

"Development of the forest sector in Russia: national and global perspectives" at the IUFRO Division VI Symposium "Integrative Science for Integrative Management", 14 – 20 August 2007, Saariselkä, Finland

Abstract for the research paper to be presented in the technical session on the 15th August 2007

Income and employment effects of transnational wood resource use – industrial use of roundwood in the Republic of Karelia (Russia) and Eastern Finland

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Since the collapse of Soviet Union, both harvesting and production capacity using roundwood in Northwest Russia has recovered. However, there is still a discrepancy between the domestic demand and supply of industrial roundwood concerning both soft- and hardwood pulpwood and logs. The oversupply has been solved through roundwood exports mainly to Finland. Recently, however, this market equilibrium is challenged by the recent statement of the Russian Federal Government to gradually increase custom tariffs for roundwood export from the mid 2007 on to promote domestic production and to create more value added. The same disequilibrium challenge shall be faced with in hardwood pulpwood markets. The latter is due to the high proportion of small diameter softwood in the clear cuts of mixed stands. There is no current domestic capacity to demand this pulpwood supply.

The income and employment effects of the alternative solutions concerning the use of roundwood species harvested in NW Russia are calculated and discussed. The basic alternatives focus on the impacts from the primary industrial use and exports of roundwood. In addition, the evaluation of the potentials related to the expansion in the secondary industrial use of sawn timber and wood plates are also evaluated.

There is a contributive target to be able to identify the multiplier coefficient differences between The Republic of Karelia in NW Russia and Eastern Finland, respectively.

Key words: Eastern Finland, Northwest Russia, income and employment multipliers, roundwood market, roundwood export, primary and secondary wood product industries