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Agricultural Situation

Austrian Agricultural Winter Conference 2000

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Report Highlights:

At the winter agricultural outlook meeting, Austrian speakers stressed the importance of the European agricultural model and the need to maintain it. All opined that the WTO is necessary to regulate world trade but at the same time demanded that in its policy decisions ecology, consumer protection, and so on be included.

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Austrian Agricultural Winter Conference

Summary

At the annual agricultural winter outlook conference in Vienna, the European model, the WTO, and the upcoming WTO negotiations were central issues. Austrian speakers stressed the importance of the European agricultural model for European society and the need to maintain it in the future. In general, all agreed that the WTO is “the” platform for world trade policy and therefore it must not be abolished as certain interests want. However, the WTO should be “developed further”, i.e. it should not only force free trade but incorporate in its decisions other criteria such as ecology, social aspects, consumer protection, and so on. A further demand was more transparency in policy decisions. End summary.

Josef Riegler, ex-Agricultural Minister and progenitor of Austria’s eco-social agriculture model, talked about the need to secure the European agricultural model in all future WTO negotiations.

In this connection he demanded that the WTO develop from a mere trade liberalizing organization into an organization which stands for a “fair world economy” for the benefit of entrepreneurs, employees, consumers and agriculture.

He stated that events around the unsuccessful ministerial conference in Seattle showed clearly that world trade and world economic issues are carefully watched by the public and that interests of the third world play a role as equally important as problems of consumer protection.

According to Riegler, the European model fulfills simultaneously several functions such as production, care for the landscape, maintenance of rural areas, and protection against catastrophes through careful management. In addition, it provides security for consumers, which should have priority before “technical possibilities”. In this connection he mentioned hormone use in livestock production. For European farmers it is incomprehensible that they must not use hormones but due to “outdated” WTO definitions the import of hormone products can be forced. In addition, he regards it as senseless from the aspect of consumer protection to implement permanently stricter standards for European farmers while from other countries products can be imported which do not comply with those high standards. This is also valid for social matters of employees.

Due to the aforementioned reasons, Riegler sees the EU demand for a “comprised” WTO round as justified. He agrees to the expansion of world trade but the European agricultural model with its multi-functions and high quality standards must not only be maintained but further developed. Liberalization of markets must fit into a framework which allows for international acceptance of conditions for European farmers and farm products.

Riegler went so far as to say that the “rigid maintenance of extreme positions” may endanger the WTO’s existence. In his opinion, Seattle also showed that world trade and world economic issues cannot be dealt with only by experts and diplomats to the exclusion of the public. He concluded by saying that the “backlash” in Seattle can be an opportunity for the WTO’s gradual development into a “world economic order” with “fair” regulation of the economy, trade, social issues, and ecological

responsibility.

Rudolf Schwarzboeck, president of Austria's agricultural chambers, fully in line with Riegler, pleaded for "fair" and "balanced" competition which serve both farmers and consumers. He stated that European farmers produce high quality foods, care for the environment, prevent natural catastrophes, and create the basis for many other economic sectors, particularly tourism. The numerous laws and standards, such as regulations for consumer protection, environment, animal welfare add to production costs. They increase safety and trust of consumers and therefore the European agricultural model must be accepted by WTO. He stated emphatically that Europeans do not force any agricultural model on other countries but want that their model be respected by others. In addition, Schwarzboeck explained the EU position of six topics to be negotiated at the upcoming WTO.

EU Commissioner Franz Fischler's theme was the Position of the EU in the New WTO-Round. However, before he came to this topic, he commented on Austria's number one issue, which is the country's isolation by the 14 EU members. After citing the preamble of the new Austrian government which includes a positive attitude towards Europe, the rejection of any racism or xenophobia and intolerance, he asserted that convincing deeds must follow to achieve international acceptance. Austrians should not feel offended by the "bad" EU but should prove to be tolerant and Europe-friendly. The sorrows of other countries have to be taken seriously and foreign countries have to acknowledge that Austria has not all of a sudden become a place of intolerance and fascism. He said emphatically that Austria is a stable democracy obliged to solidarity and tolerance. Everybody who does not acknowledge this, he said, disqualifies himself. (Comment: Fischler, member of the Austrian government before becoming EU Commissioner, is known to have favored a coalition between his party (Peoples Party) with the Social Democratic Party instead of the Freedom Party. However, now he seems to defend his home country wherever he can.)

In regards to his assigned topic, he by and large repeated the already well known significance of the European agricultural model for the European economy and society and emphasized that Brussels will insist on respecting this model in the WTO negotiations. With an oblique reference to "hormone beef", he stated that it would not be accepted by the population if the WTO were misused as an instrument for forcing products on the European market to which there are serious reservations by the population. For this reason, Brussels demands a clearly defined precautionary principle.

For the upcoming negotiations, Fischler sees a certain possibility for the reduction of export restitutions. However, making a veiled reference to U.S. export credit guarantees, he insisted that all kinds of export supports and guarantees must be included. With regards to U.S. agricultural policy, he pointed out that changes have been taking place. He said that despite "rhetorical liberalization", the U.S. supported farmer income with U.S.\$15 billion in the last two years. In addition, there have been intensive discussions concerning the need to support farmers and their families, to maintain the landscape and to support the development of rural areas. Thus, he concluded, the U.S. has become a pioneer for the EU agricultural model. He added that in the framework of the election campaigns, further payments for farmers will be invented.

Agricultural Minister Wilhelm Molterer pointed out that Agenda 2000 has to be seen in connection with WTO negotiations and that globalization is a fact, whether Austrian agriculture likes it or not. In addition, he believes that globalization will even proceed due to the driving forces of advancing technology, particularly information technology. As a consequence of the rising liberalism, the gap between rich and poor will increase. For this reason, he cannot understand why developing countries, which in his view desire no profit from globalization, are on the side of the Cairns group. Comment: Minister Molterer must surely be aware of developing countries' desire for access to the relatively closed EU markets for food and textiles. End comment.

Molterer wants a worldwide search for a common consensus regarding agriculture, environment, labor situation, and social standards and he stands for WTO, which he considers the right world platform for developing global rules of play. Molterer does not share the opinion of many people who believe the WTO has become moot after Seattle. In his opinion, Seattle has even underscored the importance of WTO. Without this platform, he said, the law of the jungle would prevail in world trade.

Besides the need for the WTO, Molterer sees the need for defining common goals in which the international instrument for global regulations shall get involved. So far, the various nations and groups have seen different WTO goals. According to Molterer, liberalization of the market per se is not a goal. One has to ask, how can equity, justice and employment be realized, the standard of living be increased, sustainability, health, and consumer protection be improved, and cultural diversity be maintained. Thus, Molterer concluded that the WTO goals should be economic performance, ecological sustainability, and social unity. All political instruments should be implemented according to these goals. As for the current WTO round the frame has already been set in Uruguay and Marrakesh, Molterer advocates a new world trade round where the afore mentioned topics be included, as soon as possible. Like Riegler, Fischler, and Schwarzboeck, Molterer demanded more transparency in WTO policy.

The discussion after these speeches was fairly short and emotionless. The audience has accepted that globalization will continue but agricultural interests strongly hope that Brussels will be able to maintain the EU model. They are satisfied to hear that Brussels will insist on the blue box payments although it may become difficult to defend them.

As usual in open agricultural discussions, some greens expressed their views on the WTO and biotechnology. They mentioned that since the Uruguay round world poverty has doubled, that the WTO is undemocratic and not transparent, and that no model should be forced on developing countries. In addition, patenting of genes should not be possible. These matters were easily answered by the speakers of the forum.