

Metla

SEMINAARI

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(päärakennuksen auditorio)

Sepul K. Barua (Helsingin yliopisto):

OPTIMAL NATIONAL POLICIES FOR TROPICAL FOREST RESOURCES UNDER CARBON CREDIT MARKETS

This paper studies the optimal policies in terms of land income tax and carbon compensation under the carbon credit market to attain a socially optimal stock of tropical forests. A multi-level carbon compensation model is built, incorporating both an international and a national compensation level. The model highlights the fact that carbon compensations would increase the value of a standing forest and also create option values for the future. It is also demonstrated that in most cases, an effective carbon compensation policy exists for national governments to enforce socially optimal levels of deforestation, and that an international carbon compensation scheme should take into account existing policies affecting deforestation at the national level. In addition, our results show that a tendency toward decreased deforestation is connected to increasing wealth levels and a high preference for intergenerational equity.

Jussi Lintunen (Metla):

TIMBER SUPPLY AND MEAN-REVERTING PRICES **(Puun tarjonta ja stokastiset hinnat)**

The paper presents a forest owner level model of timber supply under mean-reverting stochastic prices. The premise of the model is that the observed price process yields all the relevant information for the decision maker. The structure of the model allows for analysis of the short-run timber supply under stochastic prices. The model is applied in numerical simulations where the mean-reverting price process is investigated. The results show that with certain values of parameters of the price process the supply behavior does not comply with the assumption of market-clearing.

Tervetuloa !

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