

New leadership for one of Russia's key industries

MATTHEW J. COLEMAN



On Sept. 20, 1992, prior to the start of the PapFor Conference in St. Petersburg, I had the opportunity to interview Eduard Akim, the recently appointed director of VNIIB. Akim had been one of the primary contacts used to set up the TAPPI Eastern European Tour in 1991, and he is a good example of the rapidly changing geography of the Russian business landscape. One year ago, he was a professor at the Leningrad Technological Institute of the Pulp and Paper Industry. Since then, through his Western contacts and his knowledge of the paper industry, he has moved to the leadership of the primary Russian consulting firm. I took the opportunity to ask him about some of the questions facing the Russian industry and to discuss some of his views on the future.

Coleman: Dr. Akim, what is your vision for the Russian paper industry right now?

Akim: It is in very good condition for quick and effective development. The modern period of life means a transition to a market economy and increasing per capita consumption of paper.

As you know, about half of Russia's paper and paperboard production is used for packaging and one of the principles of the market economy is that the package sells the products. So, from our perspective, one of the main tasks of the Russian paper industry is the creation of a modern packaging system. This is the first goal of the Russian paper industry.

In 1989 per capita consumption was 35 kg. I think it will be necessary by the year 2000 to increase consumption to 100 to 150 kg per capita for all grades. This assumes a structure of 50% packaging, 15% newspaper, 20–25% printing, and the rest in other grades. Such a structure is characteristic of structures throughout the world.

The development of business papers production will be needed and, finally, it is very important to develop the production of tissue. In the United States the yearly consumption of tissue is 20 kg per person, in the former U.S.S.R. consumption was one-half kilogram.

Coleman: In addition to paper production, what other factors could contribute to the success of the Russian paper industry?

Akim: We have good prospects for developing the pulp and paper industry. First, Russia has huge forest resources. Second, Russia has many qualified scientific and technical personnel. Third, there are many old enterprises which can be easily reconstructed, such as the Vyborgsky combine, which you visited last year. [At Vyborg, in 1991, the mill did not have any wood supply. During the transition, this has begun to change.]

The major problem for most mills is marketing the product. Today, many stores are full of goods, and a new set of problems

appears. But in those problems there are many opportunities for cooperation with the West.

Coleman: What problems do you face in marketing products?

Akim: The first problem is quality, specifically, meeting quality certification. Russia, currently, is unable to get ISO 9000 certification because of the lack of a monitoring center. VNIIB VNPROBOM is moving to become that center for certification because it has the qualified people. It also has the greater part of the equipment.



The first part of the project should be the training of personnel (perhaps in the U.S.) to be certifiers. The U.S. center could be the guarantor for the Russian center. The second stage would be acquiring the testing equipment on a lease basis and to do the tests with this equipment. The third stage can include training the Russian pulp and paper mills' personnel to meet the ISO 9000 operating standards. VNIIB will do this training monitored by the certification centers.

This can be done quickly, and at low cost, so that Russian paper products can be exported. One of the main tasks is the integration of the Russian pulp and paper industry into the world industry. This task will create systems and structures that match world structures, especially in those countries with a highly developed pulp and paper industry.

The second group of tasks is the conservation of resources. This includes environmental issues, but I would like to emphasize the enormous resources we have to conserve. The options include using the Scandinavian systems of thinning and clear-cutting and to increase the percentage of wood that can be used in paper and paperboard.

The former U.S.S.R. used up to 70 million cubic meters of lumber for wood boxes and containers. After being used, most of the boxes were burned. Much of the timber wealth was burned. While much resources remain, they must be conserved by the people who know what to do.

That is why we see that conditions are good for the cooperation between the U.S. and Russian industries. The opportunities for profitable cooperation are great, we are working to keep the government on our side through public relations.

On Tuesday, September 22, Russian TV will be showing its program dealing with the problems of the pulp and paper industry. Our job is to break the image of the pulp and paper industry as the enemy of the people.



(Above left) Akim with Wayne Gross, director of TAPPI's International Department, before the start of the conference; and (left) with interpreter Elena Ignatieva.

Coleman: Can you tell me about the reorganization of the Russian pulp and paper industry?

Akim: Tomorrow we begin the first Russian "Pulp and Paper Week." Not only will there be the exhibition of PapFor 92 but also some meetings with directors of pulp and paper mills to discuss the creation of a Russian paper association modeled after API.

In transferring to a market economy we are concerned with the privatization of the industrial facilities as well as the research institutes. The creation of a Russian Paper Institute is one such new creation. I asked Dr. Ronald Slinn of API for their by-laws, which have been translated into Russian for distribution to the Russian directors for review. I also have received documents on the CPPA organization, and David Clarke is bringing information on the European industry association. After examining all of these, we will try to create rules for the RPI, as well as, possibly, for a Europe/Asia Association. Such an association could unite all the mills in the now-independent republics, it would help to establish good will with the new republics, and keep our ties with their paper industry open.

Coleman: How will the Russian paper industry be privatized?

Akim: I would suggest the following: read Dr. Tatarchuk's paper in the preprints of the conference. He is the head of the Russian pulp and paper industry and is the person with the knowledge. To put it briefly, the government will place a value on the industry and then offer stock to the people. Like in your stock market. Then investors can buy the companies they are interested in.

Coleman: Did you think things would change this quickly?

Akim: A year and a half ago, when I was interviewed by *Paper Industry Journal*, I said, if we increase our prices to world level, we can change in only a few years. I mentioned all these ideas during API Paper Week, but at that time it was only the point of view of an obscure university professor. Now that I am the head of the association, I feel that I have been proved right.

Coleman: Could you tell me about some of the other key figures in the Russian paper industry?

Akim: Dr. Tatarchuk is the deputy minister. When Dr. Tatarchuk was 35 years old he became the director of a pulp and paper mill. Next he became director of the largest newsprint combine in Solokomsk. This combine provides 40% of all Russian newsprint. Dr. Tatarchuk was then chosen a deputy to the Supreme Soviet, and made Deputy of the Energy and Industry Commission. In December 1991 the Supreme Soviet decided to reorganize the Soviet Union. Dr. Tatarchuk was Editorial Commissar. He was busy formulating the phases for this reorganization. Now he is technical director of the Department of Forestry, Pulp and Paper and Woodworking Industry in the Ministry of Industry. Mr. Somelin is the general director of the department. He is the specialist in forestry. Dr. Tatarchuk is head of the paper section. ■