Evaluation support study on Geographical Indications and Traditional Specialities Guaranteed protected in the EU

Executive summary

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ECORYS and COGEA

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The United Kingdom withdrew from the European Union as of 1 February 2020. During the transition period, which ends on 31 December 2020, Union law, with a few limited exceptions, continues to be applicable to and in the United Kingdom and any reference to Member States in Union law shall be understood as including the United Kingdom.

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LIST OF ACRONYMS

CAP	Common Agricultural Policy
CMO	Common Market Organisation
EC	European Commission
EU	European Union
EUTM	EU Trade Mark
FADN	Farm Accountancy Data Network
GI	Geographical Indication
IPR	Intellectual Property Right
MS	Member State
NA	National Authority
PDO	Protected Designation of Origin
PG	Producer Group
PGI	Protected Geographical Indication
PS	Product Specifications
RD	Rural Development
TSG	Traditional Speciality Guaranteed

1. OBJECTIVES AND SCOPE OF THE STUDY

Objectives of the study

This study aims to provide an evaluation on the European Union (EU) quality policy on geographical indications (GIs) and traditional specialities guaranteed (TSGs) protected in the EU. The evaluation also aims at providing answers to **16 evaluation study questions** on 5 themes: effectiveness, efficiency, relevance, coherence and EU added value.

Regulatory and sectoral coverage

The scope of the evaluation study is determined by the four Regulations of the Council and the European Parliament laying down EU rules for:

- GIs for **spirit drinks**: Regulation (EC) No 110/2008 until 7 June 2019 and Regulation (EU) 2019/787 since 8 June 2019,
- GIs and TSGs for **agri-food products**: Regulation (EU) No 1151/2012,
- GIs for **wines**: Regulation (EU) No 1308/2013,
- GIs for **aromatised wine products**: Regulation (EU) No 251/2014.

Geographical coverage

The evaluation study covers:

- GIs and TSGs originating from EU 28 Member States (MS) and registered in the EU (3 286 names in 2020),
- GIs from third countries registered in the EU by direct application (32 GIs).

Examination period

The evaluation covers the period as from 30 May 2008 (shortly after the entry into application of Regulation (EC) No 110/2008 for spirit drinks) to the year of implementation of the contract, specifically 2020.

2. BACKGROUND

2.1 What are GIs and TSGs?

The **objectives of the GI/TSG schemes** are to ensure fair competition for farmers and producers, ensure the respect of intellectual property rights (IPRs), ensure the integrity of the internal market, provide consumers with clear and reliable information and secure fair return for farmers and producers. Impacts in rural areas are also expected from the implementation of these schemes.

Geographical indications (GIs)

GIs cover all food and drink sectors: agri-food products, wines, spirit drinks and aromatised wine products.

There are several schemes for GIs implemented at EU level: protected designations of origin (PDOs) and protected geographical indications (PGIs) in the agri-food and wine sectors and GIs in the spirit drinks and aromatised wine products sectors. The link with the territory is stronger for PDOs than for PGIs and GIs.

Indeed:

- for PDOs, the quality or characteristics of the product are essentially or exclusively linked to the origin (natural and human factors); and all stages of the value chain must take place in the defined geographical area;
- for PGIs and GIs, the quality, reputation or other characteristic is essentially attributable to its geographical origin. For most products, at least one of the production steps take place in the defined geographical area.

Traditional specialities guaranteed (TSGs)

TSGs cover agri-food products only. This scheme aims to register traditional methods of production and recipes and is not linked to a specific geographical area. Contrary to GIs, TSGs are not an IPR.

2.2 Labelling of GIs and TSGs

The labelling of GIs and TSGs is based on "indications", "acronyms" and "symbols":

- "Indications": "protected designation of origin", "protected geographical indication", "geographical indication" and "traditional speciality guaranteed";
- "Acronyms": "PDO", "PGI", "GI" and "TSG";
- "Symbols": the three EU logos for "PDO", PGI" and "TSG".

Figure 1: Symbols for PDO, PGI and TSG

Labelling of the Union symbols and the indications is compulsory for PDOs, PGIs and TSGs for **agri-food products** originating in the EU.

In the **wine sector**, the use of PDO and PGI logos is not compulsory. However, the term "protected designation of origin" or "protected geographical indication" and the protected names shall appear on the label of PDO and PGI wines.

For **spirit drinks** and **aromatised wine products,** the PGI logo can be used.

2.3 Economic overview

On 1 January 2020, there were 3 286 names registered at EU level by MS. This involved all 28 MS. Three MS accounted for more than half of the registered names: Italy (858 names), France (734 names) and Spain (354 names). Following MS were Greece (270 names), Portugal (190 names) and Germany (167 names). For the other MS, the number of names registered ranged from 1 to 80.

Most of the GIs/TSGs are registered in the wine and agri-food sectors (respectively 49% and 44% of the names registered). Spirit drinks accounted for 7% of the names registered and aromatised wine products for 0.2%.

In 2017, the sales value of GIs/TSGs was estimated at EUR 77.15 billion [1], with wines accounting for 51% of the total sales value (EUR 39 billion), agricultural products and foodstuffs for 35% (EUR 27 billion), spirit drinks for 13% (EUR 10 billion), and aromatised wine products for 0.1% (EUR 43 million). The share of GI/TSG products reached 7% of sales value of the food and drink sector at EU 28 level [2]. More than half of the sales value was in the domestic market (58%); intra-EU sales accounted for 20% and extra-EU sales for 22%.

There are large differences in terms of economic size of each GI/TSG, the sales value of 50% of them was lower than EUR 1 million (and 7% of the names were even not used on the market in 2017). This first half of GIs accounted for 0.5% of the total sales value under GIs. The 137 largest GIs (over EUR 100 million sales value for each GI, this comprised 4.4% of the number of GIs) accounted for 73% of the total sales value.

3. METHODOLOGY

The study has been conducted from December 2019 to December 2020. The following tools have been implemented:

- Desk research: EU regulations, reports, research and studies on GIs/TSGs;
- Interviews with European Commission (EC) staff;
- Interviews with specialized IPR lawyers;
- Electronic survey with national authorities (NAs) at EU 28 level (27 answers received);
- Farm accountancy data network (FADN) analysis in the wine sector;
- Specific tools implemented in seven MS (namely: Czechia, France, Italy, Spain, Hungary , Germany and the Netherlands):
  - Country reports based on desk research and qualitative interviews at national level with NAs, professional bodies and other relevant stakeholders;
  - 17 case studies: each one focusing on one GI/TSG or a group of GIs/TSGs, with desk research and qualitative interviews with stakeholders;
  - Electronic survey with producer groups (PG), with 474 answers (25% rate of answer);
  - Electronic consumer survey with 400 answers in each MS (total of 2 800 answers).

[1] AND International, *Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialities guaranteed (TSGs)*, 2019 - https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cmef/products-and-markets/economic-value-eu-quality-schemes-geographical-indications-gis-and-traditional-specialities-guaranteed-tsgs_en

[2] Based on data from FoodDrinkEurope

- Third country surveys (case studies, electronic survey) and desk research, information having been collected on 34% of the 32 third country GIs covered by the study.

About 180 interviews have been conducted in the context of the study.

4. RESULTS

The following section provides an overview of the main results for each of the evaluation themes: effectiveness, efficiency, relevance, coherence and EU added value.

4.1 Effectiveness

Overall, the objectives of EU legislation on GIs/TSGs are achieved, however, some limits have been identified. In this context the effectiveness was measured based on 1) fair competition for farmers and producers; 2) protection of intellectual property rights (IPRs); 3) integrity of the EU market; 4) clear and reliable information to consumer; 5) fair return for farmers and producers and 6) impact in rural areas [3].

Fair competition for farmers and producers

The legal framework allows a fair competition for farmers and producers involved in GIs/TSGs value chain, through 1) an EU level scrutiny of applications which ensures an homogeneity in the implementation; 2) the implementation of official controls at all stages of the supply chain.

Protection of intellectual property rights

The implementation of official controls and enforcement of IPRs allow a good level of protection against misuses of GI names at EU level. The assessment has shown that controls at market stage are more effective in the MS of production than on intra and extra-EU markets [4] [5]. As GIs are not considered as a valid IPR title by UDRP (Uniform Domain-Name Dispute-Resolution Policy), the use of GI names in domain names on the internet remains an issue for IPR enforcement.

Integrity of the market

Based on analysis, the evidences suggest that GI/TSG schemes have a positive effect on the internal market, providing common reference for trade in the different MS (the same schemes are used in each MS for GIs and TSGs) and protecting names at EU level. Intra-EU sales (sales on the EU market, excluding the sales in the MS of production) are significant, they were estimated to reach 20% of the total sales value under GI/TSG in

[3] The conclusions are based on several sources, both qualitative and quantitative. The main sources are PG survey with 474 answers, NA survey with 27 answers, FADN analysis in the wine sector, 17 case studies, electronic consumer survey (covering 7 MS with 400 answers in each MS) and desk research. The main limits of the sources are: 1) answers from PG surveys are based on opinions and 2) the number of case studies is limited and not representative of the 3 286 GIs/TSGs registered at EU level.

[4] EU legislation does not cover controls on extra-EU markets.

[5] https://www.wipo.int/edocs/mdocs/sct/en/sct_is_geo_ge_19/sct_is_geo_ge_19_p3.pdf

2017. If we consider the seven largest MS in terms of sales value under GI, the share of export on intra-EU market is comparable or higher for GIs than for the whole food and drink sector in five MS (France, Italy, Portugal, Spain and the UK) and lower in two MS (Germany and the Netherlands) [6]. In addition, based on electronic consumer survey, we observe that some protected names under GI benefit from a strong awareness at EU level, outside their MS of production, for instance Champagne, Gouda Holland, Parmigiano Reggiano, Prosecco and Scotch Whisky reach awareness over 50% in several MS.

These positive aspects are balanced by the low awareness and understanding of GIs/TSGs schemes in several MS (based on electronic consumer survey), which limit their function of common standards on the EU market.

Clear and reliable information to consumer

A wide range of information is publicly available on GIs/TSGs: 1) an updated list of registered names on the EU geographical indications register and a link to the summary of the product specifications (PS) on eAmbrosia public module [7] and GI View website [8], and 2) several websites with detailed information on GIs/TSGs (such as Qualigeo in Italy and INAO in France). In addition, GI/TSG products are identified on the market with specific indications (for instance "protected designation of origin"), acronyms (for instance "PDO") and symbols (specific logos). The reliability of the information provided is ensured by the implementation of controls at all stages of the value chain and surveillance of the protected names on the market.

Despite the vast information provided to consumers, the awareness and understanding of GI/TSG schemes remain low in several MS, and some confusion between the different schemes remains (based on the electronic consumer survey conducted in the context of this study). This shows the limited effectiveness of the framework to provide clear information to consumers.

Fair return for farmers/producers

Farmers and producers can get a price premium and better income for the value-adding characteristics of their products; nevertheless, the benefits of GI/TSG schemes are far from being systematic. This fair return highly depends on the economic environment of the product, the governance and the strategy implemented by operators.

[6] Based on *Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs)*, AND-I for the DG AGRI, 2019 – https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cmef/products-and-markets/economic-value-eu-quality-schemes-geographical-indications-gis-and-traditional-specialities-guaranteed-tsgs_en and FoodDrinkEurope - https://www.fooddrinkeurope.eu/uploads/publications_documents/FoodDrinkEurope_Data_and_Trends_2018_FINAL.pdf

[7] https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/geographical-indications-register/

[8] https://www.tmdn.org/giview/

Based on a 2019 study conducted for DG AGRI [9], the value premium of GI products was estimated at 2.07 in 2017 (meaning that GI products were sold at a price 2.07 times higher compared to non-GI comparable products). This price premium does not necessarily mean a higher income as GI production generally requires additional production costs. Based on an electronic survey with producer groups (PG), in more than half of the cases, the registration as GIs/TSGs has a positive impact on farmers' (for 52% of PG) or processors' income (for 54% of PG). In addition FADN analysis in the wine sector (conducted in seven MS where samples for both GI and non-GI farms were available) shows that GI farmers get higher income compared to non-GI farmers at EU level, even if we observe some differences among MS.

Regarding the evolution of sales, we observe a larger increase of the GI/TSG sales value compared to the evolution of sales of the whole food and drinks sector between 2010 and 2017 (increase 1.7 times higher for GIs/TSGs). The evolution of each GI and TSG is variable. Over the 2010-2017 period, 64% of the GIs grew in terms of sales value and 46% of GIs grew in terms of sales volume (the sales were stable or decreased for the remaining GIs).

Other benefits related to the implementation of GI/TSG scheme may be observed (based on electronic survey with PGs): improved quality management (mentioned by 87% of the PGs), better access to the market (76% of the PGs), stability of price and market (51% of the PGs) and management of the volume marketed (50% of the PGs). These results and the case studies suggest that the implementation of the GI/TSG scheme may have a positive impact on the bargaining power of farmers.

Impacts in rural areas

Based on the analysis (desk research and case studies), evidences suggest that GIs and TSGs have a positive impact on employment in several cases. This is based on the stronger development of GI/TSG sales value compared to the whole food and drinks sector and the higher labour-to-production ratio (quantity of work needed for the production of one tonne of product) for many GIs compared to comparable products without GI (based on the analysis of 25 GI value chains, positive impact observed in 80% of the cases).

In addition, GI schemes lead to greater diversification in several cases, through on-farm processing and synergies with tourism. These synergies could be further explored through a better networking between stakeholders involved in GIs/TSGs schemes and stakeholders involved in tourism.

4.2 Efficiency

The framework for GIs and TSGs is assessed to be efficient, when comparing the benefits provided and the costs borne by privates stakeholders and publics bodies.

Public costs regarding the management and controls of GIs/TSGs is estimated to be low, at 0.12% of the total sales value under GI/TSG (and 0.24% of the value premium of

[9] Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialities guaranteed (TSGs)", AND-I for the DG AGRI, 2019 - https://op.europa.eu/en/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1

products under GI/TSG compared to non-GI/TSG products). The costs related to PGs are estimated as 0.5% of the sales value under GI/TSG. We observe a lower efficiency for the smallest GIs/TSGs (costs of PGs accounting for 5% of GI/TSG sales value for GIs/TSGs under EUR 1 million sales value) than for the largest ones (costs around 0.5% for GIs/TSGs over EUR 50 million sales value).

Main issues identified regarding the procedures are the long time period for registration and modification of PS, both at MS and EU levels. In addition, a major amendment of a PS may require as much time as a new registration.

4.3 Relevance

The GI/TSG scheme are overall assessed to be relevant. The analysis covers 1) relevance for stakeholders, 2) relevance for rural areas and 3) the challenges of environment sustainability and animal welfare.

Relevance for stakeholders

The objectives of the schemes are assessed to be relevant for both NAs and PGs. The most relevant objective for NAs is *"Ensure uniform protection of the names as an IPR in the territory of the EU".*

Regarding PGs, the objectives "*Provide clear information on the value-adding attributes of the product to consumers*" and/or "*Protect the legitimate interests of consumers*" are the most relevant in the agri-food and wine schemes. In the spirit drinks sector, "*Ensure uniform respect for the IPR related to protected names*" is the most relevant objective for PGs.

The objectives of the schemes are also considered relevant for consumers. However, due to the low awareness and understanding of the schemes in some MS, such relevance is not necessarily perceived by consumers.

Relevance for rural areas

The existence of GIs is considered a strong asset of rural territories, including for areas facing natural or other specific constraints.

The strengthening of GIs/TSGs through rural development (RD) policy responds primarily to the needs of enhancing integration in the agricultural sector and responding to consumers demand for food quality. Two types of measures related to GIs/TSGs are supported by RD policy (support for joining the schemes and support for information and promotion), the importance of these measures varies among EU regions, with a group of territories expressing a large demand related to quality schemes.

GIs/TSGs are also regarded as an important tool to promote regional identity and gastronomic heritage, in particular in the countries with a history of GI protection. However, as stated by the scientific community, which identifies many successful cases, this dimension of GIs linked to the preservation and promotion of local living cultural heritage can be further developed.

Animal welfare and environmental sustainability

Animal welfare and environmental sustainability are not among the objectives set in the EU legal framework for GIs and TSGs. However, there is a growing demand for the food and drinks value chains to consider these themes in their practices.

Over the last years, GIs and TSGs seem to have started responding to these challenges. The integration of such considerations into GIs/TSGs is however a slow process, with different levels of commitment. Many GI/TSGs already contain additional specifications linked to these themes, going beyond the provisions of the EU regulations, while for some others it is in progress.

In addition, few MS declared that there are public initiatives encouraging GIs/TSGs PGs to adopt voluntary rules of production related to the topics analysed. More than half of the PGs (from PGs survey) which declared that their PS integrate environmental issues, have part of their production complying with organic rules.

4.4 Coherence

No major incoherence has been identified with regard to the GI/TSG schemes. This covers 1) coherence of GIs with TSGs, 2) coherence of GIs with EU trade marks (EUTMs), 3) coherence of GIs/TSGs with national and regional schemes, 4) coherence of GIs/TSGs with other instruments and measures from the CAP and 5) coherence of GIs/TSGs with wider EU policies.

Coherence of GIs with TSGs

For the agri-food sector, GIs and TSGs were both legislated in 1992. GIs and TSGs have similar intervention logics and pursue many common objectives. At the same time, several differences have been observed:

- GIs are linked to a specific geographical area while TSGs are not;
- GIs provide an IPR while TSGs do not;
- The product scope of the two schemes is largely overlapping, although PDOs/PGIs present a wider product scope for agricultural products, and the category "prepared meals" is only available for TSGs.

While 1 377 GIs have been registered in the agri-food sector until January 2020, only 62 TSGs have been registered. Evidence suggests that this low attractiveness of TSGs is due to the fact that TSGs do not provide an IPR protection, the consumer recognition is low, and, in addition, TSGs do not prevent stakeholders from other geographical areas to use the TSG.

Coherence of GIs with EU trade marks (EUTMs)

Both GIs and EUTMs are registered IPRs intended to regulate the correct use of names and granting protection and specific rights. However, the two IPRs have different functions. Trade marks give an exclusive right to their owners, while GIs confer a collective right to all producers in the geographical territory who are willing to produce according to the defined production rules.

The level of protection offered by the EU legislation on GIs is assessed to be compatible and comparable to the one offered by the EU legislation on trade marks. Similarly, the level of protection granted for the two IPRs is assessed to be consistent with the nature of their systems and aligned with the respective objectives.

At the same time, the analysis shows that there is a difference of treatment between PDOs/PGIs and EUTMs used in final products' sales name, which is due to the fact that trade marks confer exclusive, private rights to their holder(s), whereas PDOs/PGIs confer

collective rights. PDOs/PGIs producers may have difficulties in preventing others from using a PDO/PGI name as there is no exclusive intellectual property right.

Coherence of GIs/TSGs with national and regional schemes

National/regional schemes may share common objectives with EU GIs/TSGs, such as for example the aim of promoting traditional or regional products, to allow for better traceability, etc. They may also be complementary when they cover environment and animal welfare issues. Some synergies may also be found when private national/regional schemes represent a first step to enter EU quality schemes. However, the abundance of quality labels on the market, with objectives which may not be fully clear for consumers, may generate confusion at consumer level.

Coherence of GIs/TSGs with other instruments and measures from the common agricultural policy (CAP)

GIs and TSGs are coherent with direct payments, the common market organisation (CMO), RD policy, promotion policy and organic policy as they share similar objectives. In addition, GIs and TSGs contribute to and complement each of these policies on specific areas: fair income of farmers (direct payments), strengthening farmers' bargaining power (CMO), stimulating vibrant rural areas and fostering employment and diversification of income (RD policy). In addition, significant synergies have been highlighted with promotion and organic policies, which could be further enhanced.

Coherence of GIs/TSGs with wider EU policies

Overall, we observe that GI/TSG policy is coherent with the EU policy related to food safety, information to consumer, trade and EU internal market. In principle, no inconsistencies were found between GI/TSG policy and health policy, as the two policies pursue theoretically different objectives.

Some specific issues have been identified:

- **Food safety policy:** the definition of the term "traditional" is not consistent between the GI/TSG regulatory framework and health regulations;
- **EU internal market**: with regard to the enforcement of IPRs, the protection of internet domain names including GI names still remains to be solved.

4.5 EU added value

There is a clear EU added value regarding GIs/TSGs. Without the EU framework, the GI/TSG scheme may not exist in each MS and may not be homogeneous in the MS where it is established. In addition, the scrutiny at EU level ensures homogeneity of the procedures while we observe large differences in the procedures among MS.

5. RECOMMENDATIONS

The study provides recommendations to improve the effectiveness, efficiency, relevance, coherence and EU added value of the EU framework on GIs and TSGs. These recommendations cover:

- controls and IPR enforcement on the market and on export,
- communication to consumers,
- research on GIs/TSGs,
- increase synergies between tourism and GIs/TSGs,
- structuring of the value chains under GIs/TSGs,
- regulation of supply for GIs value chains,
- simplification of the procedures,
- economic assessment of GI/TSG applications,
- improvement of the integration of environment and animal welfare concerns,
- evolutions of the TSG scheme and the alignment of definitions of "traditional",
- possible expansion of GI scope to prepared meals,
- rules for GIs as ingredients,
- coherence with EU health/food safety policies.

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