CINTRAFOR NEWS
Center for International Trade in Forest Products

Autumn 2012

Russia's Log Export Tariff and WTO Accession

By: John Simeone and Ivan Eastin, School of Environmental and Forest Sciences, University of Washington

Introduction

Russia's endowment of natural resources is rarely debated. Russia was the world's largest exporter of natural resources in 2008, with exports of USD 341.2 billion, which represented 9.1 percent of world natural resources trade (WTO 2010). Despite the fact that Russia contains the largest area of natural forests in the world, its current share in the trade of the world forest products is below 4 percent. "Forests occupy over half of the land of the country, but the share of the forest sector in the 2010 gross domestic product (GDP) was only 1.3 percent; in industrial production, 3.7 percent; in employment, 1 percent; and in export revenue, 2.4 percent" (UN FAO 2012). The Russian Federation's intentions to support value-added processing by instituting an export tariff on roundwood in 2007 has been well documented (CINTRAFOR News Winter 2009). This article will review Russian softwood and hardwood market trends up to 2007 and the government's justification for instituting export tariffs on roundwood, as well as discuss trends in domestic production from 2007 to 2011 to evaluate the short-term effectiveness of the log export tariff. Finally, this article will conclude by highlighting some of the direct effects that WTO accession has had on the log export tariff. Of particular focus is how this may affect Russia's trade of forest products within the Pacific Rim region.

Forest Sector Trends up to 2007

Roundwood exports:

During the period 2001-2007, global log exports declined by 14.4% while Russian log exports increased by 36%. As a result, the Russian share of global log exports increased from 21.4% in 2001 to 32.8% in 2007. Russian exports of roundwood peaked at 51 million cubic meters in 2006. In the same year, imports of Russian softwood logs represented 91.9% of total Chinese softwood log imports, 38.9% of Japanese softwood log imports, 24% of South Korean softwood log imports and 74.5% of Finnish softwood log imports (Table 1).

The vast majority of Russian hardwood log exports go to Finland and China, with market shares of 49% and 35.4% respectively in 2007. However, between 2001 and 2007, the Finnish share of Russian hardwood log exports dropped from 71% to 49% whereas the Chinese share jumped from 11.4% to 35.4%. The large increase in the volume of hardwood log exports from Russia was largely absorbed by the Chinese market where imports rose from just under 1 million cubic meters in 2001 to 4.6 million cubic meters in 2007. This is similar to the trend observed with Russian softwood log exports.

Lumber exports:

While hardwood logs comprised 28.5% of total Russian log exports, hardwood lumber represented just 3% of total lumber exports in 2007. The ratio of hardwood lumber exports to total lumber exports declined steadily from 5.1% in 1998 to 3% in 2007, although the volume of hardwood lumber exports increased from 293,000 cubic meters in 1997 to 480,000 cubic meters in 2007. In contrast, softwood lumber exports increased rapidly, jumping from 4.6 million cubic meters in 1998 to 16.8 million cubic meters in 2007.

Wood-based panel exports:

Russian total exports of wood based panels displayed strong growth through 2007. Wood-based panel exports were dominated by plywood, although a drop in plywood exports in 2007 caused the share of plywood in total wood-based panel exports to drop from 68% in 2006 to 61% in 2007. However, exports of both particleboard and fiberboard continued to grow through 2007. While fiberboard exports grew by just 4.5% between 2006 and 2007, particleboard exports jumped by 62% over the same period. The 4.7% drop in Russian plywood exports in 2007 came as global exports of plywood increased by 3.3%, suggesting that Russian plywood had become less competitive in global markets, although strong domestic demand within the construction sector also contributed to the decline in plywood exports. In

Table 1. Major destinations for Russian softwood log exports (cubic meters).

Russian softwood log exports							
	2001	2002	2003	2004	2005	2006	2007
Softwood Total	**29,524,993**	**28,309,665**	**27,667,734**	**31,078,046**	**34,309,665**	**37,195,326**	**36,415,182**
China	9,640,210	12,860,826	12,285,199	13,245,657	16,298,962	19,051,215	23,049,945
Finland	4,851,867	5,458,677	5,284,514	5,514,956	6,907,796	5,811,051	3,733,609
Japan	8,368,293	4,533,564	4,701,822	5,637,715	4,553,876	5,094,752	4,376,285
S. Korea	2,273,866	1,572,728	1,509,187	1,593,686	1,733,416	1,974,156	1,224,245
Sweden	1,681,813	1,449,060	1,386,941	1,456,914	899,346	584,843	369,940
Estonia	458,173	456,919	778,111	1,303,122	1,277,779	1,444,414	989,904
Turkey	429,058	453,608	522,323	882,296	1,087,972	1,251,416	820,595
Total log exports	**37,562,542**	**36,659,062**	**36,921,235**	**41,389,639**	**47,945,184**	**51,080,881**	**49,291,371**

Source: (UN Food and Agriculture Organization 2008; Global Trade Atlas 2008)

Russia's Tariff continued on page 3

CINTRAFOR News is available on the web:
http://www.cintrafor.org

In This Issue:

Director's Notes...2

Director's Notes

University of Washington
School of Environmental & Forest Sciences
Box 352100
Seattle, Washington
98195-2100
Phone: 206-543-8684
Fax: 206-685-0790
www.cintrafor.org

The Center for International Trade in Forest Products addresses opportunities and problems related to the international trade of wood and fiber products. Emphasizing forest economics and policy impacts, international marketing, technology developments, and value-added forest products, CINTRAFOR's work results in a variety of publications, professional gatherings, and consultations with public policy makers, industry representatives, and community members.

Located in the Pacific Northwest, CINTRAFOR is administered through the School of Environmental & Forest Sciences at the University of Washington under the guidance of an Executive Board representing both large and small companies, agencies, and academics. It is supported by state, federal, and private grants. The Center's interdisciplinary research is carried out by university faculty and graduate students, internal staff, and through cooperative arrangements with professional groups and individuals.

The forestry and wood products manufacturing sectors have always played an important role in the economy of Washington State. This is particularly true in rural timber-dependent communities and Native American communities, where employment within the forest products sector is often a major source of family wage jobs. In the state of Washington the forest products sector provided over 25,000 jobs, generated approximately $14.5 billion in gross business revenues and paid out over $1.5 billion in wages in 2011. However, continued weak domestic demand for wood products as a result of the 2006 financial crisis has devastated the forest products industry in Washington and across the US. In response, forest products manufacturers have increasingly looked offshore to supplement weak domestic demand, particularly those in Washington. Washington remains the largest exporter of forest products in the US, representing over 17% of total US wood exports in 2012 and the forest products industry is the fourth largest export sector in Washington. 2012 has been a dramatic year for the forest products industry in Washington State, and as we near the end of the year, it is useful to take the time to consider how the state has performed. In this quarter's Director's Notes, I provide an overview of the projected trade data for Washington State (based on actual exports through September 2012). Next quarter's Notes will offer a more detailed analysis of the trade statistics for Washington State on a port by port basis.

Exports of wood products from Washington State were down sharply in 2012 (-22.9%), primarily as a result of a sharp decline in wood imports by China (-6.1% through October). However, since the start of the economic crisis in the US, Washington state has seen its exports increase substantially (+64.7%) and its share of US exports has increased from 12.2% in 2006 to 17.2% in 2012. Washington remains the largest exporter of wood products in the US by a large margin, with the second largest exporter, Oregon, having a market share of just 7.6% of total US exports. Washington's wood exports are primarily targeted towards three markets, with 84% of total exports going to Japan (33.5% export market share), China (26.3%) and Canada (24%). This mix of markets has changed little (with the singular exception of China) since the start of the financial crisis in 2006, when 52% of Washington's total wood exports went to Japan, 5.7% went to China and 27.3% went to Canada (Table 1). Clearly China has become a much more important trading partner over the past six years, increasing its imports from Washington by almost 700% while Japanese imports of wood from Washington have increased a more modest +6.3%. In 2012, Japanese imports of wood products from Washington are projected to total $443,000, followed by China ($348,000) and Canada ($318,000).

Table 2. The export mix of products has changed substantially since 2006.

	Japan		China		Canada	
	2006	2012	2006	2012	2006	2012
Logs	90.5%	71.9%	11.8%	78.6%	2.7%	2.2%
Lumber	5.4%	24.9%	78.2%	20.1%	22.2	29.3
Builder Joinery	3.1%	2.5%	2.1	0.3	28.0%	26.7%
Veneer Sheets	0.0%	0.0%	5.0%	0.1%	4.4%	1.2%
Plywood	0.1%	0.2%	0.2%	1.1%	8.6%	12.2%
Millwork	0.1%	0.6%	2.4%	0.0%	15.3%	12.2%

The overall mix of wood products exported from Washington State has changed slightly since 2006, with the share of logs dropping from 54% to 50% of total wood exports while lumber has increased from 21% to 27%, plywood has increased from 2.6% to 6.7% and builder's joinery has dropped from 10.4% to 8.2%. The mix of wood products differs across the three major markets in 2012 with both China and Japan favoring logs and lumber while exports to Canada are mainly lumber, builder's joinery, millwork and plywood (Table 2). However, the mix of products sent to Washington's three major export markets has changed substantially since the start of the economic crisis in 2006, although in different ways. For example, the mix of exports going to Japan has seen a substantial shift from logs to a greater emphasis on lumber, while the opposite trend has occurred in China. Despite these shifts, both markets remain heavily oriented toward the import of logs over lumber, while imports of all other wood products remain small by comparison. The mix of wood products imported by Canada is more varied, with large amounts of lumber, builder's joinery, millwork and plywood being shipped north.

In summary, the past six years has resulted in substantial changes for the forest products industry in Washington. Facing weak demand for their products in the US, Washington's exporters have increasingly looked offshore, particularly to Asia, to supplement demand for their products. While 2012 looks to be a less-then-stellar year for exporters in Washington (and the rest of the US), a number of stimulus measures in China designed to speed up infrastructure projects and improve the competitiveness of Chinese wood exporters, should increase the demand for wood products, particularly from Washington, in China. Q

Table 1. Washington wood products exports, by country of destination. (US$)

	2006	2007	2008	2009	2010	2011	2012e	2011-2012
Total	$802,485	$854,053	$983,352	$853,790	$1,301,506	$1,714,830	$1,321,448	-22.9%
Japan	$416,391	$354,967	$419,237	$331,746	$377,507	$421,012	$442,526	5.1%
China	$45,517	$49,788	$47,962	$82,272	$392,512	$717,517	$347,924	-51.5%
Canada	$219,169	$243,033	$261,087	$199,078	$277,816	$308,761	$317,746	2.9%
S. Korea	$38,878	$101,648	$135,384	$136,195	$116,764	$125,960	$83,650	-33.6%

Russia's Tariff continued from page 1

contrast, the sharp growth in Russian particleboard exports (up 62%) in 2007 came as global exports of particleboard fell off by 3.5%. This anomaly was likely attributable to the addition of new, more efficient particleboard production capacity in Russia whereas little new plywood capacity addition occurred between 2004 and 2007.

Production Trends between 1998 and 2007

Russian production of industrial logs increased by 12% in 2007, exceeding 160 million cubic meters. Much of the production increase was attributable to increased investment in building construction and infrastructure projects in Russia. Just over half of the industrial log production was sawlogs (51%), while an additional 37.4% was pulpwood. Production of hardwood sawlogs increased by 79% between 1998 and 2007, while softwood sawlog and pulpwood production doubled. Russian total lumber production increased over the period 1998-2007 and showed a strong upsurge in 2007, driven by increased domestic demand. Total lumber production increased by 18.4% from 1998-2007, softwood lumber production jumped by 30.8% while hardwood lumber production actually declined by 29.8% over the same period. The hardwood lumber production decline was skewed by the unusually high level of production in 1998 and the sudden drop in 1999. Since 1999, hardwood lumber production increased by 13%.

Russian production of wood-based panels increased rapidly from 1998 to 2007 as a result of increased investment in this sector, although the particleboard industry benefited more than plywood, and since 2005, the MDF sector has grown rapidly. During this period, the production of wood-based panels almost tripled, with plywood increasing by 151%, particleboard increasing by 238% and fiberboard increasing by 720%. In 2007, production for the entire industry increased by 9.5%, whereas within the different sectors production increased by 5.7% (plywood), 12.5% (particleboard) and 15.7% (fiberboard). Despite the increases in production over this time period, regional production data exposed the fact that wood processing capacity in Russia lagged far behind the available resource. Data from 2005 indicates that in only two regions, the Northwest and Siberia, did the processing capacity exceed 25%. In the remaining five regions, which possess about half of the country's available harvest, the processing capacity averaged just 6.6% of the actual harvest and just over 3% of the economically available timber harvest (CIBC 2007).

Forest sector competitiveness through trade policy

The vast differences in regional production trends did not go unnoticed by the Russian government and former President Vladimir Putin. In 2006, at a meeting on forest sector development, Putin acknowledged the lack of domestic production: noting that "processing facilities are needed…we are desperately short of processing capacity…there are not enough companies performing even minimum processing… and [Russia is] doing little to develop our own wood products and timber processing industry" (Russian Federation 2006). In order to make the forestry sector and timber industry more competitive, Putin called for the prioritization of: (1) the legal foundation for forest sector development via the passing of the new, more effective, Forest Code; (2) structural change in the sector by helping small companies transition from logging to value-added processing; and (3) economic conditions that would make processing attractive to investors. "These issues are all interlinked," stated Putin, "and if we fail to deal with one of them, we will fail to resolve the problem as a whole" (Russian Federation 2006).

Beginning in 2007, the Russian government implemented a series of policies designed to promote the development of the wood processing sector. In 2007, in addition to passing a new Forest Code, Russia announced a series of log export tariffs designed to reduce the export of roundwood. In 2008, the Ministry of Industry and Trade adopted an initiative titled "Strategy for the Development of the Forest Complex to 2020," which formally enumerated the policies that Russia would enact to encourage the development of a domestic processing industry. One initiative that was stressed was a mechanism of subsidizing timber processing development as a way to attract investment, for priority investment projects (MINPROMTORG 2008).

An export tariff on unprocessed timber, or roundwood, was announced on February 5, 2007 by the Russian government. This policy levied an ad valorem export tax on roundwood that would increase incrementally each year. By instituting an export tax on unprocessed wood, the Russian government intended to decrease exports of raw wood in order to increase its price abroad and lower its domestic price, thereby directing log sales into the domestic market.

Beginning on January 1, 2007, the Russian Federation's tax on roundwood was set at 6.5%; on July 1, 2007 the tax was increased to 20% and on April 1, 2008, the tax again increased to 25%. While the Russian government's goal had been to increase the export tax rate to 80% by January 1, 2009, in early November 2008 the Russian authorities, citing the rapidly deteriorating global financial crisis as well as in response to pressure from Scandinavian countries that were heavily dependent on Russian logs, announced that they would delay the implementation of the 80% log export tax indefinitely.

Where lies the competitive advantage?

Before looking at domestic production trends in Russia between 2007 and 2011, one needs to consider whether Russia possessed a competitive advantage in the value-added manufacturing of wood products. "Competitiveness in economics usually refers to the ability of countries, industries, or firms to prosper in certain market conditions. It is an elusive concept, with few clear indicators" (Makela 2009) and an industry's competiveness can be attributable to many domestic and international factors. The following discussion will touch upon both aspects of competiveness.

Ignoring this important issue can lead to the provision of expensive subsidies to manufacturers and result in the disastrous over-development of the wood processing sector (e.g. Indonesia and plywood). It has been repeatedly demonstrated that lacking any clear basis for developing a competitive advantage in wood processing generally results in an inefficient wood processing sector that is unable to compete internationally without the continued provision of subsidies over the long-term. This discussion also addresses the issue of whether Russia can indeed develop an internationally competitive wood processing sector in the future.

Domestically, there are several factors that need to be considered including the cost, quality and availability of labor, cost of capital, hosting conditions (including the perception of risk), presence of supporting industries and exchange rates. For example, Russia is expected to experience a decline in the availability of working age labor in the future, particularly in the timber growing regions (including the Urals, Siberia and the Russian Far East) where the decline in workers will exceed the national average (CIBC 2007). These three regions which contain 54% of the economically available timber harvest, have an under-developed wood processing sector capable of processing about 10% of the actual harvest and less than 5% of the economically available harvest. Attracting and retaining qualified workers in these regions poses a challenge for the Russian government, particularly in the areas of sales/marketing and technical managers.

Related to the labor issue and the underdeveloped wood processing industry, is the absence of related and supporting

Russia's Tariff continued on page 4

Russia's Tariff continued from page 3

industries. Operating a sawmill requires more than simply building and staffing the sawmill. It also requires the presence of related industries to purchase the mill residues, such as a pulp mill or a bio-energy facility (facilities that require a substantially larger capital investment than sawmills). Similarly, having a large, competitive logging industry and adequate transportation infrastructure is critical to ensuring an adequate supply of competitively priced logs. A transparent and fair investment climate is important in order to attract capital investment. Finally, transparency of forest ownership, risk of expropriation, transparency of governance and the endemic nature of corruption are all of concern to potential investors.

Table 2. Products with the highest RCA indicator in the Russian forestry sector in 2006

HS #	Item	RCA
440320	Untreated coniferous wood in the rough	16.45
470411	Unbleached coniferous chemical wood pulp	14.90
440399	Wood, not elsewhere specified, in the rough	11.02
470311	Unbleached coniferous chemical wood pulp	9.30
440391	Oak wood in the rough	6.74
440610	Railway or tramway sleepers (cross-ties of wood)	5.67
441212	Plywood with >=1 outer ply of non-coniferous	5.58
440690	Railway or tramway sleepers (cross-ties of wood)	4.71
480421	Unbleached sack kraft paper, uncoated	4.06
441111	Fibreboard of a density >0.8g/cm3	3.67

Source: Makela 2009

The economic indicators most often used to assess export-oriented competitiveness "do little to measure the potential competiveness of a country, but rather assume that the potential has already been realized and is therefore evident in its current export statistics" (Makela 2009). Recognizing this, Makela (2009) uses Russian export data to make some rudimentary observations regarding what Russian wood products currently have the highest revealed comparative advantage (RCA). Makela (2009) finds that "the most competitive products in the Russian forest sector are products that require little processing" with untreated coniferous wood in the rough and chemical wood pulp being the most competitive products (Table 2) and concludes by noting, that:

> *"While Russia's forest products are not particularly developed, as could be seen from their RCA indicators, Russia had not been 'left behind' in terms of modernization either. Russia's export basket represents the type of export basket a country in that development state would export. This does not mean that trade policy could not be used to improve Russia's situation, but it does mean that Russia's current level of export sophistication is by no means unusually low."*
>
> *"Russia has so far focused on the low end processing part of the forest industry: roundwood, sawnwood, and pulp. It is now attempting to transform its industry toward more value-added products, but it is a relevant question to ask whether this would necessarily even be desirable. The aim to develop production toward high levels of sophistication makes sense, particularly as Russia possesses vast natural resources and hence a natural advantage in the field. Still, the transition the industry currently faces may make a transition from raw materials to processed goods production unprofitable at least in the short term"* (Makela 2009.)

Production and export trends from 2007 to 2011

The combined effects of the global financial crises in 2009 and Russia's export tax on roundwood in early 2007 contributed to a drastic decline in Russia's total roundwood exports –from 49.3 million m^3 in 2007 to 21.9 million m^3 in 2011. However, understanding the short-term effectiveness of the export tax can be helped by looking at domestic production and export trends since 2007; although, as Makela (2009) suggests, the short-term trends may not necessarily be indicative of the potential for long-term success.

Looking at production trends beginning in 2007, the dramatic decreases in production of all forest products between 2007 and 2009 is obvious. Most notable, and expected, is the plunge in total roundwood production (Figure 1). However, since 2009 roundwood production has been rising with the largest increases coming from the production of coniferous

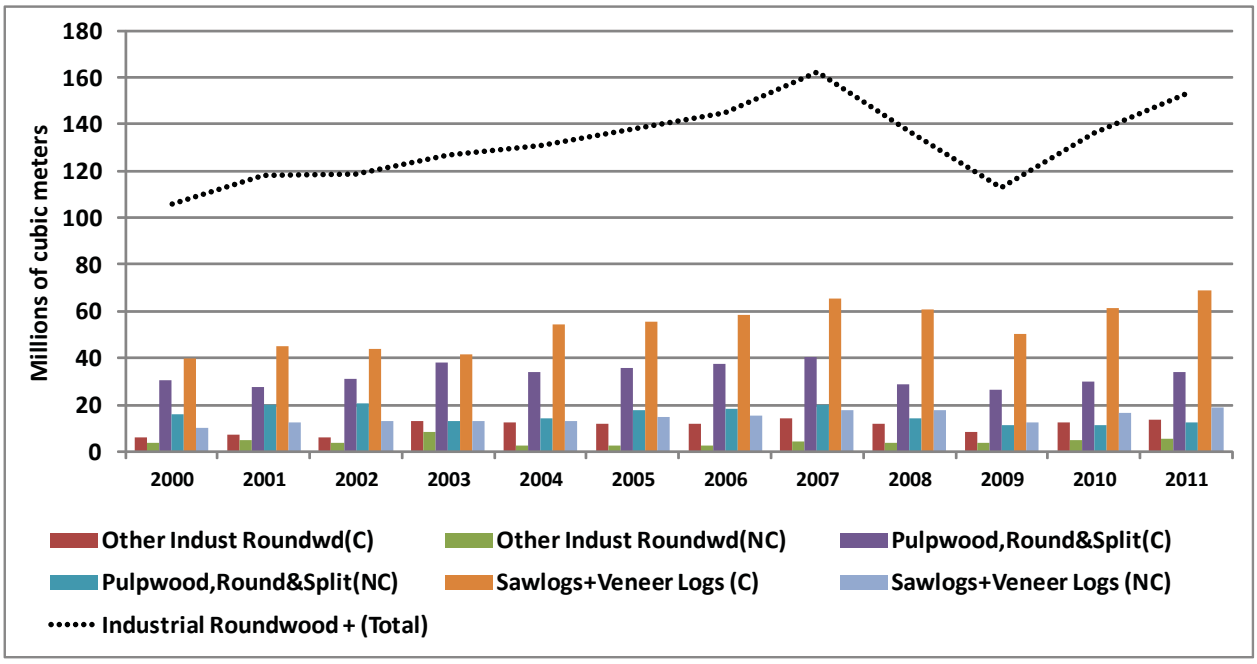

Figure 1. Domestic Production of Roundwood (FAOSTAT 2012)

Russia's Tariff continued on page 5

Russia's Tariff continued from page 4

sawlogs and veneer logs. Domestic production of sawnwood (Figure 2) also slumped between 2007 and 2009, but began an upward trend again in 2010 due to an increase in coniferous sawnwood production capacity, increased domestic demand and a rapid expansion in lumber exports (up 380% between 2007 and 2011). Coniferous sawnwood production in 2011 exceeded 29 million m^3 , a record production volume. Non-coniferous sawnwood production remains low, reaching just 2.6 million m^3 in 2011. Production of wood-based panels fell to 8.6 million m^3 in 2009 (Figure 3), before resuming its rapid growth trajectory between 2009-2011. The largest production gains occurred with particle board, followed by plywood and fiberboard.

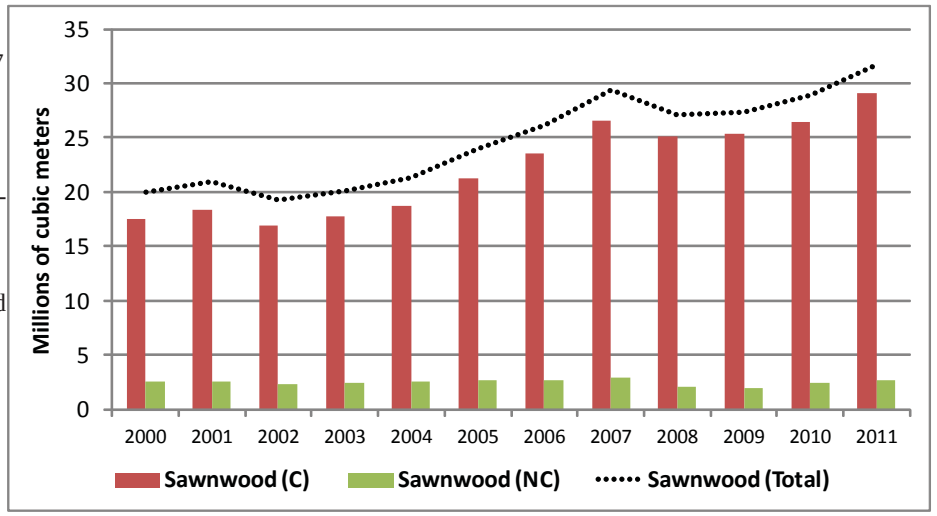

Figure 2: Domestic Production of Sawnwood (FAOSTAT 2012)

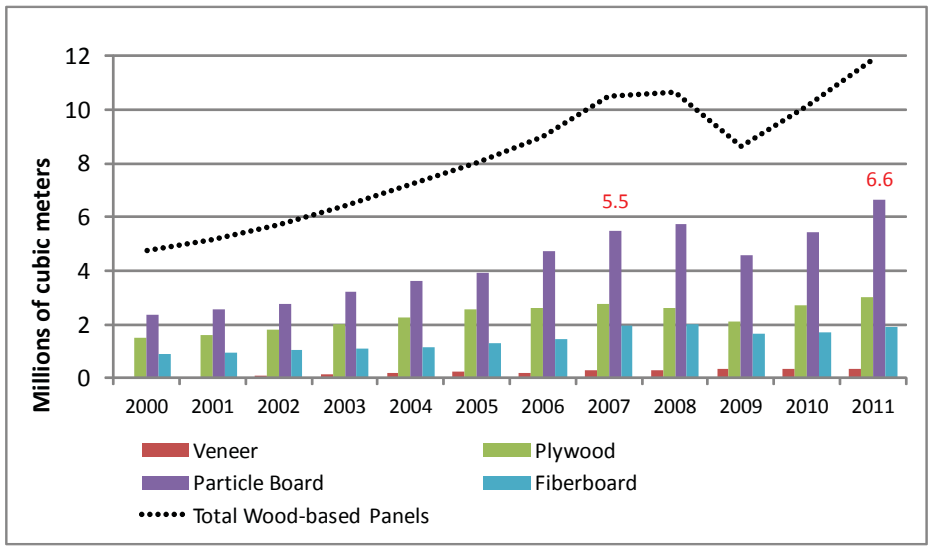

Figure 3: Domestic Production of Wood-based Panels, 2000-2011 (FAOSTAT 2012)

Lower domestic log prices would be expected to encourage an increase in domestic production of secondary wood products while reduced log exports and lower prices should translate into an increased demand for Russian processed wood products in international markets. As discussed earlier, short-term production trends reveal that the production of wood products is growing, although this growth is skewed towards the production of low-value-added products. In contrast, Russian wood products' exports present a mixed picture (Figure 4). The total export value of wood products declined from $8.8 billion in 2007 to $5.5 billion in 2009 largely due to a 49% drop in log exports and the impact of the global financial crisis. Between 2007 and 2011 the export value of all wood products decreased by 16.2%, while exports of value-added wood products increased by 16.8 % to $5 billion in 2011. This trend was driven by increased exports of lumber (+12.4%), plywood (+20%) and veneer (+426%). It should be noted that much of the increased production of wood products was consumed domestically in response to large increases in infrastructure and construction spending.

Russia's WTO Accession

On August 22, 2012 Russia officially became a member of the World Trade Organization (WTO). Russia's accession to the WTO will affect the competitiveness of Russian timber in foreign markets, as well as change the incentive structure of the domestic timber industry and thereby impact the domestic market as well (Sheingauz and Antonova 2008). WTO membership requires Russia to reduce barriers to foreign investment, lower import and export tariffs, and should improve Russia's access to international markets (Rutherford and Tarr 2010).

Following its accession into the WTO, Russia instituted an abrupt change of policy with respect to the log export tariff. Abandoning its goal of imposing an 80% log export tariff, Russia has now instituted an elaborate set of tax rates for roundwood exports and introduced volume tariff rate quotas (TRQs) for certain timber species. Two of these TRQs establish an in-quota duty rate of 13% for spruce (*Picea abies* Karst) and silver fir (*Abies alba* Mill) while red pine (*Pinus sylvestris* L.) will have an in-quota export duty rate of 15%. These duty rates, however, will continue to fall over the next several years as Russian moves to comply with the final bound rates (8% by 2015) as established in the WTO accession package. The official Russian newspaper, Rossiskaya Gazeta (2012), recently reported that all out-of-quota duty rates will be set at the unprecedented rate of 80%. In addition to the TRQs, the export tax rates for hardwood logs will be: 10% for poplar, 7% for birch, and 5% for aspen. The roundwood export tariff for all other species –including larch- remains at the current 25%. It is important to note that even many Russian authorities still remain unclear about the full changes that are occurring within the forestry sector as a result of WTO accession and revisions to laws and export duty rates are still being discussed.

According to the quotas established at the time of Russia's WTO accession, over 95% of the TRQ for spruce and fir logs (6.25 million m^3) has been allocated to the EU with just 4.5% going to all other countries (Table 3). Based on the 2011 Russian log export statistics, spruce/fir log exports totaled just 10.3% of the total available TRQ volume, suggesting that Russia is looking to substantially increase these log exports in 2013. However, given the small volume of spruce/fir logs that were exported to both the EU and Asia in 2011, the large size of the current TRQ is expected to have little impact on either the European or Asian markets in 2013. In contrast, the majority (77.3%) of the 2013 red pine TRQ has been allocated to non-EU markets. In 2011, red pine exports represented 72.3% of the available TRQ for non-EU markets in contrast to 12.4% for EU markets. This could lead to adverse impacts on red pine imports by China and Japan where Russian red pine represented a sig-

Russia's Tariff continued on page 6

Russia's Tariff continued from page 5

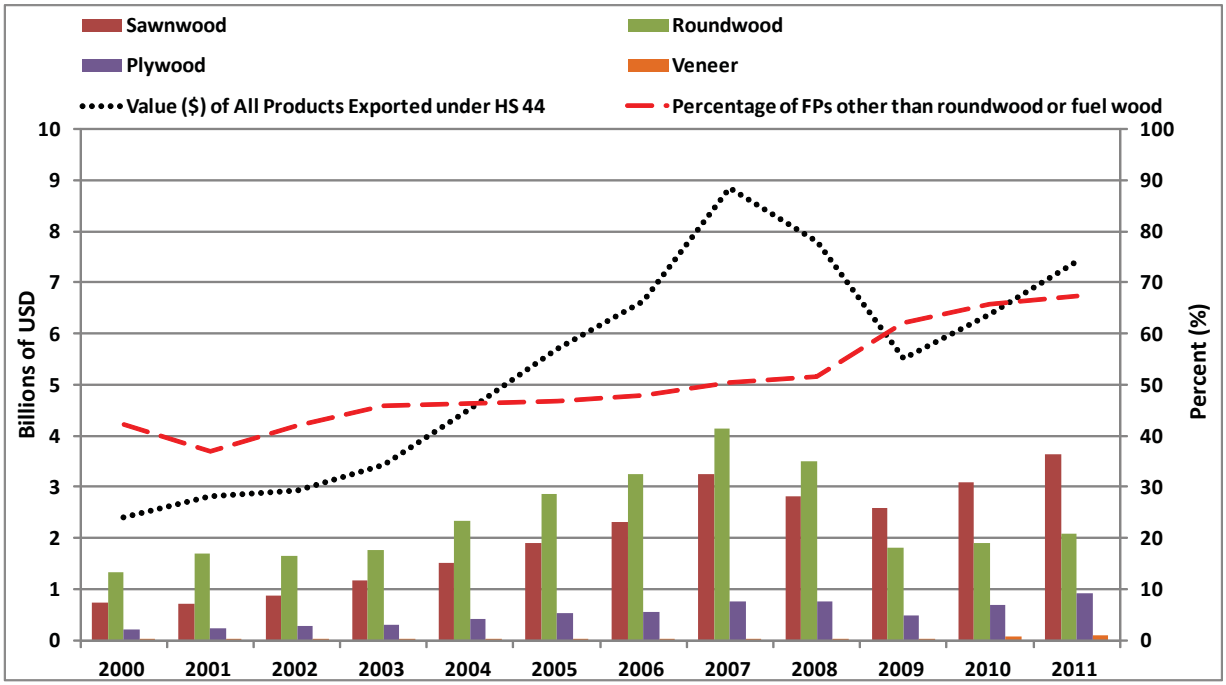

Figure 4: Total Export Revenue of Forest Products (FPS) under HS 44. (Global Trade Atlas 2012)

nifican portion of total softwood log imports totaling 26.8% and 3.5%, respectively, in 2011. For example, in 2011 China imported 8.4 million m^3 of red pine and 3.4 million m^3 larch from Russia while Japan imported 119,613 m^3 of red pine and 108,155 m^3 of larch. Under the new tariff system, the export tariff for red pine will fall from 25% to 15% while the export tariff for Russian larch will remain at 25%. The disparity in tariffs between red pine and larch could well encourage importers in China and Japan to increase their imports of red pine in order to take advantage of the lower tax rate. If this were to happen on a large scale, it could easily cause red pine exports to run up against the out-of quota limit, triggering a sudden jump in the export tariff for red pine from 15% to 80%. While the new TRQs have been set close to Russia's 2006 log export volumes (which reached a record level), the Russian government has stated that new log export quotas for spruce, fir, and pine logs will be revised each year.

Table 3: Projected Impact of the In-quota Duty in 2013 (Global Trade Atlas 2013)

Lumped 13% TRQ for Spruce (Picea abies Karst.) and Silver Fir (Abies alba			
	m^3 allotted for 2013	% of Total TRQ	% of quota used (according to 2011 Russian Export Data)
Total lumped quota =	6,246,500	100.0	10.3
To EU =	5,960,600	95.4	10.7
others =	285,900	4.6	3.7
15% TRQ for Red Pine (Pinus sylvestris L.)			
	m^3 allotted for 2013	% of Total TRQ	% of quota used (according to 2011 Russian Export Data)
Total quota =	16,038,200	100.0	58.7
To EU =	3,645,900	22.7	12.4
others =	12,392,300	77.3	72.3

Works cited

CIBC World Markets. 2007. Russia Plans to Dramatically Increase its Export Tax on Logs. Equity Research Industry Update. 32 pages. Available at: http://conservation-economics.com/pdf_pubs/presentation/CIBC_RussiaLogExportTax_022207.pdf

FAOSTAT. Food and Agriculture Organization of the United Nations. 2008 and 2012. Available at: http://faostat.fao.org/site/626/default.aspx#ancor

Global Trade Atlas. 2008 and 2012. Global Trade Information Service. www.gtis.com\gta

Makela, Tuomas. 2009. The Russian Forest Industry: A Case of Competitiveness and Export Taxes. MA Thesis in Economics: Helsinki School of Economics. Available at: http://epub.lib.aalto.fi/en/ethesis/pdf/12057/hse_ethesis_12057.pdf

[MINPROMTORG] Ministry of Industry and Trade of the Russian Federation. 2008. Strategy on the Development of the Russian Federation's Forest Complex to the Year 2020 (in Russian). Available at: http://www.minpromtorg.gov.ru/ministry/strategic/sectoral/12/

Rossiskaya Gazeta. 13 September 2012. Impose quotas –chips fly. Kvoti vvodyat –schepki letyat. (in Russian). Available at: http://www.rg.ru/2012/09/13/reg-sibfo/forum.html

Russian Federation. 2006. President of Russia: Official Web Portal. "Opening Remarks at Meeting on Forestry Sector and Timber Industry Development." Available at: http://archive.kremlin.ru/eng/text/speeches/2006/04/06/2344_type82913_104294.shtml

Russian Federation. 2012. Federal Duma of the Russian Federation. Computer-aided system guaranteeing the legislative activity for Bill No. 89689-6. Available in Russian at: http://asozd2.duma.gov.ru

Rutherford, T. F., & Tarr, D. G. (2010). Regional impacts of liberalization of barriers against foreign direct investment in services: The case of Russia's accession to the WTO. Review of International Economics, 18(1), 30-46.

Sheingauz, A., & Antonova, N. (2008). The implications of Russia's accession to the WTO for the growth of the Far Eastern federal district timber complex. Studies on Russian Economic Development, 19(3), 295-299.

UN FAO [Food and Agricultural Organization of the United Nations]. 2012. The Russian Federation Forest Sector: Outlook Study to 2030. Rome, Italy. Available at: http://www.fao.org/docrep/016/i3020e/i3020e00.pdf

World Trade Organization (WTO). 2010. World Trade Report 2010: Trade in natural resources. Available at: http://www.wto.org/english/res_e/publications_e/wtr10_e.htm

Selected CINTRAFOR Publications

Phone: 206.543.8684 **Fax: 206.685.0790** **Web: www.cintrafor.org**

WP = Working Papers **SP** = Special Papers* **RE** = Reprints **AV** = Available from Others **FS** = Fact Sheet

*Papers on policy, surveys, proceedings, and other items. Please call or see our website for a complete list of publications and their abstracts.

WP 122 China's Forest Sector: Essays on Production Efficiency, Foreign Investment, and Trade and Illegal Logging Alicia S T Robbins.. 2011. (96pp) $50.00

WP 121 Impact of Green Building Programs on Japanese & Chinese Residential Construction Industries & Market for Imported Wooden Bldg Materials Ivan Eastin, Daisuke Sasatani, Indroneil Ganguly, Jeff Cao and Mihyun Seol.. 2011. (74pp) $50.00

WP 120 Japanese F-4Star Formaldehyde Rating Process for Value-Added Wood Products
Ivan Eastin and D.E.Mawhinney. 2011. (34pp) $50.00

WP 119 Emerging Power Builders: Japan's Transitional Housing Industry After the Lost Decade
Daisuke Sasatani, Ivan Eastin, Joe Roos. 2010. (104pp) $50.00

WP 118 Exploring the Market Potential of Pacific Silver Fir in the US Residential Decking Market
Indroneil Ganguly, Ivan Eastin, Pablo Crespell, Chris Gaston. 2010. (46pp) $50.00

WP 117 Positioning and Market Analysis of the US Decking Materials Market: A Perceptual Mapping Approach
Indroneil Ganguly, Ivan Eastin, Pablo Crespell, Chris Gaston. 2010. (74pp) $50.00

WP 116 Economic Contribution
Ivan Eastin, Indroneil Ganguly, Daisuke Sasatani, Larry Mason, Bruce Lippke. 2009. (84pp) $50.00

WP 115 A Comparative Assessment of the North American & Japanese 2x4 Residential Construction Systems: Opportunities for US Building Materials. Ivan Eastin and Rose Braden. 2009. (57pp) $50.00

WP 114 Trends in the Japanese Forest Products Market and Implications forAlaskan Forest Products
Joseph Roos, Daisuke Sasatani, Valerie Barber, Ivan Eastin. 2008. (53pp) $50.00

WP 113 The Japanese Market for Laminated Lumber and Glulam Beams: Implications forAlaskan Forest Products
Joseph Roos, Daisuke Sasatani, Valerie Barber, Ivan Eastin. 2008. (23pp) $50.00

WP 112 An Economic Assessment of the Lumber Manufacturing Sector in Western Washington
Jean M. Daniels and John Perez-Garcia. 2008. (69pp) $50.00

WP 111 Review of the Japanese Green Building Program and the Domestic Wood Program
Ivan Eastin. 2008. (52pp) $50.00

WP 110 Forest Certification & its Influence on the Forest Products Industry in China
Yuan Yuan and Ivan Eastin. 2007. (69pp) $50.00

WP 109 A Meta Analysis of Willingness to Pay Studies
Adam Lewis, David Layton and John Perez-Garcia. 2007. (48pp) $50.00

WP 108 Material Substitution Trends in Residential Construction 1995, 1998, 2001 and 2004
Indroneil Ganguly and Ivan Eastin. 2007. (54pp) $50.00

WP 107 China Treated Lumber Market Study
Jeff Cao, Rose Braden, Ivan Eastin and Jeff Morrell. 2007. (56pp) $50.00

WP 106 The Market for Softwood Lumber in Japan: Opportunities for Douglas-fir Structural Lumber for Hirakaku
Ivan Eastin and Craig Larsen. 2007. (48pp) $50.00

WP 105 Overview of the Indian Market for US Wood Products
Indroneil Ganguly and Ivan Eastin. 2007. (82pp) $50.00

A complete list of CINTRAFOR Publications available for sale can be found online at:
http://www.cintrafor.org/publications/workingpapers.shtml

Quantity			Total
	WP 122	$50.00	
	WP 121	$50.00	
	WP 120	$50.00	
	WP 119	$50.00	
	WP 118	$50.00	
	WP 117	$50.00	
	WP116	$50.00	
	WP115	$50.00	
	WP114	$50.00	
	WP113	$50.00	
	WP112	$50.00	
	WP111	$50.00	
	WP110	$50.00	
	WP109	$50.00	
	WP108	$50.00	
	WP107	$50.00	
	WP106	$50.00	
	WP105	$50.00	
	WP104	$50.00	
	WP103	$50.00	

Please attach business card or provide the following information:

PUBLICATIONS ORDER FORM

Name: _____

Position: _____

Firm/Agency: _____

Address: _____

City: _____ State: _____

Zip Code: _____ Country: _____

Phone (Required): _____

Fax: _____

Email: _____

All payments in US funds. Payment via check or money order only. Must be drawn on a U.S. bank.

RETURN TO: CINTRAFOR
University of Washington
School of Environmental & Forest Sciences
Box 352100
Seattle, WA 98195-2100 USA

Total Publications _____
Handling $5.00
Postage/ $1.00 per item for US _____
$2.00 per item for International _____
Subtotal _____
WA Residents Only 9.5% Tax _____
TOTAL ENCLOSED: _____

CINTRAFOR
University of Washington
School of Environmental & Forest Sciences
Box 352100
Seattle, WA 98195-2100 USA

RETURN SERVICE REQUESTED

New Publications

Working Papers and Special Papers

WP122 China's Forest Sector: Essays on Production Efficiency, Foreign Investment, and Trade and Illegal Logging.....
Alicia S T Robbins. 2012. 96 pages. $50.00