

# DO GEOGRAPHICAL INDICATIONS PROMOTE SUSTAINABLE RURAL DEVELOPMENT?

Two UK case studies and implications for New Zealand rural development  
policy



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by

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Abstract of thesis submitted in partial fulfilment of the requirements for the Degree of M.N.R.M.& E.E.

## **Do Geographical Indications Promote Sustainable Rural Development?**

**-Two UK case studies and implications for New Zealand rural development policy**

By R. M. Williams

Geographical indications (GIs) are one form of protective labelling used to indicate the origin of food and alcohol products. The role of protected geographical indicators as a promising sustainable rural development tool is the basis for this research. The protection of geographical indications is a rather controversial subject and much research is still required for both sides of the debate. The research method employed for this study is qualitative critical social science. Two Case studies are used to investigate the benefits brought to rural areas through the protection of GIs. The case studies include the GIs Jersey Royal and Welsh Lamb both from the United Kingdom a member of the European Union (the EU is in favour of extended protection of GIs for all agro-food products under the 1994 WTO/TRIPS agreement on geographical indications). Twenty-five indepth interviews were conducted for this study the duration of the interviews was approximately one hour. The study identifies predominantly indirect links between GIs and sustainable rural development, through economic and social benefits bought to rural areas by the GIs investigated - less of a connection was found to ecological elements. No considerable cost for GI protection was discovered. This finding suggests that GIs are worthwhile for implementation in New Zealand as a rural development tool.

**Keywords:**

Geographical Indication, Protected Designation of Origin, Protected Geographical Indication, Sustainable Rural Development, Label of Origin, Welsh Lamb, Jersey Royal Potato, agro-food products, Trade-Related Aspects of Intellectual Property Rights.

**Abbreviations:**

AERU	Agribusiness & Economics Research Unit
AOC	Appellation d'Origine Contrôlée
BSE	Bovine Spongiform Encephalopathy
DEFRA	Department for Environment Food & Rural Affairs
EC	European Commission
EU	European Union
FAWL	Farm Assured Welsh Lamb
FMD	Foot and Mouth Disease
GDAP	Geographically Differentiated Agricultural Products
GI	Geographical Indication
HCC	Hybu Cig Cymru- (Meat Promotion Wales)
JRPML	Jersey Royal Potato Marketing Limited
MAFF	Ministry of Agriculture Fisheries & Food
NaRMEE	Natural Resource Management & Environmental Engineering
NZ	New Zealand
OLP	Origin Labelled Products
PDO	Protected Designation of Origin
PGI	Protected Geographical Indication
SFDP	Specialty Food and Drink Product
SRD	Sustainable Rural Development
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UK	United Kingdom
US	United States of America
WTO	World Trade Organisation

*In wilderness I sense the miracle of life, and behind it our  
scientific accomplishments fade to trivia. ~Charles A. Lindbergh*

***I dedicate this work to my family Mum, Dad, Sarah,  
Jeremy and Timothy the people that have taught me the  
most.***

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# INTRODUCTION

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“The whole is equal to more than the sum of its parts” rings true in the minds of a growing number of consumers of food and wine products. This is indicated by the increasing consumer demand for products carrying a label of origin (Marsden et al., 2000; Murdoch et al 2000; Van der Ploeg and Renting, 2000). Consider Welsh Lamb. Welsh Lamb attracts a premium over regular cuts of lamb normally found in your Turkish Kebab or supermarket shelf. This is because before it comes to your plate the lamb has spent its life outside grazing on vast lush green pastures breathing fresh Welsh air. When you eat a piece of Welsh Lamb you get a taste of Wales. In acknowledgement of this value added product the Welsh have placed a geographical indication on Welsh Lamb to protect and market this inherent value.

Geographical indications are one type of label of origin others include Swiss Labeled Products, Organics, Mountain Quality Products etc. The World Trade Organization’s (WTO) 1994 Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) defines geographic indications (GIs) as “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 geographic origin.”(1994 TRIPS Agreement, article 22.1)

The subject of GIs is rather contentious, involving a significant split in views on the WTO/TRIPS agreement protecting GIs; protection is currently limited to GIs for wine and spirits. The European Union, India, Thailand, Kenya, Switzerland and Turkey wish to extend Article 23 WTO/TRIPS to protect all GI products. These nations also wish this extension to involve the establishment of a legally binding multilateral register for GI products (GAIN Report E23165; 2003, Josephberg et al, 2003). Australia, Canada, Guatemala, New Zealand, Paraguay, Philippines and United States do not support this extension (Josephberg et al, 2003).

This thesis does not focus on this contention; instead it investigates the links between the protection of GIs and sustainable rural development with the objective to supply fresh information to this debate.

It is generally agreed that GIs promote sustainable rural development because they:

- Help producers obtain premium prices for their products whilst guaranteeing safety and quality to consumers.
- Improve redistribution of the added value to the actors (producers, processors etc) throughout the production chain.
- Bring added value to the region of origin.
- Increase production, create local jobs and prevent rural exodus
- Preserve landscapes, traditional knowledge and biodiversity

(Babcock & Clemens, 2004; Barham, 2002; O'Connor and company, 2005; Rangnekar, 2004).

Relevant literature and documentation are reviewed below to further investigate these and other links between geographical indications and sustainable rural development. Prior to this a background section provides information on what a geographical indication is, the studies interpretation of sustainable rural development, and the current EU and New Zealand legislation protecting geographical indications.

The literature review aims to be concise and mindful of the objectives of the study, without being perceived as too narrow. The literature review therefore is largely based around linking GIs to sustainable rural development and vice versa. The literature review begins with a broad view such as what theories support the assumption that sustainable development relies on more than economic factors and where GIs fit into the big picture of value added products and then narrows to the specific, for example how GIs are linked to SRD and why the protection of GIs is a contentious issue.

Thereafter the study investigates two GI case studies Welsh Lamb and Jersey Royal Potato by way of indepth interviews with stakeholders to bring new information to the table in order to scrutinize the hypothesis that GIs do promote sustainable rural development. A qualitative critical social science research method is employed to investigate these case studies.

The Discussion and Conclusion draw on the results obtained in the two case studies together with findings from the literature review.

# OBJECTIVES

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## **b) Research Question**

Can geographic indications promote sustainable rural development?

## **c) Aims**

i) To provide reason for the protection of geographical indications as a policy tool for sustainable rural development.

ii) To gather information to help New Zealand decide whether or not the protection of geographical indications is a good rural development policy.

## **d) Objectives**

The main objective of the proposed thesis is to show that geographic indications have a role in promoting sustainable rural development.

Other objectives include:

- 1) To identify and support with evidence specific ways in which GIs promote sustainable rural development.
- 2) To outline the regulations pertaining to GIs and their link to the success of GIs as a tool for sustainable rural development.
- 3) To identify the perceived barriers toward extending the protection of GIs.

# HYPOTHESES

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1. Geographical indications have a role in promoting sustainable rural development (*main hypothesis*)
2. That geographical indications have a relevance to social, economic and ecological factors of rural development
3. That there are both benefits and costs involved with the protection of geographical indications.
4. That the success of geographical indications as a rural development tool has specific implications to place.

Specific objectives to explore these hypotheses and to fulfill the aims of the research are:

## **Economic:**

1. To show that GIs add economic value to agro food products
2. To show that GIs are linked to innovation and entrepreneurship
3. To show that GIs are a valuable marketing tool

## **Social:**

4. To show that GIs encourage social networks and collaboration amongst stakeholders
5. To show that GIs are linked to maintaining traditional knowledge
6. To show that GIs are linked to sustainable employment and the slowing of rural exodus

## **Ecological:**

7. To show that GIs are linked to biodiversity
8. To show that GIs are linked to environmental standards
9. To show that GIs encourage ecologically sustainable production methods

## **Costs:**

10. To identify economic, social and environmental costs associated with GI protection.

\* Equal emphasis has been put on each of these factors because none can be assumed to be more significant than the others.

# **BACKGROUND**

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## **What is Sustainable Rural Development?**

There are many definitions for sustainable rural development (SRD) differing both across time and nations (Arfini et al 2003). In the context of this study, sustainable rural development is not merely the long-term economic viability of rural areas but rather an enduring balance of economic growth, social stability and environmental protection within localised areas. Therefore indicators pertaining to sustainable rural development in this study encompass economic, social and environmental elements.

This study focuses on sustainable rural development as related to agricultural products. That is, do the production, processing and market for GI products promote sustainable rural development? The study will, where feasible, consider factors pertaining to sustainability throughout the whole lifecycle of the product.

## **What is a Geographical Indication?**

Geographical Indications are a label of origin used to protect and identify goods that originate from a specific geographical location and possess a reputation, hallmark or quality that is endemic to that place of origin. The identified geographical location can be a region or a whole country (Council Regulation (EEC) No.2081/92, Official Journal L208, 1992).

The WTO/TRIPS Agreement defines geographical indications as “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” (Article 22.1, WTO 1994 Multilateral TRIPS Agreement).

## **International Protection of Geographical Indications**

Geographical Indications are protected on an international scale through the WTO 1994 Multilateral TRIPS Agreement. The WTO/TRIPS Agreement is based on three international treaties: Paris Convention for the Protection of Industrial Property; Lisbon Agreement for Appellations of Origin; and Madrid Agreement for the Repression of False and Deceptive Indications of Sources on Goods.

Article 22.1 of the 1994 WTO/TRIPS Agreement contains the definition of geographical indications, which is stated above.

Article 22.2 provides that interested parties must have preventative legal means to avoid the use of indications that mislead the public on the geographical origin of the good, eliminating the opportunity for unfair competition.

Article 22.3 ensures the refusal or invalidation of trademarks that use a geographical indication that misleads the public of the actual place of origin.

Article 23 specifies that legal means are required by interested parties to prohibit the use of labels of origin that identify or suggest that wines or spirits are not from the place of origin protected by the geographical indication.

Article 24 outlines exceptions to the protection of geographical indications. Most of these exceptions apply to wines and spirits, such as geographical indications cannot be protected for a term that is already a generic term used to describe the product (paragraph 6).

Although the 1994 WTO/TRIPS agreement outlines a common protection for geographical indications for its member's, the local protection of geographical indications is rather inconsistent across these member nations.

## UK Protection of GI's

In 1993 following the success of the French “Appellation d’origine contrôlée (AOC) the Europe Community put in place legislation (Council Regulation (EEC) No.2081/92, Official Journal L208, 1992) to protect regional and traditional foods. Council Regulation (EEC) No.510/2006 has recently replaced Regulation 2081/92 (Official Journal L93/12, 2006).

Geographical Indications in Europe are labeled either *protected designation of origin* (PDO) or *protected geographical indication* (PGI). A PDO is for specialty food and drink products (SFDP) that are produced, processed *and* prepared using unique techniques from a given geographical area, where the quality and hallmarks of the product are attributed exclusively to that region. A PGI is for SFDPs that are produced, processed *or* prepared within a specific region, and have a reputation, qualities or characteristics attributable to that area. The significant difference between a PDO and a PGI is that all stages of production, processing and preparation must occur within the specified geographical region for a PDO and only one of these stages is required within the specified region for a PGI.

PDOs and PGIs have an official Commission logo as seen below:



PDO or PGI status requires application to the European Commission by which a number of conditions and standards are attached. The producers must use names that reflect a specific area; specify methods employed in production and provide historical evidence linking the good to a specific location; and have the good inspected to ensure quality requirements are met.



## **New Zealand Protection of GIs**

New Zealand has recently passed a new Act to protect wine and spirit GIs. The Geographical Indications (Wine and Spirits) Registration Act 2006 has repealed and replaced the 1994 GI Act that was never brought into play.

Previously New Zealand's obligation under the 1994 WTO/TRIPS Agreement was protected through Trade Marks, the Fair Trading Act 1986 and the common law tort of "passing off" (information on New Zealand legislation protecting geographical indications can be found at the following website, [http://www.med.govt.nz/templates/Page\\_\\_\\_\\_\\_1203.aspx#P4\\_282](http://www.med.govt.nz/templates/Page_____1203.aspx#P4_282) (Sept 2007). These mechanisms are still currently employed for the protection of agro-food products (non wine and spirit GIs).

An interesting element of non-wine and spirit GIs as they are currently protected in New Zealand is that they can be delocalised. This ability for geographical indications to be delocalised distinguishes Trade Mark protection from legislation adopted by the EU (Barham, 2003). Geographical Indications represent a type of collective property (Barham, 2003), however under Trade Marks protection, GIs do not need to be collective. Furthermore, Trade Mark protection cannot attach uniform conditions and standards to gaining GI status as does the European protection of GIs. The different regulations adopted by different countries to protect GIs may have an impact on the potential competitiveness of GI status.

# LITERATURE REVIEW

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The literature review focuses on four main themes, that:

1. Sustainable rural development consists of more than economic factors alone and this assumption can be supported by a number of integrated theories and models.
2. The topic of GIs is politically contentious and has implications to place, regions that are geared toward homogeneity of produce may not benefit from GIs, whereas regions that offer diversity (such as climate, landscapes, cultural practices, unique native species etc) can benefit from GIs.
3. GIs provide numerous benefits to rural development spanning economic, ecological and social attributes.
4. The success of GIs as a tool for sustainable rural development relies on a number of criterion.

The literature review begins with a broad approach to the Research Question by outlining a number of theories and models that support the assumption that sustainable development relies on multiple criteria spanning social, ecological and economic attributes. Maintaining this broad approach the literature review follows on to cover sustainable development with a “rural” focus (because not all rural development is “sustainable”), the political contention of GI protection and its implication to place and where GIs fit amongst other value added labels.

The literature review then narrows to specifically identify the benefits GIs bring to sustainable rural development and what factors may contribute to the success of GIs as a sustainable rural development tool.

## **1.0 Integrated theories and models that link geographical indications to sustainable development.**

There appears to be a lack of general models and theories that can describe and interpret the link between geographical indications (GIs) and rural development (Arfini et al, 2003). This is partly because there is no sole concept of what is meant by rural development. Therefore any analysis of this link needs to be based on multiple criteria. This study will use an integrative theory approach to link Geographical Indications to Sustainable Rural Development. These theories and models include endogenous development, conventions theory, cultural economy, and the embeddedness concept which all fall under the umbrella of sustainable development (see fig 1 below for a summary of these theories and models). These theories and models have been chosen because they have been formerly linked to value added products in relevant literature. (Barham, 2003; Marescotti, 2000; Penker 2006; Sylvander et al, 2000).

Common to all of these models and theories is the need of the market to consider more than merely economic factors to be sustainable. The true costs of many commodity products are not covered by current market mechanisms, such as their social and environmental costs; economists term this cost an externality. The true cost of GIs and other value added products are maybe more closely accounted for (because they add social and ecological value) and are therefore potentially more sustainable in the long term.

### **Sustainable Development:**

Sustainable Development is a relatively new approach to development, which considers more than just the traditional economic view. Attention was first drawn to Sustainable Development in the 1987 Brundtland Report. In the 1987 Brundtland Report, sustainable development was defined as: “[d]evelopment which meets the needs of the present generation without compromising the ability of future

generations to meet their own needs”. This is the most widely used definition of sustainable development.

Unfortunately Sustainable Development is a very broad concept and has many interpretations and definitions. Ideally sustainable development is a holistic view that sees humankind and the environment not as separate entities, but as part of an interdependent and interconnected web of life (Grundy, 1993). Sustainable development is multidimensional and is comprised of 3 elements ecological, social and economic sustainability. Therefore for rural development to be sustainable we must look beyond merely economic development criteria and the largely economic focus of the market. This requirement should be particularly obvious when the environment is the source of our required resources, such as in the case of agriculture.

The sustainable development model makes the assumption that it is necessary to maintain resources for future generations. Furthermore the sustainable development model does not trust in the economic market alone to adequately protect social and ecological resources. The models and theories listed below fit under the umbrella of sustainable development (summarized in figure 2 below).

### **Conventions Theory:**

Conventions theory appears to be the most common theory linked to the role of GIs (Barham, 2003; Marescotti, 2000; Sylvander et al, 2000). Conventions theory consists of a set of worldviews (or “conventions”). Conventions are ways of coordinating commodity networks through; norms and value; standards and uniformity; rules and institutions to apply and enforce those standards. Boltanski and Th evenot (1991) developed six conventions: the world of inspiration, the domestic world, the world of opinion, the civic world, the market world and the industrial world. Each convention considers different capitals to formulate and maintain a path of action. These capitals include Social Capital, Human Capital, Cultural Capital, Natural Capital, Political Capital, Financial Capital and Built Capital.

Marescotti (2000 p 116) concludes that because *market* logic does not account for the valuation of typical products by the consumer, “the most appropriate quality convention for typical products seems to be the result of a compromise between

*domestic* and *civic* logic. The coordination mechanisms used by actors involved in “typical’ agro-food products is also evidence of the importance of the domestic and civic worlds” (Marescotti, 2000).

Conventions theory can illustrate that the use of “typical” agro-food products such as geographical indications represents a step toward ethically and spatially situated alternative economies. The conventions theory therefore extends further than current neo-liberal economic thought, which focuses singularly on the market world (Barham, 2003). Conventions theory does not exclude market logic, but requires that it forms a part of other ways of viewing the world that constrain it within social, historical and ecological limits (Barham, 2003). Conventions theory can demonstrate how social constraints are placed on the market to re-embed it in non-market concerns (Wilkinson, 1997). Conventions theory therefore draws on the implication of a multitude of factors, such as social and ecological rather than simply market factors.

### **Culture Economy:**

Culture Economy is an attempt by actors to localise economic control (Ray, 1998). The idea of a Culture Economy focuses on the production side: the territory, its cultural systems and the network of actors that construct a set of resources to be used in the best interest of the local community. GIs can be linked to the Culture Economy as they also focus on the “territory” and “local actors” as GIs are embedded in the local region they stem from.

The Culture Economy system also recognises exogenous or extralocal actors. The exogenous actors in the culture economy are the consumers. The recognition of consumers and their values are key to the success of GIs, if there is no consumer interest for value added products then there is little purpose for GIs.

The culture economy views the market in a similar way to conventions theory and the embeddedness concept. Illustrating that the free market does not account for consumer wishes for non co-modified attributes (Ray, 1998). In other words the culture theory recognises that there is a desire amongst consumers for value added products such as products that are linked to place (GIs), however the free market does

not account for this desire because it does not allow for the protection of these products.

The culture economy is a decentralised system that draws on local knowledge and local resources for production processes, this ensures sustainability because the local community is more likely to use their own local resources in a sustainable manner, as compared to a centralised system of control.

**Embeddedness Concept:**

Karl Polanyi (1957) the key creator of embeddedness concept theorises that free market capitalism must be subject to social and environmental constraints if it is not to destroy the basis of the economy itself.

Marx, Allen and Kovach (2000) consider similar views to Polanyi, in recognising the relationship between producers and nature, a relationship they say is hidden if food is only considered at its face value as a co modified object. Raynolds and Murray (1998) and Murray and Raynolds (2000), also stress the importance of the social and environmental relations on which the economy depends. Quality labelling such as geographical indications attempt to reconnect consumers to non-market values (Barham, 2003). GIs connect consumers to non-market values such as value of place, value of tradition, value of production methods and value of diversity. Through this connection to non-market values GIs are recognising the value of the relationship between the product the producers and nature.

Sustainable Development, Conventions theory, Culture Economy and the Embeddedness concept all provide reason for the protection of geographical indications in the market place. These theories all agree that there is need in the market for products to contain not only observable ingredients and quality but also added “value”, such as value of place that reflects the value of the community and systems involved in the process. This market provides incentive for producers to invest added value into their products, such as nature conservation, environmental issues, human health and food safety, traditional methods, utopia of the simple life etc.

If the market doesn't support added value products then there will be an absence of incentive for producers to maintain social and ecological values, which are areas highly appreciated by society and consumers.

### **Endogenous Development Model:**

Endogenous development is a territorial approach to economic growth and structural change (Massey, 1984). Endogenous development encourages economic development firmly based on local resources, human and physical. (Ray 1998) This reformulation of development based on local specificity – local cultural resources are seen as the key to improving the social and economic well being of local rural areas. (Ray, 1998)

Endogenous development is a relatively new approach that focuses on a territorial process rather than a functional process. Endogenous development draws on the benefit of decentralized decision making by local actors rather than development policies that are carried out by central administrations (Vázquez- Barquero, 2006).

Aydalot (1985) breaks development processes down into three main characteristics. One of these key characteristics Aydalot calls “diversity” (“Diversity in techniques, in products, in tastes, in culture and in policies, which facilitate the opening up of various development paths for the different territories according to their own potential”). A central theme to Geographical Indications is that they promote the diversification of agro-food products.

The question lies not in whether the productive system of a locality or territory is formed by large or small firms, but rather in the organisation of the production system and its effects on behaviour of productivity and competitiveness (Vázquez- Barquero, 2006). In other words the sustainability of firms involved with GI products is not dependent on the size of the production operation but how they are organised.

The emergence and consolidation of local productive systems arose in areas in which the social and cultural systems are strongly rooted within the territory (Fuá, 1988; Putman, 1993). On the other hand, increased competition in the markets requires efficient responses and strategic cooperation of actors and local organizations, and as pointed out by Cooke (2002), the development of clusters in “knowledge-based”

economies, requires social capital (norms of reciprocity and trust) and collective learning. The protection of GIs is a collective property owned usually by the state, or region rather than an individual (c.f. trademarks), the collective ownership allows for social cohesion amongst actors.

Endogenous development is concerned not only with economic growth (quantitative transformation of economy and society), but also economic development, the qualitative transformation of the economy and society (Vázquez- Barquero, 2006). The endogenous model fits with GIs because they are locally embedded products, i.e. firmly based on local resources, both material and immaterial.

The protection of Geographical Indications is an example of the market placing value on more than just economic factors. A Geographical Indication is a differentiated product that is linked to the geography and culture of the place it is produced (i.e. natural and human factors). Consider the Jersey Royal Potato for example it is hand planted on steep slopes (cotils) on the island of Jersey. When a consumer purchases Jersey Royals some of the price they pay reflects the production method. Furthermore the Jersey Royal like other GIs is a differentiated product; a way in which GIs are differentiated is through their genetic makeup. Differentiated products may therefore lead to increased biodiversity, which is an ecological value. Geographical Indications are “value added products” measured on more than simply economics; because Geographical Indications are based on more than just financial criteria their place in the market and their production is more likely to be sustainable.



# Summary of Integrated Models and Theories and their Characteristics

<b>Sustainable Development</b>	
<b>Endogenous Development</b>	
Decentralised Control	
Territorial Approach	
Diversity in production technique	
Diversity in product	
Collective learning	
Local cultural and social resources rooted in territory	
Collective ownership	
<b>Conventions Theory</b>	
Coordination of commodity networks through common standards and values	
Rules and institutions to apply and enforce those standards	
Six conventions: world of inspiration/opinion, domestic/civic/market/industrial world	
Social constraints placed on the market	
<b>Embeddedness Concept</b>	
Social constraints	
Environmental constraints	
Relationship between producer/place of production and consumer	
<b>Culture Economy</b>	
Localized economic control	
Territorial based production	
Culture	
Best interest of local community	
Exogenous actors (consumers)	

Figure 1.0



**Integrated theories linking GIs to Sustainable Rural  
Development**

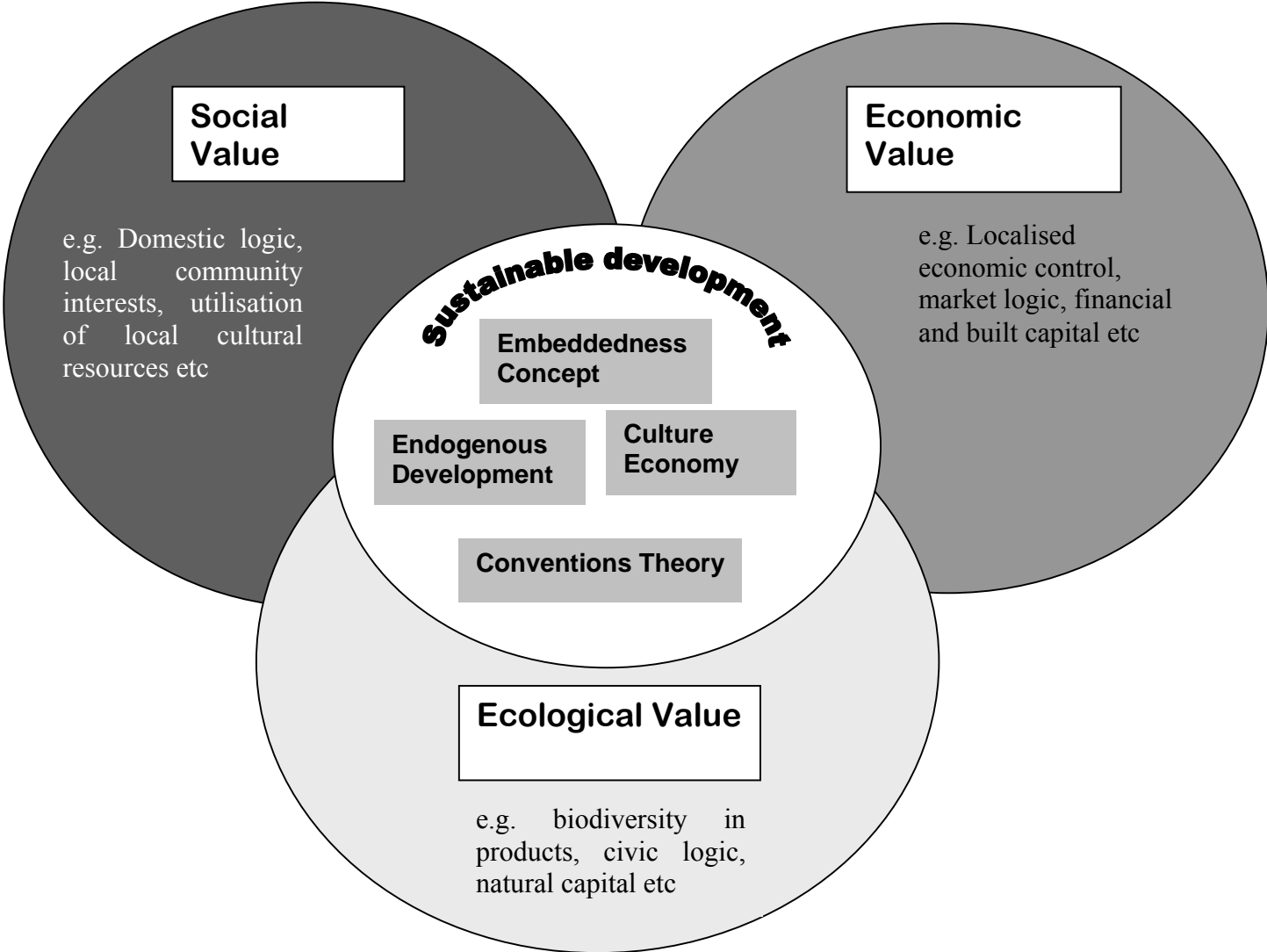


Figure 2.0



## **2.0 Rural Development**

Literature on rural development is very broad and variable, which is not a surprise considering each country has its own unique rural parameters and rural development policies. Furthermore not all rural development is sustainable. Some argue that the predominant European concept to promote rural development is however sustainable and draws on development that is endogenous (based on local resources and actors), integrated, and sustainable. (Pacciani, et al 2001). This approach to rural development is hoped to lead to an increased quality of life and rural resources for residents and visitors, promoting non-homologated (homologous meaning of similar make-up or value, not distinct or remarkable) agriculture (Buckwell, 1997). The European concept of sustainable rural development fits with the theories discussed above sustainable development, conventions theory, culture economy, embeddedness concept and the endogenous development model.

This concept of rural development appears less developed in other regions such as the United States, New Zealand and Australia; maybe because the predominant agricultural practices are more conventional and homologated in these countries than Europe. In Europe rural is understood as more than just agriculture; it is linked to traditions of cultivation, life styles, diverging cultures and landscapes; furthermore the latter forms the basis for the tourism and recreation sector that is of crucial economic importance to many European countries.

Another possible explanation is that rural development may not be as central to mainstream policy in these countries as it is in Europe. Even if rural development is a central policy there has been no push by these governments to promote small-scale artisan and localised production (Caenegem, 2004). Lence et al, 2006 suggests that the US has gone about as far as they can in an innovative sense, for developing differentiated products, due to legislative constraints. Indicating that legislation in the US does not promote differentiated (non-homologated) products.

The protection of geographical indications is in direct accord with promoting the European policy on rural development (O'Connor and Company, 2005; Pacciani et al,

2001). In the introduction of the EU Council Regulation, 510/2006 (governing GIs) we can read, *“The diversification of agricultural production should be encouraged so as to achieve a better balance between supply and demand on the markets. The promotion of products having certain characteristics can be of considerable benefit to the rural economy, particularly in less favoured or remote areas, by improving the incomes of farmers and by retaining the rural population in these areas”* (Official Journal L93/12, 2006).

In the UK the Department of Environment Food and Rural Affairs (DEFRA) are responsible for informing and assisting potential producers to apply for GI status, in order to promote rural development, evincing the UK policy backing of GIs in rural development (Ilbery and Kneafsey, 2000).

### **3.0 Political confusion over GIs**

The political view toward GIs is contentious to say the least; many of the arguments against GIs appear to be politically driven and made in the absence of clear facts (lack of research) on who actually benefits from GIs in economic, social and ecological regards. This reinforces the importance of research on the benefits of GIs and their links to sustainable rural development, particularly in a time when agriculture and rural development is waning.

#### **a) The perceived barriers toward extending the protection of GIs to include all food products.**

A group of seven countries (Canada, Australia, New Zealand, USA, Guatemala, Paraguay and the Philippines) are in opposition to an extension of the TRIPS Agreement and believe that the Agreement provides sufficient protection as it currently stands (Josephberg et al, 2003; Implications of Article 23 extension).

These seven countries in their reasoning against GI protection of all food products point out that a cost would be incurred, such as administrative along with costs to consumers and producers (Josephberg et al, 2003). There may however be product gains made within the “value-added sector” under the further protection of GIs that may offset this burden of associated costs. For example if 50,000 million pounds of

Antigua Coffee that are produced outside of Antigua (Ghandi et al, 2005), can no longer be sold as such this might mean a boost in sales from the 6,000 million pounds of Coffee that are specific to Antigua. In other words there may be a more equitable balancing effect, where producers who have added value to their products gain an incentive and free riding producers do not.

Another argument against extending protection to GIs is the definition of a geographical indication. The previously mentioned 7 countries surmise that GIs will not bring any further benefits because the definition of a GI under Article 22 and 24 disqualifies many terms for which protection maybe sought (Josephberg et al, 2003). If this is truly the case then these same countries who are concerned about losing the trading names of already well-established brands and trademarks like Feta and Parmesan Cheese have nothing to fear.

A frequent reason given to support the opposition of GIs is that typically GIs come from Europe and the use of GIs are thus a form of “protectionism” used by Europe (Handler, 2006; O’Connor et al, 2005). Historically many Europeans have emigrated to “New World” countries such as Australia, Canada, USA, and New Zealand, taking their traditional products with them. These countries believe that extended protection of GIs to all food products would impact adversely on local producers that use European geographical terms as generic product descriptors such as Parmesan Cheese and Kalamata Olives (Josephberg et al, 2003; Handler, 2006).

This stance does appear to be somewhat contradictory on New Zealand’s behalf as New Zealand is quite happy to benefit from the protection of GIs within the wine industry. As indicated by Hon Judith Tizard the Associate Minister of Commerce in a New Zealand Government Press Release (15 November 2006): *"In recent years, New Zealand regions such as Marlborough, Martinborough, Hawkes Bay and Central Otago have also become synonymous with quality wine production," she says. "New Zealand's reputation as a quality wine producer means that New Zealand and international customers are recognising distinctions between our wines from different regions."... "The legislation forms part of the government's commitment to our burgeoning wine industry and emerging spirits industry."*

If New Zealand is capable of establishing wine, marketed on value added by the region, whilst being relatively new on the viticulture scene, then perhaps there is potential to protect other non wine GI products as well.

Agriculture in Europe and the United States is subsidised, indicating that the true cost of production is not currently reflected in the price consumers pay for agrofood products in these countries.

Another barrier is the trademark versus geographical indication debate and which should have priority (Handler, 2005). A great deal has been invested by some companies into trademarks that could potentially be protected by GIs. These companies may have their trademarks disallowed, for example Anheuser-Busch who own Budweiser beer in the US, which produces beer with the same name as a Czech beer producer Budejovicky Budvar (Handler, 2005). The trading rights of such companies are a large driver against extension GI protection (Handler, 2005).

Who gains precedence GIs or Trademarks is inconsistent across countries, causing confusion and legal battles (Handler, 2005). For example in Europe the GI gains precedence over existing trademarks whereas New Zealand has a first come first served policy. In Canada Trademarks come first which currently means Italy cannot sell its authentic Parma Ham because a Canadian Company Maple Leaf Meats trademarked Parma Ham in 1971 (Gumbel, 2003). Despite different countries stance on the precedence of GIs or Trademarks they are inclined from time to contradict for example France's La Chateau wine company has threatened a New Zealand wine company Kahurangi Estate with legal action for selling "Kiwi White" chardonnay in Europe. Despite the fact that Kahurangi Estate was selling its "Kiwi White" in Sweden before France's LaChateau registered the brand name Kiwi Cuvee in Europe (New Zealand Herald, 2005). Possibly this situation may have been avoided if NZ had chosen to protect the term "Kiwi", that is widely assumed synonymous with New Zealand.

GI legislation has further inconsistencies between nations, posing a barrier toward the global protection of GIs. The EU has its own legislation to protect GIs and there has



been some backlash to these laws particularly from the US, who in 1999 challenged this legislation on two grounds; discrimination against US GIs and failure to protect US trademarks (Handler, 2006). In 2005 the WTO dispute settlement panel (which was set up in 1999 at the requests of the US) ruled that the EU GI protection was inconsistent with the WTO rules. The EU has since changed their GI legislation to fall inline with the WTO Agreement and to therefore avoid discrimination against producers from 3<sup>rd</sup> countries. This change may help dispel the barrier that extended GI protection is believed to only benefit the EU. However this doesn't nullify the fact that the majority (and most well known) of the world's food GIs hail from the EU, which is reason enough for some against the extension of GI protection (Handler, 2006; Rangenecker, 2004, O'Connor et al, 2005). This fact alone seems quite a significant barrier to GI protection of all foods.

New Zealand believes that further protection is unnecessary as current legislation sufficiently protects geographical indications. New Zealand's obligation under the 1994 WTO/TRIPS Agreement was until very recently only protected through Trade Marks, the Fair Trading Act 1986 and the common law tort of "passing off" (information on New Zealand legislation protecting geographical indications can be found at <http://www.iponz.govt.nz/pls/web/dbssiten.main>). New Zealand may be slowly changing its views toward GIs as a new law (Geographical Indications (Wine and Spirits) Registration Act 2006) has just been passed.

In general the primary barriers to GI protection of all products appear predominantly defensive in nature, looking at potential losses rather than potential gains. Furthermore it would seem that the primary barriers to extending GI protection are economic factors, as nowhere in the literature cited are social or environmental factors mentioned as barriers for GI protection of all food products.

#### **b) Opportunities for New Zealand Rural Development through GI protection**

Very simply agro-food products can be split into two categories, commodity products and value added products. The former contains no more than its observable ingredients and is usually produced in bulk. Regions, whose agro-food market is

predominantly of the commodity type, may have less opportunity for value added products such as GIs, and as such have reason not to support GI protection. However with this *view* some regions may be overlooking a potential opportunity for sustainable rural development; an example of a country that appears to be doing this is New Zealand.

New Zealand has long been associated with a clean green image. This clean green image has been used by many trademarks to market and sell its products. For example the marketing agency for New Zealand lamb states on their website “Give your next meal an international flavour with New Zealand Lamb. Our natural grazing lands, combined with a long and proud history of providing the world with the finest quality food products means that our lamb is always tasty, tender and delicious. New Zealand Lamb has a succulent flavour”. (<http://www.newzealandlamb.org/>). Although the New Zealand Lamb industry is relatively small and of high quality NZ lamb is not often sold as a “value added” product and is typically sold as a commodity product. Some high-value NZ lamb fetches a premium in North America and the UK, but the success of NZ lamb is more firmly based on competitive pricing. The country branding for NZ has created price premiums for only a small percentage of exported product (Babcock and Clemens, 2004). Over the past ten years (1996-2006) the weighted average annual price to farmers for New Zealand Lamb has been declining from a peak in 2001 of 418.6 cents/kg, to 326.9 cents/kg in 2006 (Meat and Wool NZ statistics). At the same time foot and mouth disease (FMD) and bovine spongiform encephalopathy (BSE) have generated trade restrictions globally for meat, New Zealand has remained disease free. This situation suggests that transparency and quality are being underutilised in the New Zealand lamb sector.

Another product Cervena Venison goes a step further and actually calls itself an appellation. “Just as the Champagne appellation immediately communicates the image of quality sparkling wine from the Northwest region of France, there is now an appellation for premium, farmed venison from New Zealand. Cervena is distinguished from all other venison by the trademarked assurance that the meat has been naturally produced, and processed in accredited plants, according to a system of high quality standards that are independently audited.”(<http://www.cervena.com>). This is a rare

example where a New Zealand food product is tapping into its unique geography to market a product as niche; despite this example New Zealand does not promote the protection of GIs for all food products.

John Chanoki Tokyo-based Rabobank senior analyst (reported by Sandra Taylor in Country-Wide Northern Publication, 2006) in a press statement suggested that New Zealand should tap into selling products that tie in uniqueness with geographical location. He believes Japan; the world's second largest importer of food offers considerable opportunity for New Zealand exports (currently NZ only contributes 2% of the food imported to Japan). Japan like many other countries, is seeing a growing trend towards "slow food", food that takes time and high quality ingredients to prepare, such as PDO and PGI foods. Chanoki goes on to say NZ needs to create a point of difference or it risks being lost in the market place.

So the excuse that New Zealand doesn't have GI products seems unwarranted. There are many quality products that can be linked with New Zealand's unique geography and high environmental and social standards with the potentiality to become GIs including: New Zealand Lamb, New Zealand Beef, Zespri, Cervena Venison, Manuka, Whitestone Cheese, Puhoi Cheese, New Zealand Butter, Kapiti Cheese, Evansdale Cheese, Bluff Oysters and Havoc Pork. New Zealand has the products, however they need to be re-labeled, protected and marketed correctly. To gain GI protection for more than wine products in NZ would not be a simple process, new organizations would need to be established to set and control appropriate standards, but this is not to say it would not be worthwhile.

### **c) Developing Country involvement in GIs**

There is a mix of views in developing countries over whether the protection of geographical indications is a good or a bad policy. India, Sri Lanka and Ecuador have difficulties in protecting products such as Darjeeling and Ceylon tea and the Panama hat (Managing Intellectual Property, 2006; Josephberg et al, 2003).

Guatemala, Paraguay and the Philippines are in opposition to extending the current protection of GIs (Josephberg et al, 2003). Other than the Panama hat, Chile has said Latin American countries have very few GIs to protect (Managing Intellectual Property, 2006).

This stance may be because developing countries are more commonly associated with producing a high quantity of low quality goods than their developed country counterparts. Cheap labour of low qualification in the 3<sup>rd</sup> world is a significant player in this style of production, of which developed countries have managed to capitalize on (Robert, 2002; Business Week December 6, 2004). The number of manufacturing operations in developing countries owned and controlled by firms based in countries such as the US has risen since 1990 (Lipsey, 1998).

Third world countries more commonly employ traditional methods of production and manual labour than do nations of the first world (Swarmy, 2006). This has been typically viewed as a disadvantage rather than an asset, as the social and environmental elements in this form of production haven't been identified as holding value (i.e. these elements have not been reflected in the price of these products). This however is slowly changing, in the subtropics farmers are being encouraged by development workers to market their food products as organic so that they can fetch a premium (Parrott et al, 2003). You can even study "Facilitating Organic Farming in the Subtropics" at Universitat fur Bodenkultur in Vienna, Austria. The transition from conventional farming to organic farming is possible in the subtropics without making significant changes to farming practices, because farmers rely on low external inputs, i.e. fertiliser, pesticides, insecticides. Thus farmers are able to sell value-added products using their traditional methods. This is very valuable to farmers who would otherwise be struggling to survive by selling their labour intensive products as homologous products (Parrott et al, 2003).

Another protected value-added product that has been helpful to developing countries is "Fair Trade" products (Stenrücken, 2007). In this instance the value added is a social value. The establishment and protection of "Organic" and "Fair Trade" products in developing countries indicate that there may be a place for other value-added products such as geographical indications. Developing countries have a unique geography, climate, tradition, and culture and so therefore hold opportunities for the adoption and protection of geographical indications.

Taking this one step further, not only may opportunities exist for the establishment and protection of GIs in third world countries, but also GIs alongside other value-added products hold the potential to become a valuable development tool, particularly for producers in developing countries who are struggling to compete against subsidised imported food products from the US and Europe (Mittal, 2003).

The aim of this study is not to suggest that the protection of geographical indications is the single answer to sustainable rural development. This study recognises that there are different forms of economy and that diversified products support the non-homologous market, therefore markets that are geared toward homogeneous products may not benefit from GIs. Therefore it is not feasible or sensible for all producers of agrofood products to jump on the bandwagon and develop geographically specific products in order to produce protected GIs. Instead the protection of GIs – as niche products – should be considered a valuable opportunity for consumers to create and maintain balance in rural regions.

#### **4.0 Commonalities amongst “value added” products that indicate sustainability.**

Value added labels indicate to the consumer that the agro-food product has value beyond its observable ingredients. It is this added value that links these products to sustainable rural development. Many of these values are the same as those identified by the integrative theories discussed above as being essential for a sustainable market and therefore for sustainable development, such as the relationship between producer/place of production and consumer which is a value embedded in fair trade products (Stenrücken, 2007). The producer knows that the product is coming from a marginal area and that the producers will receive a fair price for their products, which would not be the case without the protection of “Fair Trade”.

Geographical Indications are one of many “value labels”, other value labels may also represent regionality such as the French Appellation d'Origine Contrôlée or they may be associated with a production philosophy (organic), tradition or moral value (fair trade).

“Equally consistent is the site-specific nature of organic production, the complexity and diversity of solutions, the intimacy with a place and all that live there. For some, this also implies a set of social and cultural responsibilities such as recognizing limits to the "scale of human competence," respecting local knowledge, and exploring more decentralized and democratized approaches to raising and marketing food.” (De Lind, 2000). Many parallels can be drawn between GIs and De Lind’s summary of Organic Food, connection with place social and cultural values, local knowledge and a niche market both have quality that is not directly linked to the product but, for example, to the production process, the place of its origin, or fair social standards in production; non observable qualities of the product that are informed via labeling.

As with GIs other “value-labels” offer transparency to the consumer because when a label says natural it is not necessarily free of pesticides, herbicides, artificial colouring and flavours and we therefore need to have a protective label such as “Organic” to know that the product really is natural.

Many value labels have had their share of protection problems. A problem common to “value labels” is that they often involve multiple standards leading to a considerable amount of variability within the industry and therefore consumer confusion. This is particularly true of organic products. The move toward one set of strict and enforceable standards across a nation or many nations doesn’t seem to be the answer either as mentioned below by De Lind (2000).

“Before organic agriculture was codified in certification standards and widely recognized, the idea of "Organic Farming" meant many different things to different people. Its lack of specific definition allowed many of us to associate it with important characteristics of scale, locality, control, knowledge, nutrition, social justice, participation, grower/eater relationships and the connections with schools and communities.... These desirable food-system characteristics are threatened as the

definition of organic farming and food is narrowed to a set of standards which deal with growing and processing methods exclusively, and are acceptable to the food industry and government” (De Lind, 2000).

Consistent to all value based labels are that they are “collective” unlike brands and trademarks. This means that as long as producers meet the guidelines surrounding the value label, a group of individuals can use this label; making it democratic. This is quite different from a trademark or brand where one company owns the label.

Value labels perform the role of indicating to the consumer that they are paying for an embedded value. These values are various but all represent principals that consumers are willing to pay a premium for; and many of these have been identified as being essential for a sustainable market. Therefore value labels may promote sustainable rural development by placing impetus on attributes demanded by society.

The success of value added labels lies in the regulations governing the label, knowledge of consumers, adequate protection against unfair competition, and a degree of trust. Even if value-added labels such as GIs do not manage to promote sustainable rural development currently, they at the very least hold a strong potential to promote sustainable rural development.

Figure 3 below shows a summary of the elements that promote sustainable rural development common to GIs and other value added products. An assumption can be made that if value added products with similar attributes to GIs promote sustainable rural development then it is likely that GIs will also promote sustainable rural development.

**Commonalities amongst “value added” products that indicate sustainability**

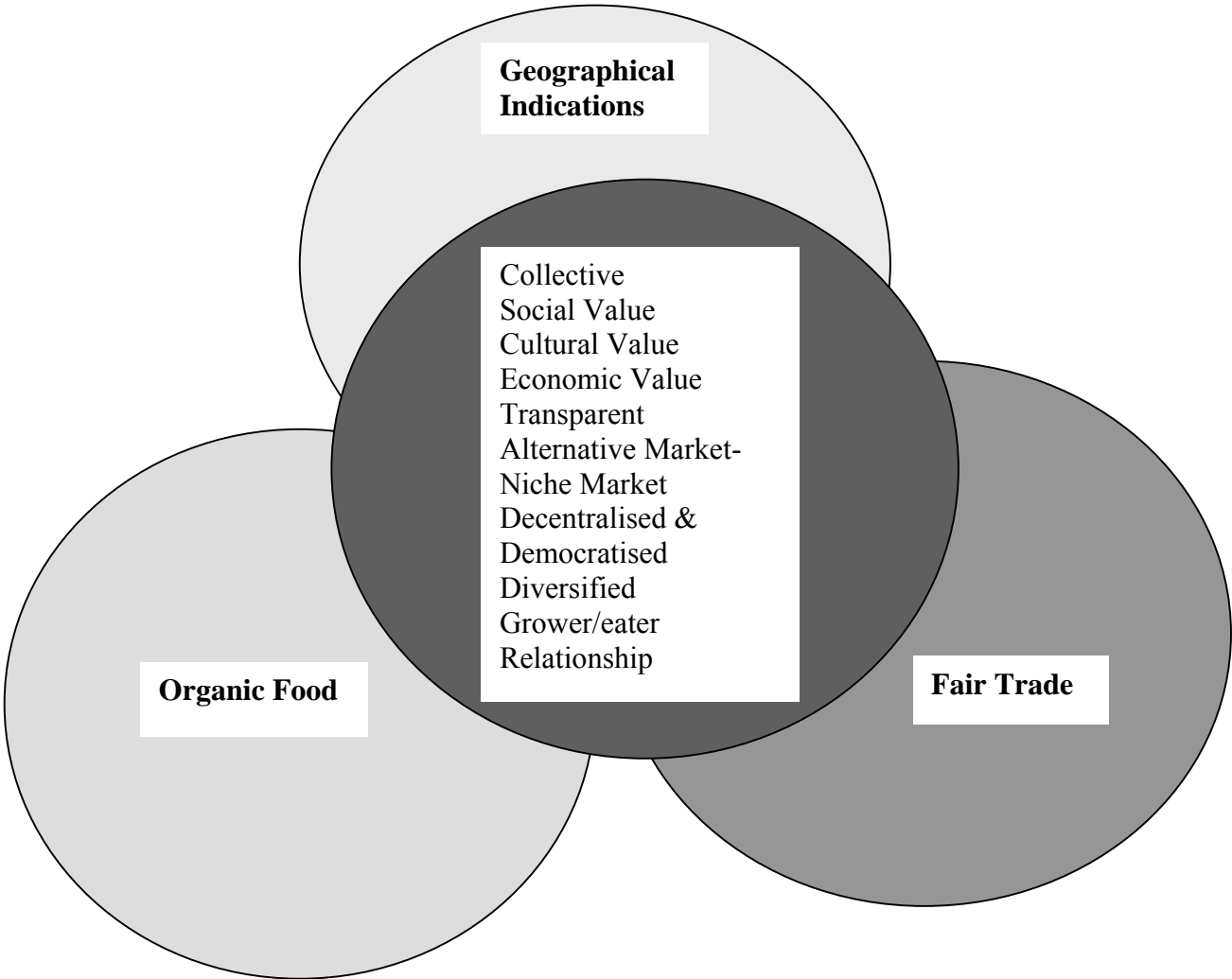


Figure 3.0



## **5.0 The Benefits of Geographical Indications and their link to promoting sustainable rural development**

There is much reference in economic and agrofood literature to the contribution of origin labelled products (OLPs) to rural development (Babcock, 2003, Barham, 2003; Ilbery and Kneafsey 2000; Treagear, 2003). This reference is predominantly theoretical, signifying that there is a need for more empirical evidence demonstrating that OLPs promote rural development. Furthermore, there are many forms of OLPs each possibly impacting rural development differently (Barham, 2003). Geographical indications are one type of OLP and therefore require independent research. There is far less literature *specifically* concentrating on the influence of GIs on sustainable rural development than there is on OLPs in general. However from the research that has been done it is generally believed (Babcock & Clemens, 2004; Barham, 2002; O'Connor and company, 2005; Rangnekar, 2004) that GIs do promote sustainable rural development.

The integrated theories identified above point out the need for a balance of principals spanning economic, social and environmental criteria for sustainable development to be achieved. Below the benefits of GIs are split into this multiple criteria.

### **Economic Benefits of GIs**

**a) GIs help producers obtain premium prices for their products whilst guaranteeing safety and quality to consumers.**

Bresse poultry in France receives quadruple the commodity price of poultry meat. Italian “Toscano” oil gains a 20% premium above commodity oil; and milk supplied to produce French Comté cheese sells for a 10% premium (Babcock 2003). It is the image of exoticness or scarcity of GIs that enable them to fetch premium prices (Agarwal and Barone, 2005).

New Zealand lamb is protected indirectly as a geographical indication under New Zealand Trade Mark legislation. Although a premiere product, New Zealand Lamb has only managed to reach a premium price for a small percentage of exported produce (Clemens and Babcock, 2004).

Another potential opportunity for protected GIs to obtain increased revenue is by avoiding tariffs; because GIs are non-competitive niche products there may be an opportunity for GI protected products to be imported without added duties.

#### **b) GIs Improve redistribution of the added value between the actors belonging to the product chain**

The redistribution of added value to actors (producers and processors) throughout the product chain is a potential benefit brought to rural development by quality products such as geographical indications (O'Connor and Company, 2005). Generally primary producers of agrofood products involved in long food supply chains; gain a decreasing slice of the total added value. Whereas short food supply chains offer chances for more value added (Marsden et al, 2000), as do quality labeled agrofood products (Skuras and Vakrou, 2002).

Contrary to this Ilbery and Kneafsey (2000) report (from a study on GIs in the UK) that only a small number of food managing companies and their shareholders benefit from added value from GIs and most farmers and small businesses involved are unlikely to benefit. A hypothesis of these results may be because GIs in the UK at the time of this study were not often used as a marketing tool; and GIs in the UK are still a relatively new concept.

#### **c) Bring added value to the region of origin.**

Indirect added value may come to rural regions through tourism. Bessièrè (1998) draws a link between local food (but not specifically GIs) and gastronomy with tourism, illustrating that the specific processes involved with food linked to a particular region can invite tourism. Tourism may add value to a rural area through tourism associated services and also sales of food products both via restaurants and stores. Many farmers in France sell their produce directly to consumers and establish farm restaurants (Bessièrè, 1998).

Furthermore rural tourism is an example of creating diversity and integration of employment opportunities in rural areas. Tourism is a service outside of traditional agriculture and horticulture but can be linked to these and agrofood products, especially if it was the reputation of a GI that enticed tourism in the local area. However the development of tourism in association with local food and gastronomy does hold some fears of “Disneyfication” (Barham, 2003).

The Comité Interprofessionnel du Vin de Champagne has officially announced a request for "The landscapes of the Champagne region" to be included on UNESCO's World Heritage List ([http://www.champagne.fr/en\\_indx.html](http://www.champagne.fr/en_indx.html), August 2007). The objective is to protect the famous sites of the Champagne region, which include the great diversity of vineyards and the outstanding character of the area's cellars carved from the surrounding chalk and the unique landscapes of the Champagne region. This landscape is a valuable resource for tourism. Thus, the protected GI of Champagne has added indirect value to the region.

#### **d) Innovation and Entrepreneurship**

The protection of GIs may encourage innovation and entrepreneurship in rural areas. The stronger the property right protection of geographically differentiated agricultural products (GDAP), the greater the incentive is for producers to develop new GDAP (Babcock, 2003; Lence et al, 2006).

#### **e) Valuable Marketing Tool**

An understanding by producers of the potential to protect regionally embedded value added products as GIs, allows a sustainable competitive advantage for the future of agricultural firms (Agarwal and Berone, 2005). This implies that there are opportunities for agricultural firms to become more competitive if they are aware that their products may be protected as GIs.

Due to the very nature of GIs, i.e. the added quality of place they represent, they make for a valuable marketing tool. This is represented by a growing consumer interest in supporting value added products (Marsden et al., 2000; Murdoch et al., 2000; Van der Ploeg and Renting, 2000; Van der Ploeg et al., 2000). If GIs are not protected as

such, then the value of this marketing tool communicating and guaranteeing added value to consumers is effectively lost. It is therefore an intention of the GI to secure a valuable marketing tool, communicating and guaranteeing added value to consumers. The use of a GI as a marketing tool has many positive spin offs to help promote sustainable rural development such as, premium prices, new market infiltration, market sustainability, customer education, etc.

## **Social Benefits of GIs**

### **a) Fairness**

Fairness in this context means the protection against unfair competition. It is the main intent of geographical indications to protect the producers within a region that establish a specialised product from being usurped by producers external to the protected region, therefore from unfair competition. An example where the protection of GIs has the potential to restrict unfair competition is in Antigua, Guatemala. Only 6,000 million pounds of ‘Antigua Coffee’ are produced in Antigua, Guatemala, meanwhile 50,000 million pounds are sold under the name of ‘Antigua Coffee around the world (2005, Gandhi et al). This is however a perplexing example as Guatemala is actually in opposition to the extension of GI protection to include all food products, which Ghandi et al did not mention in their study (2005, Gandhi et al).

If the protection of GIs can instil fairness amongst producers then this ensures a sustainable market, because producers are rewarded relative to their efforts. In the absence of the protection of GIs (allowance of unfair competition) there will be market failure. There will be no incentive for producers to embed ecological and social value into their products, i.e. less sustainability.

### **b) Transparency**

Another important intention of the protection of GIs is to ensure transparency to the consumer. For example when we consume a bottle of Champagne having paid a premium for it; we can be assured it is in fact Champagne and not Sparkling Wine from elsewhere. This transparency may appear unnecessary but as an investigation by ecolabels.org points out, many food labels are unmeaning and unverifiable such as

free range, fresh (poultry), natural, no chemicals, ozone friendly, alcohol free, sensitivity tested etc (see [www.ecolabels.org](http://www.ecolabels.org), August 2007). Furthermore today it is very difficult to ascertain from where food originates due to the emergence of transnational companies. It is not unusual for food to be grown in one country, processed in another and packaged somewhere else. This lack of transparency helps install trust in producers who offer transparency, such as producers of value-added agro-food products.

Any lamb sold under the PGI Welsh Lamb label must be traceable throughout the supply chain back to the farm it was reared; this need has emerged since diseases like foot and mouth (FMD) and bovine spongiform encephalopathy (BSE) have caused concern to consumers. Traceability and therefore transparency is a key requirement of GI products. This value breeds trust between the producer and the consumer, which is an important principal for a sustainable market.

**c) Increase production\*, create local jobs\* and prevent rural exodus**

GIs can increase production and create local jobs (O'Connor and Company, 2005). The Italian food industry in Tuscany and Emilia-Romagna is booming due to new investments in GI protected food items (Babcock, 2003).

Furthermore, GI protected cheeses support the milk supply from most of the cattle of Northern Italy and the sheep of Southern Italy (Belletti et al, 2001). PDO/PGI agro-products in Italy generate close to 12,000 billions lire (6 billion euros) of GNP and over 300,000 employees, including direct and indirect activities (Belletti et al, 2001). These examples signifying increased production are predominantly from Italy, most literature focuses on Italy and France as these countries have a long history with and have many protected geographical indications (Morgan et al, 2006).

Increased production and creation of local jobs may depend on the standards governing Geographical Indications. In the EU, GIs are split into two categories: *protected designation of Origin* (PDO) and *protected geographical indication* (PGI).

*\* These benefits are both social and economic*

A PDO requires that all production and processing takes place in the region protected, whereas PGI only requires that one step of the production chain takes place in the concerned region. Therefore it is likely that a PDO will create more local jobs throughout the sector than a PGI. PGIs tend to focus on creating more jobs for producers. Increased production and creation of local jobs is also dependable on the type of product, as obviously more labour intensive products will create more local jobs. More research drawing on this association of GIs with increased production and creation of local jobs is required, particularly outside of Italy and France. Ilbery and Kneafsey (2000) found few positive employment effects in local towns and villages from GIs in the UK.

Predominantly development over the preceding years has focused on urban and industrial areas, a reaction to this has been exodus of the rural population to urban areas, and environmental and cultural degradation (Pacciani et al, 2001). It is then plausible that a shift in focus from urban to rural development strategies may slow or even reverse this exodus.

The creation of local jobs through the protection of GIs is a factor influencing rural exodus (O'Connor and Company, 2005). Furthermore, a GI that creates the image of a progressive rural region may impact rural exodus by creating a strong community identity. Arfini et al (2003) in a study on 15 specific Origin Labelled Products (OLP) located in 7 European countries found that the GIs; Taureau de Camargue, Cherry of Lari, and Culatello di Zibello strengthened producer proudness and self-esteem, and encouraged local population participation on a commonality creating an identity element.

Young people are considered the most disadvantaged in rural areas are young people (Chapman and Shucksmith, 1996). The exodus of young people from rural areas creates challenges to the sustainability of rural communities (Jentsch, 2006). According to the 2007 State of the Countryside report by the Commission for Rural Communities (CRC) there are now almost 400,000 fewer people aged 15-29 living in rural areas than just 20 years ago in Great Britain.

There is a gap in the literature linking GIs to the prevention of exodus of the young from rural areas.

#### **d) Preserve traditional knowledge**

Geographical Indications are very relevant to protecting traditional knowledge (Report on the Commission on Intellectual Property Rights, 2002). The conservation of Traditional Knowledge is an important social aspect of sustainable rural development. Many farmers producing the PDO Jersey Royal Potatoes use seaweed harvested from Jersey beaches as a natural fertilizer. This practice dates back to the 12<sup>th</sup> century. Most of the work is done by hand (planting and harvesting) due to the steepness of the slopes (<http://www.jerseyroyals.co.uk/>). The PDO Jersey Royal Potato is therefore contributing to sustainable rural development, both through the conservation of traditional knowledge and sustainable agricultural practices (use of natural fertilizer).

#### **e) Social Cohesion**

Another potential benefit to rural development mentioned in agrofood literature is social cohesion; GIs may help local communities work together sharing information and to front local problems (Arfini et al 2003). In the case of the PDO Welsh Lamb, farmers can check their competitiveness by benchmarking. Meat Production Wales (HCC) gathers information on costs of production in lamb farms across Wales; this information is then disseminated amongst farmers so that they can compare their costs to those of their colleagues, in order to become more competitive (HCC Annual General Report, 2006).

### **Ecological Benefits of GIs**

#### **a) Preserve landscapes, and biodiversity.**

Although a region maybe economically stable this does not always reflect its propensity for sustainability. Rural sustainability achieved through the preservation of biodiversity, landscapes, and traditional knowledge may be promoted by the protection of GIs (Barham, 2002; Guerra, 2004). The term biodiversity refers to the quantity and variety of organisms found within a specific area; globally; and between both species and ecosystems.

The protection of GIs is believed to promote the development of non-homologated agrofood products (Pacciani et al, 2001). Through the establishment of differentiated products (i.e. non- homologated), biodiversity is encouraged. GIs can encourage the use of fauna and flora that are endemic to the region rather than diminishing biodiversity by importing replica fauna and flora from elsewhere. For example in the Mexcal region, Mexico the Agave sugar needed to make Tequila is cultivated and managed from wild or forest Agave species, so many different forms of the Agave species are encouraged and used (i.e. high biodiversity). In other regions outside of Mexcal the tequila agro-industry promotes genetically similar Agave and intensive land use (Guerra, 2004).

The diversification of agricultural products also leads to a better balance between supply and demand meaning there are less similar products and more different products in the market (Council Regulation, 2006). A product that is strongly differentiated has less competition as there are few products that can replace it. Differentiated (diverse) products can be viewed as having both ecological and economic benefits.

#### **b) Environmental Standards and the Traceability of GIs**

GIs can serve as a tool for encouraging sustainable agricultural practice by legally limiting the scale of production and production methods (Guerra, 2004). However whether or not this occurs depends on the GI standards enforced by individual countries.

GIs are intended to ensure a properly competitive market for production of quality goods versus a market just for quantity. If GIs and other value labels are not protected then there is no incentive for producers. This can be seen in action using coffee as an example. An excess of coffee production has led to a worldwide collapse of prices. Only high quality coffees of a given geographical origin manage to obtain higher prices (GAIN report, 2003). This indicates that value labels such as geographical indications encourage quality rather than quantity. An emphasis on quality rather than



quantity can have positive ecological benefits. Such as a focus on process quality, i.e. environmentally sound production and processing. Consumers appreciating this added value are willing to pay premium prices.

The traceability/link of GI products to a region – increases the producers' responsibility for the place, and maybe even a higher social pressure for responsible land use, taking account of future generations. This can be assumed as it would not make sense to promote a GI from a location known for environmental problems, such as ground water pollution, health problems of residents due to for example pesticides.

### **c) Food miles and the Life Cycle Assessment of GIs**

Considering the whole life cycle impact of a product is a relatively new concept (give reference to when it started here). Life cycle assessment models the interaction between a product and the environment throughout its whole life: from its creation “cradle” to its disposal “grave”. When considering the relative merits of geographical indications particularly from an ecological standpoint, Life Cycle Assessment becomes very relevant.

The very essence of a GI is that it is produced in a localised area. Many conventional products involve their raw materials being transported great distances to be processed then transported again to the market. GI cannot be necessarily equated with less food miles; e.g. Parma ham imported from Italy when compared to a similar ham produced and consumed in NZ; PDO does mean less food miles along the production chain – not including retailing/transport to consumers (export of Champagne world wide); PGI even less: the different stages of production can take place everywhere, just one must be in a certain region, however this region is not necessarily the place of consumption either.

Food miles are a current hot topic. Europe has tried to use food miles to attack distant markets such as New Zealand, espousing that because of the long distant over which food travels it must be more environmentally costly than locally sourced food. A New Zealand study has been quick to refute this by showing that the energy involved in the production of many European products is greater than that involved in the production and transport of NZ products (Saunders et al, 2006).

The distance over which food travels (food miles) is only one aspect of the whole lifecycle of a Geographical Indication. Food miles have been shown in a study by DEFRA to be an unreliable indicator of sustainability on its own as food miles only show part of the picture, this reiterates the need to consider the whole life cycle of a product when assessing its sustainability.

A study conducted by The Agribusiness and Economics Research Unit (Saunders et al, 2006) have shown when considering Life Cycle Assessment criteria that products such as NZ lamb despite being shipped long distances to market are still more environmentally friendly than their UK counterparts due to production practices (Saunders et al, 2006). The AERU report indicates that carbon emissions and energy to produce lamb shipped to the UK were 24% and 23% when compared to the emissions and energy to produce a tonne of British lamb (AERU report, 2006).

However New Zealand should not totally disregard the concept of food miles in its production strategy. NZ must keep in mind its distance to market and ensure that the value added in production can continue to counter the negative effect of food miles. Countries that are closer to the global market such as the United Kingdom may in the future be able to reduce their energy costs in production improving their life cycle assessment putting them in a stronger position than New Zealand.

A key reason why GIs support ecological sustainability is because GIs come with an increased responsibility of producers to their place of production. GIs trace their production to a certain place (consumers know about the location and possible negative environmental effects of production there) (Penker, 2006)

GIs like other specialty products rely on fetching a premium so that quality of the product is the key rather than quantity. A system based on quality rather than quantity in many instances will have less environmental impacts, for example when a product gains a premium then more money is available to put back into ensuring that production practices are ecologically sustainable. A producer who is struggling to survive (unfortunately like many farmers) is forced to focus primarily on production and lacks the resources to focus on environmental sustainability. A simplified

hypothetical relationship of this is illustrated by Kuznets Curve which suggests that high income levels and economic growth lead to environmental improvement (Stern et al, 1996).

The scale of economy should not be overlooked as larger production units can produce more efficiently, this includes also energy input per output unit; i.e. larger units are often more sustainable regarding energy consumption, regarding waste and air pollution per output-unit; (Penker, 2006) so the above assumption that a quality focus is more environmentally sustainable may not always be true.

The actual cost of many products is not reflected in their price, this is known as an “externality”, and for example this cost may be environmental or social. “Organic standards provide a mechanism by which farmers pursuing sustainability goals can be compensated by the market for internalizing external costs” (Lampkin 1996). GIs like other value added products fetch a price that more closely reflects the actual costs of production techniques. The Jersey Royal is grown on steep slopes (cotils), which requires hand labour, the premium gained by the Jersey Royal recovers this high production cost. In instances where the actual cost is accounted for, i.e. no externality, the product is likely to be more sustainable.

## **Cross Over Benefits of GIs**

### **a) Multifarious Benefits**

The objectives for actors involved in GIs can be quite diverse, resulting in many differentiated effects on various areas of rural development (Arfini et al, 2003). The predominant objective for obtaining a GI in the UK is for protection of the product from being usurped by producers external to the area rather than marketing due to the lack of current consumer knowledge on GIs (Ilbery and Kneafsey, 2000). Furthermore, GIs can be protected for a range of products and can involve many different sized firms, resulting in a large range of business turnover, further indicating that the role of GIs in sustainable development can be multifarious.

## **b) Potentiality for Benefits**

An important angle to consider is the *potentiality* of Geographical Indications as a promoter of sustainable rural development (Arfini et al, 2003). The standards imposed by the legislation governing the protection of GIs factor quite strongly on the potentiality of GIs to promote sustainable rural development. If the regulations impose standards in line with preservation of landscapes, traditional knowledge, biodiversity, competitive advantage etc then GIs are more likely to promote sustainable rural development. A dynamic approach matching GI imposed standards with sustainable rural development policies could help ensure the potential of GIs as a rural development tool.

The literature draws on a number of empirical linkages between the protection of geographical indications and their role in sustainable rural development. Most examples that back up the premise that GIs promote sustainable rural development come from Italy and France, where there is a long history of GI protection. France, Italy, Portugal, Greece and Spain as of 2001 account for 75% of approximately 500 GIs found in Europe (Morgan et al, 2006).

There are some contradictory results from empirical studies on GIs conducted within the UK. Results from these studies, do not indicate that the protection of GIs promote sustainable rural development. This may be due to the relatively new promotion of GIs in the UK; there are only 36 protected GIs in the UK (European Commission, [http://ec.europa.eu/agriculture/qual/en/uk\\_en.htm](http://ec.europa.eu/agriculture/qual/en/uk_en.htm)), out of a total of about 500 (excluding wines and spirits) throughout Europe (Morgan et al, 2006; O'Connor and Company, 2005). Ilbery and Kneafsey (2000:319), label the UK, as a “placeless foodscape”, dominated by homogenous brands. This further illustrates that the GI movement in the UK is quite fresh and is not based on long-term traditions such as in southern European countries.

There is still plenty of scope for further studies demonstrating empirical evidence on the promotional effects of GIs on sustainable rural development, particularly in regions outside of southern Europe.

Figure 4 below represents a summary of the benefits -social, ecological and economic -brought to SRD based on findings of the literature review, and from the perspective of the hypothesis of the thesis.



## Economic, Social and Environmental Impacts of Geographical Indications on Sustainable Rural Development.

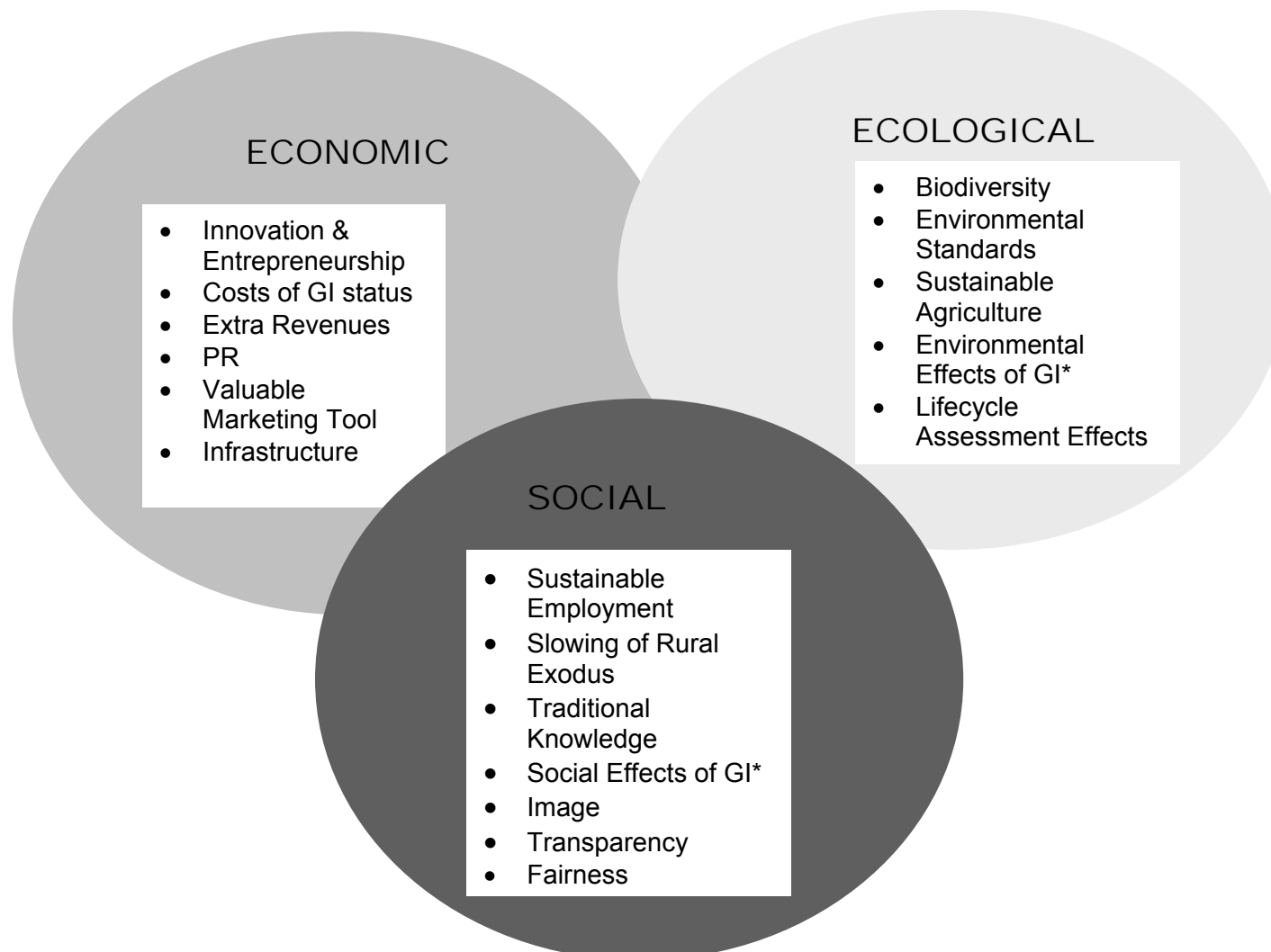


Figure 4.0





## **6.0 What determines the success of GIs in promoting sustainable rural development?**

A marriage between the integrated theories and principals that lead to sustainable development and the impacts of geographical indications will ensure that GIs are a valuable tool for sustainable rural development. Research does show that GIs are linked to promoting sustainable rural development; however due to a lack of empirical evidence this can not be assumed as given everywhere and for all GIs. The link between GIs and sustainable rural development may be further strengthened through adding conditions, these are suggested below:

### **a) The Fundamental elements behind obtaining GI status**

The standards governing GI status can to a large extent determine whether or not the GI promotes sustainable rural development. Currently these requirements depend on the country where the GI status is sought. In Europe as mentioned above there are two main types of GI, Protected Designation of Origin (PDO) and Protected Geographical Indication (PGI) regulated by EU-regulations.

PDO or PGI status requires application to the European Commission by which a number of conditions and standards are attached. The producers must use names that reflect a specific area; specify methods employed in production and provide historical evidence linking the good to a specific location; and have the good inspected to ensure quality requirements are met. Another important factor is to show traceability of the product throughout its supply chain linking it to the region of production.

The actual process to obtain GI status can take a long time, however it is not necessarily expensive. In the UK there are no actual costs to apply for GI status; however transaction costs are incurred due to the administration work required in the application process. But the process can take between 2 to 5 years for a product to become registered as a PGI or PDO.

The aim of the EU Council Regulation No 510/2006 on the protection of GIs is to benefit the rural economy in a sustainable manner. The regulation makes specific reference to the role of GIs in retaining rural population in less favoured and remote areas, diversification of agricultural products, and having a community approach to protection to ensure fairness.

The EU conditions and standards for GIs specifically call on a link to inherent natural and human factors “...the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors,... which possesses a specific quality, reputation or other characteristics attributable to that geographical origin, ...” (Article 2 Council Regulation (EC) No510/2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs). These natural and human factors embedded in the product may include values that are inherent to a sustainable market as identified above.

Depending on the product specific standards defined in the accreditation process there is scope for incorporating specific sustainable ecological or social values, such as traditional techniques, hand labour, crop intensity etc. For example, Champagne set limits on yields in vineyards and press houses, harvesting by hand, height space and density of vines ([http://www.champagne.fr/en\\_indx.html](http://www.champagne.fr/en_indx.html)).

Whether or not GIs promote sustainable development can be linked to the standards set for obtaining GI status. If the standards do not encompass principles that promote SRD then it is less likely that GIs will. If standards are set to low then this will undermine GIs.

#### **b) Consumer Knowledge**

In order for GIs to successfully promote sustainable rural development, there needs to be a consumer awareness of GIs and that GIs represent qualities linked to natural and human factors. There is already a consumer awareness of value added foods and a consumer demand for transparency in agro-food products (Marsden et al., 2000; Murdoch et al 2000; Van der Ploeg and Renting, 2000).

**c) Trust**

Consumers should be able to trust that GI products promote sustainable production, that quality; ecological and social standards are not only promised in marketing strategies but also controlled by independent organisations.

# PROCEDURES

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Empirical data was gathered through case studies primarily by way of in-depth interviews with stakeholders (in their professional capacity) throughout the supply chain, and secondarily from the collection of relevant data from Organizational Bodies. The interviews focused on gaining the stakeholders perceived benefits and costs brought to sustainable rural development through the protection of geographical indications. These benefits and costs consider economic, social and environmental elements.

Relevant indicators for sustainable rural development were identified from literature and applied consistently in the respective case studies to indicate economic, social and environmental aspects of sustainable rural development. These indicators were applied to the case study regions. The indicators chosen may not be the best however they were chosen because they appear frequently in the literature, are good indicators of the underlying processes and could be evaluated against secondary data (because the indicators chosen were predominantly objective and therefore data could be found, such as data on premiums and rural exodus). The information gathered from the in-depth interviews was compared where possible to secondary data and literature. The purpose of this was to see if there were differences between the perceived effects and the actual effects of the protection of GIs and to add robustness to the research design.

The case studies involved two United Kingdom GI protected products: Welsh Lamb a PGI and the Jersey Potato a PDO. These GIs were chosen because they are from the UK where GIs are supported but are still a reasonably new concept. Furthermore there is a lack of empirical data on GIs in the UK and their link to sustainable development (Barham, 2003; Ilbery and Kneafsey 2000). Welsh Lamb and the Jersey Royal although located in the UK are still a part of the wider European Union, which has a strong history of GIs. The products were also chosen because they are

comparable with non GI products from other countries such as New Zealand Lamb and the Zespri (New Zealand Kiwi Fruit) enabling the expansion of this study with further research

The GI products chosen (raw agro food products) are less strongly differentiated than processed GI products such as Brioche Vend enne or Buxton Blue Cheese, and this could potentially affect the results of this study, however a study by (Barjolle et al, 2000) found that the type of product was not a discriminating feature in their study evaluating the supply chains and the success of GIs. Meaning their results evaluating the supply chains of raw products and processed products found some products were successful (based on numerous criteria such as price premium, reputation, growth etc) whilst others weren't, independent of product type.

Four case studies were initially planned, however due to time and financial constraints; only two agro-food products were evaluated through case studies. However an advantage of using fewer case studies allowed the researcher to use a more indepth approach. The data from Jersey was more accessible and representative than data from Wales - being a smaller territory. Two case studies from a research design perspective are also better than one (Yin, 2003).

The empirical data collected from the case studies was used to test the main hypothesis that geographical indications can promote sustainable rural development and the sub hypothesis stated above.

# METHODOLOGY

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A qualitative research approach was adopted for this study. This approach was chosen because the study needed to address the research question in detail concentrating on two case studies, which is better suited to a qualitative approach (Dixon et al., 1987; Strauss et al., 1998; Yin, 2003). Furthermore there are various perceptions on the value of GIs; a qualitative approach to the research was decided would be best suited to gathering and evaluating these perceptions. Available quantitative data is merely indicative, and the role of geographical indications cannot be isolated against other variables. For example it is said that the protection of geographical indications can help prevent rural exodus. Quantitative data could be collected to represent rural exodus in the region, however the correlation between GIs and rural exodus is likely to have many intervening variables. Other studies inline with the proposed research tend to use a qualitative approach (Dixon et al., 1987; Strauss et al., 1998; Yin, 2003).

The qualitative approach chosen was critical social science research. This approach was chosen because the study was aimed to be more explorative than definitive (Yin, 2003). The case study method was employed to allow the gathering of detailed and context specific information on two selected GI protected agrofood products. This method allowed for a comparison between the two different products focusing on their individual situational factors. (Yin 2003; Patton, 2002)

Twenty five interviews were conducted, ten stakeholders for each case study and a further five large retailers who were questioned about both products. The interviewees for both case studies were chosen from a list of stakeholders directly involved in producing and/or marketing the products. Jersey Royal Potatoes are not processed and Welsh Lamb can be processed outside of Wales because it is a PGI so processors were not interviewed. The stakeholder lists were developed from an online search or were provided by already identified stakeholders.

Stakeholders were first contacted by phone and a meeting time arranged. Interviews were conducted face to face during the month of October 2006. The interviews took approximately 1 hour each. The in-depth qualitative interview method was employed to gather empirical data for the thesis (Gubrium et al., 2002). The stakeholders were interviewed in their professional capacity only, to avoid ethical concerns. This method of in-depth interviews opposed to questionnaires was designed to establish a stronger rapport with the stakeholders in order to gain more detailed information, and to be a more timely procedure (Gubrium et al., 2002). Furthermore because the topic of geographical indications is somewhat complex and unfamiliar, the in-depth interview method ensured that the interviewees had the opportunity to understand what they were being asked. Flexibility was required from the interviewer to consider new aspects emerging during the interview; explorative interviews need to be open towards issues that can not be anticipated at the stage of questionnaire design.

The key themes were predefined rather than based on grounded theory. This is because the themes were already recognized in the literature. These themes involve social, economic and environmental elements (see previous figure 1.4). Predefining themes and sub themes may have skewed the results, i.e. if you search for something you can usually find it. However there were some general questions to identify new themes, i.e. other ways that stakeholders believed that GIs contributed to sustainable rural development. Furthermore stakeholders were questioned to identify both benefits and costs. (see appendix IV for stakeholder questions)

The responses obtained in the in-depth interviews were transcribed and when agreed by interviewee, recorded. The meaning of the information gathered from stakeholder in-depth interviews was determined by searching for sub-themes, commonalities and patterns (Katzner et al., 1991; Patton, 2002). This information was then verified for credibility and validity where possible through a method of triangulation (Yin, 2003). The various information sources for triangulation came from consistency of answers between intra and inter stakeholder groups, and data from relevant organizational bodies and literature.

**(I) Economic impact of GI status on Sustainable Rural Development:**

**1. Extra revenues generated by product.**

- a) Does the PDO Jersey Royal fetch a premium compared to similar non- GI products?
- b) If so how is this premium distributed amongst stakeholders?
- c) Does money generated from the product stay in the region?
- d) Are you financially better off because of the PDO status?

**Fig 5.0 an example of the open style of questioning that was used in the in depth interview process**



## Summary of Methods

		<b>Methods</b>
<b>Aims</b>	To provide reason for the protection of geographical indications as a policy tool for sustainable rural development.	Analysis of case studies against theory
	To gather information to help New Zealand decide whether or not the protection of geographical indications is a good rural development policy for sustainable rural development	Analysis of case studies against theory
<b>Objectives:</b> (In order to meet aims 1 & 2)		
<b>Economic</b>	To see if GIs add economic value to agro food products	Triangulation of information gathered from stakeholder interviews and available relevant data.
	To show that GIs are linked to innovation and entrepreneurship.	Triangulation of information gathered from stakeholder interviews and available relevant data.
	To show that GIs are a valuable marketing tool	Triangulation of information gathered from stakeholder interviews and available relevant data.
<b>Social</b>	To show that GIs encourage social networks and collaboration amongst stakeholders.	Triangulation of information gathered from stakeholder interviews and available relevant data.
	To show that GIs are linked to maintaining traditional knowledge.	Triangulation of information gathered from stakeholder interviews and available relevant data.
	To show that GIs are linked to sustainable employment and the slowing of rural exodus	Triangulation of information gathered from stakeholder interviews and available relevant data.
<b>Ecological</b>	To show that GIs are linked to biodiversity.	Triangulation of information gathered from stakeholder interviews and available relevant data.
	To show that GIs are linked to environmental standards.	Triangulation of information gathered from stakeholder interviews and available relevant data.
	To show that GIs are linked to ecologically sustainable production methods.	Triangulation of information gathered from stakeholder interviews and available relevant data.
<b>Costs</b>	To identify economic, social and environmental costs associated with GI protection	Triangulation of information gathered from stakeholder interviews and available relevant data.

# CASE STUDIES

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## 1. The PDO Jersey Royal Potato, United Kingdom



The Jersey Royal potato is a European Union (EU) awarded GI. It is the only vegetable in the UK holding a Protected Designation of Origin (PDO) status. The Jersey Royal was established in 1880 and gained PDO status in 1996. The key reason behind gaining PDO status was for protection against unfair competition. The Jersey Royal is grown solely on the island of Jersey, which is located 85 miles off the English coast and 14 miles off the coast of France. The population of Jersey is approximately 87,000 so the local market is restricted in size.

The Jersey Royal accounts for 68% of Jersey's agricultural turnover. Mainland Britain imports 99% of Jersey Royals. In a study on factors of success for "Origin Labelled Products" Barjolle et al 2000 rated the Jersey Royal as a successful product; the success was linked to the fact that the Jersey Royal is commercially and technically well managed.

The Jersey Royal is not a strongly differentiated product however it is one of the first new potatoes available on the UK market, and has a distinctive taste which has been linked to the seaweed that is used as a natural fertilizer. The first crop of the season is grown on steep slopes (cotils). Due to the steepness of the terrain, harvesting and planting is done by hand. The potatoes grown on these slopes usually fetch the highest price, which covers the high labour costs.

In the past 5 years there has been a significant declining trend in potato production in Great Britain (BPC Market Information & Statistics, 2007). Potato prices fluctuate

considerably each year, beyond these fluctuations there has been a downward trend in average Great Britain potato crop value; in 2006 it was 69% of its 1970 level, using index values (BPC Market Information & Statistics, 2007). Furthermore there has been a change in consumption patterns of potatoes; from 1988 through to 2000 there has been a considerable move from consumer preference of fresh to processed potatoes (BPC Market Information & Statistics, 2007).

Production of other agricultural products such as tomatoes has been less successful on the Island of Jersey, due to shipping costs (distance to market) and the inability to compete with international markets.

It is anticipated that the PDO Jersey Royal is linked to sustainable development through the following features:

- The Jersey Royal is differentiated by seed and production method, leading to diversity which can be used as a marketing argument (unique selling proposition)
- The Jersey Royal is embedded in the local geography and therefore local nature.
- The Jersey Royal is embedded in local tradition, which involves the hand planting of steep slopes (cotils) and use of seaweed.
- The embeddedness of the Jersey Royal in the local nature and local culture avoids the risk of relocation of production to another location, for example production can not be relocated because it can be produced cheaper somewhere else.
- The Jersey Potato is produced in less favored areas (steep slopes, distance to market, small island)
- The Jersey Royal is transparent and traceable, ensuring consumer trust and strengthening of the consumer- producer link.
- The intellectual property of the Jersey Royal is collectively owned, which should lead to social collaboration throughout the supply chain.

## 2. The PGI Welsh Lamb, United Kingdom



Welsh Lamb gained PGI status in 2003; ensuring that only lamb that is born and reared in Wales can be marketed as “Welsh Lamb”. (Independent of the place of processing and preparing). Welsh Lamb is extensively farmed throughout Wales. In order for producers and processors to sell their lamb under the collective PGI label they must be able to trace the lamb throughout the whole supply chain.

The meat industry in Great Britain has been weakened by livestock diseases, foot and mouth disease (FMD) and bovine spongiform encephalopathy (BSE).

It is anticipated that the PGI Welsh Lamb is linked to sustainable development through the following features:

- Welsh Lamb is differentiated by production and genetics, biodiversity conservation and better marketing arguments (unique selling proposition).
- Welsh Lamb is embedded in the local geography and therefore local nature.
- Welsh Lamb is embedded in local tradition, which involves outdoor extensive farming.
- Welsh Lamb can be traced throughout the supply chain back to the farm it was produced this transparency ensures consumer trust and strengthening of the consumer- producer link.
- The intellectual property of Welsh Lamb is collectively owned, which should lead to social collaboration throughout the supply chain.

# RESULTS

## 1. The Jersey Royal (PDO), United Kingdom

<b>Economic Impacts of the Jersey Royal (PDO)</b>			
<b>Research Question</b>	<b>Hypotheses (see Pg 67)</b>	<b>The interviewees agreed predominantly on the following themes:</b>	<b>Supporting/Conflicting Data</b>
<b>Do GIs add economic value to agro-food products?</b>	1,2,3	The Jersey Royal fetches a premium and the premium is linked to the PDO status, however the premium is not sustained over the whole season.	<p>The Jersey Royal fetches a premium. Jersey Royal prices across the time period 1994-2006 range from £492/tonne-£824/tonne (Jersey Gov. Statistics) compared with £110/tonne-£183.7/tonne British Potatoes. (DEFRA).</p> <p>Although the Jersey Royal is linked to a premium the value of potato exports from Jersey have reduced from £32.2 million in 2001 to £19.7 million in 2005. In real terms (allowing for inflation) the export value of potatoes fell by 20% from 2004-2005 (Jersey in Figures, 2006).</p> <p>There has been a general decline in the Gross Value Added (sum of wages, pensions etc plus profits) of the agriculture sector 1998-2005 by about a fifth over the seven year period (Jersey Economic Digest, 2006).</p> <p>Barjolle et al, 2000 rated the Jersey Royal as a successful product; however put it down to the fact that it is commercially and technically well managed.</p>
	1,2,3,4	Predominantly money generated from Jersey Royals stays in the region of Jersey.	As Jersey is an island an assumption can be made that most of the population spends their money locally, therefore money generated from the Jersey Royal will be predominantly re-spent on Jersey (multiplier effect).
	1,2,3	Stakeholders/producers of the Jersey Royal feel better off financially with PDO status, because of the protection it offers.	

<b>Are GIs linked to innovation and entrepreneurship?</b>	1,2,3	There have been no new businesses introduced to Jersey linked to the GI status of the Jersey Royal. However there was an attempt to set up a vodka distillery to diversify the use of Jersey Potatoes but that was unsuccessful.	
	1,2,3	The Jersey Royal hasn't encouraged more innovation and entrepreneurship than would have naturally occurred.	There has been some innovation adopted in the production of the Jersey Royal, such as the use of plastic covers; however this can not be directly attributed to the PDO status.
	1,2,3	The GI status has not lead to a greater accumulation and sharing of knowledge amongst stakeholders.	All of the Island's historical potato marketing organisations and five of Jersey's growers have joined to form one company, Jersey Royal Potato Marketing Ltd ( <a href="http://www.Jerseyroyal.co.uk">www. Jerseyroyal.co.uk</a> ). This has lead to sharing of knowledge however this is amongst these individuals and is not spread across all stakeholders.
<b>Are GIs a valuable marketing tool?</b>	1,2,3,4	No new markets had been entered on the back of the Jersey Royal	99% of Jersey Royals are exported to mainland UK; this has been the case for a long time.
	1,2,3	The PDO label is not well known amongst consumers and is not always used to sell Jersey Royals.	GIs are still a relatively new concept in the UK (Ilbery and Kneafsey, 2000). It is not necessary for the PDO label to appear on the packaging of Jersey Royals.
	1,2,3	The PDO label has been part of the marketing strategy, but hasn't been pushed strongly with the end user.	The Jersey Royal is well marketed, for e.g. well known chef Jamie Oliver starred in Sainsbury's TV advertisements in the UK promoting the Jersey Royal in April 2005, to promote regional produce. However the emphasis has not been specifically on the PDO status.
	1,2,3,4	The PDO status has not impacted stakeholder enthusiasm as the Jersey Royal already had a strong brand name prior to obtaining PDO status.	The Jersey Royal has been a well-known product for a long time.
<b>Are economic costs associated with GI protection?</b>	3	The economic cost to gain PDO status was minimal	State of Jersey applied for the PDO, so there has been no cost to the producers to gain PDO status.

<b>Social Impacts of Jersey Royal PDO</b>			
<b>Research Question</b>	<b>Hypotheses</b>	<b>The interviewees agreed predominantly on the following themes:</b>	<b>Supporting/ Conflicting Data</b>
<b>Do GIs encourage social networks and collaboration amongst stakeholders?</b>	1,2,3	No new associations, groups or networks have been setup that can be linked to GI status	All of the Island's historical potato marketing organizations and five of Jersey's growers have joined to form one company, Jersey Royal Potato Marketing Ltd (www.Jerseyroyal.co.uk). This amalgamation was established in order to reduce internal competition that was driving the price of Jersey Royals down and cannot be directly attributed to GI status.
	1,2,3	There has been no obvious sharing of knowledge and know how amongst stakeholders that can be linked to the GI status.	
	1,2,3	There has been no social cohesion on the back of the Jersey Royal PDO	Genuine Jersey is encouraging social cohesion amongst producers of Jersey products; however Jersey Royal doesn't partake and has no similar arrangement.
<b>Are GIs linked to maintaining traditional knowledge?</b>	1,2,3,4	Traditional knowledge is used during the production phase of the Jersey Royal.	The use of traditional knowledge in the production of Jersey Royals is stated in the application for registration of the Jersey Royal PDO (Appendix 1) <i>"Many farmers use seaweed harvested from Jersey beaches as a natural fertilizer. This practise dates back to the 12<sup>th</sup> century. Most of the work is done by hand due to the steepness of the slopes, hand planting and harvesting."</i>
	1,2,3,4	The PDO regulations do encourage the use of traditional knowledge.	Traditional knowledge was required to be linked to the Jersey Royal in order to meet the requirements for PDO status.
<b>Are GIs linked to sustainable employment and therefore slowing of rural exodus?</b>	1,2,3	The Jersey Royal has contributed to sustainable employment in Jersey.	In the 10 years 1996-2006 there has been a reduction of 650 people employed in the Agriculture and Fishing sector in Jersey (Jersey in Figures, 2006). The average earnings (gross wages and salaries) per week made by the agricultural sector are the second lowest earnings across all sectors in Jersey (Jersey in Figures, 2006).
	1,2,3,4	Rural exodus was not a concern for Jersey however many small farm holdings have been dissolved into larger farm holdings within Jersey.	Between 2000 and 2005 the number of arable farms in Jersey fell by 26%, whilst the total area farmed remained similar, meaning that the average farm size increased over this period i.e. loss in number of small farm holdings (Jersey in Figures, 2006). This can be compared with statistics from the British Potato Council which show an increase in the average area farmed per grower for British Potatoes of 23 ha in 2000 to

			38 ha in 2005 meanwhile total registered area declined from 131,000 hectares in 2000 to 116,000 hectares in 2005 (British Potato Council, 2006).
<b>Are GIs linked to a social cost to the region?</b>	3	No social costs associated with the PDO were identified	

## 2.0 Welsh Lamb (PGI), Wales UK

<b>Ecological Impacts of Jersey Royal PDO</b>			
<b>Research Question</b>	<b>Hypotheses</b>	<b>The interviewees agreed predominantly on the following themes:</b>	<b>Supporting/Conflicting Data</b>
<b>Do GIs encourage biodiversity?</b>	1,2,3,4	Locally the Jersey Royal doesn't add to biodiversity as it is the main crop and is grown predominantly as a mono-crop.	The Jersey Royal is protected by its PDO status and can therefore only be grown on Jersey. In the application (appendix 1) it is stated that there is no source outside the island. If the Jersey Royal is only grown on Jersey then it cannot replace other potato varieties found in other regions. Because it is valued and protected by the PDO it is less likely to be replaced by a variety found outside of the region. In this respect it adds to global biodiversity.
<b>Are GIs linked to environmental standards?</b>	1,2,3	The PDO has no direct link to environmental standards, the environmental standards are driven by supermarkets	There are no environmental standards linked directly with the PDO regulations.
	1,2,3	The amount or intensity of production is not regulated.	This is the case
<b>Do GIs encourage ecologically sustainable production methods?</b>	1,2,3	PDO doesn't encourage sustainable agriculture. The Jersey Royal has an economic rather than ecological focus.	There are some environmentally friendly practices utilised such as use of seaweed, recycling of plastic covering, hand labour, and nutrient budgeting, however only the use of seaweed and hand labour can be directly attributed to the PDO, the others could have occurred in the absence of PDO status.



	1,2,3	The Jersey Royal is mainly conventionally produced as a monoculture, less than 2 % is produced organically.	This is the case
<b>Are GIs linked to an environmental cost to the region?</b>	3	No environmental costs associated with the PDO were identified	

<b>Economic Impacts of PGI Welsh Lamb</b>			
<b>Research Question</b>	<b>Hypotheses</b>	<b>The interviewees agreed predominantly on the following themes:</b>	<b>Supporting /Conflicting Data</b>
<b>Do GIs add economic value to agro-food products?</b>	1,2,3	PGI Welsh Lamb doesn't tend to fetch a premium, however some cuts do.	
	1,2,3	The PGI status was applied for rather than PDO so that producers would gain from any premiums; however producers feel they are not seeing a premium.	Redistribution of value throughout supply chain has not occurred; in 1995 (pre PGI) producers received 56% of retail value, in 2007 the producers are receiving 45% of the retail value (Hybu Cig Cymru- Meat Promotion Wales , 2006) Average price to producer from Welsh Lamb in 1995 was 236.1 pence/kg in 2006 550.2 p/kg. Price dropped between 1996 and 2003. (Hybu Cig Cymru- Meat Promotion Wales , 2006)
	1,2,3,4	Predominantly money generated from the producers of Welsh Lamb stays in rural Wales, however not from processors and retailers.	Being a PGI only production is required to be linked to a defined region, processing can occur outside of Wales and therefore proceeds from processing may be directed outside of Wales.
	1,2,3	As a stakeholder/producer they do not feel financially better off with the PGI	Farmers of Welsh Lamb still rely heavily on subsidies.
<b>Are GIs linked to innovation and entrepreneurship?</b>	1,2,3	On a small scale there have been some farmers markets and online markets introduced that may be linked to PGI status	
	1,2,3	The PGI status cannot be directly linked with innovation and entrepreneurship but there are some changes concurrently with the PGI status and FAWL scheme.	Meat Promotion Wales has worked with the abattoir sector to improve efficiency throughout the supply chain of red meat, This has been achieved through Value Chain Analysis (VCA) identifying inefficiencies that are not actually adding value to Welsh Lamb and Welsh Beef. (Hybu Cig Cymru- Meat Promotion Wales , 2006)

	1,2,3	There has been some accumulation and sharing of knowledge in the early phases of the PGI application.	
<b>Are GIs a valuable marketing tool?</b>	1,2,3	PGI status has helped Welsh Lamb re-enter existing markets and some new markets.	<p>The PGI status has helped Welsh Lamb gain promotional and marketing advantages, strongly differentiating Welsh Lamb from its competitors (Hybu Cig Cymru- Meat Promotion Wales , 2006)</p> <p>The PGI status of Welsh Lamb is prominently featured in Meat Production Wales (HCC) advertising and export work, enhancing sales opportunities (Hybu Cig Cymru- Meat Promotion Wales , 2006)</p>
	1,2,3	Yes the PGI status has improved PR for Welsh Lamb.	
	1,2,3	No new marketing strategy, however the PGI has helped improve the strength of the original PR strategy.	The PGI status of Welsh Lamb is prominently featured in Meat Production Wales (HCC) advertising and export work, enhancing sales opportunities (Hybu Cig Cymru- Meat Promotion Wales , 2006)
	1,2,3	The PGI status and the PR associated with this have led to increasing enthusiasm amongst stakeholders of Welsh Lamb.	
<b>Are economic costs associated with GI protection?</b>	3	There has only been transaction costs involved with the time and bureaucracy of the GI process, no direct cost for PGI status	

<b>Social Impacts of PGI Welsh Lamb</b>			
<b>Research Question</b>	<b>Hypotheses</b>	<b>The interviewees agreed predominantly on the following themes:</b>	<b>Supporting/Conflicting Data</b>
<b>Do GIs encourage social networks and collaboration amongst stakeholders?</b>	1,2,3	Celtic Pride is an example of a cooperative group that has been established since PGI status. Indirectly the PGI status has led to a growing trend for cooperation amongst stakeholders.	
	1,2,3	In the early stages of the PGI campaign there was information transfer/social cohesion amongst stakeholders. This is occurring indirectly through the FAWL scheme which is a requirement of the PGI.	Article 5.1 of the Council Regulation (EC) No 510/2006 on the protection of GIs, states that “ <i>Only a group shall be entitled to apply for registration</i> ” and Article 8.1 “ <i>A name registered under this Regulation may be used by any operator marketing agricultural product or foodstuffs conforming to the corresponding specification.</i> ” Both of these rules clearly indicate that the protection is collective and therefore non-exclusive which may have local social cohesion benefits, even if this is only instigated at the application stage.  Regular advice is transferred to 2,250 farmers by Meat Promotion Wales on new developments and technology. (Hybu Cig Cymru- Meat Promotion Wales , 2006)
<b>Are GIs linked to maintaining traditional knowledge?</b>	1,2,3,4	Yes Welsh Lamb is produced traditionally.	“ <i>Welsh lamb is a product of the traditional extensive farming practices utilizing the expertise built up over generations of producers</i> ” from application
	1,2,3	The regulations governing GI status encourage the use of traditional knowledge.	This is true, see above
<b>Are GIs linked to sustainable employment and therefore slowing of rural exodus?</b>	1,2,3	No the PGI Welsh Lamb has not led directly to sustainable employment.	

	1,2,3,4	Rural exodus is a concern to rural Wales.	There are now almost 400,000 fewer people aged 15-29 living in rural areas than just 20 years ago in Great Britain (CRC report, 2007)
	1,2,3	Indirectly the PGI can help slow rural exodus if it secures an income for farmers	<i>Slowing of rural exodus is linked to secure jobs (O'Connor and Company, 2005)</i>
<b>Are GIs linked to a social cost to the region?</b>	3	No social costs associated with the PGI were identified	

<b>Ecological Impacts of PGI Welsh Lamb</b>			
<b>Research Question</b>	<b>Hypotheses</b>	<b>The interviewees agreed predominantly on the following themes:</b>	<b>Supporting/Conflicting Data</b>
<b>Do GIs encourage biodiversity?</b>	1,2,3,4	The PGI doesn't encourage biodiversity, except to maintain green meadows.	25% of sheep farmers in Wales participated in a survey of breeding trends and genetic makeup of their farms. The survey showed that purebred ewes dominated with 61%. (Hybu Cig Cymru- Meat Promotion Wales, 2006)
<b>Are GIs linked to environmental standards?</b>	1,2,3	Environmental standards are imposed on PGI Welsh lamb indirectly through the FAWL scheme.	In order to operate under the PGI label farms must be FAWL accredited. Section 3 of the FAWL protocol for Beef and Sheep Producers covers environmental factors ( <a href="http://www.wlbp.co.uk/fawl">http://www.wlbp.co.uk/fawl</a> ). Farms are assessed to evaluate whether they have adequate systems in place to avoid pollution of the environment and that they observe the codes of good agricultural practice for the protection of air, soil and water.
	1,2,3	The PGI does not control the intensity of production directly.	Under the FAWL regulations there are restrictions on stocking density, these density restrictions are based on indoor floor space, because stock numbers are restricted, production cannot be too intensive. Therefore environmental effects related to intensity of production are indirectly controlled.

<b>Do GIs encourage ecologically sustainable production methods?</b>	1,2,3	Welsh lamb is predominantly conventionally farmed but in an extensive rather than intensive style.	<i>Welsh lamb enjoys a unique worldwide reputation which is derived from the traditional extensive farming” (see application in appendix)</i>
<b>Are GIs linked to an environmental cost to the region?</b>	3	No environmental costs associated with the PGI were identified	

<b>General Questions</b>		
<b>Research Question</b>	<b>Hypotheses</b>	<b>The interviewees agreed predominantly on the following themes:</b>
<b>Do GIs promote sustainable rural development?</b>	1	It was predominantly agreed that GIs did promote sustainable rural development.
<b>Do you think the protection of GIs is a better tool for rural development than trademarks?</b>	1	Yes, however the brand is also very important.



# DISCUSSION

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The discussion is in two parts the first section compares results with the objectives and anticipated effects identified in the literature review. The second section discusses evidence from interviews and secondary data and evaluates it on the basis of the following predefined objectives:

**Economic:**

- To show that GIs add economic value to agro food products
- To show that GIs are linked to innovation and entrepreneurship
- To show that GIs are a valuable marketing tool?

**Social:**

- To show that GIs encourage social networks and collaboration amongst stakeholders
- To show that GIs are linked to maintaining traditional knowledge
- To show that GIs are linked to sustainable employment and the slowing of rural exodus

**Ecological:**

- To show that GIs are linked to biodiversity
- To show that GIs are linked to environmental standards
- To show that GIs encourage ecologically sustainable production methods

**Costs:**

- To identify economic, social and environmental costs associated with GI protection.

## Section 1

The literature review identifies a number of ways in which GIs are generally linked to Sustainable Rural Development, which we might assume would fit the two GIs investigated in this study. But do they?

The first aim of the literature review was to establish that sustainable development consists of more than merely economic factors, a number of integrated theories and models were investigated to illustrate this, for example Culture Economy,

Conventions Theory, and Embeddedness Concept. The Jersey Royal Potato and Welsh Lamb are both products that fit within these models and theories, i.e. these products are embedded in non-market values such as the extensive grazing practice of Welsh Lamb on pastures unique to Wales. The embeddedness of both products in the local nature and local culture avoids the risk of relocation to be produced more economically elsewhere. Before specific non-market values are investigated more closely such as ecological and social values the assumption can be made that GIs are likely to trend toward sustainable development because they contain more than just economic or traditional market values.

With respect to rural development the literature review identified that different regions have different strategies for rural development, for example Europe appears focused on linking agriculture to traditional practices, lifestyles etc whereas the USA tends to have a more conventional approach. The GI protection of the Jersey Royal potato was a state initiative, whereas the protection of Welsh Lamb a private initiative. However in both cases legislation exists to protect value-added products as GIs, indicating that rural development in these regions is geared toward encouraging value-added products. Whereas NZ for example only protects wines and spirits as Geographical Indications and predominantly produces agricultural products for the commodity market.

Political contention and confusion was touched on in the literature review as a barrier to GIs. A strong view being that the protection of GIs is biased to benefit old European countries and a cost to newer countries that have developed products originating from the former. Welsh Lamb does not fall into this argument because there have been no similar products from other countries benefiting from this brand name, however on a small scale the Jersey Benne is produced and sold in New Zealand. This situation could result in future conflict particularly if these markets overlapped somewhere. On the other hand Welsh Lamb and the Jersey Royal are from the UK, which has less of a tradition or association to value added products than for example, Continental Europe, indicating that GIs may benefit a broader group of regions than believed. New Zealand for example could consider protecting New Zealand Lamb as a GI; New Zealand lamb is extensively farmed and grass fed in a unique climate and is associated with its own tradition.



A further argument toward the protection of GIs as discussed in the literature review is that there are already a number of value added labels such as fair trade and organic products that can be associated with sustainable rural development. GIs could be viewed as a subset of this larger set of protected value added products.

The success of GIs in promoting Sustainable Rural Development is associated with the standards imposed by the legislation protecting the product. Jersey Royal and Welsh lamb both display links to inherent natural and human factors, such as the traditional extensive farming practices involved in the production of Welsh Lamb. That is the GI legislation imposes that the product must be linked to non-market values. Another important factor in the success of GIs as a promoter of SRD is that the consumer is aware of GIs, it is recognized that there is a increasing consumer demand for products carrying a label of origin (Marsden et al., 2000; Murdoch et al., 2000; Van der Ploeg and Renting, 2000). Both products are relatively new GIs (The Jersey Royal since 1996, Welsh lamb since 2003) so may become increasingly sought after with time. Both products are transparent and traceable ensuring consumer trust and added strength to the consumer-producer link.

## **Section 2**

### **Do GIs add economic value to agro food products?**

Only the Jersey Royal could be consistently linked to adding economic value to the product in the form of a premium. The Jersey Royal has remained competitive in a market where there is a declining trend in the consumption of fresh potatoes; and potato production and prices are falling. The PGI Welsh Lamb does receive a premium in some cases but not predominantly. Considering the decline in the market for potatoes and meat within the UK we may assume that both Welsh Lamb and the Jersey Royal are likely to have been worse off in the absence of GI protection.

The premium is intended to benefit the producer of Welsh Lamb because it is a PGI rather than PDO, whereas the premium gained for Jersey Royal is distributed more

evenly throughout the supply chain. Despite the intention of the PGI to benefit Welsh Lamb producers, until this stage this has not been the case.

Revenue generated from the Jersey Royal predominantly stays within Jersey, this is because both production and processing occurs locally and Jersey is an island. The amount of revenue that stays in rural Wales is related to the income farmer's gain from the product. Welsh Lamb can be processed outside of Wales so this money does not stay in rural areas. The greater the price fetched for a PDO will help rural areas. The greater the price fetched for a PGI will also benefit rural areas as the premium is allocated to support this end of the supply chain (i.e. the producers not the processors outside of the area as they pay a higher price to procure the product for processing).

Stakeholders involved with the Jersey Royal feel better off financially with the PDO protection, whereas stakeholders involved with Welsh Lamb do not feel financially better off. This may be due to the fact that the PGI status is still relatively new and the full benefits of this protection have not eventuated yet.

It is difficult to link economic attributes of the product specifically to the GI status as a strong brand name already existed before GI accreditation. Thus, the economic success of the GI could at least partly be attributed to the brand name. However the protection of the product from unfair competition adds economic resilience.

What was reported by the stakeholders in the interviews was predominantly backed up with supporting data; indicating that the value of GIs is not misperceived.

### **GIs are linked to innovation and entrepreneurship?**

The PDO and PGI status could not be linked directly to innovation and entrepreneurship. Some innovative methods have been adopted in the production of the Jersey Royal such as using plastic covering to ensure an early harvest and in the PGI Welsh lamb such as value chain analysis. However this innovation cannot be directly linked to the GI status.

It is difficult to ascertain what innovation is linked to the GI status and what would have occurred in its absence. However, it can be assumed that if a product is gaining a premium on the back of GI status, such as the Jersey Royal, then more money is available to be put back into research and development leading to innovation.

An important aspect of gaining GI status involves showing a link to inherent natural factors; this is often indicated through traditional methods used in production for example the extensive farming system employed for Welsh Lamb. Some stakeholders suggested that encouraging traditional methods might slow innovation; however this may depend on their definition of innovation.

### **GIs are a valuable marketing tool?**

Both products have been well marketed and both products are associated with strong brand names so it is difficult to ascertain which is more valuable the brand name or the GI label. Definitely in the case of marketing Welsh Lamb in Europe the PGI label has been of value, because in Europe the concept of GIs is well known and holds substance.

Both sets of interviewees believed the GI label was not well known amongst consumers, which strongly suggests that the GI status is not as directly valuable for marketing as it could be. The GI status is therefore more valuable at *protecting* the product from competition and ensuring it is differentiated so that the brand name is strengthened for marketing.

### **GIs encourage social networks and collaboration amongst stakeholders?**

Neither product could be directly linked with the encouragement of social networks and collaboration amongst stakeholders, except for in the application stage for GI status. Despite the collective nature of GI status it didn't appear more likely to lead to social cohesion than other forms of intellectual property protection. There appeared to be more collaboration amongst the Welsh Lamb than Jersey Royal stakeholders this may be attributed to the fact that the application for PDO protection was carried out

by the states of Jersey, whereas the application for PGI protection was done by a group which is owned in part by farmers.

Although a collective intellectual property is protecting the PDO, the production of Jersey Royals is trending toward an amalgamation into one company Jersey Royal Potato Marketing Limited (JRPML) this amalgamation has led to a strengthening of the social networks between marketing companies, as previously they were all competing which affected the overall value of the Jersey Royal. However the amalgamation may also indicate a failure of social cohesion as in the stakeholders inability to work together (competing against each other) has led to the monopoly of one firm.

### **GIs are linked to maintaining traditional knowledge?**

The links of a product to the geography differentiating it as a GI include both inherent *natural* and *human* factors. The inherent human factors involve such links as culture and tradition of production technique. In the cases of Jersey Royal and Welsh Lamb the production techniques utilised are predominantly traditional. Traditional extensive farming is used in the production of Welsh Lamb and hand labour is used in the planting and harvesting of the Jersey Royal along with spreading of seaweed as a natural fertiliser. Therefore both GI products investigated can be linked to maintaining some degree of traditional knowledge. Furthermore because the regulations governing GIs demand both human and natural links of the product to geography a certain amount of tradition should be preserved through the protection of GIs.

### **GIs are linked to sustainable employment and the slowing of rural exodus?**

GIs are locally embedded products and therefore cannot be relocated from the region such as to a place where there is cheaper employment; in theory ensuring job security. Job security is linked to the slowing of rural exodus. Furthermore GIs are theoretically linked to gaining a premium and sustainable employment which also slow rural exodus.

The Jersey Royal was linked to sustainable employment and rural exodus was not viewed as an issue in Jersey when considering the whole of Jersey as a rural area. An interesting observation is that although people are not leaving Jersey there has been a reduction in the number of Jersey Royal Farm holdings. Traditionally farming has comprised of many small holdings owned by families, one theory behind GI products is to support the continuation of this tradition of small holdings however the opposite of this has been the case with the Jersey Royal. There has been an overall reduction in the number of farm holdings, between 2000 and 2005 the number of arable farms in Jersey fell by 26%, whilst the total area farmed remained similar, meaning that the average farm size increased over this period (Jersey in Figures, 2006). Statistics from the British Potato Council (BPC) indicate a reduction in the number of farm holdings for potato growers throughout Britain. BPC statistics show an increase in the average area farmed per grower for British Potatoes of 23 ha in 2000 to 38 ha in 2005 meanwhile total registered area declined from 131,000 hectares in 2000 to 116,000 hectares in 2005 (British Potato Council, 2006).

This observation on Jersey of an overall reduction in farm holdings could indicate that despite good intentions, what is anticipated by the protection of a product (to support small sized farms) and what actually happens may not occur, even in a partially protected market. Or that even less small holdings may have remained without the protection of the PDO.

Welsh Lamb could not be linked at this stage to ensuring sustainable employment and slowing rural exodus, but the stakeholders held hope that this would occur.

### **GIs are linked to biodiversity?**

The concept of Biodiversity is complex and depends on the context it is used such as on a global or local scale. GIs can be linked to encouraging biodiversity because they are differentiated products and they are embedded in the local region. To be embedded in a local region the inherent nature of the product needs to be associated with that region, such as its genetic make up. To be differentiated the product needs to be different than others such as through genetic and species varieties.

The Welsh Lamb cannot be linked to biodiversity as the genetic makeup of the Lamb can be a mix of a number of species. On the other hand the Jersey Royal Benne was discovered on Jersey and cannot be grown anywhere else therefore it maintains biodiversity by avoiding the replacement of a potato outside of Jersey with the Jersey Benne, and vice versa i.e. on a global scale. However on the island of Jersey the Jersey Benne doesn't encourage biodiversity as it is grown as a monocrop. The local biodiversity therefore depends on the production techniques. This will vary from GI product.

### **GIs are linked to environmental standards?**

GI regulations do not impose any environmental standards. All stakeholders agreed that environmental standards were not directly linked to GIs. Welsh Lamb had indirect links to environmental standards via the FAWL scheme. It was agreed that the environmental standards involved in the production of Jersey Royals were driven by supermarkets rather than GI status. The GIs investigated are not linked to environmental standards.

### **GIs encourage ecologically sustainable production methods?**

Direct links with ecologically sustainable agricultural practices were not made with the GIs investigated. However, indirectly sustainable farming practices were encouraged for Welsh Lamb through the FAWL scheme. Both products have links to ecologically sustainable practices; however these cannot be directly linked to GI status and may have occurred in the absence of GI status.

### **Is GI protection linked to economic, social and environmental costs?**

The cost in gaining GI status was not significant and in the case of the Jersey Royal the state applied for the GI status. To have GI status for Welsh Lamb the producer needs to be assessed under the FAWL scheme, which involves some cost. No one interviewed stated that there were significant costs involved with GIs. The cost of GIs

is therefore likely to be associated with non GI firms who may lose their ability to usurp GI products, such as producers of Basmati Rice outside of Basmati.

Neither of the products evaluated had a social or environmental cost linked to GI protection.

# CONCLUSION

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There are many factors required to ensure sustainable rural development, very simply these can be reduced to ecological, economic and social elements. The two products investigated do not have profound direct links to all of these elements, however many indirect links were found. The Geographical Indications evaluated were least strongly tied to ecological benefits, with stronger ties to economic and social values. No significant social, economic or ecological costs were uncovered by the study.

This study only evaluated two case studies out of a total of 36 in the UK so the findings are not representative of all GI products in the UK. Furthermore it can be assumed that the effects of UK-GIs are different from those in Italy or France, with their long tradition and culture of regional food products (There are approximately 500 GIs in Europe).

Predominantly stakeholder responses were backed up with supporting data, which indicates that the perceived effects of GIs are inline with the actual effects of GIs. However what was anticipated to be valuable attributes of GIs such as encouraging social cohesion due to being a “collective” label and adding to biodiversity because they are “differentiated” wasn’t clearly the case with the two GI products evaluated. Also of surprise was that the GIs evaluated didn’t link to innovation and entrepreneurship, which contradicted findings in the literature review. Whereas the anticipated values of offering transparency and fairness occur with GI protection, because they can be directly linked to the regulations governing GIs.

There is enough evidence to show that the GIs investigated in this study are linked to more than just economic benefits and are therefore trending toward SRD; however these links alone are not strong enough to say that GIs *promote* sustainable rural development. A promising finding of the study was that although many of the links between the GIs investigated and SRD were indirect all stakeholders agreed that GIs promote SRD.



Considering the findings of this study together with findings outlined in the Literature Review the protection of GIs remains a promising policy tool for sustainable rural development. As discussed in the literature review above the price of New Zealand Lamb paid to farmers has been declining over the past 10 years. Foot and mouth disease (FMD) and bovine spongiform encephalopathy (BSE) have generated trade restrictions globally for meat meanwhile New Zealand has remained disease free. Despite this advantage New Zealand Lamb prices are still low. Therefore countries like NZ whose current agricultural industry is weakening should consider the protection of GIs as a feasible rural development policy move.

In today's society where customers are placing increasing value on the integrity of food, such as the social and environmental standards involved in the production and processing of agrofood products (Renting et al., 2003; Murdoch et al., 2000), New Zealand could potentially benefit from adopting GI regulations especially if strong social and ecological standards are upheld and continuously controlled by independent organizations. This would add validity and longevity to New Zealand's clean green image.

## **FURTHER RESEARCH**

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There is still substantial scope for further research linking geographical indications to sustainable rural development. This research paper investigated only two agro-food products and their links to SRD, therefore research on other products would be valuable, particular those outside of Continental Europe. Furthermore cross-national and cross-continental research could bring extra insights (e.g. UK and Italy, with different traditions in GI).

Research investigating comparable non-GI products would add value to this research paper. In the absence of such research the assumption is being made that non value added products do not encourage sustainable rural development. This assumption needs to be tested.

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# APPENDIX I

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## Jersey Royal Application for PDO status

Regulation (EEC) No 2081/92 - Application for Registration Article 17

*Protected Designation of Origin*



*National application No: - Product Name Jersey Royal Potatoes*

**1. Competent service of the Member State:**

Name: United Kingdom - Department for Environment, Food and Rural Affairs

Tel: 020 7238 6687

Fax: 020 7328 5728

**2. Applicant group:**

a) Name: Agriculture & Fisheries Committee

b) Address: Howard Davis Farm, Trinity, Jersey

c) Composition: producer/processor (430 approx) other ( )

**3. Name of product:**

Jersey Royal

**4. Type of product (see list in Annex VI):**

Vegetables Class 1.6

**5. Specification - Summary of requirement under Article 4(2)):**

**a) Name:**

Jersey Royal

**b) Description of Product:**

First early variety of potato characterised by long oval tubers, yellow skin and firm texture once cooked. Foliage is dark green with wavy margins and robust stems. Seaweed is extensively used as a fertiliser, this enhances the flavour of the potatoes

**c) Geographical area:**

The Island of Jersey

**d) Evidence of origin:**

Jersey Royal is an early kidney potato that was first selected and marketed around 1880. There is no source of Jersey Royals outside the Island. Also known as Jerseys or Royals.

***e) Method of production:***

Majority of the crop is planted by hand. Each grower selects his own seed which is planted at the second shoot stage. Extensive use is made of seaweed as fertiliser.

***f) Link***

Jersey Royal Potatoes have been produced exclusively on the island for over 100 years. The sheltered nature of the island and rapidly warming soils mean crops can be grown earlier than anywhere else in the UK.

***g) Inspection bodies:***

States of Jersey

Address: Cyril Le Marquand House, PO Box 140, Jersey JE4 8QT

Tel: 01534 603000

Fax: 01534 768310

***h) Labelling:***

PDO

***i) National requirements (if any):***

***EC No:***

Page last modified: 21 July 2003

Page published: 21 July 2003

**SOURCE:**

[http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:52002XC1023\(02\):EN:HTML](http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:52002XC1023(02):EN:HTML) (August,2007)

# APPENDIX II

## Welsh Lamb application for PGI status



25.1.2000

EN

Official Journal of the European Communities

C 21/17

### 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

(2000/C 21/04)

This publication confers the right to object to the application pursuant to Article 7 of the abovementioned Regulation. Any objection to this application must be submitted via the competent authority in the Member State concerned 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.

COUNCIL REGULATION (EEC) No 2081/92

APPLICATION FOR REGISTRATION: ARTICLE 5

PDO ( ) PGI (x)

National application No: 03711

#### 1. Responsible department in the Member State:

Name: Ministry of Agriculture, Fisheries and Food, United Kingdom

Tel.: (44-171) 270 81 70

Fax: (44-171) 270 86 45

#### 2. Applicant Group:

2.1. Name: Welsh Lamb Enterprise Ltd

2.2. Address: PO Box 8, Brynawel, Great Darkstreet, Aberystwyth, Dyfed SY23 1DR, Wales

2.3. Composition: producer/processor (17 000) other (0)

#### 3. Type of Product: Fresh Meat & Offal Class 1.1

#### 4. Specification: summary of Requirements under Article 4(2)

##### 4.1. Name: Welsh lamb

4.2. Description: 'Welsh lamb' is carcasses or cuts of meat from lambs bred, born, reared in Wales and slaughtered in approved abattoirs.

4.3. Geographical area: the mainland of Wales from the border with England, including the island of Anglesey.

4.4. Proof of origin: Extensive sheep production plays an important role in the Welsh rural economy and historical references date as far back as the 14th Century. Welsh lamb enjoys a unique world-wide reputation which is derived from the traditional extensive farming. Farms are often family owned and over the generations a great deal of expertise in producing Welsh lamb has accumulated.

4.5. Method of production: Each producer controls his own flock of sheep, lambs suckle the ewe and graze outdoors on the grass. Lambs are all slaughtered at up to one year old in approved abattoirs. All abattoirs are scheme approved and are required to maintain records to ensure traceability of each batch of lambs purchased, to guarantee the integrity of supply as being Welsh lamb.

Minimum requirements with regard to the traceability of the product are:

(i) sheep raised extensively on grassland;

(ii) veterinary records according to government requirements;

(iii) traceability compliant to Farm Assured Welsh Livestock Protocol. All lambs are tagged with producer's herd number printed on the tags;

(iv) transport and slaughter identification according to Government regulations.

4.6. *Link:* Welsh lamb is a product of the traditional extensive farming practises utilising the expertise built up over generations of producers. Welsh lamb is derived entirely from lambs born, bred, reared, slaughtered in Wales. The unique character of the product arises from the influence of the traditional hardy Welsh breeds that dominate the Welsh flock and also by the lambs feeding on the abundant natural grassland in Wales, which flourishes as a result of the wet and mild Welsh climate and topography.

4.7. *Inspection body:*

Name: Scottish Food Quality Certification Ltd

Address: Craigs House, 82 Craigs Road, East Craigs, Edinburgh EH12 8NJ

4.8. *Labelling:* Each carcase, part carcase or cut, carries the Welsh Lamb Enterprise label. Following registration each product will carry a Protected Geographical Indication (PGI) symbol in close proximity to the registered name.

4.9. *National requirements:* —

**EC No:** G/UK/00081/99.02.10.

**Date of receipt of the full application:** 1 June 1999.

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# APPENDIX III

## EU Council Regulation Governing the Protection of Geographical Indications

L 93/12

EN

Official Journal of the European Union

31.3.2006

### COUNCIL REGULATION (EC) No 510/2006 of 20 March 2006

#### on the protection of geographical indications and designations of origin for agricultural products and foodstuffs

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 37 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament <sup>(1)</sup>,

Whereas:

(1) The production, manufacture and distribution of agricultural products and foodstuffs play an important role in the Community economy.

(2) The diversification of agricultural production should be encouraged so as to achieve a better balance between supply and demand on the markets. The promotion of products having certain characteristics can be of considerable benefit to the rural economy, particularly in less-favoured or remote areas, by improving the incomes of farmers and by retaining the rural population in these areas.

(3) A constantly increasing number of consumers attach greater importance to the quality of foodstuffs in their diet rather than to quantity. This quest for specific products generates a demand for agricultural products or foodstuffs with an identifiable geographical origin.

(4) In view of the wide variety of products marketed and the abundance of product information provided, the consumer should, in order to be able to make the best choices, be given clear and succinct information regarding the product origin.

(5) The labelling of agricultural products and foodstuffs is subject to the general rules laid down in Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of

the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs <sup>(2)</sup>. In view of their specific nature, additional special provisions should be adopted for agricultural products and foodstuffs from a defined geographical area requiring producers to use the appropriate Community symbols or indications on packaging. The use of such symbols or indications should be made obligatory in the case of Community designations, on the one hand, to make this category of products and the guarantees attached to them better known to consumers and, on the other, to permit easier identification of these products on the market so as to facilitate checks. A reasonable length of time should be allowed for operators to adjust to this obligation.

(6) Provision should be made for a Community approach to designations of origin and geographical indications. A framework of Community rules on a system of protection permits the development of geographical indications and designations of origin since, by providing a more uniform approach, such a framework ensures fair competition between the producers of products bearing such indications and enhances the credibility of the products in the consumer's eyes.

(7) The rules provided for should apply without interfering with existing Community legislation on wines and spirit drinks.

(8) The scope of this Regulation should be limited to certain agricultural products and foodstuffs for which a link exists between product or foodstuff characteristics and geographical origin. However, its scope could be enlarged to encompass other agricultural products or foodstuffs.

(9) In the light of existing practices, two different types of geographical description should be defined, namely protected geographical indications and protected designations of origin.

(10) An agricultural product or foodstuff bearing such a description should meet certain conditions set out in a specification.

<sup>(1)</sup> Not yet published in the Official Journal.

<sup>(2)</sup> OJ L 109, 6.5.2000, p. 29. Directive as last amended by Directive 2003/89/EC (OJ L 308, 25.11.2003, p. 15).

- (11) To qualify for protection in the Member States, geographical indications and designations of origin should be registered at Community level. Entry in a register should also provide information to those involved in the trade and to consumers. To ensure that Community-registered names meet the conditions laid down by this Regulation, applications should be examined by the national authorities of the Member State concerned, subject to compliance with minimum common provisions, including a national objection procedure. The Commission should subsequently be involved in a scrutiny procedure to ensure that applications satisfy the conditions laid down by this Regulation and that the approach is uniform across the Member States.
- (12) The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement 1994, contained in Annex 1C to the Agreement establishing the World Trade Organisation) contains detailed provisions on the availability, acquisition, scope, maintenance and enforcement of intellectual property rights.
- (13) The protection afforded by this Regulation, subject to registration, should be open to the geographical indications of third countries where these are protected in their country of origin.
- (14) The registration procedure should enable any natural or legal person having a legitimate interest in a Member State or a third country to exercise their rights by notifying their objections.
- (15) There should be procedures to permit amendment of specifications on request of groups having a legitimate interest, after registration, in the light of technological progress and cancellation of the geographical indication or designation of origin for an agricultural product or foodstuff, in particular if that product or foodstuff ceases to conform to the specification on the basis of which the geographical indication or designation of origin was granted.
- (16) The designations of origin and geographical indications protected on Community territory should be subject to a monitoring system of official controls, based on a system of checks in line with Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules<sup>(4)</sup>, including a system of checks to ensure compliance with the specification of the agricultural products and foodstuffs concerned.
- (17) Member States should be authorised to charge a fee to cover the costs incurred.
- (18) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission<sup>(5)</sup>.
- (19) The names already registered under Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs<sup>(6)</sup> on the date of entry into force of this Regulation should continue to be protected under this Regulation and automatically included in the register. Provision should also be made for transitional measures applicable to registration applications received by the Commission before the entry into force of this Regulation.
- (20) In the interests of clarity and transparency, Regulation (EEC) No 2081/92 should be repealed and replaced by this Regulation.

HAS ADOPTED THIS REGULATION:

#### Article 1

##### Scope

1. This Regulation lays down the rules on the protection of designations of origin and geographical indications for agricultural products intended for human consumption listed in Annex I to the Treaty and for foodstuffs listed in Annex I to this Regulation and for agricultural products listed in Annex II to this Regulation.

It shall not, however, apply to wine-sector products, except wine vinegars, or to spirit drinks. This paragraph shall be without prejudice to the application of Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine<sup>(6)</sup>.

Annexes I and II to this Regulation may be amended in accordance with the procedure referred to in Article 15(2).

2. This Regulation shall apply without prejudice to other specific Community provisions.

<sup>(4)</sup> OJ L 184, 17.7.1999, p. 23.

<sup>(5)</sup> OJ L 208, 24.7.1992, p. 1. Regulation as last amended by Regulation (EC) No 806/2003 (OJ L 122, 16.5.2003, p. 1).

<sup>(6)</sup> OJ L 179, 14.7.1999, p. 1.

<sup>(1)</sup> OJ L 165, 30.4.2004, p. 1. Corrected version in OJ L 191, 28.5.2004, p. 1.

3. Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on Information Society Services <sup>(7)</sup> shall not apply to the designations of origin and geographical indications covered by this Regulation.

#### Article 2

##### Designation of origin and geographical indication

1. For the purpose of this Regulation:

(a) 'designation of origin' means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:

- originating in that region, specific place or country,
- the quality or characteristics of which are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors, and
- the production, processing and preparation of which take place in the defined geographical area;

(b) 'geographical indication' means the name of a region, a specific place or, in exceptional cases, a country, used to describe an agricultural product or a foodstuff:

- originating in that region, specific place or country, and
- which possesses a specific quality, reputation or other characteristics attributable to that geographical origin, and
- the production and/or processing and/or preparation of which take place in the defined geographical area.

2. Traditional geographical or non-geographical names designating an agricultural product or a foodstuff which fulfil the conditions referred to in paragraph 1 shall also be considered as designations of origin or geographical indications.

3. Notwithstanding paragraph 1(a), certain geographical designations shall be treated as designations of origin where the raw materials for the products concerned come from a geographical area larger than, or different from, the processing area, provided that:

(a) the production area of the raw materials is defined;

<sup>(7)</sup> OJ L 204, 21.7.1998, p. 37.

(b) special conditions for the production of the raw materials exist; and

(c) there are inspection arrangements to ensure that the conditions referred to in point (b) are adhered to.

The designations in question must have been recognised as designations of origin in the country of origin before 1 May 2004.

#### Article 3

##### Generic nature, conflicts with names of plant varieties, animal breeds, homonyms and trademarks

1. Names that have become generic may not be registered.

For the purposes of this Regulation, a 'name that has become generic' means the name of an agricultural product or a foodstuff which, although it relates to the place or the region where this product or foodstuff was originally produced or marketed, has become the common name of an agricultural product or a foodstuff in the Community.

To establish whether or not a name has become generic, account shall be taken of all factors, in particular:

(a) the existing situation in the Member States and in areas of consumption;

(b) the relevant national or Community laws.

2. A name may not be registered as a designation of origin or a geographical indication where it conflicts with the name of a plant variety or an animal breed and as a result is likely to mislead the consumer as to the true origin of the product.

3. A name wholly or partially homonymous with that of a name already registered under this Regulation shall be registered with due regard for local and traditional usage and the actual risk of confusion. In particular:

(a) a homonymous name which misleads the consumer into believing that products come from another territory shall not be registered even if the name is accurate as far as the actual territory, region or place of origin of the agricultural products or foodstuffs in question is concerned;

(b) the use of a registered homonymous name shall be subject to there being a sufficient distinction in practice between the homonym registered subsequently and the name already on the register, having regard to the need to treat the producers concerned in an equitable manner and not to mislead the consumer.

4. A designation of origin or geographical indication shall not be registered where, in the light of a trademark's reputation and renown and the length of time it has been used, registration is liable to mislead the consumer as to the true identity of the product.

#### Article 4

##### Product specification

1. To be eligible for a protected designation of origin (PDO) or a protected geographical indication (PGI), an agricultural product or foodstuff shall comply with a product specification.

2. The product specification shall include at least:

- (a) the name of the agricultural product or foodstuff comprising the designation of origin or the geographical indication;
- (b) a description of the agricultural product or foodstuff, including the raw materials, if appropriate, and principal physical, chemical, microbiological or organoleptic characteristics of the product or the foodstuff;
- (c) the definition of the geographical area and, where appropriate, details indicating compliance with the requirements of Article 2(3);
- (d) evidence that the agricultural product or the foodstuff originates in the defined geographical area referred to in Article 2(1)(a) or (b), as the case may be;
- (e) a description of the method of obtaining the agricultural product or foodstuff and, if appropriate, the authentic and unvarying local methods as well as information concerning packaging, if the applicant group within the meaning of Article 5(1) so determines and gives reasons why the packaging must take place in the defined geographical area to safeguard quality or ensure the origin or ensure control;
- (f) details bearing out the following:
  - (i) the link between the quality or characteristics of the agricultural product or foodstuff and the geographical environment referred to in Article 2(1)(a) or, as the case may be,
  - (ii) the link between a specific quality, the reputation or other characteristic of the agricultural product or foodstuff and the geographical origin referred to in Article 2(1)(b);

(g) the name and address of the authorities or bodies verifying compliance with the provisions of the specification and their specific tasks;

(h) any specific labelling rule for the agricultural product or foodstuff in question;

(i) any requirements laid down by Community or national provisions.

#### Article 5

##### Application for registration

1. Only a group shall be entitled to apply for registration.

For the purposes of this Regulation, 'group' means any association, irrespective of its legal form or composition, of producers or processors working with the same agricultural product or foodstuff. Other interested parties may participate in the group. A natural or legal person may be treated as a group in accordance with the detailed rules referred to in Article 16(c).

In the case of a name designating a trans-border geographical area or a traditional name connected to a trans-border geographical area, several groups may lodge a joint application in accordance with the detailed rules referred to in Article 16(d).

2. A group may lodge a registration application only for the agricultural products or foodstuffs which it produces or obtains.

3. The application for registration shall include at least:

(a) the name and address of the applicant group;

(b) the specification provided for in Article 4;

(c) a single document setting out the following:

(i) the main points of the specification: the name, a description of the product, including, where appropriate, specific rules concerning packaging and labelling, and a concise definition of the geographical area,

(ii) a description of the link between the product and the geographical environment or geographical origin referred to in Article 2(1)(a) or (b), as the case may be, including, where appropriate, the specific elements of the product description or production method justifying the link.



4. Where the registration application relates to a geographical area in a given Member State, the application shall be addressed to that Member State.

The Member State shall scrutinise the application by appropriate means to check that it is justified and meets the conditions of this Regulation.

5. As part of the scrutiny referred to in the second subparagraph of paragraph 4, the Member State shall initiate a national objection procedure ensuring adequate publication of the application and providing for a reasonable period within which any natural or legal person having a legitimate interest and established or resident on its territory may lodge an objection to the application.

The Member State shall consider the admissibility of objections received in the light of the criteria referred to in the first subparagraph of Article 7(3).

If the Member State considers that the requirements of this Regulation are met, it shall take a favourable decision and forward to the Commission the documents referred to in paragraph 7 for a final decision. If not, the Member State shall decide to reject the application.

The Member State shall ensure that its favourable decision is made public and that any natural or legal person having a legitimate interest has means of appeal.

The Member State shall ensure that the version of the specification on which its favourable decision is based is published, and assure electronic access to the specification.

6. The Member State may, on a transitional basis only, grant protection under this Regulation at national level to the name, and, where appropriate, an adjustment period, with effect from the date on which the application is lodged with the Commission.

The adjustment period provided for in the first subparagraph may be granted only on condition that the undertakings concerned have legally marketed the products in question, using the names concerned continuously for at least the past five years and have made that point in the national objection procedure referred to in the first subparagraph of paragraph 5.

Such transitional national protection shall cease on the date on which a decision on registration under this Regulation is taken.

The consequences of such transitional national protection, where a name is not registered under this Regulation, shall be the sole responsibility of the Member State concerned.

The measures taken by Member States under the first subparagraph shall produce effects at national level only, and they shall have no effect on intra-Community or international trade.

7. In respect of any favourable decision as referred to in the third subparagraph of paragraph 5, the Member State concerned shall forward to the Commission:

- (a) the name and address of the applicant group;
- (b) the single document referred to in paragraph 3(c);
- (c) a declaration by the Member State that it considers that the application lodged by the group and qualifying for the favourable decision meets the conditions of this Regulation and the provisions adopted for its implementation;
- (d) the publication reference of the specification referred to in the fifth subparagraph of paragraph 5.

8. Member States shall introduce the laws, regulations or administrative provisions necessary to comply with paragraphs 4 to 7 not later than 31 March 2007.

9. Where the registration application concerns a geographical area situated in a third country, it shall comprise the elements provided for in paragraph 3 and also proof that the name in question is protected in its country of origin.

The application shall be sent to the Commission, either directly or via the authorities of the third country concerned.

10. The documents referred to in this Article sent to the Commission shall be in one of the official languages of the institutions of the European Union or accompanied by a certified translation in one of those languages.

#### Article 6

##### Scrutiny by the Commission

1. The Commission shall scrutinise by appropriate means the application received pursuant to Article 5 to check that it is justified and meets the conditions laid down in this Regulation. This scrutiny should not exceed a period of 12 months.

The Commission shall, each month, make public the list of names for which registration applications have been submitted to it, as well as their date of submission to the Commission.

2. Where, based on the scrutiny carried out pursuant to the first subparagraph of paragraph 1, the Commission considers that the conditions laid down in this Regulation are met, it shall publish in the *Official Journal of the European Union* the single document and the reference to the publication of the specification referred to in the fifth subparagraph of Article 5(5).

Where this is not the case, the Commission shall decide, to reject the application, following the procedure referred to in Article 15(2).

#### Article 7

##### Objection/decision on registration

1. Within six months from the date of publication in the *Official Journal of the European Union* provided for in the first subparagraph of Article 6(2), any Member State or third country may object to the registration proposed, by lodging a duly substantiated statement with the Commission.

2. Any natural or legal person having a legitimate interest, established or resident in a Member State other than that applying for the registration or in a third country, may also object to the proposed registration by lodging a duly substantiated statement.

In the case of natural or legal persons established or resident in a Member State, such statement shall be lodged with that Member State within a time-limit permitting an objection in accordance with paragraph 1.

In the case of natural or legal persons established or resident in a third country, such statement shall be lodged with the Commission, either directly or via the authorities of the third country concerned, within the time limit-set in paragraph 1.

3. Statements of objection shall be admissible only if they are received by the Commission within the time-limit set in paragraph 1 and if they:

- (a) show non-compliance with the conditions referred to in Article 2; or
- (b) show that the registration of the name proposed would be contrary to paragraphs 2, 3 and 4 of Article 3; or
- (c) show that the registration of the name proposed would jeopardise the existence of an entirely or partly identical name or of a trademark or the existence of products which have been legally on the market for at least five years preceding the date of the publication provided for in Article 6(2); or

(d) give details from which it can be concluded that the name for which registration is requested is generic within the meaning of Article 3(1).

The Commission shall check the admissibility of objections.

The criteria referred to in points (b), (c) and (d) of the first subparagraph shall be evaluated in relation to the territory of the Community, which in the case of intellectual property rights refers only to the territory or territories where the said rights are protected.

4. If the Commission receives no admissible objection under paragraph 3, it shall register the name.

The registration shall be published in the *Official Journal of the European Union*.

5. If an objection is admissible under paragraph 3, the Commission shall invite the interested parties to engage in appropriate consultations.

If the interested parties reach an agreement within six months, they shall notify the Commission of all the factors which enabled that agreement to be reached, including the applicant's and the objector's opinions. If the details published in accordance with Article 6(2) have not been amended or have been amended in only a minor way, to be defined in accordance with Article 16(h), the Commission shall proceed in accordance with paragraph 4 of this Article. The Commission shall otherwise repeat the scrutiny referred to in Article 6(1).

If no agreement is reached, the Commission shall take a decision in accordance with the procedure referred to in Article 15(2), having regard to fair and traditional usage and the actual likelihood of confusion.

The decision shall be published in the *Official Journal of the European Union*.

6. The Commission shall maintain updated a register of protected designations of origin and protected geographical indications.

7. The documents referred to in this Article sent to the Commission shall be drafted in an official language of the institutions of the European Union or accompanied by a certified translation into one of those languages.

*Article 8***Names, indications and symbols**

1. A name registered under this Regulation may be used by any operator marketing agricultural product or foodstuffs conforming to the corresponding specification.

2. In the case of the agricultural products and foodstuffs originating in the Community marketed under a name registered in accordance with this Regulation, the indications 'protected designation of origin' and 'protected geographical indication' or the Community symbols associated with them shall appear on the labelling.

3. In the case of agricultural products and foodstuffs originating in third countries marketed under a name registered in accordance with this Regulation the indications referred to in paragraph 2 and the Community symbols associated with them may equally appear on the labelling.

*Article 9***Approval of changes to specifications**

1. A group satisfying the conditions of Article 5(1) and (2) and having a legitimate interest may apply for approval of an amendment to a specification, in particular to take account of developments in scientific and technical knowledge or to redefine the geographical area referred to in Article 4(2)(c).

Applications shall describe and give reasons for the amendments requested.

2. Where the amendment involves one or more amendments to the single document, the amendment application shall be covered by the procedure laid down in Articles 5, 6 and 7. However, if the proposed amendments are only minor, the Commission shall decide whether to approve the application without following the procedure laid down in Article 6(2) and Article 7 and in the case of approval shall proceed to publication of the elements referred to in Article 6(2).

3. Where the amendment does not involve any change to the single document, the following rules shall apply:

(i) where the geographical area is in a given Member State, that Member State shall express its position on the approval of the amendment and, if it is in favour, shall publish the amended specification and inform the Commission of the amendments approved and the reasons for them;

(ii) where the geographical area is in a third country, the Commission shall determine whether to approve the proposed amendment.

4. Where the amendment concerns a temporary change in the specification resulting from the imposition of obligatory

sanitary or phytosanitary measures by the public authorities, the procedures set out in paragraph 3 shall apply.

*Article 10***Official controls**

1. Member States shall designate the competent authority or authorities responsible for controls in respect of the obligations established by this Regulation in conformity with Regulation (EC) No 882/2004.

2. Member States shall ensure that any operator complying with this Regulation is entitled to be covered by a system of official controls.

3. The Commission shall make public the name and address of the authorities and bodies referred to in paragraph 1 or in Article 11 and update it periodically.

*Article 11***Verification of compliance with specifications**

1. In respect of geographical indications and designations of origin relating to a geographical area within the Community, verification of compliance with the specifications, before placing the product on the market, shall be ensured by:

— one or more competent authorities referred to in Article 10 and/or

— one or more control bodies within the meaning of Article 2 of Regulation (EC) No 882/2004 operating as a product certification body.

The costs of such verification of compliance with the specifications shall be borne by the operators subject to those controls.

2. In respect of the geographical indications and designations of origin relating to a geographical area in a third country, verification of compliance with the specifications, before placing the product on the market, shall be ensured by:

— one or more public authorities designated by the third country and/or

— one or more product certification bodies.

3. The product certification bodies referred to in paragraphs 1 and 2 shall comply with and, from 1 May 2010 be accredited in accordance with European standard EN 45011 or ISO/IEC Guide 65 (General requirements for bodies operating product certification systems).

4. Where, the authorities referred to in paragraphs 1 and 2, have chosen to verify compliance with the specifications, they shall offer adequate guarantees of objectivity and impartiality, and have at their disposal the qualified staff and resources necessary to carry out their functions.

#### Article 12

##### Cancellation

1. Where the Commission, in accordance with the detailed rules referred to in Article 16(k), takes the view that compliance with the conditions of the specification for an agricultural product or foodstuff covered by a protected name is no longer ensured, it shall initiate the procedure referred to in Article 15(2) for the cancellation of the registration, which shall be published in the *Official Journal of the European Union*.

2. Any natural or legal person having a legitimate interest, may request cancellation of the registration, giving reasons for the request.

The procedure provided for in Articles 5, 6 and 7 shall apply *mutatis mutandis*.

#### Article 13

##### Protection

1. Registered names shall be protected against:

- (a) any direct or indirect commercial use of a registered name in respect of products not covered by the registration in so far as those products are comparable to the products registered under that name or in so far as using the name exploits the reputation of the protected name;
- (b) any misuse, imitation or evocation, even if the true origin of the product is indicated or if the protected name is translated or accompanied by an expression such as 'style', 'type', 'method', 'as produced in', 'imitation' or similar;
- (c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;
- (d) any other practice liable to mislead the consumer as to the true origin of the product.

Where a registered name contains within it the name of an agricultural product or foodstuff which is considered generic, the use of that generic name on the appropriate agricultural product or foodstuff shall not be considered to be contrary to points (a) or (b) in the first subparagraph.

2. Protected names may not become generic.

3. In the case of names for which registration is applied for under Article 5, provision may be made for a transitional period of up to five years under Article 7(5), solely where a statement of objection has been declared admissible on the grounds that registration of the proposed name would jeopardise the existence of an entirely or partly identical name or the existence of products which have been legally on the market for at least five years preceding the date of the publication provided for in Article 6(2).

A transitional period may also be set for undertakings established in the Member State or third country in which the geographical area is located, provided that the undertakings concerned have legally marketed the products in question, using the names concerned continuously for at least five years preceding the date of the publication referred to in Article 6(2) and have noted that point in the national objection procedure referred to in the first and second subparagraphs of Article 5(5) or the Community objection procedure referred to in Article 7(2). The combined total of the transitional period referred to in this subparagraph and the adjustment period referred to in Article 5(6) may not exceed five years. Where the adjustment period referred to in Article 5(6) exceeds five years, no transitional period shall be granted.

4. Without prejudice to Article 14, the Commission may decide to allow, under the procedure provided for in Article 15(2), the coexistence of a registered name and an unregistered name designating a place in a Member State or in a third country where that name is identical to the registered name, provided that all the following conditions are met:

- (a) the identical unregistered name has been in legal use consistently and equitably for at least 25 years before 24 July 1993;
- (b) it is shown that the purpose of its use has not at any time been to profit from the reputation of the registered name and that the consumer has not been nor could be misled as to the true origin of the product;
- (c) the problem resulting from the identical names was raised before registration of the name.

The registered name and the identical unregistered name concerned may co-exist for a period not exceeding a maximum of 15 years, after which the unregistered name shall cease to be used.

Use of the unregistered geographical name concerned shall be authorised only where the country of origin is clearly and visibly indicated on the label.

#### Article 14

##### Relations between trademarks, designations of origin and geographical indications

1. Where a designation of origin or a geographical indication is registered under this Regulation, the application for registration of a trademark corresponding to one of the situations referred to in Article 13 and relating to the same class of product shall be refused if the application for registration of the trademark is submitted after the date of submission of the registration application to the Commission.

Trademarks registered in breach of the first subparagraph shall be invalidated.

2. With due regard to Community law, a trademark the use of which corresponds to one of the situations referred to in Article 13 which has been applied for, registered, or established by use, if that possibility is provided for by the legislation concerned, in good faith within the territory of the Community, before either the date of protection of the designation of origin or geographical indication in the country of origin or before 1 January 1996, may continue to be used notwithstanding the registration of a designation of origin or geographical indication, provided that no grounds for its invalidity or revocation exist as specified by First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks<sup>(8)</sup> or Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark<sup>(9)</sup>.

#### Article 15

##### Committee procedure

1. The Commission shall be assisted by the Standing Committee on Protected Geographical Indications and Protected Designations of Origin.

2. Where reference is made to this paragraph, Articles 5 and 7 of Decision 1999/468/EC shall apply.

The period laid down in Article 5(6) of Decision 1999/468/EC shall be set at three months.

3. The Committee shall adopt its own Rules of Procedure.

#### Article 16

##### Implementing rules

In accordance with the procedure referred to in Article 15(2), detailed rules shall be adopted for the implementation of this Regulation. They shall cover in particular:

<sup>(8)</sup> OJ L 40, 11.2.1989, p. 1.  
<sup>(9)</sup> OJ L 11, 14.1.1994, p. 1.

- (a) a list of the raw materials referred to in Article 2(3);
- (b) the information that must be included in the product specification referred to in Article 4(2);
- (c) the conditions under which a natural or legal person may be treated as a group;
- (d) the submission of a registration application for a name designating a trans-border geographical area as referred to in the third subparagraph of Article 5(1);
- (e) the content and method of transmission to the Commission of the documents referred to in Articles 5(7) and (9);
- (f) objections referred to in Article 7, including rules on appropriate consultations between the interested parties;
- (g) the indications and symbols referred to in Article 8;
- (h) a definition of minor amendments as referred to in the second subparagraph of Article 7(5) and in Article 9(2), bearing in mind that a minor amendment cannot relate to the essential characteristics of the product or alter the link;
- (i) the register of designations of origin and geographical indications provided for in Article 7(6);
- (j) the conditions for checking compliance with the product specifications;
- (k) the conditions for cancellation of registration.

#### Article 17

##### Transitional provisions

1. The names that, on the date of entry into force of this Regulation, are listed in the Annex of Commission Regulation (EC) No 1107/96<sup>(10)</sup> and those listed in the Annex of Commission Regulation (EC) No 2400/96<sup>(11)</sup> shall be automatically entered in the register referred to in Article 7(6) of this Regulation. The corresponding specifications shall be deemed to be the specifications referred to in Article 4(1). Any specific transitional provisions associated with such registrations shall continue to apply.

<sup>(10)</sup> Commission Regulation (EC) No 1107/96 of 12 June 1996 on the registration of geographical indications and designations of origin under the procedure laid down in Article 17 of Council Regulation (EEC) No 2081/92 (OJ L 148, 21.6.1996, p. 1). Regulation as last amended by Regulation (EC) No 704/2005 (OJ L 118, 5.5.2005, p. 14).

<sup>(11)</sup> Commission Regulation (EC) No 2400/96 of 17 December 1996 on the entry of certain names in the 'Register of protected designation of origin and protected geographical indications' provided for in Council Regulation (EEC) No 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (OJ L 327, 18.12.1996, p. 11). Regulation as last amended by Regulation (EC) No 417/2006 (OJ L 72, 11.3.2006, p. 8).

## **APPENDIX IV:**

### **Questions used in the Indepth Stakeholder Interviews**

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#### **(I) Economic impact of GI status on Sustainable Rural Development:**

##### **1. Extra revenues generated by product.**

- a) Does the GI product fetch a premium compared to similar non- GI products?
- b) If so how is this premium distributed amongst stakeholders?
- c) Does money generated from the product stay in the region?
- d) Are you financially better off because of GI status?

##### **2. Sustainable employment**

- a) Have any new jobs (related to the GI) been created since GI status gained?
- b) If so, do you think these jobs are rather temporary or sustainable?
- c) Do you think the creation of jobs in the region helps maintain the population, particularly the young?
- d) Has GI status lead to any job losses in other sectors within the region?

##### **3. PR and Marketing**

- a) Have any new markets been entered since GI status gained?
- b) Has GI status improved PR for the product and/or the region?
- c) Has a new marketing strategy been devised?
- d) If so, is this impacting stakeholder's enthusiasm and motivation?

##### **4. Infrastructure**

- a) Have any new buildings, offices, etc been constructed since GI status obtained?

##### **5. Innovations and Entrepreneurship**

- a) Have any new businesses been introduced to area related to GI status, such as farmers markets, local gastronomy, and tourism ventures?
- b) Have any innovative changes within the production or processing of the GI product been made, since GI status gained?

c) Does GI status lead to a greater accumulation and sharing of knowledge amongst stakeholders in the area?

### **6. Costs of GI status**

- a) What costs are involved in GI application?
- b) What costs are involved to maintain GI status?
- c) Is there any funding available to help with these costs?

## **(II) Environmental Impact of GI status on Sustainable Rural Development:**

### **1. Environmental Standards**

- a) Are environmental standards imposed by GI regulations?
- b) If so, do you think they are effective in preserving the environment?

### **2. Sustainable farming**

- a) Does GI status encourage sustainable farming practices?
- b) What farming styles (conventional, organic, other sustainable forms of farming) are the most prominent in the production of the GI product?
- c) Is the amount or intensity of production of the GI product controlled within the region?
- d) If so is this for sustainable agricultural purposes such as a restriction on the amount of arable land used or to conserve the products status of exclusivity and scarcity?
- e) In terms of environmental effects, do you think that there are any differences between before and after GI status?

### **3. Biodiversity**

- a) Does GI status encourage biodiversity?

## **(III) Social Impacts of GI status on Sustainable Rural Development:**

### **1. Social Cohesion and Social Capital**

- a) Have any new associations, groups or networks been setup since GI status gained?

## **2. Image**

- a) Has the GI status contributed to a positive image of the region?
- b) If so, does this improved image encourage people to move to the region, to visit or remain in the region?

## **3. Traditional Knowledge**

- a) Is Traditional knowledge used at any stage of the production or processing of the GI product?
- b) Do the regulations governing GI status encourage the use of Traditional knowledge?

## **4. Rural Exodus**

- a) Is rural exodus an issue in your area?
- b) If yes, overall do you think GI status has any effect on rural exodus?

## **5. Social Cost of GI**

- b) Does GI status involve a social cost to the region?

## ***In general do you think that GIs promote sustainable rural development?***

Can you think of any additional positive effects of GIs on sustainable rural development that this questionnaire has not addressed?

Do you think the protection of GIs is a better tool for rural development than trademarks?