

High Costs, Red Tape Blamed for Slump in Primorye Region's Timber Industry

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Producers of raw timber in the Primorye region in the Far East have lost about 1 billion rubles in revenue this year as exports to China slid to 25.7 million cubic meters because of high transportation costs and red tape at the border, RIA Novosti reported.

Chinese consumers are increasingly purchasing wood from other Russian regions at lower rates, Pavel Korchagin, head of the Primorye timber producers association, said at a forestry exhibition in the Chinese town of Mudanjiang.

The average cost of timber in Siberia is lower than in his region, he said, which puts local loggers at a disadvantage.

Producers in the Primorye region also prefer to process their timber, whereas Chinese clients have traditionally preferred buying raw timber and cutting costs by processing it domestically.

Anbo Tiao, head of the Chinese company Hailin Jincheng Wood, said his compatriots are often dissuaded from buying timber in the Primorye Region because of problems at border crossings, where shipments sometimes need to wait for days to pass customs. His company prefers the Khabarovsk region, where customs are simpler and shipping to China by sea is cheaper and faster than bringing timber from Primorye by rail.

The Primorye region's legislative assembly may implement subsidies for Chinese timber companies by the end of the year, Deputy Galust Akhoyan said.

Igor Dorayev, a local entrepreneur, said the government should not give in to foreign business interests and hoped that authorities would motivate Chinese businessmen to buy processed timber in the region.

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