

# Chinese Thirst Drives Illegal Logging in Russia's Far East

By [Howard Amos](#)

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Thinning forests above the village of Katangar, about 40 kilometers outside of Petrovsk-Zabaikalsk, testify to the depletion of the area's natural wealth. **Howard Amos**

PETROVSK-ZABAIKALSK, Zabaikalsky Region — About nine o'clock in the evening on Feb. 12 seven years ago, Vladimir Baranov was killed by gunmen on the doorstep of his house in the fatal culmination of a dispute with illegal loggers.

Today the local timber business, Rassvet, which he founded at the beginning of the 1990s, is run by his widow, Svetlana Baranova, and their two children. But the company is "on its knees," said Baranova, because it is unable to compete with illegal loggers feeding neighboring China's insatiable demand for Russian wood.

"How can my legal business be profitable," she asked, "when you can sell to [Chinese buyers] and they give you cash straightaway?" International furniture giants knowingly fuel the illicit timber trade when they buy cheap wood and turn a blind eye to its origin, she added.

The Petrovsk-Zabaikalsk district where Rassvet operates is on the western edge of Siberia's Zabaikalsky region, Russia's most important land corridor for trade with China.

Uncontrolled logging and fires have slowly devastated its dense forests of pine and larch for the last two decades. Residents of the small district capital of Petrovsk-Zabaikalsk, a station on the Trans-Siberian railway, complain that they are no longer able to gather mushrooms or berries from local forests — because nothing remains.

The voracious appetite of China, the world's biggest wood importer, drives both legal and illegal timber trading in the area.

One of China's most important suppliers, Russia provided 24.2 million cubic meters of logs and sawn wood to its southern neighbor in 2011, according to a report published by the Environmental Investigation Agency last week. The organization put the illegal trade at 10 million cubic meters of logs and sawn timber, valued at \$1.3 billion, for the same period.

The Zabaikalsky region's border town of Zabaikalsk, through which 70 percent of Russia's trade with China passes, is the export point for timber harvested in southern Siberia.

Rassvet's headquarters and the Baranova family home are in the small town of Novopavlovka, outside Petrovsk-Zabaikalsk, about 1,000 kilometers by road or rail from China. The surrounding hills, covered by ragged young trees and stumps, bear witness to decades of intensive logging.

Baranova describes the district's rural villages as poverty-stricken, with inhabitants dependent on sawmills run by Chinese migrant labor, to which they can bring logs and are paid in cash with no questions asked.

Companies like Rassvet, she said, which own 49-year forest leases and are responsible for security, fire safety and clearing up after logging operations simply have higher overheads than the illegal loggers.

Rassvet's annual logging quota is 254,000 cubic meters, said Baranova, for which it must pay the state 750,000 rubles (\$24,300) every month. It could only afford to cut 70,000 cubic meters in 2011.

"Buying documents [for the export of illegally logged wood] is much more profitable than paying for leases," Baranova said.

## **Local Denial**

Officials, however, paint a very different picture, suggesting that illegal logging has virtually disappeared in recent years.

In 2007 then-Natural Resource Minister Yury Trutnev expressed dismay at the scale of destruction during a visit to the Zabaikalsky region, bemoaning whole "robber villages." Governor Ravil Geniatullin, who in 2011 marked his 16th year in the job, promised to solve the problem within 12 months.

Geniatullin declined a request for an interview.

But Geniatullin's representative in Petrovsk-Zabaikalsk, Mikhail Kuzminov, said that the current level of logging was sustainable and "significantly less" than under the Soviet Union.

"Before 2008 there was some bacchanalia," he said. "But now order is gradually returning and the situation improving ... the majority of forest-users are doing forest re-planting work, clearing the places where logging has taken place and so on."

Illegal logging is almost entirely confined to those cutting wood for their own personal use, he said, and the shattered forests visible from roads around Petrovsk-Zabaikalsk should not be taken as indicative of a wider problem — because loggers tend to focus on the most accessible areas.

However, another local official, who requested anonymity to speak freely, said that from helicopter the damage was visible all over the district.

Bigger logs from older trees are more valuable and loggers penetrate deep into the forests to find them. Pine logs with diameters of 28 to 30 centimeters (about 60 years old) are simply not found anymore, the official said, and buyers are even accepting young trees with diameters as little as 12 centimeters.

Quality wood is currently being logged over 100 kilometers from the roads leading into Petrovsk-Zabaikalsk, said Vakhid, a sawmill owner in the village of Katangar outside Petrovsk-Zabaikalsk who only gave his first name.

And the Azerbaijani man with a sparkling mouthful of gold teeth was frank about the consequences of the logging by which he makes a living.

"Like they kill people in Chechnya, they are killing the forest here," he said. "Soon it will be like Mongolia, all bare hills."

## **Sawmills**

Sawmills are a new phenomenon in the region. They sprang up after 2008 when the Russian government hiked the export tax on logs from 6.5 percent to 25 percent.

The move was designed to increase tax revenue and encourage domestic wood-processing industries: sawmills were previously concentrated in Manzhouli, the booming Chinese town nearest to the Russian border.

But the new export tariffs, making the export of rough-sawn lumber more profitable, has simply led to the establishment of hundreds of primitive sawmills — many of them staffed by Chinese laborers.

"[The Chinese] are cheaper and work better," said Sergei Tatmazyan, owner of the Tagvi logging company, which fells 60,000 cubic meters per year in the Petrovsk-Zabaikalsk district.

Vakhid, the Azerbaijani sawmill owner in Katangar, said that he makes a profit of about 400 rubles per cubic meter of wood that he processes. He admitted that if there were an economic

crisis in China small businesses like his would collapse instantly.

## **Chinese Capital?**

While Chinese laborers are employed throughout the timber industry, the extent of the direct involvement of Chinese companies, and Chinese capital, is harder to gauge.

"The whole area between Chita and the Chinese border is financed by China for logs and lumber," said Gerry Van Leeuwen, vice president of International Wood Markets.

And others point out that Chinese players often use Russian companies as fronts to hide their involvement. "The Chinese feel at home here," said Irina Trofimova, the organizer of a local group of ecological journalists.

But officials uniformly downplay the Chinese presence and link it to criminal elements running an illicit trade.

"Chinese business or Chinese money generally took part in that period when there was illegal logging," said Kuzminov, the governor's representative.

Though in relatively insignificant quantities, timber firms in Petrovsk-Zabaikalsk also sell lumber and wood products to Moscow, the Arctic Yamal region, Poland, Germany and Japan.

## **A Spreading Problem**

Illegal logging fueled by demand from China is not just confined to Russia's border areas.

Having used up most of the easily accessible forests in the Zabaikalsk region, Baranova said that loggers are increasingly fanning out into Siberia towards Irkutsk and Krasnoyarsk.

About 3 million cubic meters of wood, much of it illegal, is gathered every year in the water basin of Lake Baikal, predominantly in the republic of Buryatia, according to Greenpeace.

And the problem feeds into wider environmental issues. The Petrovsk-Zabaikalsk region has seen an upsurge in the number of forest fires in recent years, which many link to the consequences of poor forestry management — including the failure to clear up dead wood and the detritus left by loggers. Over 300 fires were recorded in the hot summer of 2009, according to officials.

Arson is even used by ruthless loggers as a way to change a forest's legal status, opening it up for the harvesting of half-burnt trees, according to Baranova. "Zabaikalsk is an ecological catastrophe," she said.

Local residents recently clashed with the authorities in Chikoya, a district neighboring Petrovsk-Zabaikalsk, over the felling of rare and valuable cedar trees and dumps of unusable wood discarded in the logging process.

## **A Husband's Legacy**

Baranova, who is also a deputy to the region's legislative assembly, said she was becoming tired of fighting against the tide. Rassvet currently has over 12 million rubles of outstanding debt.

Rassvet had lost contracts with international furniture giants because illicit timber sourced through China was cheaper than what she could offer, she said.

Many locals allege that Baranova bears her own share of responsibility for uncontrolled logging. Officials openly mention her gender as a reason for managerial incompetence and criticize her decision to replace her husband after his death.

Vladimir Baranov's murderers were eventually sentenced to jail terms of up to 20 years, but the contractor was never found. Investigators linked the killing to his attempts to stop illegal loggers working on leases owned by Rassvet.

Baranova's personal dedication to the company is inextricably intertwined with the memory of her husband, whose picture is displayed above a vase of red carnations in the company's main offices.

"He was my friend, my husband, my director and my worst enemy," she said.

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