

The Ministry has drawn up a programme for the development of the pulp and paper industry. The project includes, in particular, the reconstruction of three enterprises producing newsprint and five mills producing various kinds of paper for printing purposes. The USSR Council of Ministers envisaged an increase of 580,000 tons (a growth of 32 percent) in newsprint production capacity for the period 1989 - 1995. A credit of 122 million rubles worth of foreign currency was set up for the purchase of imported equipment. The Ministry is engaged in a study aimed at the introduction of new production capacities this year at the Kondopoga Pulp and Paper Mill and next year at the Balakhna Mill. However these enterprises lack the financing for capital investments, nor do they have a contract allotment. This complicates the task of executing state directives.

It should be mentioned as well that the lack of self-sufficiency in convertible currency sometimes puts us face to face with a dead-end situation. A case in point is the Solikamsk Pulp and Paper Mill, one of the major producers of newsprint. It signed a contract with a Japanese firm to purchase the necessary equipment to modernize its machinery. But the USSR Vneshekonombank (Bank for Foreign Economic Affairs) is holding up the financing. The Ministry is not able to pay off its previous contracts, though the plan for hard currency proceeds is being fulfilled. The country earns over 2 billion foreign currency rubles from exports of timber to foreign purchasers. Yet at the same time we are annually spending 800 millions in foreign currency rubles for the purchase of imported pulp and paper products and 200 million rubles for the purchase of equipment.

However, not even by carrying out the programme of modernization and reconstruction for existing pulp and paper mills will we be able to bring about a complete solution to the "paper" problem: there is still a shortage of fibrous semi-finished products - pulp and wood pulp.