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AND FOREST-BASED INDUSTRIES

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TIMBER AND WOODWORKING

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TIMBER AND WOODWORKING

Mechanized Processing Technique Introduced Experimentally

Is there much to be gained from the progressive organization of labour? A striking reply to this question was received by participants in a conference seminar arranged by "Dal'lesprom" at the Shelekhovo logging enterprise. Here, the so-called cyclical flow logging technique has been introduced.

What does it consist of? Feller-skidder machines, after felling the trees, deliver them to the upper warehouse, where an "Ussuri" unit - the nucleus of the new technology - comes into play. "Ussuri" is the brainchild of a Khabarovsk designer and is being produced at the Spasskii experimental machinery plant in the Maritime region. This mechanism combines both a branch trimmer and a cross-cutting unit. A hydraulic manipulator then loads the cross-cut wood onto a tractor trailer. The unloading procedure is also fully mechanized.

There are advantages to organizing the work in this way. For a single "Ussuri" unit practically replaces the vast lower yard with its whole complicated system. In a single shift an operator produces up to 100 cubic metres of lumber, which is five times more than on the LO-15S line.

Incidentally, the conventional machinery is also functioning excellently in this sector. For instance, the LP-49, working on quite steep slopes, is producing up to 150 cubic metres per shift, compared to the norm of 102. The timber transports are also being used more efficiently: it is not simply wood that is being loaded onto them, but prepared assortments of timber. As a result, the unit cost is approximately eight roubles. Compare this with the former "Komsomol'skles" association, in which it was more than 20 roubles. With refinement of the new technology the cost could fall to between four and 4.5 roubles.

It is clear that under the conditions of self-financing and profit-and-loss accounting the new technology is extremely promising. Add to it a leasing contract and the result will be even more impressive. Of course, the method cannot be applied indiscriminately in all of the logging enterprises. Even so, it could become accessible to many of them in our Kray. Alas, while it is only the Shelekhovo people who have as yet "dared" to introduce the innovation, in the other enterprises they are not in a hurry to do so. However, even here there is a snag: the base machine of the "Ussuri" unit has been largely overlooked. Unfortunately, science - namely the Far Eastern Scientific Research Institute of the Timber Industry - has given little help to the production people in this matter. This is a pity, for the unit is deserving of greater attention in this area.

Lesnaya promyshlennost'
8 September 1988
Page 1 (full text)

Soviet-Japanese Joint Venture Producing Prime-Quality Lumber

After no more than five months of operations the collective of workers at the new Soviet-Japanese joint enterprise known as "Igirma - Tairiku" has mastered the latest type of woodworking equipment and achieved a clear rhythm of operation. Already, more than 30,000 cubic meters of high quality lumber have been shipped to consumers, about 10,000 of which, that is, almost a third of the total output, have been sent to Japan.

Lesnaya promyshlennost'
13 September 1988
Page 1 (abridged)

Soviet-Japanese Venture Causes Drop in Domestic Lumber Prices

The first Soviet-Japanese joint venture in our industry, "Igirma - Tairiku" - is gathering momentum. Shipments to Japan of prepared prime quality lumber from choice Angara pine, specially processed to Japanese specifications, are increasing in volume. On the market it is being noted that, thanks to the unique quality of the raw material being used in this enterprise, the product is even superior to that of the Japanese sawmills.

This has alarmed many Japanese firms, which have long been engaged in the production of lumber from pine saw timber purchased in the USSR. Here is what is written on this subject in the August 20 edition of the newspaper "Japan Lumber Journal": "The excellent lumber being produced at a Japanese-Soviet joint enterprise has appeared on the market in large quantities and is being sold at extra low prices." And subsequently: "If the superb lumber from the joint enterprise is going to be delivered at the low prices currently obtaining, as is the plan, then the sawmills in the valley of the Tenryu River (Sidzuoka Prefecture, where there are firms specializing in production of lumber from Soviet pine saw timber) will have no alternative but to cease production and dismantle the equipment." In the Japanese press it is being noted that the growth in the shipments of merchandise from "Igirma - Tairiku" has already led to a drop in the domestic prices in Japan for prime quality pine lumber from 180 to 144 thousand yen per cubic metre (that is, from approximately 840 to 670 roubles' worth of foreign currency).

Lesnaya promyshlennost'
17 September 1988
Page 1 (full text)

Production Figures for the First Eight Months of 1988

Today, the pattern of wood consumption is under review everywhere and there are even proposals for substitutes for paper products. In our country, no more than 60 per cent of a felled tree is utilized. The remainder is wasted. The inability to process wood efficiently is placing us in an exceptionally disadvantageous position on world markets. We are exporting top quality logs at low prices and are buying articles manufactured from them for three times as much. Every year up to 100 million cubic metres of various timber wastes are not utilized, and we are losing them irretrievably.

No wonder we are selling less pulp and paper products on the export market than Finland does. It was our northern neighbour who was the first to introduce at home the integrated processing of forest resources, utilizing for this purpose timber industry plantations. Depending on the amount of new growth, just so much was felled. We, however, are felling (on a level with the USA) about 380 million cubic metres but are producing only a tenth as much in goods. We occupy 47th place in the manufacture of paper per head of population, and in the amount of plywood, pulp and fibreboard produced per cubic metre of wood we are surpassed by Sweden, Canada, Czechoslovakia and East Germany from two to five times on the average.

In all fairness it is necessary to point out that the prices for raw material are depressed in our country. On world markets a ton of timber has been equivalent in cost to a ton of petroleum. The price of a cubic metre of converted wood is almost ten times higher in Bulgaria than in the USSR, seven to eight times higher in Roumania, and four to five times higher in East Germany.

The budgetary estimates system of financing forestry operations was seen to have great merit during the early years following its introduction but has now become an inhibiting factor. Beginning in 1989 it is planned to implement the transition of constantly operating integrated forestry enterprises to full profit-and-loss accounting and self-financing, to organize their work in such a way that it strictly complies with the USSR Law on State Enterprises (Associations), and to increase the stumpage price.

In the first eight months of 1988, the work of our forestry enterprises nationwide has for the most part remained stable. Timber regeneration operations in forests of State importance have been conducted over an area of 883,000 hectares (which is 100.6 per cent of the planned total), the forest planting and seeding plan has been fulfilled, with protective stands established in 136,000 hectares. There has been a 26 per cent increase in the production of consumer goods over the corresponding period of last year and the volume of services paid for by the population has increased one and a half times.

The output of the industry during the first eight months of the current year has risen by 3.9 per cent over the figure for the same period in 1987. This compares favourably with the planned increase for the year of 2.7 per cent. Products valued at more than 400 million roubles have been manufactured over and above the plan.

The State order for the production and deliveries of most of the main types of products has been executed. In all, 45,000 tonnes of paper, 14,000 tonnes of cardboard, 38,000 cubic metres of

lumber, and 8,000,000 sq. metres of wood fibreboard for furniture valued at 63 million roubles have been manufactured over and above the plan.

The efficient development of forestry and of production by forest-based enterprises cannot take place without an acceleration of scientific-and-technological progress. It is not merely a question of making piecemeal improvements to existing techniques and machines, but of achieving a radical qualitative transformation of all of the production processes, based on the latest scientific achievements in the fields of computer technology, operating techniques, facilities for processing information received from earth satellites, genetics, plant breeding, paper-making materials, etc.

During the next 15 to 20 years we must move towards goal-oriented management of biological processes in the forests with the object of creating improved forest ecosystems that will ensure high productivity and have a beneficial effect on the biosphere.

Automated multi-operational timber felling complexes incorporating high-volume cutting mechanisms and programmed systems must replace the existing ecologically unsound and low-volume machines.

Persistent effort to ensure accelerated development of the social infrastructure of forestry and the timber industry is one of the most important components of perestroika. The level of social development in enterprises and organizations, especially in forestry, is lagging far behind the established norms. The availability of suitable housing for our workers is one of the lowest indices

in the country. In most of our forestry communities there are no clubs, libraries, sports installations or medical clinics.

Intensive work is in prospect to ensure the practical implementation of social development programs and in particular, to solve the vital problem of securing for each family by the year 2000 a comfortable apartment or house.

Lesnaya promyshlennost'

17 September 1988

Page 2 (abridged)

Proposals for Increasing the USSR's Currency Earnings
from Timber Exports: Opportunities for Western
Manufacturers?

We often say that the USSR is a world timber power. Timber and the products made from it are an important source of foreign currency for our country. A substantial part of the workers in the timber industry are in some way connected with exports. However, it is well known that the share of our country in world trade falls far short of the available resources and production potential of this branch of industry.

In all, 5 per cent of the world's timber exports are accounted for by the USSR. In terms of this index we are not only outpaced by Canada, which earns five times as much on the international market, but also by Sweden, the USA, Finland and even West Germany.

While it possesses almost a quarter of the world's resources of wood, the USSR is not even

listed among the five largest exporters. The exploitable forest resources of Finland, that is, those which are situated to the south of the Arctic Circle, barely exceed the Karelian resources, and yet the land of Suomi is earning through its exports of forest products twice as much as the USSR. Even the Federal Republic of Germany, whose forest resources are about equal in area to the resources of the Vologda Oblast, earns more from its timber exports than does the USSR as a whole. What is the explanation for this?

Greater in Quantity, Cheaper in Price

In the second half of the seventies there was a protracted slump in timber exports. It was only after 1984 that the volume of these exports began to rise again. Unfortunately, the burgeoning volumes in subsequent years were not accompanied by the action that ought to have been taken with a view to restructuring the pattern of exports, upgrading the quality of the shipments and improving the range of products.

Consequently, whereas there was a sharp rise in the volumes of export deliveries, as exemplified by the period 1980-87, when unseasoned wood shipments rose from 35 to 45 million cubic metres (this included a jump from 20 to 27 millions in the volumes shipped to capitalist countries), the principal outcome of the trade - foreign currency earnings - showed only a slight increase for the importing countries as a whole, and in trade with the capitalist countries it even decreased.

The eighties, it is true, were marked by worsening conditions of sale on world markets, by increasing competition and falling prices. This

obviously had an effect on external trading activity. The world situation in the timber market was unstable and prices continued to fall until 1986. However, the results of the activities of our main competitors show that they managed to adapt their timber export production to the changing market conditions and maintain a progressive expansion of their sales. For example, in Sweden, earnings from exports of timber products increased from 4.3 to 5.8 billion roubles, or by 35 per cent (the amount of wood consumed in order to generate these exports increased by 14 per cent), and in Finland they increased from 4.3 to 5 billion roubles (without any increase in consumption of raw material).

These countries are now concentrating mainly on delivering quality products drawn from an improved range of goods, are increasing the proportion in their exports of expensive, thoroughly processed products, and are striving to make maximum use of the advantages they enjoy on the international market from controlling the especially valuable narrow-ring softwood resources of the northern latitudes. And this approach is bringing them success in the intensifying competitive struggle.

It has turned out that the cheaper a product is, the greater the USSR's share in shipments of it to world markets. In the case of cheap pulpwood, for which the buyer pays 20 roubles per cubic metre, our share in world trade amounts to 40 per cent. For saw timber, which is twice as expensive, our share is 15 per cent; for lumber, a cubic metre of which already brings in more than 80 roubles, it is 10 per cent; and for plywood and pulp-and-paper products it is not more than 3-5 per cent.

At the same time, half of the turnover in world trade is accounted for by pulp-and-paper products. In 1987, 44 per cent of all the wood used for export was shipped from our country unprocessed. In shipments to capitalist countries, moreover, the proportion of unprocessed wood was 54 per cent. Throughout the period 1980-87, unprocessed wood consisting mainly of cheap pulpwood and small saw logs accounted for almost two-thirds of the growth in exports.

Consequently, the main reason for the slow growth of earnings from timber exports is the predominance in them of cheap, unprocessed raw material. And what is the export pattern of our competitors? The principal exporters are Canada, the Scandinavian countries, the USA and Austria, added to which are Brazil and Portugal, both of them advancing rapidly as sellers and specializing in overseas sales of pulp-and-paper goods. It is in this form that 50-70 per cent of the wood set aside for export is being shipped. Ordinarily, the proportion of unprocessed wood in exports does not exceed 3 to 4 per cent.

However, there is more to the problem than just the predominance of unprocessed wood in our exports. For a long time now, our competitors have been placing the main emphasis in their exports not on volumes, but on the quality and cost of what is being shipped, and also on the range of products. They seek to satisfy in full the purchasers' requirements as stipulated in the specification, are shortening delivery dates and are strictly monitoring the implementation of contractual obligations. In most of these elements of competitiveness we normally give a worse showing than the other exporters.

The USSR supplies products of standard quality to world markets and competition is at all times acute. Our share of goods with higher quality characteristics is small. The indices of our All-Union State Standards are often inferior to the standards of other exporters. Add to this the fact that they are frequently being ignored. In the range of goods to be sold, especially in sales to capitalist countries, there is a consistently high proportion of cheap produce. In some years, problems that are simple to rectify from the purchaser's point of view, e.g. weakness of the casings containing the rolls of paper; packaging of bleaching pulp in kraft paper rather than in the white paper or cellulose demanded by the market; shipping it in block packets rather than in individual bales; and sub-standard marking, also remain unresolved. Up to half of our lumber tally consists of grades and dimensions which are useless to the purchaser. Even so, we continue to thrust them upon him. But even this inferior tally is often not adhered to by our enterprises. In reality, the proportion of grades and dimensions in it that are of no use to the purchaser is greater than foreseen by the contract, but it is sold anyway.

It is common knowledge that our pulp-and-paper industry is to a large extent dependent on the use of imported equipment. The quality of our goods is inferior to that of our competitors. One of the main reasons for this is that the strategy followed in the importation of equipment is out of step with the latest trends in scientific and technological progress. Given the productivity achieved in modern timber conversion operations, the attainment of quality is impossible in the absence of a complex set of auxiliary systems that provide for its monitoring and for automated control of the technology. In the West, the cost of

these per unit of power currently approximates to that of the main production plant proper. Very often a capitalist will consider it advantageous to buy an old machine that has been modernized and is equipped with the latest auxiliary systems, by virtue of which his products will succeed in finding a market. We, on the other hand, are doing everything possible to limit purchases to the mechanical part of a machine. We frequently prefer to acquire a surplus barking machine or loader, while economizing on the systems that ensure quality.

For many years, the State Planning Commission (Gosplan) has been entering inflated and notoriously unreal figures in production tasks. The timber industry has put up little or no resistance, accepted them for implementation, and of course, failed to fulfill. So "air" is being sold abroad. Who needs this? The purchaser is by now inured to the thought that to buy from the Russians means getting who knows what and heaven knows when. For the capitalist, trade with us is some sort of game of chance. Instead of pulpwood, it is entirely possible that veneer logs or saw timber or perhaps even firewood will be shipped for the same price. In this type of transaction the purchaser can either come out on top or be torn to shreds. But since the second alternative is unacceptable to him, and since it is the buyer who dictates conditions on the international market, he will pay us after making due allowance for our actual quality, our range of products and our unobliging attitude.

An "Echelon" of Timber for a Bulldozer

Questions relating to timber exports are customarily resolved from the standpoint of narrow, regional and departmental considerations. Twenty

years have passed since the inception of the first General Agreement on Cooperation with Japan. But what kind of cooperation is it? We exchange timber in the round and chips for timber-carrying and road-building machinery. We deliver all but an echelon of timber in order to pay for a single bulldozer or timber-transporting machine, and glibly refer to this as cooperation. Solely in order that we can bring this echelon from some such place as Urgal (and we are carrying timber to Japan from Krasnoyarsk, from Ust'-Ilimsk and from Tiksi), and at that, transship and reroute it to Japan, funds must be expended which are no less than the cost of the timber carrier. This is not cooperation, but a mixture of bungling and larceny. After fulfilling our obligation we are left with neither the resources nor the machinery, since the latter is already worn out after three to four years.

During the years of this cooperation, tens of millions of cubic metres of timber have been shipped to Japan but not a single timber processing enterprise has been established in the Soviet Far East. And yet as early as the seventies Japanese firms were proposing to build, under the same conditions of payment for plant with products, pulp-and-paper combines at Poronaysk, at Amursk, at Khabarovsk and at Yeniseisk. Study of the matter in the context of the impending 4th General Agreement is just now being completed. And again the same old picture emerges: there is enough timber for our lifetime. In the plan being put forward by the Ministry of the Timber Industry and the Ministry of External Economic Relations, it is again proposed to exchange timber in the round for timber transports, dump trucks and bulldozers. Of course the Ministry of the Timber Industry needs dump trucks, and or

course the Ministry of External Economic Relations needs cooperation, but what the country needs - foreign currency - has somehow been overlooked.

How will they go about building a new combine with a foreign exports orientation? They will begin by establishing a source for the raw materials and the sawmills. When they acquire the capacity, using the funds earned from lumber exports they will build the pulp mill, at which, as the earnings are received, the paper-manufacturing equipment will be installed. In other words, money (capital investments) will begin to make money (foreign currency) right away. But when our last major complex was built at Ust'-Ilimsk, the capacities for 1,200,000 cubic metres of lumber that were embodied in the plan were practically forgotten. More than five years elapsed after the start-up of the digesters, or more than ten years if calculated from the beginning of construction, before lumber began to be exported from Ust'-Ilimsk in noticeable quantities. Prior to this, superior Angara saw timber was either being sold cheaply as unfinished merchandise, or cut to size, insofar as possible, in the logging enterprises. Alternatively, and we have to own up this, it was made into chips and sent for cooking. But the pulping equipment for this plant, purchased in capitalist countries, could have been paid for with the same lumber, virtually by the time the equipment was fully operative. Even at the currently inadequate level of lumber deliveries from this complex, no more than five to six years would have sufficed to settle accounts with capitalist firms for the pulp mill, but it took no less than ten years to build it.

In order to rectify the timber exports situation, the first thing we need to do is to

organize the work of the timber exporting complex overall in such a way that it is not the fulfillment of the plan by volume that counts, but rather, increasing the amount of currency being earned, improving the quality and range of the goods being delivered for export, and making them more competitive on world markets. It is necessary, in particular, to resolve the problem of bringing to the enterprises and the ministry as a whole, planned tasks which are for earnings of currency rather than quantities of goods produced.

Ideally, the revenue earned by timber exporting enterprises operating on the profit-and-loss system of accounting should not be predicated or built upon wholesale prices divorced from actual receipts of currency. Rather, it should depend on the amount of foreign currency being earned. Naturally, the enterprises would need to be informed about the prices for specific forest products and have the capability of effectively influencing foreign trading activity. For the difference in cost on the international market is at times very large. For example, in Britain, our assorted pine lumber measuring 19x175 mm in cross-section presently costs the equivalent of 50 roubles in foreign currency, which means that it is 35 per cent more expensive than the product with cross-section of 50x175 mm.

It is necessary to continue the work being done on perfecting a system of incentives to ensure that enterprises will produce for export the materials which are most advantageous for the country. Of all the incentives devised in the last years, there is only one which can now be considered effective: currency allocations. But even it is still in need of improvement. Enterprises must have the right of prompt and effective access to currency

being earned. There must also be expanded opportunities for transferring a portion of the currency allocations to the secondary suppliers, primarily the suppliers of unprocessed wood. This would place in the hands of the exporting mills an effective lever for influencing both the quality and the volumes of the raw material being delivered to them.

For assorted pine lumber, we are receiving in Western Europe one and a half times more in currency than we do for spruce, and for spruce saw timber in Japan, we are getting almost twice as much as for larch. Accordingly, the Ministry of the Timber Industry and the planning agencies are faced with the task of singling out for the exporting enterprises sources of raw materials, the species composition of which most fully answers the need to increase our currency earnings from timber exports.

Learning to Trade

Since January 1988 the USSR Ministry of the Timber Industry has been given the right to deal directly with foreign markets. The foreign trading association known as "Eksportles" (Timber Exports), the functions and privileges of which are now vastly expanded, has been ceded to it from the former Ministry of Foreign Trade. The perennial tendency of forestry officials to push to one side the majority of the problems that have to do with exports and accordingly, to fall down on their responsibility for dealings in foreign markets, is being relegated to the past. A more effective mechanism of interaction between the enterprises supplying products for export and the industry's foreign trade officials is being established. N.S. Savchenko, Deputy Minister and Head of the Central Directorate for External Economic Relations, will be personally responsible for administering it.

It is hoped that the administrative reform of the industry's external economic relations will permit at the earliest possible date, the solution of those first-priority problems not requiring large investments of capital which have long been mired down in fruitless, intractable interdepartmental squabbles. We are talking about such problems (we bashfully refer to them as such) as labelling, the tally, packaging and shipment dates that strictly conform to the requirements of world markets and the conditions of the exports contracts.

But in spite of all that has been said, it would seem that the establishment of closer working relations, now on an intra-industrial basis, between the officials concerned with foreign trade and those of the enterprises that supply the products for export will not in itself be sufficient to place the USSR in the first rank of world timber exporters in terms of the cost of the goods being shipped, and even more so, in the efficiency with which the raw material for their production is being used.

What are needed are radical measures, a well thought out investment policy, and a significant expansion of capital investments for the creation of new lumbering enterprises - these to include timber exporting enterprises with a strengthened and constantly renewable source of raw materials. We must cease "pilfering from nature", exhausting natural stands, and impulsively expanding the shipment of unprocessed wood for the sake of last minute earnings of currency.

For the returns from the sale of this are really quite small. For a million cubic metres of exported pulpwood, earnings of less than 20 million roubles are possible, but if this raw material were to be converted into pulp, then the revenue would increase to as much as 90 million roubles.

What it comes down to is that we need to use a renewable supply of unprocessed wood (and as we know it doesn't renew itself without considerable effort being expended, and waiting while the timber is growing) if continuously operating enterprises producing goods derived from the thorough processing of wood are to be established - enterprises that could become reliable and efficient sources of currency earnings, operating on a larger scale than presently and which are less detrimental to the forest resources of the country.

The potential outcome of improving our timber exports is quite considerable. In comparison with Sweden and Finland we are losing more in exports than we are earning. If the receipts per unit of raw material consumed were brought to the level of our Scandinavian competitors, then given the same expenditures of raw material and a small increase in the number of persons employed in export production, along with small volumes of transportation activity, the currency earned from timber exports could be doubled, and the earnings would be mainly in hard currency.

Lesnaya promyshlennost'
27 September 1988
Pages 1 and 2 (slightly
abridged)

PULP AND PAPER

Shortage of Newsprint in USSR Aggravated by Exports to Socialist Countries: Proposed Solutions to the Problem

Questions raised in the article "The Illusion of the Limit to Subscriptions" ("Lesnaya promyshlennost' No. 83 of 14 July 1988) are forcing us to critically rethink various aspects of our collaboration with East Bloc countries in the field of pulp and paper exports. One can fully concur with the view that in its present form, the assortment exchange of pulp and paper commodities is neither assisting in the solution of the problems in the industry nor guaranteeing a Soviet market for this output. As was reported at the 44th session of the Council for Mutual Economic Assistance (CMEA), Prague 5-7 July 1988, "the composite model of the division of labour, constructed chiefly with reference to the exchange of Soviet fuel, raw materials and semi-finished products for manufactured goods, has exhausted the dynamization potential of the turnover of merchandise". Nor is it contributing to the development of a rational structure of the timber complex in the member countries of the CMEA. A particularly striking example of this is the production of newsprint, which is one of the major items of Soviet pulp and paper exports, and also an object of the assortment exchange.

In the volume of newsprint produced the USSR ranks fifth in the world. The output of it is 5.9 times less than in Canada, 3.3 times less than in the USA, 1.7 times less than in Japan, and 1.2 times less than in Finland. At the same time, our production of this kind of paper is four times greater than the total output in the sister

countries: the Czechoslovakian SSR, the GDR, the People's Republic of Poland and the People's Republic of Roumania. In 1987, 363,000 tonnes of newsprint valued at 125 million roubles in foreign currency were exported from the USSR, with almost 68 per cent of the volume delivered directly to the socialist countries.

These deliveries resulted in 38 per cent of the domestic demand for newsprint being met in the GDR, 22 per cent in Poland, 20 per cent in Roumania, more than 95 per cent in Hungary and Bulgaria, and 12 per cent in Czechoslovakia.

In exchange for newsprint, container board, bag-paper and other types of paper which are also included under the assortment exchange, the USSR receives a quantity of other kinds of paper and board of equivalent monetary value (about 80,000 tonnes). Included in this figure are printing paper, offset paper, drafting paper, cigarette paper, book-lining paper, photographic base paper, and certain special types of paper. The truth is that in 1987, deliveries from member countries of CMEA resulted in less than one per cent of our domestic requirements for paper and board being met.

Here is what the average per capita' consumption and production of newsprint looks like, for the year 1986, in kilograms:

<u>State</u>	<u>Consumption</u>	<u>Production</u>
GDR	8.5	6.7
Hungary	6.6	0.0
Bulgaria	4.8	0.0
Czechoslovakia	4.8	4.7
USSR	4.1	5.4
Poland	2.9	2.2
Roumania	2.5	4.0

Even though the USSR is the main supplier of newsprint within the framework of specialization of the member countries of the CMEA, the country itself is only marginally better supplied with the "bread of culture" as a result of its own output, and in some countries an even higher per capita consumption has been achieved than in ours.

Of all the avenues of industrial cooperation, it is the agreements on international specialization and cooperative efforts in production (on a bilateral or multilateral basis) that have become most widespread. Conversely, very little progress has been made in the conclusion of domestic contracts that have to do with direct production ties, and of agreements concerning the formation of combined enterprise and international scientific-production associations. As a result, the socialist countries have not succeeded in truly uniting their efforts in order to deal with the scarcity problem -- to set in motion the output of those kinds of paper and board, and of the articles manufactured from them, the importing of which from third countries is irrational for the CMEA countries. Today, the USSR is buying between 470,000 and 530,000 tonnes of paper and board annually in capitalist countries, as well as articles made from these materials, at a total cost of more than 500 million roubles worth of foreign currency.

The predominance of foreign trading relations over the production and scientific-and-technical forms of intra-industry cooperation is due to the fact that the entire system of settlements was adapted to the servicing of interstate links and the implementation of intergovernmental agreements. The previously practised centralization of funds in transferable roubles (and other currencies also), and

the virtual impossibility of the exporting enterprises receiving payment for merchandise from these funds, set the stage for their lack of interest in the development of external economic collaboration. And this notwithstanding the fact that in some years, deliveries of newsprint to socialist countries comprised up to 85 per cent of the total volume of exports from the Kondopoga and Solikamsk pulp and paper combines.

Although the exporting of newsprint to socialist countries is accomplished for the most part within the framework of agreements concerning international specialization and producer cooperation, in the case of enterprises this trade is not classed as cooperative deliveries. Therefore, they do not receive 100 per cent of the proceeds in transferable roubles, but as with traditional exports, a mere two per cent of the total. It if is taken into consideration that a quarter of the entire Kondopoga and Balakhna production of newsprint, together with 16 per cent of the Solikamsk and more than two-thirds of the Sakhalin production totals go for export, then it becomes clear that the external economic activities of these enterprises are in need of a more effective set of incentives.

The decisions of the aforementioned 44th Session, and the concept it endorses with respect to the international socialist division of labour for the period 1991-2005, are laying the foundation for fundamental changes in the character and methods of collaboration, as well as opening the way for searches and experiments. The procedure and mechanism of coordinating national economic plans are being changed, and the detailed harmonizing at the Gosplan level, of reciprocal deliveries of numerous commodities, all the way down to nuts and bolts, is

Poland	2.9	2.2
Roumania	2.5	4.0

being relegated to the past. Incentives are being offered to enterprises included in the international division of labour on the basis of the economic agreements they are concluding which relate directly to industrial cooperation.

The production capacities of Soviet paper combines are many times greater than those of similar enterprises in the CMEA countries, but in contrast to the Soviet pulp and paper combines, which along with newsprint also produce wood pulp, in the other socialist countries the production of newsprint is combined with that of writing and printing papers.

The establishment of direct production and scientific-and-technical links between enterprises is the first step towards the prospective creation in the future of a united market for newsprint in the socialist countries. The next step could be the cooperation of interested enterprises in external trade in newsprint. Many of the CMEA countries are not themselves satisfying in full the newsprint requirements of the domestic market. In the process of importing it from the USSR, they are also making it available for export. Thus, in 1986 the GDR imported 50,600 tonnes from the USSR and exported 23,000 tonnes. The figures for Roumania in that year were 12,000 and 42,000 tonnes, and for Czechoslovakia, 8,000 and 7,000 tonnes respectively.

The rationalization of external trade flows of newsprint between the CMEA countries, the curtailing of inefficient and costly shipments of it from remote areas of the USSR, and the ensuring of more efficient marketing arrangements in the capitalist and developing countries could be promoted if the interested enterprises were to establish an international firm for trade in newsprint.

Such a firm would be able to conclude with interested CMEA countries long-term external trading contracts for the supply of newsprint, as well as accomplish systematic deliveries to the markets of third countries.

Potential partners for the establishment of direct links with our enterprises could be the enterprises situated in the towns of Schwedt and Kriebstein in the GDR, Czaszyn and Myszkow in the People's Republic of Poland, Steti in the Czechoslovakian SSR, Bacau in the People's Republic Roumania and Krsko in the Republic of Yugoslavia. The eventual theme of industrial and scientific-and-technical cooperation could be the efficient utilization of raw wood and waste paper; reduction of consumption norms for raw materials, chemicals, fuel, and energy; optimization of the operating regimes of production equipment, the direction of technical re-equipping and of plant modernization and expansion; and arranging for the output of higher quality newsprint (with enhanced whiteness and a superglazed finish) that would have an extended range of basis weight (from 40 to 55 grams per square metre).

Of great interest to specialists of the sister nations is the exchange of experience in the production of thermomechanical and chemical-thermomechanical pulp, the use of which for newsprint production has not yet become widespread in the CMEA countries, and industrial and technical training of personnel engaged in the operation of high-speed papermaking machines.

For Soviet enterprises, which are becoming increasingly aware of the scarcity of high-quality

raw wood, experience in the use of waste paper in the production of newsprint, using plant manufactured in the CMEA countries, could prove valuable.

Specialists of the firm could acquire experience in the international marketing field, and order special, in-depth studies to be carried out, in particular with respect to the future prospects and sales volume of markets. To the extent of its ability, the international firm would follow the example of the capitalist countries in building its own warehouses on its own territory to provide for the storage and timely shipment of newsprint to consumers.

A common problem in all of the socialist countries is presented by the anticipated rise in the growth rate of per capita consumption of newsprint. With respect to this index the socialist countries are still a long way behind the developed capitalist countries. In the USA, for example, the per capita consumption of newsprint in 1986 (in kilograms) was 51.3, in Canada it was 42.9, in Sweden 36.0, in Finland 35.8, in the FRG 23.7, in Japan 24.7, and in Great Britain 27.2.

But here the question arises: by means of which resources is this growth to be assured? Either it will be by means of redistribution processes through international trade channels and, as was the case previously, by the efforts of a single country within the framework of its specialization, or it will be by the collective efforts of interested countries, preeminently in the production sphere.

The prospective creation of an integrated market for newsprint in the socialist countries could manifest itself in particular, in joint action on the

part of interested countries to expand the capacities of the Balakhna and Kondopoga pulp and paper combines, each to a volume of 700,000 tonnes annually, and of the Solikamsk pulp and paper combine, to 900,000 tonnes a year, and in a joint construction project or the establishment of a joint enterprise. This could take the form of a Yeniseisk pulp and paper combine and a combine in the Komi ASSR.

While it is obvious that the creation of a unified market for newsprint in the socialist countries is not going to happen overnight, but is rather a reference point for the development of an integration process, it is only the active involvement of the workers of our industry (including action taken on their own initiative) in the sphere of international economic collaboration that will make it possible to bring to fruition the plans which are currently envisaged.

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FORESTRY

Master Plan for the Administration of Forestry - RSFSR

A Master Plan for Forestry Administration (RSFSR) has been drawn up in accordance with a resolution passed by the executive organs. (Note to reader: This item should be read in conjunction with a similar item reported in the May 1988 summary describing the general organization of the USSR Timber Industry Administration).

The Master Plan calls for:

- the formation in the autonomous republics, krais and oblasts, of territorial forestry production associations, and in the Karachaevo- Cherkesskaya and Khakasskaya autonomous oblasts, of forestry production associations;
- the retention of the ministries of forestry for the autonomous republics - in the Bashkir, Dagestan, Kabardino-Balkarian, Komi, Severo-Osetian, Tatarian and Checheno-Ingushetian ASSRs the ministries of forestry of the autonomous republics will continue to exist;
- the activities of the territorial forest management and production associations being made subordinate to the RSFSR Ministry of Forestry and to the Councils of Ministers of the autonomous republics, the kray executive committees and the oblast executive committees;

- the inclusion within the territorial forest management and production associations, of the forest management and production associations of the autonomous republics;
- the transformation of the central aviation base for forest conservation and forestry services into a production association responsible for aerial forest conservation; and
- a general transition to a two-tiered system of RSFSR forestry administration, as follows: a Ministry of Forestry for the RSFSR - the territorial forestry production association, production association, enterprise, or organization.

In the ministries of forestry for the RSFSR, Bashkir ASSR, Dagestan ASSR, Kabardino-Balkarian ASSR, Komi ASSR, Severo-Osetinian ASSR, Tatarian ASSR and Checheno-Ingushetian ASSR, and in the territorial forestry production associations, State inspection agencies are to be formed, with responsibility for monitoring the condition, use, regeneration, preservation and conservation of the forests. In oblasts and districts where forests of national importance have been consolidated or transferred for leasing purposes to the USSR Ministry of the Timber Industry, State forest inspectorates, subordinate to the RSFSR Ministry of Forestry, are to be formed.

The Deputy Minister of Forestry for the RSFSR who is responsible for the inspection, condition, use, regeneration, preservation and conservation of the forests, is simultaneously the Chief State Forest Inspector of the RSFSR.

The directors of Forestry production associations in the republics, krays and oblasts are accordingly the chief state forest inspectors of those republics, krays and oblasts.

Structure of the Central Apparatus of the RSFSR
Ministry of Forestry

Main Economic Planning Administration.
Main Administration for Science and Technology.
Main Administration for All Land and Water in the
Charge of the State Forestry Service.
Main Administration for Forest Regeneration and
Protective Reforestation.
Main Administration for Forest Resource Use.
Main Administration for Material and Technical Supply.
Food Products Administration - Forest-Derived,
Agricultural and Trade.
Capital Construction Administration.
Financial, Bookkeeping and Auditing Administration.
Forest Products Deliveries Administration.
Labour and Social Development Administration.
Personnel and Training Administration.
Economic Operations Administration.
Business Administration.

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The structure of forestry production associations in the republics, krais and districts are accordingly the chief state forest inspectors of those republics, krais and districts.

Structure of the Central Apparatus of the RSFSR Ministry of Forestry

Director of the Ministry of Forestry

Main Economic Planning Administration

Main Administration for Science and Technology

Main Administration for All Land and Water in the Charge of the State Forestry Service

Main Administration for Forest Regeneration and Protective Reorganization of RSFSR for forests

Main Administration for Forest Resources Use

Main Administration for Material and Technical Supply

Food Products Administration, Forest Products

Agricultural and Trade Administration

Capital Construction Administration

Financial Bookkeeping and Auditing Administration

Forest Products Delivery Administration

Labour and Social Development Administration

Personnel and Training Administration

Economic Operations Administration

Business Administration

Monitoring the condition, use, regeneration, preservation and conservation of the forests. In connection with the importance of the forests for the national economy, the forests are to be transferred to the RSFSR Ministry of the Timber Industry, State forest inspectors, subordinate to the RSFSR Ministry of Forestry, are to be formed.

The Deputy Minister of Forestry for the RSFSR who is responsible for the inspection, condition, use, regeneration, preservation and conservation of the forests, is simultaneously the Chief State Forest Inspector of the RSFSR.



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