnikova A.V. *Geoekologicheskie, ekonomicheskie i sotsial'nye problemy prirodopol'zovaniya: materialy simpoziuma* [Geo-ecological, economic and social problems of environmental management]. 2011. pp. 251-255.
5. Kolesnikova A.V. *Vestnik Novosibirskogo gosudarstvennogo universiteta* [Bulletin of the Novosibirsk State University] 10, no. 4 (2010): 40-48.
6. Brezgin V.S., Kolesnikova A.V. *EKO*, no. 11 (2012): 105-121.
7. Glazyrina I.P., Faleichik A.A., Faleichik L.M. *EKO*, no. 9 (2011): 50-70.
8. Glazyrina I.P., Zabelina I.A., Trynkina E.A. *Ekonomika prirodopol'zovaniya* [Economics of nature use], no. 1 (2008): 65-74.

## Список литературы

1. *Forest Products Annual Market Review, 2000-2011* [Электронный ресурс]. URL: <http://www.unece.org> (дата обращения: 15.07.12).
2. Колесникова А. *Использование природного капитала лесных экосистем с учетом трансграничных факторов*. Германия: LAPLAMBERT Academic Publishing, 2012.
3. Антонова Н.Е., Ланкин А.С. *Лесной комплекс Российского Дальнего Востока: влияние внешних рынков и внутренней политики // Пространственная экономика*. 2009. № 1. С. 26-50.
4. Колесникова А.В. *Трансграничные факторы в развитии лесной отрасли (на примере Забайкальского края) // Геоэкологические, экономические*

и социальные проблемы природопользования: материалы симпозиума, 27-30 сентября. Чита. 2011. С.251-255.

5. Колесникова А.В. Анализ влияния государственного регулирования на изменение сырьевой направленности лесной отрасли // Вестник Новосибирского государственного университета. 2010. том 10, выпуск № 4. С. 40-48.

6. Брезгин В.С, Колесникова А.В. Лесопользование в России и Китае: сравнительный анализ // ЭКО. 2012. № 11. С. 105-121.

7. Глазырина И.П., Фалейчик А.А., Фалейчик Л.М. Приграничное сотрудничество в свете инвестиционных процессов: пока минусов больше, чем плюсов // ЭКО. 2011. №9. С.50-70.

8. Глазырина И.П., Забелина И.А., Трынкина Е.А. Сырьевая экономика и проблемы трансграничного сотрудничества регионов России // Экономика природопользования. 2008. № 1. С. 65-74.

#### **DATA ABOUT THE AUTHOR**

**Kolesnikova Anastasia Vladimirovna**, Associate Professor, Candidate of Economics Science.

*Zabaikalsky State University*

*49, Barguzin street, Chita, 672039, Russia*

*e-mail: starsya@mail.ru*

#### **ДАнные ОБ АВТОРЕ**

**Колесникова Анастасия Владимировна**, доцент, кандидат экономических наук.

*Забайкальский государственный университет*

*ул. Баргузинская, д.49, г. Чита, 672039, Россия*

*e-mail: starsya@mail.ru*