



UNITER



Wood-processing industry



WOOD-WORKING INDUSTRY

Wood-working industry is one of the largest industries of Belarus.

Wood-working industry has share of 4% in total industrial production. Share of wood-working factory in forest, wood-working and pulp and paper industry is 72,6%. In 2011 output amounted to 1439 mn USD.

Belarus exports timber and its products in more than 50 countries and imports wood products from 20 countries.

In 2011 exports of wood products accounted for 964 mn USD (24% growth to 2010). Imports amounted to 423 mn USD (19% increase compared to 2010). Belarus exports wood products to Russia, Poland, Germany, the Baltic countries, Kazakhstan, Ukraine and other countries. Wood products are imported from Russia, Ukraine, Italy, France, Germany, Poland, the Baltic countries and other countries.

At the average, the Belarusians spend for furniture 52 USD per year and consume 32 kg of paper.

In 2011, according to the estimation of UNITER, woodworking market capacity was 898 mn USD. Consumption of paper per capita in Belarus is about 32 kg. This figure is significantly lower than in EU countries and also lower than in Russia (48 kg) and Poland (80 kg). Furniture consumption per capita in Belarus is 52 USD, that is higher than in the Baltic countries (22-33 USD), Ukraine (9 USD) and the world average (46 USD), but significantly lower than in EU countries (at the average 252 USD), Russia (105 USD) and Poland (104 USD).

At the interior wood-working market the demand for domestic products dominates.

In Belarus in the wood-working industry the demand for domestic products dominates (especially at the furniture market). At the average the share of imported furniture accounts for only 9% (in Russia 19%). At the wallpaper market both domestic and imported products have 50% share. The state supports local producers, limits access of foreign producers, establishes high tariffs on imported products and provides domestic producers with various incentives.

"Bellesbumprom" is a monopolist in harvesting of wood and producing of wood products.

Wood-working industry is mainly represented by timber, woodworking, pulp and paper industry concern "Bellesbumprom". "Bellesbumprom" is a monopolist in the harvesting of wood and production of its products. "Bellesbumprom" includes 60 enterprises, that concentrates 70% of wood processing, 38% of furniture production in the Republic of Belarus.

In wood-working sector of Belarus there are large investment projects with foreign investors.

Till 2016 "Kronospan" is going to invest 150 mn USD in construction of a plant of wood boards and wood-based floor coverings. In 2012 a vertically integrated wood-processing complex will be built in free economic zone "Mogilev". The Lithuanian group VMG will build three plants for production of chipboard panels, furniture parts made of veneer sheets and cabinet furniture. The total project value is 77 mn euro. According to the agreement with SBA its subsidiary "Mebelain" will produce furniture under IKEA brand and will use chipboard and veneer furniture components made by "VMG Industry."



WOOD-WORKING INDUSTRY

Production

The resource base. Forest Fund of Belarus has more than 9,4 hectares, woodiness is 38,8%. The stock of standing timber amounts to 1.6 bn cu m. Belarus grows every year about 30,3 mn cubic meters of timber. In Belarus there are 0,8 hectares of forested land and more than 160 cubic meters of timber per citizen, that is twice higher than the average European level.

In Belarus the total area of forest increased and there is also steady growth of the areas of maturing, mature and over-mature stands. For the last 20 years the area of shelter-wood has grown more than twice.

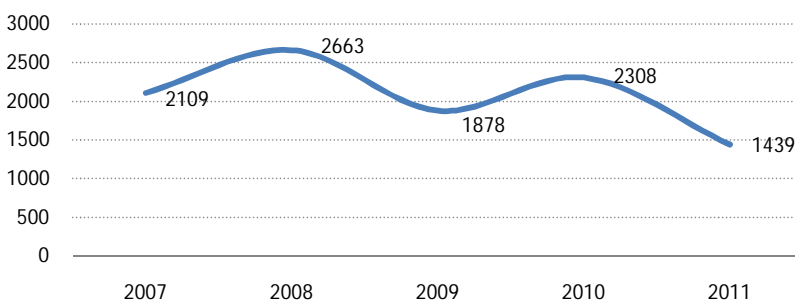
As a result of the planned regulation of the volume of logging, especially felling, the total stock of plantations increased by 1.6 times. The stocks of mature timber amounted to 197 mn cu m. All forests of Belarus are the exclusive property of the state.

Production. Woodworking industry has share of 4% in total industrial production. Share of woodworking factory in forest, wood-working and pulp and paper industry is 72,6%.

Wood-working industry includes sawmill, plywood, furniture industry, production of fabricated houses, wood parts, manufacture of matches. The furniture industry accounts for 50% in wood-working.

In terms of value production in 2011 declined by 62% and amounted to 1439 bn USD. Such a sharp decrease can be explained by three-fold devaluation of the Belarusian ruble. In quantitative terms all commodity items showed an increase at the average by 9%, except for chipboard, whose production fell by 26%.

Production of wood and pulp and paper industry, mn USD



Source: Belstat

Description of Forest Fund of the Republic of Belarus

Indicators	Unit of measure	Total in Belarus	Including Minsk forestry
Total square of the Forest Fund	mn hectares	9,43	8,07
Forest areas	mn hectares / %	8,63 / 91,5	7,42 / 91,9
Forested lands	mn hectares / %	8,05 / 85,4	6,97 / 86,4
Total plantation reserve	mn cubic meters	1 598,2	1 385,40
Including mature and over-mature forest stand	mn cubic meters / %	213,8 / 13,4	176,1 / 12,7

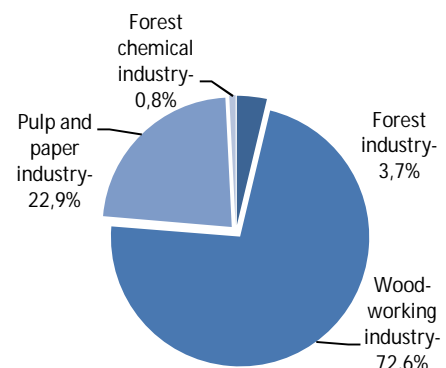
Source: The Ministry of forestry of the Republic of Belarus

Output of main types of products

	Measure unit	2007	2008	2009	2010	2011
Timber	thou m cu	2461	2529	2379	2571	2609
Plywood	thou m cu	169,1	161,3	150,4	177,4	188
Fiberboard	mn m sq	56,2	58,4	36,7	39,7	45,3
Chipboard	thou m cu	409,2	442,7	308	300,3	239
Furniture	mn USD	688,1	842,6	605,4	533,5	597,1
Paper	thou t	57	56	70	103	113

Source: Belstat

Structure of forest, wood-working, pulp and paper industry



Source: Belstat

WOOD-WORKING INDUSTRY

Foreign trade

Wood-working of Belarus has sufficient capacity to meet domestic demand. In addition, Belarus exports timber and its products in more than 50 countries and imports wood products from 20 countries.

In 2011 exports of wood-working products amounted to 964 mn USD (24% growth to 2010). Belarus exports furniture (it accounts for 28% of the total export), harvesting and sawn wood (27%), cabinetry (20%), cardboard and paper products (19%) and wood consumer goods (5%).

For the last five years imports has almost doubled and in 2011 amounted to 423 mn USD (increase of 19% compared to 2010). 61% of imports accounted for cardboard and paper products, 30% - for cabinetry, 7% - for furniture. Imports of both wood consumer goods and harvesting and sawn wood is 1%.

In 2011 exports to Russia amounted to 477 mn USD (50% of total exports). Belarus also exports to Poland (13%), Germany (7%), the Baltic countries (6%), Kazakhstan (6%), Ukraine (3%) and others (15%).

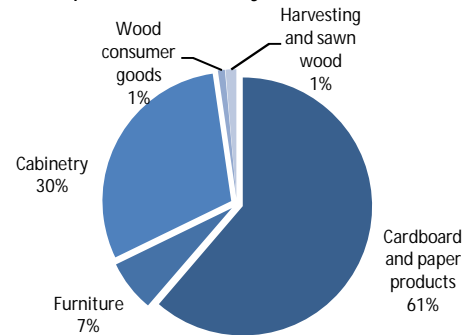
Russia is a major importer of wood-working products. In 2011 imports from Russia was 194 mn USD (46%). The share of imports from Ukraine was 16%, Germany - 10%, Poland - 7%, the Baltic countries - 3%, other countries - 18%.

Dynamics of wood-working exports and imports 2007-2011



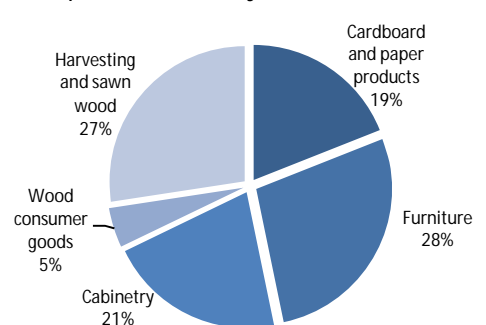
Source: Comtrade

Imports commodity structure in 2011



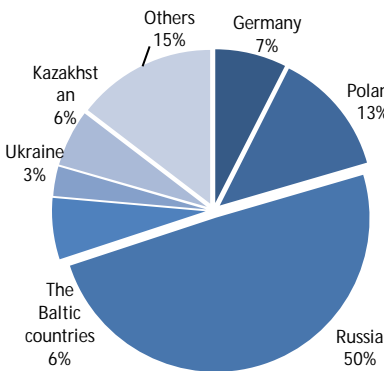
Source: Comtrade

Exports commodity structure in 2011



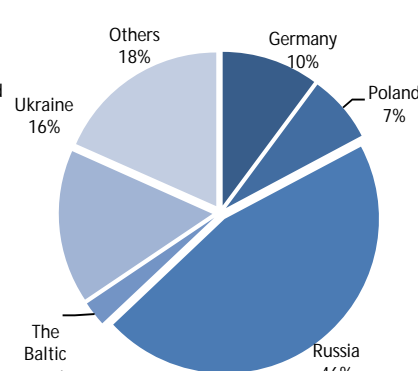
Source: Comtrade

Geographic structure of wood-working exports in 2011



Source: Comtrade

Geographic structure of wood-working imports in 2011



Source: Comtrade

WOOD-WORKING INDUSTRY

Foreign trade

Cardboard and paper products. Pulp and paper industry of Belarus is one of the strategic sectors of the economy of Belarus (share in manufacturing is more than 1%). However, the absence of pulp mill in the country stops the growth of the industry and does not allow to produce paper and cardboard products of quality corresponding to the world standards. In addition, in Belarus there is no sufficiently developed high-power chemical processing of wood.

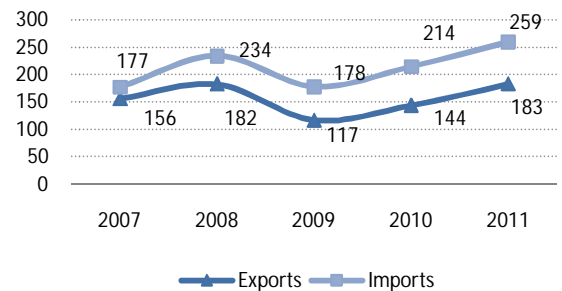
In 2011 exports of cardboard and paper products amounted to 183 mn USD, imports accounted for 259 mn USD. For the last five years foreign trade deficit of cardboard and paper products has increased. If in 2007 imports exceeded exports only by 21 mn USD, in 2011 the difference increased by more than three times and made 76 mn USD.

In 2011 Belarus exported mainly wallpaper and window transparent paper (35%), wallpaper and wall coverings (25%) and uncoated paper and cardboard (19%). In 2011 Belarus imported wallpaper and wall coverings (20%), paper, cardboard and wood pulp (15%), non-flute boxes (13%).

Wallpaper production is very dependent on imports. The share of domestic components in the Belarusian wallpaper is only 30%. In general, the share of domestic wallpaper at the internal market is 50%.

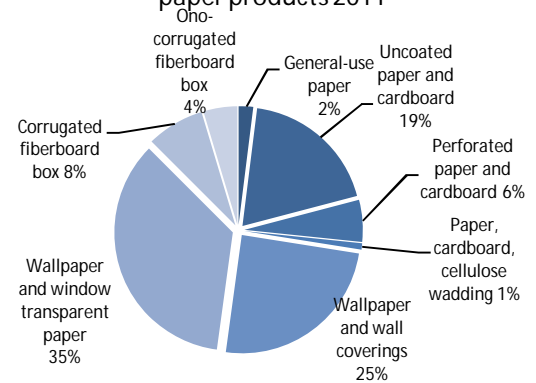
The main country-consumer of Belarusian cardboard and paper products is Russia (86%). Russia has also significant share in imports of cardboard and paper products to Belarus (51%).

Dynamics of exports and imports of cardboard and paper products 2007-2011, mn USD



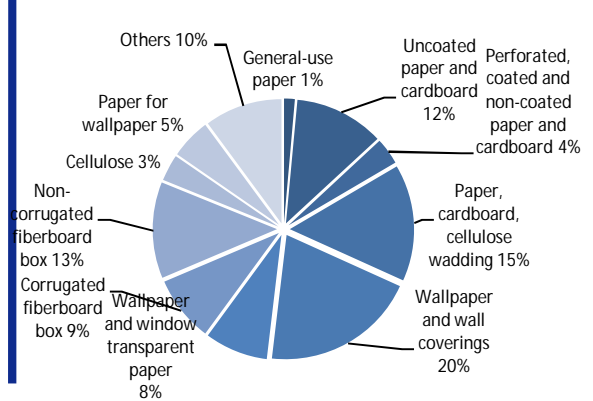
Source: Comtrade

Structure of exports of cardboard and paper products 2011



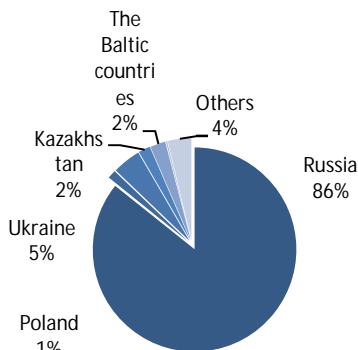
Source: Comtrade

Structure of imports of cardboard and paper products 2011



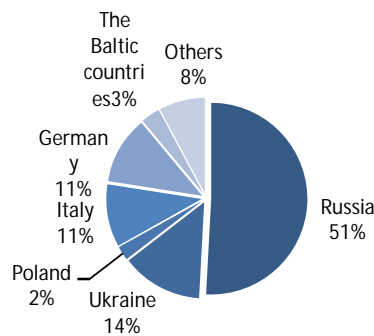
Source: Comtrade

Geographic structure of exports of cardboard and paper products 2011



Source: Comtrade

Geographic structure of imports of cardboard and paper products 2011



WOOD-WORKING INDUSTRY

Foreign trade

Cabinetry. In 2011 exports of cabinetry was 203 mn USD. Compared to 2010 exports grew by 16%. Imports in 2011 increased by 21% compared to 2010 and amounted to 127 mn USD.

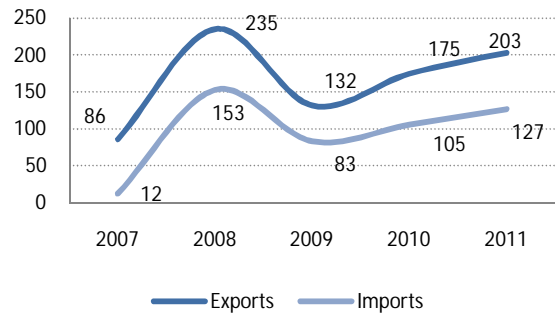
Mainly Belarus exports windows, doors, frames and thresholds (39% of total exports), plywood (28%), chipboard (10%) and fiberboard (19%). The share of other cabinetry in exports was 4%.

The main commodity items in imports in 2011 were chipboard (64%) and fiberboard (21%). The share of doors, windows, frames, plywood and other cabinetry accounted for only 15%. It should be mentioned that for the last five years imports increased by more than 10 times. Growth in imports happened because of increasing of imports of fiberboard and chipboard. If in 2007 chipboard and fiberboard were not imported at all, in 2011 their imports accounted for 81 mn USD and 27 mn USD.

Belarus exports about 50% of its cabinetry to Russia. In 2011 exports to Russia amounted to 101 mn USD. Belarus also exports cabinetry to Kazakhstan (9%), Ukraine (6%), the Baltic countries (6%), Poland (5%) and others (20%).

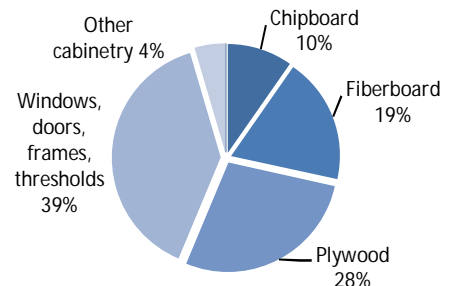
The share of Russia in imports accounts for 43%. In 2011 imports from Russia amounted to 55 mn USD. Besides Russia the main importers of cabinetry are Ukraine (21%), Poland (16%) and Germany (10%).

Dynamics of cabinetry exports and imports 2007-2011



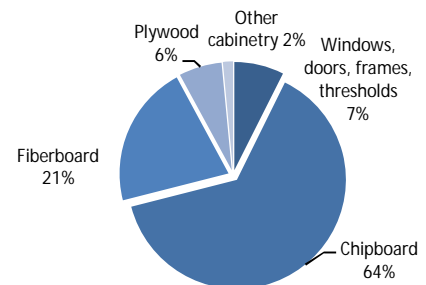
Source: Comtrade

Structure of cabinetry exports in 2011



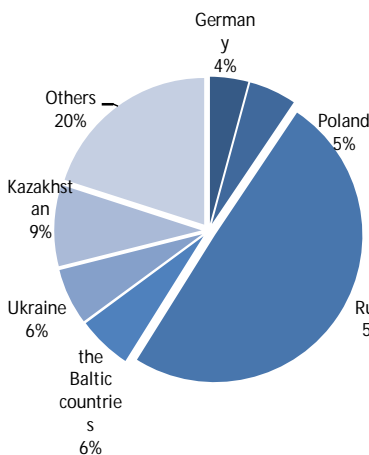
Source: Comtrade

Structure of cabinetry imports in 2011



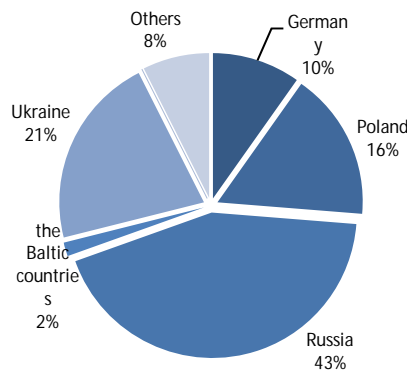
Source: Comtrade

Geographic structure of cabinetry exports in 2011



Source: Comtrade

Geographic structure of cabinetry imports in 2011



Source: Comtrade

WOOD-WORKING INDUSTRY

Foreign trade

Harvesting and sawn wood. Exports of harvesting and sawn wood is much higher than imports. In 2011 exports grew by 31% compared to 2010 and amounted to 264 mn USD.

For the last five years imports has decreased twice. In 2011 imports decreased by 17% and amounted to 6 mn USD.

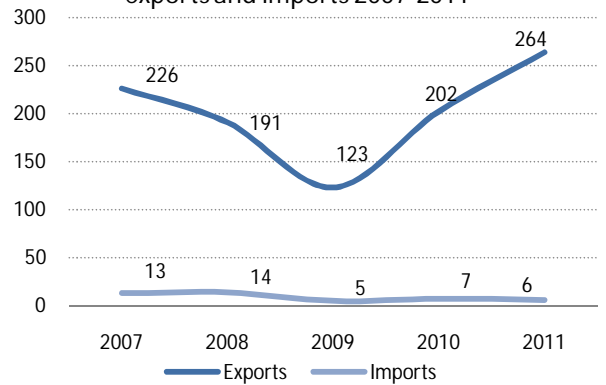
Growth in exports was caused by increased exports of such commodity items as rough and cut harvesting. For the last three years their exports has doubled. In 2011 their share amounted to 84%. Exports of such items as cooper-ware, sawdust and wood waste, sawn wood is continuing to decline.

The main commodity items in imports is sawn wood that accounts for 49% in total imports. As a result of reduction of imports of harvesting (in 2007 imports was 11.6 mn USD, while in 2011 - 2.8 mn USD) the total imports decreased. However imports of sawn wood rose from 1.5 mn USD in 2007 up to 2.8 mn in 2011.

Belarus mainly exports to Poland (41%), Germany (17%), the Baltic countries (16%). Share of Russia is only 3%.

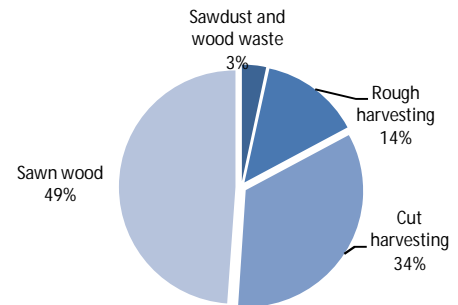
Geographical structure of imports is significantly different from the structure of exports. The main importer is Russia (57%). The share of Germany, Poland and the Baltic states is negligible and totally is only 8%.

Dynamics of harvesting and sawn wood exports and imports 2007-2011



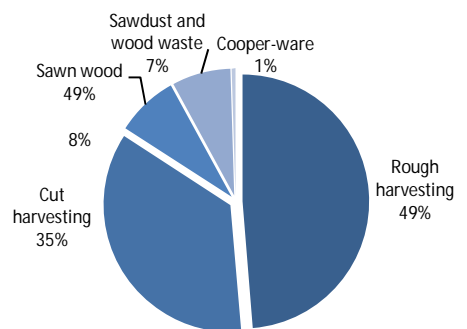
Source: Comtrade

Structure of harvesting and sawn wood exports in 2011



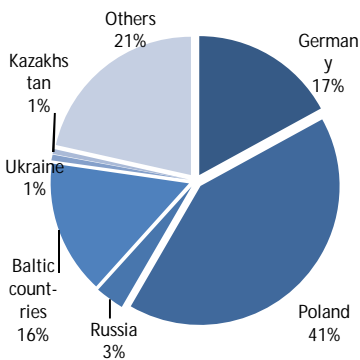
Source: Comtrade

Structure of harvesting and sawn wood imports in 2011



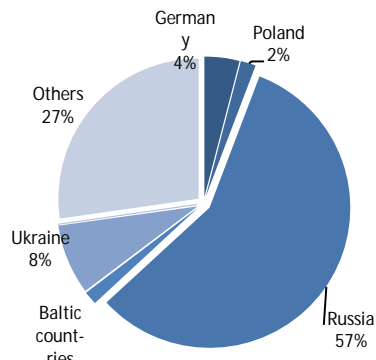
Source: Comtrade

Geographic structure of harvesting and sawn wood exports in 2011



Source: Comtrade

Geographic structure of harvesting and sawn wood imports in 2011



Source: Comtrade

WOOD-WORKING INDUSTRY

Foreign trade

Furniture. Furniture exports in 2011 amounted to 286 mn USD (increase of 20% compared to 2010). Exports of wooden furniture is higher than imports in ten times. Furniture imports in 2011 amounted to 27 mn USD (increase of 8% compared to 2010).

The main commodity items of exports are wooden seats (16%), office furniture (15%), kitchen furniture (16%), bedroom furniture (13%), as well as other wooden furniture (40%).

Belarus mainly imports wooden seats (16%), bedroom furniture (17%), kitchen furniture (7%), office furniture (4%) and other wooden furniture (56%).

Exports of Belarusian furniture to Russia in 2011 amounted to 197 mn USD (73% of total exports). Also Belarus exports furniture to Kazakhstan (11%), Germany (6%), Poland (1%), Ukraine (1%), the Baltic countries (1%) and others (7%).

Belarus imports furniture from Ukraine (18%), Russia (18%), Italy (16%), Malaysia (10%), Poland (9%), Germany (3%), the Baltic States (2%) and other countries (24%).

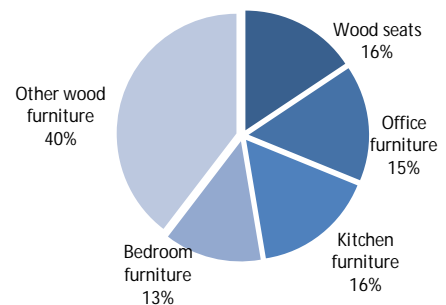
In Belarus, the share of imported furniture at the internal market is 9%, in Russia the share of imported furniture is much higher and amounts to 19.2%.

Dynamics of furniture exports and imports 2007-2011



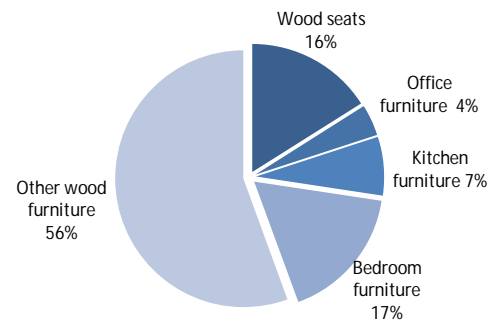
Source: Comtrade

Structure of furniture exports in 2011



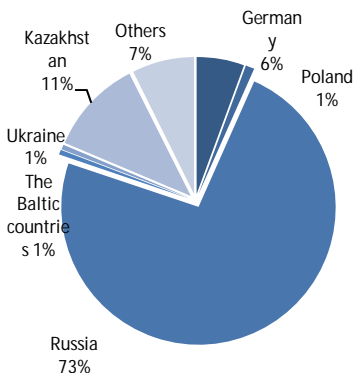
Source: Comtrade

Structure of furniture imports in 2011



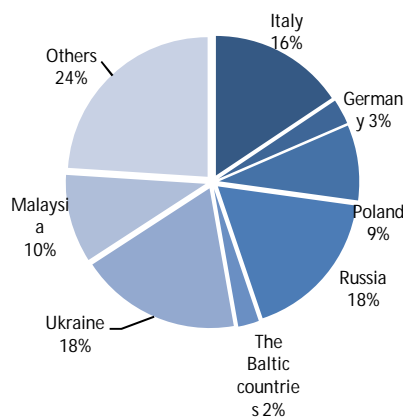
Source: Comtrade

Geographic structure of furniture exports 2011



Source: Comtrade

Geographic structure of furniture imports 2011



Source: Comtrade

WOOD-WORKING INDUSTRY

Foreign trade

Wood consumer goods. Exports of wood consumer goods increased by 48% compared to 2010 and accounted for 46 mn USD.

For the last five years imports of wood consumer goods has been ranging from 3 to 4 mn USD and in 2011 amounted to 4 mn USD, that is lower than exports in more than 10 times.

Belarus mainly exports wood products. Their exports in 2011 was 32 mn USD or 70% of the total exports. Exports of matches accounted for 14 mn USD or 30% of the total exports.

The main commodity item in imports in matches. Their share is 90% of the total imports (3.4 mn). The share of wood products is only 10% (0.4 mn).

Wood consumer goods are exported to Russia (30%), Ukraine (12%), Kazakhstan (8%), Germany (6%), France (6%), the Baltic countries (6%), Poland (2%) and other countries (30%).

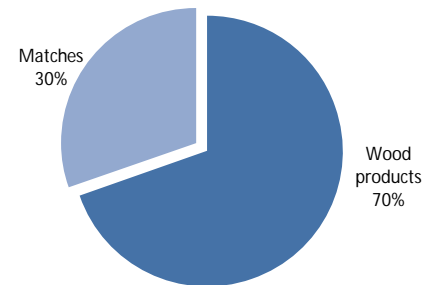
Belarus imports wood consumer goods from China (36%), Russia (22%), Poland (12%), Ukraine (7%), Germany (5%), the Baltic countries (2%) and others (16%).

Dynamics of exports and imports of wood consumer goods



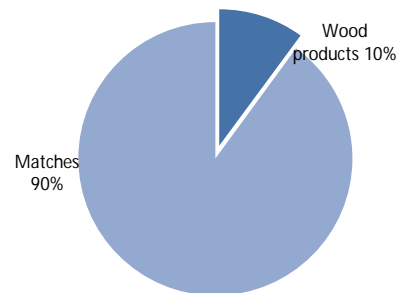
Source: Comtrade

Structure of exports of wood consumer goods 2011



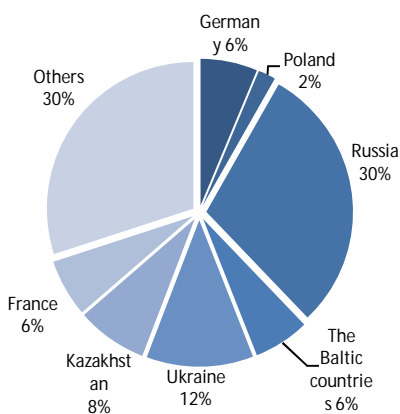
Source: Comtrade

Structure of imports of wood consumer goods 2011



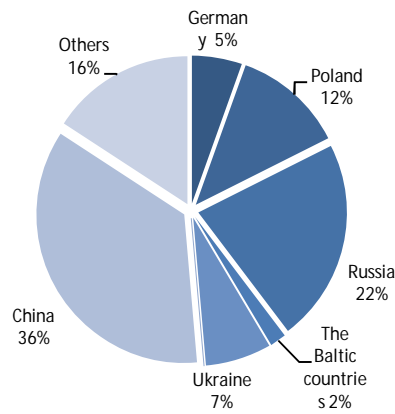
Source: Comtrade

Geographic structure of exports of wood consumer goods in 2011



Source: Comtrade

Geographic structure of imports of wood consumer goods on 2011



Source: Comtrade

WOOD-WORKING INDUSTRY

Consumption

In 2011 according to the estimation of UNITER, wood market capacity significantly decreased and amounted to 898 mn USD. This decline in value terms was caused by 3-fold devaluation of the Belorussia ruble. However, in 2011 in quantitative terms there was increase both in production and in foreign trade.

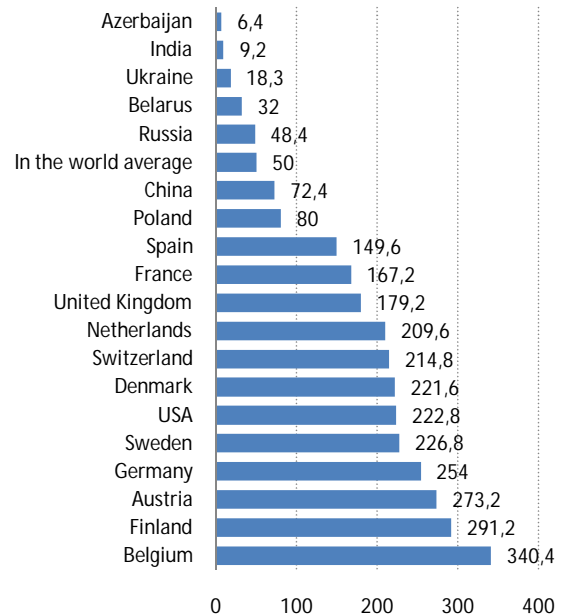
Cardboard and paper products. For the last twenty years, world consumption of paper has increased by 4 times. According to UNITER, paper consumption per capita in Belarus is about 32 kg. This figure is significantly lower than in the EU. Paper consumption per capita in Belarus is also lower than in Russia (48 kg) and Poland (80 kg).

It should be noted that paper consumption is growing in Belarus. Thus, the average consumption of print media in Belarus amounts to 2.4-2.6 tons per month (in 2010 - 1.5-1.7 tons).

At domestic wallpaper market share of imported and domestic products was the same – 50%. However, the domestic producer is very dependent on the imported components of wallpaper. Overall, only 30% of components are domestic and other 70% of components are imported.

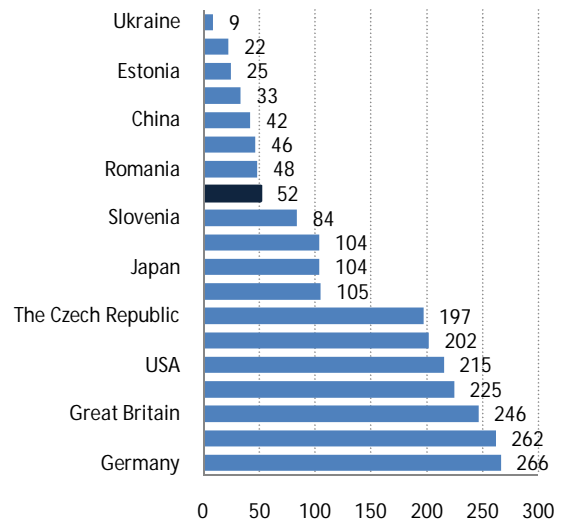
Furniture. In 2011 retail furniture trade turnover through all distribution channels totaled 490 mn USD. The world average furniture consumption per capita is 46 USD. In Belarus the figure is 52 USD. Furniture consumption per capita in Belarus is higher than in the Baltic countries (22-33 USD) and Ukraine (9 USD) and significantly lower than in EU countries (at the average 252 USD), Russia (105 USD) and Poland (104 USD). In Belarus the demand for domestic furniture dominates. This is explained by the fact that it is cheaper, and there are restrictions on imports. At the average, the share of imported furniture accounts for only 9%.

Paper consumption per capita, USD



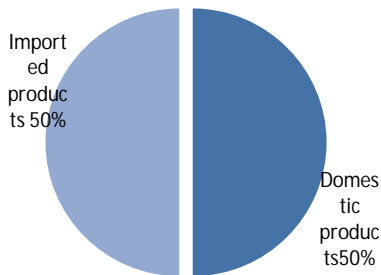
Source: Bureau of International Recycling, Epa, The economist, UNITER

Furniture consumption per capita, USD



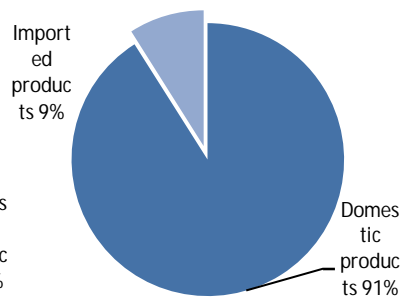
Source: FIRA International Ltd6, UNITER

Structure of internal wallpaper market



Source: Belstat

Structure of internal furniture market



Source: Belstat

WOOD-WORKING INDUSTRY

Key players

Wood-working industry is mainly represented by timber, woodworking, pulp and paper industry concern "Bellesbumprom". "Bellesbumprom" is a monopolist in the harvesting of wood and production of its products. "Bellesbumprom" includes 60 enterprises, that concentrates 70% of wood processing, 38% of furniture production in the Republic of Belarus (the main producer is "Pinskdev").

In the process of reforming state-owned companies almost all wood companies of "Bellesbumprom" were incorporated. The state share in their statutory funds ranges from 16% to 60%.

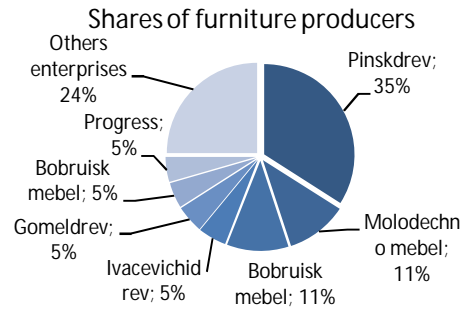
Sector of pulp and paper industry specializes in production of cardboard and paper products. There are more than 20 kinds of paper and cardboard.

The sector of harvesting includes felling and carting of wood, its crosscutting, production of industrial wood and round timber, production of sawlogs, veneer, match and process raw materials, production of turpentine.

Sector of wood processing and furniture production is divided into two large branches, which are closely intertwined: on the one hand, there are wood and wood products, which are the result of primary processing of wood raw material and production of components for furniture and construction industries (windows, doors, moldings, wood boards, etc), on the other hand – there is furniture. The concern is the largest furniture manufacturer in the Republic of Belarus.

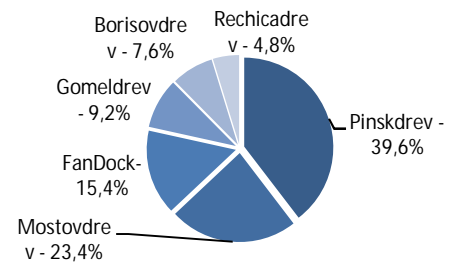
"Bellesbumprom" includes Holding company "Pinskdev", "paper mill "Krasnaya Zvezda", "Dobrush Paper Mill "Hero of Labour", "Mozyrdrev", "Borisovdrev", etc.

Among the non-departmental enterprises-manufacturers of furniture there are such major manufacturers as "Black Red White", "Involux", "Yavid", "Mebelservis", "Delta", "Art Trio", "Maistra classic" "Emporio", "K-Studio Mebel», «Mebel Style Aquilon", "Furniture factory K.V.P.", etc.



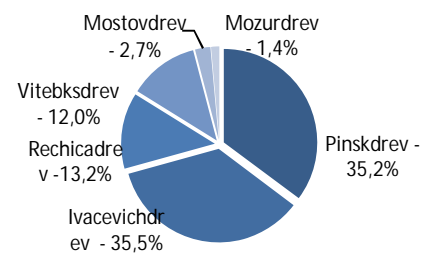
Source: Bellesbumprom, UNITER

Share of plywood producers



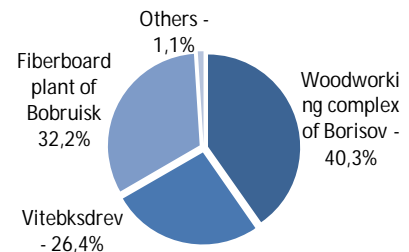
Source: Report «Pinskdev»

Share of chipboard producers



Source: Report «Pinskdev»

Share of fiberboard producers









Source: Report «Pinskdev»



WOOD-WORKING INDUSTRY

Key players

Name	Description	Net value, thou USD	Total profit (loss), thou USD	Net profit, thou USD	Net assets, thou USD
Cardboard and paper products					
"Paper mill "Krasnaya Zvezda" 	The company produces paper and cardboard (30 thou t per year), corrugated board (36 mn m sq per year), corrugated boxes (4 mn units per year), paper sacks (4 mn units per year).	2568,1	442,8	326,1	6256,5
"Cardboard and paper mill of Slonim "Albertin" 	The company produces more than 210 types of cardboard (34,5 t per year), paper (19 t per year), sanitary and hygienic products (napkins - more than 7.2 mn packs per year, toilet paper - more than 5.5 mn packs per year and more than 13.5 mn bales per year, paper towels - more than 40,000).	34081,4	3390,2	11614,1	16493,4
"Paper mill "Spartak" 	The company produces over 20 types of products. It specializes in producing paper, paperboard, corrugated cardboard, sanitary and hygienic products, corrugated boxes, cardboard and paper spiral sleeves, padflats.	14250,1	365,3	119,9	26068,1
Cabinetry					
Stroydetal 	The company specializes in interior door frames made of solid wood and combined with using different types of paints and decorating materials under the brand name «VI LARIO».	13753,3	2377,2	374,6	8700,3
Mogilevdrev 	The company produces window frames, doors, lumber and furniture made from pine.	6086,5	34,4	825,2	6263,5
Vitebskdrev 	Production includes logging, sawmilling, manufacturing wood products, wood-based materials for various purposes.	31483,1	3641,9	221,4	56852,3



WOOD-WORKING INDUSTRY

Key players

Name	Description	Net value, thou USD	Total profit (loss), thou USD	Net profit, thou USD	Net assets, thou USD
Harvesting and sawn wood					
Polotksles	The company produces timber, timber for sawmills, round timber for poles and fences, cabinet furniture, sawn wood.	5267,4	848,2	196,0	3832,8
 Mogilevles	The company specializes in logging, sawmilling, manufacturing cut and non-cut sawn wood, cut chip fuel, briquette.	5246,7	603,8	183,7	3244,9
Furniture					
 Minskproektmebel	The company produces cabinet furniture.	4200,0	200,0	131,6	6464,9
 Gomeldrev	The main product is cabinet furniture. The range of products accounts for more than 300 units.	39900,0	400,0	18,9	36780,9
 Gomel factory "Progress"	The factory produces cushioned furniture. Its departments are provided with modern equipment of the world leading producers. Its production is at demand at markets of CIS and far-abroad countries.	15000,0	3000,0	-2097,3	6017,8
Wood consumer goods					
 Borisovdrev	The company specializes in the production of plywood, matches, furniture, lumber, timber, lined harvesting, fuel chips.	12837,5	27,6	2994,4	52100,8
 Mogilevmebel	The company produces more than 150 items of cushioned and cabinet furniture and various products of lumber and wood (matches, lumber, timber, etc.).	7721,4	1591,2	164,5	4709,4



WOOD-WORKING INDUSTRY

Investments

Bellesbumprom. In 2011 investments for retooling of furniture production of the "Bellesbumprom" concern accounted for 25,9 mn USD. The major investment projects were "ZOV-LenEvromebel", "Molodechnomebel", "Sosnovuj bor", etc.

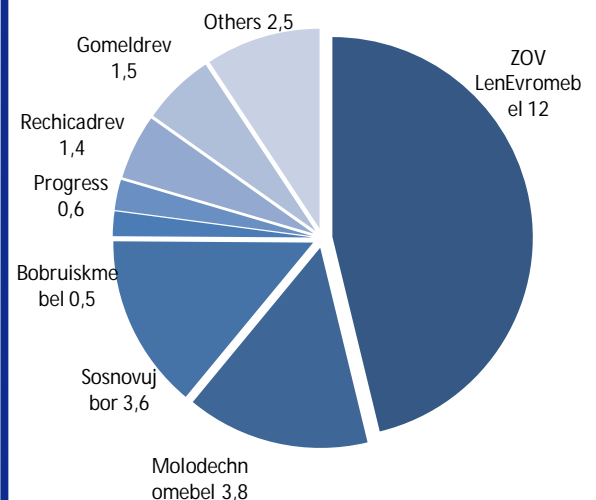
One of the major investment projects in 2012 will be introducing automatic quadrilateral putting edges on furniture parts line with automatic system of loading and uploading to "Slonimmebel". The total investment costs of this projects make up 2 mn USD.

Until 2013 Belarus plans to build eight modern woodworking plants. Preparations for the implementation of these projects started in 2007-2008. In 2011 such projects as "Ivatsevichdrev", "Borisovdrev", "FanDOK" were completed, in 2012 projects at "Vitebskdrev" and at the state enterprise "Mozyr MLC" are expected to be completed, in 2013 - "Gomeldrev", "Mostovdrev", "Rechicadrev" are planned to be finished. The total annual output of equipment will be 480 thou cu m of chipboard and 550 thou cu m of fiberboard.

In 2012 woodworking companies of the "Bellesbumprom" concern will be granted additional credit to the sum of 110,1 mn euro. The credit will be granted to the investments projects that are now under active construction. After putting into operation new plants in 2012-2014 it is planned fully to substitute import of laminwood fibreboard and laminwood flake board and to export more than 50% of these products.

"Kronospan." According to the investment agreement between the "Kronospan" and Belarus till 2016 "Kronospan" will invest 150 mn USD in construction of a plant of wood boards and wood-based floor coverings. Production capacity will amount to 400 thou cu meters of chipboard and 10 mn sq m of melamine laminated chipboard per year. The output is planned for the second half of 2012, and entering the plant into operation with full capacity will be in 2014. It is expected that 65-70% of products will be exported.

Investments in enterprises of "Bellesbumprom" in 2011, mn USD



Source: MEBEL PROFESSIONAL #8(2' 2012) (April – May 2012)

WOOD-WORKING INDUSTRY

Investments

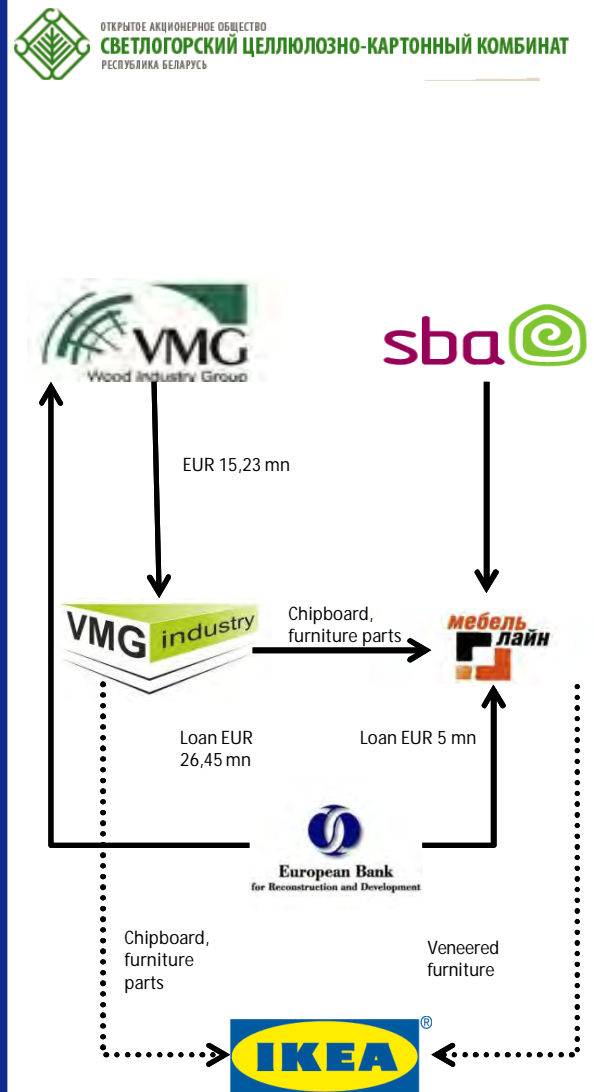
Pulp and paper industry. In 2012 Belarus and China Eximbank have signed a loan agreement which provides buyer credit for the construction of a plant of sulfate bleached pulp on the basis of "Cardboard and pulp mill of Svetlogorsk". Loan amounts to 654 mn USD.

The projected cost of construction of the plant is 700 mn USD. The estimated capacity of the plant will reach 400 thou t of pulp per year. Belarus consumes 200 thousand tons of this product per year. Thus, the implemented project will both substitute imports and allow to increase exports. Going into operation in planned in 2015.

Vertically integrated woodworking complex. In 2012 a vertically integrated woodworking complex will be built in free economic zone "Mogilev". Investment agreements were made between Belarus and Lithuanian companies Vakaru medienos grupe (VMG) and SBA.

VMG Group has established in Belarus its subsidiary "VMG Industry", which project includes construction of a plant of chipboard panels (planned capacity - 165 thou cu m per year), plant of furniture parts made of veneer sheets (18 thou cu m per year) and plant of furniture (production of furniture to the sum of 60 mn euro per year). The total project cost is 77 mn euro. The EBRD will provide VMG with loan to the sum of 6.45 mn euro.

According to the agreement with SBA its subsidiary "Mebelain" near the plants will produce furniture using chipboard and veneer furniture components made by "VMG Industry." Planned investment will make 15 mn euro. EBRD will give "Mebelain" loan to the sum of 5 mn euro. The main activity will be production of cabinet veneer furniture under the brand IKEA. After completion of construction the plant will be able to produce up to 750 thou units of veneer furniture for home and rest per year. Expected annual turnover will be about 20 mn euro.





WOOD-WORKING INDUSTRY

Recent changes

In the first quarter of 2012 woodworking production amounted to 216.8 mn USD. Growth to the same period of 2011 was 5%.

Stocks of finished products of wood processing and manufacturing on April 1, 2012 totaled 27 mn USD or 71% of the monthly production.

Production of pulp, mechanical pulp, paper, cardboard and goods made of them in January-March 2012 amounted to 136.3 mn USD, thus showing increase of 5%.

Stocks of finished goods of pulp, mechanical pulp, paper, cardboard and goods made from them on April 1, 2012 were 28 mn USD or 81% of the monthly production.

For January-March 2012 production of furniture made 180.4 mn USD. Increase to the same period of 2011 amounted to 14%. The stocks on April 1, 2012 totaled 66 mn USD or 75.7% of the monthly production.

Exports in the first quarter of 2012 amounted to 231 mn USD. Belarus mainly exported furniture (share in exports 32%), carpentry (21%) and harvesting and sawn wood (24%).

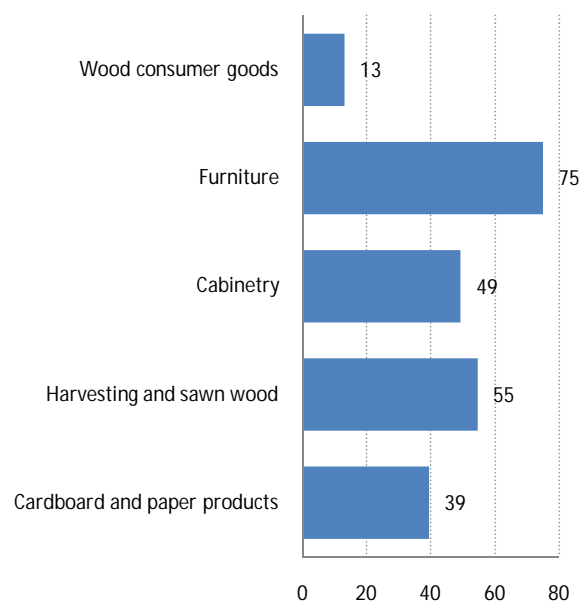
Imports in the first quarter of 2012 amounted to 94 mn USD. The dominating items in imports are cardboard and paper products (59%) and carpentry (31%).

Output of main products, 1 Q 2012

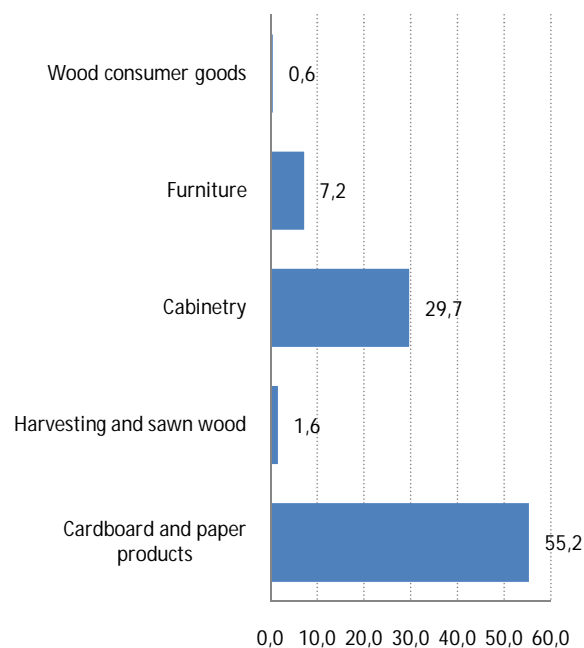
Name	Measure unit	Output	To 1 Q 2011
Pellets	Thou t	13,6	159,2
Harvesting	Thou cu m	214,2	99,6
Plywood	Thou cu m	42,4	108,5
Fiberboard	Mn sq m	11,9	93,8
Wood doors and sills	Thou sq m	805,1	108,1
Paper and cardboard	Thou t	92,8	103,4
Boxes	Mn sq m	63,5	107,3
Wallpaper	Mn units	16,4	94,9
Matches	Thou boxes	318	73,6
Furniture	Mn USD	180,4	14%

Source: Belstat

Exports structure 1 Q 2012, mn USD



Imports structure 1Q 2012, mn USD





WOOD-WORKING INDUSTRY

Legal aspects

Controlling bodies. Controlling bodies are the Ministry of Forestry of the Republic of Belarus and State industrial forestry associations, acting on the basis of Presidential Decree № 510 "On improvement of the control (supervision) in the Republic of Belarus" and President Decree № 325 "On the institutional control in the Republic of Belarus. "

Purchase of raw materials. Rules for sale of timber at the domestic market of Belarus in 2011-2012 are established by the Decree of the President of the Republic of Belarus № 6 on January 5, 2011. Sale of standing timber is carried on the exchange auction of "Belarusian Universal Commodity Exchange" and at stumpage value (out of stock trades) on the civil-law contracts to legal entities and individuals for their own production and (or) consumption, as well as individuals for their own consumption. Legal entities subordinated to national government bodies or other government agencies have the right to sell industrial harvested timber on the stock exchange through the authorized organization.

Regulation of exports. According to the legislation the State has the exclusive right of foreign trade of timber. Exports of the Belarusian timber is carried out in accordance with approved by Government list of timber. Legal entities and private entrepreneurs - residents of Republic of Belarus - are entitled to negotiate export deals for timber only performing at auction of Belarusian Universal Commodity Exchange with free pricing.

Cancellation of benefits. Majority of furniture industry enterprises are located on the territory of free economic zones. In 2012 the Council of Ministers tightened supervision over regulatory compliance of free economic zones such as exports share compliance. Exports share has to be at least 70%. On the average exports share of Belorussian furniture enterprises accounts for 50%. If companies do not fulfill such restrictions they will be excluded from free economic zone at the end of 2012.

For residents that fulfill the requirements customs facilities for exports to the Customs Union will be gradually canceled till 2017. These customs facilities do not operate for free economic zone residents registered after January 1,2012.



The main goods accepted to exchange trade

Internal market	External market
standing timber, harvested wood for own production and (or) consumption, sawn wood from softwood and hardwood, plywood, chipboard and fiberboard, paper (including paper for office equipment formed A4 and A3) and cardboard.	Round sawn wood, harvesting, plywood, chipboard, fiberboard, etc.

Source: Belarusian Universal Commodity Exchange





WOOD-WORKING INDUSTRY

Statistical annex

Production of woodworking industry, mn USD

2007	2008	2009	2010	2011
2109	2663	1878	2308	1439

Source: Belstat

Output of main products

	Measure unit	2007	2008	2009	2010	2011
Timber	thou m cu	2461	2529	2379	2571	2609
Plywood	thou m cu	169,1	161,3	150,4	177,4	188
Fiberboard	mn m sq	56,2	58,4	36,7	39,7	45,3
Chipboard	thou m cu	409,2	442,7	308	300,3	239
Furniture	mn USD	688,1	842,6	605,4	533,5	597,1
Paper	thou t	57	56	70	103	113

Source: Belstat

Woodworking market capacity, mn USD

2007	2008	2009	2010	2011
1537	2109	1574	1887	898

Source: Belstat, comtrade, UNITER

Geographic structure of exports 2011, mn USD

Germany	71,77
Poland	125,82
Russia	477,19
The Baltic countries	62,11
Ukraine	29,59
Kazakhstan	57,02
Others	140,76

Source: comtrade

Geographic structure of imports, mn USD

Germany	42,89
Poland	29,85
Russia	193,69
The Baltic countries	11,07
Ukraine	68,03
Others	77,61

Source: comtrade



WOOD-WORKING INDUSTRY

Statistical annex

Dynamics of woodworking exports and imports 2007-2011, mn USD

	2007	2008	2009	2010	2011
exports	793	983	590	776	964
imports	221	428	286	355	423

Source: comtrade

Dynamics of exports and imports of cardboard and paper products 2007-2011, mn USD

	2007	2008	2009	2010	2011
exports	156	182	117	144	183
imports	177	234	178	214	259

Source: comtrade

Dynamics of exports and imports of cabinetry 2007-2011, mn USD

	2007	2008	2009	2010	2011
exports	86	235	132	175	203
imports	12	153	83	105	127

Source: comtrade

Dynamics of exports and imports of harvesting and sawn wood 2007-2011, mn USD

	2007	2008	2009	2010	2011
exports	226	191	123	202	264
imports	13	14	5	7	6

Source: comtrade

Dynamics of exports and imports of furniture 2007-2011, mn USD

	2007	2008	2009	2010	2011
exports	294	338	191	224	268
imports	16	24	18	25	27

Source: comtrade

Dynamics of exports and imports of wood consumer goods 2007-2011, mn USD

	2007	2008	2009	2010	2011
exports	31	36	27	31	46
imports	3	4	3	4	4

Source: comtrade



WOOD-WORKING INDUSTRY

Statistical annex

Output of main products, 1 Q 2012

Name	Measure unit	Output	To 1 Q 2011
Pellets	Thou t	13,6	159,2
Harvesting	Thou cu m	214,2	99,6
Woodblock	Thou sq m	105,0	103,8
Plywood	Thou cu m	42,4	108,5
Fiberboard	Mn sq m	11,9	93,8
Wood doors and sills	Thou sq m	805,1	108,1
Wood flat pallet	Thou units	326	109,4
Wooden container	Thou cu m	7,2	103,3
Peeled veneer	Thou sq m	1368	469
Paper and cardboard	Thou t	92,8	103,4
Boxes	Mn sq m	63,5	107,3
Wallpaper	Mn units	16,4	94,9
Matches	Thou boxes	318	73,6
Furniture	Mn USD	180,4	14%.

Source: Belstat

Exports structure 1 Q 2012, mn USD

Cardboard and paper products	39,44
Harvesting and sawn wood	54,59
Cabinetry	49,28
Furniture	74,98
Wood consumer goods	12,99

Source: comtrade

Imports structure 1Q 2012, mn USD

Cardboard and paper products	55,21
Harvesting and sawn wood	1,65
Cabinetry	29,69
Furniture	7,21
Wood consumer goods	0,58

Source: comtrade