

Russia's Forestry Industry Faces Steep Production Slump in 2026, Official Says

November 27, 2025



Russia's forestry sector could face a deep contraction next year as sanctions tighten, interest rates remain high and the ruble stays strong, Deputy Industry and Trade Minister Mikhail Yurin [said](#) Thursday.

Addressing a Federation Council committee, Yurin said the industry has entered a "downward trend," with the worst-case scenario pointing to a 20–30% drop in output in 2026.

The ministry expects already falling production to continue declining into 2027 if geopolitical conditions worsen, Interfax quoted Yurin as saying.

[According to](#) the Economic Development Ministry, wood-processing is among the weakest performers in Russia's industrial landscape. Output fell 4.3% in the third quarter and the slump accelerated to 7.8% in October.

The Central Bank's high key rate, harsher sanctions, a persistently strong ruble and shrinking access to remaining export markets due to secondary and tertiary restrictions are among the pressures weighing on the sector, Yurin said.

He said Russian timber exports have fallen by more than 20% since before the war, from \$12.5 billion in 2021 to to \$9.8 billion.

Logging volumes are expected to hit a four-year low of 182 million cubic meters this year.

The sector is already seeing corporate distress. The Federal Tax Service in September initiated bankruptcy proceedings against Tobol, the largest timber company in the Tyumen region.

That same month, the Svyezha-Tyumen birch plywood plant, part of billionaire Alexei Mordashov's Sveza group, [halted](#) operations and laid off 323 workers.

The parent company cited a sharp drop in production volumes and capacity utilization, which had pushed the plant deep into the red.

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