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EXTRACTS FROM THE SOVIET PRESS ON USSR FORESTRY AND FOREST-BASED INDUSTRIES

May 1990

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TIMBER AND WOODWORKING

General Manager of Rebel Association
Defends His Position

V. Alekseev's article "Specific Ambitions, Or How the General Manager of the 'Krasnoyarsklesprom' (Krasnoyarsk Timber Industry) Association I.A. Kirillov Wages War With the Ministry", published in Lesnaya Promyshlennost on May 8 of this year, provoked a widespread response and lively repercussions. Consistent with the principle of plurality of opinions and with due recognition of the opponent's right to express his personal view, today's issue of the newspaper presents I. Kirillov's reply to the above mentioned article. In it he expresses his attitude towards the criticism as well as towards some of the controversial questions raised in it concerning the economic relations between the Centre and the local branches of the national economy.

The Editors are purposely refraining from getting into a dispute with the author regarding the contradictory assessments and figures contained in the two articles. In this instance, the most interesting part for the reader will be Kirillov's reasoning of his position as well as the logic of his arguments with respect to regional independence and the degree of readiness displayed by the Association to separate from Minlesprom (Ministry of the Timber Industry). Since everyone is affected by the process involved in the formation of new production relations under conditions of an evolving market economy, the Editors intend to continue the debate on the challenges implicit in expanding the economic independence of associations and enterprises, the ability of the latter to finance and support

themselves, as well as the fight against monopolism, administrative interference and bureaucracy. This is why we are inviting everyone who is interested to take part in this exchange of views. We hope that the discussion will be of a constructive nature and will not be reduced to merely an uncompromising confrontation between local self-governing bodies and the Centre.

Forests and the products derived from them occupy such an important place in the country's economy and in people's lives that this vast national wealth must be handled intelligently, through the careful weighing in advance of every step in the decision making process at any level.

There is No Turning Back

Time and again have I heard the same complaints from the top officials of the Ministry directed at me personally, as well as at the Association. I won't bother to comment here on the exaggerated emotional nature of the article, its tendentiousness and the system of attaching labels which is clearly manifested in it. Fortunately, I am dealing with intelligent readers who understand only too well from which direction the wind is blowing. And, incidentally, the author makes no attempt to hide the fact that sector headquarters is extremely irritated with the "amateur approach" at the scene.

All the same, we have to bear in mind that the country is heading towards a market economy, a new business mechanism is being forged and the old stereotypes are collapsing. The times call for a display of entrepreneurship

and initiative. But instead, we are advised to sit, do nothing, and wait for instructions: on a specific date and at a certain time you are to start doing this or that, but what exactly we don't know yet! The crux of the matter lies, of course, in the basic unwillingness to share power. This is the reason behind all the allegations about pulling the forest complex apart "piece by piece." It is as if the market is some kind of monolith which can be controlled from a an immense office right at the top. If this were the case, then what is the purpose of the anti-monopoly legislation on which the government is presently working?

Let me explain my position in full. If our enterprises begin to detach themselves from the Association in exactly the same way, it will be impossible to do anything with them. This is an objective process that can only be accepted unequivocally. There can be no intertwining of interests.

I am convinced that now is not the most appropriate time for embarking on a "witch hunt", for putting labels on everything and determining the degree of individual blame for the crisis in the timber industry. It would be much more beneficial to get down to finding constructive solutions for correcting the situation which has arisen. Nevertheless, since the bill has been presented to me, I am forced to respond to it. The reader, I think, will be more than interested to get an idea about the real situation in the area in question.

Is it really true that "one of the most powerful associations of the past is falling apart right in front of our eyes because of the near-sighted and at times adventurist policies of its leaders"? All the average annual indices from the current and past Five-Year Plans attest to the contrary - volumes have increased substantially. Moreover, the rate of increase in wages has not exceeded the rate of increase in labour productivity.

I do not like to overdo the use of figures but just cannot help citing them in this case. For the years 1987, 1988 and 1989 commodity output increased by 6 percent. The production of sawn timber reached 3.5, 3.6, and 3.7 million cubic metres; standard dwellings amounted to 293,000, 320,000, and 333,000 square metres; paper production was 93, 104 and 107 tons; and the productivity of labour amounted to 13,200, 14,000, and 15,000 rubles. The profit balance was 142, 209, and 236 million rubles. Do these statistics paint a worrisome picture? Certainly not.

Yet it is essential to deal with the topic of "disintegration" for it is on this very subject that all the rest of the complaints focus. The trouble is that in four years of the current Five-Year Plan the Association has undersupplied the national economy by 7.6 million cubic metres of commercial timber. A negative? On the one hand, undoubtedly so, but on the other, while the Association failed to fulfil the plan by that much, it managed, during the very same period, to increase its volume of production by 6.8 million cubic metres, its output of sawn timber by 1,088,000 cubic metres, and its commodity output by 336 million rubles in 1982 prices. How should we assess these factors? Our calculations show that the prime cause of this dead-end situation lies in the unfounded policies of the ministry's administrative apparatus in the planning of product deliveries to consumers. Sector headquarters has failed completely to take objective reality into account, i.e. the size, quality and type of timber available in the enterprises' allowable cut. And on top of that, each year we were undersupplied with timber reserves for sawmilling and woodworking purposes, as well as for maintenance and operational needs. Due to the above, "paper" volumes of up to 2 - 3 million cubic metres were created annually. The unsubstantiated nature of these plans is confirmed in reports by officials of the USSR

Council of Ministers, the State Planning Commission (Gosplan), the State Committee for Material and Technical Supplies (Gossnab) and the State Committee for Forestry (Gosksomles), as well as by many officials of the USSR Ministry of the Timber Industry. Today, I am the only one they are trying to whip publicly.

The point is that in past years, while understanding the unsubstantiated nature of their positions, the managers at sector headquarters have persistently compelled the Association to submit unreal timber resources for delivery. And what benefits they promised for all this! Reimbursement for fines, fantastic monetary incentives and many other things. Even today the pressure has not been lifted one iota. State production orders imposed by the Ministry exceeded the attained level by 1.5 - 2.5 fold. The figure for pit props was 155%, and for export saw timber - 249%. In order to scale those "paper" heights the Association had to increase its logging by no less than five million cubic metres. If you take into account that we have stopped loose floating and the cutting of cedar stands this type of planning cannot be called anything but absurd.

I would also like to mention another factor which for some reason, has not yet been given any thought at the top, i.e. the fact that the local population is becoming more and more hostile to any further encroachment of the logging industry on the taiga. They almost took to arms in the Sym River area of the Yenisei region, to give you one example. Since August of 1989 over 30,000 man days and approximately a million rubles have been spent in an effort to prove to the USSR Ministry of the Timber Industry the impracticability of the task. On top of this must be added the cost of dozens of daily written and telephoned responses to one and the same inquiries, of daily participation in two or three analyses by selector telephony, of 138

calls to Moscow, and of working with an infinite number of inspection committees. This is what we will be getting rid of as a result of leaving the Ministry.

By the way, the decision to switch over and work independently was adopted by an "ad hoc" committee of the labour collective (which consists of 160 people) one week prior to my being called before the Board of Minlesprom.

The last straw that completely exhausted the patience of our logging mills was that same State production order which we tried to impose on the enterprises upon receiving it from the Ministry. After weighing their capabilities, the enterprises immediately submitted it for appeal through State arbitration. Typically, not a single action was rejected on the grounds of being unsubstantiated. All were granted.

As for the rest of the complaints contained in the article, I will touch upon them briefly. The inventory structure of a State order has always dictated selective cutting. The amount of commercial production received from one hectare is on the rise. The allowable cut has not been communicated to the international forestry organization "Interles". The output from machinery of average depreciation has increased in the 4 years of the Plan: 1.7 - fold for the LP - 19, 1.4 - fold for the VM-4 and 1.5 - fold for the LP-18. Also, whereas 697 kilometres of road were built in 1985, in 1989 924 kilometres were built under a plan that called for only 846 kilometres. The administrative apparatus has been cut 2.8 - fold in the last 4 years...

As for what was said about the "sack of money", the remaining funds that the enterprises have for economic stimulation are theirs by law and they really do amount to 28 million rubles. However this is what the apportionments look like. Each enterprise has been allotted 132,000

rubles. There are 282 rubles per worker, including 4 rubles for the social development fund and 32 kopecks for social needs. The situation is no better with respect to bonus and production development funds. Here 184 and 93 rubles are allotted per person respectively. And the intention is to exchange the available hard currency into Soviet rubles which are to be used for strengthening the material and technical bases and for development in the social sphere.

During the past four years 57,700 square metres of living quarters were introduced over and above the plan. This exceeds the 1985 level 1.8 - fold. Today the ministry has cut the financing of housing construction to 9.9 million rubles as compared to 28 million rubles last year. The work with railroad transport has improved. All the imported Toyotas, Nissans and computers were distributed according to the decisions of the labour committees, and 10 motor vehicles were handed over to the militia in the settlements near logging enterprises.

Nevertheless, the facts mentioned earlier for justification purposes by no means imply that the association is except from criticism. We have enough faults, including some in the areas mentioned above. The crisis confronting the industry affects us as well. And we are trying to take a sober look at the situation that has arisen. This is why we will resolutely fight any adverse phenomena which interfere with the normal work process.

In conclusion, a few words about our prospects for the future.

The vast majority of the enterprises have exhausted their allocated timber limits through many years of cutting quality coniferous stands. This is because there were virtually no opportunities to sell small-diameter and broad-leaved wood. In order to avoid a sharp decrease in logging, it is necessary immediately to

set up additional capacities in the territory for pulp and paper and for panel production as well. This will require approximately 2 billion rubles of capital investments, including some in hard currency. It must be noted here that the industry does not have any domestic state-of-the-art technology. Hence the latter will have to be imported from abroad. Reequipping currently operating enterprises will raise this figure even higher. Substantial financial injections and material assets are needed to resolve existing social issues.

In striving for complete independence, labour collectives founded the Yeniseiles (Yenisei timber) concern as a voluntary shareholder association consisting primarily of leasehold enterprises.

Its functions include engineering services, marketing, the training of personnel, material and technical supply, the technical servicing of machinery, and coordinating cooperative links with a volume of contractual relations worth over 700 million rubles a year. At the same time it is the intention to regulate profitability between enterprises setting up an internal pricing system. This will achieve a heightened degree of interest in the work on the part of the labour collectives. The Concern will establish a link between the forestry complex of the Krai and the state system in the matter of State production orders, standards, quotas, etc. Membership in the new formation is open to independent loggers, machine-builders, transportation and building enterprises, in other words, to a wide diversity of organizations.

The Concern intends to achieve financial security for the development of forest industrial production based on the principles of complete self-sufficiency, including hard currency. To attain the above goal the concern will make use of the enterprises' own credits and funds and

those of the partners - the founders of joint ventures in the republics, Krai and oblasts of our country, as well as foreign firms, banks and concerns. At the present time, pursuant to an agreement with the USSR State Committee for Forestry (Goskomles), the Krai Executive Committee is drafting the principles for the Concern's economic relations with local Soviets, other enterprises and the inhabitants of the Krai for work within the framework of the territorial timber associations.

The Association's decision to form the Concern and leave the Ministry was brought to the attention of the USSR Council of Ministers. So as to provide us with practical assistance, the latter intends to establish a special purpose commission at the government agencies level. Thus there is no turning back. Ahead of us is hard and extremely important work. And we would like to be assured that during this period all the "palace intrigues" of the ministry's administrative headquarters which interfere with the real business at hand be brought to a halt.

(Signed) I. Kirillov,
General Manager of the
"Krasnoyarsklesprom"
Association.

Lesnaya promyshlennost

19 May 1990

Page 2 (full text)

Overview of Crisis Confronting
The Soviet Timber Industry

Even our best known economists seem to have quietened down recently. They are not refusing to be interviewed by the press of course, but their prescriptions for pulling the country out of its crisis have somehow become muted. Nevertheless, one can understand them - just try to offer a specific remedy in a situation like this. It's like jumping into the water from a great height without knowing what's waiting for you down below....

Meanwhile it is absolutely necessary "to jump", for there is no time left to waste. The national debt has reached astronomical proportions. The growth in expenditures has exceeded revenues, labor productivity is falling and the production of commodities is on the decline even by comparison with last years's figures. All these trends are, in particular, characteristic of the forestry complex as well. We are already four and a half months into 1990, but there is still virtually nothing to rejoice about. Delivery contracts are, as usual, being breached, and the industry's debt to its consumers has surpassed 240 million rubles in monetary terms.

Frankly, it is becoming increasingly difficult to find appropriate alternative methods to stabilize the situation even within the industry itself. Long-term solutions no longer work. We must hurry: the forestry complex is rumbling like an awakened volcano.

Yes, the administrative and command system is falling apart. Nowadays nobody has any confidence in its ability to run the forestry complex and plan the work ahead with due competence. And this applies first and foremost to Gosplan (the USSR State Planning Commission) and Gossnab

(the State Committee for Material and Technical Supply). The latter, for example, is already abandoning its direct functions in converting to a system of direct ties in the supplying of enterprises with material resources. In other words, save yourself as best you can. But how can one save oneself if there are no quotas for equipment, cables, wire, accessories and the like? The Lesremmash (Forestry Machinery Maintenance) organization's own plants are now using "legal grounds" as an excuse for refusing to supply spare parts in response to multiple purchase orders. And all this is taking place with the silent consent of industry headquarters. Isn't this the same as the dodging of decision making when it comes to the most acute problems?

And indeed, isn't it the direct responsibility of the planners and officials of Minlesprom (Ministry of the Timber Industry) charged with arranging timber supplies to set up a rhythm of shipments at subordinate enterprises? Why, for example, do the shops at the Novoilinsk Timber Complex which are equipped with powerful machinery capable of handling large timber stand idle for up to half a year at a time? Well, for the simple reason that the mill is being supplied with all kinds of small sizes of timber, the so-called timber "noodles". At the top they say: solve it yourself. Alas, the timber complex knows only too well the value of such advice. At one point it undertook to make semi-finished products for skis and furniture out of untrimmed planks of birch. The workers were able to produce as much as 12,000 cubic metres of this product annually. But again shouts were heard: "This is too much for the Perm Oblast, but don't you dare ship any outside of its borders!" And that was it for the mill's independence. Don't wait for any help, but don't let your initiative have too much rein either...

We often talk about the healing properties of progressive methods and innovations. Their favourable impact on the economy of any enterprise is indisputable, providing that all stages of their introduction are well planned out. And certainly the responsibility for the strategy concerning this noble undertaking should lie with industry headquarters, for anything new must not only be mastered at one single enterprise but rather also be developed at other enterprises as well. Yet the engineers do not seem to take these matters to heart. A case in point is the Finnish technology designed to make semi-finished products which was introduced at the Yasnog logging enterprise (lespromkhoz) (Komi ASSR). The inventory is produced on-site, in the forest, thus bypassing the lower landing. Everything is wonderful, however there is one "little detail" missing: how to get the product on the road to the customer. The enterprise in question does not have the appropriate means to do so. The only solution is for the customers to take it out themselves. The Syktyvkar lespromkhoz has nothing against the Yasnog product. However after making some calculations they arrived at the following conclusion: it was too far away and therefore not economically sound. What can be done? Who should deliver the inventory? It can't just sit and rot in the woods! This is an example of how valuable experience can be completely nullified by not evaluating all the realities involved in putting it into practice. As well, nobody bothered to think about the fate of the workers who might have lost their jobs as a result of the above innovation. They would have to be found new jobs. It only makes good sense to think of everything ahead of time. This way there would be fewer losses to count later on.

The one thing that puts us the most on guard in this present condition of universal shortages is the atmosphere of total tranquillity and reconciliation. Nothing seems to surprise us any more and we are in

no hurry to set things straight or at least reduce our losses by one way or another. Something like the psychology of the doomed. It has already been a year since the Kama Pulp and Paper Combine acquired a unit capable of producing 25,000 tons of paper. And it has been sitting there idle due to a shortage of raw material. An entire year! And this is happening under conditions of the most acute demand for cultural "bread", of the virtual lack of our own capacity for producing such units. One cannot really take the "Petrozavodskbummash" Papermaking Machinery Association seriously when it produced only 80 million rubles worth of equipment for the pulp and paper mills annually while the price of only one of the units mentioned is higher. But somebody has to solve the serious problem confronting the Kama and Solikamsk Pulp and Paper Combines. Yet the Ministry of the Timber Industry could come up with nothing better than to suggest placing these combines under the jurisdiction of the "Permlesprom" Association. Workers in the paper industry have sarcastically called such a way out a "poultice for the dead". Yet the choice is not an easy one: to ensure complete supplies of raw material for the combines would mean either, closing of the oblast's seven woodworking and housing construction enterprises, or the other way around. Only Gosplan or Gosstab are in a position to handle problems of this kind. Acting arbitrarily won't do anyone any good.

By the way, let's talk about arbitrary actions. It is no secret that the sharp decline in a disciplined approach towards contracts displayed recently has been harmful to the interests of enterprises. Many people have interpreted talk about independence and the right to protect their own interest as total permissiveness. Without any prior warning or agreements whatsoever they felt free to deal with some customers while denying supplies of raw materials to other. And this

without any concern for the consequences. That is exactly how the Sukhona Pulp and Paper Mill acted towards the paper mill named after Vorovsky when it suddenly terminated its contract to supply pulp. The result - the papermaking machine ground to a halt. Clear cut anarchy - no more, no less. It becomes impossible to run enterprises in this manner. And the bill for this should, first and foremost, be presented to the department for the development of production of pulp, paper and wood chemistry at the Ministry of the Timber Industry. A misconception of the idea of freedom of enterprise is no justification for violating the discipline of supply. In this way it won't take long to breakdown all the industrial relations in the sector and bring about a total collapse. And who would benefit in this case?

The transport situation also gives cause for concern. In the very midst of preparations for the harvest the railroad workers, as if intentionally, sharply curtailed the supply of empty railway cars. This depraved practice is still going on. A particularly acute shortage of cars was registered in the eastern regions of the country. And we can understand the wave of discontent displayed, for example, by the "Tyumenlesprom" Association, whose staff forwarded an ultimatum to the government. While the association's warehouses are stocked to capacity with timber, the supply of empty cars amounts to only 30-40% of the planned volume.

The Solombala Pulp and Paper Combine was prevented from fulfilling its shipping plan because of the railway workers: they have not been delivering enough specially made chips. But the suppliers are not to blame in this case. The Permilov timber mill, for example, would have

been only too happy to free its warehouses from the chips, but there were no railway cars. So it was forced to take the chips to the dump. There you are: poverty at one end of the conveyer and plenty at the other. And yet each is crying, both the supplier and the customer.

If you think that the railroad employees are not crying, you are mistaken. And here is the proof. The telegram addressed by the Minister of Railways to the logging enterprises cannot be called anything but tearful. "Crossties, give us cross ties!". This is the essence of the cry emanating from the very souls of the railroad workers. And this is readily understandable for there are 50 million rotten ties lying on the tracks at the present time, which is four times more than the allowable norm for ensuring traffic safety. It explains the recent increase in the number of crashes, accidents and derailments of rolling stock. But here is the irony of fate: the logging enterprises no longer need to be persuaded. Just give them the empty railway cars. But in the last four months they have been undersupplied by about 135,000 units. So who will save whom? A complicated question!

Yes, it is a mess and then some. All those years of radical reform were accompanied by the slogan "Away with the anti-spending mechanism!". And was much accomplished to this effect? About two years ago I visited the Nikolsk Timber Industry Enterprise (Vologda Oblast). Their forest reserves consist entirely of over-mature aspen. There was no woodworking at all. Nor is the picture any different now: this lespromkhoz is sitting on subsidies and continuing to ship round timber cheaply. The Association is not providing financing to build woodworking capacities. Given that production expenses are much higher than the prices of the products, how can losses be avoided? Meanwhile there are sources from which to obtain the money. For what purpose, I wonder, was it necessary to

establish here the "Ustyugles" Association with its 70 officials and an annual wage fund for them of 300,000 rubles? To produce memos and regulations? Meanwhile there is a need for more shops and areas for the production of wood panelling. Raw material for plywood is also available in this region in considerable quantity. Yet only one per cent of it can be utilized by the "Novator" (Innovator) plywood combine. And where should the rest of it go? The plan is to send it to a joint Soviet-Finnish venture which is being established in the Novgorod region. But is this a profitable set up for the Vologda oblast? They say that a cubic metre of raw material will be sold for as much as 40 rubles in hard currency. However a cubic metre of plywood is five times more expensive! For how much longer are the Vologda people thinking of remaining a raw material appendage of the other regions? Isn't it about time for them to get involved in woodworking themselves?

It seems that such a slow pace is in many respects due to a lack of appreciation of the role played by progressive forms of management. Such forms as leasing and cooperatives. Yet people acquire an entirely new psychology with the transition to these practices: a business-like approach to accounting is developed, the demand is researched and the quality of production gets better. A case in point is the Tuapse forestry enterprise (leskhoz) which was literally transformed when it switched over to leasehold agreements. Here woodcutters are paid not according to the number of trees cut down but according to the amount of timber actually sold. Despite less woodcutting recently, profits have actually increased. All because the word "waste" was thrown out of the people's vocabulary here; everything is being utilized. And what consumer goods are being produced

there! They are literally being snatched out of their hands. There is also greater economy in dealing with materials. Not a single thing is removed from the warehouse needlessly. Wages have increased by 9.6 percent, while production has grown by 23.4 percent. Thus all the proportions are being observed. And the work itself is, so to speak, a joy.

However, it is not so good when such a joy is overshadowed by black envy. The case in point is the Chunoyarsk lespromkhoz which leased its unprofitable railway tie shop to the "Avangard" (Vanguard) cooperative. And after only seven months the shop began to show a profit. Business picked up briskly. And above all, the cooperative often helped out the logging enterprise by paying off its electricity bills and tariffs for transport services. And yet some envious people began to grumble: well, don't those people in the cooperative live too high on the hog? And the leadership of the logging enterprise were taken in by this and abrogated the five-year contract. Wage levelling turned out to be the darling of everyone.

One can understand the ordinary workers. The idea of equality in poverty was hammered into them over decades and decades. But how does one explain the anti-cooperative itch among the representatives of the local authorities? Especially since nowadays young, modern people are working in the regional executive committees of the Councils of Peoples' Deputies. But despite this fact, inspections of cooperatives follow one after the other, the smallest fault is being ferreted out and adopted legislation is often violated.

And yet no matter how progressive leasing and cooperatives are, it is still too early to talk about complete freedom and independence of the collectives.

Departmental reins are still tightened from time to time. N. Medvedev, our Deputy Minister, is right: only the commodity marketplace is capable of rescuing the sector from the vices of the deficit. However the transition to market relations must not be uncontrolled. The majority of Soviet economists share the opinion that the Polish version of "shock therapy" is not suitable for us. The market, at least in the initial stages, should be under state control in order to ensure social protection for citizens with low incomes. The main thing here is to get rid of the monopoly of the producers and create the conditions for them to compete. Apparently, there will no longer be a need for ministries, and joint-stock companies and firms should be set up in their place. All the same, let's wait (we won't have to wait long) until the radical government programme is announced.

In the current quarter the logging enterprises are to export 34 million cubic metres of timber and produce 40.5 million cubic metres. The programme, one should say candidly, is not an easy one. The most important thing now is to intensify cross-cutting into lengths. Herein lies the security for all precise realization of the assortments programme. It is also extremely important to raise the discipline of deliveries at the sites and not to allow arbitrariness in dealing with contractual matters. This is the only way that the work of the forestry complex can be stabilized and the supply of timber for the country's economy be improved.

Lesnaya promyshlennost

15 May 1990

Page 2 (full text)

PULP AND PAPER

Interruption in the Supply of Wood Pulp
to Lithuanian Paper Mills

What is the present state of affairs in the pulp and paper industry in Lithuania, given the economic measures being directed against the republic? This was the topic of discussion with R. Yadenkus, the first deputy minister of the republic's timber industry.

Q. Romaldas Ionovich, just a few days ago I visited the "Grigishkes" Production Association. They claim there that the enterprise has not been receiving any pulp and that the existing supply will last for only a few days after which the production of paper and paperboard may have to be stopped. Yet, as far as I know, there has been no announcement about cutting the supplies of wood pulp to Lithuania?

A. True. Nobody officially notified us about such sanctions. Yet since April 25 the pulp and paper mills of our republic have not been receiving any raw material. Bratsk, Ust-Ulimsk, Kaliningrad and Archangel have suspended their deliveries. It is difficult to say what has caused this. We would like to retain good relations with our partners of many years and we are striving to fulfil our contractual obligations. It is appropriate to mention here that all our contracts have been 100 percent fulfilled for the first quarter. It is clear now that our own shipments will also have to be terminated because of the lack of raw material. That was the news we had to break to our customers.

Q. And meanwhile the timber industry of Lithuania is deeply integrated into the national economic complex of the USSR...

A. 80 percent of all the paper and 92 percent of all the paperboard produced in Lithuania is presently being shipped outside the republic. The customers taking delivery of these products are scattered all over the 14 other republics. The RSFSR alone receives pulp and paper products worth 80 million rubles annually. Take wood-fibre panelling, for example. Seven million square metres of it are exported from Lithuania through the Exportles (Timber Export) Association. And now, due to the lack of raw material, we have underproduced by almost 2 million rubles worth of production, including some unique items which are not manufactured anywhere else in the USSR. Many of our customers are finding themselves in difficult circumstances and are beginning to incur losses.

Q. I think that the USSR Minlesprom (Ministry of the Timber Industry) will take such facts into consideration and will assist in reinstating contractual discipline. And yet regardless of how the political situation in Lithuania may develop, it seems that the economy of the republic should be given a stronger orientation towards its own resources in terms of supplies of raw material. What is being done in this regard?

A. The situation which is developing with regard to the supply of raw materials is forcing us to think along these lines. Consequently, we are looking jointly with the republican Ministry of Timber for ways to increase our own timber resources. We are not ruling out the possibility that we will have to curtail the output of some types of products and replace them with others that consume less material. However, we certainly do not intend

to lock ourselves within our own borders and reject the inter-republic division of labour. And yet we do hope that we will be able to retain our partner relationships with enterprises in the industry in other regions of the USSR. The laws of economics and the marketplace as well as considerations of mutual profitability should gain the upper hand in the long run.

Lesnaya promyshlennost
19 May 1990
Page 1 (full text)

First Soviet Made Papermaking Machine
in Operation at Kondopoga

In its March 22nd edition the newspaper Lesnaya promyshlennost presented a detailed analysis - in V. Alekseev's article "Everyone Needs Paper" - of the crisis situation that exists in the country with regard to paper production.

Articles on this subject have appeared in other newspapers as well. Undoubtedly the reader is extremely interested in knowing why there is so little paper in our country, what specific solutions are being put forward to extricate us from the crisis, and what the USSR Ministry of the Timber Industry thinks about this.

While on the whole supporting the position taken by Lesnaya promyshlennost we nevertheless wish to voice our disagreement with one of the statements contained in the article to the effect that the 15-year attempt to develop a model for a domestic papermaking machine ended in failure. As we understand it, this remark refers to the B-15 papermaking machine (No. 9) at the Kondopoga Pulp and Paper Mill. We feel that this reproach does not reflect the truth and will try to refute it by referring to documents and facts.

The newspaper Avangard (Vanguard), published by the Kondopoga Pulp and Paper Mill, carried the following information in its issue of November 23, 1979: "The B-15 is a unique machine. It is the first domestically built unit able to produce newsprint. Our machine builders strove to develop it according to the best world standards. Our machine is a success in many respects: it is easy to operate and works well in using semi-finished products. It is unlikely that any other machine would be able to use the raw materials presently supplied to us at the 5th paper mill. But our machine does the job".

A certificate dated February 20, 1980 and issued by the Director of the Kondopoga Pulp and Paper Mill emphasizes that a complete set of equipment for the B-15 papermaking machine "has been manufactured and is performing at a high technical level".

Granted, the deadline for bringing the B-15 machine into operation was extended. In order to make it operational it was necessary to build production shops and fit them with hundreds of units of equipment, as well as to construct a high-voltage transmission line, build a new boiler room, etc. All these projects took a very long time to complete.

The B-15 papermaking machine continues to operate successfully: it has been operating in excess of its designed speed for some time now and produces newsprint of reduced mass capacity. Moreover, a third of its production goes for export purposes.

Meeting the country's needs for paper at a per capita consumption level comparable to that of the leading western countries will require a 6-8 fold increase in the production capacity of the enterprises in the pulp and paper industry. In view of this, we believe that it is necessary to work towards an all-round development of our domestic mechanical engineering. We are submitting an article on this subject.

Chief designers of the first
domestically built
papermaking machines
G. Tsirelson, Cand. Sc (Tech),
M. Ilyinsky
Lesnaya promyshlennost
22 May 1990
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Minister Discusses Problems in the
Pulp and Paper Industry

From the editors:

We believe that the following address by V. Melnikov, USSR Minister of the Timber Industry, answers the question raised by the authors of the above letter.

As for their article on the development of a domestic papermaking machine-building arm, the editors intend to publish it as well in due course.

The Paper Business is Important

V. Melnikov, Minister of the Timber Industry of the USSR:

TO SAY that the paper situation has been greatly aggravated is tantamount to saying nothing at all: there are many acute problems confronting us these days. However the situation has reached the point where today's paper shortage threatens to grow into tomorrow's famine unless radical measures are taken.

At the present time 37 kilograms of paper and paperboard per capita are being produced in the country. By way of comparison the figure is 306 kg in the USA, 235 kg in Sweden, and 254 kg in Finland... While we lead the world in forest reserves, we occupy only 42nd place in per capita paper and paper consumption. What is the explanation?

It stems from the fact that the industry has virtually stopped developing. Its average annual growth rates have dropped from 9 percent in the 8th Five-Year Plan to 1.6 percent in the current one. Whereas during the period 1971 - 1975, pulp production capacity placed in service accounted for 2,360,000 tons, during the 12th Five-Year Plan new capacity is expected to reach only 65,000 tons. The same can be said about the production of paper and paperboard.

One of the many reasons behind the unstable operation of pulp and paper mills is the deteriorating timber supply situation. A particularly bleak picture is emerging this year. So far, the executive committees of the local Soviets have failed to hand over approximately 12 million cubic metres of the allowable cut. Just recently I received a visit from the General Manager of the "Irkutsklesprom" Association. He told me that the situation has reached the point of virtual racketeering on the part of local authorities. For example the Kirensk regional executive committee demanded that in exchange for writing off the allowable cut the Association supply it with 100 tons of meat, 1,000 cubic metres of sawn timber to be sold abroad and 600,000 rubles to meet the needs of the region.

The situation is made even more complicated by the fact that according to the decree of the USSR Supreme Soviet of November 27, 1989, no overfelling of designated coupes will be allowed beginning in 1991. This means that the logging volume will drop by 12 million cubic metres...

Of course one can criticize both the work of the industry's enterprises and the Ministry as well for failing to satisfy the growing demands of the national economy and the population for timber and paper products. And indeed, we really do have quite a few shortcomings in this area. However for the sake of objectivity I would like to point out that despite all the difficulties, there has not been any decrease in the growth of newsprint in the country.

Nevertheless, this year's newsprint shortage exceeds 100,000 tons. The point is that in determining the resources for 1990 the USSR Gosplan (State Planning Committee) based its decisions on the assumption that the country's publishing houses would receive not only 95 percent of the paper envisaged by the State order but also the remaining 5 percent which was left for the pulp and paper mills to sell as they pleased. However taking into

consideration the fact that as of this year there has been a halt in the crediting of these enterprises with centralized funds designated for the purchase of imported spare parts, chemicals, and necessary materials and equipment, and also the fact that the publishing houses are not in any position to offer all of this in exchange for paper, the industry has been compelled to use the remaining 5 percent in material exchange transactions with foreign and other organizations and enterprises.

In order to get out of the existing situation it is necessary firstly, to purchase the quantities of paper that we are lacking this year from foreign sources, and secondly, to decrease paper exports, raise the prices for newsprint and regulate publishing of various newsletters produced by the informal, unregistered organizations (neformaly) and cooperatives that have emerged in the USSR as a result of glasnost.

However the most important thing is, of course, to develop the pulp and paper industry. In fact, of the 157 operative enterprises only 25 have been placed in service since 1960. Up to 65 percent of the production plant has depreciated by the full 100 percent. Besides that, enterprises operating with outdated equipment and technology do not satisfy the requirements of the USSR's environmental protection legislation and, due to protests on the part of public, will have to be closed down...

Meanwhile, no new production capacities are being built. Not a single pulp mill has been brought on line during the last 10 years. As a rule, capital investments for the duration of the Five-Year Plan amounted to approximately 3 billion rubles. For purposes of comparison I would note that in the USA 11 million dollars were spent for the same purpose in 1988 alone.

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.

This is why it is absolutely necessary to begin the construction of 2 or 3 pulp and paper mills with an overall capacity of 1 - 1.5 million tons of pulp and paper no later than 1991. The Ministry has already received proposals from a number of foreign companies for concluding contracts on a compensation basis for the complete construction and presentation in a "key ready" state of such enterprises using the latest technology and equipment.

Another restraining factor is the fact that our domestic mechanical engineering is not producing any highly productive state-of-the-art papermaking and chemical equipment. Consequently, 90 percent of all the equipment in the pulp and paper mills has to be imported. Therefore the technical re-equipping of enterprises and the incorporation of modern, ecologically clean technology in them will necessitate the purchase of both imported equipment and imported spare parts for the next 2 - 3 years.

Frankly, it is high time we had our own domestic sector-oriented mechanical engineering capability. Unfortunately, the enterprises designed to produce papermaking equipment, being located in Petrozavodsk, Izhevsk, Dnepropetrovsk and other cities, are fully occupied in producing machinery for other industries. It would appear desirable that these plants, which are presently subordinate to the USSR Ministry of Heavy Machine-Building, be placed under the jurisdiction of the USSR Ministry of the Timber Industry.

The Ministry is also recommending the transfer of the sector's enterprises and associations to a state of hard currency self-sufficiency. This would open up new opportunities for the purchasing of imported equipment and chemical material which are not being produced

domestically. By using only half of the currency presently earned by our country through the export of timber and paper products we would be able to improve the situation substantially in as little as three years time.

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FORESTRY

Forest Fire Protection Aviation Should
Be Placed on an Economic Footing

More than two million hectares were ravaged by forest fires last year. The losses are numbered in tens of millions of roubles.

What will it be like this year? Will the firefighters be able to keep forest fires in check? And do they have the necessary equipment and funds?

During the sessions of "Ecological Task Force 01" the sensible views of my colleague V. Onyanov from the Western Urals Air Base finally prevailed when he made the point that success in protecting the forests from fires is largely if not wholly dependent on economics. In the meantime, as far as our own forest protection arrangements are concerned the economics have been turned upside down.

The point is that with all of us who are engaged in aerial protection of the forests, the more fires there are the greater the amount of money we receive. Our overtime pay is commensurate with the size of the disaster. Parachutists earn extra for jumps into fires, smoke-jumpers for descents, and aircrew for the number of hours logged in forest patrol flights. The rest of the time we are on salary.

In this situation, the end result - protecting the forests against fires - is not of particular concern to anyone. It is only by becoming bosses of one's own territory in the forest protection domain, by being paid for the end result, that we shall be able to achieve major economies since then, we shall not be interested in "this minute" earnings based on numbers of jumps and flying hours logged. Rather, we shall become more concerned with the long term, and will more competently perform preventive and environmental conservation work.

Furthermore, it is necessary to arrive at a valid determination of the true cost of protecting a hectare of forest from fires. The present 11 kopecks is a meaningless figure. It ought to be differentiated according to the local environmental and climatic conditions: the species composition of the forests, the average forest fire statistics for the aviation district, the climate, the terrain and so on.

It is high time to draw up a guideline on aerial protection of the forests under the new conditions of management. By abolishing the command method of administration and supporting initiative "from below", the territorial air bases must grant independence to the collectives of the air detachment, while at the same time ensuring that they are provided with traffic control, bookkeeping, operational and other services.

Specialists for the staffing of an air base will be hired as employees offering their knowledge and skills solely on a competitive basis. The air detachments will pay for their labour by debiting their own accounts, thereby ensuring that the work will be necessary and competently done. Such a system of operations will prevent unnecessary inflation of staffs and give a "financial boost" to the creative thinking of managers and specialists.

The system employed in aerial protection of the forests relies mainly on manual firefighting procedures. But "hand ploughing" can only be done successfully when the fire is detected early. To this end, new aircraft are needed: continually hovering light aircraft equipped with instruments for detecting any fires that may be present and fast airships for deliveries of personnel, machinery and water.

What do we have just now in the way of useful, ground-based equipment? The machinery currently available for the equipping of mechanised detachments and chemical fire control stations - the LKhT-55 and "Kazakhstanets" tractors, the ATs-66 fire truck and the VPL-149 cross-country vehicle are barely capable of extinguishing fires, even along the peripheries where they are close to inhabited places. Virgin forest is inaccessible to them. It was not without reason that the Urals Air Base gave up maintaining unprofitable mechanised detachments and during the past strained season with respect to danger of fire, even "got by" with the forces of the parachute and smoke-jumping services, by attracting trained groups from the forestry enterprises.

But mechanised detachments and machinery are highly necessary in combatting a forest fire. In my opinion, the units going into action in the disaster areas must be sufficiently large and effective. They should be made responsible for entire regions, as for example, those

at Perm, Sverdlovsk, and Tyumen, and be maintained in a first degree of readiness on railway flatcars. They could be formed by utilising the tanks, military tractors and powerful marsh vehicles currently in the process of being reequipped.

The latest innovation in the system of aerial protection of the forests - the IL-76 flying tanker - gives cause for doubt on account of the heavy cost of it and the lack of a network of airfields in the forested zone capable of accepting such aircraft. The mania for doing things on a very large scale is once again leading us to the situation where we must fight fires manually, since the local air bases are shying away from using such tankers. Aviation science must move in the direction of inexpensive firefighting aircraft, capable of being deployed anywhere in the country and at least as good as the Canadian amphibious plane produced by "Canadair". But the most powerful weapon for control of forest fires ought to be the building of dirigibles, capable of transporting water and machinery to the fires.

With regard to the economic aspects of forest fire protection, I support the view that there is a need for the "Avialesookhrana" Association to have its own insurance indemnity fund, which would be used to assist air bases and air detachments in financial difficulties. Even though it is the central agency for air traffic control, flight coordination and scientific support, "Avialesookhrana" is still making almost no use of data derived from aerial and space observation and is hardly involved at all in monitoring activity. In the air detachments we are getting no help at all from space. There are no scientific forecasts etc. In short, without scientific support, disasters will always take us unawares, just as they did last year in Sakhalin, the Tomsk and Tyumen oblasts, the Khabarovsk Krai and other regions.

Numerous demands are being made of the Association with a view to the creation of new instruments, equipment, special clothing and radio aids. This is simpler than building dirigibles, but even in these respects we are poorly supplied.

Moreover, we continue to be faced with the long-standing problem of how to fill the period between seasons in such a way that the air detachments are not putting in time to no purpose. One suggestion is that during the wintertime we could be working in forest cooperative enterprises, workshops and artels. However, the forest fire protection system does not have its own equipment and premises for conversion of timber.

Does not have... The problem is unresolved... Impossible... Undecided... Far too many problems have accumulated in our business, and they remain unresolved for years and even decades.

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Page 1 (full text)

State Planning Commission Heavily Criticised
for Its Views on Forest Resource Utilisation

At the present time, widely differing views are being published in our press on questions of forest utilisation and the organization of forestry. Even the administrative workers of USSR Gosplan (State Planning Commission) have become involved in this debate. We recall, for example, an article by V. Tatarinov: "The Rational Use of Forest Resources", published recently in the journal "Planovoe khozyaistvo". In our opinion, it is a shining illustration of how the administrative personnel of that agency are attempting to vindicate all of the nonsense and absurdities of the past years which inflicted enormous damage on the forests and on nature as a whole.

Of course, it is very convenient to manipulate figures about the purportedly vast forest resources of the USSR. Here we find V. Tatarinov informing the readers that 23 percent of the world's stocks of timber are located in our country. In the European USSR alone there are almost 23 billion cubic metres of standing timber, 9.5 billion cu.m. of which are mature. He goes on to say that if we were to fell annually the same proportion of the available stock as they do in Finland, Sweden, East Germany, Poland, Czechoslovakia and Austria, then in the European part of the country it would be possible to obtain 430 million cubic metres of extracted timber every year, as against today's 206 million. This means that in Siberia and the Far East we might as well cease logging altogether. The point is that across the country as a whole we are logging only about 300 million cubic metres.

So simply resolved is the problem of meeting the country's needs for timber. But this kind of simplicity is "worse than theft". It pursues narrow departmental ends, while refusing to face what it knows to be the real issues in domestic forest use.

In other countries, the entire volume of the wood being harvested is accounted for, including the timber from improvement and sanitation fellings, etc. In the USSR, it is logged and extracted timber that is counted as merchantable material. Elsewhere, the timber in the cut-over area, rivers and roadsides, and at upper and lower landings is not wasted. If all of this is taken into account, then the total volume of timber felled in the European part of the country turns out to be 280 million cubic metres, of which an average of 59 cubic metres remain in every hectare that has been clear felled. Of the allowable cut that has been set for the European part of the USSR about 55 million cubic metres contained in the rooting system remain unused. Therefore, the conclusion that substantial reserves are available for forestry throughout the European part of the country is nothing more than misinformation.

If the present level of losses is maintained in forest use, then in order to extract 430 million cubic metres of timber it will be necessary to fell annually more than 530 million cubic metres of growing stock. In that event the entire available stock of mature timber in the centrally managed forests will be exhausted within 17 to 18 years.

Even more interesting recipes are proposed for the treatment of the ailing forest economy. Here, all of the main burdens, as in the past decades, are again to be borne by forestry. It turns out that, to provide for the development of the forest complex, the distribution of the

forests by age groups will have to be revised. What is obviously wrong with this argument is that the forests are in the main, old. Annual per hectare increments of wood in such forests amount to 0.8 to 1 cubic metre instead of the 3 to 4 cubic metres of increment under normal conditions of forest management.

It is proposed to rectify this fault simply by increasing the felling of mature stands. Here we have another exceedingly simple and short-sighted solution to a highly complex problem. It completely ignores the geographic approach to the organization of forest use and the necessity of utilising resources when they reach the quality demanded by the economy.

Of course, under normal conditions of forest management, stands of any age group should make up a certain proportion of the area covered by forest, but by no means the proportion indicated by Tatarinov. His norm is only realistic at felling ages in Class four, and there are almost none of these. The number of mature stands is greatly in excess of what is normal. It is precisely for this reason that in the European part of the country a utilisation norm (allowable cut) has been set which exceeds the permissible norm for a normal forest by 45 to 50 million cubic metres. At the same time the number of mature stands in the region is constantly diminishing and is quite rapidly approaching the norm. In the process, the allowable cut should also approximate to the norm. But in Tatarinov's opinion, the opposite should apply: as the age structure of the forests moves closer to the norm the allowable cut should be increased and become more and more wasteful.

Just as poorly validated is the claim concerning the correspondence between the allowable cut and the size of the annual increment. As is well known, the annual increment is unevenly distributed throughout stands of differing ages: it is minimal in mature and young stands

and reaches a maximum in middle-aged stands. Therefore, when felling at the age of technical maturity it is unacceptable to measure the size of the allowable cut by the mean annual increment, and going over to felling at the age of quantitative maturity is only justified when there is secondary conversion of an absolute majority of the wood being extracted. It does not provide a basis for obtaining sawtimber and other high-grade assortments. It is precisely for this reason that outside the USSR, even though they are using increment as an index of yield, it is not the main index, but the overall one. Moreover, they consistently place the yield substantially below the mean increment.

Tatarinov is correct in pointing out that the conditions of growth of the forests in the European Urals zone are better than in Siberia, however the requirement which is based on this to take into consideration the demand for timber when determining the yield of a forest is absurd. The allowable cut cannot and must not vary as a function of demand or its absence. The quality of the growing conditions of the forests of necessity affects the size of the allowable cut. The higher the quality, the greater the stock of mature stands per hectare. Moreover, the age of felling is also determined as a function of the conditions of growth of the forest: the higher the quality, the more rapidly they approach technical maturity.

Tatarinov's attitude to Group 1 Forests is also characteristic. He makes the bold statement that these forests "do not confer material benefits on the economy." Consequently, the preservation of water, air, wildlife and human health, the productivity of farmlands and livestock, and traffic capacity of the roads, the climate of the most densely populated areas of the country, the fisheries

resources of our rivers and lakes, these and much else are in no way deserving of attention. Such is the "concern" manifested for the nation's forests and forest wealth by one of the administrative workers of USSR Gosplan. Most frightening of all is that it is presented under the guise of scientific truth.

Academician D.S. Likhachev is correct in maintaining that a science which lacks a moral foundation will inevitably die. Such a science is exemplified by Tarinov's article, which is directed towards the further destruction of our forest resources.

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