

Organic farming in Austria is family farming

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According to 2014 data from the INVEKOS database (Integrated Administration and Control System or “IACS”) 97 % of all organic farms are categorised as family farms. Only a marginal share of them are cultivated by personal communities and legal entities, which clearly illustrates that organic farming is sustained substantially by family farming in Austria.

Table 1: Share of family farms on organic farms in %

	Family farming	Personal communities	Legal entities	Sum
Conventional farms	94	3	3	100
Organic farms	97	2	1	100
Sum	95	3	2	100

Source: Invekos 2014, BABF 2016

Brief outline: Development of the organic sector in Austria

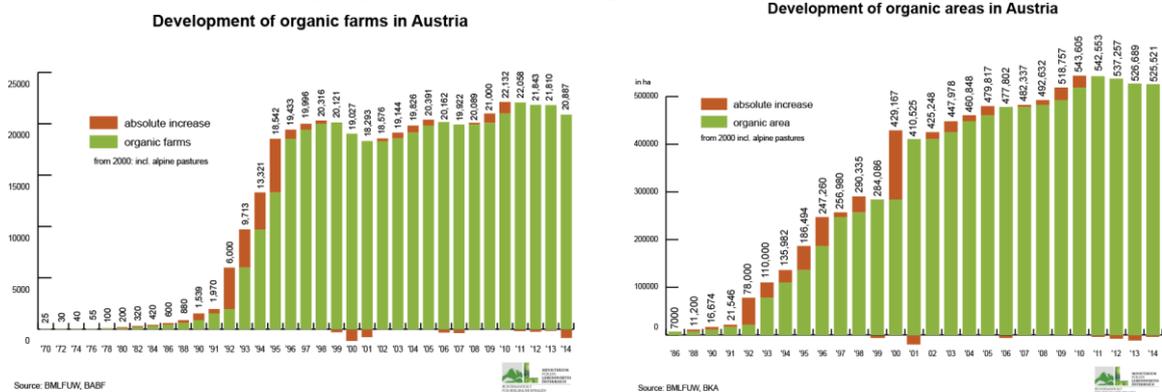
Organic farming in Austria has undergone various development phases, starting from the pioneer phase in the inter-war period and a phase of institutionalisation between the 1970ies and the 1980ies when organic associations were founded and first regulations for the certification of organic products were established (Austrian Food Code). From the early 1990ies, when national support for organic farming started, and additionally on the occasion of the EU accession in 1995, where organic support was increased within the Agri-environmental Programme ÖPUL, two boom-phases transformed the organic sector. Due to the explosive growth of production, organic marketing had to be integrated into the conventional food market (large supermarket chains) to guarantee secure sale of organic products. Consequently, the previously small and self-contained market niche rapidly became a successful part of the Austrian food market. At present, nearly 10 % of all fresh products of Austria’s retail food trade are certified organic products.

Subsequently, during the last decade, organic farming entered a consolidation phase accompanied by a lower growth of conversion rates and organic production. However, in accordance with the integration into the conventional food market, the organic sector is in some areas confronted with conventional market rules and market forces, which sometimes lead to conventionalisation risks. Thus, in the future great efforts will be needed to promote not only conversion rates and quantitative growth, but also the qualitative development of organic farming.

Development and structure of organic family farming in Austria

In Austria, organic production is almost exclusively based on family farming. Due to the different development phases nearly 21,000 organic farms cultivated about 526,000 ha of grass- and cropland in 2014.

Chart 1: Development of organic farms and organic areas in Austria

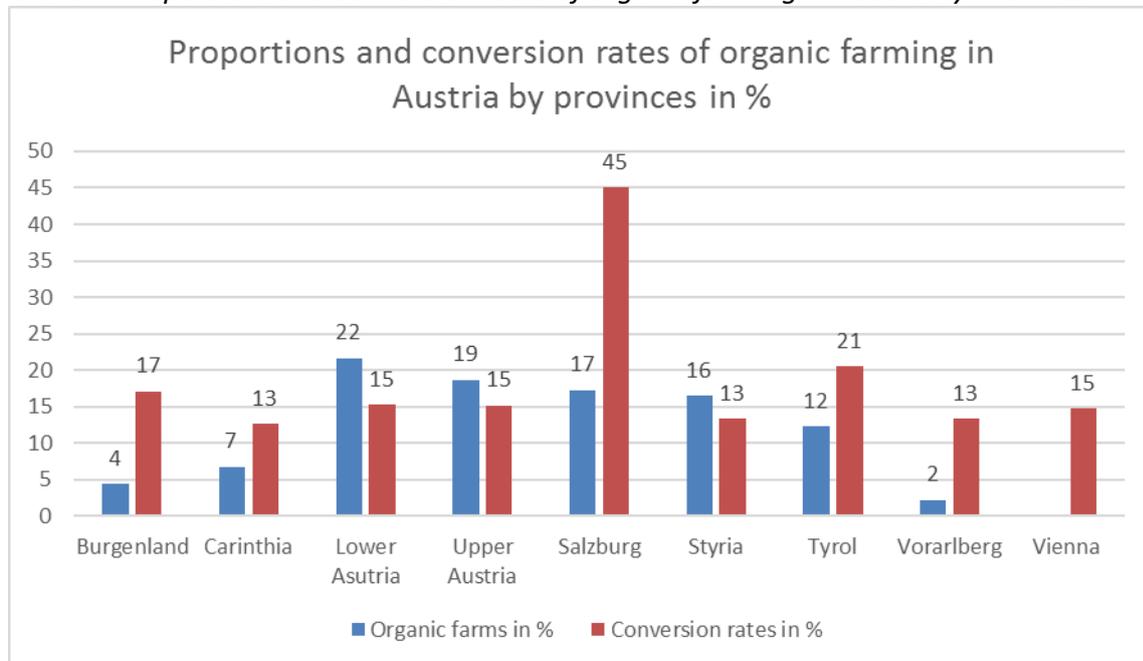


Accordingly, in 2014 17 % of all farms and about 20 % of the total UAA (utilised agricultural area) were managed organically (Statistik Austria).

Regional aspects of organic farming

As organic farming in Austria is mainly practiced in the grassland regions of western Austria, the Province of Salzburg (followed by Tyrol) shows the by far highest area conversion rate of 45 % (Tyrol: 21 %). Thereby, the well-developed cooperation with one of the largest Austrian retail chains is a big success factor in Salzburg.

Chart 2: Proportions and conversion rates of organic farming in Austria by Province



Source: Invekos 2014, BABF 2016

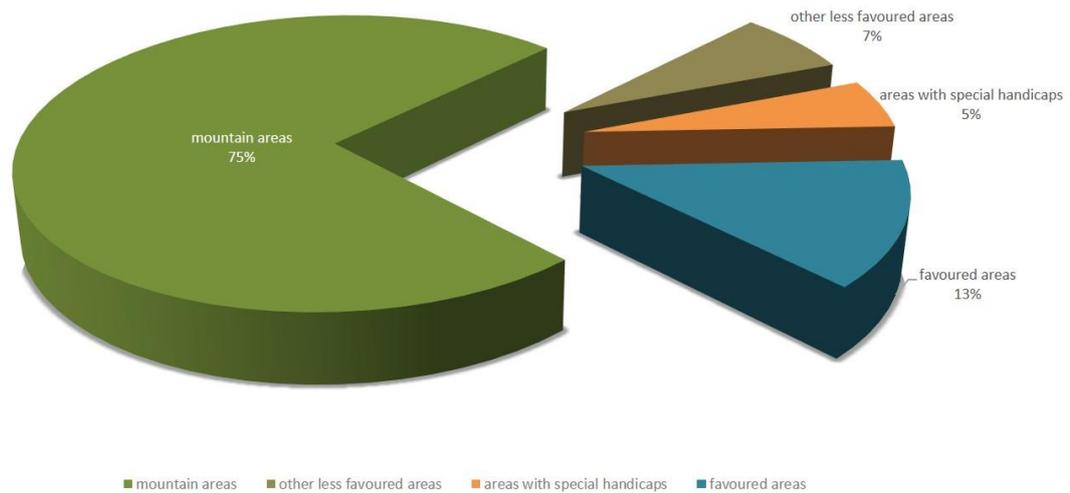
Actually, taking everything into account most organic farms are located in the large Provinces of Lower and Upper Austria and show mixed agricultural structures.

Organic family farming is mainly mountain farming

Related to the different categories of less-favoured areas, organically run family farms are largely located in mountain areas (74 %) utilizing permanent grassland (meadows, pastures and alpine pastures) for milk and beef production, cattle breeding and sheep rearing.

Chart 3: Distribution of organic farms in Austria (less-favoured and favoured areas)

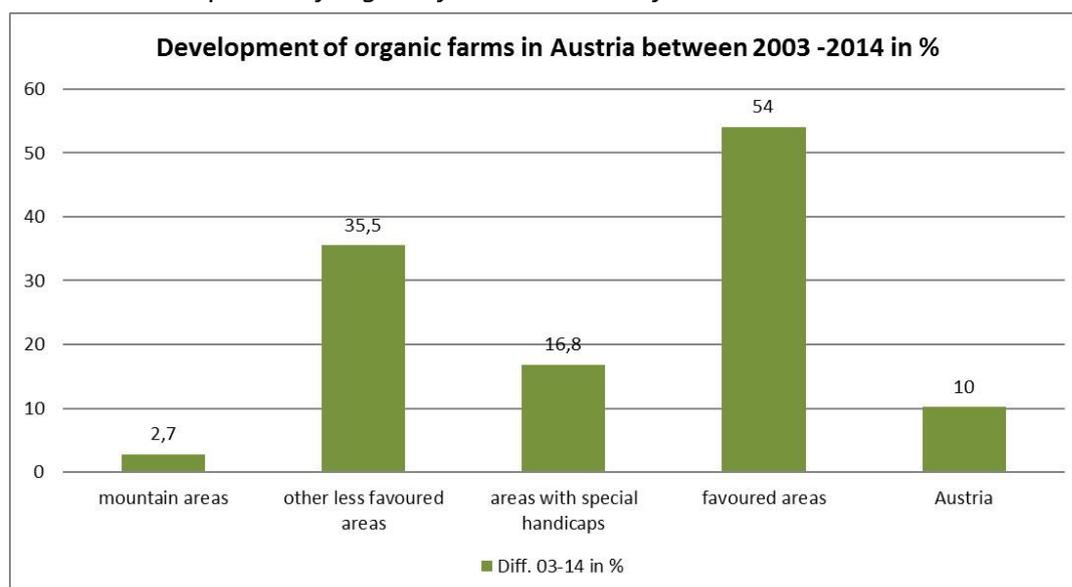
Distribution of organic farms in Austria (less favoured and favoured areas) in 2014 in %



Source: Invekos 2014, BABF 2016

In contrast to the moderate growth in mountain areas over the past decade, organic farms spread dynamically in agriculturally favoured areas, where particularly big crop farms converted to organic production for reasons of profitability (attractive area-related organic aids, contract farming). In the course of this, also a growing number of winegrowers cultivate their vineyards organically.

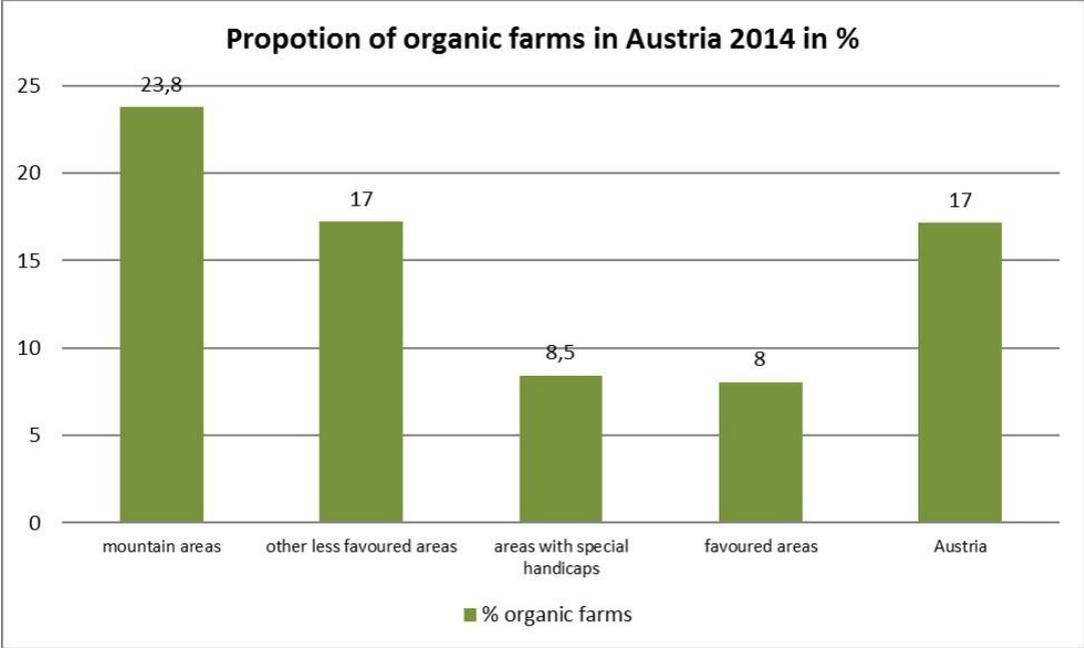
Chart 4: Development of organic farms in Austria from 2003 to 2014 in %



Source: Invekos 2014, BABF 2016

The chart below shows that organic conversion rates are highest (a quarter) in mountain areas and lowest in agriculturally favoured areas and those with special handicaps. This is due to the fact that conversion in grassland regions is considered to be easier than on cropland.

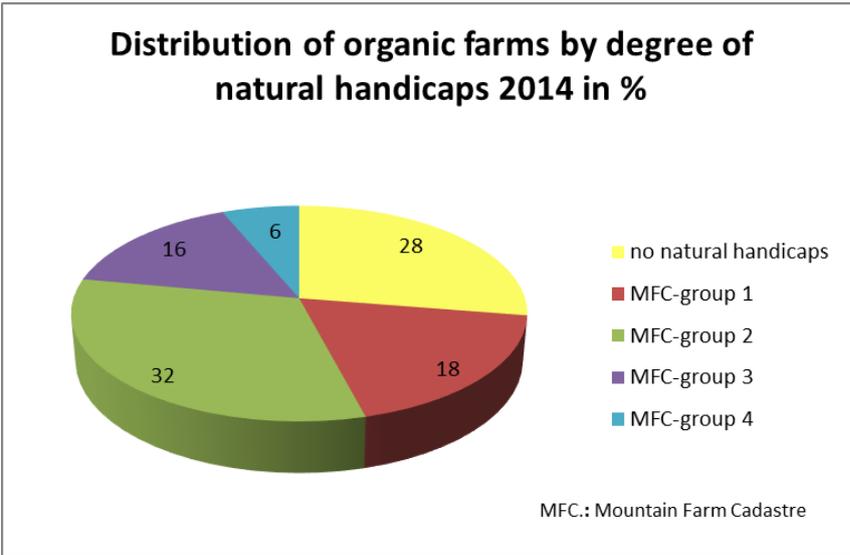
Chart 5: Proportion of organic farms in Austria 2014 in %



Source: Invekos 2014, BABF 2016

Almost three quarters of all organic farms are categorised as mountain farmers. According to the Austrian Mountain Farm Cadastre (MFC) they are classified in 4 groups, ranging from MFC Group 1 - low handicap to MFC Group 4 – extreme handicap.

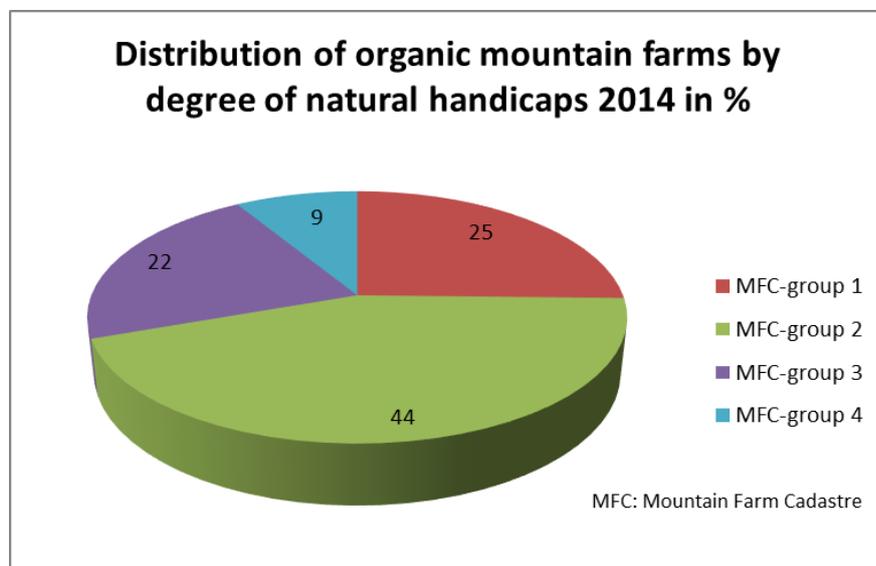
Chart 6: Distribution of organic farms by degree natural handicaps in Austria



Source: Invekos 2014, BABF 2016

With a percentage up to 70 %, most organic mountain farmers are confronted with low or medium natural handicaps (MFC Groups 1 and 2).

Chart 7: Distribution of organic mountain farms by degree of natural handicaps in Austria



Source: Invekos 2014, BABF 2016

Only 9 % have to cultivate their areas under extreme production conditions.

Socio-economic situation of organic family farms

In comparison with conventional family farms, organic farms are explicitly larger in average farm size (23 ha instead of 21 ha) and therefore also show a greater share of full-time farming (58 % instead of 54 %). Thus, and because of the often more labour-intensive working practices, organic family farms show a higher stock of working units per farm.

Table 2: Distribution of farms by ownership status in 2014 in %

	Full-time farming	Part-time farming	Family farming
Conventional farms	54	46	100
Organic farms	58	42	100
Sum	55	45	100

Source: Invekos 2014, BABF 2016

The analysis of agricultural key business indicators between conventional and organic farms illustrates that the average agricultural incomes of organic farms exceed those of comparable conventional holdings owing to the decrease in costs, higher producer prices and organic-specific support payments. Even if average mass yields are lower and special expenses (purchased organic feeding stuffs) are higher, the relationship between revenues and expenses is on average better than it is on comparable conventional farms. However, high investments in livestock-friendly stables, the considerable effort for conversion, price pressure originating from the large retailers in conjunction with little differentiated marketing channels as well as strict controls and increasing administrative

burden slow down conversion rates. Last year (2015), when the EU milk quota system was terminated, organic milk production offering a higher producer price has gained growing attraction among dairy farmers.

Support schemes of organic farming in Austria

In Austria, organic farms are promoted by a bundle of support schemes which are granted for the provision of public goods like water-, soil-, climate-, biodiversity-, and animal-protection. The core instrument for organic support is the Austrian Agri-environmental Programme ÖPUL. It offers a special measure for the conversion of, and the maintenance of organic farming which provided nearly one fifth of the total ÖPUL budget. Moreover, organic farms gain additional subsidies and compensation payments from other schemes of the CAP (first and second pillar) which enable them to produce profitably.

In 2014 altogether organic farms (17 % of all farms, 20 % of the total organic UAA) received a disproportionate share of CAP payments: More than 17 % of CAP pillar 1 payments, nearly 30 % of pillar 2 and one quarter of the sum of both mainly owed to the higher area payments offered by the Agri-environmental Programme ÖPUL. Accordingly, in 2014, ÖPUL payments per organic farm as well as per hectare UAA organic area were more than twice as high as on conventional holdings.

Consequently, these very attractive support measures for promoting organic farming demonstrate the significance of organic family farming in Austria.

Perspectives

Summing up, the multidimensional philosophy of organic farming geared for promoting economic, social as well as environmental and ethological benefits aiming to realize sustainable agriculture in Austria. Organic farming is therefore a promising strategy for securing farm incomes, increasing food quality and improving natural resource protection and animal welfare. For all these reasons, this cultivation method presents a great opportunity for Austria's small-scaled family farms to prevail over dynamic structural change, strong competition on national and international food markets as well as for strengthening the vitality and stability of rural regions.