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Forestry investors to get carbon windfall

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IRISH Forestry Services (IFS) expects to benefit from a major carbon sequestration windfall, it said yesterday. The potential windfall was identified by the Bacon Report into Irish forestry and points to an additional €1.8m return to investors on every 1,000 hectares planted.

According to IFS, the Bacon Report quotes a mid point value for carbon sequestration of €17.50 per tonne. "On that basis the Irish forestry shareholders may achieve a windfall of €8.8m for the life of the forest crop rotation based on 100 tonnes of carbon per hectare.

"This suggests that for every 1,000 hectare owned by the shareholders their worth will increase by €1.77m," it said. This windfall is in addition to a projected rate of return of 9pc of the amount invested, coupled with EU and Government grants.

IFS are Ireland's largest forest asset managers and are responsible for approximately 4pc of Ireland's annual afforestation levels.

Established in 1997, the company currently manages forest assets in excess of €50m on behalf of 12,500 investors in the ten-year Forestry Investment Plans which followed a series of 30-year Forestry Funds.

IFS marketing director Paul Brosnan said it has seen a phenomenal growth in the demand for private forestry investment since the launch of the first Irish Forestry Fund in 1997.

"The demand has continually exceeded the level of investment available. Over the last 18 months we are responsible for an injection of €18m into forestry plantations in Ireland," he said.