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Commission

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CAP
IN YOUR
COUNTRY

The **Common Agricultural Policy (CAP)** is Europe's answer to the need for a decent standard of living for 22 million farmers and agricultural workers and a stable, varied and safe food supply for its 500 million citizens. As a common policy for all 28 EU countries, the CAP strengthens the competitiveness and sustainability of EU agriculture by providing Direct Payments aimed at stabilising farm revenues and finances projects responding to country-specific needs through national (or regional) Rural Development Programmes, which also cover the wider rural economy.

The CAP also provides a range of market measures, including tools to address market difficulties, and other additional elements such as quality logos or promotion for EU farm products, which complete CAP action to support farmers. The CAP budget fixed for the period from 2014-2020 provides a total of EUR 408.31 billion in EU funds with EUR 308.73 billion intended for Direct Payments and market measures (the so-called First Pillar) and EUR 99.58 billion for Rural Development (the so-called Second Pillar).



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- covers an area of **83 879 km²** of which **32% is agricultural** area while forests cover 44 %.
- has a total population is **8.4 million**, of which 44% live in rural areas.
- has a farming sector characterised by small-scale structures where farming is difficult as **87% of farm holdings are located in mountain areas** and areas facing natural or other specific constraints.
- is the EU Member State which has one of the highest levels of agricultural area dedicated to **organic farming (20%)**.

INVESTING

in Austria's Agriculture 2014-2020



In the period to 2020, the CAP will invest **more than EUR 8.8 billion**¹ in Austria's farming sector and rural areas. Key political priorities have been defined at European level such as: jobs and growth, sustainability, modernisation, innovation and quality. In parallel, flexibility is given to Austria to adapt both Direct Payments and the Rural Development Programme to its specific needs.

Fairer and greener direct payments

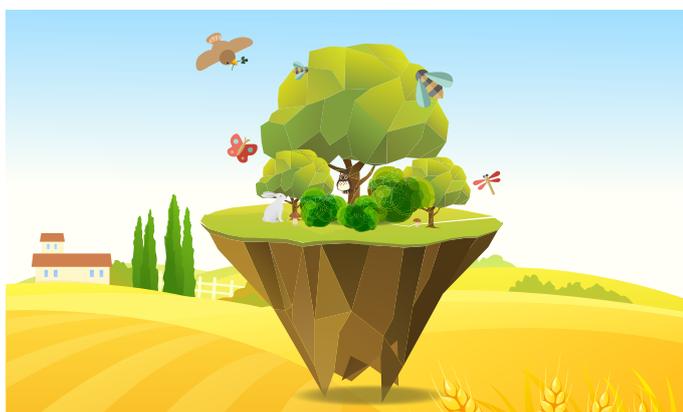
The new Direct Payments are to be distributed in a fairer way between Member States, and between farmers within the same Member State, putting an end to allocations on the basis of "historical references". Given the difficulties of such redistribution, Member States also have more flexibility to take into account specific sectors in particular regions. With **around EUR 4.9 billion**, the budget available for direct payments in Austria remains much the same as in the 2007-2013 period, despite a general reduction of 3.2% at EU level.

A key change in the new CAP is the application of new '[Greening](#)' rules, in order to highlight the benefits farmers

provide to society as a whole on issues, such as climate change, biodiversity loss and soil quality. Under this system, 30% of the Direct Payment envelope, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and conserving 5% of areas of ecological interest or measures considered to have at least equivalent environmental benefit.

For the remaining Austrian direct payments, the Basic Payment Scheme (previously called the Single Payment Scheme) will see a gradual convergence in payments per hectare to a national 'flat rate' by 2019. The Austrian authorities have decided to earmark 2.1% of the Direct Payments envelope for voluntary coupled support (targeting beef, veal, sheep and goats in mountain areas). Austria also applies the [Small Farmers Scheme](#), a flat-rate simplified system of support for the smallest beneficiaries, with a maximum of EUR 1 250 per farmer. This scheme reduces the administrative burdens for small farmers, lessens the controls on [cross-compliance](#) and exempts them from greening rules.

Other changes introduced in the 2013 CAP reform include stricter rules on active farmers eligible for Direct Payments and a new 25% aid supplement for young farmers for the first 5 years, in addition to already existing installation grants.



¹ Total allocation of Direct Payments and Rural Development for the period 2014-2020 (in current prices).



Farmers at the heart of the food supply chain

To improve the balance of the food supply chain in Austria, EU instruments (such as [Producer Organisations](#))



help farmers to get better organised and to market their products better. Moreover, the EU organic logo helps consumers choose food produced in a sustainable way. Demand for organic products is higher in Austria than in other Member States and Austrian farmers have responded to this demand.

Supporting key priorities for Austria's rural development

With a total budget of around **EUR 3.9 billion** for measures benefiting its rural areas in the 2014-2020 period, Austria's Rural Development envelope has increased compared to the previous period (2007-2013), contrary to an overall decrease in the EU (in current prices). Based on the options available, the Austrian authorities have fixed the priorities for the coming period in its National Rural Development Programme. Indeed, Austria continues to be one of the Member States that receives the greatest share of its CAP support via the so-called 2nd pillar of the CAP.

The [2014–2020 Rural Development Programme for Austria](#) focuses on 3 main objectives:

-  Preserving ecosystems and an efficient use of natural resources (nearly 80% of the agricultural area under management contracts)
-  Improving competitiveness of the agricultural and forestry sector (20 000 farms targeted, 600 innovation projects and training for 600 000 people)
-  Creating conditions for the economic and social regeneration of rural areas (75 Local Action Groups covering 75% of the rural population creating 490 new jobs)

The specific situation of Austria - 60% of the total land surface is alpine land (mountain areas) and around 70% of the agricultural area is classified as 'less-favoured' – has its impact on the design of the RDP: a clear emphasis is put on measures aiming at the preservation of the alpine ecosystem and supporting farmers in areas facing natural constraints. The planned agri-environmental measures promote the preservation of eco-systems, enhance organic farming also in mountain areas and improve soil, air and water management with a view to biodiversity. Measures also contribute to risk prevention and management and environmental protection.

KEY ACHIEVEMENTS



Between 2007 and 2013, the CAP invested **more than EUR 9.3 billion²** in Austria's farming sector and rural areas with the objective of stabilising farmers' income, modernising and increasing the sustainability of Austrian farms and securing the supply of safe, affordable and quality food for its citizens.

Austrian farmers benefit from the CAP

during recent years, direct payments have been a key safety net. In 2014 some 110 250 Austrian farm businesses received **nearly EUR 700 million** in Direct Payments, almost two thirds of which received a payment below EUR 5000. Moreover, in 2014, the EU spent more than EUR 25 million on market measures in Austria, targeting mainly the wine and fruit & vegetable sectors.

Fostering growth and jobs in Austria's rural areas

In the period from 2007 to 2013, the CAP invested more than EUR 4 billion in a whole range of different activities supporting agricultural production and benefitting Austria's rural areas by preserving its diversity and enhancing its economic strength, cultural richness and social cohesion. In concrete terms, Rural Development funds provided support to:

- the installation of **more than 8 800 young farmers**;
- the modernisation of **more than 29 000 agricultural holdings**, generating a total investment (public and private) of more than **EUR 2.2 billion**;
- enhanced basic services and the renewal of villages with **more than 1 200 projects** and an investment volume (public and private) of **more than EUR 141 million**.

Rural Development funds have also encouraged a more sustainable agriculture:

- More than **32 000 farmers**, representing over 20% of all Austrian farmers, received support for organic farming.
- Support for the implementation of agri-environmental measures was provided to more than **112 000 beneficiaries** covering more than 2 million hectares with a volume of more than EUR 3.5 billion in total public expenditure.



Example of a Rural Development project supported by the CAP Cherry Cooperation (Kirschen Kromme Rijn/Kersensamenwerking)

The overall objective for this transnational cooperation project for farmers and tourism operators in Austria and the Netherlands is to jointly exploit the cherry theme to further strengthen the local identity of both regions. Reciprocal visits to the partners' areas are the project's main driving force; joint activities includes the development of promotional materials and billboards providing information about cherries, as well as of plans for a cherry museum or cherry arboretum. [See more information here.](#)

Total cost: EUR 185 622, CAP contribution: EUR 105 123, April 2011- April 2014

² Total expenditure for Direct Payments, Market Measures and Rural Development (payments) for the period 2007-2013 (in current prices).

Adding value with Quality schemes

Through the [Quality Policy of the CAP](#), the EU provides a number of measures to help producers build on the high quality reputation of European products to sustain competitiveness and profitability. A key tool in this is the register of more than 1 300 protected food names which are classified as a **Protected Designation of Origin (PDO)**, a **Protected Geographical Indication (PGI)** or a **Traditional Speciality Guaranteed (TSG)**. The production of these registered quality products contributes to diversity, development and growth in the rural areas where they are produced and protects local knowledge, skills and jobs.



At present, Austria has 15 food products registered, of which [9 as PDO](#) (such as *Pöllauer Hirschbirne* and *Tiroler Almkäse*) and [6 as PGI](#) (such as *Mostviertler Bimmost* and *Marchfeldspargel*).

Responding to new market difficulties

Following the prolongation of [the Russian ban on the EU agricultural imports](#) and the specific market conditions of the summer 2015, the European Commission adopted in October 2015 a [support package worth EUR 500 million](#) to help those farmers affected most by the difficulties. A total budget of EUR 420 million was made available for national envelopes to support especially the **dairy and livestock sectors**, with flexibility to Member States to decide how to target this support. The remainder was earmarked for other short and medium term measures such as the provision of private storage aid for certain products and to promote

the expansion of export markets. Under this new package, Austria is getting EUR 7 million, of which EUR 4 million has been allocated to the dairy sector and EUR 3 million to the pig meat sector.

In spite of the Russian ban, global **EU agri-food exports** to third countries have performed well, increasing by EUR 6.8 billion in the first 12 months since the ban, relative to the EUR 5.2 billion drop in trade with Russia compared to the same period of the previous year. Major gains have been achieved in exports to the USA, China, Switzerland and other key Asian markets such as Hong Kong and South Korea.

What do the Austrians think of the CAP?

According to the most recent Eurobarometer survey, published in January 2016, **almost three quarters of the Austrians think that the financial support given by the EU through the CAP is either enough or too low** (14% considers it “too high”).

The main arguments proffered for why the EU allocates important resources to the CAP are that “financial aid to farmers makes it possible to guarantee the food supply” (79%), ensuring that agricultural products are of good quality, healthy and safe (70%), and developing rural areas while preserving the countryside (63%).

Moreover, **83% is totally in favour of the greening measures** taken.

The Eurobarometer survey 440 “Europeans, Agriculture and the CAP” [can be consulted here](#).

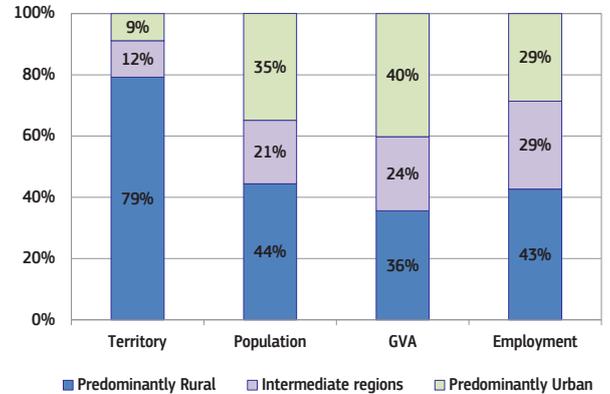


AUSTRIAN AGRICULTURE AT A GLANCE

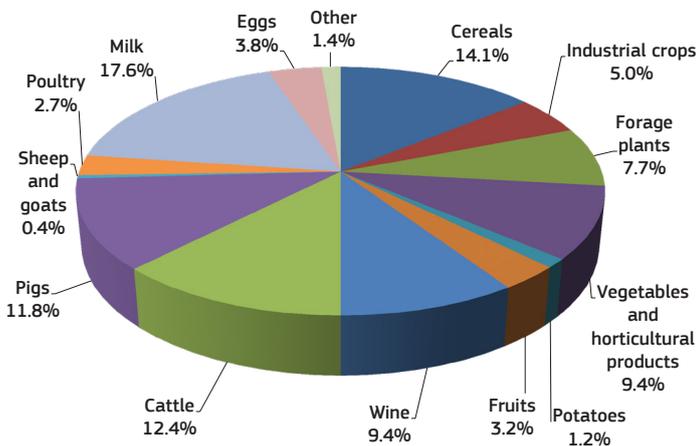
Austrian agriculture is characterised by:

- the highest proportion (20%) of agricultural land dedicated to organic farming in the EU;
- small and medium-sized farms, rather **young farmers** (10.9% Austrian farmers are under 35 years old, compared to 5.9% in EU-28) and an ongoing rural depopulation;
- a contribution to Austria's **economy** with 1.4% of the total Gross Value Added (EU-28: 1.6%) and to **employment** with 4.8% of total employment (4.7% in EU-28).

Importance of rural areas

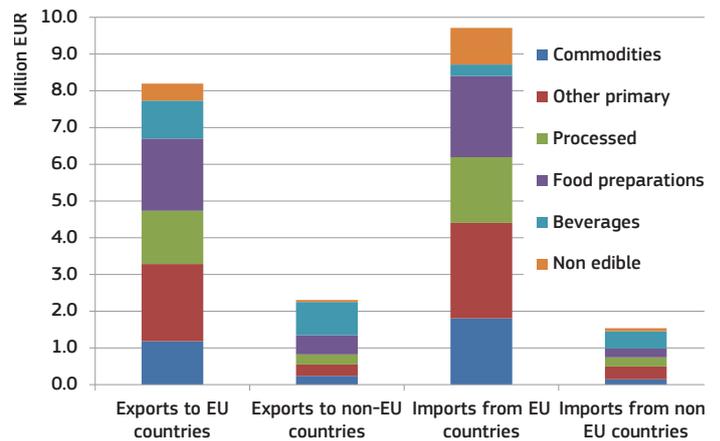


A very diversified production

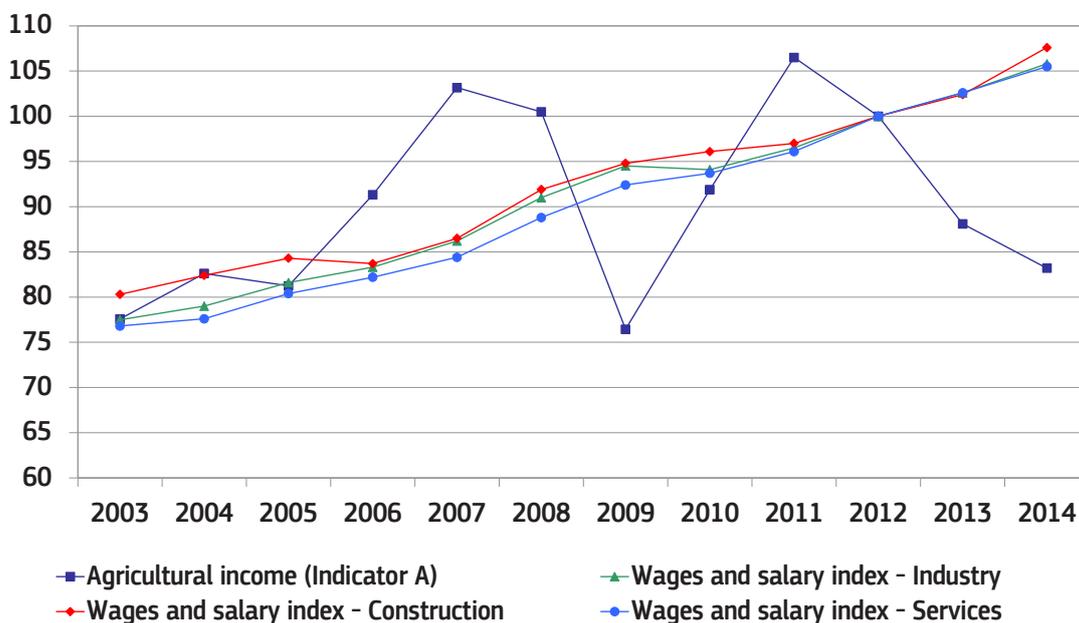


Output components (2013-2015 average); values at constant producer prices

Agricultural trade with EU Member States is highly important for Austria (2014 data)



Farmer's income continues to be more volatile than wages and salaries in other sectors



Data sources: Eurostat, Comext.