

Geographical Indications and Trade within the European Union



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GI Protection in Europe

- A Geographical Indication (GI) informs consumers that a product was produced in a specific location. GI protection entails that only products produced in the designated area can use the indication: e.g. "Roquefort" from France.
- The number of European GIs has increased steadily, from 526 in 2000 to 872 in 2010.
- Two main views on GI Protection : GI protection by Marks Certification (e.g., United States and Canada), and *Sui generis* Protection (e.g., in EU). In the Canada-EU Trade Agreement, GIs were contentious, but Canada ended up recognizing 179 EU GIs.

		Sui generis	Mark certification
Criteria	Geographical conditions	Required	Not required
	Quality	Quality and other characteristics attributable to geographical factors	Higher quality required
	Reputation	Required	Not required
Range of geographical area		Specified	Not specified
Period of validity		Permanent	One year, renewable

- In European Union, two GI schemes known as PDO (Protected Designation of Origin) and PGI (Protected Geographical Indication) promote and protect names of quality agricultural products and foodstuffs:



Objective

- To quantify the effect of GI regulation on bilateral agri-food trade between EU members, using Gravity Modeling.
- Our data is a short panel (1999, 2004 and 2009) about agri-food trade among the 27 EU countries.
- GIs data per product and country is from the DOOR (European Food GIs registration database).
- For 1999-2009: Average number of food GIs per country is 24, with much variation across countries and time.

Results and Discussions

We found that the *Sui generis* Protection of GI products has significantly affected trade between EU countries.

- Evidence of trade creation is observed when importing and exporting countries have GIs: An additional GI increases the trade ratio by 0.76%.
- Trade diversion of the same magnitude (0.75%) is observed when an exporting country has one more GI and the importing country does not have any GIs.

Our results confirm that the domestic bias may be increased by the effect of GI regulation: The large border effect gets larger !

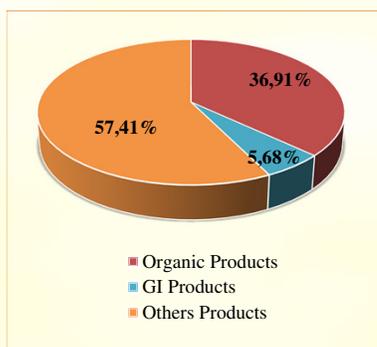
Trade within a country is 15-19 times more fluid than trade between countries even though there are no tariffs on intra-EU trade. This is as if the average "border" was 2005 km or 1246 miles wide!

Implications of GI Protection in European Union

GI Agricultural Products in European Union:

A 14.2 Billion Euro Turnover for over 800 GIs

Sales per Label of products in Europe



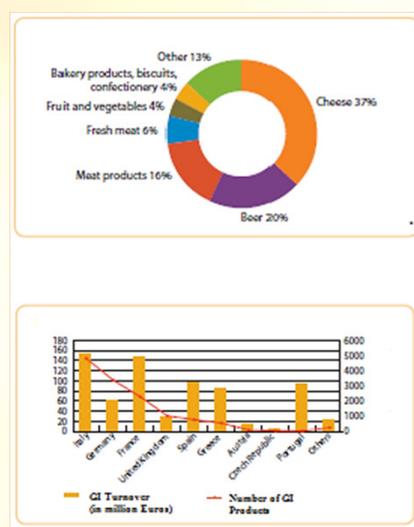
Effects of *Sui generis* Protection



Number of GI Products per European country in December 2009

Italy	(192)	Luxembourg	(4)
France	(167)	Slovakia	(4)
Spain	(126)	Denmark	(3)
Portugal	(116)	Finland	(3)
Greece	(83)	Sweden	(2)
Germany	(65)	Cyprus	(1)
United Kingdom	(32)	Slovenia	(1)
Czech Republic	(22)	Bulgaria	(0)
Austria	(13)	Estonia	(0)
Poland	(9)	Lithuania	(0)
Belgium	(7)	Latvia	(0)
Ireland	(7)	Malta	(0)
Netherlands	(6)	Romania	(0)
Hungary	(4)	Total: 867 GI products	

GI Turnover per Products (in %) and Country (in million Euros)



References

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