Workshop on the protection and promotion of Geographical Indications (GI)

GIs contribution to economic growth and rural development
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Agenda

• Conceptual Framework
  • Sustainability, Rural development and GIs
  • The quality dimensions of GIs
  • The territorial dimension of GIs
  • The role of the value chain for GIs
  • Interactions between territory and VC
  • Implication for GIs sustainability

• Policy recommendations for sustainable GIs
Sustainability, rural development and GIs

**Sustainability**: “... Such sustainable development (in the agriculture, forestry and fisheries sectors) conserves land, water, plant and animal genetic resources, is **environmentally non-degrading**, **technically appropriate**, **economically viable and socially acceptable**” (FAO Council, 1989).

Regulation (EU) No 1151/2012 of The European Parliament and of the Council on quality schemes for agricultural products and foodstuffs

Art. 1. “... The measures set out in this Regulation are intended to support agricultural and processing activities and the farming systems associated with high quality products, **thereby contributing to the achievement of rural development policy objectives**”.

The assumption is that GIs, contribute to a sustainable Rural Development thanks to their positive impacts on rural areas in terms of environmental, economic and social effects...**but the outcome is a challenge...**
Sustainability rural development and GIs

GIs more than others foodstuff are dealing with:

✓ the concept of quality and its perception by the consumer;
✓ the rural areas and the characteristics of the production system in its ability to provide unique characteristics, to qualify and manage food production;
✓ the food value chain, in its ability to deliver value added to producers.
The quality dimensions of GIs

The value of quality is due to the characteristics of the actors in the supply chain, how they relate to consumers, the production rules and the manner in which the rules are defined.

Quality becomes a dynamic concept related to the cultural characteristics of the users of the products offered by the chain with a GI recognition, in individual production environments.
The rural dimension of GIs

The *rural areas* are

✓ the place of *production* whose specific environmental and socio-economic characteristics (micro-climate and local varieties) are capable of determining the qualitative characteristics of the products;

✓ the place that, according to the *presence of institutions* and methods of interaction between the agents, *facilitates the provision of the product*, lowers *transaction costs* and contributes to the creation of the *reputation* of the product;

✓ the place of *consumption* (for SFSC-GIs) and the *reputation* origin;

✓ the place where different *supply chain management* arrangements generate environmental, social and economic impacts;

✓ the place where the *impacts emerge* and are measured.
The role of the value chain for GIs

• Value chains combine the technological functions of the supply chain in a more economic and managerial function;

• Chains are regarded as a tool for managing production, useful to create appropriate product quality and develop marketing strategies aimed at creating value for all the actors in the chain;

• GIs are not an exception!!!

• A dominant model of GI-value chain does not exist but - rather - several typologies of GI-value chains emerge, according to the combination of their structural and management features and their interplay with the production system;

• Thus there are relevant implications in term of Rural Development
The role of the value chain for GIs

Factors influencing the effectiveness of a value chain and Rural Development process

- the evolution and the upgrading of the supply chain
- the degree of openness to trade
- the level and evolution of market demand
- the evolution of the quality attributes
- the governance model
- the presence of internal and external institutions
- the extent of information asymmetry
- the incidence of transaction costs

Organisation

+ (Local) Institutions

Rural policies and Value chain effectiveness
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Interactions between territory and VC

Value Chain

Local market → Domestic market → Global market → Market destination → Local agri-food system – rural areas

Local to Local
Local to Domestic
Local to Global
Implications for GIs and rural areas sustainability

Marketing VS Virtuous quality circle approach
Policy recommendations for sustainable GIs in sustainable rural areas

✓ Include sustainability principles in the code of practice
✓ Strengthen value chain management via collective actions (Producers Association, Inter-branch Organization);
✓ Support diversification of the rural economy;
✓ Reduce asymmetry of information and promote GIs intrinsic and extrinsic characteristics;
✓ Generate public goods but also internalize the value of positive externalities;
✓ Strengthen links between research, stakeholders and extensions services;
✓ Incentivize food policy by promoting PSFP and SFSC-Gis strategies;
✓ Let the market play a fair role, avoiding unfair competition, reducing certification costs and providing resources for satisfying willingness to pay for sustainable GIs.
Thank you.

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