

The Economic Value of Forest Ecosystems

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- Abstract
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ABSTRACT Forest ecosystems are being degraded and lost because of rapid population change and economic incentives that make forest conversion appear more profitable than forest conservation. All ecological functions of forests are also economic functions. Many important forest functions have no markets, and hence, no apparent economic value, justifying the use of forest land for other purposes. Imputing economic values to nonmarketed benefits has the potential to change radically the way we look at all forests and to make the pendulum swing back from a presumption in favor of forest conversion to more conservation and sustainable use. This paper surveys what we know about forest economic values and draws policy conclusions from the now substantial literature that values nonmarket benefits of forests. Estimating economic values is not enough. The subsequent stage of policy is to design markets that capture the values—‘market creation’—ideally for the benefit of the many vulnerable communities that rely on the forests for their well-being. These conclusions support the wider argument for using effective economic instruments to promote conservation of the remaining forests. Forest loss involves: risks to human health; accelerated climate change; increased watershed disruption, adding to eutrophication in inland and coastal waters; loss of water quality; and loss of biodiversity.

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