

# Ecosystem services production efficiency of longleaf pine under changing weather conditions

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## Introduction

- 1) Southern US forests forest dominate the landscape and provide critical ecosystem services:
  - 87 million hectares, 28% of total US forestlands
  - provide 2/3 of the timber harvested in the US
  - potential to sequester nearly 1/4 of the region's greenhouse gas
  - produce 34% of the water yield in the region
  - host >1,000 native terrestrial vertebrate species
- 2) The provision of these forest ecosystem services may be at risk from changing weather conditions:
  - decrease in water availability
  - increase losses in species extinction
  - increase in frequencies of fires, pests, winds
  - However, the productivity of forestlands may be benefited with higher concentrations of CO<sub>2</sub>
- 3) Forestry: a well-known example of a joint production process in which the supplies of ecosystems services are interlinked
  - e.g. planting more trees per area: more C sequestration and pulpwood production reducing the availability of water for streamflow
- 4) Analysis of the efficiency in use of natural resources provides critical information for the formulation of natural resource management and environmental policies
- 5) Efficiency: maximum amount of ecosystem services that can be produced given a combination of inputs)
- 6) We use a parametric approach to estimate the efficiency in the production of forest ecosystem services known as stochastic frontier analysis (SFA) in the Southern US
- 7) SFA from an output perspective, determines the maximum amount by which a joint-production of outputs can be expanded with a given input vector

## Objective

- 1) Assessment of the forest management on the efficiency performance in the joint production of timber, carbon sequestration, biodiversity, and water yield
- 2) We also analyze the effects of changing weather variables, age of the forests, and others on the production of ecosystem services
- 3) We select longleaf pine (*Pinus palustris* Mill) forests for our modeling context since they play a critical role in the provision of ecosystem services

## Methodology

1) SFA can be specified as follows:

$$y_{jit} = f(x_{it}, y_{it}, c_{it}; \alpha, \beta, \gamma) + v_{it} - u_{it}$$

$$u_{it} = \rho z_{it} + w_{it}$$

$y_{jit}$ :  $j$ th output, unit  $i$  (1,2,...,N) at time  $t$  (1,2,...,T)

$x_{it}, y_{it}$ : vector of  $k$  inputs and  $m$  outputs

$c_{it}$ : vector of  $l$  exogenous

$v_{it}$ :  $N(0, \sigma_v^2)$ ;  $u_{it}$ :  $N^+(\rho z_{it}, \sigma_u^2)$

$\alpha, \beta, \gamma, \rho$ : vectors of unknown parameters

$z_{it}$ : vector of variables that explains the inefficiency  $w_{it}$ :

random variable  $(0, \sigma^2)$ ;  $w_{it} \geq -\rho z_{it}$

2) We use longleaf pine plots (FIA data) in AL, FL, GA, MS, NC, and SC

3) We employ a translog function to model SFA

4) Historical (1950- 2005) temperatures and precipitation and future (RCP8.5; 2050-2100) obtained from MACA dataset

## Results

- 1) Translog functions are statistically significant (Table 1)
- 2) Most of the variation (around 90%) is attributed to differences in the efficiency to produce ecosystem services
- 3) Increased productivity of forests and tree density would reflect a decrease in the total production of ecosystem services.
- 4) Inherent tradeoffs in the concomitant production of forest ecosystem services
- 5) Joint production of ecosystem services is less efficient under private versus public owned longleaf pine forests
- 6) Forest plots with evidence of damage and silvicultural interventions tend to be more efficient
- 7) Technical efficiency is reduced by 8.9% with future weather conditions, ranging between 33.0% and 98.5%
- 8) Efficiency being reduced by 3.1% and 2.8%, respectively per 1 Celsius degree increase; however, for a 100-mm increment in precipitation, the efficiency is reduced by 7.6%

## Conclusions

- 1) SFA functional form employed is significant, indicating the presence of inefficiency in the production of ecosystem services
- 2) The technical efficiency in the concomitant production ecosystem services can be reduced on average by 8.9% with increased levels of temperatures and precipitation.
- 3) The production of certain ecosystem services may be reduced with increased forestry inputs
- 4) Silvicultural guidelines that favor the production of certain ecosystem services at the expense of others should be considered with a degree of caution.
- 5) Recognizing the production of ecosystem services as a bundle presents a challenge
- 6) Land managers and researchers must recognize the inherent tradeoffs between ecosystem services
- 7) Forest policy makers must explicitly consider landowners' objectives in the context of ecosystem services tradeoffs to develop socially-optimal forest management programs that appropriately incentivize the production of ecosystem services

Table 1. Some of the parameter estimates of the SFA model

| Parameter                  | Variable  | Scenario A -Historical |        | Scenario B -RCP8.5 |        |
|----------------------------|---|------------------------|--------|--------------------|--------|
| Dependent variable $y_1$   | Rich  |                        |        |                    |        |
| <b>Stochastic frontier</b> |   |                        |        |                    |        |
|                            |   | Coefficient            | SE     | Coefficient        | SE     |
| $\beta_0$                  | Constant  | -0.8000*               | 0.0255 | -0.1371            | 0.1277 |
| $\beta_1$                  | $\ln Vol/Rich$                                    | -0.0355*               | 0.0018 | 0.0251*            | 0.0055 |
| $\beta_2$                  | $\ln Carbon/Rich$                                 | -0.0953*               | 0.0045 | -0.3845*           | 0.0130 |
| $\beta_3$                  | $\ln Water/Rich$                                  | -0.8654*               | 0.0042 | -0.6076*           | 0.0127 |
| $\alpha_1$                 | $\ln Site$  | -0.0746*               | 0.0104 | -0.0943*           | 0.0327 |
| $\alpha_2$                 | $\ln Tree$  | -0.0383*               | 0.0014 | -0.0221*           | 0.0045 |
| $\alpha_3$                 | $0.5 * \ln Site^2$                                | -0.0101                | 0.0373 | -0.3804*           | 0.1010 |
| $\alpha_4$                 | $0.5 * \ln Tree^2$                                | -0.0161*               | 0.0012 | -0.0138*           | 0.0037 |
| $\alpha_5$                 | $0.5 * \ln Site * \ln Tree$                       | 0.0412*                | 0.0110 | 0.1002*            | 0.0348 |
| $\alpha_6$                 | $t * \ln Site$                                    | 0.0023*                | 0.0006 | -0.0023            | 0.0024 |
| $\alpha_7$                 | $t * \ln Tree$                                    | -0.0005*               | 0.0001 | 0.0015*            | 0.0004 |
| <b>Heterogeneity</b>       |   |                        |        |                    |        |
| $c_1$                      | $Tmin$  | -0.0012                | 0.0094 | 0.2009*            | 0.0420 |
| $c_2$                      | $Tmax$  | -0.0384                | 0.0286 | 0.0664             | 0.1209 |
| $c_3$                      | $Pp$  | 0.8620*                | 0.0065 | 0.2419*            | 0.0290 |
| $c_4$                      | $Age$   | 0.0240*                | 0.0044 | -0.2503*           | 0.0123 |
| $c_5$                      | $AL$  | -0.0169*               | 0.0034 | -0.1071*           | 0.0133 |
| $c_6$                      | $FL$  | 0.0156*                | 0.0032 | 0.0041             | 0.0125 |
| $c_7$                      | $GA$  | 0.0181*                | 0.0029 | -0.0359*           | 0.0099 |
| $c_8$                      | $MS$  | -0.0308*               | 0.0039 | -0.1163*           | 0.0153 |
| $c_9$                      | $NC$  | 0.0031                 | 0.0032 | -0.0037            | 0.0110 |
| $c_{10}$                   | $t$   | -0.0119*               | 0.0034 | 0.0256***          | 0.0133 |
| $c_{11}$                   | $t^2$   | 0.0042*                | 0.0011 | 0.0130*            | 0.0043 |
| <b>Inefficiency</b>        |   |                        |        |                    |        |
| $\rho_0$                   | Constant  | -4.3809*               | 0.1370 | -4.9088*           | 0.2769 |
| $\rho_1$                   | $Own$   | 0.3460*                | 0.0610 | 0.2641*            | 0.0770 |
| $\rho_2$                   | $Treat$   | -0.2736*               | 0.0612 | -0.0327            | 0.0784 |
| $\rho_3$                   | $Damage$  | -0.1309**              | 0.0570 | -0.0923            | 0.0718 |
| $\rho_4$                   | $t$   | 0.5689*                | 0.0399 | 0.9867*            | 0.0715 |
| <b>Variance parameters</b> |   |                        |        |                    |        |
| $\sigma_u$                 |   | 0.1777*                |        | 0.1971*            |        |
| $\sigma_v$                 |   | 0.0224*                |        | 0.0687*            |        |
|                            | $\gamma = \sigma_u^2 / (\sigma_u^2 + \sigma_v^2)$ | 0.9844                 |        | 0.8915             |        |
| Log-Likelihood             |   | 4537.431               |        | 1690.1367          |        |
| Wald-Chi square test (36)  |   | 699547.390*            |        | 62141.92*          |        |
| No of observations         |   |                        |        | 2396               |        |

\*\*\*, \*\* Significant levels at 0.01, 0.05 and 0.1, respectively.

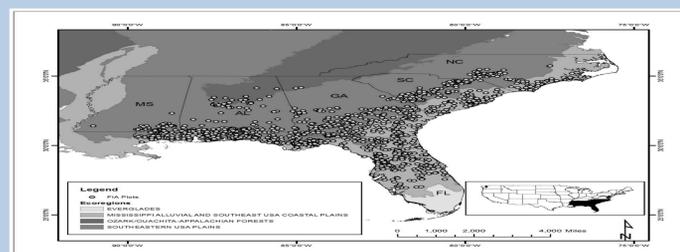


Fig. 1. Location of Forest plots

