

A step closer to establishing a wood bioproduction plant in Ida-Viru County

22 May 2025

On Thursday, the State Forest Management Centre and VKG Fiber concluded a memorandum of intent in Narva based on the terms and conditions developed in the course of negotiations as well as on the common interest in completing the establishment of the right of superficies for building a bioproducts production complex on state-owned land. In parallel, preparations also continue for concluding a ten-year pulpwood sales contract.

According to the Chairman of Management Board of the State Forest Management Centre, **Mikk Marran**, the aim of the agreement is to move forward with the establishment of Estonia's largest plant for the biochemical valorisation of wood in the Lügánuse rural municipality in Ida-Viru County.

“VKG has been planning a wood bioproduction plant for years. In February this year, they were the only ones who showed interest in implementing the plan initiated by the Lügánuse rural municipality on state-owned land. In March, they won the pulpwood tender held by the State Forest Management Centre. Today, we re-confirmed the agreed terms and conditions for the establishment of the right of superficies, which will be implemented upon the conclusion of a notarised contract at the first opportunity,” Marran said.

According to the Chairman of Management Board of Viru Keemia Grupp, **Ahti Asmann**, VKG has considered the conclusion of the land, planning and long-term supply contracts as the minimum requirements for continuing with the project and starting talking to potential investors.

“By today, the five years of preparation have produced the first national result – the resolution of the matter of land. The agreement on resolving the matter of land via the right of superficies is one of many steps in moving towards the final investment decision, and every step on that path is important,” Asmann said.

Minister of Energy and the Environment, **Andres Sutt**, said that the establishment of the plant will reduce the export of non-valorised wood from Estonia and create a long-awaited capability in Estonia. “The Estonian wood industry is doubtlessly a world leader in the mechanical processing of wood. Now, we are about to step among the countries that are capable of creating as much value as possible also from low-value wood,” Sutt noted.



Chairman of Management Board of the State Forest Management Centre, Mikko Marran, and Chairman of Management Board of Viru Keemia Grupp, Ahti Asmann

In the memorandum of intent, the State Forest Management Centre and VKG confirm their wish to move forward with granting the right of superficies, which is one of the prerequisites to building the plant. After the conclusion of a notarised contract, VKG Fiber will obtain a 99-year right of superficies on a 170-hectare immovable property, after which the company can move forward with its plans with more certainty.

VKG Fiber is obligated to obtain a building permit for the plant within five years, and a permit of use within nine years. After the completion of the plant, VKG Fiber is obligated to buy pulpwood from the State Forest Management Centre in the volume of 700,000 cubic metres a year: 360,000 cubic metres of coniferous pulpwood and 340,000 cubic metres of birch pulpwood. The parties hope to reach the conclusion of the pulpwood sales contract at the beginning of June.

The main terms and conditions of the right of superficies

On the basis of the agreement between the State Forest Management Centre and VKG Fiber, the latter will pay the former 100 euros/ha, i.e. approximately 17,000 euros (without VAT) a year until the building permit is issued. During the development period, the State Forest Management Centre retains the right to manage forests in the area of the designated spatial plan.

The price will increase from the time the building permit is issued, rising to 312 euros/ha, i.e. approximately 53,000 euros (without VAT) a year.

From the beginning of the construction period, the State Forest Management Centre will have the right to adjust the annual fee for the right of superficies at the beginning of each calendar year in accordance with the previous year's changes in the consumer price index, but not more than by 3.75% a year.

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