Nature loss 'dwarfs bank crisis'  

By Richard Black  
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The global economy is losing more money from the disappearance of forests than through the current banking crisis, according to an EU-commissioned study.

It puts the annual cost of forest loss at between $2 trillion and $5 trillion.

The figure comes from adding the value of the various services that forests perform, such as providing clean water and absorbing carbon dioxide.

The study, headed by a Deutsche Bank economist, parallels the Stern Review into the economics of climate change.

It has been discussed during many sessions here at the World Conservation Congress.

Some conservationists see it as a new way of persuading policymakers to fund nature protection rather than allowing the decline in ecosystems and species, highlighted in the release on Monday of the Red List of Threatened Species, to continue.

Capital losses

Speaking to BBC News on the fringes of the congress, study leader Pavan Sukhdev emphasised that the cost of natural decline dwarfs losses on the financial markets.

"It's not only greater but it's also continuous, it's been happening every year, year after year," he told BBC News.
Teeb will... show the risks we run by not valuing [nature] adequately."
Andrew Mitchell
Global Canopy Programme

"So whereas Wall Street by various calculations has to date lost, within the financial sector, $1-$1.5 trillion, the reality is that at today's rate we are losing natural capital at least between $2-$5 trillion every year."

The review that Mr Sukhdev leads, The Economics of Ecosystems and Biodiversity (Teeb), was initiated by Germany under its recent EU presidency, with the European Commission providing funding.

The first phase concluded in May when the team released its finding that forest decline could be costing about 7% of global GDP. The second phase will expand the scope to other natural systems.

Stern message

Key to understanding his conclusions is that as forests decline, nature stops providing services which it used to provide essentially for free.

So the human economy either has to provide them instead, perhaps through building reservoirs, building facilities to sequester carbon dioxide, or farming foods that were once naturally available.

Or we have to do without them; either way, there is a financial cost.

The Teeb calculations show that the cost falls disproportionately on the poor, because a greater part of their livelihood depends directly on the forest, especially in tropical regions.

The greatest cost to western nations would initially come through losing a natural absorber of the most important greenhouse gas.

Just as the Stern Review brought the economics of climate change into the political arena and helped politicians see the consequences of their policy choices, many in the conservation community believe the Teeb review will lay open the economic consequences of halting or not halting the slide in biodiversity.

"The numbers in the Stern Review enabled politicians to wake up to reality," said Andrew Mitchell, director of the Global Canopy Programme, an organisation concerned with directing financial resources into forest preservation.

"Teeb will do the same for the value of nature, and show the risks we run by not valuing it adequately."

A number of nations, businesses and global organisations are beginning to direct funds into forest conservation, and there are signs of a trade in natural ecosystems developing, analogous to the carbon trade, although it is clearly very early days.
Some have ethical concerns over the valuing of nature purely in terms of the services it provides humanity; but the counter-argument is that decades of trying to halt biodiversity decline by arguing for the intrinsic worth of nature have not worked, so something different must be tried.

Whether Mr Sukhdev's arguments will find political traction in an era of financial constraint is an open question, even though many of the governments that would presumably be called on to fund forest protection are the ones directly or indirectly paying for the review.

But, he said, governments and businesses are getting the point.

"Times have changed. Almost three years ago, even two years ago, their eyes would glaze over.

"Today, when I say this, they listen. In fact I get questions asked - so how do you calculate this, how can we monetize it, what can we do about it, why don't you speak with so and so politician or such and such business."

The aim is to complete the Teeb review by the middle of 2010, the date by which governments are committed under the Convention of Biological Diversity to have begun slowing the rate of biodiversity loss.

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