

AUSTRIA

AGRICULTURE

a) The Austrian Agricultural Policy

The official goals of the Austrian agricultural policy are set forth in the Agriculture Act of 1992. In consideration of the Common Agricultural Policy (CAP) of the European Union its objectives are

- to preserve a viable, economically sound, farm-based agriculture in an intact rural area;
- to promote the manifold earning and employment combinations between agriculture and other economic sectors;
- to encourage market-oriented production, processing and marketing;
- to support agriculture in order to enable it to balance natural disadvantages compared
- to other branches of the economy, to safeguard optimum supply of the population with high quality food and raw materials and the natural assets of soil, water and air, to preserve and shape the cultural and recreational landscape and to support the protection against natural hazards.

In this, the maintenance of family farms, a wide ecological orientation and the further development of the economic capacity of agriculture are playing a key role. Attention is also paid to the growing importance of extra-agricultural income combinations, better compensation of non-productive services through direct payments as well as a stronger orientation towards entrepreneurial initiatives in the agricultural sector.

As for other sectors of the economy, regulatory measures in agriculture are also for the greater part based on specific legislation. In addition, also non-agricultural laws have impacts on the margin of the agricultural policy. The second main pillar of agricultural policy is rural development, which, since Austria's accession to the European Union, is primarily designed within the framework of the Common Agricultural Policy.

The main “actors” of the Austrian agricultural policy

1. Federal Ministry of Agriculture, Forestry, Environment and Water Management

The Federal Ministry of Agriculture, Forestry, Environment and Water Management is responsible for the all-European orientation and the harmonisation of the agricultural policy within the framework of the Common Agricultural Policy of the European Union. Its tasks are regulated in the Federal Ministries Act and comprise activities in the fields of agricultural subsidisation, agricultural extension, education and research, market organisation, trade policy, etc.

The so-called “Green Report”, a separate report on the situation of agriculture published annually, provides ample information about the consequences of the Austrian agricultural policy, the situation of agriculture within Austria's national economy, agricultural subsidies as well as the economic situation of agriculture.

In matters concerning the Common Agricultural Policy the Republic of Austria is represented in the EU Council by the Federal Minister for Agriculture, Forestry, Environment and Water Management. He is first and foremost responsible for the national implementation of the *acquis communautaire*, the agricultural market policy, the agricultural structural policy and the accompanying measures, as well as for the remaining national subsidisation activities (provided they do not fall within the competence of a Federal Province).

2. Offices of the Provincial Governments

The Republic of Austria comprises nine autonomous Provinces (also called the “Laender”) and more than 2000 municipalities. Due to this federalist structure agricultural and forestry

tasks are carried out also by the Federal Provinces, predominantly by the agriculture departments of the Offices of the Provincial Governments. The focus is on the implementation of support measures for agricultural and forestry enterprises and on the improvement of the entire infrastructure in rural areas.

The Federal Provinces provide considerable funds for these subsidies every year and therefore make an important contribution to the development of agriculture and forestry in Austria.

3. Chambers of Agriculture

Like other occupational groups Austrian farm families also have a legally established representation of interest in all Federal Provinces, the Chambers of Agriculture. The federal Chambers of Agriculture are linked by an umbrella organisation, the Austrian Chamber of Agriculture, which acts as a coordination body.

Whereas advice to farmers, tasks delegated by regional or national administrations and the representation of interest are of about equal standing in the Chambers of Agriculture, the Austrian Chamber of Agriculture focuses clearly on farm advice and tasks delegated by the national and regional governments, as well as the representation of interest, in particular vis-à-vis all Austrian institutions and at European level.

All self-employed persons active in agriculture and/or forestry as well as the members of their families working with them are by law members of the Chambers of Agriculture. They have the right to make use of the services of the Chambers of Agriculture without paying for them and to elect its representatives, and the duty to ensure the financing of the expenses of their Chambers by levy contributions. Candidate groups are predominantly political parties or their sub-organisations.

The Austrian Chamber of Agriculture represents its members in various economic institutions, e.g. in the market organisation agency Agrar Markt Austria, but also in many commissions, advisory committees and scientific institutions. Since Austria's accession to the European Union the Chamber of Agriculture is also a member of COPA, the Committee of Professional Agricultural Organisations in Europe. In this way it is also in a position to represent the interests of Austria's agriculture and forestry throughout Europe.

A particularity of Austrian economic policy is the voluntary cooperation of the four major representations of interest (Austrian Chamber of Agriculture, Austrian Economic Chamber, Federal Chamber of Labour, Austrian Federation of Trade Unions), which exists since 1957. Important economic decisions are taken and bases for decision-making for public bodies are worked out in this typically Austrian institution called "Sozialpartnerschaft" (social partnership).

4. Agrarmarkt Austria (AMA)

In 1993 Agrar Markt Austria (AMA) was founded, on the one hand to execute the agricultural market regulations, on the other hand to carry out agricultural marketing. Furthermore, AMA is also responsible for the payment of premiums and subsidies.

Being a market organisation and intervention body AMA is a corporation under public law and administers public funds. However, legislation also provides for AMA's task to enhance the marketing of domestic foods which is financed through marketing contributions.

This task is carried out by a subsidiary of AMA, the "Agrarmarkt Austria-Marketing GmbH". It develops marketing and advertising strategies for Austrian agricultural products in Austria

and abroad and at the same time takes quality-enhancing measures like the “AMA-Gütezeichen” (AMA quality label).

5. Österreichische Agentur für Gesundheit und Ernährungssicherheit GmbH (Austrian Agency for Health and Food Safety)

By order of the Republic of Austria the Austrian Agency for Health and Food Safety, AGES, carries out diverse tasks related to food safety. It inspects and issues appraisals in accordance with the Austrian Food Act, it conducts investigations in the field of veterinary medicine and works to fight and prevent infectious diseases in humans.

As of June 2002 18 federal institutes and federal offices working in the fields of food and feed control and inspection, bacteriology and serology, veterinary medicine and agriculture were merged under the auspices of the newly established Austrian Agency for Health and Food Safety. Austria is the only European country where the federal competences from most different technical fields along the food chain are bundled in one enterprise.

6. Federal Environment Agency (Umweltbundesamt)

The working group of agriculture of the Federal Environment Agency contributes to the environmental assessment of agricultural activities and promotes the use of environmentally friendly agricultural practices in Austria. The key intelligence lies in agri-environmental indicators for assessing relations between agriculture and environment, especially in the assessment of agricultural nutrient balances at farm level, regional level and national level, as well as in evaluation projects concerning effects of agri-environmental measures on biodiversity and landscape. Furthermore, they have been working in the field of organic farming as well as quality of compost and slurry from biogas plants.

Another important task of the working group is analysing the regional and territorial development of rural and mountain areas (in collaboration with European Environment Agency), national emission projections for agriculture (reporting according to UNFCCC and UNECE/CLRTAP Convention) and assessments of emissions from land use, land use change and forestry (reporting according to UNFCCC). Above all, the working group also contributes to the implementation of the national climate strategy.

7. Other actors

In addition to the federal Chambers of Agriculture and the Austrian Chamber of Agriculture there are a large number of voluntary institutions and organisations which deal with technical agricultural and forestry matters (e.g. Federal Associations of Austrian Vine-Growers, Federal Association of Machinery Pools, Federation of Austrian Cattle Breeders, Austrian Federal Association of Farmers and Forest-Owners, Federal Association of Austrian Horticulturists, Working Group Agricultural Poultry Management, Sheep Breeders' Association, etc.). These organisations cooperate closely with the legal professional representations of agriculture and forestry. “Unofficial” actors in the network of agricultural decision-making structures and developers of the Austrian agricultural policy are traditionally found in the field of the agricultural co-operative system.

Also the Vienna University of Natural Resources and Applied Life Sciences through its traditionally close links with the Federal Ministry of Agriculture, Forestry, Environment and Water Management provides potential impetuses for the development of the agricultural policy. Also the subsidiary offices of the Ministry form part of the agricultural policy “network”.

Development of the agricultural sector

Agricultural and forestry output totalled approx. 6.6 billion euros in 2005. Compared to 2004 this represents a decrease by 6.6%. The output from forestry was 1.2 billion euros (+0.6%

compared to 2004), that from agriculture approximately 5.4 billion euros (-8.1% compared to 2004). This strong decrease is primarily due to the implementation of the single farm payment scheme in Austria in 2005, which took place in the course of the implementation of the reform of the Common Agricultural Policy.

Based on the calculations of the aggregate agricultural account the factor income of agriculture per worker fell nominally by 3.7% in 2005. Real growth decreased by 4.5%. Agriculture and forestry (including fisheries) added share to the gross value added of the national economy was about 1.6% in 2005. The number of persons working in agriculture and forestry, calculated on the basis of annual work units (AWU), decreased by 1.0% to 187,253 AWU, of which 156,590 AWU were unpaid (family) workers.

Foreign trade in agricultural products and food increased again in 2005, both in exports and in imports. Exports amounted to 6.0 billion euros (+11.7%), imports rose to 6.3 billion euros (+7.2%). 84% of all imported agricultural products came from the EU territory and 75% of all exported goods went to EU Member States.

Production

The production of Austrian agriculture and forestry developed as follows in 2005:

□ Plant products: Cereal production (volume harvested: 4.88 million tonnes) decreasing by 7.7%. Losses were recorded for all types of cereals, with the exception of maize, which showed a slight increase. Oilseeds production volume rose by 11.9%, in spite of a decline in rapeseed production.

The production volume of root crops showed an upward trend as well (sugar beets +8%, potatoes +8.2%). Whereas the volume of grain pea production decreased, there was a rise in field bean production. Total fruit (-4.9%), vegetable (-11.4%), and wine production (-15.5%) were lower than in 2004.

□ Animal products: Production volume of milk remained at the same level as the year before. As in 2004 the quantity of milk delivered reached to 2.62 million tonnes. In spite of a more or less unchanged production levels for pigs, output rose by 3% due to favourable prices. Production volume for cattle rose also compared to 2004 accompanied by a strong upswing in prices. Nevertheless the production value went down significantly as a result of decoupling.

□ Timber: In 2005 logging totalled 16.5 million cubic metres of timber harvested and was, thus, at the level of the previous year. As far as the development of producer prices in 2005 is concerned there was on the one hand a considerable price decline in plant products, on the other hand the development of animal product prices was very positive. Also timber prices recorded a distinct upswing.

Farm structure

According to the agricultural structure survey 2003 the number of agricultural and forestry holdings in Austria stood at 190,382; a reduction by 27,100 or 12% compared to the last exhaustive survey of 1999. This reduction concerned primarily part-time farms (-21.1%), whereas the number of full-time farms remained stable (+0.4%). There were 176,808 holdings with utilised agricultural area (UAA) and 154,797 holdings with forests, of which 13,273 were solely forest enterprises. The average farm size is about 18.4 hectares AA and 34.0 hectares of cultivated area. In Austria, 3.26 million hectares of land were dedicated to agriculture; of which 1.38 million hectares for arable farming; 1.81 million hectares for permanent grassland; 47,572 hectares for vineyards; 16,304 hectares for orchards, and 8,620 hectares for other purposes (house gardens, as well as vine and [forest] tree nurseries). The area utilised for forestry amounts to 3.26 million hectares. Further details on

the agricultural structure on the basis of data from the integrated administration and control system (IACS):

- Organic farms: In 2005 the number of subsidized organic farms rose to 20,104, which is a plus of 2.7% compared to last year. The areas under organic farming increased by 5% to a total of 360,369 hectares AA alpine pastures not included. An area of 141,594 hectares arable crops were cultivated according to organic criteria (+8.5% compared to 2004). The share of organic farms of the IACS enterprises amounts to 12.9%.
- Mountain farms: In 2005 a total of 72,340 mountain farms with MFC points were recorded in the aid statistics (minus 1.6% compared to 2004). The average agricultural area (without alpine pastures) per holding was 13.4 hectares AA. Average number of MFC points per farm in Austria is presently 143 points.
- Holdings with dairy quotas: Compared to the preceding year the number of milk producers in Austria decreased from 51,431 to 48,474. This means a reduction by 2,957 farms or by 5.8%. The milk quota allocated to farms remained about the same in the federal territory, but very different regional developments were observed.

Income situation

In 2005 the income situation of holdings improved on average. With 19,843 euros the incomes from agriculture and forestry per holding were 2.3% higher than in 2004 and with 14,996 euros 5% higher for unpaid workers. This rise in incomes was basically due to an increase in public funds (single farm payment, refund for agricultural diesel, increase in the dairy premium, a higher participation in the Agri-Environmental Programme ÖPUL) as well as to higher yields from pigs and cattle.

Unlike the average development, an analysis by farm types showed considerable differences with respect to incomes. By far the greatest income improvement from agriculture and forestry was recorded by intensive livestock farms (+17%), followed by feed farms (+11%), mixed farms (+9%) and holdings with 25 to 50% forestry share (+8%), and by enterprises with a forestry share of more than 50% (+4%). In contrast thereto permanent crop farms suffered, after two good years, losses of 37% and cash crop farms of 8%. However, on average the highest incomes per unpaid worker were still realized by cash crop farms, followed by intensive livestock farms, and holdings with a forestry share of more than 50%.

As to mountain farms, incomes from agriculture and forestry exceeded the level of the previous year by 11% and totalled € 19,568 in 2005. The strongest increase was recorded by holdings of Mountain Farm Classification (MFC) category 3 with 19%, followed by MFC category 1 (+15%) and MFC category 2 (+8%). Unlike the other groups MFC category 4 holdings could not improve their results after the decline in incomes of 2004. As far as non-mountain farmers are concerned there was a decline in incomes of 5%, so that the income gap between mountain farmers and non-mountain farmers decreased distinctly to 3% compared to 2004.

The incomes from agriculture and forestry of organic farms recorded with 21,566 euros per farm a growth of 5% compared to the year before. Due to the favourable ratio between expenses and revenue the incomes were almost 9% above the average of all farms.

In comparison with the overall income situation and according to "Statistics Austria", in 2004 gross wages and salaries per employee amounted to 30.960 EUR per year, thus exceeding the earned income in agriculture and forestry that corresponds to the gross wages by 12.960 EUR a year.

Subsidies and compensations for services rendered

Subsidies for Austria's agriculture and forestry amounted to 2.420 million euros in 2005 (+9%

compared to 2004). Of this amount 59% were financed by the European Union, 20% by the Federal Government, and 21% by the Federal Provinces. This increase is basically due to budgetary technicalities. In 2005 animal premiums (in February) were paid as well as, for the first time, single farm payments (in December). In Austria 42% of the funds are allocated to the 1st pillar of the Common Agricultural Policy (basically single farm payments, area, animal and product premiums) and 58% to the second pillar (rural development). The following things should be mentioned in detail:

- Within the framework of the first pillar of the CAP a total of 822 million euros was paid to 132,554 farms.
 - As far as the single farm payment is concerned 497 million euros were transferred to 130,960 farms on the basis of 2.38 million payment entitlements in 2005.
 - All in all 80,123 farms still received animal premiums in 2005 (suckler cow and slaughter premiums). The respective payments amounted to about 98 million euros.
- Within the framework of the second pillar of the CAP a total of 995 million euros was paid to 141,847 holdings and a total of 57 million euros was paid to other applicants.
 - 133,096 enterprises with an agricultural area (AA) of 2.25 million hectares (without alpine pastures) participated in the Agri-Environmental Programme (ÖPUL). These are 80% of all enterprises or 88% of the total AA in Austria. 654 million euros were granted for the 32 measures offered.
 - 104,400 farms - of which 72,340 are mountain farms - received compensatory allowances of 275 million euros. Farms which received a compensatory allowance managed 1.55 million hectares (without alpine pastures); representing for this measure 65% of Austria's total AA.

Social security

In 2005 payments of 2,387.2 million euros were made for the social security of farm families. 72% of this amount has been allocated for old-age insurance and another 17% for health insurance and the remaining 11% for accident insurance and care allowance. The number of pension recipients amounts to 185,889. The average old-age pension for farmers comprised 652 euro (workers: 721 euros, employees: 1,218 euros).

b) Concrete Actions and Specific Progress in Implementation

Sustainable farm management in Austria

The principle of sustainability is playing an important role in agricultural policy. In concrete terms this means first of all careful dealing with natural resources, efficient replacement of limited and scarce commodities, reduction of the environmental stress resulting from industrial production, and reduction of the consumption of non-renewable resources.

Agriculture cannot only present examples for the principle of sustainability and the model "Ökoland Österreich" (Ecoland Austria), but has also taken a number of measures. The principle of multifunctionality relies on area-wide management in which full-time, part-time and secondary farmers provide multifarious services.

Fortunately a large portion of the population today shows greater interest in a sound livelihood and in wholesome food. Although farmers are meanwhile a social minority, they are bearing high responsibility in preserving and tending nature. Austria's farmers

- bear responsibility for about 80% of the federal territory and, in particular, maintain inhabitation in mountain areas and less-favoured areas
- ensure the supply with high-quality and fresh food
- preserve and arrange the countryside for its cultural and recreational functions
- provide renewable energy and resources
- invest and safeguard jobs in trade and industry as well as in the service sector
- ensure the conservation of soils and forests as well as the preservation of clean water and air.

With small- and medium-size farms, agriculture in Austria is typically small- and medium-structured. According to the most recent Agricultural Structure Survey there are approximately 217,500 agricultural and forestry holdings which account for 80 percent of the federal territory. The average size of a farm is 16.8 hectares of utilised agricultural area, the average number of animals kept per hectare is comparatively low. Presently 5% of the rural population leave rural areas per year. About 80,000 farms are managed by full-time farmers: Approximately one third of the holdings are mountain farms located in handicap zones (MFC) 1 to 4. The Federal Provinces with the highest number of agricultural enterprises (54,500) and the largest agriculturally used area is Lower Austria, followed by Styria (46,600) and Upper Austria (41,800). The rest of the farms are managed as secondary or part-time farms. In concrete terms, 24 percent of the forested area, 28 percent of the arable land and 26 percent of the utilised agricultural area are managed by part-time farmers.

In 2003 the gross value added (at basic prices) of Austria's agriculture and forestry amounted to 3.435 billion euros, the share of the gross domestic product was 1.3 percent. According to most recent figures, the number of persons working in the agricultural sector averaged about 181,600 persons annually. Of the 5.68 billion euros of the agricultural output approximately 56 percent were earned with animal products, 45 percent with plant products, and 10 percent with agricultural services and inseparable subsidiary activities.

With 3.4 million hectares the utilised agricultural area accounted for 41% of the Austrian territory, with the larger portion of the arable land being located in the eastern part of the country. Grassland areas (field forage growing, intensive and extensive grassland as well as alpine pastures and mountain meadows) made up for approximately 2 million hectares. These grassland areas – they cover about 57% of the utilised agricultural area – are managed with a low stock density and using extremely small quantities of mineral fertilisers and herbicides. Grassland in Austria is managed in an exemplary environmentally compatible and site-specific manner. The species diversity on Austrian meadows and pastures ranges on average at 30 to 50 different species of grasses, herbages and leguminous plants. In the course of the measures taken in the context of the Austrian Agri-environmental Programme (ÖPUL) special importance is attached to the promotion of extensive management.

Subsidies & payments for services

Austria's farmers render indispensable services for society. They include the production of highquality foods and the shaping of attractive cultural landscapes just as much as the provision of environmental services and the maintenance of the settlement of rural areas. However, by far not all services are paid for via the prices of agricultural products. Concrete services are therefore compensated for by the European Union, the Federal Government and the Federal Provinces.

Programmes to enhance agricultural productivity and farmer's incomes

The most important support programme in the field of development of agricultural holdings in Austria both at the level of increase of productivity as well as in the fields of training, awareness-raising and capacity building is the European Union-cofinanced Austrian Rural Development Programme. The scheme in general is going into its third generation since accession to the EU with negotiations with the European Commission's Services on detailed contents of the programme for the period 2007 to 2013 going on at the time of reporting (July 2007). The Programme follows the so-called second pillar arrangements of the Common Agricultural Policy as set out in Council Regulation No. 1698/2005 focussing on development of the agricultural sector, improvement of ecological and sustainable landuse and rural development at a more general level, going beyond agriculture and forestry.

Specific measures contained are vocational training of farmers and persons involved in farming, food production and forestry, support for the first settlement of young farmers on the farm, support for investments for the modernization of farms, an array of measures linked to forestry both concerning economic use of forests and forest products as well as safeguarding the multiple positive effects of sustainable forest management. Furthermore support is given to improve processing and marketing structures and enterprises to add value to agricultural and forestry products, the participation of farmers in food quality schemes.

In addition agricultural investment loans are subsidised both from the federal state and the Laender in order to provide financial support to farmers to improve the both moveable and immoveable facilities for agricultural production.

Agricultural Education and Extension in Austria

Austria's institutions of agricultural education and extension services have a structure that developed over decades and avails a broad variety of opportunities. The available educational and consulting options are continuously adapted to the changing needs. The central task of the institutions of agricultural education and consulting is to strengthen the competitiveness of Austria's agriculture and forestry. To attain this goal, they offer both technical agricultural as well as personality-forming contents-the individual with its abilities and needs remains, after all, the pivot of sustainable development.

The future University of Agricultural and Environmental Teacher Training ("Hochschule für Agrar- und Umweltpädagogik"), which starts with its new schedule in autumn 2007, will be able to make a major contribution regarding the further development of educational and training opportunities towards sustainability.

Austrian farm women

According to a comparative study published by the Statistical Office of the European Union, Eurostat, 30% of all farm owners in Austria are women. Farm women are playing a key role in rural areas. Farm women are to a high extent responsible for the orientation of holdings. They contribute in terms of cultural activities and social values, render social services like the care for old people, carry out voluntary activities, play an important role in education, and care for the family, which ranges from child care at the farm to activities like the "school at the farm" project.

In particular, they are to an always higher extent bearing management responsibilities in agricultural enterprises. In some areas with farms of up to 20 hectares the percentage of female farm managers even exceeds 40%. The structural change in rural areas could hardly be managed without women farmers. They contribute substantially to the generation of income and, thus, to the subsistence protection of family farms. With their knowledge, energy and willingness to achieve women farmers take successful initiatives the examples of which are greatly recognised and followed not only in their own regions, but also beyond provincial and national borders. Women farmers are the driving force of rural development.

Measures to improve the participation of women in agriculture and rural development include specific training arrangements and targeted services within the extension services provided by the Chambers of Agriculture. Improvement of gender equality also forms an important part of the Austrian Rural Development Programme quoted above, both in the consultation and participation procedure which accompanied programming as well as during implementation through specific projects, in the monitoring and evaluation planned and by means such as the obligation for beneficiaries to respect the legal standards for the equality of men and women and anti-discrimination.

Special further training and extension services are offered by the Federal Ministry of Agriculture, Forestry, Environment and Water Management, Chambers of Agriculture and the Arbeitsgemeinschaft Österreichischer Bäuerinnen (Austrian Farm Women Task Force).

Farm Holidays („Urlaub am Bauernhof“)

From the total Austrian tourist supply, some 15.500 farmers offer 170.000 tourist beds (in bedrooms or in apartments; acc. to “Statistics Austria”), this means that app. 8 % of all Austrian farmers offer tourist accommodation. They represent 1/5 of all tourist enterprises and 1/7 of the total Austrian supply of tourist beds. Of all farmers involved in tourism about two thirds are farmers in mountainous regions. Therefore farm holidays are an important economic segment in agriculture and tourism and predominantly in the economy of rural regions.

Market research shows that the daily expenditure of the farm holidays-visitors amount to app. € 1.0 to 1.2 bn per annum. This creates a substantial economic impulse to the rural regions in Austria - according to the economic multipliers for tourism in rural regions this annual expenditure accounts for about 23.000 jobs in rural regions. On one hand this income is predominantly income created by farming women, on the other hand this pluri-activity is a substantial contribution to the economic viability of many farming enterprises.

The policy of the ministry in accordance with the work of the chambers of agriculture provides educational programmes for the farm holidays-entrepreneurs as well as impulses in investments and quality improvements via limited subsidies. Besides marketing projects of the farm holidays organisation may be supported via the rural development programme of the ministry of agriculture, forestry, environment and water management. The farm holidays-organisation is the ministry’s partner in managing the development and marketing of this product.

School on the Farm (“Schule am Bauernhof“)

School on the Farm had become for many farmers an important opportunity to inform teachers and pupils to learn about farming. In 2005/06 about 90.000 pupils visited farms either on a half day study tour or a five day programme.

The Goals for School on the Farm are:

- to recognise the farm as a place of learning to life and nature,
- to promote understanding for agriculture, for farm products, farm cultures and ways of life, but also
- to create and promote the relationship between agriculture, the production of food and the environment.

Teachers can choose from a variety of packages which are visible at the website www.schuleambauernhof.at. This project has an enormous educational impact, but also gives farm families the opportunity to raise additional income.

Rural Youth

Since 2003 the Austrian Rural Youth in cooperation with the Ministry has made efforts in creating awareness of sustainable behaviour and the subject of sustainability central issues of their working programme by means of the strategy “jugend:zukunfft” (youth:future). Every year a priority topic is identified and brochures in a style appreciated by youngsters are prepared or made available to provide young people with an understanding of the topic. These materials were also used as working documents for the “priority weekend” (“Schwerpunktwochenende”) and the largest contest of the Austrian Rural Youth, the “4er Cup”, which ensures that young people deal with the issues of the topic in a concrete, though

playful way. The said “4er Cup” is a team contest where dexterity tasks have to be completed and questions of knowledge have to be answered in groups. Since 2004, almost 6,000 young people from all over Austria have participated in the “priority weekends” and have developed over 600 project ideas in this framework.

The focus has always been the conscious implementation of the sustainability strategy in the individual living environment and every year another subject – for example the fight against climate change, regional products, conscious fair-trade buying decisions, or global institutions like the United Nations or WTO and their tasks - was addressed. In 2007, priority was given to energy policy and social policies under the headings *fair energy* (“faireEnergie”) and *fair society* (“faireGesellschaft”).

Creating basic knowledge and a sense of sustainable thinking and acting in one’s individual field of activity is very important to the Austrian Rural Youth.

Sustainable agricultural production; programmes for environmentally-sound agricultural pest control

Being a cross-cutting topic, soil protection is regulated in Austria in a large number of federal and provincial regulations, with frequent reference being made to the respective sources of danger. Provisions of relevance to soil protection are contained for example in the Clean Air Act for Steam Boilers, in the Smog Alarm and Ozone Protection Act, the Mining Act, the Fertiliser Act, the Forest Act, and the Water Rights Act, in the Waste Disposal Act, the Chemicals Act, the Industrial Code Acts, and, in particular, in the Soil Protection Acts of the Federal Provinces.

Soil is not augmentable and difficult to regenerate and should therefore be used in a sustainable way which takes account of future requirements and responsibilities. This means that its fertility, its functions as habitats, or its regulatory effects must not be affected in the long run. Approaches towards sustainable soil management are manifold. Within the framework of integrated production also the aspects of soil protection receive special attention in the authorisation of plant protection products.

The biggest measure included in the already mentioned Austrian Rural Development Programme is the Austrian Agri-environmental Programme (ÖPUL). It involves provisions concerning an obligatory soil analysis. Targeted fertilisation measures which are tailored to the relevant requirements make an important contribution to the “health” of the soil. Ensuring soil fertility in a sustainable manner is one of the primary objectives of the Austrian Agrienvironmental Programme, as it provides strong impulses towards ecology, landscape tending, the protection against natural hazards, biodiversity, and wholesome food.

In this context also the subsidised cultivation of protein crops constitutes an important contribution to sustainable soil management. Major stresses and dangers, like soil sealing (e.g. improper riding on them, overgrazing), erosion (e.g. agricultural operations in the cultivation of root crops, viticulture and horticulture) and soil contamination (e.g. threats to water quality – nitrogen input to groundwater) are to be prevented through crop-specific soil-improving measures.

This programme also provides for various measures to improve or safeguard biodiversity, foster low input farming and environmentally sound farming methods. Farmers submitting to this programme are considered to render non-marketable services to society which qualify for public remuneration.

Measures to improve and develop infrastructure to enhance distribution to markets

Road and other transport infrastructure can be considered to be highly developed in Austria. Thus no specific major initiative is required in this field. There continues to be a certain deficit however concerning relatively remote holdings especially in peripheral and mountainous areas. Support for the building of access roads is therefore given by the Laender.

Completed bilateral, regional and multilateral agreements relating to liberalization of agricultural product markets, including under WTO's Doha round of trade negotiations

In 2005 the single farm payments were disbursed for the first time. From 2005 onwards beneficiaries of market organisation direct payments have been obliged to meet certain basic farm management requirements. The new rural development programme for the period 2007-2013 has been completed and submitted to the European Commission, the launching of the programme is planned for 2007.

Within the framework of the WTO negotiations of the "Doha round", an agreement is still not reached. More than ever before all negotiating partners must be prepared to make concessions in order to achieve a well-balanced and fair trading system at the end of the day. Austria has also always recognized the advantages of a multilateral trade system compared to bilateral treaties and is seriously interested in the conclusion of the negotiations under fair and well-balanced conditions.

Measures taken to diversify agricultural production systems, including development of new markets for value-added agricultural products

Direct marketing of agricultural products and spurring the regional market performance have increasingly gained importance in Austria (e.g. app. 21% of Austrian farmers take part in the direct marketing programme promoting the hallmark "The farmer's Delicacies" ("Gutes vom Bauern"). These activities contribute to raising the capacity of all involved market partners like farmers, innkeepers, butchers' shops, trade, and Alpine dairy farms.

Additional income can be earned first and foremost through the direct marketing of farm products and through guest accommodation, within the framework of organic farming, in the production of energy crops, and by taking over municipal services. The benefits of direct marketing arise through decrease of risks, direct consumer contacts, production of specialised products, and promotion of regional identity.

Farm-gate sale, farmers' markets and shops are the most frequent ways of agricultural direct marketing. The so-called "Green Stock Exchanges", which have been established in almost all Federal Provinces, inform not only about direct marketers and farmers' markets, but also about farm products and their production. Specific shopping guide brochures as well as "stock exchanges" for agricultural specialities facilitate the search for typical regional food products and encourage the cooperation between the restaurant and catering industry and farm producers in Austria. The already mentioned Rural Development Programme contains measures both to improve processing and marketing capacities for agricultural products and to develop and implement new products processes and technologies to add value to agricultural products. The aim is to increase also the value added for the primary producers by these means.

Organic farming and GM policy in Austria

One of the most important trends of recent decades in Austria was the strong development of environmental awareness. This is shown in particular by the widespread participation in the Agri-Environmental Programme available for Austrian agriculture since the accession to the EU in 1995.

More than 70 % of all domestic farms and 90 % of Austria's utilized agricultural area take part in this programme. By doing so, agricultural enterprises make an unrenouncable contribution to the protection of environment and biodiversity. Organic farming is an important part and drawing card of this development as it is by far the most important positive example of the ecoland Austria. 14% of Austrian farmers practise organic farming. Austrian agriculture is prepared to continue this path consistently in cooperation with farmer associations, processing enterprises and commerce. However, consumers as well have to make their contribution in order to guarantee the success of this development. Agricultural policy is responsible for creating the relevant framework conditions. The great success of organic products in Austria can be attributed to the following factors:

1. Subsidies for organic farmers

Since 1991, Austria grants subsidies for organic farming. The introduction of this form of government aid was a major contribution in restructuring agriculture on the basis of ecological and social criteria. After joining the EU, Austria was able to further increase aid to organic farmers. In 2000, Austria's organic farmers received 150 Mio. EUR from the ÖPUL agri-environment programme as compensation for their ecological contribution. Almost half of the money was provided by the European Union and the rest was divided among the Federal Government and the Provinces at a ratio of 60:40. In 2005 the number of subsidized organic farms rose to 20,104, which is a plus of 2.7% compared to last year. The areas under organic farming increased by 5% to a total of 360,369 hectares AA, alpine pastures not included. An area of 141,594 hectares arable crops were cultivated according to organic criteria (+8.5% compared to 2004). The share of organic farms of the IACS (integrated administration and control system) enterprises amounts to 12.9%.

2. Trade chains join in

Apart from government aid, a major impulse was given to the rapid development of organic farming by large trade chains which began marketing organic products in 1995. For the first time, large portions of the population were able to purchase products of organic farming in stores other than in specialized organic shops frequented by pronounced eco-fans. This clearly demonstrates the Austrian philosophy: Contrary to many other European countries, organic products in Austria were not meant to become only niche products. The objective was rather to make this most ecologically compatible form of land use as widespread as possible in order to ensure that the good quality of soil, water and air will be preserved sustainably.

3. Ecological awareness among consumers

Although government aid for organic farmers and the decision of supermarkets to include organic goods in their product range constitute the major reasons for the overwhelming success of organic farming in Austria, one should not forget what made this success possible at all: the ecological awareness of consumers. It was their readiness to contribute to a better environment and to accept higher prices for organic products that encouraged the trade chains to begin selling organic products in the first place.

In addition, Austria has taken a very precautionary approach with respect to GMOs in agriculture. No deliberate release with GMOs has taken place so far in Austria. A number of GMO-products which have gained EU-wide approval have been provisionally prohibited in Austria on scientific grounds (3 maize products, 1 oilseed rape). These safeguard measures are still legally in force. As a consequence no GMOs can be grown and commercialized legally in Austria so far. The nine federal provinces have complemented the federal law on GMOs by additional pieces of legislation (so called precautionary GMO laws, in one case –

Vorarlberg – by additional nature protection measures). With respect to agricultural cultivation a GMO-free approach is the current status as well as the political goal for the future.

Plant-genetic resources

PGR play a prominent part in Austrian environment program. Farmers receive a premium for cultivation of seldom species or land varieties or ecotypes. The aims are the preservation of genetic diversity in situ in the original habitat or ecosystem and the sustainable use of these old and valuable resources. To safeguard old varieties, land varieties or ecotypes Austria has also built up a couple of gene banks. In these gene banks this plant genetic material is kept under controlled conditions and scientific work and documentation is taking place. These measures are in line with the Global Plan of Action and the International Treaty on Plant Genetic Resources for Food and Agriculture.

Insurance schemes: Österreichische Hagelversicherung (Austrian Hail Insurance)

Die "Österreichische Hagelversicherung" (Austrian Hail Insurance) is a fund-partnership insurance scheme incorporating eight insurance companies. It is non-profit and was founded in 1946. The business organization is built on a mutual insurance association system. The corporate objectives include comprehensive risk management for agriculture systems and non-profit features. The farmers pay 50% of the insurance premium. The rest is compensated by the provinces (25%) and the federal government (25%).

The target of the system is comprehensive risk management system transferring private insurance from pure hail insurer to a full partner on multi-peril coverage. The arable crops and fruit and vegetable insurance coverage include hail, drought, storm, frost, drift, flood, flood, slugs' damage, sprouting, excessive rain and crow damage. The grassland farmers incur damage from hail, flood, clamp silo foil, stillbirth and death of cattle. Most damage to beet farmers is registered by hail, frost, flood and damage by slugs and snout beetle. The main risks for horticulture farmers are hail, storm, snow pressure, rain, frost and flood. Grape and fruit growers are mainly suffer from hail, storm, frost and loss of income due to unfavorable weather conditions.

c) Recent trends and emerging issues

Austria has set itself ambitious targets in terms of energetic use and use of biomass from agriculture and forestry for materials and in industry. This sector has experienced considerable expansion during the past few years. A number of facilities have already been erected, and new ones are being added constantly, that allow processing of biomass from agricultural production into fuels. These are on the one hand several facilities for producing biodiesel on the basis of plant oils, in particular of rape oil. On the other hand, a facility for producing around 200,000 m³ of bioethanol is currently under construction.

Starting from autumn 2007, this facility is intended to process mostly wheat, but also maize and sugar beet syrup. For Austria, it is highly important that production of resources also within this sector is in line with sustainability criteria. Therefore, Austrian law requires farmers to comply with the cross compliance regulations and to maintain their farm land in good agricultural and environmental condition. Non food use of agricultural products has to be well balanced and food security, first and foremost, will be of utmost importance in terms of resource use in the energy sector.