

Geographical Indications - Approaches and Value

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The concept of 'local' identity, market differentiation, and product traceability are increasingly the focus of discussion within diverse topics ranging from biodiversity conservation to global trade. What is the role of Geographical Indications of Origin (GI) and how do they function? This new United Nations International Trade Centre book offers an overview of the various uses and the pros and cons of GIs, distilling lessons from an exhaustive review of nearly all the relevant published literature (200 documents) and the analysis of nine original case studies in different nations.

Key Findings and Main Conclusions

Geographical Indications are not an easy panacea for the many difficulties of rural development. They are however, a unique and powerful tool that can potentially offer considerable benefits - particularly in developing nations - when well managed. The negative aspects associated with GIs are often the result of poor planning and inadequate governance structures.

On the positive side, for producer regions, GIs convey unique characteristics that allow products to distinguish themselves and escape the commodity trap of undifferentiated products trading primarily on the basis of price. The unique aspects that emerge from a particular *terroir*, along with the associated traditional methods of production and processing, can offer a valuable competitive advantage that is difficult to erode in the market. The institutional structures or agreements inherent in many GIs can also contribute to competitiveness by reducing transaction costs among supply chains and improving collective action among producers, processors, and traders.

GIs offer specific business development benefits since they can:

- Affect not only local producers but also entire supply chains
- Foster clustering and rural integration by promoting compatible products and services such as tourism at the regional level
- Offer improved market access and in some cases, increased incomes

GIs are often in alignment with emerging trade demands for quality, traceability, and food safety. They typically, though not always:

- Apply some credible standards
- Tend to be traceable
- Are sometimes renowned for their particular quality

GIs have developmental characteristics.

- Some GIs have demonstrated the generation of increased and better quality employment.
- For rural areas, GIs can provide part of the tangible structure for affirming and fostering the unique socio-cultural features of a particular place and the products or services it produces.
- Benefits may accrue to communities as GIs can reward the holders of indigenous knowledge or traditional and artisanal skills as valued forms of cultural expression.

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- GIs – if well managed - may also provide a measure of protection for the intellectual or cultural property of a particular group or place.
- Since GIs intrinsically emphasize the local, they can also serve to value the land and its particular agro-ecological characteristics that are the source of a product's unique character.

In these many ways GIs can serve as useful conceptual frameworks to drive an integrated form of rural development that includes more than economic considerations.

But there are notable difficulties with GIs as well. GIs are not a viable option in many areas whose products or output lack distinguishing characteristics. It is quite possible that low-quality or the poorest producers may not benefit at all. Without adequate governance structures, the economic benefits of GIs are not necessarily spread across the supply chain and dominant parties will take a large share of the benefits. In some cases, countries squander limited resources to establish inappropriate GIs that can have considerable costs while many do not achieve their potential. Furthermore, success on a large scale is often measured in decades and requires patient application and sustained commitment of resources.

Four components that have emerged from the case studies and literature review as being essential considerations for any successful GI:

1. *Strong Organizational and Institutional Structures* to maintain, market, and monitor the GI.
The complex process of identifying and fairly demarcating a GI, organizing existing practices and standards, and establishing a plan to protect and market the GI requires building local institutions and management structures having a long-term commitment to participatory methods of cooperation.
2. *Equitable Participation* among the producers and enterprises in a GI region
Equitable is here defined as the participating residents of a GI region sharing not only costs and benefits but also the control and decisions about their public assets. Since benefits of GIs diminish when they are captured by a few elites, issues of equitable participation among the producers, enterprises, and regulators in a GI region are critical to consider, though not easy to accomplish.
3. *Strong Market Partners* committed to promote and commercialize over the long term.
Many of the GI market successes are the result of a long-standing popular product and long-term and consistent promotion and commercialization by strong market partners dedicated to developing the GI as a brand.
4. *Effective Legal Protection* including a strong domestic GI system.
In addition to the initial establishment costs, many successful GIs report considerable expenses to defend them. These expenses cover the ongoing monitoring and enforcement in relevant markets to reduce the likelihood of fraud that compromises the reputation and, in some cases, the validity of legal protection overseas.

Though much of the available evidence is positive, overall, our review of the many published and unpublished studies on the topic makes clear that we still know little of the experiences with GIs in the more than 100 developing countries where the scope for their development is considerable. This is particularly true for the various forms of Intellectual Property protection that are available – each legal choice having distinct pros and cons. If indeed, nations are to avoid the difficulties and reap some of the many types of benefits that accrue to existing GIs, then we will need an even better understanding of how GIs work and do not work.

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