

Investment Portrait of Timber-Industrial Complex of Perm Territory: Challenges and Ways of Development

Ksenia Vladimirovna Novikova

Perm State National Research University, Perm, Russia

Abstract: The article is devoted to the issues of perspectives of development of timber industrial complex in the conditions of joining of Russia to WTO and introduction of reduced tariffs. The role of state government in formation and realization of policy directed to increase in investment attractiveness of this industry is outlined. The author proposes the ways of development of timber industrial complex of Perm Territory which will provide conditions for deepening and complexness of the processing of forest resources; increase in volumes of production of TIC for export and providing prioritized access of organizations of TIC to industry market.

Key words: TIC • WTO • The depth of timber processing • Investment attractiveness of the industry • Prioritized investment projects • Added value • Export and import volumes

INTRODUCTION

Perm territory in terms of its forest and industrial potential takes leading position among the regions of Volga Federal District [1]. Forest areas of VFD cover 39, 1 million hectares, from which 31,7% (12,4 million hectares) belongs to Perm Territory. The area covered with commercial forests amounts to 76,6% of the total forest area of the region. Besides that TIC is socially significant sphere of activity because more than 23 000 people (average wages in 2012 is 13995,3 roubles) are working here. [2] But timber industry brings only 6% of GRP of the region [3].

Analysis of timber industry shows that this industry is not attractive for investments: since 2009 and until now constant reduction of investments can be observed: in 2012 the amount of investments in timber economy reduced to 10,1 million roubles, which is 31, 5% less in comparison with the previous 2011 [3].

The level of investments in wood processing and cellulose and paper production is also characterized as unstable. In 2012 timber companies invested 6,5 million roubles or 64,5% of total investments of this industry. Most part of the capital investments of wood-processing enterprises were made into production of plywood-92,2%.

Investments into cellulose and paper production were mostly into production of paper. At the end of 2012

investments here amounted to 1, 492 million roubles. The sources of financing were both own assets of the enterprises and attracted investments-loans, payments, non-repayable payments.

In such circumstances joining of Russia to WTO and introduction of reduced tariffs will influence the export volumes and reduce supplies to the domestic market followed by immediate domestic price rising which can result in interruption in material supplies to Russian enterprises, reduction of production volumes of cellulose and paper, wooden materials and items made from them. [5]. Experts predict great reduction of production in the first place. (to 6,8%) Open markets in timber industry is an opportunity for foreign companies to increase greatly import into Russia with high added value: chalk paper or furniture [6].

In accordance with data from Ministry of industry and commerce of Russia the lack of capacities for production of paper and card-board and absence of capacities for production of chalk paper in Russian Federation will result in increase of import. In the same time reduction of customs tariffs will give to foreign producers opportunity to increase production of paper and cardboard not implementing investment projects at the territory of Russia. The loss resulted from reduction of market share of Russian producers and reduction of import tariff can amount to 580 million roubles [7].

All these trends mean that formulating of measures for accelerated development of Perm Territory is strategically important task of the regional government. [8] Here the key element of implemented policy must be increase in investment attractiveness of the industry. It is determined by the fact that in 2011-2012 the key factor of development of TIC of Perm Territory was reaching of prioritized investments projects their project capacity. Among 99 investment projects of TIC included in the prioritized list 8 projects are being implemented in Perm Territory. In the same time in Volga federal district there are 16 projects-it means the Perm Territory is on the 1st place in number of investment projects [9].

All prioritized investment projects are intended for development of capacities for deep mechanical, chemical and energetic processing of timber among which the most part are the projects are intended for output of products for furniture and building industries.

On the factories which realize these projects more than 3800 people work, the organizations in fact have produced more than 2,1 million of cubic meters of wood. Total amount of investments from 2008 to 1st quarter of 2013 amounted to 6,98 billion of roubles and more than 35,7% of total sum of investments were directed for realization of investment project of JSC UralPaper (Table 1) Totally for the period of realization of projects from 2008 to 2017 business is planning to invest 25 billion roubles and create 2,5 thousand new jobs.

Table 1: Results of implementation of investment projects of TIC of Perm Territory

Investor	Number of employees	Amount of investments, million roubles		Volume of nominal quantity of timber, thousand m3, per year, fact	Real amount of wood ready since the beginning of realization of the project (thousand.m3 for 01.01.13)
		Plan for the whole period of implementation of the project	Fact since the beginning of realization of the project		
JSC Solikamskbumprom.					
“Modernization of equipment of technological line of production fiber and paper. Construction of new process line”.	27	13286,8	1491,9	224,4	81,7
JSC UralPaper. “Modernization of paper-producing machine B-21, card-board-producing machine-KP-06 and organization of timber collection”	430	3819,6	2493,8	668,6	373,2
JSC Capital-3					
“Industrial complex on production of bent plywood items and plywood in the city of Gremyachinsk of Perm Territory”	400	964	559	495,4	683,5
Perm plywood combinat					
“Mega-project of reconstruction of plywood production”	1795	1016,2	1129,5	165,5	244,6
JSC GornozavodskLesProm					
“Organization of timber-collecting and processing production”	104	366	361,2	229,1	352,8
JSC Perm house-building combinat					
“Modernization of Perm house-building combinat”	650	300,2	153,7	98,1	133,0
JSC Osentsovsky Dok					
“Modernization of production and use of forests of Perm Territory on the base Osentsovsky DOK New depth”	140	404,5	93,8	73,3	0,0
JSC Sawn wood Red October					
“Development of wood-sawing production on the base of “Sawn wood Red October”	325	732	702	500,0	206,5
Total	3871	20889,3	6984,9	2454,4	2075,3

Table 2: Payments of companies implementing prioritized invest-projects into budget of RF in 2012

Name of the company	Fulfillment of liabilities before budget system of RF from the beginning of realization of the project	
	Fact, Rent paid	
JSC Solikamskbumprom	9,3	8,1
Perm plywood combinat	2076,6	3,5
JSC GornozavodskLesProm	30,4	15,6
Perm hous-building combinat	21,4	3,7
JSC UralPaper	203,5	16,5
JSC Capital-3	122,5	9,4
JSC Sawn wood Red October	21,0	6,4
JSC Osentsovsky Dok	6,9	0,0
TOTAL:	2491,6	63,2

*Information of the Ministry of Industry, innovation of science of Perm Territory.

Provided information proves that enterprises of TIC of Perm Territory are modernizing production, increasing depth and complexness of wood processing, new jobs in the region are being organized, the amount of attracted investment grows. [10]. But in the purpose of further development of TIC of the region a number of existing problems must be solved, which negatively affects functioning of the industry in general:

- Unstable financial state of the most of the companies of TIC, determined by the sales markets and high level of material and energy consumption;
- Low speed of structural and technological modernization of timber industries, renewal of main production funds;
- Transport and road infrastructure is poorly developed and this hinders use of forests;
- Low investment activity in the sphere of timber collection and timber industrial production;
- Lack of qualified workforce as a result of low wages in comparison with other industries, deteriorating situation in the professional and qualification training of specialists.

There is objective opportunity to make Timber complex of Perm Territory not only natural but in also economic wealth of the region and the following measures must be taken:

- increase in investment attractiveness of TIC and in depth of complex character of timber resource processing;
- transport accessibility of forest resource in the northern parts of Perm Territory must be provided;
- favourable financial conditions of functioning of TIC must be formed;
- development of timber economy through preservation of forests, increase in their resource and ecological potential, satisfying public needs in timber resources and services;
- prioritized access of organizations of TIC to industry market and attracting specialists into TIC; improvement of their professional training.

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