

SAI Latvia

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Meie (digitaallkirja kuupäev) nr

3-2.1/2026

Dear Jānis Salenieks

Thank you for your letter. We have reviewed the questions you raised and provide our responses in the order in which they were presented.

1.1. According to what principles/criteria is the price of spruce and pine sawlogs determined in long-term contracts (for example, as a result of auctions, evaluation of the price offered by buyers, average market price, etc.)?

The price of spruce and pine sawlogs in long-term contracts has been determined in accordance with the following principles:

Prior to the establishment of starting prices, prospective long-term contract partners were invited to submit their price offers and purchase intentions. These purchase intentions and proposed prices were entered into the sales decision application, on the basis of which successful bids were identified. Using the results of this assessment, a price corridor was formed, and negotiations with the selected partners were initiated within that corridor.

From the third quarter of 2022, the starting prices for sawlogs have been set based on the average market price. As of that time, negotiations on volumes and prices have no longer taken place.

In addition, the procedure for the sale of the right to cut standing forest and forest materials from state forests has been established¹. This procedure sets out the principles and requirements for determining prices. The document is currently available in Estonian only; however, it can be translated and provided if necessary.

The principles governing the determination of the starting price are laid down in the RMK long-term contract guidelines².

1.2. Do we understand correctly that the contract price is reviewed annually through negotiations? If so, please indicate the basic principles on the basis of which the said price is updated, including for the period from 2022 to 2024.

The contract price is not reviewed annually through negotiations. In addition, within the framework of long-term contracts, RMK conducts quarterly auctions in which only long-term contract customers are entitled to participate. RMK sets the starting price for these auctions, and customers submit their bids based on their individual needs and demand. RMK does not sell timber below the established starting price.

¹ [Riigimetsas kasvava metsa raieõiguse ja metsamaterjali müügi kord–Riigi Teataja](#)

² <https://rmk.ee/en/sale-of-timber/sales-principles/>

RMK establishes the starting price for sawlogs unilaterally, in accordance with the applicable pricing principles. For sawlogs, the year is divided into three delivery periods, and a starting price is set separately for each delivery period.

The first delivery period covers the first half of the year. This is due to the nesting period, which begins on 15 April, and the fact that by that time the logs have already been harvested on a client-specific basis. Accordingly, the starting prices for this period are determined in advance and are not subject to negotiations.

*Please provide information on the average prices of spruce and pine sawlogs applied in the State Forest Management Centre's **long-term contracts** for 2021–2024, broken down by quarter, for the following product/assortment groups:*

2.1. spruce sawlogs (18–28 cm in diameter);

2.2. *pine sawlogs (18–28 cm in diameter);*

2.3. if spruce and pine sawlogs in the above-mentioned diameter are not offered, please provide information on the prices of spruce and pine sawlogs in the product/assortment groups offered by the State Forest Management Centre, e.g. 18+cm, etc.

Below is an overview of the prices of sold spruce and pine sawlogs (based on actual sales) in the 18+ cm diameter group.

Produ ct/ Type*	2021				2022				2023				2024			
	(average price/EUR/m³)				(average price/EUR/m³)				(average price/EUR/m³)				(average price/EUR/m³)			
	1 st quart er	2 nd quart er	3 rd quart er	4 th quart er	1 st quart er	2 nd quart er	3 rd quart er	4 th quart er	1 st quart er	2 nd quart er	3 rd quart er	4 th quart er	1 st quart er	2 nd quart er	3 rd quart er	4 th quart er
Spruce sawlogs 18-24,9 cm					93,10	111,78	116,5	98,5	96,42	101,26	99,22	95,85	84,64	85,03	89,07	90,88
	76,19	75,61	107,13	102,89												
Spruce sawlogs 25-31,9 cm					97,03	119,19	114,83	97,86	97,36	101,49	99,07	96,24	86,5	87,98	92,70	96,06
	78,27	78,97	108,52	105,65												
Spruce sawlogs	77,19	77,43	111,20	100,05	86,59	110,16	113,96	96,93	97,79	100,43	98,8	96,46	86,21	87,71	89,07	95,87

32+ cm																	
Pine sawlogs																	
18- 24,9 cm	89,42	93,44	2	2	99,65	114,61	143,97	136,77	105,55	108,17	104,1	98,19	90,54	101,51	89,06	93,05	
Pine sawlogs																	
25- 31,9 cm	88,83	94,52	2	4	97,40	125,23	145,78	143,31	111,04	114,09	109,58	101,76	93,01	103,22	92,70	97,94	
Pine sawlogs																	
32+ cm	85,93	89,59	9	1	89,91	124,57	141,96	139,36	114,42	114,92	113,83	104,33	95,29	104,73	94,88	99,48	

2.4. Please indicate based upon which calculation principle has the average price been determined (simple arithmetic average, weighted average price, etc.)?

Weighted average prices (excluding spoilage logs).

2.5. Please indicate whether the above price of spruce and pine sawlogs also includes transportation costs for delivery to the buyer?

Yes, prices are quoted at the customer's site, with the delivery term DPU – Delivered at Place Unloaded (Incoterms® 2020).

What types of payments does the State Forest Management Centre make to the state budget, for example, dividends, payments for the use of state capital, non-standard tax, concession payments for the use of state assets, etc.?

RMK is a state-owned profit-seeking public institution whose activities are governed by the statute of the State Forest Management Centre³.

According to the §10 section 14) of its statute RMK has the obligation to transfer the amount determined by the Government of the Republic from the net profit to the state budget; (payment scheme established on 2009).

The profit distribution is taxed similarly to the profit distribution of corporates i.e. subject to the profit tax (Income Tax Act, §1 section⁴ (3).

RMK is subject to the VAT and social security tax at the terms similar to the typical business entities. There are no other distributions to the state budget. But to note here, that certain activities and obligations of the state (outside of the forest management) are performed by RMK (acquisition of properties with economic restrictions etc.)

³ [Riigimetsa Majandamise Keskuse põhimäärus–Riigi Teataja](#)

⁴ [Income Tax Act–Riigi Teataja](#)

What is the planned and actual amount of these payments in the period from the years 2022 to 2025?

Please provide information on contributions to the state budget in the table below (please select the appropriate payment types; please indicate contributions for the results of the relevant financial year, regardless of the year of disbursement).

	2022			2023			2024			2025
Payment type	Planned amount	Actual amount	Actual net profit, EUR	Planned amount	Actual amount	Actual net profit, EUR	Planned amount	Actual amount	Actual net profit, EUR	Planned amount
Dividends (e.g., % from the sum of net profit EUR etc.)		75 040 000 ⁵	Net profit: 138 352 000		119 600 000 ⁶	Net profit: 119 646 000 ⁷		35 482 000 ⁸	Net profit: 57 426 000 ⁹	35 482 000
Payment for using state capital, EUR								X		x
Non-standard tax, EUR								X		x
Concession payments for use of state assets, EUR								X		x
Other type (please specify), EUR										x

⁵ https://media.rmk.ee/files/RMK_majandusaasta_aruanne_2023.pdf (resource viewed 12.11.2025.).

⁶ https://rmk.ee/wp-content/uploads/2025/04/RMK_majandusaasta_aruanne_2024.pdf (resource viewed 12.11.2025.).

⁸ <https://valitsus.ee/uudised/valitsuse-131125-istungi-kommenteeritud-paevakord> (resource viewed 12.11.2025.).

Please indicate the principles/criteria used to determine the above-mentioned payments by the State Forest Management Centre into the state budget, including in which cases changes are made to the amount of these payments within the year?

The principles and criteria for determining the payments made by the State Forest Management Centre (RMK) to the state budget are defined by its statute and by state budgetary decisions.

Pursuant to Section 2 of the RMK Statute, RMK represents the state in the performance of its duties. Under Section 10(1) of the Statute, RMK has both the right and the obligation to generate income from its economic activities in order to maintain the state forest and to perform its public tasks. The remaining net result is transferred to the state budget in an amount determined by the Government of the Republic.

As a general principle, the remaining net profit is transferred to the state budget. The actual annual payment amounts are calculated and decided within the framework of the State Budget Strategy, based on multi-year financial projections. Specifically, the amounts are determined on the basis of five-year financial forecasts prepared for RMK.

Under the current State Budget Strategy for the period 2026–2029, the annual profit transfer amount is set at EUR 39.5 million. The profit distribution is subject to income tax at the rate of 22/78, which results in a total amount of EUR 50.6 million being transferred to the state budget.

Changes to the amount of payments within a year may occur in cases where RMK's actual profit significantly exceeds the projected results. This was the case in the years 2021–2024, when exceptionally high roundwood prices led to profits exceeding forecasts, and additional profit distributions were therefore decided on the basis of actual results.

It should also be noted that the owner's expectation establishing a 75% profit distribution ratio was adopted in August 2025. The current State Budget Strategy for 2026–2029 was approved in September 2025 and is based on the previous version of the owner's expectation, which did not specify a fixed distribution ratio. The transition to the 75% profit distribution principle will be discussed and decided in the context of updated financial projections for RMK and subsequent revisions of the State Budget Strategy during 2026.

In addition, part of RMK's net result is retained for ongoing investments, such as the construction of infrastructure and the acquisition of properties subject to management or environmental restrictions. These investment needs are taken into account when determining the actual level of profit distribution to the state budget.

We hope that the above provides adequate answers to the questions raised. Should you have any further questions or require additional clarification, please do not hesitate to contact us.

Yours sincerely,

Tarmo Hellat

Head of internal audit

⁸ <https://valitsus.ee/uudised/valitsuse-131125-istungi-kommenteeritud-paevakord> (resource viewed 12.11.2025.).

⁹ https://rmk.ee/wp-content/uploads/2025/04/RMK_majandusaasta_aruanne_2024.pdf (resource viewed 12.11.2025.).