

# FOREST ECONOMICS AND POLICY

## OVERVIEW

### FORPOLEC

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The policy arena in which forestry operates is changing rapidly. The multi-functional model of forestry, delivering economic, environmental, social and cultural benefits, which has been evolving throughout Europe, represents the new paradigm. Forestry is increasingly expected to deliver public benefits including recreation, landscape, water quality, biodiversity and carbon sequestration. Furthermore, the range of tradable goods and services generated in the forestry sector has expanded beyond timber production in Ireland to include, *inter alia*, cut foliage and marketed recreational activities. Alongside this, the ongoing reform of the Common Agricultural Policy, leading to the introduction of the Single Payment Scheme and the emergence of a new Rural Development Strategy, the ongoing review of the National Climate Change Strategy, and an overall downturn in the economy will have significant implications for the future of forestry in Ireland.

Key drivers behind the initiation of this programme included:

- The need for accurate information on the economic impacts of forestry for informed decision-making. Information is needed not only on the direct impacts of forestry at national level but also on the indirect impacts. Information on the regional and local economic impacts of forestry is also required. There is limited information on the values of the public goods provided by Irish forests, especially in relation to how these values differ under different management approaches.
- The need to identify the factors that influence afforestation levels in Ireland and to identify means by which these can be increased. It is an objective of government policy to increase the forest estate, the success of which is dependent on landowners' willingness to convert land to forestry. These afforestation targets are not being met so there is a need to explore the context in which decisions to afforest are made and to determine what steps can be taken to influence the afforestation decision.

The objectives of the programme are to determine:

- How policy changes are likely to affect afforestation levels and planting objectives of farmers.
- What is the value of public goods under different management scenarios?
- What is the impact of forestry on the national, regional and local economies?

This programme will:

- Provide an estimate of the value of all of the tradable goods of forestry. The direct and indirect contribution of these tradable goods and services to the national, regional and local economies will also be estimated.
- Address the valuation of the market and non-market functions of forestry, including timber, game hunting, marketed recreational activities, carbon sequestration, water quality, landscape and biodiversity impacts, as well as the non-marketed recreational activities. The valuations will, where possible, be associated with types of forest as differentiated on the following criteria, i.e. ownership, location, scale, management and species mix. This will yield strategic information by indicating the relative benefits of different types of forest as compared to other land uses.
- Identify strategies to encourage afforestation by farmers in the context of the changing policy environment.