

THE CONTRIBUTION OF MOUNTAIN POLICY IN AUSTRIA TO MAINTAINING MOUNTAIN FARMING AND TO SUPPORTING RURAL DEVELOPMENT

Gerhard Hovorka

Introduction

Cultural landscapes in mountain regions are important elements of social identity and contribute to political cohesion. They develop and change over time as a result of the interplay of socio-economic, cultural and natural factors and can thus only be understood as a process. Since changes are often irreversible, any change and interference demands careful consideration. Cultural landscapes are, however, not only public interest goods and services that directly affect the social well-being of individuals but also represent important rural development assets. Cultural landscapes are part of a region's capital stock and for the development of mountain communities, their quality is as important as the local road network, communication or education facilities (OECD 1998, pp. 102f.). In Austria, mountain farming still plays a key role in safeguarding the sensitive eco-system and thereby the multifunctional landscape and the general living and working space.

This paper analyses and evaluates the Austrian mountain area policy, in particular mountain farming policy and agri-environmental programmes, and elaborates on the implications of recent evolutions of policy reform for preservation and development of mountain communities, mountain farming and multifunctional landscapes.

The particular importance of mountains and mountain farming in Austria

According to the EU criteria for demarcation of agriculturally less-favoured areas, the mountain area in Austria comprises 70% of Austrian territory (58% of the utilised agricultural area) and is home to 36% of the Austrian population. About 50% of all farms in Austria are situated in mountain areas. They form part of two of Europe's mountain massifs, the Alps (about 60% of the land surface) and the Bohemian massif.

The Austrian mountain area has long been more than just an agricultural region. Rather it is an integrated living and working space, whose geographical characteristics do not lead to separation in a structural, economic sense. They express themselves much more in the limited space available for settlement and industry, the handicaps on agriculture and forestry, in an expensive infrastructure and a particularly sensitive landscape. However, the various component areas display great differences in structure and development (Schindegger et al. 1997).

The importance of mountain agriculture and forestry lies increasingly in the fulfilment of multifunctional tasks. Mountain agriculture provides employment, essential goods and services for the quality of life in

Austria and in Europe, through the production of high quality goods, maintenance of the cultural heritage, preservation of habitats and landscapes with high ecological and amenity values. Many of the services to society are not remunerated directly or through income from production.

An important basis for targeted support of mountain farmers is the classification of site-specific farming difficulties. In Austria each mountain farm is classified according to four categories of difficulty. The main criteria for classification of a mountain farm in one of the four categories of difficulty are the climatic conditions and the "internal transport situation", i.e. the proportion of agricultural area that has a gradient of at least 25% (no longer workable with a normal tractor). Recently the classification of mountain farms has been under revision and a more differentiated system has been prepared. A graduated, flexible system (land registry code in points) will soon be in place.

"Green Plan" and Mountain Farmers Special Programme

Due to the dynamic development of agricultural methods, especially in lowland areas, the relative competitiveness of mountain agriculture is decreasing over time. Therefore it was in the agricultural sector that the first relevant mountain programme has been developed in Austria. In particular since the beginning of the 1970s, support for mountain farming has been given high priority through the establishment of a specific support programme. This "Mountain Farmers Special Programme" was not just focused on site-specific farming difficulties but attached importance to the social situation of farm households and incorporated the regional dimension (Hovorka 1998, OECD 1998).

Over time the priorities of the programme shifted and direct payments, in particular the mountain farmers' allowance, became the predominant measure. This trend continued also in the 1990s when the label of the programme and the philosophy to be part of a territorial policy package was abolished. Its core measure, the direct payments for mountain farmers, targeted at the preservation of farm management, has even been intensified since EU accession.

Recent changes of policy in the framework of EU policies

The EU accession in 1995, along with the changes in the neighbouring CEECs, have been the greatest shifts for the regional economy and also for Austria's mountain policies in recent times. It was precisely the small farms facing a high degree of difficulty that would have been the losers in the adoption of the system of EU compensatory allowances. Austria, however, succeeded in reaching an agreement with regard to national grants for a transitional period of 10 years (in 1995, 80% of the mountain farms of category 4 and more than 50% of category 3 got such national grants).

The agri-environmental programme, for which an integral, horizontal approach was chosen (7.3 billion ATS in total in 1995, or ECU 543 million), had greatest implications on mountain farms since the management systems correspond to a high degree to environmentally sound farming. One of the most demanding environmental elements of this scheme is the support for organic farming. The support shares for organic farming increase for farms with higher production difficulties.

The agricultural policy, however, only partly succeeded in compensating for the income disadvantages in mountain areas. With increasing production difficulties, both farm income levels and public support decrease. Market support is of the greatest importance for non-mountain farmers (in particular crop

production in favourable areas), whereas mountain farmers receive highest support shares through the agri-environmental programme (ÖPUL) and compensatory allowances. These two account for 59% of public support for mountain farms (and even 75% for mountain farms of category 4), whereas non-mountain farmers receive just 36% out of these measures.

Table 1 Public support measures per farm unit in per cent (1995-1998)

	Austria	Mountain area	Category of mountain farms					
			1	2	3	4	1 - 4	0
CAP payments	45	30	40	28	22	13	29	57
Agri-environmental programme (ÖPUL)	34	37	33	37	41	40	37	32
Compensatory allowances	11	21	15	21	26	35	22	4
Other subsidies	10	12	12	14	11	12	12	7
Total subsidies	100	100	100	100	100	100	100	100

Source: Hovorka 2001

With the Agenda 2000 reform in Austria, a Rural Development Programme has been prepared which is of essential importance for mountain farming. The stated overall objectives of the programme are to maintain an agricultural and forestry sector based on environmental principles and small family farms and distributed throughout the country (Bundesministerium 2000). These objectives should be achieved mainly through the development of a multifunctional, sustainable and competitive agricultural sector. The public costs of the programme for the period 2000-2006 will be about 6,425 million EURO. The subsidies for mountain farming (including less-favoured areas) have a financial weight of about 29% in this programme and the agri-environment measures of about 55%.

Within the Rural Development Programme the agri-environmental programme will be prolonged in a similar manner as before and the less-favoured areas scheme, including mountain areas, has undergone some changes. The new payment system will try to incorporate some of the advantages of the old system prior to EU accession. In particular, small farms and farms with greatest difficulties should again be more strongly supported (Hovorka 1999). The new programme is applied horizontally, and in practice has abolished any territorial programming. The Austrian Programme is primarily an "agricultural support programme" and agri-environmental measures have the highest financial weight. But from the point of integrated regional development, the budget resources for adaptation and development of rural areas (less than 5%) are not sufficient.

Spatially integrated policies for the Austrian mountain areas

In 1979 the Federal Chancellery introduced the Mountain Area Special Initiative as a pilot scheme for most remote mountain areas which has been extended in 1985 to problem areas outside the mountains. The objective of the initiative was to support co-operative-business projects in all sectors. Although the support grants provided were in total rather small compared to other industrial renewal schemes, the initiative can be assessed as a rather stimulating incentive of regional policy in Austria's mountain areas (on a low area level). Due to Austria's federal structure, it was very important that the provinces

(Länder) also developed aid programmes to support regional development initiatives for economic development. These programmes complemented the federal development schemes in some peripheral mountain regions.

The adoption of EU policy brought about more drastic alterations for regional policy itself. Many objective 5b areas and partly also objective 2 areas were located in the mountains. In addition, the Community initiatives LEADER and INTERREG were applied in many mountain regions. One can estimate that about two thirds of these programmes were relevant to the mountain areas, which implied a considerable increase in regional funding and represented a new step in Austria's regional policy. With the concentration of Structural funds programmes for the period 2000-2006, eligible areas and population groups have been cut by one third, leading to a scattered support area for the new objective 2. This implies greater difficulties addressing the common problems of mountain areas by this programme and greater responsibility of national authorities at all levels for regional policy (principle of "subsidiarity").

Conclusions

The specificity of the mountain area, in particular the Alpine area, is not any more reflected in a situation of disadvantaged areas – except for the sector of agriculture and forestry and other activities which are mainly effected by difficult accessibility.

Agricultural policy aid for the mountain areas partially succeeded in compensating for the income and production disadvantages of mountain farms in comparison to farms in favoured areas. Allowing for the extremely sensitive ecological interdependencies, it made a marked contribution to maintaining settlement and conserving and shaping the cultural landscapes in areas with particularly great work-related farming difficulties, areas which were also threatened by population exodus. The support for mountain farms has had positive direct and indirect effects in safeguarding the sensitive eco-systems and for the entire living and working space in the mountains. Mountain areas seem a good case to show that policies to safeguard environmental and cultural achievements, as well as sustainable rural development, can only be effective in the long term by embedding spatially-oriented sectoral policies in integrated regional development strategies.

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