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POLICY

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Austria

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Implementation of the Health Check - One Year On

Report Categories:

Trade Policy Monitoring

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Report Highlights:

In Austria, the gradual increase of the modulation rate from 5 to 10 percent will shift 50.8 million Euro from the first pillar to the second pillar by the year 2013. The shifted funds will be used to finance the "four new challenges" (climate protection, water management, biodiversity, and renewable energy) and accompanying measures in the dairy sector.

In order to soften possible negative effects caused by the expiration of dairy quotas, Austria will provide article 68 funded dairy cow premiums. This measure will start in 2010 at a level of 26 million Euro (12 million Euro EU financed – unused funds plus 14 million Euro national funds) per year.

General Information:

General

Austrian agricultural policy backs a strong Common Agricultural Policy that is based on two strong pillars of direct payment and support for rural development. The Austrian Minister of Agriculture stresses the necessity of stability and planning reliability for farmers in order to maintain a competitive agricultural sector and a vital rural area. During the Health Check negotiations Austria supported maintaining dairy quotas but failed to persuade others to support its position. However, the majority of the Health Check decisions were an acceptable compromise for the Austrian agricultural sector.

In Austria, about 2.2 billion Euro from EU Federal and Provincial funds are used for agriculture and forestry support measures. In 2008, 77 percent of the funds were allocated to Axis 2 with the two measures 'compensatory allowance for less-favored areas' and the agro-environmental program (OePUL). Axis 1 accounted for 18 percent and 4 percent was paid on Axis 3 measures. The remaining amount was shared between Axis 4, the technical assistance and the community initiatives.

Modulation

In Austria, the gradual increase of the modulation rate from 5 to 10 percent will shift 50.8 million Euro in total from the first pillar to the second by the year 2013. The increase of modulation does not apply to 64 percent of Austrian farmers since they receive less than 5,000 Euro in direct payments.

The shifted funds are used to finance the “four new challenges” (climate protection, water management, biodiversity, and renewable energy) and accompanying measures in the dairy sector. The national co-financing of these measures accounts for 25 percent. In 2010, overall funds within the first pillar provided to Austria will total 745 million Euro.

In July 2009, the Austrian Ministry of Agriculture submitted a revised National Strategic Plan for Rural Development for the period 2007 to 2013. The revised plan identifies the “new challenges” in detail.

Cross Compliance

The federal agency for the Austrian agricultural market organization “Agrarmarkt Austria” is responsible for managing cross compliance rules and the associated fiscal management, publishes Austrian cross compliance rules annually. For 2010, only minor changes can be seen. New standards for water protection and water management have been added to the good agricultural and ecological conditions.

Article 68

In order to soften the possible negative effects caused by the expiration of dairy quotas Austria will provide dairy cow premiums to dairy quota farms. This measure will be paid from article 68 funds at a level of 26 million Euro (12 million Euro EU financed – unused funds plus 14 million Euro national funds) per year, starting in 2010. The dairy cow premium depends on the number of cows per farm.

A dairy cow premium is granted for up to 30 dairy cows. The premium is declining with the increasing number of dairy cows per farm.

The scale of dairy cow premiums will be:

1st to 10th dairy cow: about 62 Euro per cow

11th to 20th dairy cow: about 40 Euro per cow

21st to 30th dairy cow: about 30 Euro per cow

30th and further dairy cows: no dairy cow premium granted