Multifunctional Agriculture and the CAP in the Region Eisenstadt - Sopron

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Abstract
The new direction taken by the Common Agricultural Policy towards rural development, originating in the year 1992, was strengthened in the Agenda 2000 and re-intensified with the CAP reform 2003. Austrian agriculture followed this track very early and intensively, explainable because of the natural conditions and agricultural structures. Here Austria differs considerably from other Iron Curtain reference areas. Therefore the CAP reform will not have such new and strong effects as in the other parts of the reference areas of the EU 5th framework project IRON CURTAIN in Germany, Czech Republic, Hungary or Greece. The CAP implementation provides not only a large number of options to Member States but also many exceptions including a phasing-in schedule over several years. The evaluation of agricultural functions in the reference area Austria/Hungary shows the broad context in which the agriculture already contributes to rural development from a comprehensive point of view (environment, tourism) upon which the region’s sustainable development can be based. But it also shows a number of deficits in different communities, which indicate the required priorities for measures if the situation should be improved as elaborated in the scenarios for the reference areas in the IRON CURTAIN project (see also: www.ironcurtainproject.com).

1 Introduction
There are two reasons for why agriculture plays a major role in the former Iron Curtain regions: To the west of the Iron Curtain most of the regions were abandoned from at least half of the catchments areas for development reasons (markets, resources) and became remote areas in terms of centrality and regional development. On the eastern side, the zone along the Iron Curtain was protected for security reasons, so land use was very restricted and farming or forestry was allowed only under special restrictions. This caused a regional economic vacuum to develop, which has filled up relatively quickly since the Iron Curtain was removed. The problems in the reference areas are on the one hand typical for media that are independent of administrative borders (water-, soil-, air pollution), on the other hand problems occur because of discordant developments along either side of the border. Consequently, one major effort to smooth the different development stages on either side of the border beside the Policy on Cohesion is the European Union’s Common Agricultural Policy. In the EU5th framework project IRON CURTAIN the development on special topics of different reference areas along the former Iron Curtain has been analysed.

2 Importance of the Common Agricultural Policy
The CAP dates back to the early 1960s and was originally based on the Treaty of Rome. Its emphasis was on encouraging improved productivity in the food chain, largely for food security reasons and a stable supply. The policy was successful and by the 1980’s the EU had to contend with almost permanent surpluses of the major farm commodities, which caused high budgetary costs and distorted the world market. In 1992, important reforms were agreed, which involved reducing support prices and compensating farmers by paying them direct aids to make them more market-oriented. This shift of emphasis in the CAP entered a new phase with the Agenda 2000, which defines the subsidies until 2006. Beside the known subsidies for agricultural products and markets, the so-called second pillar of the Agricultural policy was strengthened (European Commission, 2004). While the different measures like agro-
environmental programs with organic farming, diversification, processing, marketing, disadvantaged or less favoured regions, education programs, forestry measures, adaptation and development of rural areas were strengthened with more money, the extent of aid differed widely between the Member States. Over the seven-year period from 2000 to 2006, the EU is spending a total of 270,000 million euros for market regulations and product premiums (first pillar) and only 30,000 million euros for rural development (second pillar). Austria is a special case where more money already goes to the second pillar than to the first (relation: 65 to 35%). In the other states with Iron Curtain reference areas this is not the case (Germany 1st pillar: 90%, Greece: 1st pillar: 95%, Hungary and Czech Republic: 1st pillar: ~70%).

3 Recent Reform of the Common Agricultural Policy
In June 2003, a further fundamental reform of the CAP was agreed, which again represents a change in the way the EU supports its farm sector including the strengthening of the rural development policy. More money should go to the second pillar – rural development. The rural area is to be supported more than is the case now to avoid closures of basic services, moving to cities or loss of the rural way of life. To promote food quality and animal welfare more importance is placed on what is referred to as Cross Compliance. In reality, the actual implementation of the CAP reform will not be as tough as it seems in its aims and slogans. Every Member State has a lot of different options for its implementation. E.G. in Austria there are exceptions for suckler cows and additional premiums for energy plants, protein plants, wheat, milk and partly for slaughtering. Cross compliance will cause no major problems in Austria as there is a relatively good standard even now because a majority of the farmers is involved in the agro-environmental programme and is required to follow good agricultural practice and other regulations for soil and water protection. The effects on rural development and regional economy are not estimated very high because in Austria the second pillar is already very strong. This differs in countries with a high share of first-pillar subsidies.

The CAP reform effects have to be combined with the effects of EU Enlargement. A special rural development regime has been defined for the new Member States (Temporary Rural Development Instrument), which provides almost 6,000 million euros for the ten new Member States (agro-environmental programs, early retirement, forestation and compensatory payments for less favoured areas plus additional measures for particular challenges). A special Leader+ measure is also funded by the agricultural funds. The direct payments for farmers in the new Member States will be set up in gradual steps to 100% in the year 2013, premiums are calculated on the basis of current production and not on potential. This means that the short-term impact of Enlargement will not be very strong; more significance is expected from the long-term effects, when agricultural production will have increased its competitiveness. But income and demand in the new Member States will also increase so the effects will not be one-dimensional. Generally speaking, there will be new opportunities for quality products and special-brand products, in Austria, for example, for fruit, wine and pork. On the other hand, the new Member States will have good prospects in the case of fruit for industrial processing and in the cereals sector due to an increasing demand, also in vegetables, beef and poultry.

4 Reference Region Austria – Hungary (Eisenstadt-Sopron)
The Austrian-Hungarian reference area is situated in the region of the cities Eisenstadt and Sopron. Also the border-crossing National Park Neusiedler See/Fertő is included. It is a region which was one unit in former days. It has been divided by the Iron Curtain for duration of 40 years, many connections have been abandoned. The region is a relatively homogenous across the border line in terms of natural conditions and agricultural land use. Due to the different economic systems completely different processes took place in the years of the Iron
Curtain. Now these two regions are growing together again and many of the old connections come to life and are developing like the nerve system of an organism. The fall of the Iron Curtain and the accession-activities of Hungary to the EU caused a boom in border-crossing official and unofficial collaboration. This recent situation raised numerous questions concerning improvements in harmonisation and joint development challenges as well as in dealing with upcoming threats of rapid and uncontrolled developments.

Natural conditions for agriculture, forestry and particularly for horticulture and wine production are very favourable. The major land use types are forest, arable land, vineyards and orchards, also reed at the area of the Neusiedler See (Fertő). The landscape is cultivated very intensively, restrained by the EU agricultural and environmental policy on both sides of the border now. In the same time the intense agriculture threatens the quality of environment with high loads of nitrate in the groundwater, particularly in the aspect of the very shallow and unstable lake, which is endangered also by material deposition due to soil erosion. However, in the last decade extensification of farming and the decrease of arable land could be recognised as a consequence of the recent EU development strategy and economic conditions. Due to the importance of wine production and its contribution to the local economy the extent of vineyards stabilised or even increased simultaneously with orchards on the Hungarian side but is decreasing in Austria.

5 CAP effects on the functions of agricultural areas in the reference region Austria/Hungary

In the case of the reference area Austria/Hungary (Sopron/Eisenstadt), we tried to emphasise the importance of the broader context of functions of agricultural areas in accordance with the CAP development. The shift from production to rural development and cross compliance makes it necessary to be aware of the side effects of agricultural production as there are effects on resource protection (soil, water, air), habitats, recreation and spatial structuring. The evaluation system for these functions was developed in another EU project but at a lower scale and in another type of region (Greif, F., Pfusterschmid, S., Wagner, K., 2002). In the Iron Curtain project, we wanted to show the effects and significance of agriculture at a regional planning level and in the special cross-border situation. The particular level of the different functions in the evaluated units indicates the sustainability of agriculture - the more different functions with high levels the more sustainability. The distribution of the different functions in the regions gives hints to possible deficits in the development towards sustainable agriculture - if CAP developments like decoupled production or cross compliance are taken into account. It was difficult to get real comparable data and indicators for both sides of the former Iron Curtain but the results reflect very well the different situation for the two parts of the reference area although the natural conditions are very similar if we look across the border.

The evaluation scheme takes into account:

- production of food and raw materials (potential of soils),
- resource protection (soil values for water and wind erosion and leaking in relation to the agricultural land use),
- habitat function (parcel structure as indicator for diversity)
- recreation function (parcel structure as indicator for the amenity of the agricultural landscape in relation to the demand for recreation areas),
- spatial structuring function (length of interference lines on agricultural areas as indicator for buffering and carrier demand on agricultural areas).
The result (see Fig. 1) shows the relatively high production function value almost throughout the region due to the favourable natural conditions in the reference area. In the case of resource protection, the situation is different because of high wind speeds and high groundwater levels, and in some cases the intensive agriculture can cause problems. But in connection with the cross-border national park at Lake Neusiedl/Fertő and the CAP agro-environmental programme, the situation is in many ways better than in former days (revival of cattle keeping in extensive rough pastures in co-ordination with nature protection, high share of set-aside areas, integrated production). The habitat function is less developed in the eastern part of the reference area (including the eastern part on the Austrian side) because of the more intensive and more monotonous agricultural structures but very diverse and favourable in many small-structured communities. The recreation function shows a similar pattern but is also related to the demands of inhabitants and tourists. On the one hand it shows the communities with an attractive agricultural landscape, and on the other communities that need to raise the attractiveness of the landscape if they want to be more competitive in tourism. The spatial structuring function results give the impression of a very highly developed and intensively used region with - in most cases - high significance of maintaining the agricultural areas as carriers of infrastructure and buffer zones. Generally speaking, the development of agriculture in the reference area Austria/Hungary is very much in line with the trends in the CAP and WTO. In most cases there is a small-scaled structure with emphasis on quality products with a high share of areas under agro-environmental measures and with a high awareness of the relation to wildlife protection and tourism.

Fig. 2, showing a detail of the Austrian side of the reference area, gives a very good impression of the different potential landscape appearance in relation to the Agricultural Policy, compare also Fig. 3. While the natural and stable vegetation of this landscape type would be a deciduous forest (hornbeam, common oak and immigrated black locust), in former times of relatively extensive agriculture the whole hill was used as rough pasture and became known to locals as “the naked hill” although it is now mostly covered in woodland. In times of intensive agriculture until 1990 nearly all of the steep areas were used as vineyards and the flat areas at the foot of the hill were used for more or less intensive arable crops (cereals, sunflowers). With the decrease of profits in agriculture some of the areas became fallow land without maintenance and developed to shrub vegetation with woodland as final stage. Since the agro-environmental programme came in force a huge extensification has taken place e.g. with greening of vineyards to avoid soil erosion and leaking of nitrate and pesticides and with maintained set-aside areas to keep the landscape open for reasons of nature conservation, biodiversity and amenity. But once again the policy made a slight turn because of the landscape’s traditional image as a wine-growing region. Too many vineyards had disappeared so now the restructuring of vineyards is subsidised and an increase of vineyards is noticeable in the landscape. These different development steps over the course of time demonstrate clearly that the functions of the agricultural area are definitely changing. Roughly estimated values of the functions in regard to the landscape in Fig. 2 are given in Fig. 3. The CAP along with its reform is partly already anticipated on the Austrian side of the reference area because of the huge amount of areas under rural development measures (agro-environmental programme measures cover nearly 80% of the agricultural area, 5% are cultivated organically). The charts show the positive aspects of the CAP since the Agenda 2000 if we regard rural development as an integrated topic.

**Fig. 1: Evaluation of agricultural functions in the reference area Austria/Hungary**
Evaluation of Agricultural Functions
Functions Overview per Community

Fig. 2: Extensive and intensive land use directly related to the agricultural policy

Unmaintained Set Aside
Steep vineyards without environmental concern
Maintained Set Aside (subsidized)
Environmental friendly used Vineyards (subsidized)
Intensively used arable land on the foot of the hill
Stable natural vegetation

Wagner, K. 2004

Fig. 3: Agricultural area functions in different agricultural policy periods

Wagner, K. 2004