



## **Dmitrii Kobylkin, Minister of Natural Resources and Ecology of the Russian Federation, held a meeting on SPIMEX on the development of on-exchange timber trading mechanisms**

The meeting on the use of on-exchange timber trading mechanisms held on September 17, 2020 at the Moscow office of the Saint Petersburg International Mercantile Exchange (SPIMEX) chaired by the Minister of Natural Resources and Ecology of the Russian Federation Dmitrii Kobylkin was attended by: Chairman of the Federation Council Committee on Agriculture and Food Policy and Environmental Management of the Federal Assembly of the Russian Federation Aleksei Maiorov, Chairman of the State Duma Committee on Land Relations of the Federal Assembly of the Russian Federation Nikolai Nikolaev, Deputy Minister of Natural Resources and Ecology of the Russian Federation — Head of the Federal Agency for Forestry Sergei Anoprienko, SPIMEX CEO Alexei Rybnikov, senior officials of the Ministry of Natural Resources of Russia, Ministry of Industry and Trade of Russia, Federal Agency for Forestry, and Federal Antimonopoly Service of the Russian Federation.

The attendees of the event discussed:

- amendments to the Forest Code of the Russian Federation related to the sale in organized trading of timber harvested by the state institutions within the state assignments;
- issues of interaction of SPIMEX trading system with LesEG AIS information system, confirmation of information on the origin of timber put up for exchange trading;
- development of exchange trading in timber for export.

**Dmitrii Kobylkin, Minister of Natural Resources and Ecology of the Russian Federation:** *“The priority of our activities is to ensure transparency of timber turnover and reduce the “black market”. The changes to the Forestry Code that we discussed today will help to achieve this goal. We have been closely cooperating with the Saint Petersburg International Mercantile Exchange for two years now. Key opportunities offered by exchange trading include increase of the tax base and profitability of the state owned forestry enterprises. The exchange trading process is beneficial to everyone: both the*

state and the commercial sector. And we hope that this meeting will help to catalyze legislative changes and increase the volume of the exchange timber trading.”

**Aleksei Maiorov, Chairman of the Federation Council Committee on Agriculture and Food Policy and Environmental Management of the Federal Assembly of the Russian Federation,** reminded that the Federation Council had recommended the Government to adopt a unified management plan that includes development of exchange timber trading. “Adoption of such plan boosted expansion of the regional practice of exchange timber trading. Our Committee is actively supporting SPIMEX’s efforts to conclude agreements with the regions, participates in their conclusion,” — he noted. “We certainly support the proposals for the sale of timber harvested by government institutions as a result of forest maintenance exemption of the Federal Agency for State Property Management from the obligation to sell timber when using forests for placement of infrastructure facilities, development of subsoil resources, and improvement of control mechanisms when exporting timber.”

**Nikolai Nikolaev, Chairman of the State Duma Committee on Land Relations of the Federal Assembly of the Russian Federation:** “The topic of exchange trading in the forest industry has been discussed at the platform of the State Duma for 3 years already. Experience of individual regions that have entered into agreements with SPIMEX and sell timber harvested by the state bodies through the exchange is positive and has shown its effectiveness. The time has come to finally expand this experience to all regions, to the federal level. I really hope that we will gradually introduce exchange mechanisms everywhere in the forest industry, where the state harvests and sells timber.”

**Sergei Anoprienko, Deputy Minister of Natural Resources and Ecology of the Russian Federation — Head of the Federal Agency for Forestry:** “Recently Rosleskhoz has signed an agreement with SPIMEX aimed at curbing illegal timber trade by means of organized trading. Practical implementation of the shaped plans has begun, first of all, it is integration of the SPIMEX technological platform with LeEGALS system. Our work provides confirmation of legality of timber entering the Exchange, transparency of the timber market and effective government control in the industry.”

**Aleksei Rybnikov, SPIMEX CEO:** “SPIMEX is developing trading in forest products in accordance with the instructions of the President and the Government of the Russian Federation, we observe high activity of state forest enterprises, market participants, we feel the support of regulators and leaders of the main forest regions. At the same time, it is necessary to boost the development of exchange trading even more. This is the only way to solve the tasks faced by SPIMEX: setting liquid fair price indicators

*for timber, transparency and legality of the timber market. The meeting held at such a high level will undoubtedly help in achieving these goals.”*

Trading in timber was launched on SPIMEX in 2014 in pursuance of the Instruction of the President of Russia V.V. Putin given at the meeting of the State Council of the Russian Federation held on April 11, 2013.

Currently, there are more than 1,000 enterprises among the SPIMEX trading participants; there are more than 370 delivery bases available. Since the start of 2020, the volume of timber trading amounted to 1.242 million cubic meters. 28 regions of the Russian Federation in 6 federal districts has entered into agreements on cooperation in the development of timber trading with SPIMEX; 5 of them have already switched to 100% sale of the state timber in the exchange trading: Krasnoyarsk Krai, Udmurt Republic, Perm Krai, Novgorod Oblast, Republic of Karelia. The most popular commodities in the timber trading on SPIMEX include coniferous and deciduous sawlog; lumber; wood harvested in the process of sanitary activities; pulp and fire wood.

***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.