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Valuing and developing market-based mechanisms for enhanced forest amenities in private lands: The case of Ruka-Kuusamo, Finland

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Forestry has significant impacts on the quality of the forest landscape for recreation and nature-based tourism. In Finland, the rapid growth of nature-based tourism has expanded outdoor recreation activities from protected areas into timber production forests both in private and public lands, particularly so in northern Finland. This has created a demand for modifying current forest management regimes, especially regeneration practices aimed mainly at timber production. As landscape and recreational benefits mainly represent direct and indirect use values of forests, it is relevant to study the possibilities for creating a direct compensation mechanism between the potential buyers (tourists or tourism entrepreneurs) and providers (forest owners) for such services.

In this paper we first describe the main requirements for developing a Landscape and Recreational Values Trading scheme in Finland. Second, we present preliminary results from a recent choice experiment study that investigates foreign and domestic tourists' demand for and willingness to pay for enhanced forest amenities in private forests of the Ruka-Kuusamo area in northeastern Finland.

The results support the idea that tourists are willing to pay for selected improvements in the quality of outdoor recreation environments. Both foreign and domestic tourists were willing to pay for improvements in the quality of the forest landscape, in terms of a less frequent occurrence of clear-cutting and site preparation areas along the routes, as well as for increased biodiversity. Foreign tourists' willingness to pay was significantly higher than domestic tourists'. Neither group would be willing to pay for extended outdoor recreation routes or increased carbon sequestration, even though reductions in these services might mean a welfare loss.

Keywords: environmental benefits, non-timber forest services, choice experiment method, market-based mechanisms

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