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Scandinavian Forest Economics
No. 44, 2012



Proceedings of the Biennial Meeting of the
Scandinavian Society of Forest Economics
Hyytiälä, Finland, May 2012

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Compensations for temporary conservation contracts and private forest owners' timber income losses

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In Finland the Forest Biodiversity Programme for Southern Finland (METSO) aims to halt the decline in forest habitats and species and establish stable favorable trends in forest biodiversity by 2016. Forest protection in the context of the METSO Programme is based on voluntary actions by landowners, including both permanent and temporary measures. The aim of the study was to examine the timber income loss incurred to a private forest owner if she/he protects a forest site in METSO Programme for 10-year period. We also compared the timber income loss to the compensation that was actually paid for that particular forest site for a 10-year conservation contract.

The data of this study was gathered from regional units of the Finnish Forestry Centre. The data included detailed information of the most recent temporary METSO conservation contracts for 10-year period. Total number of conservation contracts analyzed in this study was 183. To calculate the forest owners' income loss for each forest site we used SuojeluMotti-program. SuojeluMotti-program is based on The Finnish Forest Research Institute's (Metla's) Motti-program, which is a stand-level analysis tool for forest management. SuojeluMotti-program uses net present value to calculate the economic impacts of different forest management decisions. We found that the compensation paid to the forest owner was in most cases significantly higher than the timber loss incurred during the contract period. The current compensation instrument used for 10 year period conservation contracts is based on the stand's stumpage value and do not include the expectation value for forthcoming loggings as the SuojeluMotti-programme does. That explains the differences between the actual compensation level and the estimated income loss.

This study is a part of Metla's research project: The monitoring of the impacts of the Forest Biodiversity Programme for Southern Finland (METSO 2008-2016). Full report (in Finnish): <http://www.metla.fi/julkaisut/workingpapers/2011/mwp207.pdf>