Newforex

New ways to value and market forest externalities

Forest goods and services which are not marketed, but have value to many people other than the forest owners are referred to as **externalities**. Methods for assessing these values are incomplete, as is the understanding of who in society benefit the most from them. Furthermore, as forest externalities are not marketed, forest owners are not rewarded for providing them, and may thus take decisions that result in fewer of these goods and services than would be optimal for society.

Can we contribute to the increase of societies' welfare by developing new ways to enhance the provision of these non-marketed forest goods and services? We are trying to resolve this and other similar questions in the **NEWFOREX** project (New Ways to Value and Market Forest Externalities).

Because of the diversity of forests and societies in Europe, the NEWFOREX project focuses on five European case studies that show the variation of forest types and socio-economic context in Europe. In addition, there is a comparative case study in a fast developing country – Brazil.

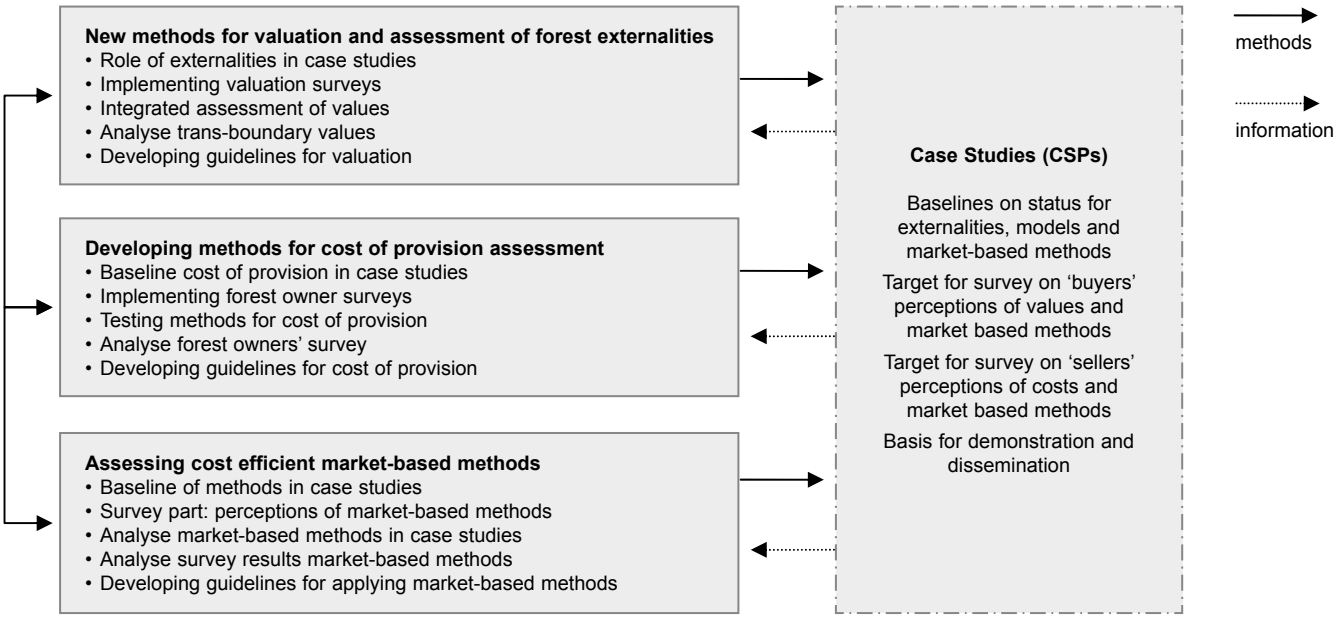
PROJECT OBJECTIVES

The ultimate objective of the NEWFOREX project is to provide new insights, empirical knowledge and methods that can support policymaking, forest owners and decision-makers concerned with the improved provision of currently non-marketed forest goods and services that are in increasing demand in many European contexts.

In this context NEWFOREX will provide methods for valuing non-marketed forest goods and services. These methods will take into account that these externalities are often jointly produced and accordingly any economic quantification should assess their value in an integrated way. Furthermore, NEWFOREX will also assess who benefits and where. This is important, as the likely buyers of any environmental service are to be found among the beneficiaries. For a buyer and provider to voluntarily engage in a transaction, whatever the market-based method, it is as important to know the cost of provision on behalf of the provider. Therefore, NEWFOREX will develop a methodology for assessing the cost of provision across several key externalities, again taking into account trans-boundary effects as well as forest owner motivations for making agreements on environmental services provision. Finally, NEWFOREX will assess a variety of market-based methods for the provision of selected externalities across the different case study contexts, including e.g. payment schemes and auctioning of contracts for environmental service provision, certification or (re-)definition of property rights.

NEWFOREX APPROACH

Across Europe there is a huge variation in forest types, landscapes in which forests are situated, degree of urbanisation, importance of forest goods and services, and socioeconomic context. Consequently, there are significant variations in the demand for, as well as the value of, forest externalities, their cost of provision and options for their marketing. Therefore the work of NEWFOREX is based on a set of carefully chosen European case studies representing a range of these variations, and in addition a developing country case study.



NEWFOREX CASE STUDIES

CASE STUDY	REGION (COUNTRY)	KEY FOREST EXTERNALITIES
Mediterranean region	Catalonia (Spain)	biodiversity, recreation, carbon sequestration, forest fires
Atlantic urbanized	Eastern Danish forest (Denmark)	water quality, recreation
Boreal region	Ruka-Kuusamo (Finland)	biodiversity, recreation/ tourism, carbon
Mountainous region	Veneto (Italy)	non-wood forest products, biodiversity, recreation
Central European region	Białowieża (Poland)	biodiversity, carbon
Developing country	Amazon (Brazil)	carbon, biodiversity, watershed

PROJECT PARTNERS

- University of Copenhagen
- Center for International Forestry Research
- Forest Technology Centre of Catalonia
- European Forest Institute, including EFIMED Mediterranean Regional Office
- Institut National de la Recherche Agronomique – Forestry Economics Laboratory
- Finnish Forest Research Institute
- University of Hamburg, Centre of wood Science
- University of Padova
- University of Warsaw
- European State Forest Association
- Confederation of European Forest Owners

NEWFOREX has 11 partners in seven European countries. It has an overall budget of almost 3.5 million euro, from which 2.7 million are contributed by the EU. The project is coordinated by the University of Copenhagen. Its duration is 4 years and it ends in November 2013.

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SEVENTH FRAMEWORK PROGRAMME

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