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1. Development and Structure
2. Funding
3. Marketing
4. Research
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1. Development and Structure of Organic Farming in Austria

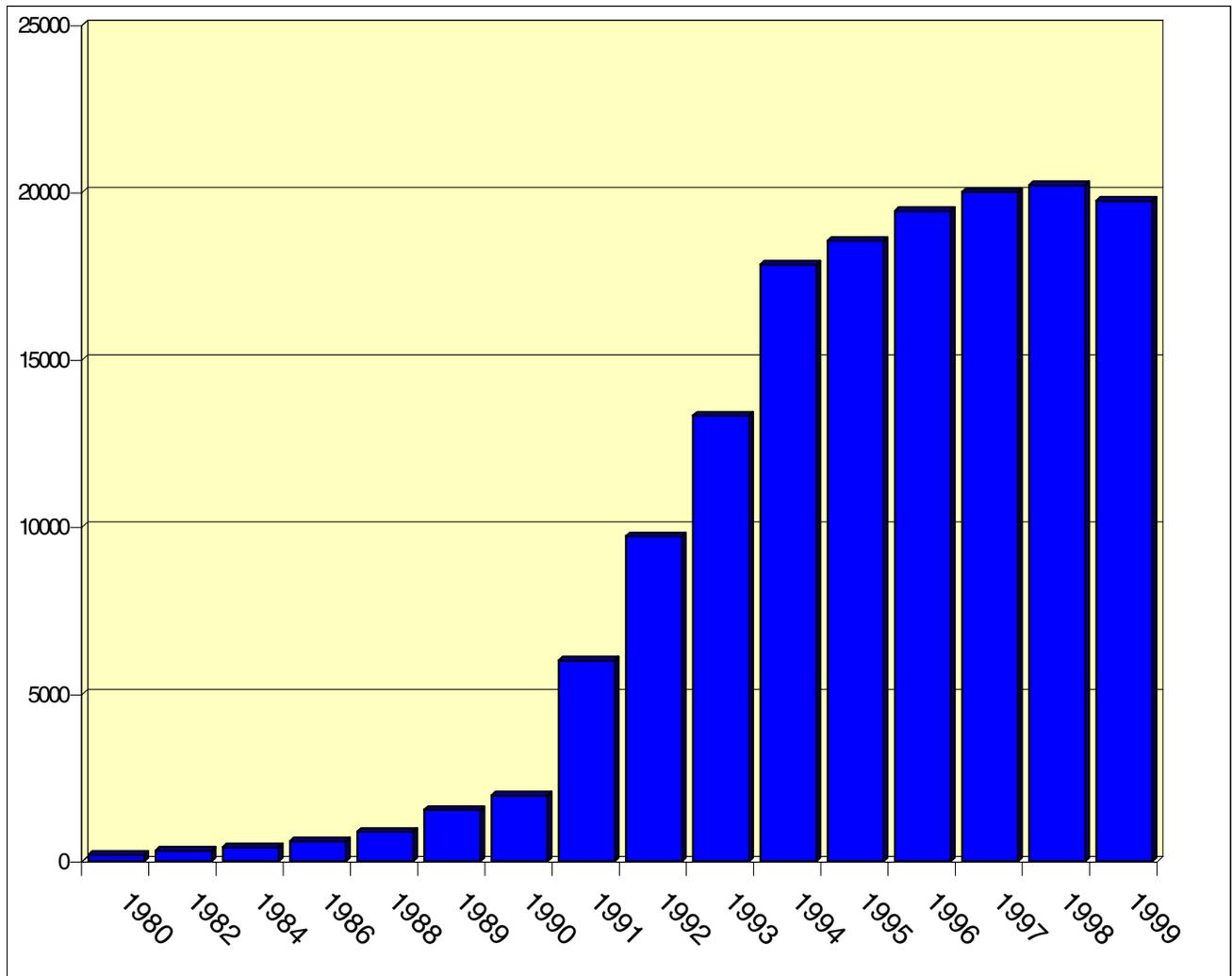
Austria always was on the forefront of countries concerning the development of the organic farming. Pioneer farmers developed together with Rudolf Steiner, scientist and founder of anthroposophy, the organic-dynamic production between 1920 and 1930.

Austria was the first country in the world to set official guideline for organic farming. In 1983, the first decrees in this respect were issued by the Federal Ministry for Health and Environmental Protection. In 1989, they were included as Chapter A 8 in the Codex Alimentarius (Austrian food codex), and in 1991, Austria was the first nation to define regulations for the organic production of animal products.

Until 1990 the organic movement was a rather niche for few farmers, who produced mainly for the local market. The early stage of organic farming was very much characterized by the enthusiasm of some farmers and some consumers.

The great wave of conversions started in the beginning of 1990. Between 1992 and 1999 – the growth period - common strategies were developed.

The strongest growth rate was in the grassland sector because of favourable conditions like traditional extensive low-input farming. During the nineties organic farming has become an issue in the public debate and consumers discovered it as an alternative to conventional farm products. One of the biggest retailer in Austria launches its own organic brand „Ja Natürlich“ and mainstream consumers start to buy organic.



Graph 1: Number of organic farmers in Austria 1980-1999

Turning points

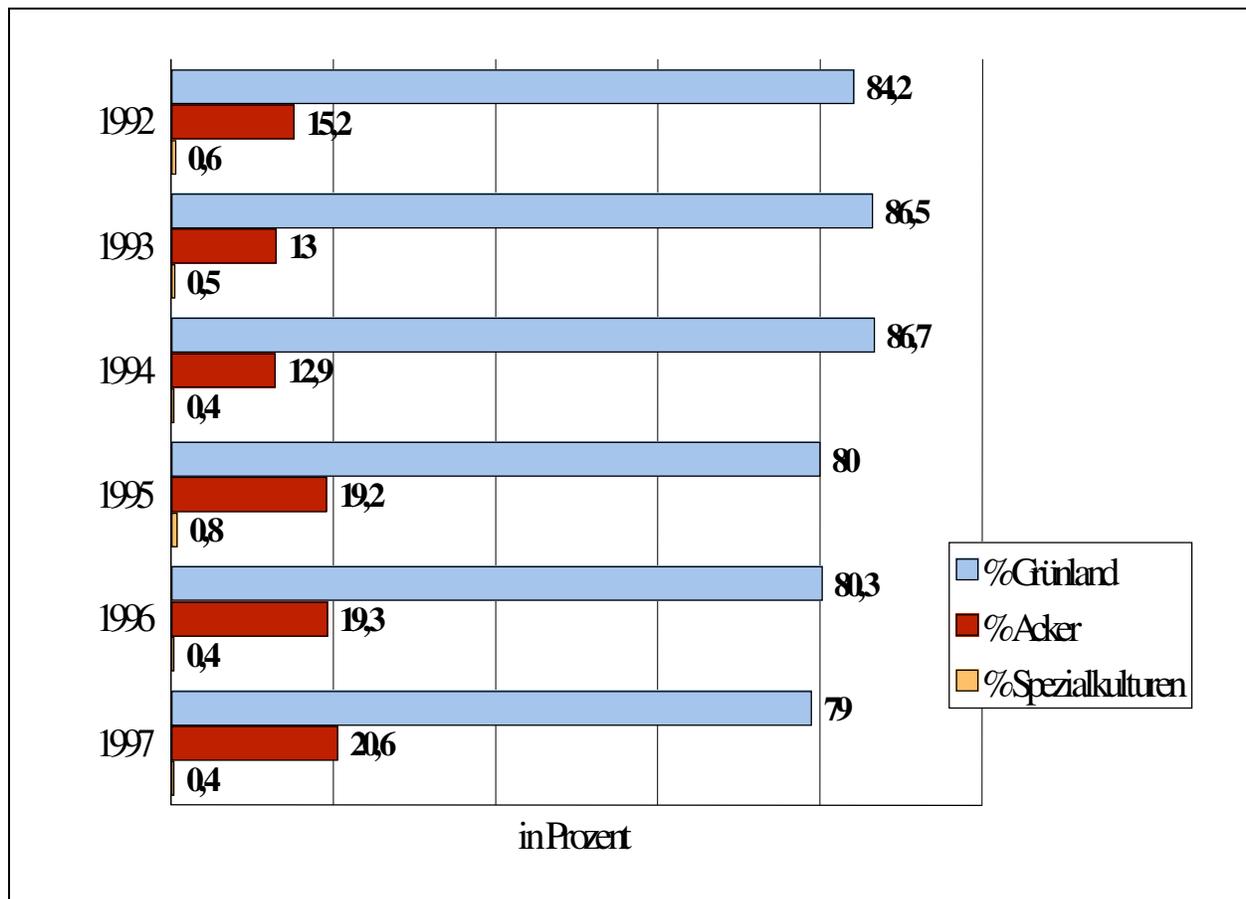
- 1989 Three Austrian provinces provide subsidies to individual farms converting to organic agriculture.
- 1991 Federal Ministry of Agriculture and Forestry grants subsidies for farms converting to organic methods.
- 1992 Subsidy program for converting and certified organic farms.
- 1995 Joining EU, start of the agri-environmental programme (ÖPUL).
- 1995 Promotion of organic food in supermarkets.

Currently the number of organic farms and the area cultivated organically remains stable. One can note a slight decrease of mainly part time livestock farmers- especially in the western parts of Austria. This is due to a consolidation of farming in this sector where sometimes there are no successors in a family who carry on farming. On the other hand there is an increased uptake of organic farming by rather larger or medium sized arable or fruit and vegetables farms especially in the eastern parts of Austria. Approximately nine per cent of all farms in Austria are organic farms, covering a total area of 287.900 hectares (~10%) of utilized agricultural area.

The largest concentration of organic farms is in regions with a high proportion of grassland (Salzburg, Styria, Tyrol).

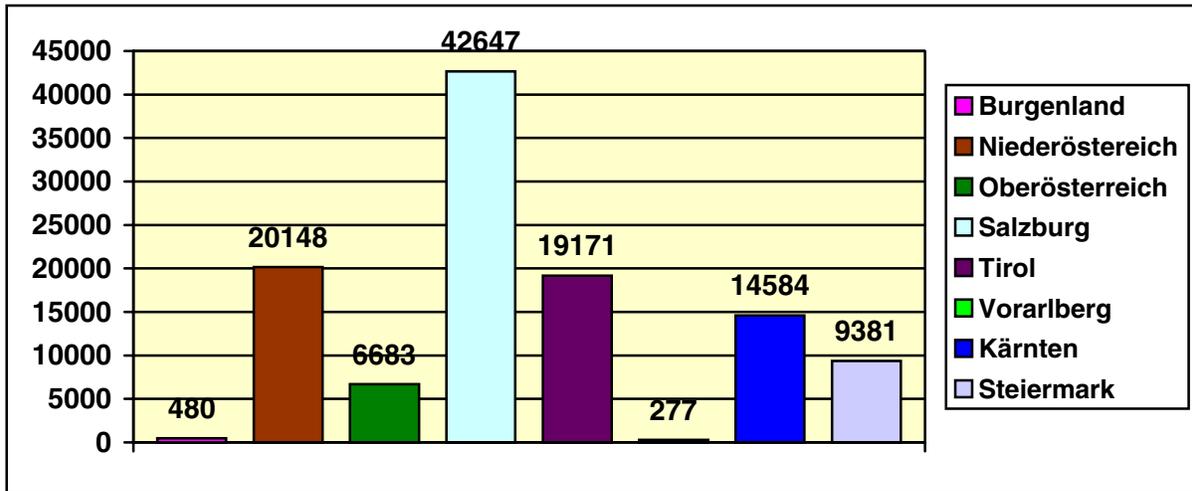
Farms in Austria are small and medium-scale farms. The average size is approximately 14 hectares. Almost 97 % of all organic farms have cattle, on average between 11 and 18 head. Few organic farms without cattle are situated in the eastern part of Austria (Lower Austria, Burgenland). Approximately 1% of organic farmers are specialised in fruit, vegetable, or wine cropping.

Graph 2: Development of cultivated organic area, BABF 1999



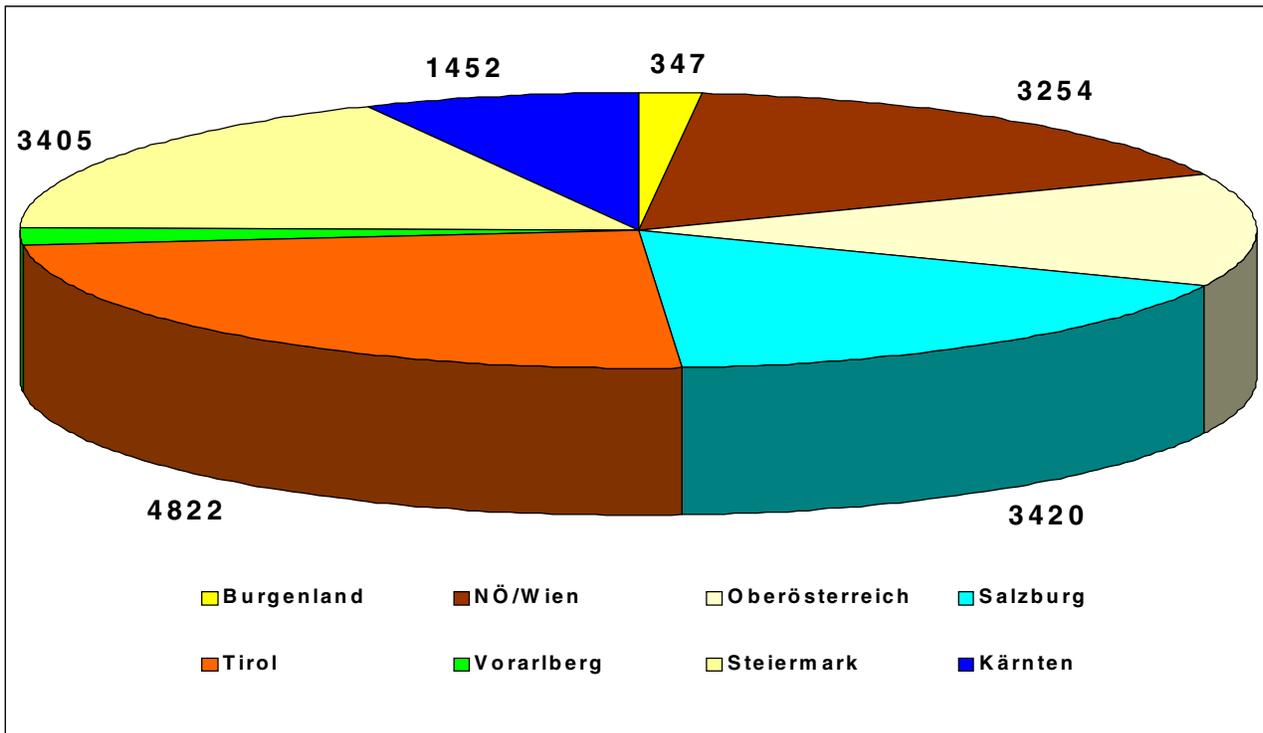
Since most organic farms are situated in mountain areas animal husbandry is predominant, the most frequent organic products are milk and beef. There is even an oversupply of these two products.

Graph 3: Production of organic milk in Federal provinces 1999, AMA:



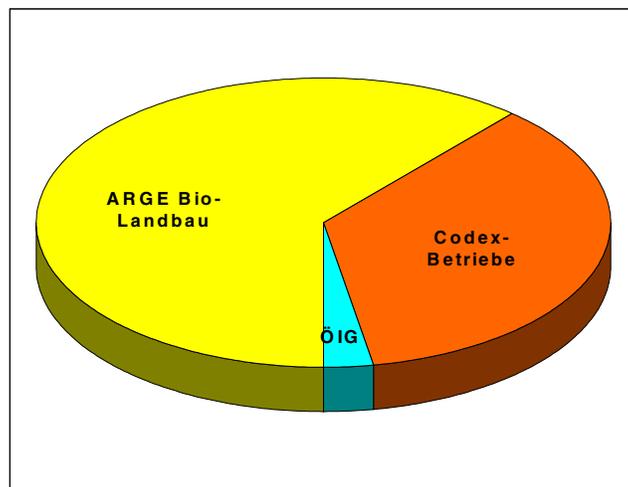
Insufficient supply of organic products is still in pork, broilers and also in vegetables, fruits and wine.

Graph 4: Organic farming in the Federal provinces in 1999, Arge Biolandbau



Membership in producers' associations

Organic farmers in Austria belong to various associations, who reflect their different approaches to organic agriculture, regional differences and different marketing strategies. 64 % of all organic farmers are organised in 11 producers' associations, who are member of one of the 2 umbrella organisations, Arge Biolandbau and ÖIG. The advantage of membership is linked to their excellent performance in service, information, marketing and public relations and as pressure groups for organic farming. Thus, farmers, who benefit from these producer' associations did not quit organic farming in the last few years as farmers who being not member of a producer associations sometimes did as they found it difficult to market their products as organic and receive a premium on the market.



Graph 5. share of producer associations

Certification and Inspection bodies

The legal standard for organic farming is based on Council regulation 2092/91 and Council regulation 1844/99. Organic farms have to be registered by the governor of each Federal province as the head of the foodstuff authority (= Lebensmittelbehörde). The prerequisite for registration is a contract with one of the seven inspection bodies in

Austria. Inspections are carried out once or twice a year and cost approximately 110 – 130 Euro. The quality management system according to the European Norm EN 45011 for inspection bodies is monitored through the Ministry for Economic Affairs, division for Accreditation Services.

If farmers receive compensation payments for organic farming – this applies to 95% of all organic farmers in Austria - the AMA (Agency of BMLFUW) in charge of granting subsidies carries out additional controls to make sure that the farmer fully complies with the guidelines.

2. Main Programs under which organic farming is funded ÖPUL

(= Austrian Environmental Programme)

The first Austrian environmental programme (ÖPUL) was launched in 1995 when Austria joined the EU. The participating farmers were bound to the contract for 5 years. It ended December 1999 and was followed by a new contract for 5 years, which started in 2000.

Subsidies per hectare grassland: 218 Euro; arable land: 327 Euro; fruits, vegetables: 727 Euro.

Graph 6: Development of organic aid scheme, BMLFUW 2000

Year	Number of organic farms	Number of organic farms which come under an organic aid scheme	Total amount of aid in Austrian Schilling	Bio-Kontrollzuschuss	rest of ÖPUL aid
1980	200	-	-	-	-
1990	1.970	300	5,9	-	-
1991	6.000	1.170	26,4	-	-
1992	9.713	5.782	175,6	-	-
1993	13.321	8.414	170,6	-	-
1994	17.833	11.568	234,9	-	-
1995	18.542	15.917	725,3	65,7	-
1996	19.433	18.322	831,8	75,1	531,5
1997	19.996	18.485	869,9	77,1	565,2
1998	20.207	18.820	893,9	78,7	637,8
1999	19.741	18.962	912,9	79,9	649,3

Further public funding in the organic sector:

- Funding under Regulation 951/97 (15 - 30 % of the costs of the projects for technical measures and investments in food processing).
- Funding for organic producer organisations for marketing and public relation (Reg. 952/97).
- AMA Marketing Ltd: TV spots and ads in print media.
- Research.
- Education and advisory services.

3. Marketing

Marketing Structure in Austria in 2000

The annual turnover of organic products at the domestic wholesale level amounts to about 218 million Euro (Ökoland 2000), which represents a market share of approx. three per cent of the total food market in Austria. More than 75% of the entire production is distributed by the retail sector on national level, 10 % is distributed by specialized shops on regional level and 15 % is distributed by direct marketing or farmers - markets. The main export markets are Germany, United Kingdom and Italy (about 20% of the overall organic production). Exports started mainly in potatoes and root vegetables. Recently there is also an export market for beef and dairy products developing.

Graph 7 Production and marketing 2000, Ernte für das Leben

Product	Production	Supermarkets	Directmarketing
Beef	40.000 head	8.000 head	7.200 head
Porker	16.500 head	13.000 head	3.500 head
Chicken	220.000 head	200.000 head	20.000 head
Milk	260 Mio. l	160 Mio. l	1,6 Mio. l
Cereals for human	58.000 t	53.000 t	5000 t
Potatoes	21.000	15.000 t	6.000 t
Vegetables	10.500 t	8.000 t	2.500 t

Marketing Strategies in the Future

- Growth Rates of at least 10 % should be realistic.
- Mainly into retailing and into exports.
- According to estimates of the main producer organisation “Ernte für das Leben” the overall market value of Austrian organic products should be about 5.6 billion ATS in the year 2005.
- New markets are discovered and developed
- Political set up ensures sustainable production in organic farming.
- Sustainable organic farming is one of the main priorities of the Austrian Agricultural Policy.
- Demand for organic beef is growing due to the BSE-crisis.
- Public funding for the sector under the ÖPUL 2000 is increased from 910 Mill ATS to 950 ATS.

4 Science and research

Organic farming is not only a technique without using pesticides, herbicides and artificial manure, but emphasis a holistic approach, which means diversified crop rotation, recycling of farm waste, application of organic fertilisers, quality of products, etc.. Thus research is more complex and has to be seen in the long-term aspect. A student pressure group, very involved in organic farming sciences, was responsible for setting up an institute for organic farming at the University of Agriculture in Vienna in 1992. Furthermore research on organic farming is carried out by several institutions, like Ludwig Boltzmann Institut für biologische Landwirtschaft, who are highly qualified for searching new methods for food-quality-analysis.

Public financial funding of organic research has increased. Since 1999 the applied organic research is coordinated by the Bundesamt für Agrarbiologie and periodically meetings with advisors and scientists are organised by the BMLFUW.

5 Training and further Training

In order to comply with the provisions for the national subsidisation farmers have to pass a 15-hours fundamental course in organic farming. Questions concerning production techniques and legal questions have priority for many farms in the stage of conversion.

Until 1990 knowledge in organic farming mainly were transfer directly between farmers and farmer working parties. In the 1990 producers´ associations were established for management, administration and more or less also for extension for their members. In the late 1990 producers´ associations elaborated and diversified their tasks and professional extension in organic farming became a goal in the Austrian official extension services - federal chambers of agriculture. The number of advisors raised from two in 1989 till 20 in 2000. In 2001 25 fulltime advisors are at farmers´ disposal and in addition approximately 70 experts (farmers, teachers, etc.) in different fields of organic farming can be contacted.

In order to meet the demand for extension rapidly, a training for advisors specialised in organic farming was organised by the Ministry of Agriculture, Division of Extension Services (=BMLFUW). This Training was offered in modules and should be seen as additional qualification for teachers and advisors, who were able to conclude their training with a certificate. Periodical further training in legal issues, production techniques and also specific training methods for adults are offered by the BMLFUW.

Graph 8: Organisation of Extension Services in Austria, BMLFUW

	National level	Province level	Regional level
<i>Official extension services</i>	Federal Ministry of Agriculture and Headquarter of Federal Chambers	9 Federal Chambers of Agriculture	120 Chambers of Agriculture
<i>Private extension services</i>	2 Umbrella organisations: <i>Arge Biolandbau, ÖIG</i>	11 Producers´ associations: <i>Ernte für das Leben, Demeterbund, etc.</i>	Pool of approx. 70 experts on organic farming
<i>Other</i>	Research institutes, University of Agriculture	Vocational schools: <i>LFS Edelhof, LFS Alt-Grottenhof</i>	

Education

Strong commitment of teachers in the early 90s made it possible that some vocational schools of agriculture converted to organic. Nowadays 9 vocational schools and 2 agricultural colleges offer courses and training programmes to interested young farmers. Currently the curriculum of agricultural colleges is in revision to place an obligation on organic farming lessons.

6 Conclusions

Essential points for sustainable organic growth:

- Consumer:
 - o Very effective controls to ensure consumer confidence.
 - o Public relation work
 - o Use of the benefits of e-commerce and new technologies for direct marketing and better information about organic products to ensure the awareness of the future consumer. (e.g. www.bioclub.at).
 - o Adjust organic products to different consumer groups.
 - o More research in food quality, food safety and health.
- Market:
 - o Improvements in the marketing and processing structures (semi-finished products, canteen food for hospitals, old peoples home).
 - o Set up of new distribution structures (shop-in-shop-system, box retailing, party services,..)
 - o Close co-operation with the retail sector.
 - o Combining different areas into organic regions in order to cut the cost of logistics (e. g. in the collection of milk) and to become more competitive.
- Farmer:
 - o Professional advise of farmers about the possibilities in organic farming.
 - o Improvement in production techniques and animal welfare through strengthening research in organic farming (breeding, organic seed).

- Strong producer organisations which ensure permanent and high quality supply especially for the retail market.
- More cooperation between different producer organisations, to avoid organic dumping prizes.

Some last words

In a small village of about 650 inhabitants in the western part of Austria 5 years ago a young woman was the first to persuade her husband and her father in law to convert to organic farming. Now 15 out of 17 farmers in that village are organic farmers. The marketing of their produce is organized by the regional producer organisation and by themselves via direct marketing.

Sustaining organic growth will always firstly and most of all depend on farmers like her. But also consumers have to be aware of the fact that organic products deserve a premium because of their less intensive production and be prepared to pay that premium.

It is very important to keep up compensations provided by the environmental program which help cover these additional costs but politics can only set a general framework to support and encourage organic production and consumption.

Sustainable organic farming has been and will be a priority in Austrian Agricultural politics.

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