

Papermaking Costs to Rise

By [The Moscow Times](#)

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ST. PETERSBURG — International Paper expects costs to rise in Russia as the country's entry into the World Trade Organization drives up competition.

Russia's membership, which requires it to cut export duties on timber and curb import taxes on paper products, will push up wood costs at International Paper's Svetogorsk mill, said country head Franz Marx. "We're working on forestry concessions with the Russian government to alleviate the short-term impact," he said.

International Paper has four pulp and paper mills in Russia, including three held through a 50-50 venture with local partner Ilim Holding. International Paper will provide half the \$1.3 billion investment earmarked for the Ilim venture's mill upgrades in 2011-12. The Ilim venture is set to become Russia's first producer of coated paper, according to the company.

(Bloomberg)

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