

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Agricultural Economy and Policy Report

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Agricultural Situation

Agriculture in the Economy

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Report Highlights:

Austria is a small but highly developed agricultural and food market with a high income level and a high standard of living. Despite the fact that foods and beverages from Austria, Germany, and other EU countries dominate the shelves of Austrian retail, there are good market opportunities for U.S. products.

Using official data, Austria imports just over \$100 million worth of U.S. agricultural, fishery and forestry products but this does not include significant transshipment of U.S. goods through other EU countries. Consumer oriented food and beverage products are the most important agricultural imports from the United States.

Political and Macroeconomic Situation

Austria is a democratic republic and a federal state, consisting of legislative institutions at the national and provincial levels. Austria has been a member of the European Union since 1995, and its trade policy issues with the U.S. tend to mirror those of the EU, especially in the area of agriculture and food. Austria is led by a coalition government consisting of the centre-left Social Democratic Party and the centre-right People's Party.

Austria has a well-developed market economy and a high standard of living. It has a population of 8.2 million. The economy is closely tied to other EU countries, especially Germany, but Austria has consistently out-performed the EU average. The economy features a large service sector, a sound industrial sector, and a small but highly developed and intensive agricultural sector. Tourism is Austria's largest single industry and biggest foreign exchange earner. Timber is a key industry with forestry covering 47 percent of land area.

Agriculture and Economy

In 2012, the total production value of agriculture and forestry rose by 0.5 percent to about €8.9 billion, of which agriculture accounted for €7.2 billion and forestry for €1.7 billion. The total share of agriculture, forestry and fisheries in the GDP was 1.6 percent. At least 45 percent of the Austrian agricultural output is derived from animals and animal products. No less than 45 percent of the output comes from crop production. Austrian agriculture consists of small-to-medium sized farms. On average, an Austrian farm has only 19 hectares of land in production.

Domestic Agricultural Policy Overview

Agriculture and forestry are important parts of Austria's historical and cultural tradition and remain indispensable contributors to the economy. Some 80 percent of Austria's land is used for agriculture and forestry purposes. Agriculture in Austria is not only geared towards production of high quality food products but also towards the preservation of the landscape which is important for the Austrian tourism sector.

Austria's farm policy continues to favor small-scale and sustainable agriculture. Austria supports EU policies that limit subsidies for large farms, that are linked to environmental programs, and that promote lifestyle concepts such as "organic", "range fed," and "alpine" farming. In Austria, environmental ("Green") interests and issues tend to dominate the agricultural agenda. NGOs have significant influence on the strong anti-biotech sentiment in Austria. All political parties, especially the Green Party, support environmentally friendly, sustainable, and, alternatively, biotech-free agriculture. Austria's small-scale farming is also dependent upon producer subsidies, most of which are made based on an area payment and are not tied to the production of a particular crop. The subsidies for Austria's agriculture and forestry totaled almost €2.1 billion in 2012. For the period 2014-20 Austrian agricultural subsidies are expected to be reduced by an overall 2.8 percent because of the EU budget cuts.

Although most major trade policy issues are handled at the EU level, Austria remains one of the leading forces within Europe opposed to the use of biotechnology in agriculture. Biotech-free zones have been established in all of the nine provinces of Austria. National ordinances effectively prevent planting of EU approved biotech crops. Responding to consumers' and politicians' anti-biotech attitudes, and intense NGO anti-biotech lobbying, the Austrian retail sector continues to refrain from stocking or selling biotech foods. Presently, only biotech feed (soybean meal) can be found in the Austrian market.

The Austrian government has successfully defended some of its national bans on EU approved biotech crops. Austria is in favor of the "opt out" proposal which gives member states the authority to decide whether or not to allow planting of biotech crops on their territory and promotes the use of socio-economic criteria for the approval of biotech products.

Organic farming plays an important role in Austrian agriculture. The share of organic farms in 2012 was 16.5 percent of total farms; the share of agricultural area under organic management was 19.6 percent. This makes Austria a key player in European organic farming and policy.

The Austrian Government supports and promotes the production of agricultural crops for bioenergy. Austria supports and promotes the production and use of liquid biofuels in the transport sector and the use of biomass for heating purposes and has even more ambitious targets than the EU.

Agricultural Trade

In 2012, Austria's global agriculture, fish and forestry imports amounted to \$16.9 billion, and exports totaled \$16.4 billion. In sum, more than 83 percent of all imported agricultural products arrive from within the EU and about 76 % of all exported goods are delivered to other EU Member States.

Germany and Italy are Austria's major trading partners.

Austria's imports from the United States in 2012 were valued at \$103 million including agricultural, fishery and forestry products not including significant and steadily increasing transshipments from other EU countries. Major trade items from the United States include almonds, dried fruits and nuts, convenience food products, wood and forestry products, tobacco, wine, and dog and cat food. As a member of the European Union, Austria has the same wide range of agricultural trade issues as other member states.

Food Security

Austria has a highly developed market economy and an extensive mandatory social security system.

In addition, Austria is a net exporter of many agricultural products. Thus, food availability in Austria is a marginal issue. Nevertheless, for very low income people and families, communities provide so called social markets where people with special passes (only very low income limits qualify) can buy food at a 30-50 percent discount.

The Austrian Development Cooperation (ADC) supports global poverty reduction, ensuring peace and human security and preserving the environment through an international framework. The Federal Ministry for European and International Affairs coordinates Austrian development policy and plans. ADC works on bilateral and multilateral levels. Austria's 2011 budget for development aid totaled €799 million.

USDA Stakeholders

Currently, about 10 U.S. organizations operate USDA-funded marketing programs in Austria. U.S. cooperators in Austria include California Wine Institute, American Soybean Association, Cranberry Marketing Association, Alaska Seafood Marketing, U.S. Meat Export Federation, and Almond Board of California. State Regional Trade Groups include Food Export USA – Northeast, Southern United States Trade Association, and Western U.S. Agricultural Trade Association.