



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Book review

Choice Experiments Informing Environmental Policy – An European Perspective, edited by Ekin Birol and Phoebe Koundouri. Published by Edward Elgar, Cheltenham, UK, 2008, pp. xxii + 324, ISBN 1 84542 725 2.

Benefits derived from non-market environmental goods and services are important in policy decisions. A widely used and increasingly popular method to elicit values for those non-market commodities are choice experiments (CE). The book *Choice Experiments Informing Environmental Policy – An European Perspective* provides an interesting snapshot of state-of-the-art CE applications considering a broad range of issues. The book covers topics such as landscapes, food labelling, biodiversity, forests, noise pollution and water resources across the European Union (EU) including Finland, France, Greece, Ireland, Italy, Poland, Spain and the UK.

The editors' main objective for the book is to '... draw attention to the wealth and diversity of several recent state-of-the-art CE studies that have been undertaken in Europe in the last few years.' and to '... illustrate the role that choice experiments and environmental valuation can play in informing policy' using various EU-level policies and directives such as the Common Agricultural Policy, the Water Framework Directive, the Forestry Strategy or the Habitats Directive as examples. Broadly in line with these stated objectives, each case study not only describes the CE and the econometric analysis in detail but also discusses the relevant policy context and resulting policy implications.

Following a foreword by Adamowicz in Chapter 1, the editors Birol and Koundouri provide an introduction to CE and outline the advantages of CE over contingent valuation and revealed preference methods. This overview is especially helpful for the less experienced readers. However, this introductory chapter could have also benefited from a discussion of the challenges and problems involved in the application of CE.

In Chapter 2, information is provided about EU policies, regulations and directives and, against this background, the current literature on CE applications in the EU is reviewed. The editors cover a broad range of issues including agro-environmental, wildlife and nature conservation schemes; food labelling; water resource management; forest management; and green energy, environmental pollution and waste management. This review is a valuable contribution to the CE literature, useful to both practitioners and academics, and provides an informative base to reflect the case studies compiled for this book.

The following 11 chapters are thematically grouped by the issues examined. Chapters 3, 4, 5 and 6 involve case studies concerned with rural landscape management: Campbell, Hutchinson and Scarpa elicit the value the

Irish public associates with landscape improvements motivated by the Rural Environment Protection Scheme; Johns, Hanley, Colombo and Özdemiroğlu estimate the value the public derives from landscape attributes of Severely Disadvantaged Areas in England to evaluate potential revisions of the of the Hill Farm Allowance (a mechanism for payments to farmers); Dachary-Bernard assesses preferences of tourists, main and second home residents for landscape attributes in Brittany, France to inform the agri-environmental regulation embedded in the EU Common Agricultural Policy; and Loureiro and López study the value tourists attach to landscape rural heritage attributes in Galicia, Spain to inform policy-makers aiming to maintain sustainable agriculture and to protect rural landscapes according to the agri-environmental regulation embedded in the EU Common Agricultural Policy.

In Chapter 7, Kontoleon and Yabe provide a case study examining preferences for food production attributes of UK residents, with a special focus on GM animal feed to inform EU-level GM food labelling and food security policies.

Chapters 8, 9, and 10 are concerned with forestry resource management: Horne investigates the preferences for various policy instruments in forestry biodiversity conservation to advise the Forest Biodiversity Programme of Southern Finland, which is related to the UN Convention on Biological Diversity; Riera, Mogas and Bennett examine the value of forest attributes in Catalonia, Spain to inform afforestation programmes and subsidy schemes such as the Farmland Forestry Programme; and Christie and Hanley estimate the value of recreational attributes of forests in the UK to provide information for forest management policies, in particular the EU Forest Action Plan.

In Chapters 11 and 12 the focus turns to water resource management policies. In Chapter 11, Birol, Karousakis and Koundouri study use and non-use values generated by the sustainable management of a wetland in Northwest Greece, while in Chapter 12 they estimate trade-offs between flood risk reduction and habitat conservation in a catchment in Sosnowiec, Poland. Both studies are intended to inform policies such as the EU Water Framework Directive, EU Birds directive and EU Habitats Directive.

The final case study, presented in Chapter 13 by Nunes and Travisi, investigates the preferences for noise abatement of residents of Trento, Italy to evaluate noise reduction strategies related to an EU Directive concerned with noise management.

The volume finishes with concluding remarks by the editors. After a brief summary of the chapters, Birol and Koundouri highlight and discuss the theoretical advancements in the design, application and analysis of CE presented in the case studies such as the inclusion of psychometrics (Chapters 7 and 8); the consideration of equity concerns (Chapter 5); the use of sequential experimental design with an Bayesian update (Chapter 3); and accounting for preference heterogeneity. With respect to the latter, the case studies involve a range of approaches such as the use of the random parameter logit model

(Chapters 3, 4, and 12); the inclusion of interactions of sociodemographic characteristics with choice-specific attributes (Chapters 4, 5, 12, and 13); the application of the latent class model (Chapters 7 and 11) and separation of respondents into clusters (Chapters 5 and 8).

A feature of the book comes from the practical illustration of the role that choice experiments can play in informing current EU-level policies. The book provides an introduction to the role and challenges of environmental policy using demonstrative and current EU examples. The strength of the case studies lies in the wide array of issues addressed and the range of creative approaches adopted. In particular, the detailed presentation of alternatives in dealing with preference heterogeneity is informative and interesting. One of the outstanding characteristics of this book is the detail of the CE descriptions and the econometric analysis it provides. This is very helpful but often missing in journal articles. Also helpful are the elaborate literature reviews given not only in the introductory chapters but also in most of the case studies. These assist the interested reader to access the relevant literature.

However, the discussion of the advantages of the CE method over contingent valuation and revealed preference methods is somewhat one-sided. The book would have benefited from a more prominent discussion of the challenges and problems associated with CE. Furthermore, while presenting a broad range of differing issues, this volume passed up the chance to include more applications investigating preferences for non-use benefits, which is still a great challenge in non-market valuation.

In summary, the editors of *Choice Experiments Informing Environmental Policy – An European Perspective* present a valuable, cutting edge contribution to the evolving literature on the CE method as well as its role and implications in environmental policy. The book provides a well-organised collection of informative and accessible studies. It will be appealing for both practitioners and academics, which are interested or involved in CE and/or environmental policy.

GABRIELA SCHEUFELE

Australian National University

Canberra, Australia

Email: gabriela.scheufele@anu.edu.au