



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

The Director-General

Brussels, 31 March 2022

Subject: Observations on the proposal by the Republic of Austria for a CAP Strategic Plan 2023-2027 - CCI: 2023AT06AFSP001

Your Excellency,

I hereby acknowledge receipt of the proposal for the 2023-2027 CAP Strategic Plan of the Republic of Austria, submitted via SFC2021 on 30 December 2021.

An assessment by the Commission services of the proposed CAP strategic plan has identified a number of issues that require further clarification and adaptation. The enclosed annex sets out the relevant observations, which are communicated pursuant to Article 118(3) of Regulation (EU) 2021/2115.

I invite the Republic of Austria to submit a revised proposal of the CAP strategic plan for approval, taking into account these observations.

In accordance with Article 121 of Regulation (EU) 2021/2115, the time limit of 6 months for the Commission decision to approve your CAP Strategic Plan does not include the period starting on the day following the sending of these observations and ending on the date on which the Republic of Austria responds to the Commission and provides a revised proposal.

The Commission is committed to a continued structured dialogue with national authorities in the further approval process of your CAP Strategic Plan. The Commission is open to receiving your written reaction on the key elements of the observations within 3 weeks and intends to publish them subsequently alongside our observations on all the CAP Strategic Plans received in time, unless you would object to publication of your reaction. I invite your services in charge to engage in bilateral exchanges as soon as possible in order to discuss the observations set out in the Annex.

Yours faithfully,

Wolfgang BURTSCHER

His Excellency Ambassador Nikolaus Marschik
Permanent Representative of the Republic of Austria to the European Union
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Enclosure: List of observations List of observations pursuant to Article 118(3) of
Regulation (EU) 2021/2115

EN

ANNEX

Observations on the CAP Strategic Plan submitted by Austria

The Russian invasion of Ukraine and the ongoing generalised commodity price surge bring to the forefront in the strongest possible way the integral link between climate action and food security. This link is recognised in the Paris Agreement and has been incorporated in the new legislation for a Common Agricultural Policy (Regulation (EU) 2021/2115) and the Farm to Fork Strategy (COM/2020/381 final) with a view to ensuring sufficient supply of affordable food for citizens under all circumstances while transitioning towards sustainable food systems.

In this context, and in the context of the climate and biodiversity crises, Member States should review their CAP Strategic Plans to exploit all opportunities:

- to strengthen the EU’s agricultural sector resilience;
- to reduce their dependence on synthetic fertilisers and scale up the production of renewable energy without undermining food production; and
- to transform their production capacity in line with more sustainable production methods.

This entails, among other actions, support for carbon farming, support for agro-ecological practices, boosting sustainable biogas production¹ and its use, improving energy efficiency, extending the use of precision agriculture, fostering protein crop production, and spreading through the transfer of knowledge the widest possible application of best practices. The Commission assessed the Strategic Plans of Member States with these considerations of the sector’s economic, environmental and social viability in mind.

The following observations are made pursuant to Article 118(3) of Regulation (EU) 2021/2115. Austria is asked to provide the Commission with any necessary additional information and to revise the content of the CAP Strategic Plan taking into account the observations provided below.

The key issues

Observations with regard to the strategic focus of the CAP strategic plan

1. The Commission welcomes the submission of the Austrian CAP Strategic Plan (hereafter “the Plan”) and acknowledges the overall completeness and the efforts Austria has undertaken, including a public consultation with stakeholders, in the development of its submitted Plan.

¹ Sustainable biogas production means the production of biogas that respects the sustainability and greenhouse gas emissions saving criteria laid down in Article 29 of Directive (EU) 2018/2001 (Renewable Energy Directive).

2. The Commission positively notes the steps taken by the Austrian authorities to improve the economic situation of small farmers as well as an increased budget and scope under the second pillar for environmental and climate interventions, as well as community-led local development (LEADER). Nevertheless, some questions remain open and further improvements are needed, in particular the design of the green architecture and the coherence of the intervention logic and other elements of the Plan needs to be strengthened, e.g. linkages between result indicators, interventions and intervention logics.
3. The Commission recalls the importance of the targets set for result indicators as a key tool to assess the ambition of the Plan and monitor its progress. The Commission requests Austria to revise the proposed target values, by improving their accuracy and taking into account all the relevant interventions, and by defining an adequate ambition level in line with the identified needs.

Observations with regard to the fostering of a smart, competitive, resilient and diversified agricultural sector that ensures long term food security

4. The Commission considers that the Plan shows the potential to contribute effectively to the general objective of fostering a smart, competitive, resilient and diversified agricultural sector that ensures long-term food security. The Commission welcomes the efforts by the Austrian authorities to improve the fairness and targeting of the support through a strong capping of the Basic Income Support for Sustainability (BISS) with no deduction of labour costs as well as coupled income support (CIS).
5. At the same time, the Commission considers that improvements are needed in order to ensure that the envisaged Complementary Redistributive Income Support for Sustainability (CRISS) is implemented in compliance with the legal framework. In accordance with Article 29 of Regulation (EU) 2021/2115 (Strategic Plan Regulation – hereafter SPR), Austria is invited to provide further information on the proposed scheme.
6. The Commission recognises the importance given to income support in the Plan as well as interventions supporting competitiveness and economic sustainability. In light of the Russian war on Ukraine, the Commission urges Austria to also consider interventions that will help reduce dependence on fossil fuels and other externally sourced inputs to preserve the long-term sustainable production capacity and viability of farms.

Observations with regard to the support for and strengthening of environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union, including its commitments under the Paris Agreement

7. With regard to this general objective, the Commission welcomes the rigorous strategic assessment, including a comprehensible identification of needs and choice of interventions proposed to address them. The Commission also welcomes the establishment of a coherent green architecture, including enhanced conditionality and, in particular, the decision to only allow for non-productive elements under Good Agricultural and Environmental Conditions (GAEC) 8 and the inclusion of an additional GAEC, new eco-schemes encompassing all types of land use and strengthened agri-environment-climate interventions compared to the current Rural Development Programme. However, the Commission considers, as explained in

greater detail in subsequent sections, that improvements are still needed to contribute effectively to this general objective. In this context, the Commission requests Austria to clarify or amend certain Good agricultural and environmental condition (GAEC) so they fully comply with the regulatory framework.

8. Austria is invited to further demonstrate the greater overall contribution to the specific objectives concerning climate change, water quality issues, air pollution and soil pollution, nature and biodiversity loss, as required by Article 105(1) of the SPR, and is invited to improve the intervention logic with respect to tackling greenhouse gas (GHG) and ammonia emissions.
9. Austria is requested to ensure coherence and contribution of its Plan with key pieces of EU environmental legislation, particularly Directive (EU) 2016/2284 (National Emission reduction Commitments Directive (NEC)), Directive 2008/50/EC (Ambient Air Quality Directive), Council Directive 91/676/EEC (Nitrates Directive), Directive 2000/60/EC (Water Framework Directive (WFD)), Directive 2009/147/EC (Bird Directive) and Directive 92/43/EEC (Habitats Directive), as listed in Annex XIII to the SPR, and the planning tools arising from that legislation.
10. Austria is strongly encouraged to take into account the national targets that will be laid down in the revised Regulation (EU) 2018/842 (the Effort Sharing Regulation) and Regulation (EU) 2018/841 (the Regulation for the Land Use, Land Use Change and Forestry (LULUCF)) (revisions which are currently discussed by the EU co-legislators) in view of the legal requirement in Article 120 of the SPR to review the Plan after their application.
11. The current Plan does not provide a sufficient explanation of how the green architecture will deliver on emission reductions and carbon sequestration contributing to the achievement of the current targets and commitments under the Effort Sharing Regulation and LULUCF Regulation. Austria is invited to revise its Plan accordingly, in particular in order to address the decline of the forest carbon sink and of permanent grassland and to enhance land-based carbon sequestration measures.
12. For needs that are not addressed by the Plan, e.g. in respect to forests and their vulnerability to climate change, the Plan should better describe how the needs are addressed by national measures outside of the Plan. Austria is invited to strengthen the intervention logic of the Plan.
13. The needs assessment identifies a problem of GHG and ammonia emissions. The Commission considers it unlikely that the proposed interventions will lead to an effective contribution to the achievement of the specific objectives regarding the environment and climate. Austria is invited to improve the intervention logic with respect to tackling ammonia and GHG emissions, in particular to address the decline of permanent grassland more explicitly and make a clearer link to the need to enhance land-based carbon sequestration.
14. The Commission welcomes the efforts proposed concerning renewable energy production and strongly encourages Austria to fully benefit from the possibilities for interventions under the SPR by using them to increase sustainable domestic generation and use of renewable energy, including biogas, thereby strengthening what has already been programmed in their National Energy and Climate Plan. Moreover, the Commission calls on Austria to support interventions that improve

nutrient use efficiency, circular approaches to nutrient use, including organic fertilising as well as further steps to reduce energy consumption.

15. Austria is requested to better demonstrate the increased ambition of the planned green architecture as regards environmental and climate related objectives using qualitative and quantitative elements such as financial allocation and indicators.
16. Austria is requested to take better account of the Prioritised Action Framework (PAF) and further align the proposed interventions with it.

Observations with regard to the strengthening of the socio-economic fabric of rural areas

17. The Commission considers that the Plan shows potential for contributing to the general objective of strengthening the socio-economic fabric of rural areas. The Commission particularly welcomes the support for vibrant rural areas, with an increased scope and budget for LEADER. The Commission also positively notes that Austria introduces the new social conditionality mechanism from the beginning of the programming period already in 2023.
18. The Plan contains several interventions on animal welfare that cover various species, including pigs and cattle. The interventions provide for increased grazing opportunities for cattle and improved housing conditions for both cattle and pigs, which should have a positive impact on animal welfare. However, the Commission requests Austria to provide more detailed information with regard to the reduction of tail docking in pigs over time.
19. The issue of food waste in primary production is adequately addressed in the Plan. The Plan addresses the issue under the general needs part referring to awareness raising and public communication on sustainability and refers to it in several interventions. In addition, Austria has explained its general policy to prevent food waste and its link with agricultural policy.

Observations with regard to fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas

20. The Commission welcomes the broad scope of the various measures in cooperation and knowledge exchange, especially as regards the interventions on nature conservation, environment and climate actions, as well as the reference to the importance of Agricultural Knowledge and Innovation Systems (AKIS) with respect to achieving the Green Deal targets, including the Biodiversity and Farm to Fork Strategies.
21. Knowledge, innovation and digitalisation in agriculture must take into consideration a wide range of challenges and solutions to enable the transition to a resilient and sustainable agriculture. This will require an increased effort into advice, coaching and training to help farmers embrace the necessary changes. Therefore, the Commission encourages Austria to consider strengthening support for farm advisory services and the sharing of knowledge and good practices.

22. The Commission recalls that in consistency with the overall strengths, weaknesses, opportunities, and threats (SWOT) analysis and needs assessment, Austria is requested to outline a comprehensive strategic approach on how digitalisation in agriculture and rural areas will be supported.

Other issues

23. The Commission notices the efforts made regarding simplification for national administration and final beneficiaries, in particular as regards digitalisation, training, and use of all available administrative systems, harmonisation, and reduction of number of interventions.

Information with regard to the contribution to and consistency with Green Deal targets

24. The Commission regrets that Austria did not make use of the possibility to provide information regarding national values for all Green Deal targets contained in the Farm to Fork Strategy and the Biodiversity Strategy. The Commission considers that in order to achieve the environmental and climate-related objectives of the Union, including its commitments under the Paris agreement, the Plan should reflect the environmental and climate objectives of the Green Deal and its associated strategies. Therefore, the Commission requests Austria to define ambitious and quantified national values for the Green Deal targets.
25. The Commission welcomes that Austria has identified its 2030 target for organic farming as a coverage of 30% of the total national agricultural area.
26. The Commission requests Austria to reinforce its Plan by establishing national values for reducing the use and risk of chemical pesticides and more harmful pesticides. Although the Plan describes a number of actions which should have a positive impact on achieving the reduction of the use and risk of pesticides and the use of more hazardous pesticides, it does not include sufficient details on actions envisaged to promote and increase the implementation of integrated pest management practices in the meaning of Directive 2009/128 on sustainable use of pesticides, and to increase the use of safe alternative methods. The Commission invites Austria to consider reinforcing its Plan in respect of pesticides in coherence with these observations and to refer to national measures planned or taken outside the Plan, as appropriate.
27. With regard to the reduction of sales antimicrobials, the Commission considers the proposed elements, both in the Plan and national measures, as plausible and able to sufficiently address antimicrobial resistance in general and the use of antimicrobials in animals in particular. The Commission acknowledges that some of the planned interventions, through measures related primarily to animal welfare, specifically target the pig sector, the main contributor to the use of antimicrobials in the country.
28. In relation to the target on enhanced access to fast broadband for rural areas, the Commission considers, although the identified need is not covered by the Plan's interventions directly, that in Austria, through supporting interventions under the Recovery and Resilience Plan (RRP), this target will be achieved.
29. With respect to the target on landscape features as well as the target on nutrient management is concerned, the Commission considers that overall the proposed Plan is likely to contribute to the Austrian aims.

Detailed observations

1. STRATEGIC ASSESSMENT

30. The strengths, weaknesses, opportunities and threats of all specific objectives (SO) are designed as standalone statements without further details or context. Some of these statements require further elaboration in order to ensure a clear information content.

1.1. To foster a smart, competitive, resilient and diversified agricultural sector ensuring long term food security

1.1.1. Strategic assessment of Specific Objective 1

31. Austria is invited to update the SWOT summary table to clearly outline sectors that would benefit, under the identified needs, from support, e.g. sectors financed under the CIS. Providing general reference to “low competitiveness in certain sectors” is not sufficiently specific from the point of view of intervention logic to underpin the use of CIS interventions.
32. In line with the comments made in the first part of this letter, concerning the aim of fairer distribution and more effective and efficient targeting of income support, the corresponding overview should not only indicate that the redistributive needs have been addressed, but also that they have been addressed sufficiently and how. To justify the sufficiency of the strategy and the consistency of all income support tools, a quantitative analysis showing, by physical farm size, the combined effects of all relevant income support tools on direct payment per hectares and income per work unit is requested, in particular for small farms (e.g. using the Farm accountancy data network, FADN). The Commission invites Austria to provide more information as regards the choice of thresholds and unit amounts for CRISS.

1.1.2. Strategic assessment of Specific Objective 2

33. Austria is invited to consider sectoral interventions that would comply with the need “Increasing farm productivity” and the weakness identified “Small, inefficient farm structure (low economies of scale) in primary agricultural production and some processing sectors.
34. Austria is invited to integrate the move to higher-priced markets and the development of related products more explicitly in SO2.

1.1.3. Strategic assessment of Specific Objective 3

35. Austria plans a general cooperation measure promoting horizontal and vertical cooperation and networking between different actors and businesses, but there is no specific measure to support the setting-up of producer organisations and short supply chains in sectors where these are currently lacking. Austria is invited to explain this.
36. Austria strongly focuses its interventions to support product differentiation on quality programmes, except for the fruit and vegetables sector, where the development of innovative products is mentioned as part of intervention 47-21. Austria is invited to

explain whether similar interventions supporting the development of innovative products in other sectors are planned.

1.1.4. Specific strategic focus

1.1.4.1. Coupled income support and Water Framework Directive

37. Austria is invited to explain how the most up to date river-basin management plans (RBMP), submitted under the WFD, are taken into account in the design and implementation of the CIS interventions for regions for which a good ecological status, as per the WFD, has already been achieved and for regions for which this has not yet been the case, if applicable.
38. The description of the CIS intervention should include a specific reference to the aspects of the programme of measures under the RBMP relevant for these activities.

1.1.4.2. Fair distribution and targeting of the support

39. As regards the overview of how the aim of fairer distribution and more effective and efficient targeting of income support is addressed (“redistributive strategy”) under point 3.4, this should not only indicate that the redistributive needs have been addressed, but also that they have been addressed sufficiently. To justify the sufficiency of the strategy and the consistency of all income support tools, a quantitative analysis showing the combined effects of all relevant income support tools on direct payment per hectare and income per work unit by physical size is requested, in particular for small farms (e.g. using FADN).
40. Austria is invited to provide more information on the CRISS not being granted in one group of territories currently supported under BISS, as well as to provide more information on the CRISS, specifically on the established thresholds and unit amounts.

1.1.4.3. Interventions in certain sectors

41. Austria is invited to provide under Section 3.5 an overview of all sector-related interventions (i.e. sectoral, CIS and the rural development interventions, as applicable), including their complementarity in relation to the needs identified for all the sectors concerned (among which ‘beef and veal’ and ‘sheep and goat’ sectors – i.e. sectors benefitting, inter alia, from the CIS).
42. In order to bring section 3.5.3 as presented in the Plan in line with Article 109(2) of the SPR, the intervention strategy needs to demonstrate the consistency of the strategy and the complementarity of interventions across the specific objectives of Article 6(1) and (2) of the SPR by providing a multitude of elements, see points a) to i) of Article 109(2) of the SPR. Therefore, Austria is requested to consider Article 109(2) of the SPR and to present an updated version of their Plan in this respect.
43. Where relevant, Austria should indicate the measures taken to ensure complementarity and avoid overlap and double funding between specific interventions, in particular where a combination of sectoral interventions, voluntary coupled support and rural development support is planned. For example, when several interventions (rural development and sectoral) support investments, how is it ensured that one objective is not supported twice via different interventions?

1.1.4.4. Risk management

44. With regard to section 3.6 'Overview of the interventions that contribute to ensure a coherent and integrated approach to risk management', Austria is invited to also include a) quantitative elements which allow to assess the measures mentioned from this point of view (e.g. coverage of farms, insured volumes, average premia, loss and coverage volumes) and b) information regarding relevant sectoral interventions that help farmers manage risks. Moreover, given that agricultural risk management is a dynamic field evolving over time, Austria is invited to explore additional risk management tools (based on farmers' cooperation, covering income risks or other innovative ones) which seem not to be currently available to farmers.

1.2. To support and strengthen environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union including its commitments under the Paris Agreement

1.2.1. Strategic assessment of Specific Objective 4

45. Austria is requested to include and address the decrease of permanent pastures from 60% to 47% between 2004 and 2018 in the SWOT and to explain the main reasons for the strong decrease of the carbon sinks of the LULUCF and the considerable increase of emissions from cropland due to Land Use Change between 2013 and 2018.
46. Austria is requested to revise the SWOT to show that and why total GHG emissions increased by 4.3% between 2005 and 2016/2018, with emissions from fertiliser and soil management having increased more than the EU-27 average increase between 2013 and 2018 and to explain which specific emissions and related activities are responsible for this increase.
47. The SWOT, needs assessment and intervention strategy appear coherent, however, Austria should better explain why it considers that the need to reduce GHG emissions can adequately be addressed through the proposed interventions for fertiliser reduction, manure management and extensification of livestock farming.
48. Austria is requested to clarify how the lack of knowledge and knowhow relating to climate change, identified in the SWOT, is going to be addressed and climate advice for farmers is going to be implemented.
49. Besides several interventions addressing fertiliser management and improving carbon storage in soils, Austria is invited to consider possibilities of a more comprehensive approach to carbon farming at farm level (based on e.g. carbon footprint assessment at farm gate).
50. In view of the need to adapt to climate change, Austria is invited to demonstrate how they clearly target and prioritize nature- based solutions in this respect.
51. Austria is invited to provide an estimate of the mitigation potential under the concerned interventions.

1.2.2. Strategic assessment of Specific Objective 5

52. Austria is requested to provide more information on the comprehensive implementation of Integrated Pest Management (IPM) in the meaning of Directive (EU) 2009/128 in view of the recently revised National Action Plan on the Sustainable Use of Pesticides and to demonstrate how the implementation of IPM by all professional users of pesticides will be ensured.
53. Austria is requested to adapt the intervention strategy by including information on agricultural water pollution, corresponding with the need identified. The Plan should be fully aligned with the latest RBMPs.
54. Austria is requested to specify how a reduction of agricultural pressures on water bodies will be achieved, in particular as regards diffuse pollution, which exerts pressure in 18% of surface water bodies. It needs to be explicit how these interventions help achieve the WFD objective of reaching “good status” of water bodies by 2027. Austria further is invited to address hydromorphological pressures in view of achieving the objective of the WFD.
55. Austria is requested to adapt the intervention strategy to clarify if soil degradation processes like diffuse soil pollution, loss of soil biodiversity, and compaction are sufficiently addressed.
56. Considering Austria’s challenges with regards to ammonia emissions (93% of the total reported ammonia emissions come from agricultural sources and ammonia emissions from agriculture have slightly increased over time), air pollution aspects in particular need to be better addressed. Austria is requested to ensure a comprehensive management of the nitrogen cycle.
57. The Commission encourages Austria to explain the links with the Best Available Techniques (BAT) conclusions, including BAT associated emission level (BAT – AEL) notably in the context of reducing emissions of pollutants from installations (e.g. ammonia).

1.2.3. Strategic assessment of Specific Objective 6

58. The Austrian Biodiversity Strategy identifies the need to implement effective measures for the protection of honey bees and wild bees. Austria is requested to explain how the proposed interventions will sufficiently address the need for protection of pollinators, especially wild bees.
59. For needs that are not addressed by the Plan, the Plan should better describe how they are addressed outside of the CAP plan. Austria is invited to strengthen the intervention logic of SO6 in this respect as well as SO8.
60. In consistency with the SWOT and the intervention logic, the reference to the PAF for Natura 2000 should be mentioned in SO6.3 “Identification of the relevant (elements of) national plans”.
61. Austria is encouraged to explore possibilities of further ambitious commitments. In this respect, the PAF could guide Austria to enhance its proposals on biodiversity, as a total need for project funding of EUR 45 028 000 per year or EUR 225 140 000 over the five-year period of the Plan have been identified in the PAF.

1.2.4. Specific strategic focus

1.2.4.1. Green architecture

62. The complex green architecture is described comprehensively explaining how environmental and climate related needs are addressed through conditionality and a range of interventions, as well as how the different interventions complement each other. Austria is nevertheless invited to provide a table showing the possible combinations of interventions for the sake of greater clarity. Austria is further requested to provide clear information regarding the expected effectiveness in addressing the environmental challenges with this architecture.

1.2.4.2. Greater overall contribution

63. Austria demonstrates to a certain extent an increased ambition regarding environment and climate compared to the previous period. However, there is room for further improvements with respect to eco-schemes and GAEC, where not only additional explanations are needed but a further increase in the ambition is necessary. The Plan's contribution to emission reductions (both GHG emissions and ammonia) seems not sufficient at the moment, livestock emissions should be given more attention.
64. Austria is requested to enhance the environmental and climate ambition by including further quantitative comparisons. The comparison of the targets for the future vs. achieved results in the current period should be made, when such comparisons are possible, or expected improvements against impact indicators (reference only made to farmland bird index) could be demonstrated, if possible.
65. With respect to sectoral interventions, Austria is invited to better explain on how they contribute to a higher environmental and climate ambition.

1.2.4.3. Contribution and consistency with the long-term national targets set out in or deriving from the legislative instruments referred to in Annex XIII

66. Austria's Plan clearly explains its contribution to targets and objectives of most of the environmental and climate legislation referred to in Annex XIII of the SPR. However, as Austria seems at risk of not meeting the ammonia emission reduction target under Directive (EU) 2016/2284 (National Emission reduction Commitments Directive, (NEC Directive)) and as GHG emissions from agriculture have increased in recent years, Austria is requested to provide further information on the contribution of the Plan to reduce GHG and ammonia emissions.
67. Austria is also requested to clarify the complementarity of the Plan with the WFD and Nitrates Directive in terms of nutrient management, water quality and pollution.
68. Regarding climate change, Austria is requested to clarify how the Plan contributes to the achievement of the commitments under the LULUCF Regulation, focusing on the strong decrease of the carbon sinks.

1.3. To strengthen the socio-economic fabric of rural areas

1.3.1. Strategic assessment of Specific Objective 8

69. Austria is requested to adequately reflect the current situation of forestry in the SWOT, especially as regards forest biodiversity. The indicated strengths suggest overall a very good status of forests in Austria, while biodiversity is not mentioned in neither the weaknesses nor the threats, nor under the opportunities.

1.3.2. Strategic assessment of Specific Objective 9

70. Austria is requested to provide more detailed information on how data networking and the uniform implementation of programmes will contribute to further reduce the use of antibiotics and avoid tail docking in piglets, which is the objective in the medium term.
71. Austria is invited to provide information how the Commission policy to phase out cages in livestock could be achieved in Austria. Austria is requested to address the tail docking practises in pigs which are forbidden by EU rules (apart from in exceptional circumstances, Council Directive 2008/120/EC of 18 December 2008 laying down minimum standards for the protection of pigs) and to encourage the keeping of animals in non-confined housing system for laying hens, calves and sows (Communication - C(2021)4747 - Communication from the Commission on the European Citizens' Initiative (ECI) "End the Cage Age").
72. The Commission acknowledges that the Plan includes initiatives to support the shift towards healthy sustainable diets. However, the Commission invites Austria to better explain how this will lead to the necessary shift towards healthy, plant-based sustainable diets taking into account the dietary intake and the national dietary advice.

1.4. Modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake by farmers, through improved access to research, innovation knowledge exchange and training

1.4.1. Strategic assessment of Cross-cutting Objective

73. The Commission considers that the distribution of the budget among the cooperation interventions does not seem to respond to the needs and ambition for more international cooperation and AKIS synergies as described in section 8. Austria is requested to align this.
74. Austria is invited to further elaborate on the needed prevention measures and capacity initiatives, and how their effectiveness is ensured.
75. Austria is invited to further elaborate on functional links to other national and EU policy instruments to support digitalisation, e.g. with measures under the Digital Europe Programme, and to further assess and possibly prevent the risks of digital divides, e.g. between businesses.

1.5.Simplification for final beneficiaries

76. Austria is requested to provide more information on the sharing of the data sets collected through the integrated system as required by Article 67(3), (5) and (6) of Regulation (EU) 2021/2116.
77. Austria is invited to provide additional information on whether and how new technologies will be used for non-Integrated Administration and Control System (IACS) controls and on whether area-monitoring system will be used for force majeure cases.

1.6.Target plan

78. Austria is invited to link R.1 (Enhancing performance through knowledge and innovation) also to SO6. Given that R.28 (Environmental or climate-related performance through knowledge and innovation) is linked to SO6 (and R.28 is a subset of R.1) then R.1 should also be linked to SO6.
79. Austria is invited to include a target for R.2 (Linking advice and knowledge systems).
80. R.3 (Digitalising agriculture) is missing. Given the needs of digitalisation for farming, it is surprising that none of the planned interventions will address this need. Austria is invited to include R.3 or justify why it is not used.
81. Austria is requested to adapt the target plan to the financial years. The result indicators for direct payments (R.4 Linking income support to standards and good practices, R.6 Redistribution to smaller farms, R.7 Enhancing support for farms in areas with specific needs and R.8 Targeting farms in specific sectors) are expected to start from 2024 up to 2028. For rural development, a value is expected for 2028 (see e.g. R.21 Protecting water quality).
82. R.8 (Targeting farms in specific sectors) is linked to SO1. Austria should link it also to SO2.
83. The target value for R.10 (Better supply chain organisation) needs to be updated to include 77-1 and 77-2.
84. Austria is invited to confirm the high target value for R.14 (Carbon storage in soils and biomass) (49.63%) compared to the value in 2019 (3.69%).
85. Regarding result indicators related to renewable energy, Austria should also include R.15 (Renewable energy from agriculture, forestry and from other renewable sources) and may consider setting more ambitious target for R.16 (Investments related to climate).
86. R.16 (Investments related to climate): Investments in irrigation should be linked to R26 (for improvements of installations) or R9 (for new irrigation installations) instead of R.16. Austria is requested to adapt this in the Plan accordingly. Austria is invited to consider increasing the level of target area for R.19 (Improving and protecting soils) over the new programming period.
87. Austria is invited to review the links to R.20 (Improving air quality). One of the interventions (31-04 - Animal welfare – pasture) has livestock units (LU) as unit of measurement. R.20 is an area-based indicator and cannot be linked to interventions

paid per LU. The relevant indicator is R.13 (Reducing emissions in the livestock sector).

88. For indicator R.24 (Sustainable and reduced use of pesticides), it is not clear why the support for organic farming is not included in the list of interventions eligible for this result indicator. Austria is invited to include it.
89. R.25 (Environmental performance in the livestock sector) is linked to SO6: it should be linked to SO5 as well.
90. For R.26 (Investments related to natural resources), the indicated share of farms benefitting from productive and non-productive investment support related to care for natural resources should be significantly increased.
91. The Plan mentions a target of 22% for R.29 (Development of organic agriculture). The CAP can be a major enabler of the achievement of the national objective concerning the agricultural area under organic farming (30% by 2027). Within this context, the target of 22% for R.29 seems low. Austria is invited further enhance this target or to clarify how the target of 30% will be accomplished by national measures.
92. Considering the high share of unfavourable – inadequate (40%) and unfavourable – bad conservation status (48%) of agricultural habitats in Austria, as well as the significantly low share of landscape features as indicated under Ecological Focus Areas, Austria is invited to explain and possibly to increase the rather low value of the result indicator R.31 (Preserving habitats and species) with a target value of 21% while in the current programming period, 87% of the agricultural area are under commitments to improve biodiversity.
93. R.42 (Promoting social inclusion) is missing. However, it might be that this indicator will be fed once Local Development Strategies are known. Austria is invited to confirm this understanding.
94. R.43 (Limiting antimicrobial use): As Austria has planned support for organic farming and in view of the objective to reduce antibiotics use, Austria is invited to add R.43.

2. OPERATIONAL ASSESSMENT

95. Rural development support that is not covered by the exemption under Article 145 of the SPR must comply with the compatibility conditions set out in applicable State aid instruments. The most relevant State aid instruments in this context are the Agricultural Block Exemption Regulation (ABER), the State aid agricultural, forestry and rural areas Guidelines, the General Block Exemption Regulation (GBER) and *de minimis* Regulation (EU) No 1407/2013. Such support is subject to State aid procedures, in accordance with the State aid instrument chosen by the Member State.
96. For state aid in general: interventions where Austria indicates that the support will be in line with the Regulation (EU) No 651/2014 (General Block Exemption Regulation, GBER), Austria should ensure that the eligible beneficiary (with the exception of Article 1(4)(c) GBER) is not an undertaking in difficulty according to the definition in Article 2(18) GBER.

97. In addition, Austria should ensure that the aid granted under the GBER has an incentive effect, meaning that the beneficiary has submitted a written application for the aid before work on the project or activity started, while taking into account relevant exceptions as set out in Article 6(5) GBER.
98. Since Regulation (EU) No 702/2014 (Agricultural Block Exemption Regulation, ABER), GBER and the State Aid Agricultural and Forestry Guidelines are currently under revision, Austria is invited to undertake any appropriate measures to adjust the existing schemes with the relevant state aid rules applicable once they are adopted.
99. In section 4.7.3 of the Plan, for activities falling outside the scope of Article 42 of the Treaty on the Functioning of the European Union (TFEU), there must be an exclusion of companies in difficulty or companies still having a pending recovery order following a Commission decision declaring an aid illegal and incompatible with the internal market, except in the cases mentioned in the applicable state aid rules.

2.1. Minimum ring-fencing

100. Based on data provided in section 5 of the Plan, a higher amount than the minimum set out in Annex XII is reserved for young farmers. For each of the two types of interventions contributing to this ring-fencing, the amounts that are to be considered as necessary to meet the minimum ring-fencing requirements should be clearly indicated in the overview table of the financial plan (section 6.1). This information shall serve as a basis to establish the financial ceilings referred to in Article 95(4) and (5) of the SPR.
101. Austria should ensure in their Plan that 15% of the costs of the operational programme of the producer organisation must be earmarked for environmental and climate measures (Article 50(7)(a) of the SPR). The Plan does not provide any figure proving that 15% are actually foreseen for environmental and climate measures.
102. Austria should ensure that at least 2% of expenditure under operational programmes cover the intervention linked to the objective referred to in point (d) of Article 46 and Article 50(7)(c) of the SPR).
103. Austria is invited to provide a breakdown of the financial data concerning the 5% of expenditure, as required by Article 60(4) of the SPR, which should be allocated to at least one action to achieve the objectives in favour of environmental protection and adaptation to climate change. This would better demonstrate whether Austria has taken this requirement into account.

2.2. Common elements to several interventions

2.2.1. Definitions and minimum requirements

104. Austria is requested to correct and specify several criteria regarding definitions and minimum requirements common to all interventions, including as regards maintenance of agricultural areas, young farmers, permanent crops, short rotation cycle and coppice, permanent grassland and poultry areas, amongst others.
105. In section 4.1.7, on the basis of quantitative and qualitative information, Austria is required to provide a justification as to how the thresholds set ensure the reduction of

administrative burden and contribute to the objective of supporting ‘viable farm income’.

2.2.2. CAP network

106. Austria is invited to specify the structure and governance of the future CAP network.

2.2.3. Coordination of EU funds

107. The description in section 4.5 on coordination, demarcation and complementarities is insufficient to give the overview required in Article 110(d)(v) of the SPR. Austria is invited to provide a comprehensive description of how EU funds and initiatives active in rural areas work together with and concretely contribute to the Plan, also in addressing the identified needs that are not or are partially funded by the Plan. These funds include, in particular, the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Recovery and Resilience Facility (RRF), the Digital Europe Programme (DEP), the Connecting Europe Facility (CEF2 Digital), the Programme for the Environment and Climate Action (LIFE) and Horizon Europe.

108. Austria is invited to include a description of how the Partnership on sustainable food systems for people, planet and climate is supported through the Plan’s interventions.

2.3. Interventions and baseline

2.3.1. Conditionality

GAEC 2

109. Austria will implement GAEC 2 from 2023 based on relevant requirements considering carbon rich soil and including potential habitat. Nevertheless Austria is requested to provide further clarification on the final step for the mapping exercise and the corresponding layer in the Land Parcel Identification System (LPIS).

GAEC 4

110. The Commission notes that the required minimum width of 3 m for buffer strips will be applied as a general rule, and a wider width will continue to exceptionally apply in limited specific cases, in accordance with the WFD. However, in the on current programming period a wider width of 10-20 m seems to be applied across all areas. Austria is requested to explain this change, which seems to be a reduction in ambition.

GAEC 5

111. The GAEC rules focus on slope areas (over 15% inclination) including permanent crops that show signs of erosion based on mapping. However, while slope gradient is a factor that needs to be taken into account under the SPR, it is not the only one having an impact on soil erosion. Austria is requested to consider other areas at risk of erosion on land with a lower slope gradient for applying the tillage management practices. Austria is further requested to provide information on how practices used to prevent soil erosion will be selected and carried out by farmers.

GAEC 6

112. The types of soil coverage as proposed by Austria are relevant and the defined sensitive periods can be accepted. However, Austria needs to protect all land types including arable land and permanent crops without only considering the slope gradient. Austria is therefore requested to adapt this GAEC accordingly, in order to plan a more comprehensive scope of GAEC 6 in particular to require a coverage for all arable land.

GAEC 7

113. Austria has introduced crop rotation only for some specific crops and crop diversification as an additional rule applicable for the whole territory, which is not in line with the SPR. Austria is requested to reinforce and improve the requirements under crop rotation and make sure they are listed in the relevant box in the System for Fund Management in the European Union (SFC). As the list of crops to which this GAEC applies is too limited, further justification are needed on the crops concerned selection as well as exemptions from it.
114. The proposed exemption of certain proportions of a holding's area under this GAEC lower the crop rotation potential, and derogations for farms with less than 20 hectares arable land are not in line with the SPR, which does not provide for such derogation.
115. This standard mainly addresses crop diversification, which has a smaller impact on soil fertility and soil biodiversity than long crop rotations. Austria is invited to revise the requirements of GAEC 7 in order to promote a sequence of several crops over a larger area.

GAEC 8

116. Austria is requested to provide an indication of the characteristics of the landscape features selected, including the minimum/maximum size, where relevant, and the conversion and weighting factors. In particular, weighting factors capture the contribution of eligible elements to GAEC's objective. The Commission considers it necessary to set weighting coefficients as the impact of the variety of landscape features and non-productive areas on biodiversity might be very different (i.e. between a hedge, an isolated tree, or a ditch). We further regret the possibility of allowing for pesticide use on annual fallow land as from the time of conversion and ask Austria to allow conversion only by mechanical or thermal practices.

GAEC 9

117. The Commission would like to remind Austria that according to Annex III to the SPR the ploughing of sensitive grassland is prohibited, while Austria introduces the possibility of ploughing up to 3 ar of environmentally sensitive grassland. Even though this is a fairly small area, the Commission considers that environmentally sensitive grassland should receive the best possible protection under the CAP and Austria is invited to align this GAEC with legal requirements.

2.3.2. Assessment per type of intervention or intervention where necessary

2.3.2.1. For direct income support

2.3.2.1.1. Basic Income Support for Sustainability (BISS) (Articles 21-28 of the SPR, section 5 of the Plan)

118. The justification provided for the difference in support between different groups of territories explains why a differentiation is needed, but does not allow to assess whether the provided unit amounts are appropriate in relation to the need. Austria is invited to develop the justification further.
119. Austria is invited to justify the unit amount better. The planned unit amount should primarily be justified on the basis of the analysis of the income needs.
120. Austria is requested to reconsider the variation of the unit amount provided for BISS. The variation percentages are considered to be very high and are not adequately justified. The justification of the unit amount on the one hand, and of minimum and maximum unit amounts on the other hand should be linked. For each group of territories, these justifications should primarily be based on data related to the needs which the relevant interventions want to address. Elements of uncertainty leading to a risk of unspent funds can be added to justify the variation. However, these elements must also be explained and where possible based on data, e.g. related to past experience related to under-execution.

2.3.2.1.2. Complementary Redistributive Income Support for Sustainability (CRISS) (Article 29 of the SPR, section 5 of the Plan)

121. In addition to the observations in section 1.1.1., Austria is requested to reconsider the variation of the unit amount provided for CRISS. The variation percentage is considered to be very high and not adequately justified. The explanations provided by the Commission above on the variation of the unit amount with regard to BISS are also valid for CRISS. .
122. Austria is invited to ensure and justify that the different thresholds defined under the CRISS address sufficiently the redistribution needs.

2.3.2.1.3. Complementary Income Support for Young Farmers (CISYF) (Article 30 of the SPR, section 5 of the Plan)

123. Austria is invited to specify the requirement of “newly-set up”.
124. Austria is requested to explain whether and why this intervention complies with the relevant paragraph of Annex 2 of the World Trade Organization (WTO) Agreement on Agriculture as indicated by Annex II SPR (respectively paragraph 6 or 5 depending on whether Austria’s’ BISS payment is based on payment entitlements or not).

2.3.2.1.4. Eco-schemes (Article 31 of the SPR, section 5 of the Plan)

125. Austria is requested to amend and enforce further elements of the eco-schemes: The short minimum duration period for V1 under eco-scheme 31-01 is not considered to be adequate to provide significant environmental benefits. Austria is requested to

provide further explanations on the environmental benefit, or prolong the duration period for V1 or to reduce the proposed premium.

126. Under eco-scheme 31-02, the minimum duration of 35 days for catch crops is considered to be too short to provide environmental benefits, especially if the latest possible date for sowing (15.10.) is used. The ban of mechanical management like mulches should be prohibited until at least end of January (instead of end of October) if catch crops remain over the winter. Under eco-scheme 31-03, a ban on the use of plant protection products needs to be specified as this is also the case for other schemes.
127. The additional contribution of both eco- scheme 31-01 and 31-02 should be better explained as regards the output (number hectares expected) in relation with the potential need of green cover (based on the current situation). Austria is asked to explain what will the impact of eco-scheme 31-02 (requirement of at least 85 % of coverage at farm level) will be compared with the current percentage coverage in Austria depending on farming system and a possible overlap with GAEC 6.
128. As regards the risk of double funding of commitments for eco-scheme 31-03 and for intervention 70-10 Abstaining from the use of insecticides, there seems to be a possible overlap as regards supplements for the use of biological control. Austria is asked to give more indication on the calculation of premium and the reduction of the premia of 50% as foreseen in the Plan.
129. Austria links eco-scheme 31-03 to R.12 (Climate adaptation), R.14 (Carbon storage in soils and biomass), R.19 (Improving and protecting soils) and R.21 (Protecting water quality). The only link which seems justified is the one between eco-scheme 31-03 and R.19. Austria is asked to clarify the link of other result indicators or to correct this reference.
130. The purpose of the eco-scheme 31-04 Animal welfare - pasture is welcome in relation with animal welfare and the reduction of ammonia emissions. However, some requirements need to be reinforced or be better justified. Austria is invited to justify or revise the minimum period of 120 days in relation with the usual grazing period in Alpine pastures and is asked to consider to introduce a maximum density to avoid overgrazing and unsustainable nutrient input.
131. As regards the selection of result indicators, the scheme is not area-based, thus the link to R.20 (Improving air quality) is to be removed. This eco-scheme promotes outside grazing, thus the link to R.44 (Improving animal welfare) is justified. However, there are no other requirements than a minimum number of days grazing outside (e.g. no maximum density) that would justify a link to R.13 (Reducing emissions in the livestock sector).

2.3.2.1.5. Coupled Income Support (CIS) (Article 32-35 of the SPR, section 5 of the Plan)

132. Austria is invited to improve the consistency of justification underpinning the CIS interventions, also across the relevant sections of the Plan (i.e. the basis is the difficulty undergone by the eligible sectors, namely beef and veal, and sheep and goat).

133. The difficulty of the targeted sectors is justified based on the decreasing number of animals grazing on alpine pastures. Other elements that would help to strengthen this justification could include, where applicable, declining operational margin/low profitability, income volatility or increase in input costs (note that all these elements are to be underpinned by statistical evidence).
134. The identification of the difficulty remains at the discretion of Member States (e.g. it could be identified at the level of a sector as a whole, while targeting only a specific part of this sector – animals grazing on Alpine pastures).
135. Austria is invited to further elaborate on the aim of CIS so as to show how these interventions will help addressing the difficulties encountered by the supported sectors and productions or specific types of farming therein by improving competitiveness, quality, and/or sustainability. The underlying rationale is to trigger improvement in the longer term along one or several of the three above-mentioned dimensions (for instance, by providing incentives to breeds with higher meat yield, directing focus on quality schemes or targeting extensive production systems with up to 1.4 LU/ha).
136. In order to address efficiently difficulties and improve the competitiveness and sustainability of the sector and to avoid that the proposed CIS interventions lead to a deterioration of the environmental and climate situation (e.g. resulting from intensification of livestock farming), Austria is requested to clarify the interplay between CIS and other support decisions under the Plan and to improve, if relevant, the CIS interventions' targeting (e.g. eligibility conditions for specific types of farming within a sector and CIS adapted to different local context).
137. In particular, Austria is invited to clarify whether any eligibility conditions in terms of number of LU/ha apply to ensure that extensive grazing is encouraged and if so, include them in the relevant section.
138. As such, the objective of maintaining Alpine pastures could be also achieved via higher BISS payment for Alpine pastures (e.g. by keeping CIS funds in BISS allocated to this specific territory – this would also offer a possibility for administrative simplification given that no coupled payments would be implemented in this case).
139. The unit rate and its variation are to be further clarified in light of the targeted sectors' income needs and the aim of CIS interventions (i.e. what is the rationale behind the assumed 10% variability - the risk of unspent funds, if relevant, should also be substantiated).
140. Note that, besides result indicators R.4 (Linking income support to standards and good practices) and R.8 (Targeting farms in specific sectors), CIS interventions could also be linked to R.6 (Redistribution to smaller farms) and R.7 (Enhancing support for farms in areas with specific needs).
141. Austria is invited to consider grouping all CIS intervention into one single intervention with various unit amounts given the fact that the underlying rationale is identical.

2.3.2.2. For sectorial interventions

2.3.2.2.1. Fruit and vegetables

142. Austria is invited to reconsider a link to SO3 and the cross-cutting objective to ensure consistency amongst all result indicators across the interventions with the SPR.
143. Austria is invited to explain why the target value of R.11 (Concentration of supply) (20.6%) is significantly lower than currently (35% in 2019).
144. Austria is invited to verify and properly describe in the Plan how all additional requirements set out in Regulation (EU) 2022/126, for instance, the percentage for minimum water savings (Article 11(4)(a) of Regulation (EU) 2022/126), are to be addressed.
145. Austria is invited to complement Chapter 6 ‘Form and rate of support/amounts/calculation methods’ as this chapter should contain the elements described in Article 52 of the SPR.
146. On chapter WTO, it is not sufficient to indicate the compliance with the relevant paragraph 12 of WTO, Annex 2. Austria is invited to add a short paragraph explaining how this compliance is ensured, especially in regards to the paragraph 12 “requirement to limit payments to cost incurred or income forgone”.
147. Austria should ensure that operational programmes should include three or more actions (80% of member of producer organisation rule) linked to the objectives referred to in points (e) and (f) of Article 46 of the SPR (Article 50(7)(b) of the SPR).
148. Austria should make sure that the interventions within the types of interventions referred to in Article 47(2), points (f), (g) and (h) of the SPR, do not exceed one third of the total expenditure under operational programmes (Article 50(7)(d) of the SPR).
149. Austria is invited to note that in accordance with Article 156 of the SPR the sum of all payments made during a given financial year for a sector - irrespective for which programme and under which legal base those took place - cannot exceed the financial allocations referred to in Article 88 of the SPR for that given financial year for that sector.
150. As regards the type of interventions in certain sectors defined in Article 42 of the SPR, expenditure that will be paid in 2023 or in the subsequent financial years relating to measures implemented under Regulation (EU) No 1308/2013 for these same sectors, shall not be entered in the Annual indicative financial allocations under Section 5 or in the Financial Overview table under Section 6 of the Plan.

2.3.2.2.2. Apiculture

151. Austria is invited to adapt the annual indicative financial allocations under Section 5 SFC to the planned amounts in the Financial Overview table under SFC Section 6, as they need to be coherent.
152. Austria is invited to describe under section 3.5.2, a reliable method for determining the number of beehives in the territory ready for wintering from 1 September – 31 December as required under Article 37 of Regulation (EU) 2022/126 ; include an analysis of the sector which leads to the needs identified and justification of the

interventions in section 3.5.2; explain how the sectoral interventions contribute to the related SOs; outline in section 5 “Specific design, requirements and eligibility conditions of the intervention” how the interventions described contribute to sectoral and SOs; improve the description of the interventions and eligible expenditure providing a more comprehensive explanation of the intervention and supported actions including a few examples of eligible expenditure which goes beyond the quoted “personnel and/or material costs, investment costs; clearly describe how the planned Unit amounts were determined and what they refer to vis-a vis the outputs, avoiding repetition and clarify what the planned outputs correspond to (the link to the information in section 6 “Forms and rate of support” should be evident); ensure that support is provided for eligible expenditure in compliance with the provisions of the relevant regulations in particular those in Regulation (EU) 2022/126; provide a clear demarcation with the European agricultural fund for rural development (EAFRD) funded interventions.

153. Austria is invited to ensure that the indicative financial allocation for 2023 takes into account any planned expenditure for the implementation of measures under the National Apiculture Programme 2020-2022 during the extension period from 1 August – 31 December 2022; and revise the information in Table 5.2.10 for each intervention and sectoral table 6.2.2, to include the Total Public expenditure for the Planned unit amounts and Indicative financial allocations in the updated SFC tables.

2.3.2.2.3. Wine

154. Concerning the “Promotion” intervention, Austria should clarify the eligibility conditions applying to public bodies and align them with the requirements of Article 40(3)(b) of Regulation (EU) 2022/126. Concerning the “Restructuring and Conversion” intervention, it should be clarified whether Austria plans to finance also replanting of vineyards following mandatory grubbing-up for phytosanitary reasons in line with Article 58(1)(a)(iii) of the SPR, in which case Article 41 of Regulation (EU) 2022/126 shall be respected.
155. Austria is invited to link intervention 58-02 also to result indicator R. 39 (Development of rural economy).

2.3.2.3. For rural development

2.3.2.3.1. Observations common to all rural development interventions

156. Austria is requested to include a revision clause according to Article 70(7) of the SPR in all relevant interventions under Article 70 of the SPR (including organic farming, animal welfare) in section 4.7(c) (elements common to several interventions), or for each Article 70 of the SPR intervention in section 5.
157. Austria is requested to adapt the length of commitments in line with Article 70(6) of the SPR or provide a thorough justification why shorter commitments are sufficiently achieving environmental benefits.
158. The certification of payment calculations, in accordance with Article 82 of the SPR, is to be provided in an annex to the Plan.
159. Austria should reconsider the use of modulation in payments for agri-environment-climate commitments, considering that the calculation of premia has been based on

costs incurred and income foregone, and to ensure that the environmental and climate targets set are reached through a high participation in these interventions.

160. For certain interventions under Article 70 of the SPR and the Natura 2000 payments (Article 72 of the SPR) Austria is requested to revise table 12 and 13, since a single average unit amount for a considerable number of different commitments with different premia does not seem justifiable. A thematic grouping of unit amounts linked to the relevant result indicators could be envisaged.
161. Some of the maximum unit amounts provided seem too high compared to the average unit amount and need to be reviewed.
162. Article 70(8) of the SPR lays down that for agri-environment-climate commitments or commitments to convert to or maintain organic farming practices and methods as laid down in Regulation (EU) 2018/848, a payment per hectare has to be established. However, some interventions use payment per different units, while output indicators remain in hectares. A conversion matrix from Euro/other unit to Euro/ha should be included in the section on the range of support at beneficiary level.

2.3.2.3.2. Management commitments (Article 70 of the SPR, section 5 of the Plan)

70-01 Environmentally sound and biodiversity promoting management (UBB)

163. The intervention includes payments by landscape feature and payment by farm (for monitoring). It should be noted that according to Article 70(8) of the SPR, Member States shall establish payments per hectare (in duly justified cases support can be granted as a lump sum).

70-02 Organic farming

164. The links of the intervention to the result indicators are justified and follow largely the recommendations. As to the result indicator R.34 (Preserving landscape features), it is understood that it is linked to the additional option which can be selected within the organic farming intervention. It should be counted only for those grants to beneficiaries, who actually include these options. In case the support is for farming systems including livestock husbandry, also indicators R.43 (Limiting antimicrobial use) and R.44 (Improving animal welfare) are relevant.
165. Possibilities to combine support for organic farming with other agri-environment climate commitments under Article 70 of the SPR and the specific provisions to avoid double funding of parts of the commitments should be outlined.
166. Austria should explain why in 2027 the area supported (O.17) will decrease after a steady increase in the years before and how this will affect the own targets set for Austria.

70-03 Limitation of income-increasing resources

167. Austria should explain whether the maximum quantity of nitrogen of 170 kg N/ha applicable to the entire agricultural area of the holding also takes into account organic manure from outside of the farm, compost according to Regulation (EU) 2018/848, and biogas slurry.

168. A clarification should be provided regarding the prohibition of the fertiliser acceptance agreements, e.g. in cases when organic manure from outside of the farm is applied.
169. Austria is asked to improve the description of the link between the requirements under statutory management requirements (SMR) 2 and the intervention in order to demonstrate the level of ambition, and to clarify whether the intervention is also applicable in nitrate contaminated areas (vulnerable zones) as no exclusion/ limitation of this intervention in nitrate contaminated areas seems to have been specified.
170. Since the intervention does not contain any restrictions on the use of plant protection products in vine, fruit tree and hops areas it should be explained whether this intervention can be combined with interventions 70-9 and 70-10.
171. This intervention should refer also to results indicator R.20 (Improving air quality) and need B21 (Reduction of air pollutants from agriculture) as the fertiliser use also links to ammonia emissions (co-benefit). Austria is asked to provide information on the decreasing area output indicator as of the year 2026 and the stagnation in the years 2023 – 2025.

70-04 Hay economy

172. This measure should be enhanced to provide a higher environmental ambition as national evaluation studies showed significant limitations of these measures concerning its positive impacts for biodiversity.

70-08 Application of liquid manure and slurry separation close to the ground

173. The general description of the intervention design mentions that in addition to a reduction of ammonia emissions, a reduction of GHG emissions would take place through this intervention. Austria should clarify how GHG emissions reduction will be achieved in order to strengthen the link between this intervention and result indicator R.14 (Carbon storage in soils and biomass).
174. Depending on the technique used, incorporation of the liquid manure might need to be performed. Since the national Nitrate Action Programme lays down the periods for incorporation into the soil, it should be clarified whether the calculation of the premium for those techniques includes the costs of incorporation into the soil.
175. The intervention should be complemented with additional conditions regarding low-emission manure storage/management and rapid field incorporation of manure other than slurry.

70-11 Use of beneficial specimens in protected cultivation

176. The Commission welcomes the approach to reduce the use of pesticides, but wants to emphasize the need to ensure that natural enemies are not invasive species or will not cause any further environmental problems when released.

70-12 Mountain pasture management

177. Austria should consider an opportunity of introducing a low-level entry requirement of a grazing plan, besides the top-up of nature conservation to further improve pasture management on alpine pastures.
178. Austria is invited to provide further information on stocking densities to ensure that overgrazing is avoided.

70-13 Animal welfare — shepherding

179. Considering the current dynamics of the wolf populations in Austria and neighbouring countries, the current description of the requirements under “Option Behirtungszuschlag” certainly needs further strengthening. Thus, Austria is invited to provide further information on how to adequately address the need to protect the livestock against predation.

70-15 Humus retention and soil protection on breakable grassland

180. Austria is requested to revise this intervention on breakable grassland to make it more effective for instance by extending the target region or omitting the eligible criteria in relation to the slope.

70-16 Nature conservation

181. Austria is requested to clarify whether the proposed top-up only applies to protected habitats located in Natura 2000 sites (or also to those outside Natura 2000 sites).
182. Austria is asked to demonstrate that the level of the proposed top-up is a sufficiently attractive incentive for the management of protected habitats such as hay meadows, even where these are located in regions with high intensification pressures (such as lowland areas with dairy production).
183. The Commission recalls that according to Article 70(8) of the SPR, Member States shall establish payments per ha (in duly justified cases support can be granted as a lump sum).

70-17 Results-oriented management

184. The Commission recalls that in duly justified cases support under Article 70 of the SPR can be granted as a lump sum and is invited to consider this possibility for the option of the regional nature conservation plan.

2.3.2.3.3. Areas of Natural Constraints (Article 71 of the SPR, section 5 of the Plan)

185. The link to the national list of the designated local administrative units and to the map of Areas of Natural Constraints (ANC) must be provided for each category of areas referred to in Article 32(1) of Regulation (EU) No 1305/2013.
186. A single average unit amount covering all ANC categories and the differentiation based on farming systems or severity of constraint is not justifiable. An average unit amount should be provided for each ANC category, i.e. mountain areas, areas facing significant natural constraints and other areas affected by specific constraints. In

addition, the explanation and justification related to the value of the unit amount should be completed, since the support is subject to degressivity and differentiation based on farming systems or severity of constraint.

187. The financial table with output should be revised since information is missing and appears to be inconsistent.

2.3.2.3.4. Natura 2000/WFD payments (Article 72 of the SPR, section 5 of the Plan)

188. Due to its dual nature (income support – fostering acceptance of Natura 2000/ WFD restrictions) the interventions should also be linked to SO5 (WFD payments) and SO6 (Natura 2000 payments) in addition to SO1. For monitoring purposes, a link to O.13 is necessary. Some elements need to be completed in the description of the intervention, including an indication whether full or partial compensation is provided.
189. The Plan should specify that the legal restrictions are not based on the Natura 2000 status of the land parcels per se, but on additional national protection statuses (such as Naturschutzgebiet) for certain grassland areas within certain Natura 2000 sites.
190. Austria is invited to clarify why the requirements of the intervention 70-14 are part of the baseline for this intervention.

2.3.2.3.5. Investments, including investments in irrigation (Article 73-74 of the SPR, section 5 of the Plan)

73-01 Investments in agricultural production

191. Austria is requested to further clarify certain eligibility conditions with respect to mixed projects and investments in renewable energy. The Commission recalls that, in line with Article 73(5) of the SPR, EAFRD support for investments to meet new requirements can only be granted for 24 months from the date on which they become mandatory. Austria is invited to consider linking the intervention to R.44 (Improving animal welfare).
192. Due to the specific set of eligibility conditions a separate unit amount (with outputs) needs to be provided for investments in irrigation. Austria should clarify whether support for both investments in the modernisation of existing irrigation installations and the investments leading to a net increase in irrigated area. All relevant requirements of Article 74 of the SPR, need to be reflected in the eligibility conditions (in particular Articles 74(3) and 74(6)) in line with the needs identified.

73-02 Investments in the processing and marketing of agricultural products

193. Austria is invited to note that “Renewable energy sources and biomass-based systems” may only be produced for own use, and therefore not to be sold to the grid due to State Aid restrictions. Still under off-farm processing investments, (O.24) exceeding energy due to fluctuations may to be sold in the grid under “*de minimis*” or other approved State Aid schemes.
194. Austria is invited to further explain the reference to “Non-cash in-house services”.
195. Austria is invited to reflect upon the link to SO2 and adapt the result indicators accordingly.

73-03 Forest infrastructure

196. Austria should clarify how the intervention contributes to the conservation and restoration of ecologically valuable/rare forest areas and enhances the ecological value of forest ecosystems.

73-04 Forest management

197. The Commission strongly encourages Austria to take the opportunity of the CAP SP to better design the intervention to support and enhance forest ecosystem services.
198. Austria should follow and distribute the new Guidelines on Biodiversity friendly afforestation and the Guidelines for the EU Forest strategy to beneficiaries and Managing Authorities once they will be adopted and published.

73-05 Investments in inter-company irrigation and slope stabilisation

199. Austria is requested to clarify the choice of output indicators and to further clarify some aspects linked to eligibility conditions (ineligible: large scale infrastructure), in particular with regard to slope stabilisation (condition regarding the slope steepness, areas at risk of erosion?).
200. With respect to investments in irrigation there is a need to differentiate between the improvement of existing installations and investments associated with a net increase in irrigated area since this has implications for links to SOs and result indicators. The correct links would be SO5 and R.26 (Investments related to natural resources) for the former, and SO2 and R.9 (Farm modernisation) for the latter, if O.20 is used. Austria is invited to consider potential water savings higher than 10% where technically feasible. Tables 12 and 13 will need to be revised, *inter alia* to include two different unit amounts for these two categories.

73-06 Investment in environmental improvements and flood risks mitigation measures

201. Austria is invited to clarify that nature based solutions will be given priority in addressing the needs, specifically for “investments to manage flood risks”. It is recommended to give priority to investments involving nature based solutions as they can provide high benefits for multiple purposes.
202. Austria is invited to reconsider the linked result indicators, in light of the comments in §195. If investments relate to new irrigation investments then R.39 (Developing the rural economy) is to be used instead of R.27 (Environment and climate in rural areas).
203. Austria should provide more information on the type of investments foreseen to increase water retention and improve the discharge situation in the agricultural catchment area.

73-07 Non-productive investments in water ecological improvement

204. Austria is requested to provide more information how the intervention is planned to contribute to SO6 and to confirm that the investments funded under item (2) are non-productive investments.

205. Austria is asked to explain whether support for the removal of obsolete dams is foreseen as an investment, as these are very effective measures to improve the state of water and have the potential to produce important ecosystem services, including for the agriculture sector and when it comes to mitigating the effects of floods / droughts.
206. Austria is invited to reconsider the linked result indicators (see §197).

73-08 Investments in diversification activities, including processing and marketing of agricultural products

207. Austria is invited to include information about use general costs, second hand equipment, leasing purchase, value-added tax and durability requirements.
208. Austria is invited to reflect upon the link to SO₂ and adapt the result indicators accordingly.

73-10 Local and urban development (investments to revitalise and refurbish or refurbish vacant, depleted or underutilised buildings or public areas)

209. Austria is invited, with respect to interventions 73- 10, 73-11, 73-14, 73-16, 73-17, to define the principles of selection according to the territorial identified needs and the size of rural settlements and to describe clearly the synergies between the EAFRD and other Union funds active in rural areas, especially ERDF and the complementarities with other rural development interventions, especially with LEADER.
210. Austria is invited, with respect to interventions 73-09, 73-10, 73-11, 73-14, 73-16, to define the size of, if applicable, small-scale or large-scale infrastructure and include a list of ineligible expenditure.
211. There is a range of categories, called ‘funding items (1), (2), (3), (4)’. Austria is asked to better clarify them according to the three proposed categories of unit amounts (public buildings, cultural buildings, vacant non-public buildings) and proceed accordingly to corrections needed for the planned average unit amounts and the maximum average unit amounts.

73-12 Investments in renewable energy

212. Austria should note that support of biomass combustion must be accompanied by sufficient safeguards to ensure no negative impact on air quality and compliance set out in Article 29 of Directive (EU) 2018/2001 on the promotion of the use of renewable energy. In view of the expected increase in demand for biomass, following the phase-out of oil and gas heating, this is a critical issue.

73-15 Investments to preserve, restore and improve the natural heritage

213. The present intervention is classified as a non-productive green investment. To qualify for a non-productive green investment counting for the environmental ring-fencing, it is crucial that these investments should be limited to non-remunerative investments linked to the delivery of purely environmental and climate benefits. In this context, Austria is invited to provide more information on the eligible investments under item (5) “Concepts of and investments in facilities and objects for

landscaped recreation, visitor guidance and knowledge transfer, the valorisation of areas of high natural value, as well as information and awareness raising” showing that these investments and actions can be classified as non-productive. Moreover, it is recommended to apply a lower support rate for investments with productive components.

214. Regarding the relevant result indicators, it should be reflected if other indicators may be also relevant (e.g. R.32 (Investments related to biodiversity) in case the beneficiary is farmer) to better capture the link to biodiversity.

73-17 Support for investment in rural handovers

215. Austria is invited to further clarify the rationale of the intervention. Funding items such as “Investment costs of the successor to strengthen the competitiveness of the acquired company, e.g. in innovation and digitalisation, in order to reposition the company and make it fit for the future” or “Investment costs” could be also considered under intervention 73-01.
216. Austria is invited to further analyse the requirements about innovation & digitalisation of small and medium-sized enterprises in rural areas, according to the identified needs and result indicators.
217. Austria is invited to clarify the funding amounts and eligible costs, as well as the output indicator which should be planned in the year when the first payment is expected.
218. Austria is invited to verify if the intervention really does not fall outside Article 42 TFEU. It is indicated in Section 8 (Information regarding state aid assessment) that the intervention is not subject to state aid assessment. At the same time, “*de minimis*” is indicated as the type of state aid instrument to be used for clearance.

73-18 Afforestation compensation

219. Austria is invited to include the payment for income loss due to earlier commitments under Article 70 of the SPR instead of the investments.

2.3.2.3.6. Installation aid (Article 75 of the SPR, section 5 of the Plan)

220. Austria is invited to provide more information on the content and condition of the business plan.

2.3.2.3.7. Cooperation (Article 77 of the SPR, section 5 of the Plan)

Leader, smart villages and quality schemes

221. Austria is invited to explain the use of simplified cost options under LEADER better, amongst other clarifications.
222. Austria is invited to further explain why there will be only one call for selection, as the output indicator reflects a difference in implemented/selected Local Development Strategies between 2023 and 2024.

Quality schemes

223. Austria is invited to provide more information about any complementarities with sectoral interventions.
224. Austria is invited to correct the output indicator for year 2023.

Cooperation

225. In order to reduce the administrative burden and simplify the implementation as well as to create AKIS knowledge flows and international synergies, Austria is invited to explore the possibility to merge the proposed interventions 77-02 and 77-06, and possibly also 77-03 as European Innovation Partnerships (EIP) Operational Groups can now cover all horizontal and vertical cooperation and networking types of operations and as well as all 9 CAP objectives.

77-02 Cooperation

226. A wide range of forms of cooperation is proposed. Austria is invited to review the principles of selection, taking into account the priorities according to the identified needs, the result indicators and the SOs to which the intervention contributes directly and significantly.
227. The intervention concerns cooperation schemes as an overall amount including the costs of operation implemented. Austria is invited to include all the minimum requirements laid down by the relevant Article 77(4) of the SPR and a list of ineligible investments and categories of expenditure.
228. The intervention concerns the setting-up and functioning of the partnership and the implementation of operations. Austria is invited to provide more information about the indicative share of costs between the two categories of expenditure (preparation and implementation) and to reconsider the use or not of simplified cost options for the running costs of the partnerships.
229. The value of R.1 (Enhancing performance through knowledge and innovation) 262 is similar to the value of O.32 which is 261. Austria is invited to check the relevant values.
230. Outputs are indicative and should be planned in full per year, when the first payment is expected.

77-03 Rural innovation systems

231. Under this type of intervention, support may be granted for new forms of cooperation or new activities for existing forms of cooperation, including the implementation of operations. Austria is invited to include all the minimum requirements laid down by the Article 77 of the SPR and the rules for the implementation of operations (see Article 77(4) of the SPR), including a list of ineligible expenditure, in case of investments (see Article 73(3) of the SPR) for intervention 77-03 and 77-04.
232. According to the description of transaction costs of the partnerships, a unit amount of EUR 10.000 is foreseen for the selection process, a unit amount of EUR 15.000 for the construction process and a flat rate of EUR 70.000 per year or an external expertise of EUR 25.000 per year. Taking into account these elements, Austria is

invited to provide an indicative share of transaction costs comparing to the overall amount of the implementation of projects and indicate the maximum period of functioning of the partnerships.

233. For projects relevant to competition, a maximum of EUR 350.000 is foreseen. As this is not reflected in the unit amounts, Austria is invited to review the financial table and to confirm whether the planned unit amount for implementation includes running costs.
234. Austria is asked to provide more information for non-competitive projects of national, public interest, for which a support rate of 100% is planned.
235. Austria is invited to clarify the total value of O.32 and to check if there is double counting.

77-04 Reactivation of vacancy by raising awareness and consulting, development concepts and management to strengthen the city and city centre

236. Austria is invited to provide further information about the feasibility and the explicit purpose of the cooperation scheme (elements, which would not have been possible without the joint work), the different phases, the expected outcomes, the complementarities with other rural development interventions and other EU funds and the linkage with the overall perception about Smart Village Strategies, taking into account the information provided in the financial table and the proposed indicators.

2.3.2.3.8. Knowledge exchange and advise (Article 78 of the SPR, section 5 of the Plan)

78-01 Agricultural and forestry advice

237. Austria should reflect upon an improvement of this intervention by offering a possibility for advisers to be trained in biodiversity and carbon farming related topics (e.g. via excursions/trainings).
238. In intervention 78-03 for non-agricultural and forestry topics, it is indicated in Section 8 (Information regarding State aid assessment), that the intervention does not fall outside Article 42 of the TFEU and is therefore not subject to state aid assessment. It seems that for non-agricultural and forestry topics the action is outside of Article 42 of the TFEU and State aid rules do apply. Austria is invited to correct what seems like a clerical error.

2.3.2.3.9. Financial instruments (Article 80 of the SPR, section 4.6 of the Plan)

239. Austria is invited to specify which national schemes are most important when it comes to supporting agricultural finance and access to loans and liquidity, if a combination with grants under the Plan is possible and whether other EU financial resources are involved.

3. FINANCIAL OVERVIEW TABLE

240. Austria is invited to note that for all calendar years the total amount of planned interventions in section 5 exceeds the direct payments allocation (adjusted Annex V

to the SPR). Only for calendar years 2023-24 this 'over-booking' is offset by the product of capping to be applied under direct payments.

241. Austria is invited to note that the annual indicative financial allocations under Section 5 SFC do not correspond to the planned amounts in the Financial Overview table under SFC Section 6 regarding expenditure for support in apiculture.
242. Based on data provided in section 5, a higher amount than the minimum set out in Annex XII to the SPR is reserved for young farmers. For each of the two types of intervention contributing to this ring-fencing, the amounts that are to be considered as necessary to meet the minimum ring-fencing requirements should be clearly indicated in the overview table of the financial plan (section 6.1). This information shall serve as a basis to establish the financial ceilings referred to in Article 95(4) and (5) of the SPR. In rows 42 and 46, it should correct the minimum amounts contributing to the young farmers ring-fencing to reach the amount set out in Annex XII (i.e. EUR 101,637,275.00).
243. Austria is invited to note that in accordance with Article 156 of the SPR, the sum of all payments made during a given financial year for a sector - irrespective for which programme and under which legal base those took place - cannot exceed the financial allocations referred to in Article 88 of the SPR for that given financial year for that sector.
244. As regards the type of interventions in certain sectors defined in Article 42 of the SPR, expenditure that will be paid in 2023 or in the subsequent financial years relating to measures implemented under Regulation (EU) No 1308/2013 for these same sectors shall not be entered in the Annual indicative financial allocations under Section 5 or in the Financial Overview table under Section 6 of the Plan.
245. The Commission notes that there is no amount foreseen for wine for FY 2023 in the financing plan. It should be noted that the possibility to include an amount for wine for 2023 will be available in SFC with the subsequent submissions.

4. CAP PLAN GOVERNANCE, EXCLUDING CONTROLS AND PENALTIES

246. Austria is reminded to ensure a balanced representation of the relevant bodies in the Monitoring Committee concerning women, youth and the interests of people in disadvantaged situations.
247. Austria is invited to provide a description of how the Competent Authority will carry out its ongoing supervision of the work of the Paying Agency and its compliance with the accreditation criteria; and clarify the composition of the Monitoring Committee, along with how it will ensure its independence from the Managing Authority and it would be expected that they are designated as separate bodies.
248. Austria is invited to describe the IT systems and databases developed for the extraction, compilation and reporting of data to be used for performance reporting, reconciliation and verification purposes, along with the controls in place to ensure the reliability of the underlying data.
249. Austria is invited to include a short description of safeguards in financial management and the design of audit and control for the prevention of double-funding (considering in particular the Austrian RRP).

250. With regard to sections 7.3, 7.4 and 7.5, comments will be delivered by the Commission services in a separate communication.

5. ANNEXES

251. Annex V should contain data for EAFRD participation, matching funds and additional national aids for all activities.