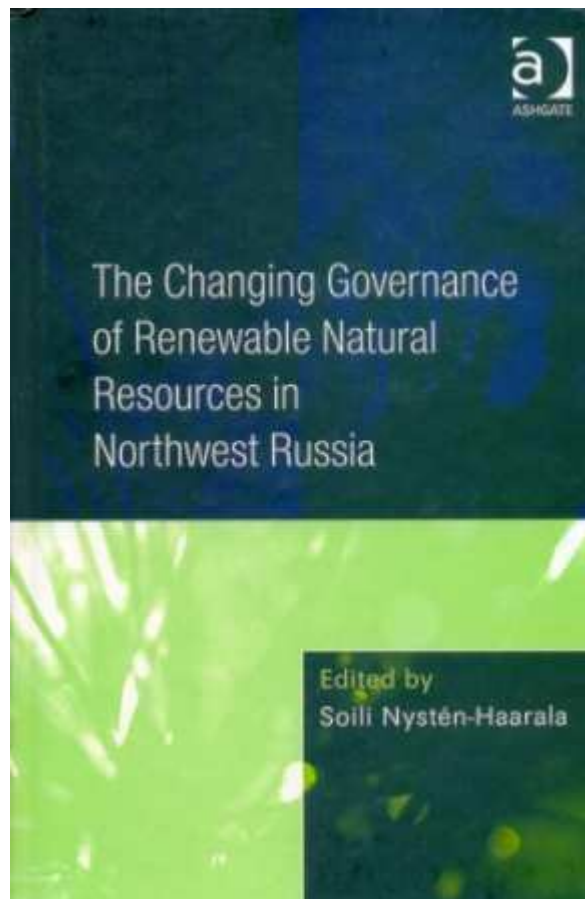


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## **Chapter 7**

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### **Re-Territorializing the Russian North Through Hybrid Forest Management**

#### **Introduction**

The Russian North is currently a site of not only extensive natural resource extraction but also conservation. During the past decade, the region has become a contested ground for actors from various parts of the globe who are involved in activities related to natural resources and the environment. These include governmental actors, business enterprises and non-governmental organizations. As a consequence, the Russian North has in many ways become fundamentally linked to the rest of the world through sociospatial processes and actors' involvement in natural resource extraction and conservation. The paper argues that this involvement has resulted in a process of re-territorialization. By focusing on the environmental and sustainability politics related to the forests of the Russian taiga, the paper seeks to examine how transnational processes modify local socio-economic and ecological situations and how these transnational processes themselves change in the new circumstances. We wish to shed light on the issue of whether the Russian North is being divided into new territorial formations according to new environmental and social standards that are being imported into Russia and, in the process, mixed with norms, discourses and practices at the local, regional and federal scales. While the social processes affecting and modifying the relations between environmental politics and forest governance are not territorial, these processes produce new territorial formations that constitute a fragmented landscape of environmental reform. Yet, the resulting reformulation of forest governance and environmental politics treats people and their environments differently, as there are many places that are left on the fringes of the newly shaped environmental political networks.

Our overall aim is to investigate the changing forest governance in Russia. On a more concrete level, a crucial element in the transformation of forest governance is the transformation of forest management regimes. By 'forest management regimes', we understand the societal system that exists for the purpose of maximizing the benefits from the utilization of forests (cf. Eikeland and Riabova 2002). What these maximal benefits are is a debatable issue not only within but also outside the established governance systems. Thus, a particular management system is potentially in a state of constant transformation, although normal resistance to change is naturally present, as in any system. We wish to argue that while the former forest management regime, that deriving from the Soviet period, has

been eroded, what we see in the early twenty-first century is a fragmented landscape of forests, forestries and local socioeconomics. In order to understand exactly how the new fragmented territorial landscapes are being produced, we have to explore the socioeconomic processes causing the fragmentation. Our argument in this paper is that the new forest management regimes that are being produced through changes in the larger forest governance system have a hybrid character<sup>1</sup>. We understand this hybridist in three senses. Firstly, by 'hybrid management regimes' we mean the new, strong involvement of other than state actors - business enterprises and non-governmental organizations - in the regulation of forest management and use. Secondly, we understand the term to mean the mixing of norms, discourses and practices deriving from the Soviet period with those brought to Russia with new market economic relations, capital flows, and non-governmental organizations (cf. Kosonen 2005). Thirdly, we conceive of hybridity as a multi-scalar characteristic of forest management regimes.

A more specific issue within forest governance and management is forest certification. As discourse and practice, forest certification is a phenomenon that has been rapidly expanding across the globe (see e.g. Bartley 2003). In short, forest certification creates and implements a specific system for controlling the quality of the ecological, social and economic aspects of forest utilization. The appearance of forest certification can be attributed to the influence of West European markets in particular (specifically, those in countries of the European Union, such as Germany, the Netherlands and the United Kingdom) on the quality of the raw material used by the forestry industry to produce goods used in those countries.

Moreover, new public policies are being created in some countries of the European Union according to which products purchased by public authorities must meet certain certification criteria. Different forest certification systems have been initiated by a variety of actors representing non-governmental organizations, business enterprises and governments. Consequently, different - and at least partly competing - systems for the certification of forests exist, and their implementation varies greatly from country to country. Even so, a certain degree of sustainability is required as a common denominator from the production process within these systems. The Forest Stewardship Council (FSC) system for forest certification is by far the most prominent of the systems in use (see e.g. Kotilainen et al. 2008). As there are products on the market made from raw materials originating in Russia, the requirements and impacts of certification extend to Russian territory.

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<sup>1</sup> Hybridity is a concept that has become very popular recently (see e.g. Whatmore 2002). One of its main sources of popularity was Latour's (1993) book on the peculiarities of the 'modern constitution', in which he maintained that modern science and thinking is causing us to see things as bi-polar constellations, one of the poles being nature, the other culture. Latour stated that the world in fact consists of all sorts of 'hybrids' that are becoming more and more difficult to explain by modern science, which derives its essence from the scientific revolution of the eighteenth and nineteenth centuries. In the present chapter, our perspective on 'hybrids' is somewhat more limited.

As a specific feature within changing forest governance and management, we therefore focus on the processes of implementation of certification in contemporary local settings in the Russian North. In particular, we wish to shed light on the issue of how a supra-local socioeconomic and ecological process such as forest certification is being adopted, interpreted and developed in the regional and local contexts in Russia. We are particularly interested in how Russian enterprises, embedded in regional and local contexts, function under transnational influence.

Moreover, we wish to explore how the changing forms of forest management -and, more specifically, the certification processes - affect the lives and livelihoods of the residents of local forestry settlements. Furthermore, we analyze the factors that produce differences in terms of focal outcomes between similar cases. In other words, by closely examining nodes in a changing network of forest governance, we wish to provide a detailed picture of how the new governance mechanisms operate in relation to older mechanisms deriving from previous periods and governance styles. As a reaction to the new requirements, several different systems for forest certification have already been proposed for Russia (Tysiachniouk 2006).

However, the Forest Stewardship Council (FSC) certification system is currently the most widely used in the country, albeit on limited forest territories. For example, Him Pulp Enterprise, a major player in the Russian forest industry, has recently decided to adopt the FSC system. The Russian national certification system is currently being tested, as is illustrated by one of our cases presented below.

While the rapid restructuring of the forest management regimes in Russia in recent years has included changes in the state structures for forest governance, transformation of the forest industry as a sector of the economy and the introduction of new external influences in Russia, these transformations have had spatially varying consequences in the turbulent post-Soviet conditions. Accordingly, it is our aim to analyze the implications that these transformations have had on a local scale. Specifically, our focus is on the diverging development of logging enterprises, *lespromkhozy*, and the settlements in which these enterprises are located.

In order to demonstrate changes in forest management practices and discourses and to illustrate how forms of hybrid management are produced, we will examine four cases from the Russian North. While the case enterprises and localities differ in terms of volume of production, number of workers, and number of inhabitants, the enterprises are all mainly engaged in timber cutting, have similar conditions of management, belong to larger holding companies and play significant roles in the local and regional (subject of the federation) economies.

Three of the enterprises possess the international FSC certificate; one has received the Russian national certificate, 'the national system of voluntary forest certification in Russia', which was developed in 2001 by the National Council for Voluntary Forest Certification in Russia in a process headed by Academician G.A. Rakhmanin. The creation of the system was initiated by M.V. Tatsyun and G.A. Gukasyan, who represent the Russian Forest Industrialists and the Forest

Experts Union, respectively, and the work was carried out with the support of the Forest Industry Department of the Ministry of Industrial Sciences of the Russian Federation. In 2004, an experimental audit was conducted at the joint-stock company Vozhegales. While very similar to the FSC system, the Russian national system does not include the controlling instruments of the FSC, and it has not yet been legitimized on the internal and external markets.

By using these locations as focal points within the changing forest management regimes, we wish to increase the understanding of the processes through which non-local initiatives intermingle with local conditions and in effect produce hybrid forms of ideas and practices in forest utilization. Accordingly, the chapter analyzes the 'migration' and introduction of external environmental and social requirements into the post-Soviet context in Russia. We will firstly explore the longer historical and geographical characteristics of the enterprises and localities; secondly, explore the consequences of post-Soviet economic transformations on the local scale; thirdly, scrutinize the hybrid forms of economic practices there; and, finally, investigate in more detail the effects of forest certification for the localities. We will conclude by arguing that the processes underway are producing a new territoriality, creating diverging and fragmented forest, social and economic landscapes within the Russian Federation.

### **Local Historical and Geographical Characteristics**

The Russian North has a lengthy history of forest use. This history can be traced back to the Middle Ages, but what is important for an understanding of the current situation is the Soviet history with its large-scale industrialization projects that included forced movement of people across the Soviet space (see Moran 2004). The Arkhangel'sk and Vologda Regions in the north of Russia are forested regions where timber cutting and processing are crucial to the local economies and important even for the regional economies as well.

The joint-stock company Maloshuykales is located in the settlement of Maloshuyka (Onezhskiy district, Arkhangel'sk Region), the Dvinskoy forestry enterprise in Dvinskoy (Kholmogorskiy district, Arkhangel'sk Region), the Belozerskiy forestry enterprise in the town of Belozersk (Vologda Region), and the joint-stock company Vozhegales in the settlement of Kadnikovskiy (Vologda Region). The Dvinskoy and Maloshuyka settlements were constructed during the Soviet era, whereas Kadnikovskiy dates back to the early twentieth century and was constructed during the expansion of the timber industry into previously uninhabited places.

The decisive arguments for choosing these places for settlements were their proximity to the forests to be cut as well as the availability of transportation facilities. The town of Belozersk has a history going back more than 1,000 years and while forest exploitation has always played an important role in its development, the forest industry was, obviously, not the initial reason for its creation.

**Table 7.1 Main Data Concerning the Localities Studied**

<b>Settle-ments/data</b>	<b>Dvinskoy</b>	<b>Maloshuyka</b>	<b>Belozersk</b>	<b>Kadnikovskiy</b>
<b>Time of crea-tion</b>	Soviet period, 1950s	Soviet period, 1950s	has existed more than, 1000 years	Before the 1917, Revolution
<b>Means of trans- portation</b>	Severnaya Dvina river, White Sea ports, main road	Railway	Main road; Lake Belye (connected to the Volga-Baltic waterway system)	Railway
<b>Number of in- habitants</b>	1,000	2,000	12,000	2,000
<b>Origin of popu- lation</b>	Nearby villages	Various re- publices of the former USSR	Local people and those from the nearby villages	Vologda Region, various republics of the former USSR

In Maloshuyka and Kadnikovskiy, the railway provides the main means of transportation, as automotive transport is difficult - or even impossible - during autumn and spring. In winter, marshy lands and waterways freeze, becoming available for motor transportation. In contrast, the riverside settlement of Dvinskoy has no railway connection. The district centre, Belozersk, is a small town with well-developed motor transport communications as well as a port on Lake Belye, which connects the town to the Volga-Baltic waterway.

The absence of roads, with the railway being the only means of timber transportation, has, during hard times, complicated the selling of products from Maloshuyka and Kadnikovskiy, as the enterprises were dependent on railway tariffs and on the conditions for and admissible volumes of goods for transportation. On the other hand, the presence of the railway junction as a second source of jobs in Maloshuyka helped the local community survive the period of crisis in the 1990s. In Dvinskoy and Kadnikovskiy, the only source of work was *lespromkhoz*y, and the crisis affected the local population more adversely. In the district centre, Belozersk, there were many jobs financed from the budget of the company administration and, furthermore, the Belozersk forestry enterprise managed to operate in the 1990s without heavy losses.

The inhabitants of Maloshuyka originate from various republics of the former USSR and their descendants, while the Dvinskoy settlement is mostly populated by inhabitants of the neighbouring villages. In the settlement of Kadnikovskiy, the inhabitants originate from the nearby villages and other parts of the former Soviet Union. In Belozersk, local residents and people who have moved from nearby villages make up the majority of the population. These variations in the origins of the populations partly explain the differences in their attitudes towards the post-Soviet transformations. Maloshuyka's inhabitants have shown great social apathy because they still feel they are 'not at home' as people who 'came in search of a job' and were 'forced' by the social and economic crisis to stay. The residents of the other settlements do not have such an attitude, as they are more original inhabitants or come mostly from the nearby villages. In the Soviet times,

most of the social infrastructure of the three rural settlements and a considerable part of the infrastructure in the town of Belozersk were financed and supported by the lespromkhozy. At that time the Belozersk forestry enterprise, Maloshuyka forestry enterprise (later re-organized as Maloshuykales), and Mitinskiy forestry enterprise (reformed as Vozhegales) were large and economically thriving companies. The Dvinskoy forestry enterprise was rather small by comparison.

### **Local Effects of the Reforms of the 1990s**

The transformation of the Russian economy in the early 1990s created economic problems in the focal lespromkhozy. Supporting the infrastructure became a heavy burden for the enterprises, and the Maloshuyka, Dvinskoy, and Mitinskiy forestry enterprises all incurred debts. The Belozersk forestry enterprise also experienced difficulties, although not to the same extent as the others. Although all Soviet lespromkhozy were reorganized into joint-stock companies in the early 1990s, the ways in which they developed thereafter varied, as will be illustrated below. The Maloshuiskiy forestry enterprise maintained its ties with the Onezhskiy forestry enterprise, to which it used to deliver round timber, but because of its large debts it could not function well, update its equipment or pay salaries, and ultimately went bankrupt. In 1997 a new enterprise, an open joint-stock company, Maloshuykales, was established. Its shareholders bought the majority of the stock and the leasehold of the Maloshuiskiy forestry enterprise.

The Onezhskiy forestry enterprise became its main shareholder. After this, the Maloshuyka forestry enterprise operated for a few more years, went bankrupt and was closed. Thus, a market economy enterprise took the Soviet enterprise's place, and its major shareholder interested in raw material deliveries got the new viable enterprise free of debt and formal responsibilities where the maintenance of the infrastructure in the settlement of Maloshuyka was concerned.

The Mitinskiy forestry enterprise, which also was a joint-stock company in the early 1990s, had the same problems of not being able to pay salaries and taxes or maintain the local social infrastructure and experiencing a drop in profitability. It could not survive in its old form either. In contrast to the Maloshuiskiy forestry enterprise, its business ties had been cut. In 1997, in order to survive in the new circumstances created by the market economy, the administration of the Mitinskiy forestry enterprise made a decision to divide it into two new companies. The larger of these, Vozhegales, in practice kept the workers and directors of the former enterprise and started confronting the crisis without any external support.

Only in 1999 did it choose to join a larger holding company, since it believed that this was the only way to operate profitably. These two cases show that at this stage of reformation quite large lespromkhozy - in terms of volume of cutting, number of workers, accompanying industries and the social infrastructures of the associated forestry settlements - either went bankrupt or were transformed through fragmentation into newly created enterprises. The business ties of the Dvinskoy forestry enterprise were also cut. Like Vozhegales and most forestry

enterprises, Dvinskoy could not survive without the help of a large shareholder interested in a stable supplier and able to invest in its production. The enterprise Dammers, founded in Arkhangel'sk by the German company Holz Dammers Morsers, became such a shareholder. The Dvinskoy forestry enterprise did not go through the bankruptcy procedure and therefore still has some debts and has partly continued to maintain the social infrastructure in the Dvinskoy settlement.

In contrast to the three previous cases, the Belozerskiy forestry enterprise, the largest of the four companies, neither went bankrupt nor became part of another company. The relatively stable operation of this enterprise during the reform resulted from a prescient economic policy and management system developed by the forestry industrial association Cherepovetsles. The Belozerskiy forestry enterprise had been a part of Cherepovetsles even during the Soviet era. The association combined timber cutting and woodworking enterprises in several districts of the Vologda Region. After the beginning of the reforms, all logging enterprises, including the Belozerskiy forestry enterprise, were reorganized into joint-stock companies and remained members of Cherepovetsles. Currently, Cherepovetsles is a forestry holding company. Although large timber industry enterprises dropped out of it, Cherepovetsles managed to arrange profitable sales, also to Western markets. It was, for example, able to construct two sawmills in the early 2000s. The differences in the reorganization of the enterprises at the beginning of the century can partly explain the differences in their later development. Thus, Maloshuykales has been paying salaries and taxes regularly, and its principal shareholder has been updating the equipment and investing in modern timber cutting equipment, such as harvesters and forwarders. In contrast, until 2005, the Dvinskoy forestry enterprise had certain problems with timely payment of salaries. The principal shareholder of the enterprise was not investing in new equipment and it has often had problems with timber cutting.

Vozhegales, as well, has not been receiving direct investments from its holding company, but it has been renewing its machinery as much as possible at its own expense, admittedly using old-design Russian equipment. Cherepovetsles, which has a common management system for the whole company, contributed to the regular saving of resources at the Belozersk forestry enterprise, which allowed for investments in new equipment and technologies. It is evident that the social and economic situation of the Belozersk forestry enterprise is the most stable, with Maloshuykales, Vozhegales, and Dvinskoy following in this order.

Another reason for the stability of the Belozerskiy forestry enterprise, Maloshuykales and Vozhegales is their long-term forest lease of 49 years. This is also a key condition for FSC certification. When the Dvinskoy forestry enterprise applied for certification in 2000, it had a lease of five years; this expired in 2003 and was continued in 2004 for five years, but its further extension is an open question. As a result, the Dammers enterprise, as a shareholder, considers investing in new equipment at the Dvinskoy forestry enterprise quite risky, as it might lose its leased forest areas at any moment and go bankrupt.



**Table 7.2 Data on the Enterprises Studied**

<b>Enterprise/ characteristics</b>	<b>Dvinskoy</b>	<b>Maloshuykales</b>	<b>Belozersk forestry enterprise</b>	<b>Vozhegales</b>
<b>Soviet enterprises first organized as</b>	Dvinskoy forestry enterprise, 1955	Maloshuyka forestry enterprise, 1950	Belozersk forestry enterprise, 1929	Mitinskiy forestry enterprise, 1930s
<b>Reformed enterprise created</b>	1992	1997	1992	1997
<b>Principal shareholder</b>	LLS Dammers, since 1995	Joint-stock company 'Onezhskiy forestry enterprise', since 1997	Joint-stock company forestry corporation 'Cherepovetsles' since 1992	Holding company 'Vologda forest industrials' since 1999
<b>Production ties with the principal shareholder before privatization</b>	None	Traditional, Onezhskiy forestry enterprise had connections with Maloshuyka forestry enterprise	Traditional, with Cherepovetsles since Soviet times	None
<b>Shareholder</b>	Holz Dammers Moers (Germany)	Russian trust 'Orimi'	None	None
<b>Woodworking</b>	Log sectioning plant	Sawing for local purposes, does not cover the needs of the settlement	Large log sectioning plant	Sawing for local purposes, does not cover the needs of the settlement
<b>Annual volume of timber cutting</b>	70,000-100,000 m <sup>3</sup>	140,000 m <sup>3</sup>	600,000 m <sup>3</sup>	370,000-400,000 m <sup>3</sup>
<b>No. workers 2003</b>	140	350	1,570	710
<b>Main buyer of round timber</b>	LLS 'Dammers'	Joint-stock company 'Onezhskiy forestry enterprise'	Metsaliitto and UPM Kymmene (Finland), Stora Enso (Sweden-Finland), Nivida (Sweden), Telemark Wood Com. As. and Sodra Skog (Norway)	Sales through trading company JSC 'Astrofor', which belongs to holding company 'Vologda Forest Industrials'
<b>Main buyers of round timber and timber through the holding companies</b>	Holz Dammers Moers (Germany) local enterprises in Arkhangel'sk	Western Europe	Only sawing log Molfenter & Co (Germany), Satim (Netherlands), Barthel Pauls and Sinbpla (Belgium)	Thomesto/Metsaliitto (Finland), LLS 'Kharovsklesprom'
<b>% taxes paid by enterprise in district budget</b>	Insignificant	Insignificant	46%	70%

### **Hybrid Economic Practices Mixing Soviet and Post-Soviet Systems**

It can be argued that as a result of the restructuring and transformation processes described above, new blends of economic practices that mix Soviet and post-Soviet forms of operation have emerged at the local scale in the Russian North. This hybridization is seen, first, in the rigid vertical structure of the new holding companies, in which the new governing hierarchies are in certain ways similar to the Soviet production associations. While the Maloshuykales, Vozhegales, Belozersk and Dvinskoy forestry enterprises are formally independent, they are, in fact, sub-divisions of larger companies that own a controlling majority of the shares.

As a rule, forestry enterprises belonging to a forestry holding company are organized in legal terms as joint-stock companies. However, their economic, social and environmental policies are defined by their owners. The management structure is designed in such a manner that all economic activities, especially wages and investments, are under the monthly control of their main shareholders. At the end of every month, all bookkeeping records of the enterprises are transmitted to the top-level management for approval.

Cherepovetsles, the owner of the Belozersk forestry enterprise, has a system of corporate standards. Non-compliance with these regulations is unfavourable for the local forestry enterprise, as it adversely affects the wages of employees, including those of the managing staff, and affects other issues at the enterprise as well. As a general rule, members of the board of directors of the holding company are also members of the board of directors of the local enterprise. For example, the acting general director of Cherepovetsles is at the same time the president of the board of directors at the Belozerskiy forestry enterprise. In the case of the Dvinskoy forestry enterprise, the review is even more rigorous: all aspects of management are supervised, including human resource policy, everyday economic activities and work discipline.

At the same time, there is variation in the situation at the four enterprises. As distinct from the Dvinskoy forestry enterprise, the management of the Belozersk forestry enterprise, Vozhegales and Maloshuykales is stable. At Belozersk and Vozhegales, the directors have not changed from the Soviet times. In the case of the Belozersk forestry enterprise, the director of the former Soviet Belozersk lespromkhoz heads the new enterprise. At Vozhegales, one of the directors of the Mitinskiy forestry enterprise became the director of the new company. The director of Maloshuykales also used to work as a forest expert at the Maloshuyka forestry enterprise.

All of them, as local residents, have sought to keep the enterprise's workforce and the community associated with the enterprise, which was loyal to them, proud of the history of the company and not to divide it into Soviet and post-Soviet periods. They consider that even though the enterprise goes through different phases, it nevertheless maintains its traditions. Moreover, these directors enjoy the confidence of the local residents and do not separate themselves from them.

Furthermore, they are quite independent of the holding companies in deciding on forest management issues. In contrast, at the Dvinskoy forestry enterprise, ten directors appointed by Dammers have been changed during the last ten years.

The majority of these directors have not had any special forestry background or been local residents. They have not been able to make decisions without approval from the Dammers Board of Directors, and they have not had authority over the workers in the same way as the directors in the other enterprises. Therefore, the Dammers management at the Dvinskoy forestry enterprise has often been rather inefficient. Overall, these cases show that there are administrative and executive mechanisms in joint-stock companies that to some extent correspond to the hierarchical subordination in enterprises in Soviet times.

Another practice that can be seen as a hybrid form of Soviet and post-Soviet governance is the paternalism exercised by enterprises in local contexts. As mentioned above, in Soviet times the social infrastructure in the forestry settlements was owned by the forestry enterprises and was financially supported by them. This local paternalism corresponded to the generally paternalist structure of the Soviet state.

In Soviet localities, this structure was built up by both management at enterprises, which bore all responsibility for the functioning of the settlement, and the inhabitants, who considered the enterprise as their only source of livelihood. During the post-Soviet transition, these paternalistic relationships between enterprises and forestry settlements have not completely disappeared, although they have been undermined.

For example, during interviews, respondents from Maloshuyka and Kadnikovskiy recalled that in Soviet times wages were high, workers were provided with what were known as deficit goods<sup>2</sup>, and workers often received sanatorium and spa treatment guaranteed by the local trade union. Respondents recollect those years with nostalgia; they believe that things were formerly 'very good'. Consequently, they think that the enterprise should still support their lives; their requirements concerning the social programmes provided by their enterprises are thus very high, since they compare them with the programmes of the Soviet times. Slightly in contrast, the inhabitants of Dvinskoy treat the Soviet period as the time when they were always provided with jobs and stable salaries, although they do not have illusions about a 'lost paradise'.

Hence, their demands of the enterprise are clearly formulated and focus on stable employment and timely payment of salaries. In all the localities, however, the local residents make social demands of the respective enterprises. The management of the enterprises, on the other hand, also continues to reproduce elements of the Soviet-era relationships. Furthermore, companies such as the Belozersk forestry enterprise, which provides about half, and Vozhegales, which pro-

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<sup>2</sup> These were imported goods that could not be bought in shops; they were purchased by the Ministry for Forest Industry and distributed amongst the workers in the industry.

vides about 70 per cent, of the budget of their respective districts, continue to support the economy of the district and the residents' welfare. This strengthens the reproduction of the paternalistic socioeconomic construction.

Surprisingly enough, the social requirements of the new forest certification systems - the FSC and the Russian national system of Voluntary Forest Certification - often coincide with Soviet conceptions of responsibility of the enterprise for the welfare of local communities. The directors of Maloshuykales, Vozhegales and the Belozersk forestry enterprise consider themselves to be local residents and thus part of the local community. They have kept their 'Soviet ideas' and believe that in the North the enterprises must, for example, provide the population with firewood either for free or for very low prices.

Such ideas also correspond to the social requirements of the FSC. Consequently, a long-term social programme - 49 years, corresponding to the duration of forest lease - has been developed at Maloshuykales. At the Belozersk forestry enterprise a similar programme is now under development. In this case, the requirements of the FSC and the interests of the holding company in the certification of its enterprises played major roles in the decision to adopt the long-term programme. For example, at Maloshuyka there is a plan for social development until 2052 that is coordinated with the local public administration.

According to the plan, the enterprise supports the professional education of new workers and recruits only from the local population. This decision has been confirmed by refusing to hire teams of loggers from other regions of Russia. In this case, we notice that the social requirements of the FSC voluntary forest certification, the ideas of the management at Maloshuykales and the needs of the local community have coincided. At Vozhegales, in spite of the long-term lease, such a programme has not been developed and adopted because, firstly, it was not required by the Russian national certification system and, secondly, the holding company's interest in certification was low. Moreover, in accordance with the requirements of the FSC, Maloshuykales and the Belozersk forestry enterprise have made efforts to develop the local population's social responsibilities. At Maloshuykales, the creation of a trade union was initiated, a forestry and environmental club was established for children at the local school and several educational events for workers were organized. The Belozersk forestry enterprise and Vozhegales have also organized educational events and supported environmental initiatives and trade unions.

At the Dvinskoy forestry enterprise many directors have been replaced and all of them have been quite formal figures in contrast to the other settlements. Therefore, we can only refer to the conceptions of a former general director of Damers in Arkhangel'sk, who in 2005 became the general director of the Dvinskoy forestry enterprise. In fact, he has been the leader of the Dvinskoy enterprise in practice since the late 1990s.

Living in Arkhangel'sk, he does not consider himself to be a local resident in Dvinskoy. He has stated that the weaknesses of local authorities and their depend-

ence on the sole enterprise in the surroundings have forced him to support the social structures of the settlement and, accordingly, many social responsibilities have remained concerns of the enterprise. However, his conception of social support does not always coincide with the residents' expectations. The Dvinskoy forestry enterprise supports key social infrastructure, including the ferry, fire department, boiler-house, bakery, health care centre, shop, school, clubhouse and library. Such social obligations are rather onerous for the owner: only the bakery and the shop bring in income; the other units operate on subsidies. The director regularly raises the prospect of terminating their financing, offering instead to help in the management and transformation of these unprofitable activities into profitable ones. However, as this is bound to lead to an increase in the prices of services, he has not received support from the local residents.

### **Actors' Roles and Interactions in Introducing Transnational Socioenvironmental Imperatives into the Local Contexts**

Finally, we explore the roles of different actors in introducing forest certification into the Russian North. In the cases studied here, forest certification was initiated by the owners of the forestry enterprises, that is, the holding companies Cherepovetsles, Vologda Forest Industrialists, the German company Holz Moers Dammers and the Russian concern Orimi. Their motivation was to stabilize their exports to the Western market, which has been considered environmentally sensitive.

In the case of Vozhegales, certification was an experiment, as the national system of voluntary forest certification in Russia had not yet been officially registered in the country or accredited internationally. Initially, the idea of certification at Vozhegales was proposed by the National Council for Voluntary Forest Certification in Russia and the Association of Russia's Forest Industrialists and Forest Exporters. Being a member of this association, the holding company Vologda Forest Industrialists recommended that Vozhegales undergo national certification, but the company itself did not take part in the process.

In the case of the Dvinskoy forestry enterprise, the head company, Holz Dammers Moers, appointed the company that was to conduct the certification audit. At Maloshuykales and the Belozersk forestry enterprise, the designation of the auditing company and the preparation for certification were taken care of by the Onezhskiy LDK and Cherepovetsles, respectively. They cooperated with the Arkhangel'sk Centre for Voluntary Forest Certification in Russia, which was created at the Northern Scientific Research Institute for Forest Economy. At the Belozersk forestry enterprise and Maloshuykales the preparation for certification was more detailed, with local features being taken into account. Maloshuykales was finally certified in 2003, and the Belozersk forestry enterprise in 2004.

Dvinskoy was certified in 2000, but with many critical observations. At Vozhegales there was no preparation for the audit. This enterprise was selected for the experiment because it was considered to be one of the best-functioning forestry

enterprises in the Vologda Region. Its economic and social indices were suitable for the experiment, and the control executed by its Finnish trading partners contributed to its observance of Russian forest legislation and environmental standards, the legality of the origins of timber, and the protection of workers. The certificate was issued in 2004 with a few observations.

Through these examples, we can see the interaction of different actors. For example, the Belozersk and Dvinskoy forestry enterprises and Maloshuykales carry out selective felling, which the system of voluntary forest certification in Russia encourages. This is in stark contradiction with the viewpoint of the regional forestry authorities, who often do not give permission for selective felling but instead require that clear-cutting be carried out.

These authorities refer to Soviet scientific research and post-Soviet norms and standards based upon them. Clearly, such a policy pursues short-term objectives, such as an increase in taxes received from the enterprises, preservation of jobs, providing regional pulp and paper mills with raw material and producing cheap firewood for the local population. Such discrepancies between Russian harvesting norms and rules and the international standards of the FSC may even lead to conflicts between enterprises and state bodies. However, the heart of the conflict may lie in the difficulty of incorporating the enterprise into the regional network of governance rather than in contradictions between Russian and international norms and rules. The influence of international NGOs on the practices of certified enterprises is so substantial that the enterprises sometimes even incur certain economic losses to retain their image and the opportunity to work on the Western markets that they consider to be environmentally sensitive. For example, all four companies studied here signed an agreement with Greenpeace on a five-year moratorium on felling in old-growth forests or forests with a high nature conservation value that are situated in their leased territories. Furthermore, the enterprises have planned to save parts of these forests as widened water protection zones after the moratorium ends.

Nevertheless, the enterprises keep on paying rent for these sites as if they could carry out felling in them. Even if they have agreed with Greenpeace on the value of these forests, they consider them 'mature', that is, forests that can become 'overmature, and perish'. Therefore, recognizing Greenpeace's and environmental experts' international authority, they consider such forests as 'reserves' or 'sites of limited forest exploitation'. Moreover, some enterprises even finance research.

For example, Maloshuykales finances research on rare flora and fauna on its leased territories in order to pick out small forest sites and save key biotopes. In 2004, it withdrew 28,000 cubic metres of timber for these purposes from its planned felling areas. This territory was transferred into the state forest fund and received the status of protected nature territory. However, the responsibility for the protection of this forest still lies with Maloshuykales.

Independent rating agencies such as Expert RA<sup>3</sup> have noted the process of incorporation of Russian certified enterprises into global networks of non-state governance. Onezhskiy LDK and Cherepovetsles received high environmental ratings. In the beginning, Dammers was low in the ratings because the certificate of the Dvinskoy forestry enterprise was suspended in 2002 due to its failure to pay salaries in a timely manner and its violation of the rules of forest exploitation.

In 2003, the certificate was renewed, as the environmental requirements had been met and the wages in arrears had been paid. In 2005, the rating of Dammers went up because it had again passed the FSC primary audit and considerably improved its economic, environmental and social indices. The enterprise also became a member of the 'Union of Environmentally Responsible Wood-Cutters' created by WWF Russia.

Another aspect of forest certification that has impacts at the local scale is the social requirements of the certification systems. These assume public participation in decision making concerning forest exploitation, informing the local population on the social, economic and environmental aspects of certification, improvement of labour conditions and regular payment of wages. In the Dvinskoy, Maloshuyka, Belozersk and Kadnikovskiy settlements, the certified forestry enterprises strive to inform the workers and local population of the environmental requirements of certification. The Belozerskiy and Dvinskoy forestry enterprises have succeeded better than Maloshuykales and Vozhegales in this respect.

The majority of workers at the Dvinskoy and Belozerskiy forestry enterprises could tell about and explain the FSC economic and environmental requirements, whereas the workers at Maloshuykales and Vozhegales were only informed of the enterprise's certification. However, the Dvinskoy forestry enterprise paid special attention to providing information only after its certificate had been suspended. This occurred because of problems with the company management and a gross violation of the rules of forest exploitation by the workers.

As for the public in the settlements, the local population did not take part in working out new economic, social and environmental policies for any of the enterprises; they did not know about the social requirements of forest certification or about the procedure of public participation. Due to glaring violations of labour legislation and irregular payment of wages, the situation in Dvinskoy has changed. The local population started a dialogue with the enterprise, discussing the issues they were interested in through consultations with stakeholders.

## **Conclusions**

As the cases have sought to illustrate, combinations of Russian and international standards of forest management have produced new hybrid forms of forest management at the local scale in the Russian North. While the practices of the market economy have been introduced into Russia's forest periphery, practices

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<sup>3</sup> [www.raexpert.ru](http://www.raexpert.ru).

deriving from the Soviet past are still present, alive and well locally. In fact, these often do not even conflict with more recent ones. Hence, the recent restructuring processes have been hybridizing the forest management in the Russian North. First, in addition to the traditional state governance system, the introduction of enterprises and NGOs as regulators of forest use has been seen in the Russian North, albeit in limited locations and on limited territories. This is in line with the general understanding of present-day governance practices in a global sense (cf. van Kersbergen & van Waarden 2004).

The traditional state governance system is being supplemented by new instruments and regulation adopted by the enterprises themselves, as well as international NGOs. In Russia, this new system functions only in terms of particular forest enterprises and in particular territorial locations, that is, where the companies are oriented towards Western markets they consider to be environmentally sensitive. However, a trend towards a supposedly rapid expansion of this phenomenon is visible.

Secondly, the Russian forest management system, partly inherited from Soviet times, has recently been accompanied by a new transnational system, introduced as a result of market influence. Accordingly, it can be concluded that hybrid forms of forest governance are being produced that are neither purely Russian nor purely Western, but constitute a new way of dealing with local socioeconomic and socioecological conditions.

In the Russian system of forest governance, features of the former Soviet system are combined with those of the post-Soviet market economy, which in turn is being transformed into a new transnational system prompted by global markets and forest certification. Thus we can observe a combination of Soviet, post-Soviet and global market practices. The private market form, which supposes an independence of shareholders, nevertheless contains administrative and executive mechanisms that correspond to the hierarchic relations enterprises had with their subdivisions in Soviet times. The Soviet/post-Soviet governance hybrid practices are also manifest in the paternalism that the enterprises engage in towards the forest settlements. Thus, the hybrid governance forms clearly are not created by Russian society or Western countries alone, but represent a new way of governing the local social and environmental systems.

Thirdly, the processes that are creating the new forms of management are essentially multiscalar. Forest management and forest certification, which are part of this governance, are scaled processes. Specifically, it can be argued that the transnational FSC forest certification standards that are being localized in Russia have become a strategy of forest governance for regional forest companies and their local enterprises.

As some of these standards conflict with the Russian forest legislation, the State Forest Service has sought to either find means to support this 'new useful' activity of the forest enterprises or stand up against the 'strange and illegal' practices of forest use. In both cases, the amendments have sometimes been intro-



duced into the national or regional legislation. Such processes provide evidence of the strengthening influence of international business and nongovernmental networks on the national and regional legislations. The influence of transnational processes is also seen in the creation of a Russian national system for forest certification, which is supposed to combine and accommodate the international forest certification systems, Russian legislation and the specificity of the Russian social, economic and natural circumstances. However, this system has not yet been accredited and recognized internationally; nevertheless, as a joint initiative by the Russian forest industrialists and the Russian government it is clearly a response by the Russian governance system to the global challenge posed to governance.

The new schemes of forest management are essentially shaped by new networks of forest politics (cf. Kortelainen and Kotilainen 2006). In order to be successful in forest certification, a forest company and its subsidiaries have to be involved in international and regional business networks and in international networks of environmental NGOs as members of associations of environmentally and socially responsible forest managers.

As a Russian business becomes incorporated in international networks, it transfers the practices of governance created in Western countries to the regional and local scales in Russia. Nevertheless, the target audience of local businesses is not the local population and its interests, since the company introduces innovations under the pressure of environmental and social requirements of the supposed or imagined Western consumer. However, a certain fulfilment of the rights of the local residents is sometimes seen to take place, even if the population itself is not concerned with this issue.

Even though forest certification includes ecological and social dimensions, it has thus far been biased in Russia towards ecological aspects. The changes in forest governance in Russia occur mostly under the pressure of the 'Greens' and engaged investors, who are more interested in the environmental issues incorporated in forest certification than in social principles. Therefore, a company's certification may easily be suspended if environmental standards are violated, while non-compliance with social standards may pass unnoticed. Nevertheless, regional and industrial trade unions and NGOs are gradually becoming a power which will be able to put pressure on certified companies and thus also secure the fulfilment of the social standards incorporated in the FSC.

Finally, as a result of the changing forest governance, a new territoriality has been emerging in the Russian North. While the social processes affecting and modifying the relations of the spheres of environmental politics and forest governance are not territorial, new territorial formations are nevertheless produced as a result of these social processes. There are, in effect, currently different, and competing, forest management regimes in Russia. Certification areas are prime examples of the new territorialities. Consequently, a fragmented landscape of environmental reform is produced (see also Kortelainen and Kotilainen 2006; Kotilainen et al. 2008).

The resulting reformulation of forest governance and environmental politics treats people and their environments differently, as there are many places that are left on the fringes of the newly shaped environmental political networks. However, it seems likely that the environmental political networks that demand explicit environmental policies from companies will continue to expand in Russia. Recently, the decision by Russia's largest forest industrial enterprise, Him Pulp Enterprise, to adopt the non-governmental Forest Stewardship Council (FSC) certification system is a clear sign of this process.

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