

# **The impact of EU policies on mountain development in Austria**

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## **Abstract**

Rural policy is no more primarily about agriculture but has to address specifically all different economic sectors and actors in the area. This seems particularly important in the Austrian context for mountain areas which have traditionally been seen as remote areas. Yet, with a portion of 70% of the total land of the country and widespread positive economic performance in large parts of West-Austrian mountains differentiation in the regional analysis of mountains is required.

Moreover, with fundamental changes in the market structures and relations, programmes targeted at specific rural areas cannot neglect the emerging interrelations to other areas. These are particularly influencing in a mountain environment where increasingly social demand becomes visible that is driven by people living outside the mountain ranges. Hence a rural policy has to address directly its insertion into the regional framework and its relation to regional policy.

Austria had started to develop regional action programmes on peripheral, rural mountain areas already in the late 1970s. Against the backdrop of experiences from the application of the concept of endogenous development, the paper will focus on the need to differentiate mountain analysis and reflect regional situations at a rather low geographical level. It will address the requirement for analysis of economic performance at a low geographical level and regional trends differentiating Austrian mountain regions. In addition, it will draw conclusions from the application of EU policies within parts of the areas concerned and discuss perspectives for future regional initiatives in mountain areas.

## Introduction

Occupying about one-fifth of the world's land surface area, mountains provide a direct life-support base for about one-tenth of humankind as well as goods and services to more than half the world's population. In the European context the great variation between mountain ranges and wide-spread differentiation in terms of climate, ecology and economy are striking elements (Nordregio 2004). Mountain regions are of great importance within the European Union with regard to land coverage, population and economic activities, above all agriculture, forestry and tourism. As an example, about 20 % of the utilised agricultural area in Europe is defined as mountain area and 27 % of all farms are situated in the mountain areas. In five member countries - Greece, Austria, Italy, Spain and Portugal - mountain areas comprise more than 50 % of the territory. Consequently European mountain landscapes can be realised as a main type of cultural landscapes reflecting long-term interactions of human beings with biophysical systems.

Since more than a decade the recognition of goods and services provided by mountain areas has risen considerably. The deliberations at the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992 had provided a main impetus to this the long-term process of raising public awareness and ensuring adequate political, institutional and financial commitment for concrete action towards implementing sustainable mountain development by including Chapter 13 "Managing Fragile Ecosystems - Sustainable Mountain Development" in Agenda 21. The declaration implied that, for the first time, mountain regions were accorded equal priority in the global environment-development agenda with other global change topics such as climate change, desertification, or deforestation. Since then, a number of dynamic processes and activities related to mountain issues have been initiated. With the United Nation's International Year of the Mountains (IYM) 2002 the international awareness for mountain ecosystems and the inter-relationship to lowland developments attained high political levels and priority. Given the momentum of IYM an International Partnership for Sustainable Mountain Development has been established at, the World Summit on Sustainable Development in Johannesburg in that year and through the inclusion of a specific paragraph on mountain development in its final document ([www.johannesburgsummit.org](http://www.johannesburgsummit.org), United Nations 2002, para 42) reaffirmed commitment for these areas. This process reflects the increasing social demand and the shift towards more sustainable strategies of regional development.

Mountain regions are fragile ecosystems and an important source of water, energy and biological diversity. They are a source of key resources such as minerals, forest and agricultural products, as well as being landscapes for tourism and recreation. As major ecosystems representing the complex and interrelated ecology of our

planet, mountain environments are essential to the survival of the global ecosystem. Mountain ecosystems are, however, heavily influenced by local and global changes. The rapid pace of globalisation, urbanisation and mass tourism are threatening mountain communities and the resources they depend on. Given the great variation in climate conditions, biophysical systems and economic development of the mountains of the world, characteristics and challenges for different regions are very diverse. There is widespread poverty among mountain inhabitants and loss of indigenous knowledge in less developed countries. As a result, most global mountain areas face increasing marginalisation, economic decline and environmental degradation. However, such tendencies are also relevant at least in some of European mountain areas. Hence, the proper management of mountain resources and socio-economic development of the people deserves our attention and immediate action.

Cultural landscapes in these territories 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. Many parts of mountain regions have long been more than just an agricultural area. Rather they constitute a fully integrated living and working space, whose geographical characteristics do not lead to separation in a structural economic sense. Particularly in more integrated regions 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. Policies to safeguard environmental and cultural achievements, as well as sustainable rural development, can thus only be effective in the long term by the embedding of spatially oriented sector policies in integrated regional development strategies (Dax and Hovorka 2003).

This paper will start with an overview on the elaboration of mountain policies in Europe, before turning to the specific case of Austria. The analysis of mountain policies in this country can reveal both the need for appropriate integration instruments and its differentiation across territories and actors. It will also address the decisive influences of European programmes on national strategies. In the Austrian context, the commitment to realise regional development as dependent on the mountain situations and the respect of specific requirements has gained acceptance since some decades. Policies have been elaborated by addressing agriculture and forestry, which constitute the principal land users, as the main economic activities of mountain communities. Beyond its unfavourable natural situation increasingly their importance lies in the fulfilment of multifunctional tasks. Mountain agriculture provides employment, essential goods and services for the quality of life, through the production of high quality goods, maintenance of the cultural heritage, preservation of habitats and landscapes with high ecological and amenity

values. The paper will reveal the increasing recognition for a need to enlarge mountain specific instruments to other policy fields and sectors as well, and to aim at integrating regional development approaches. The numerous, scattered experiences gathered through a host of local actions are a valuable source for shaping future development strategies. In the conclusions it will be assessed whether activities had an impact on economic development. Moreover, we have to acknowledge the shift in the assessment parameters and the higher relevance of ecological and sustainable development strategies which go beyond economic growth.

## 1 The elaboration of mountain policies

As mountains are closely inter-related to lowlands and constitute an integral part of many regions development in many European countries mountain policies have been developed very early, starting with activities for mountain forest in France in the 19<sup>th</sup> century (Barruet 1995, p. 231). In particular, the main thrust of respective policies has been established over the last three decades, extending all over Europe and including the development of European Community policy. The LFA scheme (Dax and Hellegers 1999) developed since 1975 represents the core of mountain policy measures in agriculture aiming at compensating less-favoured production conditions in mountain areas and safeguarding the development of cultural landscapes, and rural amenity in general, which are particularly valued in mountain regions (Crabtree et al. 2002). It is the counterpart to many national legislative initiatives and programmes started at the same period.

With rising recognition of the difficulties in economic development of peripheral and mountainous areas it was realised that sector programmes alone could not cope with the set of development deficiencies of these regions. At the end of the 1970s, a more integrative approach which tries to apply a stronger territorial viewpoint towards mountain policies was analysed as the primary objective. These (new) policies have largely been inspired and enhanced by “bottom-up” activities and regional policies at a small geographical level in several European countries, like Central Europe (e.g. Austria, Bundeskanzleramt 1980; Switzerland, Mühlinghaus 2002) since the end of the 1970s. Such pilot schemes have also been developed by local groups in remote mountain areas of France (Miclet 2003) and Spain. The discussion of those first initiatives contributed to the following policy reform and changes of attitude towards mountain policy (and also rural development) approaches at the European level.

Since the reform of the Structural Funds in 1988 and the EU-document the “Future of Rural Society” (CEC 1988) mountain policy is generally understood to comprise both agricultural and territorial policies aiming at mountain development. Also at that time the reference report on mountain policy was published (Amato 1988). The thrust of recent discussion of mountain policy is taking the need for such an

integrated approach as granted (European Commission 2003) and quite a number of evaluations of mountain policies reflect this concern (Bazin 1999; OECD 1998 and 2002).

This viewpoint has been adopted by the various international networks promoting trans-national cooperation for mountain ranges (Mountain Agenda 2002). The most significant international mountain policy framework is the Alpine Convention signed by the eight countries of the Alpine range. The following topics are addressed there, through a territorial and integrated approach: population and culture, spatial development, air quality management, soil protection, water management, protection of nature and conservation of landscapes, mountain agriculture, mountain forests, tourism, transport, energy and waste management. Although it required a lengthy political process a more positive assessment has replaced earlier criticisms, leading to the conception of the Alpine Convention as a model for other mountain ranges (e.g. Carpathians).

By taking account of the objectives on “sustainable development for mountain areas”, laid down in chapter 13 of Agenda 21, the discussion has been carried out on many levels and reached particular attention all over Europe (Backmeroff et al. 1997). With resolutions and charters in favour of mountain area support, launched by the Council of Europe and the Committee of Regions (1997) of the European Union the rising commitment for the issue has been expressed vividly. Also the declarations of mountain memoranda by national governments (Italy, Austria, France and Portugal) in 1996/1997 attached priority for mountain policy in the discussions for CAP and Structural Funds reform, as well as relevance for the 5<sup>th</sup> Framework Programme for RTD (1999-2002). In many respects this discourse was not just about the question of appropriate support schemes but also the necessity for providing adequate institutions at an intermediate level to facilitate mountain development.

In many countries Structural Funds programmes and Community Initiatives, like particularly Leader and Interreg are most relevant in mountain areas. What is even more important is that almost all mountain ranges have a considerable share in either objective 1 or objective 2 regions and thus participate (partly) in Structural Funds programmes. Coverage is more extended for Southern European Mountains included in objective 1 regions rather than for objective 2 areas where more scattered delineation practices prevail. In the latter cases the role of Community Initiatives and other actions seem particularly relevant for mountain areas. In general, the EU programmes have significant implications for the various mountain regions, but not specifically since they are mountainous. Rurality and peripherality, a lagging economic development and potential in tourism sector are main reasons for their selection as eligible areas and therefore the major focus in the programme

priorities rather than addressing mountain specific aspects (Nordregio 2004, 170ff.). With the prospect on reducing eligible areas large parts of the objective 2 area is under discussion. Hence, the discourse shifted towards improving the process of regional development programmes implementation and concentrates on issues of governance, accountability and setting appropriate framework conditions. In this process, participation and assessment techniques might contribute to establish a kind of dialogue tool and learning mechanism supportive to innovative local activities in mountain areas.

This last point addresses the questions of the appropriate levels and interrelation of measures and programmes, and the issue of governance for rural, mountain areas. Due to the varying topographical situation in mountain areas in many respects a rather small-scaled territorial analysis is required. Thus isolation and remoteness may occur locally and have to be assessed by appropriate policy design. The specificities of mountain areas have to take account that environmental performance and effects of economic activities and policies are of increasing importance for a holistic policy approach (Dax and Wiesinger 1998, Euromontana 1998). In this respect the high ecological sensibility of mountain areas implies that mountain regions experience the impacts of the rapidly changing global environment more strongly than others (Becker and Bugmann 2001).

As indicated the policy mix applied in mountain environments are rather divers. The Austrian case, presented in this paper, intends to exemplify the need to address the differentiation within mountains and the challenge by aiming at the integration of sector policies.

## 2 Uneven regional development in the mountain areas

The Austrian mountain area forms part of two of Europe's mountain massifs, the Alps and the Bohemian massif. As there exists different definitions of the areas we refer to, the demarcation of the LFAs (less favoured areas) which is relevant for Austria's mountain farming policy since its accession to the EU in 1995. The basic EEC Directive 75/268 (Art. 3, para 3) has been slightly adapted in Regulation 950/97 (Art. 23), and later integrated into Regulation 1257/99 (Art. 13-21). According to this classification, the mountain area comprises 70% of Austrian territory and is home to 36% of the Austrian population (Dax, 1998). With a wider definition of mountains the share of the national population living in mountain areas even attains 50% and exceeds the proportion of mountain population of most European countries. It is only higher for Switzerland, Slovenia and Norway (Nordregio 2004, p.30).

It is essential to realise that, in contrast to the assumption of economic decline in peripheral areas, the general dynamic of business and employment in the alpine area is subject to the same tendency as in the “non-alpine area”: the number of people employed in agriculture and forestry has dropped drastically, industry and manufacturing still account for a large (but decreasing) proportion of total employment, and the shift of jobs towards the tertiary economy is quite marked. Tourism is a core element of the service sector in the mountain area, in particular in the western part of the alpine area. Population growth and economic development in the last 20 years have led, on the one hand, to an increase in the importance of the alpine area and, on the other, to a sharpening of disparities, also within the alpine area (Schindegger et al. 1997). This differentiation of local and regional development is particularly important as contexts would shift considerably from region to region, but also from one valley to another.

A classification of intensive and less-intensive mountainous and non-mountainous municipalities shows the tremendous differences in intensity levels. Moreover it reveals that the regional processes in tourism development have run for a long time towards further concentration (Table 1). Some further analyses on the recent development underline an even stronger reliance on specific local/small-regional strategies as they present significant divergence between different groups of municipalities of a similar intensity. In some of the most intensive mountain communities overnight stays were still increasing over the last decade, whereas in comparable, renowned locations a quite different approach led to a stabilisation and sometimes even limitation of overnight stays (Table 2). As in many of these areas activity rates in tourism related economic activities exceed 25% of the workforce this branch’s development has a direct impact on regional performance. Moreover, for most less developed regions the expansion and re-focusing of tourism strategies was an attractive priority in regional programmes.

Table 1: Tourism intensity changes, 1975 - 1995

Tourism areas	Overnight stays per year / inhabitants		
	1975	1985	1995
non-mountainous <sup>1)</sup>	2.86	3.52	4.06
mountainous, less-intensive <sup>2)</sup>	20.12	20.07	19.30
mountainous, intensive <sup>3)</sup>	155.38	165.27	162.17
Austria	14.0	14.96	15.01

1) tourism areas outside Alpine range

2) tourism areas in mountains, with active population in tourism activities *less* than 25%

3) tourism areas in mountains, with active population in tourism activities *more* than 25%

Source: ÖSTAT, Schindegger et al. 1997, p.91

Table 2: Differentiation of tourism development by types of municipalities, 1995-2002

Tourism areas	Share 1995	Share 2002	1995-2002 in % p.a.
Less-intensive	33.51	34.24	0.27
Intensive and stable	13.47	12.92	-0.63
Intensive and ex- panding	9.30	10.72	2.01
Cities	8.70	9.52	1.27
Others/low level	35.02	32.60	-1.06
Austria	100.00	100.00	-0.04

Notes: 20% of municipalities with most overnight stays defined as intensive, expanding areas with change 1995-2002 exceeding 1.0 %p.a.

Source: ÖSTAT 2003, own calculations

It is important to notice also that tourism activities have an expressed spatial impact within mountain areas. The calculation of the maximum persons present in the settlement area both underscores the ecological relevance of the intensity issue and clarifies that tourism is most influential in higher altitudes of the mountains of western Austria. With 450 persons present per km<sup>2</sup> of settlement area at peak periods the density reaches a level comparable to the densely populated centres in main valleys (Table 3).

Table 3: Population density and present “population” <sup>1)</sup> by altitude

	< 700m	700-	800-	900-	>1000m	total
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		799m	899m	999m		
Population density						
Mountains - West	528	201	258	211	195	362
Mountains - East	246	177	131	116	103	208
Non-mountainous						227
Austria						240
Present "population"						
Mountains - West	583	274	381	355	452	468
Mountains - East	271	203	155	167	148	236
Non-mountainous						232
Austria						263

- 1) inhabitants plus overnight stays (in month of peak period), without daily guests and second-home dwellers
- 2) mountain districts of Länder Österreich, Salzburg, Tyrol, and Vorarlberg
- 3) mountain districts of Länder Burgenland, Niederösterreich, Steiermark, and Kärnten

Source: ÖSTAT 1991, Schindegger et al. 1997, p.39

The generally high quality of the cultural landscape in similar mountain environments supports the view that the differences in tourism intensity reveal its uneven valuation as a rural amenity. Through the interrelation of farmers to the rural economy, the different demand patterns for tourism and recreational use quite often has implications for land use changes. In many parts of the mountain area with less tourist attraction and demand, farming suffers from marginalisation tendencies and farm land is gradually converted into forest. On the other hand, settlement development, infrastructure provision and industry and manufacture also shape the landscape, and are particular elements of regional development in a sensitive environment like the mountains.

The image of the Alps as a unique tourist area often leads to an overestimation of the economic role of tourism. The prevalence of mono-structured economies misinterprets the actual economic structures and in some cases might endanger the future development and contribute to imbalances in the valuation of rural amenities. Recently, the inter-relation of mountain agriculture, landscape and tourism has been used to raise the specific feature of land use in the mountain areas. Whereas in some places the tourist intensity and/or economic structure implies acute forms of utilisation conflicts, other areas remain threatened by economic decline and population exodus.

### 3 Mountain farming and rural amenities

Agriculture plays an important role in maintaining multifunctional landscapes in mountainous areas of Austria. With 52% of all agricultural and forestry holdings

situated in the mountain areas, it is also of great national concern. These farms manage 57% of the agricultural area and 80% of the woodland (Statistik Austria 2001). In particular, animal husbandry and grassland management are of major significance (mountain farmers keep 64% of cattle and 78% of grassland) and decisive for landscape structures. Areas with a particular high nature value are widespread, as with high alpine pastures, steep mountain meadows, dry grassland biotopes and damp meadows in some valleys sustained through extensive management systems. Mountain farms are also of great importance for forest protection and the management of alpine pasture areas, which are extremely sensitive eco-systems.

The unfavourable natural conditions for mountain farming enterprises are expressed above all in the steep gradients of the farmed areas, the shorter growing season, being exacerbated by extreme weather conditions and implying an absence of alternative production possibilities. Often, an inadequate and expensive infrastructure, including high transportation costs and weak accessibility may also be added to this. Austrian farm holdings are moreover characterised by a small-farming structure which is operated primarily by family labour input: the average size of mountain farms is only 14 ha utilised agricultural area (of which 11 ha is grassland) and 11 ha forest. Mountain farm holdings with cows have an average stock of 8.5 units and only 5.2% of farms keep more than 20 cows.

The fact that only for 44% of mountain farms is agriculture the main economic activity has driven farmers towards the recognition of a wide range of functions, going far beyond the mere food-provision. Some of these wider tasks are linked directly to farming, but multifunctional mountain farming includes also objectives to sustain the management of externalities supplying services and values, reflecting a rising social demand:

- to secure provision of high-quality, fresh foodstuffs at favourable prices;
- to realise ecologically sound farming methods;
- to ensure the natural fundamentals of life - soil, water, air, biodiversity;
- to provide raw materials and energy;
- to shape, maintain and care for the cultural and recreational landscape;
- to protect against natural hazards
- to contribute to the maintenance of the population settlements and social and economic activities in the countryside
- to provide an impetus for the renewal of the regional economy

It seems important that under the difficult production situations of mountain areas the provision of these tasks is linked to specific types of farm management with quite clear limits for intensification of production. Presently, the priority of mountain farming strategies on quality development and region specific products constitute a major asset. Such activities reinforce the cooperation needs with other economic sectors and regional partners and require an enlarged market observation and analyses. In many respects activities have drawn or even have been inspired by existing Structural Funds programmes. However, the knowledge of diverse pro-

grammes and up-take is still following largely traditional sector lines. The current approach of, e.g. EU Community Initiatives or Rural Development Programmes to overcome the traditional divisions between economic sectors in some cases could achieve interesting results and experiences, but in general still points to the lack of implementation of this principle. The following chapter will extend on the application of mountain relevant policies in Austria and relate to the underlying problems of these areas.

#### **4 Mountain policies in Austria**

The specific challenges of development in mountains are reflected through a set of policies in various fields of activity. There are few studies available providing an overview and analyses of policies affecting mountain areas in European countries. Although many sectors would be of relevance, the predominant aspects analysed are focusing on farming, forestry and regional development, the most influential sectors in these areas. With mountain landscapes closely linked to its ecological sensitivity international activities underpinned the need for integrating environmental concerns into mountain farming policy (Dax and Wiesinger 1998, Tappeiner et al. 2003) Ongoing EU-projects tend to enlarge the regional remit and enhance comparability within and between mountain ranges (e.g. Pfefferkorn and Musović 2003, Koutsouris 2003). A more complete assessment is only aimed at by some national evaluation procedures (Bazin 1999, OECD 1998) which received particular stimulus through the IYM 2002, including additionally issues as traffic, environment, water management, cultural development and governance. The EU-Commission has acknowledged the need to address the specific problems of mountain areas through organising a conference on the various aspects and sectors contributing to mountain policy (EC 2003) and by commissioning a scoping study on the perspectives of mountain policy in EU-15 and acceding countries (Nordregio 2004).

##### ***Agricultural policy priorities***

As referred to above the respective policies are of particular relevance in the Austrian case. The starting point was the increasing difficulties of mountain farming which led to first policy debates on the issues already in the 1920/1930s. Though the general understanding of the need for supporting mountain agriculture improved over the 1950s and 1960s it was only in the 1970s when mountain specific measures were adopted. The experience that farming difficulties are not equal within the mountain area has led to in-depth considerations on how to classify mountain farmers. A differentiated classification system (of 4 groups) has been the base for mountain farmers, support in Austria, as in Switzerland and shortly after the introduction of LFA policy for EU-countries in some other mountain regions too. However, from the beginning the Austrian system used a classification of site-specific farming difficulties experienced through the specific situation of each individual mountain farm.

The main criteria for the classification were the climatic conditions and the “internal transport situation”, i.e. the proportion of agricultural area of the holding that had a gradient of at least 25% (no longer workable with a normal tractor) or of at least 50% for the farms with highest difficulties (category 4). The additional criteria, “external transport situation” (no access to the farm for trucks) and “low agricultural hectarage”, could result in a shift to the next category of difficulty. This has of course implications for the perspectives of land use and farming systems. The differentiation of mountain farms described above was in place until 2001 and revealed part of the diversity of mountain farming systems as well as its close relationship to off-farm or/and non-agricultural work. In particular in its objectives it was directed towards safeguarding the cultural landscapes in the mountain areas as a basic development resource for future economic use.

A specific support programme (Mountain Farmers’ Special Programme) has attached particular relevance to the multiple tasks provided by mountain farmers beyond agricultural production. It did not just focus on site-specific farming difficulties but has also attached importance to the social situation of farm households and their insertion in the rural economy, aimed at the preservation of mountain landscapes.

The measures included the improvement of infrastructure facilities, basic to quality of life and economic development, and thus reflect the initial consideration to conceive of agricultural support as part of mountain-specific policies. Hence, it has not just taken the preservation of mountain farming into account, but - at least in the beginning - made considerable efforts to raise the farm-related infrastructures and alleviate the situation of peripheral locations. At the core, the objective of safeguarding the development of “cultural landscapes” as a primary base for other uses and an asset for local development has received higher priority over this period (OECD 1998). Nevertheless, the sector approach has remained decisive, but with the increased acceptance of mountain farming support by the majority of the Austrian population, it has contributed to reinforcing the view that close cooperation between sectors is needed.

Over time the priorities of the programme have shifted, and direct payments, in particular the mountain farmers’ allowance has become the predominant measure. This trend also continued in the 1990s, when the programme’s title and philosophy was abandoned. Its core measure - direct payments to mountain farmers, targeted on the preservation of farm management - has even been intensified since then. When analysing the farm income situation of mountain farm households over the last decades we can notice the compensatory effect of increased agricultural support. Whereas farm income in 1980 accounted for just 81% of the national average it reached almost the average in 2000 (Table 4). The changes were much less explicitly expressed for the total household income, revealing that already decades ago the insertion into the local economy has been highly developed in these regions.

**Table 4. Income of mountain farms in Austria, 1980–2000 (index, Austria=100)**

Indicator	Aus- tria	Category of mountain farms				all moun- tain farms
		1	2	3	4	
Farm income						
1980	100	94	83	69		81
1990	100	93	83	67		81
2000	100	101	101	92	78	97
Farm household income						
1980	100	97	96	86		93
1990	100	98	94	85		92
2000	100	98	97	95	81	96

Notes: data are calculated on three years averages 1979/80/81, 1989/90, /91 and 1999/2000/01

category 1: mountain farms with lowest degree of production difficulty

category 2: mountain farms with medium production difficulty

category 3: mountain farms with high production difficulty

category 4: mountain farms with extremely high production difficulty.

Source: LBG, own calculations.

### ***Rural Development Programme***

With EU accession the mountain specific programme has been further developed and integrated into the horizontal Rural Development Programme which covers the total area of Austria. In this relation it turned out that the experience on mountain farming policies was important to the implementation of EU regulations. With the rising support for sustainable development approaches the relative weight for mountain support in this sector could even be enlarged and some farmers could gain particularly from increasing agri-environmental measures. Although evidence on the policy outcome remains rather weak, and difficult to attribute, the overall land use development suggests that the agricultural use of farm land did hardly decrease and thus marginalisation did not turn to be a major issue for most mountain areas (Dax 1998).

The experience in designing structural measures aimed at the multiple tasks of (mountain) agriculture particularly helped to apply agri-environmental measures and other structural instruments in a mountain context. Currently, the ratio of the “second pillar” of Common Agricultural Policy (CAP) in Austria far exceeds market regulation measures (Table 5). Even if some of the effect is due to the small-scale structure of Austrian agriculture and its weak market integration, the political priority to apply the set of measures available and also adapt them to the needs of mountain farming is decisive for this situation. With the integration of the structural instruments, including the mountain support schemes into the Rural Develop-

ment Programme 2000-2006 (BMLFUW 2000), it has been possible to provide a comprehensive framework for the remuneration of multiple tasks of mountain farming.

The agri-environmental programme, ÖPUL with a horizontal approach (€599m per year for the period 2000-2006) had greatest implications for mountain farms, since their management systems correspond to environmental sound farming to a higher degree than elsewhere. Mountain farmers receive about 45% of these funds whereas they account for only 36% of Austrian farms (with 49% of total UAA). One of the most demanding environmental elements of this scheme is the support for organic farming. In 2000, 83% of supported organic farms were mountain farms (Kirner et al. 2002) and the proportion of organic farming increases for farms with higher production difficulties.

The Rural Development Programme made it possible to intensify efforts for the agri-environmental programme and the less-favoured areas scheme, particularly its mountain areas strand, which has undergone some changes. The new LFA payment seeks to incorporate some of the advantages of the old system prior to EU accession. The measure now allows for greater differentiation between farmers and introduces a payment providing basic support to mountain farmers. Presently these measures, together with a set of other agricultural structural measures, cover the majority of funds in the Rural Development Programme.

**Table 5. Public support measures per farm unit in per cent (1999-2001)**

	Aus- tria	Moun- tain area	Category of moun- tain farms				0
			1	2	3	4	
direct pay- ments	35	21	29	18	15	10	47
agri- environmental programme (ÖPUL)	40	41	39	42	42	40	39
compensa- tory allow- ances	14	24	18	25	28	39	5
other pay- ments	12	14	13	15	15	11	9
total pay- ments	100	100	100	100	100	100	100

Source: LBG, own calculations.

While public support in absolute terms is similar for all farm groups, its compensatory effect has increased over recent years and succeeded in narrowing the income gap between mountain and lowland farms. In Table 5 the various public support measures are disaggregated to show the varying distribution between categories. Direct payments are 47% for non-mountain farms (in particular crop production in

favourable areas), whereas mountain farmers receive the highest proportion of support through the agri-environmental programme (ÖPUL) and compensatory allowances, which include landscape preservation as one of their main objectives. These two account for 65% of public support for farms in mountain areas (and for mountain farms of category 4 even 79%); whereas non-mountain farmers receive only 44% of their public support from these measures (all figures sum of lines 2 and 3). The table also reveals that, without the clear focus of compensatory allowances and agri-environmental measures on mountain farming, mountain farms with higher production difficulties would receive little public support (see low percentage of direct payments, in particular, for categories 3 and 4).

### ***Integration of mountain issues into spatial policies***

Besides mountain farming, the development of mountain areas has had to seek complementary measures in other sector policies, particularly enhancing the local/regional development of these peripheral areas. In 1979 the Federal Chancellery introduced the Mountain Area Special Initiative as a pilot scheme for most remote mountain areas (Bundeskanzleramt 1980). The objective of this initiative was to support co-operative business projects in all sectors through fostering initiatives for endogenous regional development. Although the support grants provided were rather small in total compared to other industrial renewal schemes, it can be considered to have had a rather stimulating effect on regional policy in Austria's mountain areas. One core measure to enhance this "bottom-up" approach was the provision of training through regional consultants, especially in the starting phases of initiatives. In the process, the emphasis shifted further to regional innovation and know-how transfer. With its multi-sector approach, these pilot actions raised the awareness about ecological issues and the need to integrate cultural landscape developments as a core aspect for comprehensive strategies of regions that are heavily dependent on them for their overall economic development.

Due to Austria's federal structure, it is important that the lower administrative levels, in particular the provinces (Länder), have shared this strategy and also developed aid programmes to support regional development initiatives for economic development in mountain areas. These programmes and additional initiatives of local authorities have complemented the federal development schemes in most peripheral mountain regions. It took long until the institutional changes and need for fundamental changes in the local societies were widely accepted and the development approach was shared by the various actors (Gerhardter and Gruber 2001). However, it turned out that the discussion process was very helpful for the preparation of regional strategies and implementation of Structural Funds programmes.

### ***Mountain relevant Structural Funds initiatives***

The adoption of EU policy brought about more drastic alterations for regional policy itself. Many of the Structural Funds objective areas, the Community Initiatives Interreg and above all Leader have predominantly been applied in many mountain regions. One can estimate that about two thirds of the eligible areas of the Austrian programmes were in the mountain areas (particularly objective 5b areas, Hesina et al. 2002). With the concentration of Structural Funds programmes for the period 2000-2006, the areas and population eligible have been cut by a third, leading to a scattered support area (objective 2 area). This implies greater difficulties in addressing the common problems of mountain areas through this programme, and greater responsibility for regional policy on the part of national authorities at all levels.



For the mountain areas, the concept of sustainability has also gained importance as environmental performance has become a key issue. This also reflects the view that rural amenities in mountain areas are basic *assets* for regional development. There is a host of studies and strategies that address the need to develop concepts to incorporate new visions on the use of the specific character of rural (mountain) regions and the possibilities of harnessing rural amenities as a core part of their development potential (Dax, 1999). The main messages have shifted towards achieving a balance between urban and rural dimension of regions. This includes the concept that local producers are increasingly dependent on the ability to address and valorise the external demand which is particularly expressed in concepts like multifunctionality. Hence mono-structural oriented approaches towards sector development (e.g. agriculture or also tourism) loose relevance and are supplemented by more innovative approaches and activities, integrating all economic sectors and environmental performance.

### ***Relevance of Community Initiatives to mountain regions strategies***

Besides the Rural Development Programme, the Community Initiatives Interreg and Leader are most relevant to mountain areas in Austria. With a share of 3.7%, respectively 3.5% of EU-support, and more than three quarters of actions taking place within mountains, both programmes reveal the priority of existing policies for the areas. Although Leader is mostly addressed as the main programme relevant for rural development one should not neglect the relevance of Interreg. Yet the horizontal application of Leader+ in almost all rural, and mountain parts of Austria implies to summarize here some of the main characteristics and lessons from the Leader programme.

The Leader programme, started in 1991, is the EU Community Initiative designed for the development of rural areas. Its approach seeks innovative strategies for the development of selected rural areas. The leading concept of the programme is the preference for integrated regional development strategies as opposed to sector-specific measures, the requirement to focus on the participation of local population and the intensive cooperation and networking of rural development activities.

Since the moment it joined the EU, Austria has drawn on its experience with similar bottom-up initiatives for local development (Gerhardter and Gruber 2001) to support the starting up of a wide range of Leader initiatives. In the Leader II programme (1995-1999) 32 Local Action Groups (LAGs) covering an area with a population of about 765,000 inhabitants (10% of the Austrian population) participated. Now, in the current Leader+ programme, the opportunity to extend the eligible area to all the “rural” parts of the country has been seized and the area of the 56 LAGs selected for the programme period (2000-2006) was extended to 56% of the total area of Austria with a population of 2.175m inhabitants (27% of the Austrian population).

The financial framework of this Community Initiative has risen from total costs of €67m to €161.5m, between the two periods, including EU funding of €21.5m and €75.5m respectively. This increase clearly reflects the national concern to enhance wide participation of local actors in the initiative. It is based on the good experiences Austria had with the application of the programme in the first period (Austrian Research Centres, 2001). The experience of this assessment was also an important incentive to the great commitment towards enlargement of the Leader approach in the current programme period.

The initiatives in this period now follow financing regulations which have been streamlined, support for Leader+ being provided exclusively by European Agricultural Guidance and Guarantee Fund (EAGGF) - Guidance Section as well as the required national financing by public and private funds. The main objectives are to encourage and support rural actors in thinking about the longer-term potential of their area and engaging in innovative activities which tend to have an experimental character. In the Austrian context, the Community Initiative received particular attention in mountain regions addressing the need to raise awareness of local strengths and develop regional strategies that strive to nurture the potential arising from diversification and cooperation of farm-based activities. In conjunction with tourism development, the understanding of providing elementary tasks through the preservation of farm management under the adverse production conditions in the mountain areas was decisive to changing the attitude of local actors (Resch et al. 2003).

The current proposal for the next programming period (from 2007 onwards) to establish a separate Rural Development Fund which would include a Leader type instrument raises some concerns as to the organisation and contents of the future programme. In particular, the allocation of funds to a comprehensive and rather flexible programme under a sector policy programme is questioned. It is therefore suggested by local actors, who wish to continue their activities and realise that regional priorities can only be kept with a long-term support frame, that respective funds are earmarked for such activities in order to prevent shifts towards pillar 1 measures.

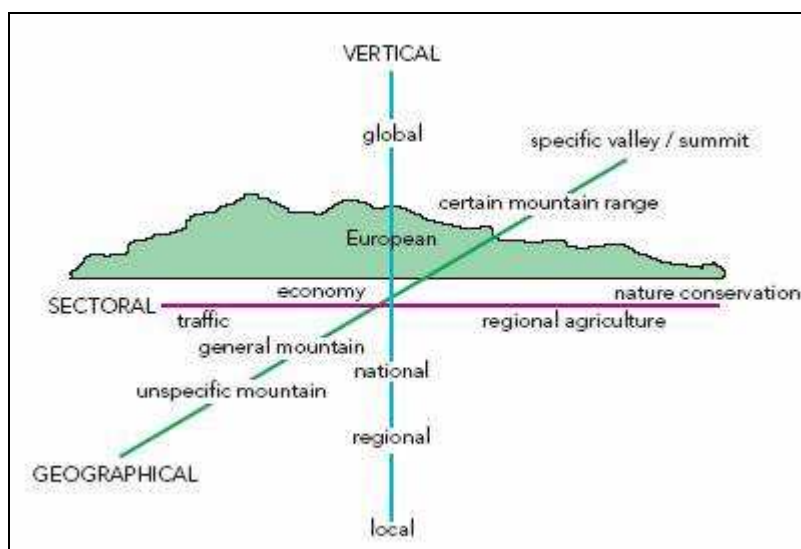
A second example of explicit mountain orientation is provided through the INTER-REG IIIB programme Alpine Space. The programme covering the complete Alpine range and related regions is aiming at establishing the Alpine Space as a powerful area in the European network of development areas: This requires to develop a common understanding of the role of the area in terms of sustainable spatial development and to actively promote this by various activities and measures. The consideration of the relationship between alpine core regions, the fringes of the Alps and the areas inter-related to these regions are of increasing importance. Trans-regional and trans-national cooperation has been realised to be crucial in addressing the following three spatial planning policy guidelines of the ESDP: balanced and polycentric urban system and new urban rural relationship; parity of ac-

cess to infrastructure and knowledge; sustainable development, prudent management and protection of nature and cultural heritage. It is assessed as positive that the programme is not limited to environmental aspects and Alpine core region. On the other hand, as a new type of activity the spatial planning aspects and more visionary elements could be strengthened in the programme. Addressing the problems of a common geographical programme area should be maintained in a next programming period (Schneidewind et al. 2003).

## 5 Mountain areas of marginal interest for Europe?

The specific problems of mountains have been increasingly raised in recent policy debate and are referred to in European spatial strategies. Following the ESDP, the Second and also the Third Cohesion Report have addressed the issue. Yet, the situation and understanding of the problems encountered is very diverse, and hampered by a lack of comparable information. A number of research projects are striving at improving knowledge, particularly through application of interdisciplinary research programmes. We can notice an increased awareness on the topic, but lessons from all the projects and activities have to bear in mind the great diversity of mountain ecosystems, and adaptive strategies require a long-term commitment to develop effective programmes. It has been realised that a number of EU (and national) policies are relevant for mountains and spatial policy engages in integrating mountain issues at various levels. A list of EU policies for mountains drawn up by the European Environmental Agency (EEA 1999) exemplifies the wide range of policies and the gaps in taking account of the inter-relationships. Multi-dimensional ways in which policies affect mountains were illustrated by a “policy coordinated system” (Figure 1). There is a hierarchy of policy from global to local level (y-axis), sectors of policy from economy to nature conservation (x-axis) and a geography from general mountain policy to specific valleys (z-axis).

Figure 1: Mountain policies in a mountain system



Source: EEA 1999, p.390

It is widely accepted that there is a general need to recognise mountains as a distinct area and to evolve criteria for sustainable land use. Given the high variation in local natural and socio-economic contexts local approaches are particularly important in developing adapted territorial strategies. The focus of policy reform would be seen in the following six areas:

- promoting efforts to secure land use and development of local resources
- accounting for the impacts of livestock, forest and hydropower in mountains
- creating regional networks of conservation areas
- improving knowledge about mountains through integrated research, monitoring, and education
- developing institutions and co-operation at level of mountain ranges and regions
- integrating mountains into projects and policies of development agencies

## 6 Conclusions

The experience from regional development initiatives and implications of mountain policies suggest that both an active core of local actors addressing the local market problems and harnessing the full development potential of the region as well as the appropriate policy instruments are requested to set up a significant development dynamic. In particular, important mountain features as landscape, hazard prevention, nature protection and provision for recreational use have to be integrated carefully. The holistic approach is necessary to provide the full range of positive effects which are in the case of land use management often most relevant to other economic sectors and to non-local people valuing these services. According to a system approach, single instruments involve the danger of neglecting interrelations and tend to fail in the internalisation of externalities. With regard to addressing the multitude of tasks of land-use systems in mountains there are some quite important implications of policy intervention (and non-intervention) that deserve particular emphasis (OECD 1999).

- Mountain development demands active support through incentive policies that contribute to shaping the local/regional actors' behaviour.
- Regulatory measures are crucial for safeguarding the values of landscapes, in particular with regard to aspects like non-use, option and existence values, particularly in the field of high nature value systems, for future generations (OECD 1998). The maintenance of such valuable assets is a fundamental base to the regions development potential.
- Amenities in mountain areas typically have important collective and territorial dimensions, which implies that disadvantages of remote places like mountain areas can only be overcome by collective action.

- There is a significant coincidence between mountain areas and areas of nature conservation interest. Since low-intensity farming systems of mountain areas reveal characteristics to a high extent benign to the environment, but endangered both by abandonment and intensification, there is an urgent need to highlight the importance of appropriate land management and integrated policy strategies supporting structures which are closely linked with multiple functions provision.

Agricultural policy aid to the mountain areas has succeeded, in part, in compensating for the production disadvantages of mountain farms as shown through examples such as those in Austria. Through the high level of integration of the farming population in off-farm labour markets, pluriactivity and regional policy are core elements for achieving objectives of sustainability and long term provision of social demands. Mountain farming policy has made a marked contribution to maintaining settlement structure and conserving and shaping the cultural landscapes in areas with particularly severe work-related farming difficulties, which were also threatened by population exodus. Support for mountain farms has had positive direct effects on income and management practices and indirect effects in safeguarding the sensitive eco-systems and maintaining multifunctional landscapes, as well as the entire living and working space in the mountain area. However, the danger of conceptualising cultural landscapes primarily according to features that are considered to be shaped by traditional management methods underpins the requirement for a dynamic view to counter the tendency of dualisation of landscapes (Hebertshuber 2000) fostered by over-rigid preservation concepts.

Evaluation studies on regional and agricultural policy in mountain areas (Austrian Research Centres 2001, Hovorka 2001) have shown growing appreciation of the values of mountain farming. This links to the discourse intensified through the United Nation's International Year of the Mountains 2002 on the problems and wide range of functions provided by mountain regions for lowland areas. Whereas, worldwide, the situation in most mountain ranges is dramatic, with severe economic and ecological problems, the challenges in the Alps are more differentiated. Owing to the recognition for specific mountain support achieved, as well as to the positive results realised through cooperative integration policies, there are at least best practices examples available for successful policy approaches.

A too straightforward concentration of EU cohesion policy on low income countries and economic growth, primarily measured along national and quantitative indicators, would not do justice to the small scale spatial character and the quality dimension referred to in many mountain studies. Beyond the recommendations resulting from the Sapir report (Sapir et al. 2003) the numerous pilot activities to-

wards strengthening regional strategies and integrating sector approaches into spatial policies will have to be continued, if the amenities and potential of mountain areas is to be seized also in the future. As action required is often of trans-national character an EU policy framework for these activities seems indispensable. These experiences apply to the indicated wide framework of policies, and particularly to regional policy and the Common Agricultural Policy which would have to include also in the future significant instruments which are oriented towards the particular production difficulties of mountain farmers. The set of these measures, including support like the compensatory allowances, the agri-environmental programmes and the adaptation of the regulation schemes for milk quotas to mountain specificities, has to achieve a significant level with regard to services rendered and the impact of current policy, in order to contribute efficiently to sustaining mountain farming.

The debate on socio-economic processes in mountain areas has to be centred on the long-term provision of public environmental amenities in the mountain areas to facilitate sustainable regional development. This calls for an integrated regional strategy aiming at the maintenance of settlement, social and economic activities and the conservation and shaping of the cultural landscape in the mountain area. In this context the typical multifunctional land management systems constitute a fundamental contribution to the development and use of mountain landscapes which won't be achieved without ongoing regional commitment and balanced public support efforts.

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### Notes to readers

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