



## **Amendments to the Forest Code of the Russian Federation approved**

Russian Federal Law No. 304-FZ dated 02 July 2021 'On Amendments to the Forest Code of the Russian Federation and Articles 14 and 16 of the Russian Federal Law 'On General Principles of Organization of Local Self-Government in the Russian Federation' has been published.

Changes to the legislation were made following an instruction of the Russian President.

The Federal Law supplements Article 20 of the Forest Code with part 4 that reads as follows: "Timber harvested by the government-owned (municipal) institutions specified in Article 19 hereof, including while carrying out forest conservation activities, shall be sold in organized trades held in accordance with the legislation on organized trading". The changes will come into effect on 1 January 2022.

Exchange trading allows to make the market transparent and provides means for the formation of representative market price indicators. Interaction of the Saint Petersburg International Mercantile Exchange (SPIMEX) and the LesEGAIS system will allow tracking the chain of origin of each lot of timber sold at the Exchange.

Enterprises representing 20 regions of the Russian Federation are trading in timber on SPIMEX as of today. Cooperation agreements have been signed by the Exchange with 30 constituent regions of Russia in six federal districts. The following five regions switched over to 100% sale of the state-owned timber in exchange trading: Krasnoyarsk Krai, Udmurt Republic,

Perm Krai, Chelyabinsk Oblast and Republic of Karelia. About 1,000 government-owned entities, private enterprises and individual entrepreneurs take part in the timber trading on SPIMEX.

In 1H 2021, the volume of forestry products traded on SPIMEX amounted to 1.89 million cubic meters, 85% higher than in 2020. This year trading started in the Vologda and Sverdlovsk Oblasts, as well as in the Republic of Bashkortostan.

***The Saint Petersburg International Mercantile Exchange (SPIMEX)*** is Russia's largest commodity exchange offering a wide range of products traded both in its Commodities Section (refined oil products, crude oil, natural gas, LPG, timber and construction materials, fertilizers) and in its Derivatives Section. The Exchange's key task is to operate a transparent, fair and efficient price formation mechanism for Russian commodities. SPIMEX was founded in 2008.