

# Environmental Transformations in the Russian Forest Industry

Key Actors and Local Developments



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## 4.2. Reorganisation of Environmental Administration<sup>1</sup>

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### **Introduction**

Russian environmental administration has gone through several profound changes since the collapse of the Soviet Union. In the early 1990s its reorganisation took place at the same time as other socio-economic reforms. Due to recent arrangements the status of the state environmental administration has declined and its budget has decreased as well. The most recent step in the process was taken in 2000 when the functions of the State Committee for Environmental Protection (Goskomekologiya) and the Federal Forest Service (Iesnaya Sluzhba) were transferred to the Ministry of Natural Resources of the Russian Federation. The division of labour between the different levels of environmental administration was modified as well, and several functions of the federal environmental authorities were transferred to the regional and local levels. This reorganisation has changed the relationships between the main actors in the environmental sphere, especially those of environmental non-governmental organisations (ecoNGOs) and environmental administration. In addition, these arrangements have led to various changes in the Russian forest sector.

Our aim in this chapter is to analyse these recent transformations within the Russian environmental and forest administrations. After briefly investigating the recent processes from the federal perspective, we will concentrate on the case of the Vologda Region. We will highlight the reform in environmental governance by analysing the views of several leaders of ecoNGOs as well as environmental officials at the regional and local levels. We will also pay special attention to the changes that have been taking place in the forest administration in the Vologda Region. Furthermore, we will examine how these changes have affected the forest industry there. We will mostly make use of the interviews of ecoNGO leaders. These people are well aware of the situation concerning environmental governance, because they have constantly been in contact with the federal, regional and local level authorities. They have also actively participated in the public debate concerning the abolition of Goskomekologiya and the Russian Forest Service after the decision by President Putin in 2000. However, as the NGO leaders are independent of the government, we can suppose that they can speak more openly about the current situation than state employees.

### **Modifications in the State System of Environmental Protection During the 1990s**

Since the early 1970s the Soviet state began paying more attention to environmental problems (see Ziegler 1987, 45-77) and, for instance, many purification systems were constructed in industrial plants and towns during that

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<sup>1</sup> The chapter is based on fieldwork materials collected between January and October 2001 in Moscow, Vologda and Sokol. We have analysed articles from the newspapers Krasniy Sever, Russkiy Sever and Sokolskaya Pravda from 1998 to 2001, as well as internet pages of the Vologda administration. We have carried out six semi-structured interviews with ecoNGO leaders: the leaders of the organisations "Save the Small Rivers and Springs" in Sokol, "The Ecological Committee of the River Sukhona" in Vologda, as well as "The Socio-Ecological Union", Greenpeace, International Union for the Conservation of Nature and WWF in Moscow. In addition, we have interviewed the inspector of the Forest Committee of Natural Resources of the Vologda Region in August 2001 and carried out two interviews with employees of the Committee of Natural Resources and Nature Protection in Sokol in October 2001.

decade. The protection of nature was included in the planning procedures of the socio-economic system and, for example, each enterprise was obliged to include environmental protection in their plans. However, there was no separate environmental administration body in Russia before the late 1980s. In 1988, the State Committee for Nature Protection (Goskompriroda) was established and became the main governmental body for environmental protection. As the "law on environmental protection" was passed in 1991, the environmental administration received the status of ministry, and the Ministry of the Environment was established. Its status was changed again a few years later as the administration was again reduced to a committee in 1996. Thereafter, the State Committee for Environmental Protection (Goskomekologiya) was made responsible for Russian environmental policy (Chistobayev et. al 1996; Peterson & Bielke 2001).

Although the status of environmental administration was lower after 1996, Goskomekologiya was an important actor in the environmental sphere. It regulated environmental protection and coordinated the work of various sectors. Its tasks also included the maintenance of ecological safety, preservation of biodiversity, ecological monitoring and ecological expertise. The Ministry of Natural Resources, in contrast, conducted state policy in research, reproduction, utilisation and protection of natural resources. The management of nature and the use and protection of water basins were among its responsibilities. Goskomekologiya was reinforced in 1998 when the functions of the abolished Federal Service of Hydrometeorology and the Environmental Monitoring Service were combined with it.

The latest major change came on the 17<sup>th</sup> of May 2000, when President Vladimir Putin issued decree number 867, which closed down the nature protection system as a separate administrative unit. The functions of Goskomekologiya were given to the Ministry of Natural Resources (Sorokin & Titova 2000). The same decree abolished the Federal Forest Service, which had existed in Russia for 200 years. The previous tasks of the Forest Service were incorporated into the responsibilities of the Ministry of Natural Resources as well.

Russian environmental activists sharply criticised the presidential decree and a movement to stage for a referendum throughout Russia was organised during the summer of 2000. Large organisations such as the Socio-Ecological Union, WWF, and Greenpeace formed the core of the movement, and many ecoNGOs from different regions participated in it. A petition calling for a national referendum was undertaken. The movement collected about 2.2 million names of people who wanted to restore the former status of Goskomekologiya and the Federal Forest Service, and who also opposed the import of nuclear wastes. Despite support from all over the country, state authorities prevented the referendum. The regional authorities and the Central Electoral Committee, which is responsible for referendums, threw out more than 600,000 signatures as invalid. The petition would have needed 1.8 million signatures and thus, the committee declared that according to law there were not enough for declaring a referendum.

Governmental authorities started to execute the president's decree and suddenly the Ministry of Natural Resources gained control of functions which used to belong to various services and committees. The Ministry became responsible for the protection of air, water and forests. At the same time, however, its prime expertise is still the exploitation of natural resources. Paradoxically, the same Ministry exploits, controls and protects natural resources. It is obvious that in this situation the work of the Ministry of Natural Resources of the Russian Federation has had to undergo changes.

### **Reorganisation of Environmental Governance at the Regional Scale**

The restructuring of Goskomekologiya and the Forest Service has been taking place in all Russian regions and districts since May 2000. Before their abolition both Goskomekologiya and the Forest Service had a hierarchical structure, in which they had regional and local units belonging to the federal administration and financed from the federal budget. After the presidential decree two new governmental bodies have been created, but they have no direct federal subordination. One of them is governed by regional (or republican) committees of natural resources; the other is governed directly by the administrations of regional governments. This has led to the creation of two parallel but separate authorities. We will explain this with an example from the Vologda Region.

In the Vologda Region, the Regional Committee for Environmental Protection (i.e. the regional department of Goskomekologiya) was abolished, and two environmental bodies now replace it. The first is the Department of Nature Use, which is part of the administration of the Vologda Region, and is financed from the regional budget. The other unit that was created is the regional branch of the Ministry of Natural Resources. Some of the employees of the regional department of Goskomekologiya were moved to the Department of Nature Use of the Vologda Region. The rest were transferred to the regional branch of the Ministry of Natural Resources, where they formed the Regional Committee for Natural Resources.

Consequently, environmental administration was almost non-operational in the Vologda Region when the system was being reorganised. As the leader of an environmental NGO from Vologda put it in January 2001: "The environmental administration system is not operating actively. People are dispersed. Losses are bigger than gains"<sup>2</sup>.

At the moment, environmental administration is partially financed from the federal budget, but mostly from regional budgets. Therefore, they are dependent on regional authorities. At the level of districts the situation is even more complicated. For example, in the Sokol district the structure of environmental administration did not change very much. The main change concerned the administrative position of the bodies, because the district's environmental committee is no longer part of the federal organisation. All the district level environmental committees became part of local administration and have no links with the authorities of the Ministry of Natural Resources. Thus, the Ministry has federal, sub-federal and regional level organisations, but no organisations at the local scale. For local environmental committees, this arrangement has caused the destruction of links and limitations in getting information<sup>3</sup>.

In the Vologda Region only two-thirds of districts have created new units for environmental protection. In some small districts with small local budgets, environmental authorities sometimes appear under the name of the Commission for Environmental Protection. They can also exist on a voluntary basis, because districts without large and economically effective enterprises have no possibilities to establish governmental environmental authorities with paid staff. This is because, paradoxically, the existence and work of environmental administration depends partly on polluting enterprises, which regularly pay for contamination and nature utilisation, and occasional fines for pollution and accidents as well. In the 1990s the state created

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<sup>2</sup> Interview with the leader of "Committee of the ecology of the River Sukhona basin", 2001.

<sup>3</sup> Interview with an employee of the Committee of Natural Resources and Nature Protection in Sokol, 2001.

a system of eco-funds, into which all money from polluters, including fines, accumulated. These funds were then allocated to the district, regional and federal levels. At first, eco-funds were not included in the authorities' budgets, and were managed by regional departments of Goskomekologiya. In 1997, eco-funds were incorporated into federal, regional and district budgets. Regional eco-funds have since been used to finance state environmental programmes and activities of regional environmental authorities, as well as regional ecoNGOs. An environmental activist from Sokol describes the situation as follows: "There was a collective agency - the Eco-Fund Administrative Council - including nature conservation organisations, ecology committees among them. Part of the money from these funds was supposed to be transferred to the development of local ecoNGOs. These NGOs could submit applications to the Eco-Fund Administrative Council and receive money for their programmes"<sup>4</sup>.

Thus, we can observe a relationship of dependency between activities of the enterprises that pollute the environment in a region and the activities of regional ecologists. The funding of environmental authorities and also environmental NGOs comes partly from the polluting industry and the fines paid by it.

After the abolition of Goskomekologiya, some of the employees of its former regional departments have found work in the new administration dealing with the protection of the environment and natural resources, but many of them have lost their jobs. They had to wait until the beginning of 2001, when the names of the employees working for the new authorities were announced. As a matter of fact, for half a year these people worked without official power, and, undoubtedly, this affected their work. A leader of an environmental NGO describes the atmosphere in the offices: "This reform began with the purpose of reducing state employees. In those committees where I was, people received an official paper that they were dismissed. Nevertheless, most of them returned later to their jobs. Each officer is anxious to save his job. It is clear that when there is such a reorganisation nobody is working"<sup>5</sup>.

As mentioned above, the Ministry of Natural Resources today performs functions of the abolished Federal Forest Service as well. The Forest Service was a very important part of the nature protection system, because the quality of water and air depend on the condition of forests in many respects.

In order to explain the present structure of forest protection we must also briefly look at the new sub-federal administrative level in Russia. During the same year as he abolished Goskomekologiya and the Forest Service, President Putin carried out an administrative reform within which seven federal sub-regions, federal okrugs, were created. A representative of the President of the Russian Federation is in charge of each federal okrug. The purpose of the reform was to enforce presidential power and counterbalance the power of regional governors. In each of the seven federal okrugs, departments for forest management were created as well. These departments belong to the Ministry of Natural Resources. For example, the Northwestern Federal Okrug includes fifteen administrative territories (ohlast's and republics, including the Leningrad and Vologda Regions), and each of them formed forest departments. The system is not clear yet and many problems have emerged.

"There are administrations for natural resources in some regions, but not in all of them. For example, in the Moscow Region there is no such administration, and forests are directly controlled by the administration of the federal okrug, as the regional budget is not stipulated. Foresters, geologists, water management and nature

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<sup>4</sup> Interview with the leader of "Saving of Small Rivers and Springs", 2001.

<sup>5</sup> Interview with the leader of Greenpeace Russia (Greenpeace in Russia), 2001.

protection are all incorporated in these federal okrug administrations. The number of workers of the Forest Service was reduced by 80 percent. And the leskhoz are both timber cutters and forest restorers. We have the federal and sub-federal level, and there is a level of the leskhoz, but there is a gap at the regional level. Therefore there is no state control of forests. Previously, such state monitoring existed, although it was formal in many respects. This state control was criticised a lot because the system did not work effectively"<sup>6</sup>.

Thus, at the moment the old system of forest management has weakened and new forms are developing rather slowly. According to the data of leading environmental organisations the volume of logging sharply increased after the changes (Forest News 2001). According to NGOs, this has not been caused by market factors, because there has not been similar growth in demand for forest and paper products (Interview 21). Simultaneously, illegal logging have become more common. According to an environmental NGO leader from Moscow, forests remain without protection because foresters both give permits for cuttings and audit them. "The decree of the President did not solve the problem of forest protection, but intensified it"<sup>7</sup>.

The restructuring of the nature protection administration has made things complicated in contemporary Russia. The government attempts to transfer the responsibility for resource exploitation and nature protection from the federal and regional levels to the local (district) level. At the same time, local nature protection authorities have lost their federal status and, in part, also their financing. The interviewed leaders of environmental organisations do not see any positive aspects in the reform and are sharply against it.

Officials of the disbanded nature protection system have made ever effort to save their jobs. Workers at the local level - foresters, geologists and hydrologists - have expected that the government would offer them new jobs. They have, however, gradually begun to understand that nobody but themselves will take care of them.

The system of state environmental management is simply paralysed in Russia. Only the environmental movement has strengthened monitoring activities in the field of environmental protection. These activities take place without official call-ups by the government. It is not clear at the moment whether the state nature protection system is able to work effectively without the help of environmental organisations.

	1999	2000	change
Environmental control inspectors	4,805	3,309	-31 %
Checked enterprises	332,00	282,00	-16 %
Environmental fines (million roubles)	813	641	-21 %

**Table 1. Some statistical indicators of the change in environmental control in Russia** (Source: Ekosvodka 2001)

Statistics also indicate the current problems. During the years 1999-2000 the number of environmental control inspectors decreased in the whole country and,

<sup>6</sup> Interview with the leader of the Central Committee of the Socio-ecological Union, 2001.

<sup>7</sup> Interview with the leader of the Russian branch of World Wildlife Fund (WWF), 2001.

accordingly, the number of enterprises that were checked by ecological control declined, too. The number of environmental fines fell in 2000, but in the first half of 2001 it again increased.

During 1992-1999 air and water pollution declined steadily. But in 2000, after the abolition of the independent environmental administration, growing pollution volumes both in atmosphere and water were observed. Critics claimed that the state environmental administration was closed down for economic reasons. There were expectations of economic growth and new investments without an "ecological barrier" formed by the environmental control system. Actually, rapid economic growth occurred in Russia in 1999-2000. For example, investments grew by 17 percent in 2000 while growth in the previous year was only 5 percent (Ekosvodka 2001).

The growth, however, cannot be explained by the reorganisation of environmental administration, because the growth rate of industrial production and investments slowed down again in 2001 (Ekosvodka 2001). Nevertheless, these figures show that the rate of economic growth has decreased but the volume of pollution has increased. Thus environmental organisations have stated that the initial reason for the increase in pollution was the abolition of the controlling authorities. They see it as a more important factor than the increase of industrial production. However, the evidence for such a statement is yet rather thin, and the effects of the reform would need further research.

### **Changing Regional Forest Management**

As previously mentioned above, in 2000 two new environmental departments were created in the Vologda Region. The Department of Nature Use is a regional body financed by the regional budget. The Committee for Natural Resources is a branch of the Ministry of Natural Resources of the Russian Federation and is financed by the federal budget. Since the Forest Service was abolished, in the Vologda Region its tasks were given to the Committee for Natural Resources. The former chief of the Forest Service became the head of the Committee. Unlike many other regions, almost all the foresters have kept their jobs. They consider themselves to be lucky in comparison to other regions, where the heads of similar committees came from other fields of expertise - for example, geology. In many other regions the structure of the Forest Service was also considerably reduced. In the Vologda Region all leskhozoes have also continued to operate. Thus, in general, it can be argued that the subjective factor has played a big role in how the Forest Service has been modified.

The same subjective factor can also have negative consequences for environmental quality. A decision to use chemical vermin control in the forests of three leskhozoes was made in the Vologda Region. This method was considered harmful and unusable by both environmental authorities and environmental NGOs. We can assume that if the head of the department were an ecologist, such methods would not have been used.

The employees of the Forest Service at the regional level have kept their status of state employees, guaranteeing them an adequate income and some privileges. At the same time, the position of employees of leskhozoes at the district level has worsened, and the wage level of foresters is about one-third of the estimated living costs in the Vologda Region. Today, leskhozoes have two functions: monitoring forest use and forest restoration. Forest use is monitored by issuing cutting permits, defining cutting locations, and overseeing the correctness and legality of logging. Forest restoration includes, for example, intermediate cutting, forest planting and management of plantations. Both these functions are executed by leskhoz foresters.

Due to their seasonal work and forest restoration, they can legally earn additional money, which is necessary since their salaries do not cover living costs.

On the other hand, participation in forest restoration work weakens the possibilities of the leskhozoes to carry out their inspection duties. Therefore, the possibility of separating these two functions has been discussed in the Committee for Natural Resources in the Vologda Region. Some of the committee's employees believe that it would be necessary to keep only the monitoring tasks in the leskhozoes. The forest restoration tasks should be given to specific teams to be created for this purpose. It is not yet clear whether such a solution will be accepted. However, employees of the regional inspection units are already afraid that if foresters' wages are not increased, such a separation would lead to growing illegal use of forests in the region.

According to evaluations of experts from Greenpeace and WWF, and also statistical data, the heaviest cuttings in Russia have been located in Northwest Russia, including the Vologda and Archangelsk Regions (Forest News 2001; Greenpeace Russia 2000; Wood.ru 2001). The forest industry is the second largest industrial sector in the economy of the Vologda Region. The largest sector is the iron and steel industry, which is dominated by one huge plant, the OAO Severstal steel company in Cherepovets. Taxes paid by Severstal have covered as much as 70-80 percent of the budget of the Vologda Region in recent years. However, at the end of July 2001, the press reported that the budget of the Vologda Region had received only 55 percent of the expected taxes during the first half of the year (Krasniy Sever 2001). The budget deficit was caused by a sharp reduction in the taxes paid by OAO Severstal. The economic recession this enterprise is undergoing has been assessed as long-term. Thus, during 2001 the regional significance of the forest industry became even more important than it was before. The pulp and paper mills, and other forest industry enterprises that are concentrated in Sokol, have a very large economic significance in the Vologda Region (see also chapter 5.1 in this volume).

In these conditions the enterprises need more raw material, which, in turn, means more cuttings. As a result of natural reproduction, the share of hardwood timber has increased in the forests of the Vologda Region. The Sokolskiy pulp and paper mill and some furniture factories are the main consumers of hardwood, and the demand for furniture and wooden houses has increased in the region. In addition, roundwood cut in the Vologda Region may be exported to other Russian regions or abroad and, for example, the Finnish-Swedish multinational company Stora Enso has extended its zone of wood supply far into Russian territory. This has had an effect on the cuttings and timber trade in the Vologda Region as well.

According to the estimates of the Committee for Natural Resources, only 30-40 percent of the planned logging areas have been exploited in the Vologda Region. However, the main problem in forestry today is illegal cuttings, with which the Committee for Natural Resources is constantly struggling. The governor of the Vologda Region issued a decree in July 2001 to control the transport of illegally cut timber. Every roundwood transporter has to have a way-bill with a hologram. The region's leskhozoes received over 60,000 way-bills, which they were to deliver to logging companies. The Traffic Safety Inspectorate, however, is responsible for checking the way-bills. They are assisted by the officials of leskhozoes and inspectors of forest protection of the Committee for Natural Resources. However, the way-bill system has proven to be quite ineffective and several violations of the decree have been uncovered. Many companies have not adopted the new system, but continued to purchase roundwood transported with previous way-bills. It is also difficult to identify

the source of timber, because the neighboring regions do not have similar holograms on their way-bills. Illegal wood transports have been disguised as being cut, for instance, in the Archangelsk Region. Therefore, the Committee for Natural Resources of the Vologda Region has suggested that similar holograms should be used in all regions of northwestern Russia.

### **Conclusions**

The restructuring of the system of state environmental administration since 2000 has led to the weakening of ecological control, and has not had much positive influence on the rates of economic growth in the country. One claim has been that the result has been an increase in air and water pollution in 2000. The abolition of the "ecological barrier" has not accelerated economic growth as was hoped, but instead stimulated the use of outdated technology. The reduction of the number of environmental officials has led to a reduction in environmental protection, because many of the highly qualified specialists were discharged. State environmental management was practically ruined during the first year after the reorganisation of the Ministry of Natural Resources and the abolition of Goskomekologiya. The process also shows how difficult it is to combine raw-material utilisation and environmental protection within the same administration in contemporary Russia.

As the Russian forests are state property, permits for forest utilisation have to be granted by governmental authorities. Moreover, as personal networks play a significant role in Russia, the owners of industrial and trade companies in the forest sector have to build relationships with the new government bodies. In the case of the Vologda Region, for example, companies have to build personal links with the Department of Natural Resources of the regional administration and the Vologda branch of the Ministry of Natural Resources of the Russian Federation. Personal networks stretching to regional administration help companies get operative information about the changes in the federal and regional legislation and, on the other hand, provide a channel to influence the preparation of new legislation. The restructuring of environmental management has led to weakened control, which, in turn, has made it easier to increase the volume of logging in the Vologda Region.

The main actors in the recent transformations in the forest complex in the Vologda Region have been the regional Committee for Natural Resources, public administrations, and forest industry enterprises. The role of the environmental movement, in contrast, has not been very visible. Its actions have only included telephone calls and other messages to the Committee for Natural Resources about discovered illegal cuttings in the vicinity of towns and villages. The growing volume and quality of forest products manufactured by regional enterprises partly compensates for the budget cuts caused by the depression in the steel industry in the Vologda Region. Consequently, there are expectations for domestic and foreign investments in the forest sector, and also in the socio-economic development of the town of Sokol, which has been called the "timber capital" of the Vologda Region. We will turn to Sokol in the next chapter.

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