



# RUSSIAN FEDERATION

COUNTRY OVERVIEW TO AID IMPLEMENTATION OF THE EUTR



|                          |  |
|--------------------------|--|
| <b>LAND AREA:</b>        | 1638 million hectares <sup>1</sup>   |
| <b>FORESTED AREA:</b>    | 815 million hectares <sup>2</sup><br>49.8% of total land area <sup>2</sup>                 |
| <b>FOREST TYPE:</b>      | 33.5% primary <sup>2</sup><br>64.1% naturally regenerated <sup>2</sup>                     |
| <b>FOREST OWNERSHIP:</b> | 100% state owned <sup>3</sup>  |
| <b>PROTECTED AREAS:</b>  | 164.1 million hectares <sup>4</sup><br>2% of forests found in Protected Areas <sup>2</sup> |
| <b>VPA STATUS:</b>       | No VPA currently <sup>5</sup>  |

## ECONOMIC VALUE OF FOREST SECTOR:

USD 13.08 billion in 2011<sup>6</sup>  
0.8% of the GDP in 2011<sup>6</sup>  
2<sup>nd</sup> highest exporter of EUTR products in 2015 by weight (kg)<sup>7</sup>  
13<sup>th</sup> highest exporter of EUTR products in 2015 by value (USD)<sup>7</sup>

## ANNUAL DEFORESTATION RATE:

5.3 million hectares of tree cover lost in 2017<sup>8</sup>  
Average of 4.43 million hectares per year 2013-2017<sup>8</sup>

## CERTIFIED FORESTS:

FSC certification: 46.2 million hectares (2018)<sup>9</sup>  
PEFC certification: 12.9 million hectares (2017)<sup>10</sup>  
FSC & PEFC certification: 8.96 million hectares (2017)<sup>11</sup>

## CHAIN OF CUSTODY CERTIFICATION:

FSC certification: 497 CoC certificates (2018)<sup>9</sup>  
PEFC certification: 30 (2017)<sup>10</sup>

## MAIN TIMBER SPECIES IN TRADE:

Hinggan fir (*Abies nephrolepis*), birch (*Betula* spp.), European beech (*Fagus sylvatica*), ash (*Fraxinus* spp.), larch (*Larix* spp.), spruce (*Picea* spp.), pine (*Pinus* spp.), oak (*Quercus* spp.), lime (*Tilia* spp.) and elm (*Ulmus* spp.)<sup>12</sup>

## CITES-LISTED TIMBER SPECIES:

4 species: *Taxus cuspidata* (Appendix II), *Fraxinus mandshurica*, *Pinus koraiensis* and *Quercus mongolica* (Appendix III)<sup>13</sup>

## RANKINGS IN GLOBAL FREEDOM AND STABILITY INDICES:

|  |  |   |  |
|--|--|---|--|
| <b>Rule of law index<sup>14</sup></b><br>4 <sup>th</sup> quarter<br>89/113 in 2017 | <b>Corruption perceptions index<sup>15</sup></b><br>3 <sup>rd</sup> quarter (score: 29)<br>135/180 in 2017 | <b>Fragile states index<sup>16</sup></b><br>3 <sup>rd</sup> quarter<br>69/178 in 2018<br>(Inverse scoring system) | <b>Freedom in the world index<sup>17</sup></b><br>4 <sup>th</sup> quarter<br>69/83 in 2018 |
|--|--|---|--|

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## LEGAL TRADE FLOWS

In 2015, the Russian Federation exported EUTR-regulated products to 118 countries and territories, totalling 41.04 billion kg<sup>7</sup>, of which 26.7% was exported to the EU-28 by weight and 34% by value. China imported the largest proportion of EUTR products by value (Figure 1a) Exports of EUTR products mainly consisted of sawn wood (HS4407\*) by both weight and value (Figures 1b and 1c). Paper products (HS48) account for the second greatest proportion of the value of exports, while rough wood (HS4403) was the next most exported product by weight, indicating the higher relative value of paper products. The Russian Federation imported very low volumes of wood products relative to its production in 2014, and consumed most of its wood domestically (Table 1). The majority of EUTR-regulated products imported into the EU from the Russian Federation in 2015 were imported by Finland and Germany, followed by Italy and the United Kingdom (by value; Figure 2) and the Netherlands and Sweden (by weight; Figure 3).

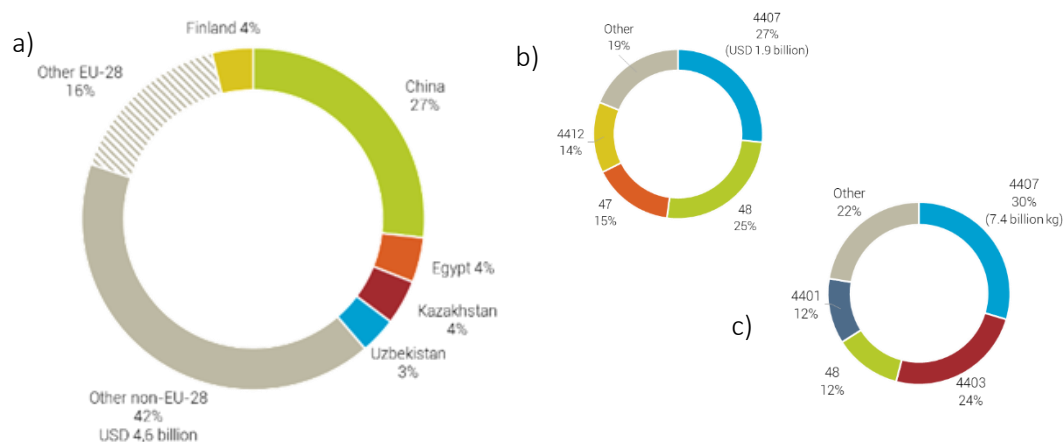


Figure 1: a) Main global markets for EUTR products from the Russian Federation in 2015 in USD; b) main EUTR products by HS code exported from the Russian Federation by value in USD in 2015; and c) main EUTR products by HS code exported from the Russian Federation by weight (kg) in 2015. Produced using the Russian Federation reported data from UN COMTRADE<sup>7</sup>.

Table 1: Production and trade flows of main timber products in the Russian Federation in 2015<sup>12</sup>.

|                             | Production<br>(x 1000 m <sup>3</sup> ) | Imports<br>(x 1000 m <sup>3</sup> ) | Domestic consumption<br>(x 1000 m <sup>3</sup> ) | Exports<br>(x 1000 m <sup>3</sup> ) |
|-----------------------------|--|-------------------------------------|--|-------------------------------------|
| Logs (industrial roundwood) | 203 000                                | 19                                  | 181 968  | 21 051                              |
| Sawnwood                    | 33 900                                 | 37                                  | 11 350   | 22 587                              |
| Veneer                      | 690                                    | 18                                  | 322  | 386                                 |
| Plywood                     | 3513                                   | 244                                 | 1851   | 1906                                |

\*Key to HS codes: 4401 = fuel wood; 4403 = rough wood; 4407 = sawn wood; 4412 = plywood and veneered panels; 47 = wood pulp; 48 = paper and paper products

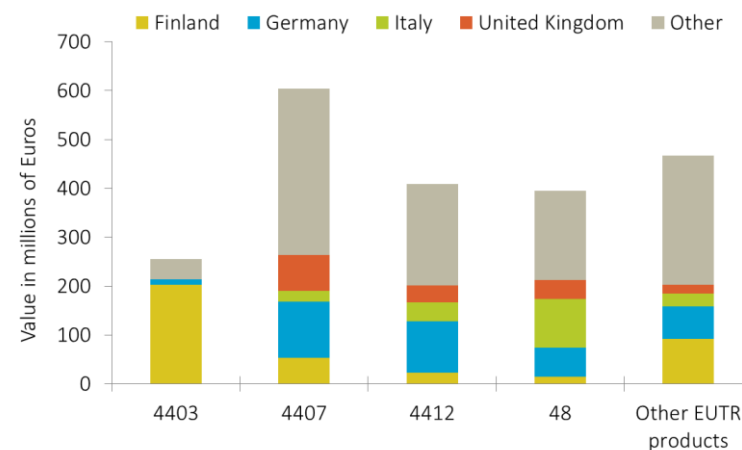


Figure 2: Value of EU imports of EUTR products from the Russian Federation to the EU in 2015 by HS code. Produced using data from EUROSTAT<sup>18</sup>.

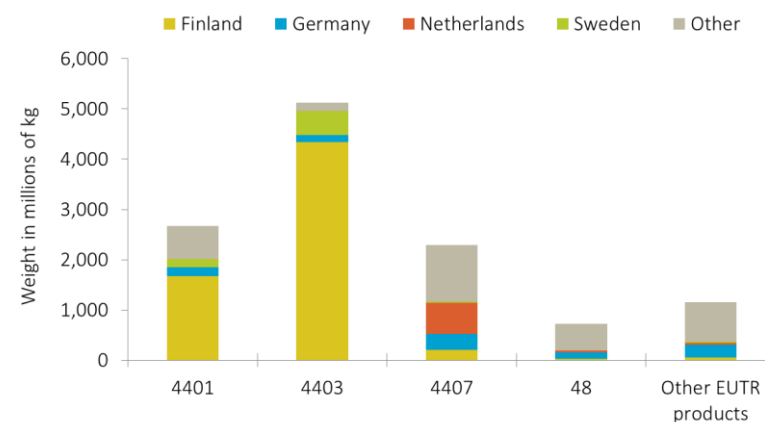


Figure 3: Quantity of EU imports of EUTR products from the Russian Federation to the EU in 2015 by HS code. Produced using data from EUROSTAT<sup>18</sup>.

## KEY RISKS FOR ILLEGALITY

### COMPLIANCE WITH LEGISLATION:

Legislation is often complied with on paper, but most illegal logging seems to occur through misuse of permits issued, such as sanitary logging permits<sup>19-22</sup> and overharvesting relative to permits issued<sup>20</sup>.

### BRIBERY INCIDENCE:

14.2% of firms experiencing at least one bribe payment request in 2012<sup>23</sup>.

*Based on data collected on behalf of the World Bank across a range of sectors.*

### ILLEGAL HARVESTING OF SPECIFIC TREE SPECIES:

Caucasus: oak, chestnut, beech<sup>21</sup>

Southeast Siberia: Scots pine<sup>21</sup>

Russian Far East: Mongolian oak (*Quercus mongolica*), Manchurian ash (*Fraxinus mandshurica*), Japanese elm (*Ulmus propinqua*), Amur linden (*Tilia amurensis*) and Manchurian linden (*Tilia mandshurica*)<sup>20,24</sup>

### PREVALENCE OF ILLEGAL HARVESTING OF TIMBER:

Estimated 20% of logging nationwide<sup>24</sup>.

Estimated 80% in the Russian Far East in 2013<sup>19</sup>.

### COMPLEXITY OF THE SUPPLY CHAIN

Potentially very complex in the Russian Far East: harvested timber can be processed at local or regional sawmills, with raw or processed timber mainly exported to China<sup>19</sup>; timber from other sources can be added throughout the supply chain, which is potentially not declared upon export<sup>19</sup>.

### RESTRICTIONS ON TIMBER TRADE

The Russian Federation does not currently have any export bans in place for timber<sup>25</sup>, but a temporary restriction can be imposed on the export of birch logs larger than 15cm in diameter and longer than 1m<sup>26</sup>. Harvest is prohibited for some species<sup>27</sup>; a ban on the logging of Korean pine (*Pinus koraiensis*) was announced in November 2010<sup>28</sup>.

There is an EU ban on import of goods from Crimea and Sevastopol<sup>29,30</sup>.

### Illegal trade

According to figures from the Russian Federal Forestry Agency (Roslezhhoz) as reported by GRID-Arendal, between <1% and 10% of the total wood harvest is illegally cut every year<sup>31</sup>; however, estimates from different sources range from 10% up to 60%<sup>31</sup>. The Office of the President of the Russian Federation also reported an approximate 66% increase in illegal logging from 2008 to 2013 in the Russian Federation<sup>32</sup>. Illegal commercial logging was reported to be concentrated primarily along boarder regions, as high quality timber is in demand from foreign buyers<sup>31</sup>. In 2014, there were 18 400 reported cases of illegal logging of forest plantations, totalling a volume of 1 308 400 m<sup>3</sup>, equating to 10.8 billion rubles<sup>31</sup>. The most critical areas of illegal harvesting were reported to be Siberia and the Russian Far East (RFE)<sup>31</sup>, where up to 80% of precious hardwood cut was estimated to have been harvested illegally in 2013<sup>19</sup>. The Primorsky Krai region of the RFE was reported to account for two thirds of the illegal logging in the RFE<sup>31</sup>. In a 2014 survey of 100 timber companies in the Russian Federation, 13% of respondents overall and 66% of respondents in the RFE (4 respondents) were unsure whether products they sold to EU markets were completely legal<sup>33</sup>. Major contributing factors reported for the prevalence of illegal logging included high levels of corruption, organised crime in the forest industry and lack of law enforcement and ineffective legislation<sup>31</sup>.

China imports over 95% of the valuable hardwoods exported from the RFE<sup>19</sup>. Logs and sawnwood from the Russian Federation are the main source of China's wood and paper imports and bear a high risk of illegality<sup>34</sup>. Volumes of Mongolian oak logged in the Russian Federation for export to China exceeded the authorised logging volumes 2004-2011 by two to four times<sup>22</sup>. Due to China's role as the largest wood processing country globally<sup>35</sup>, illegal Russian timber is likely re-exported as wood products, potentially mixed with timber from other sources<sup>19</sup>. For example, the largest US Lacey Act fine to date was for timber illegally logged in the RFE and imported to the United States via China<sup>36</sup>. Chinese owned sawmills operating in the Russian Federation have also been noted to operate illegally, through use of falsified documents and bribes<sup>19,22</sup>. The links between Russian illegal timber, Chinese importers and processors and the global market have been investigated in a number of Environmental Investigation Agency (EIA) reports and others<sup>37,38,19,20,31</sup>. Illegal timber for the Chinese market is reportedly typically obtained from legal concessions beyond the agreed quota, from places where

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harvesting is forbidden or harvested under the false claims of sanitary felling or thinning<sup>31</sup>. Methods reportedly used to launder illegally harvested timber for export to China are based around the provision and utilisation of false documentation or poor declaration and traceability<sup>31</sup>.

Illegal logging in the Russian Federation, especially in the RFE, has been reported to be carried out via bribes<sup>19</sup>, establishment of temporary trading companies which act as intermediaries between illegal loggers and international exporters<sup>19</sup>, misuse of sanitary and “intermediate” logging permits to harvest healthy trees<sup>19-22</sup>, falsified permits and overharvesting relative to permits<sup>20</sup> and harvesting in protected areas<sup>20,22,39</sup>. Reductions in the funding to forest enforcement is likely to have impacted the effectiveness of patrol based enforcement<sup>19,20,22</sup>; prosecution rates are also low<sup>22</sup>.

In a 2017 risk assessment of timber legality in the Russian Federation, NEPCon identified a wide range of key risks including: involvement of corruption in the issuance of concession licences and during the approval of Forest Declarations and Technological Maps; tax evasion – including companies set up for a short period of time solely for tax avoidance; harvest of timber outside official boundaries or in excess of approved harvest volumes; harvest of unauthorised species; illegal export of CITES species with unknown/unclear origin; and issues of transfer pricing<sup>40</sup>. In addition, there were key risks relating to workers being employed unofficially, the use of non-registered immigrant labour, and rights of third parties<sup>40</sup>. The risk assessment includes suggested control measures and verifiers for risk mitigation.

### **Forestry management and legislation**

In 2013, the Russian Federation introduced an eight year plan, “The Development of Forestry 2013-2020”, aiming to reduce illegal logging and increase profits from the timber sector<sup>41</sup>; the Criminal Code was also updated in 2014 to include stricter penalties for illegal logging, transport and sale<sup>42</sup>. Timber labelling, traceability and monitoring system requirements were updated in the 2013 Federal Law “On Amendments to the Forest Code of the Russian Federation”<sup>43</sup>. A new electronic system for recording timber related information, the Uniform State Automated Information System (EGAIS), was launched 1 January 2015<sup>31,42</sup>. All organisations dealing in timber are required to submit information on the volume of timber harvested, labels used and timber sold<sup>42</sup>. Forests are state owned and licences to harvest are issued to companies or individuals<sup>27</sup>. The Russian Federation also maintains a list of tree and shrub species for which harvest is prohibited<sup>8</sup>.

Approximately 38% of the total export volume from the Russian Federation in 2013 was reported to be from certified sources<sup>44</sup>; however, certified sources do not contain many valuable hardwoods<sup>44</sup>. A 2016 risk assessment for the Russian Federation by the FSC also considered there to be “specified risk” (certain risk that material from unacceptable sources may be sourced or enter the supply chain) for illegally harvested wood<sup>45</sup>.

A 2014 survey of forestry sector company employees in the Russian Federation found that 94% were aware of EUTR, although 53% were not aware of some of EUTR requirements<sup>33</sup>. Companies in the RFE were the least informed of those surveyed<sup>33</sup>.

## RELEVANT LEGISLATION AND POLICY<sup>1</sup>

For further details on the Russian Federation's legislation relevant to EUTR, see the [Federal Agency of Forestry](#) website, the [Russian Federation country page on FAOLEX](#) and NEPCon (2017) '[Timber legality risk assessment](#)'.

- The [Forest Code](#) of the Russian Federation No. 200-FZ of 4 December 2006 (and its amendments)
- The Russian Roundwood Act 415-FZ (2013)
- Order no. 1 of the Federal Forestry Agency (2012)
- Order no 47 of the Federal Forestry Agency (2012)
- Regional Law no. 132-PK, 2013
- Regional Law no. 12-ZKO "On delimitation of plenary powers between state bodies in the sphere of forest relations" (2011)

## LEGALLY REQUIRED DOCUMENTS<sup>2</sup>

See NEPCon (2017) '[Timber legality risk assessment](#)' and WWF's 'Keep it legal'<sup>27</sup> for a further list of legally required documents.

- For logging:
  - Rental agreement/Forests stands sale agreement
  - Technological map
  - Forest declaration
  - Felling area allocation plan
  - Forest management plan (approved by the state or municipal expert)
  - Financial and material assessment of felling area
  - Post-logging report on forest use and regeneration
- For transport:
  - Timber supply agreement
  - Transportation bill
  - Railway bill (for transport by rail)
  - Specification for transported timber (for transport by rail)
  - Forests stands sale agreement/Forest declaration (for transport by rail)
- For domestic market processing/sale:
  - Timber supply agreement
  - Railway bill
  - Specification for transported timber
- Export:
  - Passport of the deal
  - Contract for timber supply with annexes
  - Cargo customs declaration
  - An invoice
  - A specification
  - Plant quarantine certificate
  - Transport documentation: a railway bill/international transport way-bill (CMR)

<sup>1</sup> The following list may not be exhaustive and is intended as a guide only on relevant legislation.

<sup>2</sup> The following list may not be exhaustive and is intended as a guide only on required documents.



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