

Briefing Paper: What is Natural Capital?

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What is it?

Natural Capital can be defined as the world's stocks of natural assets which include geology, soil, air, water and all living things.

Why does it matter?

Natural Capital is essential for "Ecosystem Services", for example a forest would be an example natural capital and the ability of that forest to cleanse the air and remove CO₂ would be an ecosystem service. Natural capital provides beneficial services and if we remove natural capital we would then have to do additional things to compensate for the loss.

Why is Natural Capital removed?

Typically, natural capital is removed for a short-term gain. For example, a forest may be cut down for timber which could be sold, a wildflower meadow could be used for houses and rivers can be diverted or blocked for industrial uses.

If these things are not done in a careful way the short-term gain will be easily overcome by the long term consequences. For example, a loss of pollinators would mean that more chemicals may need to be used to increase crop yields. These are expensive and the chemicals can run into water courses which then need treated and altered to return them to their original state. Professor Johnes, from Bristol University, suggested that the annual costs of fertiliser loss in UK lowland farming could be £10,000-£20,000 per km², while [studies reported](#) that the total loss across the EU from nitrogen pollution could be up to €18bn.⁹² Pollinators are worth \$200 billion to the economy, but no one directly profits from them the way a developer would if they built houses on a meadow. Destroying natural capital for a short term gain is a hugely damaging and reckless practice. In some countries, with poor water supplies, entire aquifers are drained causing subsidence and earthquakes as the land collapses and destroys entire regions.

A loss of natural capital is often a result of a lack of understanding. Often people don't see an environment as having a financial value but it does provide services which, if removed, would be expensive to replace.

Is it unavoidable?

Lots of new developments will impact on natural capital but a full environmental impact assessment done beforehand should be able to tell you what the impact would be and whether the damage would be critical. Building on barren empty land is of course preferred in most cases but this is not always possible and understanding your impact is crucial as you may be creating future problems. Often the effects of natural capital loss might not be seen for some time or might be seen in a different area depending on what you have removed or altered.

Further Reading

- [World Forum on Natural Capital](#)
- [UK Natural Capital Committee](#)
- [Natural Capital Initiative](#)
- [Natural Capital Coalition](#)