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Forestry in a changing policy environment

PROJECT TEAM

Dr Áine Ní Dhubháin, University College Dublin *
 Dr Deirdre O'Connor, University College Dublin
 Stefanie Duesberg, University College Dublin

*Email: aine.nidhubhain@ucd.ie.

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BACKGROUND

The government's forest strategy, *Growing for the future* (DAFF 1996), laid out afforestation targets of 25,000 ha per annum to the year 2000 and 20,000 ha per annum thereafter, with the ratio of private to public planting to be 70:30. These targets have not been met and planting rates have fallen since 1996, reaching only 10,000 in 2005. Since its publication a number of reviews of the success of the strategy have been carried out (e.g. Clinch 1999; Bacon and Associates 2004; Malone 2008) and the policy environment in which forestry operates has changed substantially. Continued reforms of the Common Agricultural Policy (CAP) resulting in the introduction of the Single Payment Scheme, changes in rural development policy and climate change measures, all influence afforestation policy and practices. There is a need therefore to explore the influences of these policy measures for forestry as well as a need to understand better the decision-making environment of farmers and more specifically to influence it.

OBJECTIVES

- Compare the relative returns from forestry and a number of different agricultural systems in the light of the introduction of the Single Payment Scheme (SPS) and analyse the impact at the level of the individual farmer and the wider economy;
- Examine the implications of the forestry-related measures to be introduced under the Rural Development Regulation (RDR) in Ireland for both the sector itself (including Coillte) and the wider economy, including, *inter alia*, the impact of revised payment rates for afforestation and the introduction of more specific 'forest-environment' payments;
- Explore the factors influencing a farmer's decision to plant using a combination of quantitative and qualitative research methods;
- Determine the impact of these reforms and farmers attitudes on land availability for forestry;
- Identify strategies to encourage afforestation by farmers in the context of the changing policy environment.

PROGRESS

Much of the work of the initial phase of the project has been to undertake an extensive review of:

- policies that influence land use, but specifically forestry, including the Rural Development Programme, the Single Payment Scheme and related EU policies;
- the literature relating to decision-making by landowners regarding the use of their land.

Reviewing the literature revealed that two groups of decision-makers operating in Irish forestry can be separated: farmers on the one hand and the public forest sector and forest companies on the other. They can be distinguished by the different policy framework they are operating in and other factors prevailing in their decision-making process. Therefore in the further progress of the project the influential policy framework and the factors influencing the decision-making of these two groups will be examined separately.

In order to explore the financial arena in which Irish farmers make decisions regarding afforestation, a net present value (NPV) exercise was undertaken to compare the relative returns from a number of agricultural systems and a forestry enterprise taking account of the introduction of the Single

Payment Scheme (SPS). This work will be extended to examine the gross margins from various agricultural systems and the cash flows from forestry enterprises and will account for changes arising from the introduction of the SPS, the Rural Development Strategy and other policy developments.

ACTIVITIES PLANNED

- *Examine farmers' decision-making processes.* Using a qualitative method, for example semi-structured interviews, farmers shall be asked about the reasons for their land use decisions with regard to forestry. Farmers with and without forests will be approached as will farmers of different farming enterprises;
- *Explore the impact of these factors.* Using the results of the interviews, a questionnaire will be designed and issued to farmers of all farming enterprises and to farmers with and without forests. With the help of this quantitative study, structural patterns underlying the decision-making process of farmers can also be revealed;
- *Examine the decision-making process of state forestry bodies and forestry companies and the factors influencing the process.* Hold discussion group meetings comprising a cross-section of decision-makers in state bodies and companies.

OUTPUTS

Duesberg, Stefanie. 2008. *Trees, beef or sheep? A comparison of the profitability of forestry and two agricultural land use systems in Ireland by their Net Present Values of bare land.* Unpublished working paper. Available from stefanie.duesberg@ucd.ie.

Presentation of the project status at the Teagasc Forest Economics workshop in Athlone, 15 October 2008.

References

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- DAFF, 1996. *Growing for the future. A strategic plan for the development of the forestry sector in Ireland.* Stationery Office, Dublin.
- Malone, J. 2008. *Factors affecting afforestation in Ireland in recent years.* Report for the Minister for State for Forestry. /www.agriculture.gov.ie/forestry/publications/JMReptRev5(MC-050308).doc