

Pluriaktivität und Multifunktionalität in Europa – Ein Vergleich von Schottland und Österreich

Pluriactivity and Multifunctionality across Europe – a comparison between
Scotland and Austria

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Zusammenfassung

Multifunktionalität der Landwirtschaft (Multifunctionality of Agriculture; MFA) ist ein weithin benutzter Begriff sowohl in der Gemeinsamen Agrarpolitik wie auch in den Verhandlungen der Doha-Runde der Welthandelsorganisation. In diesem Beitrag werden zwei NUTS3 Regionen (UKM41 und AT322), mit denen sich das FP6-Projekt TOP-MARD befasst, verglichen. Dieser Vergleich zeigt in welchem Maße die multiplen Funktionen landwirtschaftlicher Betriebe mit dem Konzept der Pluriaktivität landwirtschaftlicher Haushalte verbunden sind. Es werden strukturelle Unterschiede und Ähnlichkeiten der beiden Regionen behandelt und Hinweise auf die Verbindungen von MFA und Pluriaktivität aufgezeigt. Der Vergleich zeigt, dass regional bedeutsame Pluriaktivität mit extensiven Bewirtschaftungsformen und geringen landwirtschaftlichen Einkommen verbunden ist. Daneben lässt sich feststellen, dass eine hohe Bedeutung von naturbasiertem Tourismus ein markanter Indikator für eine hohe Bedeutung der MFA sein kann.

Schlagnworte: Pluriaktivität, Multifunktionalität, Ländliche Entwicklung, Tourismus

Summary

Multifunctionality of agriculture (MFA) has become a widely used term both in the Common Agricultural Policy as well as in the Doha Round WTO negotiations. This paper compares two NUTS3 areas (UKM41 and AT322) from the FP6 project TOP-MARD. It evaluates the extent to which multiple functions of agriculture are linked to pluriactivity of farm households. The comparison highlights structural differences and similarities of the chosen areas and gives some indication as to how pluriactivity and MFA are linked. The comparison shows that regionally important pluriactivity is linked to extensive on-farm production and low on-farm incomes. The comparison shows that high regional economic importance of nature-based tourism is often but not always an indicator of high MFA.

Keywords: Pluriactivity, Multifunctionality, Rural Development policies, Tourism

1. Introduction

Since the start of substantial CAP reforms in the late 1980s, the targets of agricultural policies and the understanding of agriculture's role in the countryside and the economy have undergone significant changes. During this process, the economic viability of many farm households has become more dependent on combining different forms of income, due to persistently low profitability of agricultural production, especially in remote and mountainous areas.

In addition, there seems to be a widely shared understanding among most rural actors and policymakers that all economic sectors have to contribute to rural development, particularly in peripheral regions, in order to attain appropriate farm household incomes and provide e.g. essential local environmental functions beyond agricultural production. With the foundation of the European Agricultural Fund for Rural Development (EAFRD), the functions and benefits of agricultural production as a whole are in future to be more comprehensively assessed within a rural framework.

In financial terms, farm household income from "deepening" and "broadening" of their agricultural activities can play a key role in cushioning returns to primary production activities from the increasing pressures and fluctuations arising from markets and policies. Activities

such as organic farming, the production of high-quality products and on-farm processing, and the creation of new short-chain linkages between production and consumption are typical expressions of deepening. On the other hand, "broadening" can involve different activities of reorganisation and development of the farm enterprise in the rural area, such as agri-tourism, the management of nature and landscape, new on-farm activities, and diversification into new fields (O'CONNOR et al., 2006, p.15). However, in most regions, off-farm income contributes a much higher percentage than these activities to total farm household income (KINSELLA et al., 2006, 248).

This paper presents some initial results from the FP6 EU project "Towards a Policy Model of Multifunctionality and Rural Development" (TOP-MARD, no. 501749).

Starting with a description of the relation between the concept of pluriactivity and MFA, it focuses on two study areas marked by their peripheral locations and their difficult conditions for agricultural production. The fact that their smaller agricultural holdings have to combine on-farm income with off-farm income to earn a living is especially stressed. The NUTS3 areas considered are Caithness, Sutherland and Ross & Cromarty (UKM41)¹ in the far north of Scotland, UK, and the mountainous area of Pinzgau-Pongau (AT322) in the province of Salzburg in west Austria. In both areas, the role of pluriactivity, the different strategies of agricultural households, and their relation to different aspects of multifunctionality will be described in a territorial context.

2. Multifunctionality and Pluriactivity – linked concepts?

As reaffirmed by the FINNISH PRESIDENCY OF THE EUROPEAN UNION (2006; 4) in their background paper to the European Union meeting of Agricultural Ministers held on 26 September 2006, "Multifunctionality of Agriculture (MFA) is at the heart of the European Model of Agriculture". This position implies that farm households in rural as

¹ It should be mentioned that in the TOP-MARD Project the Case Study Area is actually only Caithness and Sutherland. Due to better data availability, the whole NUTS3 Area UKM41 has been chosen for this article.

well as in peri-urban areas not only produce food, fibre and other basic materials (e.g. biomass, raw materials, etc.), but also deliver a wide variety of services which meet the actual needs of tax-payers as well as consumers. These services include: safeguarding viable rural societies, infrastructures, balanced regional development and rural employment, maintenance of traditional rural landscapes, biodiversity as well as more specific agro-biodiversity, protection of the environment and high standards of animal welfare as well as food security based on regional products rather than on imported products. (c.f. FINNISH PRESIDENCY OF THE EUROPEAN UNION, 2006). Apart from this political understanding and discussion of the term MFA, there is more and more scientific discussion about the term. The most frequently used "working" definition of MFA has been developed by OECD (2001, 7): "The key elements of multifunctionality are: i) the existence of multiple commodities and non-commodity outputs that are jointly produced by agriculture; and ii) the fact that some of the non-commodity outputs exhibit the characteristics of externalities or public goods, with the result that markets for these goods do not exist or function properly." However, as OECD clearly states, multifunctionality has been (and is) used with various meanings in the agricultural policy debate. Different authors have not only used the distinction between "commodities" and "non-commodities" to describe the multiple functions of agriculture but also contrasts such as "marketed versus non-marketed"; "private goods versus public goods" or "tangibles versus non-tangibles" goods. We therefore understand Multifunctionality of Agriculture as the phenomenon that agriculture fulfils different functions²

The second concept which will be used for this analysis is "Pluriactivity". According to the FAO, (2003): "Pluriactivity is a term commonly used across Europe that refers to the multiple sources of incomes, both agricultural and non-agricultural, increasingly generated by farmers and members of their households. A proportion of farmers and members of farm households have always had occupations or income sources other than farming - pluriactivity - but discussion of this is complicated by the different definitions used.

² The most important functions being identified across Europe in the TOP-MARD project on a case study area level can be found in Thomson, 2006.

These include, [1] diversification of the business into areas other than traditional farming, [2] the range of jobs or activities that farmers and their families do, [and 3] non-farming income of farmers and their families, includes unearned income sources, such as pensions and investments, as well as those associated with activities" (FAO, 2003).

In an economic understanding, this means that all income sources - no matter if off- or on-farm, and including transfers, pensions, etc. - are combined to earn the maximal income in farm-households while in the concept of the farm business only farm related options are maximised. KNICKEL ET AL. give a first indication of how pluriactivity and MFA are linked: "The importance of multifunctionality in European agriculture (number of farm households involved, additional value added and additional employment created) [is] fundamentally different from [the] conventional mono-functional model of farming" (KNICKEL et al., 2003). In Scotland (QUIN and MITCHELL, 2000) and in mountain areas of Austria (DAX and HOVORKA, 2004), this income combination is of increasing importance.

In answering the title question of this section, the linkage between both concepts, we have to focus on the description of the same functions in the concept of MFA and Pluriactivity. However, the analysis level of pluriactivity in a common definition is the farm household income, while Multifunctionality of Agriculture can be analysed on a range of levels and without mentioning economic values. As a first step in the TOP-MARD project, we have therefore chosen to analyse the most obvious functions of agriculture by examining different sources of farm household income, and describing their importance for the regional economy.

3. Functions and income sources of farm households in the case study areas

3.1 Local economies of the case study areas

Geographically, UKM41 is a remote area at a large distance from the main European population centres of London, Paris, Frankfurt, etc., while the rural area AT322 is much closer to the main cities of Milan, Vienna, and Munich. Being close to densely populated regions and

located within famous tourist regions like the Alps, tourism and other leisure activities in AT322 might be expected to have a higher importance than in a remote area such as UKM41. The total area of UKM41 in 2003 was 12,872 km² with a total population of about 88,000 inhabitants. The total area of AT322 was 4,396 km² with a total population of about 163,600 inhabitants. Both areas face a similar situation of decreasing population size during the period 1995-2002 with annual population change rates of -0.3 %. Both regions have amongst the lowest population densities in their respective countries: UKM41 with only 6.9 inhabitants per km², compared to the Scottish average of 66.1, and AT322 with 37.2 inhabitants per km², compared to the Austrian average of 96.8. In UKM41, Sutherland has one of the lowest population densities in the whole of Europe, in line with remote areas in Sweden, Finland and sub-polar Norway.

From an economic point of view, both regions exhibit lower GDPs per capita than the national average. However, while this gap has been widening in UKM41 (1995: 65% of the national average and 56% in 2002), the GDP per capita gap stayed stable in AT322 compared to the average Austrian average, at 92% in 1995 compared to 91% in 2002. The labour markets in both areas are dominated by the public sector as population density is low and policy supports the provision of public services. In both areas the primary sector is no longer a key sector of employment or of Gross Domestic Product provision, a finding which is in accordance with a recent OECD (2006; p.12) publication. However, the primary sector (i.e. agriculture, forestry, fishing and mining) in UKM41 is responsible for 7.7 % of the regional GDP in 2003 compared to the Scottish average of 1.8 %, while the primary sector in AT322 is responsible for 2.4% of regional GDP, which is hardly more than the Austrian average of 2.3% (all data for 2001). In 2001 the primary sector in UKM41 employed 8.3% of all employees: agriculture alone, with 4.8%, was responsible for more than 50% of this employment. The public sector in UKM41 was the most important employer with more than 28% of all jobs. In AT322 the situation was similar in 2001, although the public sector was less important, with about 20% of jobs and an overall importance of the primary sector of less than 6%.

Tab. 1 employment by sectors in UKM41 and AT322, in % (2001)

	Primary	Agriculture	Secondary	Tertiary	Public sector (part of tertiary)
UKM41	8.3	4.8	22.2	69.5	28.5
AT322	5.9	5.4	26.9	67.8	19.8

Note: Agriculture in AT322 includes forestry.

Source: OFFICES OF NATIONAL STATISTICS IN THE UK and IN AUSTRIA

It can therefore be seen that one of the functions of agriculture in both areas is the provision of employment opportunities, as in both cases the importance of agriculture for the local GDP is lower than its labour market importance.

3.2 Agricultural land use activities in the case study areas

Agricultural land use in both areas (cf. table 2) is marked by a high proportion of grassland (about 90% of UAA in UKM41 and more than 99% in AT322). In particular, the extensive use of grassland in rough grazing and alpine pasture systems is widespread in both areas, and in both regions reaches more than 40% of the total area. This is due to the fact that both areas are mountainous (UKM41 at 54% of the area and AT322 100%, according to the Eurostat definition). Forestry in both areas is the second largest land user, at 11% in UKM41 and 37% in AT322. Farm structures in both areas are marked by specialised livestock farms: sheep husbandry in UKM41 and cattle breeding in AT322. In the latter area, there is a large amount of forestry involvement by farms, subsumed in the category "other enterprises", while in UKM41 only a few farmers are active in relation to woodlands. One of the most important trends in agricultural production in the last 20 years, organic farming, has low importance in UKM41 as only 5 farms were producing in that way in 2003, while in AT322 more than 44% farms are producing organic products. While the AT322 organic farms are widespread over the whole area, the five organic farms in UKM41 are concentrated near the main urban areas.

Tab. 2 Agricultural land use in the case study areas in 2001

	AT322		UKM41	
	Ha	%	ha	%
Total area	439,600	100.00	1,287,200	100.00
area of farm units*	327,782	74.56	1,050,349	81.60
UAA	176,416	40.13	911,006	70.77
of which crops	0.165	0.04	36,118	2.81
of which grassland	176,163	40.07	820,359	63.73
of which alpine pastures	125,908	28.64	746,707	58.01
forest	151,366	34.43	139,343	10.83
other (including non-agric. and non-forest areas of farm units)	111,818	25.44	236,851	18.40

*) excluding areas of farms other than agricultural or forest areas.

Source: SEERAD 2006 and STATISTICS AUSTRIA 2006

Therefore we find two different agricultural functions: (1) the provision of cultural landscapes through extensive production systems and the support of agro-biodiversity, and (2) organic production, which in general produce high-quality food, with a much higher importance in AT322 (due to the closeness to urban centres) .

3.3 Pluriactivity in the case study areas

In both areas, part-time farming is the most frequent organisational form. In UKM41, 33 per cent of farms in 2004 were run by full-time working owner-occupiers or spouses, while about 36 per cent of the farms in AT322 were run by full-time owner-occupiers. The most telling indicator showing why farmers are pluriactive is their income level and their income sources (c.f. table 3). In both areas, the proportion of non-agricultural on-farm and off-farm income is quite high. In UKM41 in 2000/01, the total farm income of various farm types was at least 50% dependent on non-farming income sources. In particular, specialist sheep farming was highly dependent on non-farming income sources, while the proportion of non-farming income was the lowest for cattle and sheep farms, with 49.9%.

Tab. 3 Farm household income and sources (2000/2001).

		Number of Farms in Sample	Net Farm Income (in %)	Non-Farming Income (in %)	Total (in Euro p.a.)
UKM41	Specialist Sheep (LFA*)	48	23	77	16,410
	Specialist Beef (LFA*)	97	47	53	22,565
	Cattle and sheep (LFA*)	83	50	50	15,800
	Mixed	58	48	52	17,913
	All types	423	43	57	20,643
AT322	Mountain farmers	1,029	52	48	33,667
	Austria	2,296	54	46	36,136
	AT322	32	50	50	34,674

*LFA – Less Favoured Area

Source: SEERAD, 2006 and LBG 2005

In AT322, off-farm income is important, not only for part-time farms but also for full-time farms (35% of total income). Additionally, on-farm non-agricultural income (in particular from farm tourism) is a major income source.

The share of farms which participate in United Kingdom agri-environmental schemes is about 12% while this percentage in Austria is 95% (2004). While for UKM41 the regional figures were not available, in AT322 almost every farm (with 94,2%) participates in the national agri-environmental scheme – the ÖPUL. Therefore, it can be said that, especially in AT322, one of the multiple functions of Agriculture is the provision of agri-environmental services.

One major component of income in both areas is the provision of on-farm accommodation. It can be assumed that most tourists coming to remote and rural areas will do this in pursuit of rural amenities and particularly landscape features. While in UKM41 less than 1% of all farmers offer on-farm accommodation, the AT322 region is one of the most intensive tourist regions of Europe, and about 35% of all farms in AT322 offer accommodation facilities (2001).

4. Conclusions

While the concept of Pluriactivity is well defined and broadly used to describe that farm households undertake various activities and thus have different income sources, the concept of Multifunctionality has until now been only a “working definition”, in some need of clarification. However, multiple functions of agriculture can be found to a high extent in both study areas. Although this analysis concentrates mostly on marketed goods and services, the indirect regional value added effects of agriculture are highlighted by the importance of organic farming, extensive grassland use and local tourism.

Agriculture has an economic importance slightly greater than the corresponding national average in both areas. Land use is marked by high proportions of grassland and very small portions of crop land. Due to less favourable natural conditions, both UKM41 and AT322 have considerable production difficulties. In both study areas, farms are mainly managed part-time and pluriactively, complementing the household income with non-farming activities or off-farm income sources. However, while farm accommodation and other farm-related activities are a major source of farm income in AT322, and therefore show a relation between pluriactivity and MFA, owner-occupiers in UKM41 rely only to a small extent on this non-agricultural on-farm income source.

Therefore there seems to be a strong relation between pluriactivity, tourism and MFA in AT322. The long-term discussion on the tasks of mountain farms and on the development of appropriate support schemes has led to the recognition of “functions” and “services” by the local and wider society, and has fostered the perception of mountain farmers that they are providing core aspects of MFA in the region. The comparison stresses the specific relationships developed through the predominant types of farm management in these less favoured areas and the regional economy.

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