

Session 2.2: Positive impacts of Geographical Indication strategy

Overview

In this session participants will learn about the impacts of implementing a GI strategy for OLPs. The first part of the session covers a recap the potential value of OLPs for producer groups and the importance of implementing a strategy for their protection and commercialisation using relevant IP tools. The focus will be on developing the business strategy using Geographical Indications, however, individual trade marks, certification marks and collective marks will also be covered. Geographical Indications and sustainability will also be covered.

Several case studies and scenarios will be used to reinforce the learning experience. Learning exercises will be used throughout the session to allow participants to apply the knowledge transferred during each section.

Session learning objectives

This session has as its key objectives:

- To enhance the knowledge base participants as it relates to **how GIs can contribute to local, rural and economic development, and environmental sustainability**
- For participants to understand the different types of **IP tools which can be used by producer groups to increase the competitiveness** of their OLP
- To increase understanding of the **positive impacts of GIs and benefits for stakeholders** as well as the risks for not implementing a system to protect and promote their OLP

Session learning outcomes

By the end of the session participants will be able to:

- Explain why it is important for producers to **implement a strategy for their OLP** which uses IP tools
- **Distinguish between the different types of IP tools suitable** for integrating in an OLP business strategy
- **Be able to select an appropriate IP tool for their OLP**
- Discuss the **importance of collective action** among OLP producer groups and the benefits of such action
- **Discuss the impacts of implementing a GI system for their OLP** and the risks for not implementing such as system

Part 1: Positive impact of Geographical Indications - Introduction

It is important to note that implementing an OLP business strategy using Geographical Indications (or other IP tools) will not solve all the problems a producers group may face nor will

it open all possible markets. This is primarily because the success of any business is reliant on economic and market forces.

There must be a need identified by the value chain stakeholders; there must also be **market demand** for the product, **consumers must be aware** of the OLP and its unique **characteristics / quality and reputation** and be willing to purchase the product. The reputation the product gains is due to its **visibility in the market**. There is need therefore for **logos and other images representing the GI** on packaging. Another consideration is the incorporation of **social and environmental considerations** in production, processing and marketing of the OLP.



A key factor to recall about the practical application of GIs in a business model for OLPs is that they are based on a collective approach, the identification and implementation of a GI management strategy, legal protection and on marketing and communication. Geographical Indication protection, as with other types of IPRs, establishes ownership of the right and allows for fighting against fraud, abuses, counterfeiting, etc. and are essential in existing and new markets.

Part 2: Positive impact of a Geographical Indication strategy

The implementation of a GIs strategy by OLP producer groups can have several positive impacts for the producers, the community, consumers and the market in general. These include:

- They **allow for producers to differentiate their product** on the market and to integrate into their product commercial strategy
- New emerging global **trend focuses on sustainability** of production practices **which can be addressed in the product specifications** and can address some technical, social and environmental issues
- The strategy can **promote more trade in the geographical area** and enhance the competitiveness of small producers/SMEs and other entrepreneurs along the value chain
- Consumers can be assured of the specific quality and origin of the OLP because of **traceability elements** which forms part of the GI system
- Using Geographical Indications must be seen as a **quality approach for the OLP** and for its value chain
- Within a trade context, any approach using GIs can **facilitate market access** at national, regional or international levels

- Most importantly, such systems allow for the **preservation of a common cultural heritage** as the know-how associated with the production and processing practices of the OLP are used by the producers
- Geographical Indications also have a **positive impact on local development** and rural development as they allow for the valorisation of OLP and intangible elements of territorial development
- In terms of economic development within the geographical area, a **GI strategy for OLPs can be integrated into overall national development goals** to benefit local communities
- Geographical Indications can also **facilitate the promotion and protection of national agricultural, or craft/artisan heritage**, while preserving cultural traditions
- They can also **promote biodiversity**, depending on the type of product and the geographical area
- There can be **positive spinoff impacts** of Geographical Indications such as **tourism or regional branding**

Case example of **positive impacts**

GI Piment d'Espelette

In the case of Piment d'Espelette, the Espelette sweet chili is recognised in France under this specific GI. As a direct result of the producers using a GI for their products there are numerous producers, including young ones, who want to produce this product. This increased interest in production of the chili has been that agricultural activity is maintained in the designated geographical territory. There is also the positive impact of reinforcing the link between the people, the heritage and the product. Because the link extends to tangible elements in addition to the product, the buildings in the village also reflect some elements of the chili, a tourism element has also developed.



Jamaican Jerk

Jerk is a special sauce originating from Jamaica. Because of its significant cultural importance to Jamaicans, there is a special Festival promoting this product in Jamaica and internationally especially in New York.

Cafe de Valdesia

Café de Valdesia is a coffee from Santo Domingo which is produced from Arabica coffee varieties, in a defined planting area called Valdesia. This coffee is harvested throughout the year but mostly between November and May and it provides jobs, income and secures the livelihood of



thousands of families inside this mountainous area. Depending on the roasting level of the coffee beans, you have three types of quality coffee of Cafe de Valdesia: Medium, medium-dark and dark, each with different organoleptic properties. The coffee is mainly exported to the United States, Canada and the European Union. This GI was registered in 2010 and was the first GI registered in Dominican Republic. In 2016, it was registered in the EU.

Benefits of GIs to stakeholders

Producers can benefit from **economies of scale in terms of registration costs, advertising campaign or enforcement costs.**

There are **direct benefits to value chain stakeholders (producers, traders etc.) who cooperate in terms of building and maintaining a good reputation of the product.**

Additionally, GIs can become a **powerful tool for local development** and harmonisation of product services and the enhancement of product quality and traceability.

GI collective approaches

As discussed in previous sessions the GI tool can be used to **protect OLPs, producers and the name associated with the product**; they can also be used as a **tool for collective branding** and marketing of OLPs and **communicating relevant information on the product to consumers.**

Impact in the market

The Geographical Indication designation will help the OLP **stand out in the marketplace** as distinct from other products produced outside the geographical area. To benefit from the GI designation, producers must be willing and have the capacity to effectively use the official graphic representation, the GI (logo) or words associated with the GI in a branding and marketing campaign to identify the OLP on the market and to guarantee the quality and origin.

Learning exercise

Question 1: What are some key elements to consider when integrating a GI strategy in your business plan for an OLP? How can the value and quality of OLPs be recognised?



Answer: The value chain stakeholders must work together in order to maintain the product on the market. GIs allow producers to use a collective approach and collective strategy.

Producers must recognise that the OLP is specific and has a high quality due to certain unique conditions which exist in the production area and these assets deserve to be recognised and appreciated by consumers. Geographical Indications allow for the development of differentiated products on the markets, based on the origin and based on the traceability.

Question 2: Potential exporters do not want to trade my product because of the lack of traceability. What can I do?

Answer: The GI system integrates a quality scheme approach, therefore, they provide a guarantee to exporters and consumers on the traceability of the product.

Part 3: Sustainability of Geographical Indications

Geographical Indications can also be considered to have a sustainability element as part of the system. In terms of trade, it is part of the international IP system of the WTO TRIPS agreement which allow for the protection of intangible assets. It can result in the sustainable utilisation and conservation of biodiversity and it has the social and cultural elements which are taken into consideration when developing a GI protection and management system.

An example from the EU – **Some statistics**

The study on the economic value of EU quality schemes, Geographical Indications and traditional specialties guaranteed (GI & TSG), made by the European Commission in 2019 provides an understanding of the economic impact of implementing GI schemes for OLPs.

- Agro-food and drink products whose name are **protected by the EU as Geographical Indications represent a sales value of 74.76 billion Euros**
- The **sales value** of a product **with a protected GI name** is on average **double** that for similar products without a certification
- There is a **clear economic benefit for producers**, in terms of marketing and increased sales, thanks to the high quality and reputation of these products, and the willingness of consumers to pay to get the authentic product.
- **GIs and TSG together accounted for an estimate sales value of 77.15 billion Euro in 2017.** Seven percent (7%) of the total sales value of the European food and drink sector is estimated at 1.100 billion euro in 2017.

GI impacts in the EU

- In terms of image and markets, **Geographical Indications serve as flagships for the traditional culinary heritage of regions** and as economic drivers for the national agri-food sector.
- The exports of GIs represent 15.5% of the total EU agri-food exports.
- Wines remain an important product in terms of the total sale value and extra EU trade

- The U.S., China and Singapore are the primary destination for EU GI products, accounting for half of the export value of the GI products.

Impact in Trinidad and Tobago

The case study Trinidad Monserrat Hills cocoa

- This cocoa comes from Trinidad and Tobago and was registered as Geographical Indication in the country in 2017
- As a direct result of this registration, producers have been able to obtain a premium price on the local market
- The demand from the international buyers increased by 100% because of the quality guarantee of the product. This information is provided in the specifications, branding and marketing information communicated by the producer group
- They guarantee buyers will find flavour and quality, which gives producers a greater leverage when negotiating and making them more competitive.
- In terms of results, there are real positive results of this Geographical Indication because this product has specific guarantees.

Example of GIs and sustainability in practice - Laguiole village

This village exists in a remote area in the middle of France where access to the village is difficult. However, there are plenty of specific quality products such as the Laguiole cheese, the Aligot, which is the type of puree where fresh cheese is an ingredient. There is also a specific breed of cows, "Aubrac", which is very known for its unique organoleptic quality. Lastly, there are the knives which are specific to the region and have a reputation for quality among consumers. All of these quality products are produced within this region and as a consequence there is no rural exodus as the people have stayed in this territory and today this territory is very attractive. There is a thriving tourism sector where tourists come to visit the village and consume the products produced there. This is an example of how assets of a region can create economic value using GIs.

To maintain these positive elements, it is important to have a system to protect these assets and to defend them against infringers. To achieve this, producers must develop and implement a plan to communicate these values to consumers and to keep the producer group active and strong.

Considerations for the **future**

- The producer group must be committed to maintain the GI system and business strategy developed
- The positive impacts must be communicated at all levels
- Producers must implement an effective branding strategy using the most useful IP tool(s) to ensure their products which carry the GI logo stand out amongst competitors in the market. This can be achieved through the use of individual trade marks; certification or collective marks; as well as those used for the GI.

Learning exercise

Question: What type of positive impacts can a Geographical Indication have? Discuss from the perspective of the impacts on the product, on the market on the prices and on the territory



Answer:

Product: it will allow for the protection of the product, its name and for enhancing product quality and traceability.

Markets: it will allow for a better market access because of the guarantees of the product through a documented control system. It will also open export possibilities.

Prices: Geographical Indications can potentially maintain or increase prices.

The territory: Geographical Indications will protect the rural landscapes, and facilitate biodiversity conservation, maintain some know-how and cultural aspects, promote other products within the territory and can facilitate the development of the tourism sector in the region.