

Organic farming at the heart of the rural development policy

The example of Austria

Ika Darnhofer

Abstract - With about 10% of all Austrian farms being certified organic, Austria has one of the highest rates of organic farms in the European Union. Organic farms receive payments within the agri-environmental programme (AEP). With about 78% of farms participating in the AEP, Austria is also leading the field in the EU. The high participation rates can be seen as a result of a successful Austrian agricultural policy which aims to reconcile agricultural production, environmental protection, social cohesion and rural development. The orientation of farming towards the provision of environmental amenities may be indicative of future farm strategies, which are increasingly focused on broader rural development activities.

BRIEF CHARACTERISATION OF AUSTRIAN FARMS

Austrian agriculture is predominately based on family farms (total: 190.382 farms receiving payments). With an average 17 ha of agricultural area, Austrian farms are somewhat smaller than the average farm in the EU (19 ha), and much smaller than the average in Germany (36 ha), France (42 ha), Denmark (50 ha) or the UK (68 ha). About 69% of the total agricultural area is located in Less Favourable Areas and 58% of agricultural land is located in mountainous areas. Statistik Austria classifies 60% of farms as part-time farmers, i.e. farmers who spend more than half of their working hours on non-farming related activities. On average, 53% of the farm family income stems from agriculture and forestry and 47% from other sources such as off-farm employment, child benefit payments or pensions.

RURAL DEVELOPMENT IN AUSTRIA'S AGRICULTURAL POLICY

Given the problems linked to capital-intensive modernised farming, the fact that much of Austria is not located in areas favourable to agriculture, and the fact that farms, especially in mountain areas, are the key to preserving the cultural landscape which is important to tourism, Austria has placed a strong emphasis on rural development, i.e. the 'second pillar' of the CAP. The multi-functionality of agriculture is central: agriculture is no longer understood as primarily producing food and feed commodities. The goal is to reembed farms in their wider rural

context, so that they can make a significant contribution to rural development by responding imaginatively to the new needs of the wider society, such as speciality food produced on-farm, leisure services and environmental amenities.

The Rural Development Policy of the EU encompasses several instruments, such as measures to support the competitiveness of agriculture, Agri-Environmental Programmes (AEP), compensatory allowances for Less Favoured Areas and structural measures in rural areas. Understanding how to achieve a high participation rate in a voluntary programme such as the AEP could indicate a way forward for agriculture by supporting the provision of environmental services as a farm development strategy. The participation rate in Austria's AEP has been high ever since its implementation in 1995, when Austria joined the EU. Currently, 78% of Austrian farms participate, representing 89% of the national agricultural area. This compares to 25% of the total agricultural area in the EU-15 covered by agri-environmental contracts.

The Austrian AEP, commonly referred to as ÖPUL², was designed as an all-embracing policy framework, where Austria aimed at taking advantage of the options listed in Reg. (EC) 2078/92. The master strategy behind the ÖPUL is to support an ecologically and socially sound agriculture, based on family farms, and comprehensively covering all rural areas. The ÖPUL is offered to all privately-owned farms with a minimum size (2 ha, unless a farm grows at least 0.25 ha of specific crops, e.g. strawberries, flowers, fruit trees, vineyards, and/or herbs, in which case the minimum size is 0.5 ha).

Since joining the EU, Austria focuses its public resources to support for the socio-economic development of rural areas and the environmental management functions of agriculture, and no longer to support markets and prices of agricultural goods. The emphasis is illustrated by the relative weights for each pillar in the budget: as the figure below shows, some 19% of the overall EU agricultural budget for the year 2004 was allocated to the 'second pillar', where as in Austria 64% of the budget was allocated to rural development (see Fig. 1).

Ika Darnhofer works at the Institute of Agricultural and Forestry Economics of the University of Natural Resources and Applied Life Sciences, A-1180 Vienna, Austria (ika.darnhofer@boku.ac.at).

² ÖPUL is the German-language acronym for the full title of the programme, which can be translated as "Austrian programme to promote agricultural production methods compatible with the requirements of the protection of the environment, extensive production and the maintenance of the countryside"

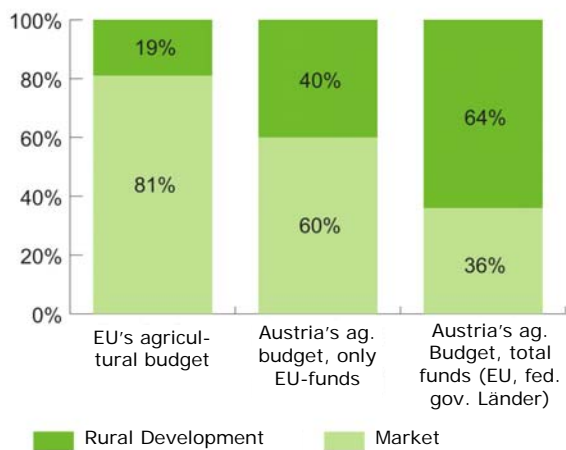


Figure 1. Relative composition of the budget for agriculture in 2004.

Source: BMLFUW, BABF

This comparison illustrates the strong national commitment to making funds available for rural development, with a focus on environmental measures (see Fig. 2). Indeed, the ÖPUL receives 62% of the budget allocated to the Rural Development Policy in the year 2005.

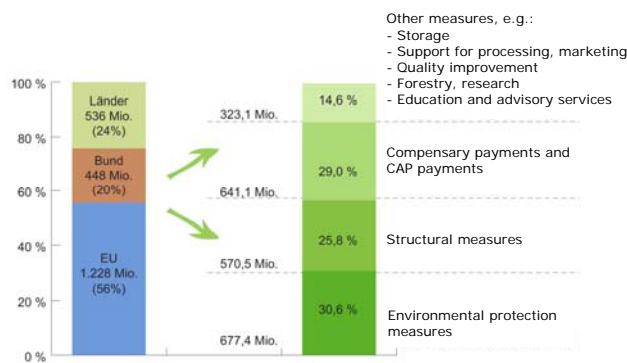


Figure 2. Use of the budget for agriculture in 2004 (total: 2.212,2 Mio Euro = 100%)

Source: BMLFUW, BABF

ORGANIC FARMING'S PLACE IN THE AEP

The current ÖPUL includes 32 measures. The measures operate at different scales, ranging from whole-farm measures to measures impacting individual wildlife habitats. A number of them can be implemented simultaneously, so that each farmer can

select the 'menu' of measures relevant to the agricultural practices and environmental concerns on his/her farm. When the 'basic measure' is selected, it has to be combined with at least two other measures. Most measures can only be selected in combination with the 'basic measure' so that only a very few can be implemented in isolation. Organic farming is one of the most important measure within the ÖPUL (see Table 1).

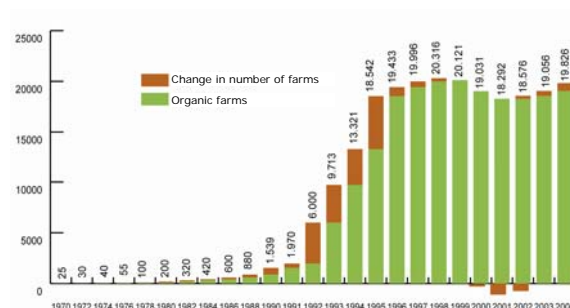


Figure 3. Number of organic farms in Austria 1970-2004.

Source: BMLFUW, BABF

The strong growth of organic farming in Austria (see Fig. 3) is directly linked to the introduction of the ÖPUL: the biggest growth in the number of organic farms takes place in the years where Austria was preparing for EU-accession and the policy debates taking place at the time gave strong indications that organic farming would be strongly supported by the agricultural policy so as to offer family farms, especially in less favoured areas, a strategy to survive within the competitive market of the EU.

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Table 1: The five most important measures in the Austrian Agri-Environmental Programme (ÖPUL) in terms of payments and total endowment in 2004

Measure	Payments (in million €)	Area covered (in ha)	Number of farms participating
Basic measure	101.00	1,998,292	119,231
Greening of arable land in autumn and winter	97.85	1,088,371	57,846
Organic farming	90.62	309,325	18,292
Renunciation of yield increasing inputs on grassland	68.86	446,890	48,328
Reduction in yield increasing inputs on arable land	61.68	497,108	37,575
Total endowment	642.01	2,714,202 ¹	134,114

Source: BMLFUW (2005) ¹ Area including Alpine pastures. Excluding Alpine pastures: 2,263,457 ha