



Australian Government
**Rural Industries Research and
Development Corporation**

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Agricultural Policies

*– Protected geographical indications, protected
designated origins and Australian agriculture –*

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RIRDC Innovation for rural Australia



Australian Government

**Rural Industries Research and
Development Corporation**

European Union Agricultural Policies

**Protected Geographical Indications, Protected
Designated Origins and Australian Agriculture**

by Paul Riethmuller, Philip Bodman and Mayu Yamada

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European Union Agricultural Policies - Protected Geographical Indications, Protected Designated Origins and Australian Agriculture

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Researcher Contact Details

Paul Riethmuller
School of Economics
University of Queensland

Fax: 07 3365 7299
Email: p.riethmuller@economics.uq.edu.au

Philip Bodman
School of Economics
University of Queensland

Fax: 07 3365 7299
Email: p.bodman@economics.uq.edu.au

In submitting this report, the researcher has agreed to RIRDC publishing this material in its edited form.

RIRDC Contact Details

Rural Industries Research and Development Corporation
Level 2, 15 National Circuit
BARTON ACT 2600

PO Box 4776
KINGSTON ACT 2604

Phone: 02 6271 4100
Fax: 02 6271 4199
Email: rirdc@rirdc.gov.au.
Web: <http://www.rirdc.gov.au>

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Foreword

Keeping abreast of policy developments in other agricultural producing countries is important for policy makers, for agricultural producers and for marketers of Australian agricultural products. Without such information, new opportunities to develop markets might be missed and/or existing markets lost. As an agricultural exporting country, this could disadvantage Australian producers and rural communities, as well as the Australian economy more generally. Geographical indication regulations are being used increasingly in the European Union. These regulations, introduced in 1992, provide an opportunity for producers to establish a monopoly position for products that they sell if the producers are able to establish that there is a connection between the product that they are producing and the region where the product is produced.

Supporters of the geographical indication regulations in the EU say that they help those associated with the production and marketing of a product from one geographic region differentiate the product from those produced in other geographic regions, improving the income position of producers of the product, helping to reassure consumers about the quality of the foods they are buying, and maintaining the economic viability of rural areas. However, there is no compelling evidence that geographical indications provide any long term benefits to producers, or to people living in the rural areas. Despite this, other countries are investigating the EU model and the introduction of EU style geographical indication regulations has superficial appeal. Product coverage in the EU is likely to expand.

There are a number of lessons for Australian industry from the growth in the use of geographical indication. Consumers in high income countries are interested in differentiated, unique products, particularly if these products have a link based upon tradition or history with the region in which the consumers live. Despite this, the size of the premium they are willing to pay for such products may not exceed the costs producers incur in differentiating their products.

Geographical indications provide an opportunity for EU agriculture to move away from highly intensive, environmentally damaging industries into ones that take advantage of traditional methods of production and which are more in keeping with the EU's comparative advantage in agriculture. Provided these industries with their regional links develop in response to market forces with a minimum level of government involvement, a more efficient EU agriculture will be the result.

The importance of this report is that it provides an overview of the geographical indication policy as developed in the European Union, describing the nature of the regulations, providing details of the products covered, and some of the effects of the policy. Through the provision of this information, Australia's agricultural industry will be better able to develop a response to the European Union strategy of establishing unique regional products.

This report, an addition to RIRDC's diverse range of over 1800 research publications, forms part of our Global Competitiveness R&D program, which aims to identify the impediments to the development of a globally competitive Australian agricultural sector and supports research.

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Peter O'Brien
Managing Director
Rural Industries Research and Development Corporation

Abbreviations

DEFRA	Department for Environment, Food and Rural Affairs
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Trade and Tariffs
GI	Geographical indications
PDO	Protected Designated Origin
PGI	Protected Geographical Indication
PDO	Protected Designated Origin
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TSG	Traditional Speciality Guaranteed
WTO	World Trade Organisation

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Executive Summary

What the report is about

This report provides an overview of the geographical indication policy as developed in the European Union, describing the nature of the regulations, providing details of the products covered, and some of the effects of the policy. Through the provision of this information, Australia's agricultural industry will be better able to develop a response to the European Union strategy of establishing unique regional products.

Who is the report targeted at?

Keeping abreast of policy developments in the agricultural and food industries of other countries is of critical importance for policy makers, industry leaders and others concerned with ensuring that Australian agriculture maintains its competitive position internationally. Consequently, this report will be of value to each of these groups. The issue it addresses has been little researched by economists. Most of what has been written about this issue has come from legal researchers. Sociological, historical and cultural factors have also played a part in the way the policy has developed.

Background

In 1992, the European Community created Council Regulation 2081/92 to protect regional and traditional foodstuffs. As the first legal instrument to cover all agricultural products (with the exception of wines and spirits), this regulation had the broad objectives of encouraging the diversification of agricultural production and of promoting products having certain characteristics to the benefit of the rural economy. The regulation draws a distinction between Protected Geographical Indications (PGIs) and Protected Designations of Origin (PDOs). A PGI product must satisfy three conditions: the product must originate in a particular geographical area; a specific quality, reputation or characteristic of the product must be attributable to that geographical area; and the production and/or processing and/or preparation of the product must take place in the geographical area. Requirements for PDO products are stricter. The first two conditions must be met, and as well production, processing and preparation of the product must take place in the defined geographical region. On 20 March 2006, the 1992 regulation was replaced by Regulation 510/2006. This new regulation allows producers from third countries to register products in the European Union, allowing for the protection of their products in the Member States of the European Union. Simplifying the registration procedure for PDO/PGI products, the new rule also implements a WTO Panel ruling making the registration procedure fully WTO compatible with third country applications.

The products covered by these regulations include cheeses, processed meats, fruits and vegetables, and beer. Separate regulations apply to wine and spirits. Some of the products are well known; others would be known only to food connoisseurs. Examples of the former include Newcastle Brown ale and Prosciutto di Parma (Parma Ham), while of the latter fasolia gigantes elefantas kato Nevrokopiou (giant lima beans from Drama in Greece) and rethel boudin blanc (pale pork, milk and egg sausages). The research that this report is based upon sets out to examine the development of geographical indication (GI) products, with the focus on the EU.

Aims/objectives

The objectives of this project are to:

- assemble information on the types of products affected by Protected Geographic Indication and Protected Designations of Origin regulations
- assess whether these regulations constitute a non-tariff barrier

- evaluate what implications these regulations might have for Australian agriculture
- identify other related areas where further research may be warranted

Traditional Speciality Guaranteed products were to be a part of this research. When it was found they are not covered by the same set of regulations as Protected Geographical Indication and Protected Designations of Origin products and that they do not have a geographic link, the focus of the research switched to PGI and PDO products.

Methods used

As an exploratory study, the methodology involved library research supplemented by some very limited statistical analysis. The analysis was limited because PGI and PDO products are each unique. This makes making inferences for PGI or PDO products as a group difficult. There is a complete absence of comprehensive – and publicly available - data on PGI and PDO products that can be used with any degree of confidence. Economists use data on product prices, consumption, production, trade volumes, farm numbers and prices of inputs and substitutes in analysing policies and industries. None of these data were available. This was a serious obstacle for this study. Lack of data has hampered analyses of PGIs and PDOs by the European Commission, since Member States provide such data to the Commission on a voluntary basis.

Results/key findings

The number of products with PGI and PDO certification in the European Union has increased since the first protected products were announced in 1996, four years after Council Regulation 2081/92 was created. In 1996, there were 665 products that had PGI/PDO certification. By 2006, PDO/PGI protected products numbered over 700. The main products protected by PGI/PDO regulations are high valued products, particularly cheeses. Most products with PGI/PDO protection are produced in the European Union, with France, Italy, Spain and Portugal being the Member States to make most use of the regulations. A number of different justifications are provided for the use of GI regulations, including improving the income positions of farmers, providing assurance to consumers about the quality of the product with PGI/PDO protection and maintaining the vitality of rural areas. The lack of research into these issues and the limited amount of information make it difficult to verify these claims. Against these arguments in favour of GIs, the regulations impose additional costs on industry. Setting up the PGI/PDO product specifications involves costs; monitoring the production process to ensure that the product is satisfying standards is an additional cost that must be met by industry.

The PGI/PDO regulations potentially increase the market power to the producers of the product, enabling the mark-up on the product to be increased. Where the profits go to is unclear: retailer, food processors and farmers will all share, but the shares are unlikely to be equal. Land prices in the region producing the geographically protected product will increase if the PGI/PDO product earns above market returns. This will increase the cost structure of any new entrant into the industry, although windfall profits will be earned by firms already in the industry. Moreover, it is unclear how any increase in production to meet increased demand for a product is allocated among those in the industry.

Many of the products covered by PGI/PDO regulations are unique; this would tend to make them immune from import competitions. Because of historical, cultural and social factors – not to mention the procedures used to produce them – trade barriers are likely to play little part in determining the future prospects for these products. Indeed, the production of many of the PGI/PDO protected products is consistent with what might be predicted using the theory of comparative advantage

Implications for relevant stakeholders

With falling trade barriers, increased consumer interest and concerns about food quality and food safety, downward pressure on the incomes of producers and outmigration from rural areas, it is no

surprise that producer groups in the EU should turn to geographical indications as a form of product differentiation. What is surprising is the speed with which producers have adopted the measure, and the number of products now subject to PGI and PDO regulations. It is also surprising that this particular measure has been adopted with so little analysis or hard data to support the policy. Production of many of these PGI/PDO products – dependent as it is on unique features of the production region and traditional knowledge - is consistent with the resource endowment of the EU, and fits in with the comparative advantage of the EU in agriculture. PGI/PDO industries are likely to be less environmentally damaging than some EU agricultural industries; many industries are likely to have spillover benefits, including facilitating the development of agri-tourism.

Whether the GI regulations represent a non-tariff barrier is difficult to judge without further analysis that is not feasible with the available data. However, given that many of the GI products have unique features, it is doubtful that the GI regulations are in all cases a non-tariff barrier

Recommendations

Among policy makers and industry leaders in Australia, there is wide acceptance and understanding of the benefits associated with reduced regulation and transparency in policies. The GI measures are not always transparent, and the measures have consequences that are not always predictable. The use of GIs is likely to expand beyond the EU, raising a number of questions for Australian agriculture. Will the use of GIs in countries with which Australia trades – for example China, Japan and Thailand – increase, and if so, will this reduce the opportunities for Australian exporters of products to these markets? What premium do consumers place on regional specialities, and is the level of this premium different for different products? The answers to these and related questions can only be obtained through further research. There is a strong argument for continued monitoring of this issue and for additional research into this issue.

1. Introduction

Trade negotiations, conducted under the auspices of the General Agreement on Tariffs and Trade (GATT), the predecessor to the World Trade Organisation (WTO), have led to reductions in the level of government assistance and protection to producers of agricultural products in the member countries of the WTO. While this will increase the efficiency of global resource use, producers in countries where the agricultural industries faced with reduced levels of support will need to find ways to preserve income. Measures that producers could use include improving farm efficiency, increasing the scale of the farming operation, moving into other industries and producing a product that is highly differentiated and not able to be replicated by competitors.

It is difficult to think of many agricultural products that can not be replicated, unless there is some form of regulatory barrier preventing this from happening. Geographical indications (GIs), introduced into the European Union in 1992, are a regulatory barrier intended to prevent products produced in one geographic region from being replicated by producers in other regions. According to the WTO (2004, p.72), GIs refer to the use of a region's name by producers from the region to protect the reputation of the producers, or to safeguard the expectations of consumers who have come to associate certain qualities with a product's geographical origin.

In the European Union in particular, geographical names have been part of the agrifood sector for a long time. The OECD (2000) notes that there are three ways these geographical names have been used: indications of source; geographical indications; and appellations of origin. The OECD says that the indication of source simply connects the product to a region or place, whereas geographical indications and appellations of origin seek to go beyond this by linking a specific characteristic of the good to its geographical origin. Cheeses are the products where GIs have been most widely used. In 2006, about 23 per cent of support to agriculture in the EU went to the meat and livestock industries while about 19 per cent went to milk and dairy products. Future reductions in support to these industries, as one possible outcome of the Doha Round of trade negotiations, may see an increase in the number of products provided with GI status, increasing the importance of GI regulations in shaping agricultural trade. Kerr (2006) has the view that the status of geographic indicators has moved from being a relatively obscure clause in the GATT to the forefront of WTO negotiations. He points out that the major proponent of the increased protection for geographic indicators has been the European Union, supported by Switzerland, Central and Eastern European countries and some developing countries. Blakeney and Lightbourne (2005) have the view that the inclusion of geographical indicators in the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs Agreement) was a significant achievement of the Uruguay Round.

The purpose of this report is to:

- provide information on the types of products affected by PDOs and PGIs regulations
- assess whether these regulations constitute a non-tariff barrier
- evaluate what implications these regulations might have for Australian agriculture and
- identify areas where future research may be warranted.

2. What are Geographical Indications?

One of the outcomes of the Uruguay Round was the Trade Related Aspects of Intellectual Property Rights Agreement (the TRIPs Agreement). Coming into force on 1 January 1995, this was the first multilateral agreement to comprehensively address geographical indications. According to Article 22 (1) of the TRIPs Agreement, “Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin”. More succinctly, the WTO says that geographical indications are “place names (in some countries also words associated with a place) used to identify products with particular characteristics because they come from specific places”¹. The key point is that GIs convey information to consumers about specific features of a product, and help to overcome information asymmetries. The OECD (2000) notes that a product with GI certification is not necessarily a superior quality product – there is no link between geographical name and high quality.

Wagle (2004) points out that while geographical indications are covered by the TRIPS agreement, they differ from other forms of intellectual property like patents “in that they are not newly created, but only recognized at a point in time, and are owned by the state with a special communal right granted to the qualifying region” (p.1). Wagle points out that they often go beyond trade and commerce, reflecting ways of life. This, combined with them often being handed down from generation to generation, means that they have no clearly identifiable original inventor (O'Connor). After a review of the literature, Tregara et al (2007) conclude that regional foods may be thought of as a form of cultural capital with the potential to leverage wider social and economic benefits to local rural areas.

Earlier multilateral agreements, notably the Paris Convention of 1883, the 1891 Madrid Agreement on false or deceptive indications of source and the 1958 Lisbon Agreement², focused on indications of source and appellation of origin³. Wagle (2007) explains that indications of source refers generally to any expression or sign used to indicate that a product originates in a country or a specific place (for example, made in Australia), while appellation of origin refers to the geographic name of a country or locality, the products of which have characteristics that are exclusively or essentially due to the geographical environment. As Wagle notes, all appellation of origins are indications of source, but the converse is not necessarily true. Geographical indications as defined under the TRIPS agreement extended this to require that a characteristic of a good such as quality or reputation be “essentially attributable” to its geographic origin (WTO 2006, p.73).

Geographical indications have emerged as an issue during the current Doha Round of trade negotiations because one view is that they have the potential to act as a non-tariff barrier to exports as formal trade barriers are lowered. As against this, the OECD (2000) contends that there is insufficient evidence to conclude that GIs are a form of non-tariff barrier. The OECD acknowledges that the establishment of a GI system could lead to over administration and over regulation of industry, echoing concerns expressed by the United States Patent and Trademark Office. Supporters of the use of geographical indications say that geographical indications provide an avenue available to small-scale farmers to produce specialized high-valued products. According to this line of thinking, GI regulations that have the potential also to influence consumer demand for food and food products, improving the incomes of farmers and aiding in regional development. Box 1 contains some examples of GI products. It is apparent from these examples that GI products have strong historical and traditional associations with the region in which they are produced.

Box 1. Examples of Geographical Indication Products

Culatello is an ancient cured ham produced in the Parma region of Italy. The product's origin is linked to the characteristics of small farm households, where pigs were bred for family consumption. Farmers would kill one or two pigs in the winter, season them, and then preserve them over the course of one year, moving them from the top storey in the winter to the downstairs cantina in the summer, to take advantage of the changing temperature and humidity conditions (Tregeara, Arfinib et al.). Over time, the reputation of Culatello developed because of the taste of the product and because of its rarity. Until recent decades, most Culatello was produced domestically, with only a few small restaurants and shops producing it commercially⁴. Industrial production of Culatello began in 1980, by a firm in Parma. Production of the industrial version of the product outstrips the artisan version (approximately 55,000 and 18,000 pieces per year, respectively) (Tregeara, Arfinib et al.).

Following 2 000-year-old traditions makes Prosciutto di Parma (Parma Ham) a gourmet product. Agarwal and Baron (2005) explain that Italian law allows only pigs with a certain “pedigree” to be called Parma hams. The pigs have to be born within the approved areas and selected farms, and they should spend at least four months in north central Italy. The pigs must be fed maize, barley, cereals, and whey from Parmigiano Reggiano cheese production. Parma ham is made from the rear haunches of animals weighing at least 160 kg, which are aged at least nine months. The Consorzio del Prosciutto di Parma (Parma Ham Consortium of farmers and producers) protects and assures the quality and authenticity of the product.

Agarwal and Baron (2005) recount the legend that near the town of Parma, Italy, there was a mountain made entirely of grated parmesan cheese. On top of the mountain, a community of macaroni makers prepared hot pasta, bathed it in butter, and rolled it down the mountain to the hungry people waiting below. With regard to Parma ham, Agarwal and Baron (2005) says that according to legend, the pigs are said to have unique legs because they roam in the hills. Moreover, the dry, fragrant breeze that blows down from the Apennine dries the meat naturally and imbues it with its special character.

Lari cherries are produced in the Municipality of Lari, a small village near Pisa in Tuscany, Italy (Tregeara et al 2007). There are 13 native cherry-tree varieties which, coupled with the peculiarity of the soils and the climate, form the basis of the specificity and reputation of the cherries of Lari. From the 1970s, cherry production suffered from a widespread crisis in agriculture, due to higher production costs of farmers relative to the nearby plains, and especially to the industrialisation process close to the area; a decrease in the number of professional farmers, and in the supply of cherries resulted. Although almost all farmers in the Lari area grow some cherry trees, only a few are professional producers and there are few specialised orchards. Part-time farming is widespread, with most income earned from employment outside of agriculture or from pensions. Only a few farms sell cherries to mass distribution firms, and a large proportion is consumed domestically or sold on local wholesale markets. Since 1957, promotion has been linked to a traditional annual cherry Festival, the importance of which has been declining. Local consumers have a strong preference for the product despite competition from other production areas.

Beacon Fell Traditional Lancashire Cheese is a pressed cows’ milk cheese, specific to the region of Lancashire in north-west England (Tregeara et al 2007). The north of this region is well suited to pasturing; hence there is a long history of dairying and cheese-making. Forces of industrialisation and standardisation have been strong in the UK dairy sector. This, combined with the operation of the Milk Marketing Board from the 1930s to the 1980s (a monopoly with statutory powers to buy and sell all UK milk) has made the economics of independent, on-farm milk processing risky. As a result, by the 1970s, only a very small number of small-scale and artisanal cheese-makers remained to produce specialty products such as Lancashire cheese. Numbers of these small cheese-makers have increased in the last two decades, but production systems today tend to be driven by individual firms, with generally low levels of collective activity between producers.

The EU granted Welsh lamb PGI status in 2003. The animals are grazed in the Welsh mountains and only lamb born and bred in Wales can be marketed as Welsh lamb. According to Anonymous (2003), consumers regard Welsh lamb as a natural product. At the time the PGI status was obtained, the industry expected demand to increase.

An important question is how long does a GI last? There is no set term of protection for geographical indications. Generally, a geographical indication is protected indefinitely, although Article 24 of the TRIPs agreement provides that WTO Members are not required to afford protection to foreign

geographical indications where the term has become "customary in common language as the common name for such goods and services". Article 24 also provides that WTO Members are not required to afford protection to foreign geographical indications "which are not or cease to be protected in their country of origin or have fallen into disuse in that country"⁵. The fact that a GI is protected indefinitely adds a complication to monitoring growth in the use of GIs since some may exist in name only.

Box 2. Organisations associated with Geographical Indications

There are a number of organisations that lobby for more extensive use of geographic indication as a means for discriminating products. One of the more active of these is OriGIn (the Organisation for an international Geographic Indications Network). Members of OriGIn come from Africa, Asia, Latin and North America, Eastern and Western Europe. Through its membership, OriGIn says that it represents over one million producers of traditional products from more than 30 countries. In 2004, organisations representing nearly 20 GI products coming from Mexico, Portugal, Switzerland and Turkey joined OriGIn. The organisation says that the use of geographic indications "has a positive impact on production and employment; helps producers to obtain a premium price for their products in exchange for guarantees offered to consumers on production methods and quality; allows for a better redistribution of the added value in the production chain; brings value to the land of production; encourages diversification in production, thus preserving the biodiversity, local savoir-faire and natural resources; and can have a positive impact on tourism"⁶.

The American University in Washington DC (<http://www.american.edu/ted/giant/cgi-index.htm>) and the links from this site, is a source of useful information, including case studies, on geographical indications. The GIANT Project at the University is assembling a data series on GIs across countries, some of which have been used in this report.

3. The GI System in the European Union

The EU has been at the forefront in promoting the GI system. Not surprisingly, therefore, the EU Member States have by far the most GI products. Table 1 shows the number of GI products by country. France, Italy, Spain and Portugal between them have 420 GI products, more than the combined total of the other 58 countries in the table. Because of this, this section of the report will describe the key features of the GI system in the EU.

Table 1. Distribution of GIs by Country

Country	Frequency	Per cent	Country	Frequency	Per cent
Angola	1	0.12	Liberia	1	0.12
Argentina	3	0.37	Kenya	2	0.25
Australia	2	0.25	Luxembourg	4	0.49
Austria	12	1.48	Madagascar	1	0.12
Belgium	4	0.49	Mexico	9	1.11
Benin	2	0.25	Morocco	4	0.49
Botswana	1	0.12	Netherlands	5	0.62
Brazil	2	0.25	New Zealand	2	0.25
Bulgaria	2	0.25	Nigeria	3	0.37
Burkina Faso	1	0.12	Panama	1	0.12
Cameroon	3	0.37	Peru	3	0.37
Canada	4	0.49	Poland	1	0.12
China	12	1.48	Portugal	82	10.09
Cuba	2	0.25	Slovak	1	0.12
Czech	2	0.25	Sloval	1	0.12
Denmark	3	0.37	Somalia	3	0.37
Egypt	1	0.12	South Africa	6	0.74
Ethiopia	14	1.72	Spain	75	9.23
Finland	1	0.12	Sri Lanka	1	0.12
France	136	16.73	Sweden	2	0.25
Germany	63	7.75	Switzerland	2	0.25
Ghana	3	0.37	Taiwan	3	0.37
Granada	1	0.12	Tanzania	1	0.12
Greece	81	9.96	Thailand	1	0.12
Guatemala	1	0.12	Togo	9	1.11
India	17	2.09	Trinidad	1	0.12
Iran	2	0.25	Turkey	1	0.12
Ireland	3	0.37	UK	27	3.32
Italy	127	15.62	USA	40	4.92
Jamaica	1	0.12	Uganda	3	0.37
Japan	6	0.74	Vietnam	2	0.25

Source: http://www.american.edu/ted/giant/global_analysis.doc accessed on 20 July 2007

Notes: the total number of GI products produced by the countries listed in the table is 813. No information was provided on the year that these data relate to.

The notion of legal protection of goodwill dates from the Industrial Revolution in Britain when international trade was expanding (Blakeney and Lightbourne 2005). Products from particular regions were of superior quality than similar products from other regions, and so were able to attract higher prices. Blakeney and Lightbourne point out that the superior quality resulted “either from natural geographic advantages, such as climate and geology; recipes and food processing techniques, local to a region or to indigenous manufacturing” (p.349). Van Caenegem, cited by Handler (2004) explains that the protection of geographical indications of origin evolved in France primarily as a rural policy measure rather than a means of protecting intellectual property. During the nineteenth century, the French state sought to encourage traditional agriculture and viticultural practices in various regions of France through regulations to maximize production and to subsidise producers. Laws relating to “appellations of origin” were introduced by the early part of last century. Goods with particular quality attributes were linked to the regions in which the goods were produced. Under the appellation of origin laws, organisations were set up whose functions included defining the regional boundaries where goods were produced, defining methods of production of these goods and administering the names of the region. According to Handler, this entrenched certain agricultural practices and enabled producers to earn a premium. Handler also notes that French law has provided high levels of protection to appellations of origin.

The EU European Council passed Council Regulation (EC) No. 2081/192 on 14 July 1992 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs. Handler (2004) says that this was despite opposition from northern members of the EU who saw the regulations as unnecessary. According to Handler, the EU regulation was heavily influenced by French laws. The EU regulation established a central EU register of names which consists of geographical designations for agricultural products and foodstuffs (Thienes 1994). The regulations created a certification system known as PDO (Protected Designation of Origin), PGI (Protected Geographical Indication) and TSG (Traditional Speciality Guaranteed) to promote and protect food products produced in the EU. Under the EU definitions⁷:

- a Protected Designation of Origin (PDO) covers a product produced, transformed and elaborated in a very well-defined geographic area, on the basis of a recognised and verified experience and in accordance with a determined production process (specification)
- for products that have Protected Geographical Indication, the geographical link must occur in at least one of the stages of production, processing or preparation
- Traditional Speciality Guaranteed (TSGs) does not refer to the origin but highlights the product’s traditional character, either in the composition or means of production of the product.

Certification of EU products as being PDO, PGI or TSG is provided through an EU administered certification mark.⁸ Although there are differences in character between the PDO and the PGI designation—for PDOs, products must have quality or characteristics essentially due to the local area, whereas for PGIs, products have a specific quality or reputation attributable to the local area - application procedures and levels of protection are the same for both designations (Handler 2004). All applications for PDO or PGI registration must be accompanied by details of geographical limits, production methods and how the quality of the product is linked to the geographic location.⁹ Any GIs that are generic may not be registered (Thienes 1994) and once registered a name cannot become generic (Handler 2004).

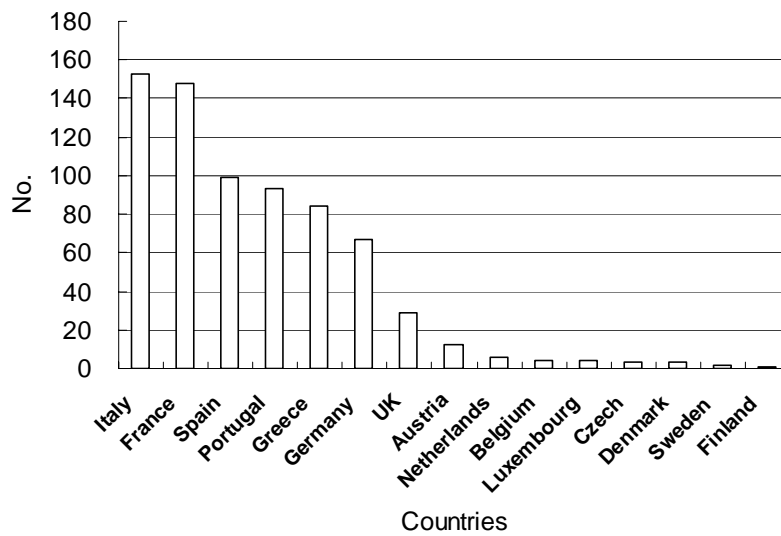
The EU Commission replaced the 2002 regulation on 20 March 2006 by Regulation 510/2006. This new regulation – which came into force in December 2006 - allows producers from third countries to register products in the European Union, allowing for the protection of their products in the Member States of the European Union. Simplifying the registration procedure for PDO/PGI products, the new rule also implements a WTO Panel ruling making the registration procedure fully WTO compatible with third country applications¹⁰

According to Clemens (2004), the European Union has been enacting policies to reduce producer dependence on direct subsidies while increasing the competitiveness of EU agricultural products and returns to producers, reinvigorating rural communities, and encouraging environmentally sound production methods. Clemens says that the geographical indications regulations provide incentives for producers to add value to their products by obtaining legal recognition of typical products and helping to promote traditional products for regional food systems. In regard to the latter point, the GI system gives producers property rights over products with GI certification, helping producers gain maximum benefit from the product.

The process to gain PDO or PGI status is as follows. A group of producers must define the product according to precise specifications. This is a voluntary initiative on the part of the producers. Their application for PGI or PDO status for the product - including the product specifications which regulate the production process from raw material to processing and packaging and the link between the product and the geographic region - must be sent to the relevant national authority. The national authority studies the application and thereafter transmits it to the European Commission. At the European Commission, the application undergoes a number of control procedures. If the application meets the requirements, a first publication in the Official Journal of the European Communities will inform those in the European Union who are interested. If there are no objections, the European Commission publishes the protected product name in the Official Journal of the European Communities. Once registered by the EU, the product is automatically recognised as a PDO or a PGI by all member states of the EU, and protected against any type of misuse (OECD 2000). Appendix 1 has an example of the type of information provided on a product where producers are seeking PDO or PGI certification.

The view of Desquilbet, Hassan and Sylvette (2006) is that the EU legal framework has flexibility with regard to production and processing rules. For example, production rules for some cheeses specify authorized animal breeds, place limits on animal stocking rates and forbid use of silage in animal feed, while other cheeses protected by a PDO show no restriction on these criteria. Desquilbet, Hassan and Sylvette (2006) make the point that the link between product characteristics and inherent natural and human factors supposedly required in the Regulation, is hard to prove. An independent, objective and impartial body monitors adherence to these regulations. As at December 2006, around 700 products were registered as PDO or PGI products. They are concentrated within a few Member States of the EU, as may be seen from Figure 1 and Table B1 in Appendix B. Italy, for example, accounts for about 22 percent protected names, France 21 percent, Spain 14 percent, Portugal 13 percent, and Greece 12 percent.

Figure 1. Number of PGI/PDO in the EU, 2006



Source: European Commission

There were 157 Cheese Products recognised as PDO/PGI in 2006, followed by Fruit, Vegetables and Cereals Products (148) and Fresh Meat Products (101). Some of the better known cheeses include feta, Camembert de Normandie, and Mozzarella di Bufala Campana with the less well known ones being Rocamadour and Fontina. The majority of PDO products are cheese products but most PGI products are fruit, vegetables and cereals products.

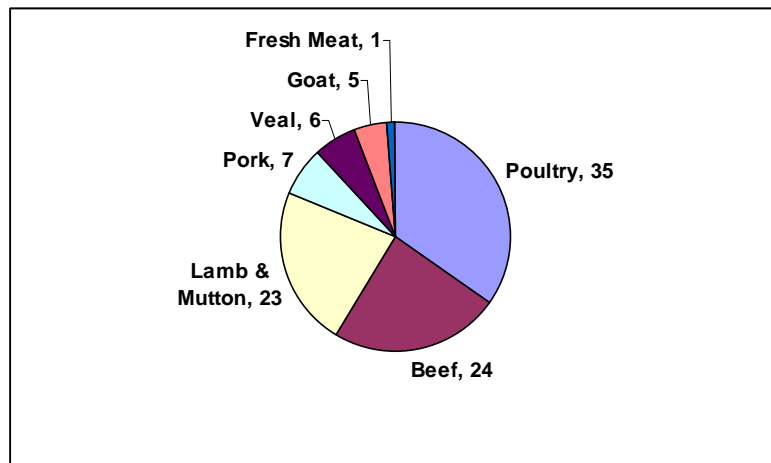
Table 2. Examples of PGI/PDO Products in the EU

Type of Product	Example	Product Description
Cheese Products	Beaufort (France)	Beaufort was already known in the time of the Romans and is named after a small rural town in the French Alps. Beaufort is richer and creamier than other mountain cheeses.
Fruit, Vegetables and Cereals Products	Limone di Sorrento (Italy)	This is a medium-sized lemon rich in essential oils that make it very fragrant. The yellow pulp is very juicy and the juice is rich of vitamin C and mineral salts.
Fresh Meat Products	Diepholzer Moorschnucke (Germany)	The Diepholzer Moorschnucke is an endangered sheep breed typical for and adapted to the moorland in the region of Diepholz.
Fresh Meat Product	Taureau de Camargue beef (France)	This is a PDO product, and refers to beef that comes from animals reared for races and not for meat in the Mediterranean area. The meat is said to be prized by consumers attracting a premium of 10 to 15 percent. Most of the benefits accrue to farmers and processors. The PDO is managed by processors and farmers with the overall control vested with INAO, a state body.
Fresh Meat Product	Rosee de Pyrenees veal (France)	This is not a traditional product, but is characteristic of the eastern part of Pyrenees. A commercial brand was initially used but this was replaced by a PGI that allowed use of the term Pyrenees. The product is managed by a producer cooperative that has specific rules for the product. As with Taureau de Camargue beef, it has proven difficult for this to become other than a regional specialty and not a national product. Locally, the product attracts high prices but the margins are not sufficient for retailers.

Source: European Commission and Boutonnet (2005)

Thirty five of the 101 meat-based products that were certified as PDO/PGI in December 2006 in the EU were poultry products, followed by beef and lamb and mutton. The reason that poultry products are the most common types of meat to be given PDO/PGI status could be because the small size of poultry means they can be processed in small scale plants. Small scale plants are what one would expect to find in traditional communities. The total number of PDO/PGI registered meat-based products accounts for about one seventh of all PDO/PGI registered products.

Figure 2. Number of Meat-based Products Registered as PGI/PDO in the EU, 2006



Source: European Commission

The EU Commission outlined some of the benefits to the EU from GIs in a Memo of 30 July 2003¹¹:

- French GI cheeses are sold at a premium of 2 euro per kilogram to non-GI French cheeses, French “Poulet de Bresse” has a market price four times higher than regular French chicken and producers of milk used for “Comte” cheese are paid 10 percent over the regular milk price
- Italian “Toscano” oil is sold at a premium of 20 percent since it has been registered as a GI in 1998
- GIs are the lifeline for 138 000 farms in France and 300 000 Italian employees

Indirect benefits associated with GIs include increasing the attractiveness of the region producing GI products to tourists - which widens economic opportunities in the region - and the potential for increased investment in the region because of the legal protection GI certification provides to the region’s products. (Wagle 2007) cites the case of Spain’s Teruel ham which experienced a three fold increase in production after receiving EU protection in the mid 1990s.

A lack of data severely limits the extent to which quantitative analysis may be used to test the claims that have been made about the effects of geographical indications on the rural economy in the EU. For example, data on prices, production, farm numbers, income and employment associated with PDO/PGI certified products are not available. The Working Group of Eurostat’s Food Safety Statistics noted in its meeting of 11-12 December 2006 that data from Member States on PDO/PGI products was provided only on a voluntary basis, and that Italy and Portugal were the only two countries providing information. Nonetheless an attempt was made in this study to conduct some empirical analysis using limited dependent variable regression analysis.

The regression made use of data on 16 countries that were EU members. The dependent variable was the number of products that were classed as PGI or PDO products in each of these countries, in either 1996 or 2006. Different independent variables were used to test a number of propositions.

- Were the countries that had the greatest number of PDO and PGI certified products in 2006 the countries with the highest percentage of the population living in rural areas in 2006?
- Did countries with the greatest number of PGI and PDO products in 1996 experience the greatest growth in rural population between 1970 and 1991?
- Were the countries with the largest number of PGI and PDO products in 2006 the countries to experience the greatest growth in rural population between 1992 and 2006

- Were the countries with the greatest number of PGI and PDO products in 1996 the countries with the greatest growth in value added per agricultural worker between 1971 and 1991?
- Did the countries with the greatest number of PGI and PDO products in 2006 record the greatest growth in value added per agricultural worker between 1992 and 2003?
- Were the countries that received the greatest assistance from government (as measured by the producer subsidy equivalent) in 1990 the countries that had the most PGI and PDO products in 2006?

The results from the analysis are summarised in Table 3.

Table 3. Factors Associated with the Number of Products with PGI and PDO Certification, EU countries

Dependent variable	Independent variable	Results
Number of PGI & PDO products in 2006	Percentage of the population living in rural areas in 2006	Estimated coefficient not significant, but coefficient positive
Number of PGI & PDO products in 1996	Growth of rural population over the period 1970 to 1991	Estimated coefficient not significant, but coefficient positive
Number of PGI & PDO products in 2006	Growth of rural population over the period 1992 to 2006	Estimated coefficient not significant, but coefficient positive
Number of PGI & PDO products in 1996	Growth of value added per agricultural worker 1971 to 1991	Estimated coefficient not significant, and coefficient negative
Number of PGI & PDO products in 2006	Growth of value added per agricultural worker 1992 to 2003	Estimated coefficient not significant, and coefficient negative
Number of PGI & PDO products in 2006	Producer subsidy equivalent in 1990	Estimated coefficient significant at the 5 percent level and sign positive

It is apparent from the results in the table that the only statistically significant relationship was that between the number of PGI and PDO products in 2006 and the level of government support as measured by the producer subsidy equivalent in 1990. EU countries with high levels of support were the countries that had the greatest number of PDO and PGI certified products in 2006. This lends credence to the view that the use of PGI and PDO certification is being used as a substitute for reductions in other forms of government support that EU countries as contracting parties to the WTO have been obligated to make as a result of the Uruguay Round trade negotiations. It is consistent with the view of Panagariya and others that the use of non tariff barriers to trade would be expected to increase as more formal barriers to trade are dismantled. Supporters of the use of PGI and PDO certification arrangements stress their role in rural development, thereby reducing outmigration from rural areas and improving the income position of people working in rural areas. The finding that there was no statistical relationship between the number of PGI and PDO products and the growth in value added output per worker and growth in rural population suggests that more may be needed to achieve the rural development goal than increasing the number of PGI and PDO certified products. As noted earlier, the data are very limited. Hence the results presented here should be regarded as extremely tentative.

4. The use of GIs in selected countries

In many - if not all countries - there are regional differences in the types of food products produced and consumed. In some cases, these differences have been exploited by producers and/or by policy makers. However, because of the way laws of different countries have treated geographical indications, there is generally no accepted terminology, making cross country comparisons of laws and regulations difficult. This section of the report will outline the situation in Japan, the United States, China, Developing Countries as a group and Australia. The reason for examining these countries is that the arrangements in each demonstrate the diversity that exists across countries in the extent to which use has been made of GIs.

Japan

The Japanese government launched a program in March 2006 to promote regional products.¹² Called the One Village One Product program, it is an expansion of a 1970s program that was intended to stem out-migration from rural areas through the revitalization of rural areas. The intention of the current program is that each village should develop at least one specialty product for the national market and possibly also for the international market. The 2006 program differs from the earlier one in that products from developing countries are included in the program. African countries in particular are meant to benefit from the program through having African specialty products promoted in Japan. Duty free and quota free imports from developing countries and assistance from Japanese experts in the production of the products are a part of the program. The One Village One Product program is not limited to food products but includes craft, textiles and cosmetics. According to Masaki (2006), the number of products associated with the One Village One Product program increased from 143 in 1980 to 336 in 2001, with sales increasing from ¥35.9 billion to ¥141 billion.

Regional foods and traditional products in Japan are increasingly gaining attention from Japanese consumers. For Japanese consumers, food is extremely important for cultural and historical reasons. For example, it is very common for Japanese people to bring gifts of food and beverages when they return from vacation either in Japan or abroad. There are regional differences in cuisines (for example, red miso paste is used for miso soup in the Kanto area and white miso paste in the Kansai area) and during the two gift giving seasons (*Obon*/Summer and New Year/Winter), food is often the preferred gift. It is also the case that many of the seasonal events are attached with special foods. Examples include New Year Day (*Osechi*) and Children's Day (*Kashiwamochi*).

Because of the premium that Japanese consumers place on quality and concerns that they have about food quality and production practices, supermarkets such as Ito Yokado have developed food labelling practices. Hence, although Japan does not have a formal certification system like that used in the EU, it has an informal one based upon detailed product specification and description. Briefly how this system operates may be followed from Figure 3. The consumer is able to:

- scan the two-dimensional barcode (QR code) on the product with mobile phone;
- access the website address which appears on the display of the mobile phone; and
- gain detailed information about the product, the producer and recipes.

Figure 3. Regional Food Labelling Practices, Ito Yokado




Source: Ito Yokado

Japan does have many unique products that would lend themselves to the use of geographical indicators. In general, characteristics of agricultural products depend on the geographical environment and traditional method of production. Because the Japanese archipelago stretches over 1 800 km from north to south, there are many varieties of local special products, some of which are presented in Table 4. The name of the brand is normally a combination of the production location and the product name: for example *Matsuzaka-gyu*, where Matsuzaka is name of the place in Mie Prefecture and gyu means beef in Japanese.¹³

Table 4. Examples of Japanese Regional Products

Kind of Products	Examples	Description
Agricultural Products	Yubari melon 	This melon is produced on the northern island of Hokkaido. It is distinctly different in sweetness from other melons. The flesh of the melon is salmon pink in colour. (JA Yubari-Shi Nogyokyodo Kumiai 2003).
Livestock Products	Matsuzaka beef 	From Mie Prefecture. An “artistic” product with fat distributed finely throughout and with a soft taste. (Mieken Matsuzaka Syokuniku Kousya) .
Forestry Products	Kitayama cedar 	From Kyoto. It is a material for traditional Japanese construction. The gloss and pattern are top quality. Its strength is also higher than other logs (Kyoto Kitayama Maruta Rengoukai).
Fishery Products	Shinjiko shijimi-clam 	From Shimane Prefecture. It is caught in Shinjiko lake which is a mixture of freshwater and seawater. Compared to corbicula grown in freshwater, Shinjiko-shijimi is larger and has distinct flavour (Saikogyogyo 2004).
Pickled Products	Yamakawa-zuke (Pickled radish) 	From Kagoshima Prefecture. To produce this pickled radish, sprinkle seawater and pound radish with a mallet in a jar. Then leave it in a jar for half a year. It is crunchy and sweetened with seasoning (Noda 2002).
Soy beans Products	Sendai-miso (Miso paste) 	From Miyagi Prefecture. Red miso paste which has 400 years of history. It has been fermented over 10 months so the paste is smooth and rich in flavour (Miyagiken Miso Syoyu Kougyoukyodo Kumiai).
Noodles	Miwa-somen (Somen noodles) 	From Nara prefecture. It uses best quality of flour and is hand made. It has extra strength and is pleasant to the palate (Miwa Somen Yamamoto).
Processed Seafood	Tosa-bushi (Dried bonito) 	From Kochi Prefecture. Dried/smoked tuna which is rich in flavour and taste (Kouchi Nokyo Cyokubaiten).

Others	Kisyu-bincyotan (Charcoal)	From Wakayama Prefecture. This white charcoal is most suitable for cooking. It has strong heating power and lasts long (Charcoal Museum 1998).
		

Source: Ito Yokado

Table 5 provides price information on two products that have established brand names. These two products are able to sell at a higher price, indicating that producers of these products have been able to make the most of unique local geographical condition and their knowledge of traditional production methods.

Table 5. Prices of Japanese Geographic Specialty Products

Name of the Product	Price
Yubari-melon	¥875/kg (2.2 times higher than normal price)
Miwa-somen	¥9800/box (18kg) (1.2 times higher than normal price)

Source: Ministry of Agriculture, Forestry and Fishery (2004)

Box 3. Examples of Japanese Geographic Specialty Products

Kisyu Plum

Kisyu plum is a famous plum produced in Wakayama prefecture. According to Nakaya (2005), the area of plum cultivation was 2 075 ha in 2004. Among the kinds of plum, “Nanko plum” is the most famous plum in Japan and it occupies 80 percent of the land planted to plums in Wakayama Prefecture. It is famous for its size and tenderness as well as small seed inside. Nanko plum is used as processed plum products (pickled plum) and as fresh plum. In 2004, the sales of the processed plum products reached ¥3 200 million (over A\$30 million). A variety of products based upon this plum is also produced, including plum syrup, plum jelly, plum jam and plum extract.

Recently producers have been arguing about the labelling of these plums. Since the 1990s, there has been an increase in imports of Chinese plums, which are sold at a price only one sixth to one third of the price of the Kisyu plum. The quality of Chinese plums is becoming better year by year and it is hard to distinguish visually from Kisyu plum. The problem of labelling arises in those products which are primarily from China but where the final processing is done in Kisyu (Wakayama). Those products use the label “Kisyu finish” or “Kisyu flavoured”, and it is said this may create confusion among consumers. To protect the brand name of Kisyu plum, clear and correct labelling of the products is crucial.

Box 3. Examples of Japanese Geographic Specialty Products (continued)

Matsuzaka beef

Matsuzaka gyu is an example of a local special product in Matsuzaka City in Mie Prefecture. Okamoto (2005) discusses issues associated with Matsuzaka beef. Matsuzaka beef comes from a black haired animal bred in the Tanba area of Hyogo Prefecture and raised south of the Izumo River and to the north of Miya River in Mie Prefecture for about three years (see the shaded area in the map). According to Okamoto, no effort is spared in producing Matsuzaka beef. The animals are given lots of fodder (including tofu lees, ground wheat, etc.); they are made to drink beer when they have no appetite; they are given “sunlight baths” and massages; and taken for afternoon walks. There are a number of groups that coordinate the production of Matsuzaka beef, but, each had a slightly different definition of Matsuzaka beef, creating confusion among consumers. This confusion of definition and the wrong perception by the retailer resulted in incidents where the retailers wrongly labelled beef bred in other prefectures as Matsuzaka beef (Yomiuri Shimbun 2002). Another problem is that in order to make use of the Matsuzaka brand name, some meat retailers labelled beef “Matsuzaka-san Wagyu” (Matsuzaka bred Japanese cow), or “Matsuzaka Wagyu”. This created further confusion among consumers.

Production Areas for Matsuzaka Beef



Source: Nagataya 2007

In 2001, following incidents of BSE infected beef, consumers’ trust in beef was diminished. Therefore the need to organise a secure distribution system of *Matsuzaka* beef to regain confidence of consumers was unavoidable. In 2002, Mie-ken Matsuzaka Syokuniku Kosya (this is a producer body responsible for managing *Matsuzaka* meat), the third party in *Matsuzaka* beef production, started conducting a system of management, including production traceability and DNA checking to detect counterfeit products. Since 2003, there have been internet auctions of *Matsuzaka* beef. A tracing system has also been introduced. In this system, each new born calf will be given a unique 10 digit code which will be used to follow the animal until it reaches the consumers. Consumers are able to obtain details of the animal, including how the animal had been raised and fed. Information is also available about the producers – all through entering the 10 digit numbers on the website of Mie-ken Matsuzaka Syokuniku Kosya.

United States

The US Patent Office¹⁴ describes geographical indications as being indications that identify a good as originating in a region where a given quality, reputation or other characteristic of the good is essentially attributable to its geographic origin. The Patent Office makes the point that WTO Members and their nationals are increasingly recognizing that geographical indications are valuable for marketing and that intellectual property owners are finding that protecting intellectual property is no longer just a domestic endeavour. “Intellectual property owners must be armed with information about domestic and foreign systems of GI protection in order to fully leverage the value added by GIs to their goods and services both at home and abroad.”

The United States protects geographical indications through its trademark regime, which – according to United States Patent and Trademark Office (nd) - is familiar to US and foreign businesses. Under the regulations associated with this regime, it is possible for any interested party to oppose or cancel a

registered GI if that party believes it will be damaged by the registration or continued existence of a registration. Geographic terms or signs that are “generic” are not protected in the United States, and any producer is free to use the designation for the producer’s good or service. The US trademark/GI system provides the trademark or GI owner with the exclusive right to prevent the use of the mark or GI by unauthorized parties when such use would likely cause consumer confusion about the product’s origin. The trademark is in essence a brand name. An advantage said to be associated with the US system is that no additional resources are required from government or taxpayers to create a new GI system. The US Patent and Trademark Office maintains that its system is self-policing in the sense that trademark owners will raise issues of infringement and failure to comply with certification standards. This action can be taken directly by the party disadvantaged by the infringement without having to wait for the government.

Box 4. Trademarks and Geographical Indications

A protected geographical indication is not a trademark. A trademark is a sign that is used exclusively by an undertaking to distinguish its products from the products of other undertakings. A protected geographical indication on the other hand is a sign that is used by a producer complying with the requirements set in the regulations that must accompany a PGI. The two are mutually exclusive and producers have to choose which right is worth pursuing (Maniatis 2004).

Certification marks – these are names or signs that are primarily geographically descriptive and therefore not able to be registered as trademarks since they have not acquired any distinctiveness - are permitted under the US Trademark Act. There are a number of types of certification marks that may be used to protect one or more products and one or more producers of the product within a specified region. The certification marks are in some cases owned by state departments of agriculture or commodity organizations. Babcock (2004) points out that when the certification mark is applied to many products at the same time, even establishing that a premium exists is difficult, as is identifying the beneficiaries of any premium. O’Connor (2006, p.249) notes that there are generally three types of certification marks in the United States.

- “First, there are marks which certify that goods or services originate in a specific geographical region.
- Second, there are marks which certify that the goods or services meet certain standards in relation to quality, materials, or modes of manufacture.
- Third, marks may certify that the performers of the services or the manufacturer of the goods has met certain standards or belongs to a certain organization or union.”

In relation to food products, the first is the most relevant. For a certification mark to be registered in the US, the product must come from a particular region. O’Connor (2006) gives the example of the certification mark Parmigiano Reggiano as referring to “*a cheese that originates in the Parma-Reggio region of Italy, especially the zones comprising the territory of the provinces of Parma, Reggio Emilia, Modena and Mantua on the right bank of the river Po and Bologna on the left bank of the river Reno*” (p.249)

The US has opposed the EU attempts to expand the use of geographical indications. Negotiations on the issue started in June 1999 (Anonymous 2005). Then in 2003, the US succeeded in getting the Dispute Settlement Body of the World Trade Organisation to look into EU rules on trademarks and geographical indication¹⁵. In 2004, the Panel ruled that the EU was discriminating against US producers by not granting them the right to use GIs for their own products. One of the EU regulations challenged by the US was that which allowed only national governments and not companies to apply for GI protection of products. The EU had the further requirement that only countries that had place name protection similar to that in use in the EU could apply for a geographical indication. The effect

of these regulations was to make it difficult for the US (and other countries) to protect their own geographic names in the EU. As a consequence, products such as Florida oranges, Vidalia onions and Maine lobsters did not have GI protection in the EU. The Panel ruling required that the EU establish a register that foreign countries and foreign firms (such as US companies like Kraft Foods and General Mills) may use. The WTO ruling also allows companies to market trademark goods that have names identical to the EU geographical indications in the EU (Anonymous 2005).

Despite its opposition to the EU regulations on GIs, there are US products where a link has been established between the product and the producing area. This link comes about through the use of a certification mark. Examples include “Idaho Preferred”, “Idaho Potatoes Grown in Idaho”, and “Grown in Idaho”. These marks relate to fresh, frozen, refrigerated and dehydrated potatoes grown in Idaho, and may be used if the potato is grown in Idaho. The certifying agency in this example is the State of Idaho Potato Commission. Once the certifying agency sets the standards and registers them, anyone who meets the standards is permitted to use the certification mark (O’Connor 2006).

There are a number of other examples of foods with regional connections in the US. One firm that markets pasture raised poultry and related products is Heritage Foods USA. It was formed in 2001 as the sales and marketing arm for Slow Food USA, a non-profit organization “dedicated to celebrating regional cuisines and products”. It is gaining a market in the US as an artisan food, helping small scale farmers gain substantial price premiums over poultry raised in an intensive production environment (Kummer 2006).¹⁶ Virginia Peanuts is a protected geographic indicator. The U.S. Patent and Trademark Office granted official endorsement to peanuts grown for centuries in the sandy farm belt along the Atlantic coast. A logo depicting a large peanut on top of the outlines of three states – Virginia, North Carolina and South Carolina – is intended to assure buyers that peanuts wearing the label were grown in one of the three states. The Virginia Peanut Growers Association campaigned for certification, claiming that the peanuts have a unique taste¹⁷.

China

China has a dual system for the protection of geographical indications. While some are products with geographical indications are protected through certification and collective trademarks, others are recognised as specific products of high quality and thus they are protected through a *sui generis* system (Xiaobing and Kireeva 2007). The former group of products is managed by the China Trademark Office (CTMO) and the latter is managed by the Administration for Quality Supervision, Inspection and Quarantine (AQSIQ). Since China became a signatory to the Paris Convention in 1985, the basic protection of GIs has been the responsibility of the CTMO, with the first regulation on registering GIs as certification marks introduced in 1993, and later augmented in 2001 (Wagle 2007).¹⁸

AQSIQ, in co-operation with the French government, tried to establish a separate *sui generis* system of GI protection. In 1995, government agencies in China and France began to collaborate to provide bilateral protection of GIs as a strategy to enlarge the domestic markets for food products in the two countries (Rangnekar 2004). In 1999, China recognized GIs in conformity with the EC regulation 2081/92 by conducting tests for Shaoxing Yellow Wine (Wagle 2007). There are clear similarities between the Chinese approach and the manner in which appellations are protected in France (Rangnekar 2004).

Xiaobing and Kireeva (2007) provide some statistics on the use of GIs in China. They report that in 2005 the number of registered GIs in China was 323. Among those registered geographical signs, there are 104 certification marks or collective marks, 154 GI products and 137 marks of origin. It would seem that some GIs were registered as both certification marks and GI products or marks of origin: 25 GIs were registered as both certification marks and GI products; 22 GIs were registered both as certification marks and marks of origin; 15 GIs were registered as GI products and marks of origin; and five GIs were registered as certification marks, GI products and marks of origin.

According to Xiaobing and Kireeva, the number of registrations is growing. For instance, as of 7 May 2006, 171 GIs were registered as certification marks or collective marks and 25 GIs were preliminarily approved. They report that there is an interest in obtaining protection from foreign owners of GIs. By mid 2006, 17 foreign GI applications were approved or had been given preliminarily approval (three were from the United States, two were from Jamaica, five came from Thailand, four were from Italy, one came from Germany and two were from Mexico).

The scope of products covered by the Chinese GI regulations include liquor, wine, rice wine, tea, fruit, flower, handicrafts, Chinese traditional medicine and aquatic products. According to Hongchun (2005) more than 4 000 enterprises have been approved to use special marks and the production value of the protected products is over 400 billion yuan.

Developing Countries

Geographic indications are an issue for developing countries. Josling (2006) argues that for some developing countries, the linkage of a food's quality and reputation with its geographical origin might offer a means of promoting small traditional businesses, exports and rural development. A paper by Evans and Blakeney (2006) puts the view that even though many developing countries may have the products that are suitable for GI status, there must be a corresponding investment in the technology and know-how necessary for the manufacture and marketing of the products. Thus Evans and Blakeney are "in favour of an incremental approach in order to allow developing countries the flexibility to adjust the protection of GIs according to their level of economic development" (p. 580). The Food and Agriculture Organization of the United Nations (FAO) says that developing countries face difficulty in designing legislation and having resources to protect registered geographic indication against illegal use¹⁹. Wagle (2007) has the view that developing country producers may not be sufficiently empowered to gain geographical indication certification for their products. He cites the case of the Sri Lankan high-grown tea industry where the 600 000 plantation workers come from the Tamil ethnic minority and lack the political influence of the 3 000 employees of the Italian Parma ham industry. Developing countries may also face difficulties ensuring that production methods conform to the standards required to protect the GI's reputation and economic value. Kerr (2006) raises doubts about whether any rents that developing country producers gain from GIs will persist because competition would be expected to erode them. Kerr also believes that for developing country farmers to earn a price premium for GI products, consumers would need to be convinced that products emanating from a particular region have attributes to warrant the payment of a premium. This means that a marketing program would be needed to inform consumers of the product's attributes, eroding the profitability of GI products. Williams (2002) questions whether the benefits from a GI product will outweigh the costs.

Nonetheless there are examples of GI foods in developing countries. Mexican farmers produce coffee at high altitudes, enabling these farmers to decouple the price they receive from international coffee prices (The Economist 2006). The Brazil Specialty Coffee Association (BSCA) represents growers in all areas of Brazil where high-quality arabica coffees are grown. The Association says the programme's greatest impact has been on the international market. Wagle (2007) writes that there is tremendous scope for countries of the Asia Pacific region to promote products such as Basmati rice, Phu Quoc fish sauce, Long Jing tea, Himalayan waters, Alphonso and Sindhri mangoes, Sumatra Mandheling coffee, jasmine (Hom Mali) rice and Bhutanese red rice. Increased earnings from GI products could help developing countries achieve goals such as reduced infant mortality and a reduction in the incidence of disease through helping farmers earn higher incomes. Table 6 contains examples of GI products from developing countries in Africa and South America.

Table 6 Examples of GI Products in Developing Countries

Product Name	Country	Product	GI type
Ablo	Togo	Corn and Sugar staple	PGI
Monplé	Togo	Fermented Corn	PGI
Egbo Pinon	Togo	Smoked Goat	PGI
Tchakpallo	Togo	Millet Beer	PGI
Dora Wat	Ethiopia	Chicken Stew	PGI
Kitfo	Ethiopia	Tartar Steak	PGI
Tej	Ethiopia	Honey Wine	PDO
Tusker	Kenya	Beer	PGI
Van Der Hum	South Africa	Cream Liqueur	PDO
Waragi	Uganda	Millet Based Beer	PDO
Gib-Gib	Burkina Faso	Tamare Fruit seed candy	PDO
Leche de Sucre	Argentina	Candy	PGI
Attieke	Cameroon	Cassava	PDO
Dumby	Liberia	Cassava	PDO
Gari	Ghana	Cassava	PGI
Kapock Pogari	Nigeria	Cassava	PDO
Lafun	Nigeria	Cassava	PDO
Meduame-M-Bong	Cameroon	Cassava	PDO
Montserrat Cocoa Beans	Trinidad	Cocoa Bean	PDO
Peruvian Cat's Claw	Peru	Cat's Claw	PDO
Poblano pepper	Mexico	Pepper	PDO
Serrano pepper	Mexico	Pepper	PDO
Vanilla	Madagascar	Vanilla	PDO
Bojalwa	Botswana	Sorghum Beer	PGI
Cachaca	Brazil	Spirit	PDO

Source: <http://www.american.edu/ted/giant/files/giregistry.xls> accessed on 20 July 2007

Box 5. Examples of Infringements of Geographical Indications

Infringement of GIs is an issue that may become increasingly common if the use of GI certification of products continues to expand. Article 22 of the TRIPS Agreement has two basic obligations for WTO members to meet (Wagle 2007). They are:

- the use of any means in the designation or presentation of a good that indicates or suggests the good originates in a geographical area other than the true place of origin of the good. This is only a problem if the public is misled and the burden of proof, which falls on the GI holder, is to show that the public has been misled.
- any use that constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention

As a WTO member, India has TRIPS-compatible legislation on GIs, giving India an effective, user-friendly GI registration system. The Indian laws were passed in 1999, but only came into force in 2003 (Wagle 2007). The Indian legislation covered agricultural goods bearing geographical names as well as natural goods (coal and bauxite, for example) and manufactured goods (Kanchipuram sarees and Kohlapuri sandals). The law has two key features: protection of producers against counterfeiting and misleading commerce; and striking a balance between trademark and GI protection (Wagle 2007). The Indian legislation provides IP owners with the opportunity to enforce GIs effectively by launching lawsuits (Mirandah 2006).

Indian courts have shown a willingness to protect GIs. In the Khoday Distilleries case, the Scotch Whisky Association, based in Scotland, argued that the use of the word Scot in relation to whisky by an Indian company passes off the reputation of Scotch Whisky, which is geographically indicative. The mark in question was Peter Scot. This mark was registered in India in the name of Khoday Distilleries Limited in 1971. The Scotch Whisky Association asked the Trade Marks Registrar in India to remove the mark Peter Scot from the Register. The Registrar allowed the application. Khoday Distilleries subsequently appealed to the High Court. While hearing the appeal, the judge in the Madras High Court said that even the use of the word "Scot" by an Indian Distillery in relation to whisky is unacceptable. In coming to this conclusion, the Court relied on Scotch Whisky's geographical significance. Mirandah (2006) says this example shows how effective it can be for owners of high value GIs to take action to protect their IP assets in India.

The Scotch Whisky Association also took action against Golden Bottling under India's 1999 Geographical Indications of Goods (Registration and Protection) Act²⁰. The decision made by the New Delhi High Court to bar Golden Bottling from using the name "Red Scot" on one of its brands should protect genuine Scotch whiskies from unfair competition. Golden Bottling, based near Jaipur, did not contest the case. It was ordered to pay 500,000 rupees – about 6,200 British pounds - compensation to the association. The trade body had accused the bottler of passing off its local product as Scots-made.

Australia

The Australian government intervenes very little in agriculture, and this – according to Handler (2004) - helps explain the limited use of geographical indications in Australian agriculture. One exception is for the wine industry. Until the end of 1993, Australia had no specific legislation to protect geographical indications. O'Connor (2006) explains what happened then. "In 1994 Australia signed an agreement with the European Community to phase out the use of European geographical names for Australian wines in exchange for greater access to the EC market." (p.270-71). O'Connor said that this required an amendment to the Australian Wine and Brandy Corporation Act, so that a Geographical Indications Committee was established. This Committee is responsible for placing all EC geographical indications in a Registrar of Protected names. The Committee was responsible also for determining the names and boundaries of all Australian wine-growing regions for inclusion in the Register. For Australian produced wine claiming a link to a particular area, the wine needs to contain 85 per cent or more of the grapes grown in a designated area to be able to claim a geographical link to the area. Where the wine is processed or how it is processed does not matter (van Caenegem 2003). Wine is the

only product for which there is a formalized legislative criteria for determining whether a link may be made with a particular geographical area (O'Connor 2006).

Australia has been more concerned about consumer protection and not with the linkage between the place of production of the good and the quality of the good. In the legal protection Australia applied to GI goods, Australia complies with the minimum standard required under Article 22 of the TRIPS Agreement (Handler 2004). Protection of consumers comes from the Trade Practices Act of 1974 since this Act states that corporations “shall not, in trade or commerce, engage in conduct that is misleading or deceptive, or is likely to mislead or deceive” (O'Connor, 2006, p.278). According to Handler (2006), the protection from the Trade Practices Act is supported by the mandatory country of origin labelling requirements that are in the Australia New Zealand Food Standards Code for particular foods and beverages. This legislation is specifically designed to help consumers make informed decisions about their food purchasing decisions.

Chang, Campbell and Sniekers (2007) assessed the potential of a proposed geographical indication for the emerging New England wine region of Australia. Their conclusion was that the implication of a GI system in the New England region may not be justified due to such factors as poor local demand and a lack of necessary supporting and related industries. The demand side is likely to be the largest impediment to the development of a European style GI style of agriculture.

5. GIs and Groups in the Economy

GIs will affect different groups in an economy in different ways. While they were introduced primarily for the benefit of consumers and producers, they will also be important considerations for retailers, wholesalers and food processors. This section of the report will discuss how the different groups have been affected by GIs.

Consumers

Agricultural commodities at the farm level in general are not branded making it difficult for producers to earn premiums. Some product differentiation does take place through the production of different varieties but different varieties in general are not always location specific. One of the benefits said to be associated with the use of GIs is that consumers are willing to pay a premium for a product produced in a particular region. As noted already in this report, the premium does not necessarily denote higher quality – it could arise because the product has been produced in a particular way using techniques unique to a certain region. Other consumers will not consider this important, preferring instead other attributes such as safety and nutritional value. Dimara and Skuras (2005) argue that research indicates consumers are slowly but steadily moving towards quality products, leaving aside mainstream products. They say that consumers are anxious to know where products come from, not just for health and safety concerns, but for nostalgia reasons related to the “past” or where consumers came from. Dimara and Skuras point out that the EU responded to this change in consumer demand by introducing the PDO, PGI and TSG schemes for “quality food products” (p.91). The registration of 665 products by the end of 2003 (following the introduction of the certification system in 1992) they see as evidence that producers are responding to the new market opportunity created by the change in consumer demand. Boutonnet (2005) argues that when products are sold in the local area, the consumers will “know personally small producers” (p.2), so branding of the product is needed only if the product sells outside the local area as a global specialty. Josling (2006) contends that where there is no evidence of consumer deception or lack of information, providing protection to GIs should have low priority.

The Economist newspaper has reported that foodstuffs from small, local or specialist producers account for 20 to 30 percent of French food consumption (Economist 2005). The European Commission in 1990 found that expenditure on food products with a quality assurance by EU consumers was around 7.5 percent of overall food expenditure in 1990 (Fotopoulos and Krystallis 2003). It is difficult to say very much about these data since they are based upon different regions, and just how similar consumers in different member states of the EU are is unclear (Giraud 2002). Drawing on results from consumer surveys, Giraud says when speaking of consumption of high quality regional specialty products “There was no clear distinction between consumers from Northern and Southern European states...” (p.2). However, UK consumers did not see as strong a connection between an official quality mark and the quality of a regional specialty product, unlike Spanish and French consumers. Giraud reported that there was a preference on the part of consumers for products from the consumer’s region. While consumers from Belgium, Ireland and Germany were prepared to pay a higher price for such products, consumers in France and Spain were not. For German, French and Dutch consumers, the preference for food products from the consumer’s region was strongest for fresh or raw products, less strong for cooked products and very low for preserved food.

Stefani, Romano and Cavicchi (2006) argue that the region of origin of a food is a cue to the quality of the food, and it impacts directly on the value of the food due to its affective or symbolic role. Stefani et al used spelt as a case study: spelt is a type of grain related to wheat and has a long tradition of being grown in Garfagnana, a small mountainous area of Tuscany. The EU gave spelt PGI status in 1996. The research by Stefani et al showed that the more precisely the geographic area is defined, the higher the valuation that consumers place on the product. The view of the authors is that consumers might buy products from marginal rural areas to help producers in these areas and to sustain traditional and

nearly extinct products. Loureiro and McCluskey (2000) used a hedonic approach to calculate consumers' willingness to pay for fresh meat products that carry the PGI label attached to Galician veal from Spain. If the label is present on high quality cuts of meat, they found that producers can obtain a premium up to a certain level of quality. This suggests that the PGI label is effective when combined with other indicators or signals of quality, but it may have diminishing marginal returns with respect to quality. A US study by Jakanowski, Williams II and Schiek (2000) showed that quality perceptions play an important role in consumer acceptance of local products.

An important issue for consumers is the labelling of a product that has been certified as a GI product. Wilson (2002) compared consumers across a number of EU countries to see whether there were differences in the benefits consumers associated with a protected PDO label for a product. Wilson's results are summarized in Table 7.

Table 7. The Influence of a PDO Label on a Cheese Product: the Views of EU Consumers

Item	France	Italy	Greece	Netherlands	UK
Guarantee of consistent product quality	4.08	4.33	4.37	3.86	3.72
Leads to higher product prices	3.79	3.70	3.97	3.53	3.56
Protects authenticity of the product	4.29	4.60	4.50	4.13	4.28
Fully guarantees the region of origin of the product	4.23	4.61	4.51	3.93	4.24
Leads to more employment in the region of origin	3.03	3.81	4.35	3.20	3.49
Leads to higher farmer income	3.01	3.95	4.18	2.95	3.28
Maintains a higher quality product	4.07	4.51	4.48	3.83	3.79
Guarantees the product is produced in a traditional way	4.08	4.18	4.36	3.80	3.44

Source: Adapted from Wilson (2002), Table 6.4

Notes: The data in the table are mean values for a five point semantic differential scale, where 5 means strongest agreement with the statement the respondents are asked to respond to, and one the weakest agreement. Differences across countries were statistically significant, at either the 10 percent level (item 2) or the 5 percent level or better (all other items). In each country, between 150 and 200 interviews were conducted.

Wilson's expectation was that Southern European respondents would have higher scores in relation to the influence of a geographical indication label. The results bear this out. There were differences within the countries. For example, those living in the region where the PDO product was produced were also more positively inclined than those who live outside the region. In France, older consumers, the professionals and the retired were the most positive about PDO labelling. Young consumers were the least sure. Respondents in Greece and in the Netherlands who were heavy consumers of cheese were most enthusiastic about the guarantees associated with the PDO label. Many consumers would be unlikely to have PGI/PDO products on their shopping lists so the results obtained by Wilson would not hold for all GI products. Rethel boudin blanc (pale pork, milk and egg sausages), nicciole di Giffoni (hazelnuts from Italy's Salerno) and fasolia gigantes elefantas kato Nevrokopiou (giant lima beans from Drama in Greece) would be obscure products to most middle-class consumers.²¹

Retailers and marketers

According to van Ittersum et al. (2007), the use of a regional indication for a product enables marketers to exploit existing associations consumers have with a region and provide their products with an image. This can create a unique identity and add value to the product. However, counterfeit products passed off as authentic regional products, may decrease consumer's willingness to pay for the product. The study by van Ittersum and his colleagues involved face to face interviews with 1 232

consumers from Greece, Italy and the Netherlands. The products studied were protected as PDO products under the EU Regulation 2081/92 and marketed with a PDO label. The general conclusions from the study were that consumers' image of a regional certification label for a product is influenced by quality and the consumers' attitude towards supporting the regional economy where the product is produced. The authors believe that protecting regional products through regulation is needed, since without protection copycat products would appear undermining consumers' willingness to purchase the authentic product. They suggest that marketing programs be developed for regional products stressing the quality aspect and the economic support that regional products provide to regional economies.

A survey of British food retailers conducted for the Department of the Environment, Food and Rural Affairs found that retailers had mixed views about the GI scheme (Group 2003). Concerns related to who would be responsible for disseminating information to consumers²², the additional costs associated with the scheme, the difficulty of changes being made to a product given GI status, and the general lack of awareness of consumers of the scheme. For supermarket chains, with hundreds of branches, the small production volumes of regional specialties would make distribution of these products through the branches difficult. Boutonnet (2005) notes that for two of the PDO products he discusses, most of the premiums will be captured by processors and producers, leaving only very thin margins for retailers. This could be a disincentive for retailers to carry these specialty foods. Boutonnet examined also the marketing of a branded product, where the brand was owned by the French ministry of agriculture. In the case of this product²³, the benefits of the higher price were shared between producer, processor and retailer. Survey research reported by Giraud (2002) provides a warning to marketers since it found that consumers in the EU base their purchase decisions on "regional image rather than a deep knowledge of products" (p. 6). This suggests that firms would need to carefully evaluate the benefits and the costs associated with product differentiation on the basis of regional specialities.

Schmal (2006) found using auction data from the German eBay on sales of Prosciutto di Parma, Jamon Serrano and Schwarzwald Schinken that German consumers were prepared to pay a premium of 20 percent to 30 percent for the imported name products of Prosciutto di Parma and Jamon Serrano over a similar German produced product²⁴. Boutonnet (2005) says that for some types of specialty meats from the Mediterranean area premiums of 10 to 15 percent may be obtained. Wagle (2007) cites the results of a 1999 EU survey of consumers that found 43 percent of consumers were willing to pay a premium exceeding 10 percent on products they knew were GIs. The premiums over generic foods were found to be particularly high for products such as cheese, olives and wine. White asparagus has been grown in the Veneto region of Italy for hundreds of years (Clemens 2004). Keeping the asparagus spears white involves a time-consuming process of mounding soil around the spears to prevent photosynthesis and mulching the mounds with plastic to protect the exposed spear-tips from sunlight. According to Clemens (2004), producers reported receiving prices that are 30 to 50 percent higher for white asparagus compared with prices of green asparagus, and PGI asparagus receives the highest prices.

Marketers would like the product they are marketing to have few substitutes since this would enable them to raise prices without resulting in a fall in the quantity of the product that could be sold. Wilson (2002) obtained estimates of the price elasticity of demand for PDO cheeses in a number of European countries using survey research. The estimates Wilson obtained are contained in Table 8. It is not clear how Wilson obtained these estimates.

Table 8: Estimates of the Price Elasticity of Demand for PDO cheese, Selected EU Member States

Country	All respondents	Respondents in the PDO producing region	Respondents from outside the PDO producing region
France	0.57	< 0.01	0.06
Greece	0.16	0.30	0.16
Italy	0.36	0.46	0.35
Netherlands	0.59	0.15	0.02
UK	0.14	0.13	0.14

Source: Wilson (2002), Table 6.38

The price elasticity estimates from Wilson are low, indicating that consumer demand for PDO cheeses in the EU countries she studied is not affected very much by changes in the price of the PDO cheese. This means that cost increases could be passed on to consumers in the form of higher prices with only a small fall in the quantity of the cheese that is sold. The low elasticity values mean that the firms selling the cheeses to consumers have a high level of market power (Box 2).

Box 6. Price Elasticity and Market Power

The Lerner Index is the ratio of the firm's profit margin to the price at which the firm sells the product. It can be shown that the Lerner Index is equal to the inverse of the price elasticity of demand (Church and Ware 2000). For products where there are few substitutes, the price elasticity will have a small value, and the inverse of the elasticity will have a large value. As a result, the firm selling the product with a low elasticity value will have a high profit margin, relative to the selling price. Normally one might expect that elasticity value would be higher the greater the degree of product disaggregation, since substitution possibilities would be greater.

Producers

Geographic indications are intended to reward the goodwill and reputation created or built up by a group of producers over many years or centuries. Geographical indications can create economic rewards for producers who use traditional methods in the region where the products has been traditionally produced (O'Connor), provided the producers have access to appropriate marketing channels and consumers have sufficient income (Tregeara, Arfinib et al. 2007). Josling (2006) points out that it is politically wise and economically defensible to expand producer incomes via product differentiation that offers quality and variety in foodstuffs. The literature on the effect on producers of GI certification is very limited and provides mixed signals for policy makers.

From the perspective of the group of producers producing the GI product, it may be possible for producers to differentiate the product from competitors, conferring some level of market power on the producers. Bramley and Kirsten (2007) see no problem with this as they believe this strategy enables producers to gain niche markets and to earn economic rent from these niche markets. However, a different view is provided by Zago and Pick (2002). They developed an economic model and conducted a welfare analysis of products with PDO/PGI certification in the EU. Their analysis showed that while the introduction of GIs left consumers and producers of high quality products unambiguously better off, the producers of low quality products were unambiguously worse off. Zago and Pick emphasised the negative effects of administrative costs when quality differences between certified and non-GI certified products are small and/or cost differences high. Langinier and Babcock (2005) arrive at a conclusion similar to that of Zago and Pick – namely that the producers of high quality products are better off but the producers of low quality products are clearly worse off with the introduction of a GI system. They argue that the benefits associated with improved information about the product do not outweigh the certification costs and the losses incurred by the producers of low quality products. Hence, overall, industry is made worse off with GI certification. It is possible that

over time, producers of low quality products will improve the quality of their product in response to the higher prices.

For the individual producer in the industry, expanding the scale of the operation through area expansion should the GI certified product take off with consumers may be difficult. The group of producers producing the GI product are likely to have supply controls and so rules and regulations will be needed to administer these controls. For a new entrant wanting to enter the industry, purchasing land in a particular region is required, but it is not clear whether the producer should be a resident of the region at the time the purchase of land is being negotiated. The level of production for new entrants into an industry producing a GI product in the EU will almost certainly be controlled by the statutes of the group associated with the GI product. The OECD (2000, p.19), for example, cites the case of an Italian ham producing consortium where a new entrant was not permitted to produce more than 3 percent of the group's production. Lence et al. (2006) conclude from an analysis of the welfare issues associated with GIs that whenever a collective organisation holding the right to supply the GI product exert supply control, there may be a reduction in welfare compared with the case when the collective has less market power.

Producers may be able to extract a premium for the product with the GI certification which will improve the economic situation of producers in the industry prior to the GI certification being granted. However, for new entrants into the industry, production costs will be higher since any price premium for the GI certified product would be capitalized into the land price. Monitoring of product quality will be important for producers of GI products earning a premium since there is an incentive for firms with a short term view of the industry to cheat on product quality since this will provide these firms with windfall profits. As an example of how monitoring might take place, National Britannia Certification carries out spot checks for Hybu Cig Cymru (the Welsh red meat promotional body) in cutting plants, abattoirs and farms to ensure the correct usage of the PGI branding for the Welsh beef and lamb industries (Anonymous 2004).

Producers have avenues other than GI certification to convey information about their products to consumers. Yue, Marette and Beghin (2006), for example, compare GI protection with brand advertising using the wine industry as a case study. They found that despite the sharing of promotion costs, a product with GI certification does not sufficiently reward the effort for improving quality. Thus producers will rely on brand advertising. Contradicting this, Agarwal and Barone (2005) conclude from an analysis of GI branding strategies that GI certification provides the greatest source of competitive advantage in the market place.

Box 7. Case Study of the Veneto Region of Italy

In Italy's Veneto region, the government is applying an agricultural production model that encourages limited production of high quality, high value products and a diversified land use policy (Clemens 2004). Government policies encourage producers by identifying products that can be linked to specific production areas and that can be legally protected against competition. These policies are linked with agri-tourism policies by requiring that at least a minimum specified level of food served to tourists is produced in the region. For farms providing accommodation to tourists, at least some of the food consumed by the tourists has to be produced on the farm. Producers in the Veneto Region seem to be slowly moving away from the conventional agricultural model to one that involves producing an increased number of typical farm products and engaging in agri-tourism.

Food processors

The implementation of a GI certification scheme affects food processing firms that produce the GI certified product as a final product and also the food processing firms that use GI products as inputs. The producers of a processed food using GI certified products as inputs may benefit if consumers prefer a product that uses a GI certified product as an input over another that uses a non GI product. In Japan, high quality products are seen as a way to increase consumer's demand for products such as *bentos* (lunch boxes) and *sushi*. While a firm producing a product that is unique might appear to be a

monopoly, in practice this might not always be the case since there may be other food products that are substitutes for the product.

Having a processed food product gain PGI status presents risks for the firm producing that product. The following examples illustrate this:

- Newcastle Brown ale is a well known ale in the United Kingdom. In 2004, the brewery producing Newcastle Brown ale - Scottish Courage - was warned that its Newcastle Brown Ale could lose its PGI status if the firm was to close the Newcastle production plant used to produce the ale and to resume production of the ale in another city or region. In April 2005, Scottish Courage moved the brewery to Gateshead, and an application to cancel Newcastle Brown ale PGI status was still pending in late 2007. According to industry sources, abandoning Newcastle for Gateshead has made little or no difference to Newcastle Brown ale sales.
- In early 2006, press reports indicated that the British food manufacturer Northern Foods will request leave to appeal against a decision by the High Court that the Department of the Environment, Food and Rural Affairs (DEFRA) was right to back a bid by the Melton Mowbray Pork Pie Association (MMPPA) to get Europe-wide protected status for its members' products. If Northern Foods' legal bid fails, and if the Association's application for PGI status is ultimately approved by Brussels, manufacturers will only be able to market pies as Melton Mowbray pork pies if they are produced in a specific area around the town. This will harm the financial performance of Northern Foods, which makes a quarter of the UK's Melton Mowbray pork pies in Wiltshire and Shropshire; both Wiltshire and Shropshire fall outside the area specified in the MMPPA's application.
- The pork pie has been caught up in the battle waged by growing numbers of food producers to get EU protected status for foods with names connected to a place. Cornwall-based manufacturers of Cornish pasties are looking to get in on the act, and again Northern Foods, which makes Cornish pasties in Shropshire, could lose out. DEFRA has asked Northern Foods to raise any objections to the Cornish Pasty Association's application for PGI status before it decides whether to back it. At the time of writing (late 2007), Northern Foods was due to submit its response shortly
- One loser in the steps being taken in the UK to protect foods has been the Yorkshire cheese maker Shepherds Purse. The company will need to rename its second best selling cheese, Yorkshire Feta, after the ruling by Brussels that feta cheese could only be made in Greece. The EU's decision to give feta cheese PDO status was unusual in that there is nowhere in Greece called Feta.

Compared with many other of the EU countries, in 2006 the UK had relatively few regionally protected products - 36 compared with 147 in France, for example. But it is something that DEFRA through which British applications must be channelled, is keen to promote as part of its bid to make British food production more sustainable. In early 2006, it was considering 18 applications for protected status for products such as Colchester oysters, English beef and lamb, and Yorkshire indoor rhubarb. The British government has been actively seeking to encourage more UK applications as part of its support for the quality regional food sector. This is seen as providing a means for farmers to add value to their produce and market it in a more imaginative way, particularly given consumers' growing interest in food with a clear regional provenance.

6. Geographical Indications and Trade

The view of the EU is that GIs provide an opportunity for small scale European farmers to compete against agriculture based upon large scale production. Anxious to prevent free riding on the image and reputation of European food products, prior to the December 2005 meeting of trade ministers in Hong Kong as part of the Doha Round, the EU had developed a list of 41 products whose names would become protected under a so-called clawback provision (Table 9). The EU argued that the protection would be retrospective so that the production of the products using these names outside of the EU region in which the products were produced would have to stop. Feta cheese and ouzo – both of which are produced in Greece – were late additions to the EU list because of opposition from other EU Member States. Production of both products is not confined to a certain region and ouzo is not registered as a GI in the EU.

Table 9. Products Subject to ‘Clawback’ Claims by the EU

(a) Wines & spirits	
Beaujolais	Marsala
Bordeaux	Madeira
Bourgogne	Médoc
Chablis	Moselle
Champagne	Ouzo
Chianti	Porto
Cognac	Rhin
Grappa di Barolo, del Piemonte, di Lombardia, del Trentino, del Friuli, del Veneto, dell'Alto Adige	Rioja
Graves	Saint-Emilion
Liebfrau(en)milch	Sauternes
Malaga	Jerez, Xerez
(b) Other products	
Asiago	Mozzarella di Bufala Campana
Azafrán de la Mancha	Parmigiano Reggiano
Comté	Pecorino Romano
Feta	Prosciutto di Parma
Fontina	Prosciutto di San Daniele
Gorgonzola	Prosciutto Toscano
Grana Padano	Queijo São Jorge
Jijona y Turrón de Alicante	Reblochon
Manchego	Roquefort
Mortadella Bologna	

Source: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/03/1178>, accessed 7 December 2006

Responding to complaints by the US about the EU GI regime and with support from Australia, a WTO Panel was convened in October 2003. The Panel ruled in April 2005 that the EU had to allow the registration of products with GI protection in other countries to be registered in the EU and to be afforded the same protection in the EU market that the EU provided to EU products with GI registration (Josling 2005). The EU had argued that for countries to be permitted to register GI products in the EU, they should have a registration system the same as that used in the EU. According

to Josling, “This could over time undermine the strategy of encouraging quality improvements through regional product protection. Having other countries protect EU GIs in their markets, as they are requesting in the current WTO negotiations, would restore some measure of balance in this respect” (p.17). The WTO Panel did not relate to wines and spirits; these are covered by other regulations.

Critics of the GI system have argued that the regulations could distort trade and that they could act as a non-tariff barrier to imports into the EU. It is hard to sustain this argument since the vast majority of the products covered by this regulation are very specialised products, many of which do not have any close substitutes. However, because of the range of products under the GI umbrella, for some it is possible that the regulations provide some measure of protection against import competition. But this would only become clear following a case by case examination of the products. The regulations associated with a product gaining GI status impose costs on producers, since monitoring of the production of the product is necessary. To the extent that these costs are passed on to consumers, the regulations could disadvantage the GI products in the home market and on export markets.

At the most basic level, the industries in an economy should reflect the resource endowment of the economy. The skills possessed by the people who work in the economy and unique features of the economy – including tradition, culture and history – are a part of this resource endowment. Regionally specialised industries, dependent as they are on unique agronomic features of the region, as well as knowledge and tradition, seem to be industries that are in keeping with the resource endowment of the EU. They are also industries that are likely to be less environmentally damaging than other industries that have expanded as a result of EU intervention in agriculture. Hence, a switch in the EU towards the production of high-value unique regional products is in the long term interests of EU agriculture. This switch is also in the interest of global agriculture because such industries reflect the EU’s resource endowment and comparative advantage.

7. Implications for Australia

As an agricultural exporting country, Australia will be affected by policy arrangements in other agricultural producing countries. It is almost certain that a locally produced GI certified food will be preferred to non-GI certified imported foods in the local area in which the product is produced. It is less clear that the product with GI status will be preferred by consumers outside the producing area. Scotch beef has a PGI, but all this guarantees that the animal from which it came was born, reared and slaughtered in Scotland. It could be poorly finished and come from a low quality beef breed; consumers in Wales may not prefer it to Australian beef that has been lot fed for 300 days. Hence a GI certification scheme is likely to have only limited impact as a non-tariff barrier to imports. A similar argument would hold with regard to exports of GI certified foods. Clearly though it will depend upon the nature of the product. The expansion of the EU to include countries such as the Ukraine, Bulgaria and Romania has increased the number of countries making use of geographical indications, possibly adversely affecting the access of Australian producers of processed foods. However, the number of Australian firms and the range of products affected are likely to be small. Again, it will depend upon the product.

Should it eventuate that access to the EU market does become more restricted to exporters because of the GI regulations, policy makers and industry leaders would need to consider the impact this would have on exports from countries such as New Zealand or Argentina. With reduced access to the EU, competition in other markets would likely intensify, possibly harming Australian exports and/or increasing the level of competition Australian producers face on the Australian market.

An issue that will confront Australia is the increased demand on the part of consumers for detailed information on the production techniques that are used to produce food, although there will be differences between different types of consumers. Some will place a premium on this type of information rather than that related to the history of a particular product or the connection of a product with a particular producing region.

The GI issue follows on from the multifunctionality and animal welfare issue, both of which have been discussed in the past as potential impediments to trade. Whether the GI issue fades away is too hard to call: clearly though, it is an issue that will need to be monitored and researched since it has the potential to be a barrier for exports of high valued agricultural products to EU markets. From the viewpoint of the EU, it makes sense to encourage high valued regionally based products. Such products better reflect the EU's comparative advantage in agriculture, and there are likely to be positive externalities – such as agri-tourism and the development of less environmentally damaging agricultural industries – associated with the development of such industries.

Appendix A. Number of PDO and PGI Products by Product Type: Selected European Countries, December 2006

Country	Meat Products		Cheese Products		Fresh Meat Products (and offal)	
	PDO	PGI	PDO	PGI	PDO	PGI
Belgium		2	1			
Czech Republic						
Denmark				2		
Germany		8	4		2	1
Greece			20			
Spain	4	6	20	1		13
France		4	39	4	3	47
Ireland		1	1			
Italy	20	7	31			2
Netherlands			4			
Luxemburg		1				1
Austria		2	6			
Portugal	1	20	11	1	14	11
Sweden				1		
Finland						
UK			8	3	3	4
Total	25	51	145	12	22	79

**Number of PDO and PGI Products by Product Type: Selected European Countries, as at
7 December 2006 (continued)**

Country	Seafood Products		Other Products of Animal origin		Oils and Fats Products	
	PDO	PGI	PDO	PGI	PDO	PGI
Belgium					1	
Czech Republic						
Denmark						
Germany		2				1
Greece	1		1		14	11
Spain			2		16	
France		2	3	3	7	
Ireland		1				
Italy			2		36	
Netherlands						
Luxemburg			1		1	
Austria						1
Portugal			10		5	
Sweden						
Finland						
UK		3	1			
Total	1	8	20	3	80	13

**Number of PDO and PGI Products by Product Type: Selected European Countries, as at
7 December 2006**

Countries	Table Olives Products		Fruit, Vegetables and Cereals Products		Bread, Pastry and Other Baker's Products	
	PDO	PGI	PDO	PGI	PDO	PGI
Belgium						
Czech Republic						
Denmark				1		
Germany				2		4
Greece	9	1	12	10		1
Spain			13	15		6
France	3		9	15		2
Ireland						
Italy	2		8	37	1	2
Netherlands			1	1		
Luxemburg						
Austria			2	1		
Portugal	1		12	7		
Sweden						1
Finland			1			
UK			1			
Total	15	1	59	89	1	16

Countries	Beer Products		Other Drinks		Non-food Products and Others	
	PDO	PGI	PDO	PGI	PDO	PGI
Belgium						
Czech Republic		3				
Denmark						
Germany		12	31			
Greece					4	
Spain					3	
France			3	2	2	
Ireland						
Italy					5	
Netherlands						
Luxemburg						
Austria						
Portugal						
Sweden						
Finland						
UK		3		3		
Total	0	18	34	5	14	0

Source: See Box 2, page 4

Appendix B. Examples of the notification of a GI product, European Union

Publication of an application for registration pursuant to Article 6(2) of Regulation (EEC) No 2081/92 on the protection of geographical indications and designations of origin(2005/C 177/12)

This publication confers the right to object to the application pursuant to Articles 7 and 12d of the abovementioned Regulation. Any objection to this application must be submitted via the competent authority in a Member State, in a WTO member country or in a third country recognized in accordance with Article 12(3) within a time limit of six months from the date of this publication. The arguments for publication are set out below, in particular under 4.6, and are considered to justify the application within the meaning of Regulation (EEC) No 2081/92.

SUMMARY

COUNCIL REGULATION (EEC) No 2081/92

‘ANTEQUERA’

No CE: ES/00327/26.11.2003

PDO (X) PGI ()

This note is a summary produced for information. For full details, interested parties and in particular the producers of the products covered by the PDO and the PGI in question are invited to consult the full version of the specifications at national services and associations or at the competent services of the European Commission (1).

1. Responsible department in the Member State:

Name: Subdirección General de Sistemas de Calidad Diferenciada. Dirección General de Alimentación. Secretaría General de Agricultura y Alimentación del Ministerio de Agricultura, Pesca y Alimentación de España.

Address: Paseo Infanta Isabel, 1, E-28071 Madrid

Tel.: (34) 91 347 53 94

Fax: (34) 91 347 54 10

2. Group:

2.1 Name: OLEICOLA HOJIBLANCA DE MALAGA, S.C.A. DE 2o GRADO

2.2 Address: Carretera de Córdoba, s/n

E-29200 Antequera (Málaga) España

Aptdo. Correos no 172

Tel.: (34) 52 84 14 51

Fax: (34) 52 84 03 59

2.3 Composition: Producer/processor (X) Other ()

3. Type of product:

Extra virgin olive oil — Class 1.5 — Oils and fats.

4. Specification:

(Summary of requirements under Article 4(2))

4.1 Name:

‘Antequera’

4.2 Description:

Extra virgin olive oil, obtained from olives (*Olea europea*, L.) of the varieties Hojiblanca, Picual or Marteño, Arbequina, Lechín de Sevilla or Zorzaleño, Gordal de Archidona, Picudo, Verdial de Vélez-Málaga and Verdial de Huévar. Hojiblanca is the main variety.

These are all moderately stable oils thanks to their high concentrations of tocopherols, a typical property of Hojiblanca oils. This makes Antequera oils rich in vitamin E. They have an ideal fatty acid content for a balanced diet.

This is due as much to the Hojiblanca variety as to the geographical area. It contains high levels of oleic acid, average levels of linoleic acid and a high level of unsaturated fats in relation to saturated fats.

The fraction of unsaponifiable matter of Antequera oils is notable for high levels of methyl sterols, more than 30 mg per 100 g of oil.

As regards their organoleptic properties, the oils are light in the mouth. They present a range of fruity aromas of green olives, other ripe fruits, almonds, banana and fresh grass. The intensities of the fruit aromas vary from medium to high. The degree of bitterness and spiciness also varies from light to medium, perfectly complementing the slightly sweet tastes.

The colour varies from golden yellow to greenish-yellow, depending on when and where in the area the olives were harvested.

The oils covered by the PDO must be extra virgin and of one of the following types, based on their organoleptic and physical/chemical properties:

‘Intense taste’ — olive oil presenting the most intense organoleptic properties.

‘Smooth taste’ — olive oil presenting organoleptic properties of average intensity.

Both types have the following maximum permitted values:

Parameters	‘Intense taste’	‘Smooth taste’
Acidity (percent)	0,3	0,5
Peroxide value (meq oxygen per kg of oil)	10	15
K270 (absorbency 270 nm)	0,15	0,15
Impurities (percent)	0,1	0,1
Moisture (percent)	0,1	0,1

4.3 Geographical area:

The oils are produced in the natural area formed by the Antequera Depression, one of the westernmost Andalusian depressions. In the north it borders the provinces of Córdoba and Sevilla, in the east the provinces of Sevilla and Cadiz and in the west that of Granada. Its southern limit is bounded by parts of the Penibética mountain range, which separate it from the Montes de Málaga, Hoyas in Valle del Guadalhorce and Serranía de Ronda, all districts of the province of Málaga.

This area comprises all the land in the following municipalities of the province of Málaga: Alameda, Almargen, Antequera, Archidona, Campillos, Cañete La Real, Cuevas Bajas, Cuevas de San Marcos, Fuente de Piedra, Humilladero, Mollina, Sierra de Yeguas, Teba, Villanueva de Algaidas, Villanueva del Rosario, Villanueva del Trabuco and Villanueva de Tapia, and the municipality of Palenciana in the province of Córdoba.

The product is processed and bottled in the same area.

4.4 Proof of origin:

The olives come from authorised varieties grown on plantations registered for the Designation of Origin. The oil is obtained from mills in the production area which are also registered for the PDO. It is stored in registered mills and bottling plants which have suitable facilities for keeping it as fresh as possible. The Regulatory Board will lay down a monitoring plan to cover the oils up to and including the time they receive their final certification. A numbered label issued by the Regulatory Board will guarantee that the oils covered by the PDO are in compliance with the specifications.

4.5 Method of production:

The trees are planted in rows, in blocks usually measuring between 8 m × 8 m and 12 m × 12 m, and the number of scions per tree is generally 3, although this varies between 1 and 4. Most of the land on the plantations is not irrigated. The cultivation practices used are traditional local methods, which tend to be environmentally friendly. Only healthy, ripe fruit is harvested, being picked directly from the tree using the traditional methods of hand-pole beating and vibrator pickers, or a mixture of beating and vibration. The olives are always transported to the mill in bulk, in trailers or rigid containers. They are milled in registered mills no later than 48 hours after being harvested. The milling process is continuous, in inert-material hammer mills authorised in the food-processing industry. The temperature at which the pomace obtained is milled is kept below 36 °C at all times. The only adjuvant authorised is certified food-processing talc, no more than 2,5 percent. The phases are generally separated by centrifugation. Oils obtained from the second centrifugation (oils from the second pressing) do not qualify for certification under the 'Antequera' PDO. The temperature of the water added to the decanters (horizontal centrifuges) or to the vertical centrifuges must not exceed 35 °C. The process of decanting the oils takes not less than 6 hours (when centrifuging) or 36 hours (when decanting by gravity). The extra virgin olive oil is stored in warehouses, in stainless steel tanks, presses or lined steel tanks suitable for storing foodstuffs. The storage tanks must be completely sealed, be able to be cleaned properly, and be equipped with a system enabling periodic drainage and the taking of samples. The storage area must be climate-controlled to a temperature that ensures the oil does not spoil. Bulk PDO oils may not be moved out of the production area, to guarantee their traceability and origin. The oils are processed and bottled (in registered bottling plants) in the production area.

The requirement to bottle the oil at source is designed strictly to provide a better guarantee of the product's quality and authenticity and, therefore, the standing of the PDO — for which the PDO producers collectively take full responsibility. The controls organised by these producers in the production area are both systematic and meticulous, performed by professionals who have specialized knowledge of the product's characteristics.

The checks needed to guarantee the quality of the product cannot easily be set up outside the production area. Registered bottling companies must ensure that PDO olive oil is bottled separately from other products in their plants, and must have in place quality assurance systems, certified under standard ISO-9001:2000, which cover the oil from its arrival at the plant in bulk to the dispatch of the bottled product, as well as a series of ex post checks. The containers that hold the finished product are foodstuffs containers made of glass, lined metal or ceramic.

4.6 Link:

The natural production area for Antequera oils is the extreme west of the Andalusian depressions. This area has particular geomorphologic and climatic characteristics. It covers an area of depressions with smooth topography at an altitude of 400-600 m, surrounded by a series of mountain ranges to the north (the Sierras Subbéticas) and south (the Sistema Penibético) which give the area a microclimate and soil conditions suitable for olive cultivation.

The olives are grown between 450 and 600 metres above sea level, on medium-depth very limy soil (20-70 percent carbonate of lime). Hojiblanca is very well adapted to this type of limy soil, since olive trees require large amounts of calcium from the soil. What is more, because the surrounding area drains into the Antequera Depression, various different levels of river terrace have developed, all bearing large quantities of tertiary deposits, including Middle Pliocene red clay, which provide the olive trees with plentiful amounts of potassium and have high levels of moisture retention, promoting vegetation in the olive trees, which is useful given that more than 90 percent of the plantation land is not irrigated.

The Antequera area has a temperate to warm Mediterranean climate, with some continental characteristics due to its location in the Andalusian depression. This situation produces great contrasts in temperature between summer and winter, and between night and day. The low temperatures in winter delay the olives' ripening period, especially for Hojiblanca, altering the acid profile of the oils produced to give higher levels of oleic acid and less fatty saturated and unsaturated acids.

Hojiblanca, the main variety (accounting for over 90 percent of the olives grown in the area), is perfectly adapted to these environmental conditions. This area is the centre of Hojiblanca olive cultivation in Andalusia.

The production of virgin olive oil in the Antequera area dates back to Roman times, between the 1st and 3rd centuries AD, via a rural system formed by almost fifty villae olearias scattered across the whole area. The archaeological remains of these villae olearias were studied by Mr Romero of the Antequera local authority in 1998 and led to the recovery of Roman mills with all the parts described in the works of the famous agronomists of the classical period, Pliny and Columella. Related to these Roman mills, a number of petrified olive stones were discovered, which were identified as being of the Hojiblanca variety by the University of Cordoba's Technical School of Agricultural Engineering and Mountain Science (Escuela Técnica Superior de Ingenieros Agrónomos y Montes), evidence that the main variety under this PDO has been cultivated locally for almost 2 000 years. This major discovery shows that the Hojiblanca variety may have originated in the Antequera area.

Antequera's Historical Archive contains references from the 16th century to 'Municipal ordinances on oil mills and millers', approved by the Antequera Town Council in 1537 and confirmed by King Charles I of Spain and V of Germany some years later. Similar Ordinances from 1598 were found in another municipality in the area, Archidona. In 1679 there were 2 400 ha of olive groves and 61 oil mills in the municipality of Antequera, according to the land register of Father Francisco Cabrera of the Order of Saint Augustine.

The golden age of olive growing in Antequera was around the end of the 19th century and the first third of the 20th, during which time the land area under olives boomed from 26 755 ha in 1888 to 44 007 ha in 1922, according to the Spanish Directorate-General for Agriculture. This major expansion fuelled the development of a local milling machinery industry (presses, mills, hydraulic pumps, etc.), mainly due to the presence in Antequera in the 1870s of the Valencian engineer Beltrán de Lis. The foundries set up by his successors (Luna, Alcaide, Herrera and Rodas), which specialised in making this type of machinery, supplied southern Spain with large numbers of olive mills and olive oil factories in the early years of the 20th century. All such milling equipment produced in the area was marked not just with the manufacturer's stamp but also with the designation 'Antequera'.

4.7 Inspection body:

Name: Consejo Regulador de la denominación de origen 'Antequera'

Address: C/ Carrera, no 9.

E-29300 Archidona (Málaga) España

Aptdo. Correos no 36

This body meets the requirements of Standard EN-45.011.

4.8 Labelling:

All Antequera PDO products must be labelled: 'Denominación de Origen "ANTEQUERA"'. The labels must be authorised by the Regulatory Council. They must be numbered and issued by the Regulatory Council.

4.9 National requirements:

Law 25/1970 of 2 December 1970 laying down rules on vineyards, wine and spirit drinks; Decree 835/1972 of 23 March 1972 laying down detailed rules for the application of Law 25/1970; Order of 25 January 1994 specifying the correlation between Spanish legislation and Regulation (EEC) No 2081/92 on designations of origin and geographical indications for food products; Royal Decree 1643/1999 of 22 October 1999 laying down the procedure for processing applications for registration in the Community Register of Protected Designations of Origin and Protected Geographical Indications.

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Endnotes

Chapter 2

¹ (<http://www.wipo.int/treaties/en/documents/pdf/lisbon.pdf>). The Agreement has had limited impact because of the small number of participating countries.

² The Paris Convention aimed to prohibit the use of false indications of source, primarily through border measures to prevent the movement of goods that were falsely labelled. There are 172 signatories to this agreement. The Madrid Agreement extended the scope of the protection provided under the Paris Convention. It provides for border measures and prevents the slide of certain wine related geographical indications into generic use. The Agreement had 57 members. As of 13 April 2007, the Lisbon Agreement has 26 members, including France, Portugal, the Czech Republic and Italy. Membership includes a number of African states including Algeria, Burkino Faso and Congo; South American and Latin American countries, including Peru, Cuba, Haiti and Mexico; and one country from Asia (the Democratic People's Republic of Korea)

³ Kerr points out that the World Intellectual Property Organization (WIPO) had also produced a draft international treaty on geographic indicators. However, the efficiency of this treaty was limited since the WIPO lacked an effective dispute settlement procedure

⁴ There are 13 artisan producers, of which 11 are local restaurant businesses, leaving only two as dedicated 'cured ham producers'. Two other producers are industrial scale (Tregara, Arfnib et al).

⁵ http://www.med.govt.nz/templates/Page_1203.aspx#P23_4855, accessed on 17 May 2006

Chapter 3

⁶ OriGIn 2004 Annual Report, p.4.

⁷ http://europa.eu.int/comm/agriculture/qual/en/1bbaa_en.htm, accessed 3 January 2006

⁸ http://www.qualivita.it/page_eng/prodotti_stat_glossario.asp, accessed 26 April 2006

⁹ The EU Commission has set up a Scientific Committee in order to assist the Commission in the field of designations of origin, geographical indications and certificates of specific character. At the request of the Commission this Committee examines all of the technical problems involved in the recording of names of agricultural products and foodstuffs and of disputes between the Member States. More particularly this concerns: the factors involved in defining a geographical description and a designation of origin (and in particular any well-known and famous features); generic character; assessment of traditional character; assessment of the criteria applying to the fairness of commercial transactions and the risk of consumer confusion where there is conflict between the designation of origin or geographical indication and makes, homonyms or existing products that are legally placed on the market. <http://europa.eu/scadplus/leg/en/lvb/l21098.htm> accessed 25 October 2006

¹⁰ http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/F5-WGM-20061211/EN/F5-WGM-20061211-EN.PDF accessed on 25 April 2007

¹¹ Memo/03/160 Why do Geographical Indications matter to us?

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/03/160&format=HTML&aged=0&language=EN&guiLanguage=en>

Chapter 4

¹² <http://www.atimes.com/atimes/Japan/HC24Dh03.html> accessed 24 April 2006

¹³ JPO has also recently published a report that contains some of Japanese GI certified products. Refer JPO JPO. (2007). "Chiiki Dantai Syohyo Seido." Retrieved 4 Oct, 2007, from http://www.jpo.go.jp/cgi/link.cgi?url=/torikumi/t_torikumi/t_dantai_syohyou.htm.

¹⁴ <http://www.uspto.gov/web/offices/dcom/olia/globalip/geographicalindication.htm> accessed 23 November 2006.

¹⁵ Australia supported the US in this action.

¹⁶ <http://www.heritagefoodsusa.com> accessed 26 April 2006

¹⁷ [From the Virginian-Pilot, January 27, 2006](#)

¹⁸ In particular, the Trademark Act, 2001 and the Rules on Registration and Administration of Collective and Certification Marks (as amended in 2003) have provisions for the protection of GIs through CTMs Rangnekar, D. (2004). The international protection of geographical indications: The Asian Experience. [UNCTAD/ICTSD Regional Dialogue in collaboration with IDRC "Intellectual Property Rights \(IPRs\), Innovation and Sustainable Development"](#). Hong Kong.

¹⁹ Examples provided by FAO (nd) of products where costly litigation has been required to protect a geographic indication are Darjeeling Tea (India), Rooibos Tea (South Africa), Blue Mountain Coffee (Jamaica) and Kindzmarauli and Kvanchkara wines (Georgia).

²⁰ This Act was enacted to comply with World Trade Organisation rules that stop manufacturers using misleading words to describe products

Chapter 5

²¹ These examples came from Rise of the terroiristes, published in the Financial Times, 13 July 2007.

²² Retailers could not charge consumers for providing them with information about the GI products – this is a form of special service provided by the retailers.

²³ Agneau El Xai lamb, which started off as a traditional regional product, was imitated by meat wholesale companies outside of the region. A decline in quality and a loss in its market resulted in cooperation between wholesalers, butchers, supermarkets and producers to develop a product marketed under a “Label Rouge”, where clear specifications for the product were set and controlled by an independent bureau.

²⁴ Prosciutto di Parma has PDO status while Jamon Serrano is a TSG product. Schwarzwald Schinken is a PDO product.

European Union

Agricultural Policies

– Protected geographical indications, protected designated origins and Australian agriculture –

RIRDC Publication No. 09/006

This report provides an overview of the geographical indication policy as developed in the European Union, describing the nature of the regulations, providing details of the products covered, and some of the effects of the policy. Through the provision of this information, Australia's agricultural industry will be better able to develop a response to the European Union strategy of establishing unique regional products.

Keeping abreast of policy developments in the agricultural and food industries of other countries is of critical importance for policy makers, industry leaders and others concerned with ensuring that Australian agriculture maintains its competitive position internationally. Consequently, this report will be of value to each of these groups.

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Contact RIRDC:
Level 2
15 National Circuit
Barton ACT 2600

PO Box 4776
Kingston ACT 2604

Ph: 02 6271 4100
Fax: 02 6271 4199
Email: rirdc@rirdc.gov.au
web: www.rirdc.gov.au