The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Limited Turnout for Forest Auctions

By Roland Oliphant

November 14, 2011

The first auction of leases for forest land in the Moscow region since 2007 ended in disappointment last week, with less than half the plots being taken and little money made above the starting price.

The Federal Forestry Agency, which administers the Moscow region's forests, had planned to auction leases for 51 plots of land, covering about 100 hectares of woods around the capital last Wednesday. But only 24 plots, covering about 50 hectares, finally went under the hammer.

Of the others, "five were withdrawn before auction, six received no bid, and 15 were unable to be sold because only one registered bidder showed up; and for another no bidders showed up at all," an agency spokesman told the Moscow Times.

Despite lower than expected demand, the agency raised 8.5 million rubles ($283,000) in annual rents from auctioning the leases — over a million rubles more than the 7.2 million ruble minimum expected take.

Annual rents for the auctioned plots range from 50,000 rubles to 370,000 rubles per hectare. The lots vary in size from 0.1 to 16 hectares.

The agency spokesman confirmed that demand was lower than expected. "Perhaps not everyone realizes these are leases, not actual sales of the land; secondly, the market might not have been quite ready for it," he said.

A list of winners will be published in due course, the spokesman said. No date has been set for the next round of auctions.

The 49-year leases being offered allow tenants to use the land only for "recreational" purposes — which include the right to gather nuts, berries and other "non-timber" products of the land, and to build "temporary" structures.

The last auction of Moscow forest leases in 2007 ended in scandal when only a select number of bidders were registered. Several of them, including well-known public figures, won leases at knockdown prices — prompting allegations of corruption.

A government working group is currently developing a forest policy program for the period 2012 to 2020, Deputy Prime Minister Viktor Zubkov's office announced last week. The group will look at ways to improve management, increase revenues from the forestry industry and ramp up conservation and forest-firefighting capabilities. The entire nine-year program is expected to cost 472.5 billion rubles ($15.4 billion), Interfax reported.

Original url: https://www.themoscowtimes.com/2011/11/14/limited-turnout-for-forest-auctions-a10761