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Moscow Region Forests Are Facing More Auctions

By Roland Oliphant

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The law offers no guidelines for deciding what kinds of structures in “protective” forests to consider temporary. **Vladimir Baranov**

Last week, the Federal Forestry Agency announced plans on its web site for the first auction of leases on forestland in the Moscow region since a scandal-ridden sell-off in 2007. The 46 plots on offer — running to a total of 96 hectares — are going for starting prices of between 600 rubles to 1,000 rubles for 100 square meters at an auction scheduled for Nov. 9.

An agency spokesman contacted by phone refused to reveal how much the agency hopes to raise from the auction, but insisted that the event would be organized "openly and honestly."

His choice of words suggests the forestry agency is mindful of the scandal that surrounded their last attempt to lease forest in the Moscow region.

In 2007, Mosleskhoz — the Moscow region forest regulator, which is directly controlled by the Federal Forestry Agency — announced the auction of leases for 69 plots (running to 991 hectares) over two days of sales in December that year.

But the sell-off ended in scandal when only a select number of people were allowed to register, with applications being accepted for just four hours on a single day.

The lucky few who got into the auction hall then picked up 49-year leases on 490 hectares of prime Moscow region forest for just kopecks.

Winners included Eko-Vest, a company controlled by Roman Abramovich, which snapped up 397 hectares in the Irinsky district for 24.4 million rubles ($830,000) — about 614 rubles per 100 square meters.

The following day's sessions were never held — the remaining 500 or so hectares were eventually sold off at another auction in March 2008.

Investors denied registration for the auctions cried foul, the Federal Anti-Monopoly Service eventually took up the case, and in April of this year the 10th Appellate Arbitration Court voided the results of the March 2008 auction.

Sales in the first auction — including Eko-Vest's plot — were not covered by the finding, however.

So What Now?

Federal Forestry Agency spokesman Vladimir Dmitriyev said the organization would "see how it goes" this time, before deciding if there would be future auctions.

"But it's been done with maximum openness and everything is honest, so I don't see why anything should go wrong," he said when asked if there was concern about a repetition of the previous scandal.

If you do not want to miss out this time, registration for the new auctions runs until Sept. 28 at the headquarters of the Central Federal District Forestry Agency (15 Institutskaya Ulitsa, Pushkino), according to documents on the agency's web site. The auction itself will be held at the same address at 11 a.m. on Nov. 9.

Know Your Forest Code

Remember, though, that you will only be a tenant, not an owner of any plot you acquire.

It is impossible to buy forestland in Russia. The only landlord is the state — occasionally in the form of the Defense Ministry or Agriculture Ministry, but generally represented by the Federal Forestry Agency.

The law does, however, allow leasing of plots for a maximum of 49 years, but the use tenants put that land to is restricted depending on the type of forest in question. Russian law categorizes forest into three classes according to its function — exploitable, reserved or protective.

"Exploitable" forest is open to all kinds of commercial use, including logging. In practice most of the commercially valuable forests — including species such as pine, Siberian pine and spruce — that are realistically accessible are classified this way.

"Reserved" forest is not being exploited and forestry authorities do not foresee commercial exploitation at least for the next 20 years.

In practice, says Elena Kulikova, director of WWF Russia's forest program, most "reserved" forest is inaccessible and low-value, because the commercially attractive forest has already been classified as exploitable.

"Protective" forest is designated as such because it plays a protective role — against flooding and water pollution along riverbanks, and for biodiversity and production of oxygen. Almost all of the forest around Moscow is classified as such, as are the plots of land being auctioned off on Nov. 9.

The protective forest plots being leased in the Moscow region can only be used for "recreational purposes."

The 49-year lease comes with rights to "free and unfettered access" and the gathering of "nuts, berries" and other "non-timber" products of the land — as well as the right to build "temporary" structures.

This is where the law gets blurry, said Kulikova. "Nowhere will you find a description of what 'temporary' means. There is no image of what it should look like, or description of what is prohibited."

To environmentalists' dismay, that loophole means you can often realistically get away with building what can only be described as "permanent" structures — with all the attendant comforts — on forestland, Kulikova said.

A Private Future?

One thing that you absolutely cannot do — at least in theory — is restrict access to the land.

An attempt to include privatization in the Forest Code when it was rewritten was defeated by a public backlash fueled partly by suspicion of privatization after the experience of the 1990s, but largely by concerns about access to land, Kulikova said.

"There is a deep tradition of free access to the land over many years of Russian history, and professional and public opinion didn't want to lose it," Kulikova said.

That might change in the future — experts say the 49-year lease is partly intended as a stopgap measure until a time when privatization can be forced through.

In the meantime, it is possible to reclassify forest as "agricultural" or as land ready for development — which can legally be sold to a private owner. Such a reclassification allowed the authorities to authorize the construction of the highway through the Khimki forest north of Moscow.

But that takes a high-level government decision — so if you do not have friends in the Kremlin or the White House, you can forget it.

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