



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

Final report

Written by AND International,  
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## **ABSTRACT**

This study provides an evaluation on the EU quality policy on geographical indications (GIs) and traditional specialities guaranteed (TSGs) protected in the EU. This covers 3 286 names (3 224 GIs and 62 TSGs) originating from EU Member States and registered in the EU and 32 GIs registered through direct application by third countries.

The objectives of GIs and TSGs are overall achieved. We observe a wide range of possible benefits of the schemes for stakeholders, even if they are not systematic. The main limits are the low awareness and understanding of the schemes by consumers in some Member States and some weaknesses of the controls at the downstream stages of the value chain.

The GIs/TSGs are assessed to be efficient. GIs and TSGs may provide several benefits and the costs for public bodies (at EU and national levels) are estimated at 0.12% of the total sales value under GI/TSG.

The schemes are assessed to be relevant for both private stakeholders and public authorities. The considerations of GIs/TSGs for environmental sustainability and animal welfare are growing, they could be further developed.

Considering coherence, no major incompatibility has been identified, regarding the GIs and EU trade marks, GIs/TSGs and national/regional schemes, GIs/TSGs and other EU policies.

There is a clear EU added value for GIs and TSGs.

## **RESUME**

Cette étude est une évaluation de la politique qualité de l'UE sur les indications géographiques (IG) et les spécialités traditionnelles garanties (STG) protégées au sein de l'UE. Cela couvre 3 286 noms (3 223 IG et 62 STG) enregistrés par des Etats Membres de l'UE et 32 IG enregistrées directement par des pays tiers.

D'une manière générale, les objectifs des IG et STG sont remplis. On observe une grande diversité de bénéfices possibles des dispositifs pour les parties prenantes, ils ne sont cependant pas systématiques. Les principales limites sont la faible notoriété et compréhension des dispositifs par les consommateurs dans certains Etats Membres et des points faibles dans les contrôles à l'aval des filières.

Les IG/STG sont considérées comme étant efficaces. Les IG et STG peuvent procurer différents bénéfices et les coûts pour les pouvoirs publics (au niveau de l'UE et au niveau national) sont estimés à 0.12% de la valeur totale des ventes sous IG/STG.

Les dispositifs sont considérés comme étant pertinents pour les acteurs privés et les pouvoirs publics. Les considérations des IG et STG pour la durabilité environnementale et le bien-être animal augmentent, elles pourraient être plus fortement développées.

En termes de cohérence, aucune incompatibilité majeure n'a été identifiée concernant les IG et les marques de l'UE, les IG/STG et les dispositifs nationaux/régionaux, les IG/STG et les autres politiques de l'UE.

La valeur ajoutée de l'UE sur les IG et STG est importante.

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## LIST OF ACRONYMS

AGOS	Advisory Committee on Geographical Indications, Designations of Origins and Guaranteed Specialties (NL)
ANCs	Areas facing natural or other specific constraints
AO	Appellation of Origin
AOC	<i>Appellation d'Origine Contrôlée (FR)</i>
AWU	Annual Work Unit
CA	Competent Authority
CAP	Common Agricultural Policy
CCA	Central Competent Authority
CB	Control Body
CMO	Common Market Organisation
CN	Combined Nomenclature
CNAOL	<i>Conseil National des Appellations d'Origine Laitières (FR)</i>
CMEF	Common Monitoring and Evaluation Framework
CS	Case study
CZ	Czechia
DE	Germany
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EL	Greece
ES	Spain
ESQ	Evaluation Study Question
EU	European Union
EUIPO	European Union Intellectual Property Office
EUTM	EU trade marks
FADN	Farm Accountancy Data Network
FIC	Food Information to Consumer
FQS	Food Quality Scheme
FTE	Full-Time Equivalent
F&V	Fruit and Vegetables
FR	France
GI	Geographical Indication
GHG	Greenhouse gas
GMO	Genetically Modified Organism
HR	Croatia
HU	Hungary
IB	Inspection body
IBO	Interbranch organisation
ICANN	Internet Corporation for Assigned Names and Numbers
ICQRF	<i>Ispettorato centrale della tutela della qualità e della repressione frodi (IT)</i>
INAO	<i>Institut national de la qualité et de l'origine (FR)</i>
IPR	Intellectual property right
ILD	Intervention Logic Diagram
IT	Italy
MANCP	Multi-Annual National Control Plan

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MIPAAF	<i>Ministerio delle Politiche Agricole alimentari e forestali (IT)</i>
MS	Member State
NA	National Authority
NL	The Netherlands
OCR	Official Control Regulation
ODG	<i>Organisme de défense et de Gestion (FR)</i>
PAT	<i>Prodotti Agricoli Tradizionali (IT)</i>
PDO	Protected Designation of Origin
PG	Producer group
PGI	Protected Geographical Indication
PL	Poland
PS	Product specifications
RCD	Registered Community design
RD	Rural development
RDP	Rural development plan
SIQO	<i>Signe d'Identification de la Qualité et de l'Origine (FR)</i>
SWOT	Strengths, Weaknesses, Opportunities and Threats
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TSG	Traditional Speciality Guaranteed
UAA	Utilised Agricultural Area
UDRP	Uniform Domain-Name Dispute-Resolution Policy
UK	United Kingdom
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

## **1. INTRODUCTION**

The present report is the final report of the evaluation support study on Geographical Indications (GIs) and Traditional Specialities Guaranteed (TSGs) protected in the EU. It aims at evaluating the effectiveness, efficiency, relevance, coherence and EU added value of the EU framework on GIs and TSGs.

The study has been conducted from December 2019 to December 2020.

This report includes:

- a description of the objectives and scope of the evaluation study;
- a presentation of the main conclusions;
- recommendations to improve effectiveness, efficiency, relevance, coherence and EU added value of GI/TSG schemes,
- a presentation of the methodology implemented;
- a descriptive chapter covering:
  - an economic overview of GIs and TSGs at EU level;
  - an overview of the implementation of GIs/TSGs at EU level and national levels;
  - an analysis of incentives and disincentives for producers to be involved in GI/TSG value chain;
  - A comparison of the use of GI/TSG schemes in comparison with national/regional schemes;
  - consumer insights regarding GIs and TSGs;
- an answer to each of the 16 evaluation study questions (ESQs) regarding effectiveness, efficiency, relevance, coherence and EU added value.

## 2. OBJECTIVES AND SCOPE OF THE STUDY

### 2.1 Objectives of the study

This study aims to provide an evaluation on the EU quality policy on geographical indications (GIs) and traditional specialities guaranteed (TSGs) protected in the EU, originating from EU Member States (MS) and registered in the EU and GIs from third countries registered by direct application.

In the descriptive chapter, we detail the implementation of GIs and TSGs at EU and MS levels (intervention logic, procedures, controls) and provide input on consumer awareness and understanding of the schemes.

The evaluation also aims at providing answers to 16 evaluation study questions (ESQs) on 5 themes:

- **Effectiveness:** 5 ESQs cover the extent to which the EU quality schemes achieve their objectives (ESQ 1), contribute to the distribution of benefits along the supply chain (ESQ 2), provide a true and fair view of the products to consumers (ESQ 3), contribute to rural economies (ESQ 4) and provide benefits to third country producers in case of third country GIs (ESQ 5);
- **Efficiency:** 2 ESQs explore the proportionality of costs and benefits (ESQ 6) and the potential for simplification (ESQ 7);
- **Relevance:** 2 ESQs analyse the relevance of the GI/TSG schemes for stakeholders (ESQ 8), rural areas (ESQ 9) and environmental sustainability and animal welfare (ESQ 10);
- **Coherence:** 5 ESQs cover the coherence between GIs and TSGs (ESQ 11), GIs and EU trade marks (ESQ 12), GIs/TSGs and national/regional schemes (ESQ 13), GIs/TSGs and other common agricultural policy (CAP) instruments and measures (ESQ 14), GIs/TSGs and other EU policies (ESQ 15);
- **EU Added value:** one ESQ covers the EU added value for the implementation of GI/TSG schemes (ESQ 16).

### 2.2 Scope of the study

#### Regulatory coverage

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

- **GIs for spirit drinks:**
  - **Until and including 7 June 2019: Regulation (EC) No 110/2008** of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89 (OJ L 39, 13.2.2008, p. 16).
  - **Since 8 June 2019: Regulation (EU) 2019/787** of the European Parliament and of the Council of 17 April 2019 on the definition, description, presentation and labelling of spirit drinks, the use of the names of spirit drinks in the presentation and labelling of other foodstuffs, the protection of

geographical indications for spirit drinks, the use of ethyl alcohol and distillates of agricultural origin in alcoholic beverages, and repealing Regulation (EC) No 110/2008 (OJ L 130, 17.5.2019, p. 1).

- **GIs and TSGs for agricultural products and foodstuffs: Regulation (EU) No 1151/2012** of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs (OJ L 343, 14.12.2012, p. 1).
- **GIs for wines: Regulation (EU) No 1308/2013** of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013, p. 671).
- **GIs for aromatised wine products: Regulation (EU) No 251/2014** of the European Parliament and of the Council of 26 February 2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, and repealing Council Regulation (EEC) No 1601/91 (OJ L 84, 20.3.2014, p. 14).

### **Geographical coverage**

The evaluation study covers:

- GIs and TSGs originating from EU Member States (EU 28), this covers 3 286 names on 01/01/2020 <sup>(1)</sup>;
- GIs from third countries registered in the EU by direct application (32 GIs) <sup>(2)</sup>.

### **Sectoral coverage**

This evaluation covers agricultural products, foodstuffs, spirit drinks, wines and aromatised wine products.

### **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.

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<sup>1</sup> On the 1<sup>st</sup> of January 2020, based on eAmbrosia database in July 2020.

<sup>2</sup> Other GIs are protected on the EU market through bilateral agreements between the EU and third countries, which are not covered by the current study.

### **3. MAIN CONCLUSIONS**

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

#### **3.1 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 <sup>(3)</sup>.

##### **Fair competition for farmers and producers**

The legal framework allows a fair competition for farmers and producers involved in GIs/TSGs value chain, through:

- an EU level scrutiny of applications which ensures the homogeneity of treatment of the applications from the different MS;
- the implementation of official controls at all stages of the supply chain. However, some weaknesses have been identified at market stage and on export markets, the frequency of controls being lower at these stages and their effectiveness is perceived as lower than at production stage.

##### **Protection of geographical indications**

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 <sup>(4)</sup> <sup>(5)</sup>. 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 name 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 (out of the MS of production) are significant, they were estimated to reach 20%

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<sup>3</sup> 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.

<sup>4</sup> EU legislation does not cover controls on extra-EU markets.

<sup>5</sup> [https://www.wipo.int/edocs/mdocs/sct/en/sct\\_is\\_geo\\_ge\\_19/sct\\_is\\_geo\\_ge\\_19\\_p3.pdf](https://www.wipo.int/edocs/mdocs/sct/en/sct_is_geo_ge_19/sct_is_geo_ge_19_p3.pdf)

of the total sales value under GI/TSG in 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) <sup>(6)</sup>. In addition, based on electronic consumer survey, we observe that some protected names under GIs 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 many MS (based on the electronic consumer survey), which limit their function as 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 <sup>(7)</sup> and GI View website <sup>(8)</sup>, and 2) several websites with detailed information on GIs/TSGs (such as Qualigeo in IT and INAO in FR). 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). However, while the use of the EU symbols is compulsory for agricultural products and foodstuffs, it is not for wines, spirit drinks and aromatised wine products.

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. These controls and IPR enforcement are overall considered effective even if some weaknesses have been identified (see above).

Based on the electronic consumer survey conducted in the context of this study in 7 MS and covering the awareness of indications, acronyms and symbols of GIs/TSGs <sup>(9)</sup>, the awareness and understanding of GI/TSG schemes is medium to high in some MS (for instance, 50% to 78% awareness of PDOs in IT, ES and FR) and low in some others (awareness of all schemes between 8% and 28% in CZ, DE, HU and NL). This is confirmed

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<sup>6</sup> 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-tsqs\\_en](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-tsqs_en) and FoodDrinkEurope - [https://www.fooddrinkeurope.eu/uploads/publications\\_documents/FoodDrinkEurope\\_Data\\_and\\_Trends\\_2018\\_FINAL.pdf](https://www.fooddrinkeurope.eu/uploads/publications_documents/FoodDrinkEurope_Data_and_Trends_2018_FINAL.pdf)

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

<sup>8</sup> <https://www.tmdn.org/qiview/>

<sup>9</sup> The electronic consumer survey covered 1) awareness of indications, acronyms and symbols, 2) understanding and 3) differentiation of the schemes. There were 400 answers in each of the 7 MS.

by the Special Eurobarometer 504 (2020) <sup>(10)</sup> which shows that the awareness of EU citizens regarding quality schemes logo is relatively low: 20% for PDO logo, 14% for PGI logo and 14% for TSG logo, with high differences among MS. In addition, based on the electronic consumer survey, confusion between the different schemes remains (no distinction between PDO and PGI for 42% of consumers). This shows the limited effectiveness of the framework to provide clear information to consumers.

### **Fair return for farmers and 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.

Based on a 2019 study conducted for DG AGRI <sup>(11)</sup>, 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 CS 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

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<sup>10</sup> Special Eurobarometer 504 "Europeans, Agriculture and the CAP" published in October 2020 - <https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/survey/getsurveydetail/instruments/special/surveyky/2229>

<sup>11</sup> 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>

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.

### **3.2 Impacts on third country GIs**

The main objectives pursued by stakeholders from third countries when registering a GI at EU level through direct application is an improved respect of IPR. The analysis shows that the GI scheme is perceived as a guarantee of quality for consumers while protecting producers from unfair competition. However, due to the low share of EU market in the total sales from the third country GIs, no significant economic impact (in terms of price or sales) has been observed in the third country value chains following the EU registration.

### **3.3 Efficiency**

The framework for GIs and TSGs is assessed to be efficient, when comparing the benefits provided and the costs borne by private stakeholders and public 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 products under GI/TSG compared to non-GI/TSG products).

The costs related to producer groups (PG) 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 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.

The tender specifications of the study required to assess the opportunity to limit the EU protection in time and to apply fees for registration. The analyses show limited added value for these proposals, this would add administrative burden for all stakeholders with limited benefits.

### **3.4 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**

Based on a scoring of the answers provided by NAs and PGs in direct electronic surveys regarding the relevance of each objective defined in EU regulation on GIs/TSGs and the actual needs of NAs and PGs, we assess that 1) the objectives of the schemes are relevant for both NAs and PGs and 2) the objectives of GIs/TSGs framework are even more relevant for NAs' needs than for PGs' needs.

The most relevant objective for NAs regarding GIs 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. These objectives concern the relations with consumers. For TSG PGs, *"Safeguard traditional methods of production and recipes"* is the most relevant objective. 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 (based on results from Eurobarometer), 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 policy responds primarily to the needs of enhancing integration in the agricultural sector and intercepting consumer demand for food quality. Two types of measures related to GIs/TSGs are supported by RDP: 1) the support for joining the quality schemes and 2) the support for information and promotion on quality products. 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, 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 product specifications 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, a few MS declared that there are public initiatives encouraging GIs/TSGs PGs to adopt voluntary rules of production related to animal welfare and environmental sustainability. 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.

### **3.5 Coherence**

No major incoherence has been identified with regard to the GI/TSG schemes in relation to 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 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. The only contradiction between GIs and trade marks is represented by EU collective marks. However, a court case is currently pending before the European Court of Justice which might shed some further light on this issue.

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. PDO/PGI 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**

Multiple national and regional quality schemes exist in EU Member States (MS), with a myriad of different features and requirements. Some of these national/regional schemes enjoy a higher awareness than GI/TSG schemes at consumer level.

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 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 CAP**

GIs and TSGs are coherent with direct payments, the CMO, Rural Development 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:

- ensuring a fair income for agricultural primary producers, as for direct payments;
- strengthening the agricultural primary producers' bargaining power in the value chain and in increasing their returns from the market, as the CMO;
- stimulating vibrant rural areas in the EU by contributing to viable farms, generation of employment and diversification of income streams, as the 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.

## **3.6 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 between the MS where it is established.

In addition, the scrutiny at EU level ensures the homogeneity of implementation of the EU framework, while we observe large differences in the implementation by MS.

The tender specifications asked to assess the added value to register small-scale GIs/TSGs at EU level compared to a national level registration. This may allow a strong decrease of the number of new GIs/TSGs without compromising the economic value of GIs/TSG at EU level (as small-scale GIs/TSGs account for a limited economic value). However, this would lead to several difficulties: absence of comparable national/regional schemes in some MS, difficulty to assess the sales value at the registration stage (and thus assess to what extent the GI/TSG will be small-scale or not), impact on stakeholders' strategy and reluctance from stakeholders.

#### 4. RECOMMENDATIONS

This section provides recommendations to improve the effectiveness, efficiency, relevance and EU added value of the EU framework on GIs and TSGs. These recommendations are based on the analyses conducted in the context of the 16 ESQs.

**Table 1: Recommendations on the EU framework on GIs and TSGs**

	<b>1. Controls and IPR enforcement on the market and on export</b>
Related ESQs	ESQ 1, 3
Rationale	<p>The overall assessment on the effectiveness of the control system is positive at production stage (before the product is placed on the market). However, weaknesses are observed on controls and IPR enforcement at market stage and on export markets (both intra and extra-EU markets). In addition, some heterogeneity is observed in the enforcement of IPR by MS.</p> <p>Enforcement of GIs also faces an issue on internet with domain names system (DNS). GIs are not recognized as a valid IPR for these DNS.</p>
Recommendation	<p>The official controls and IPR enforcement on the EU market and on third countries markets could be reinforced. At EU level, a first step could be a better communication between MS on the rules implemented, sharing of good practices and a harmonisation of these rules (for instance definition of control plans, risk analysis, implementation of controls at retail stage and on internet,...).</p> <p>For extra-EU markets, a stronger cooperation with third countries authorities would allow to better identify the weaknesses and address them.</p> <p>In addition, EC should advocate for enforcement of GIs to be established on DNS.</p>

	<b>2. Communication to consumers</b>
Related ESQs	ESQs 1, 3 and 8
Rationale	<p>Except in ES, FR and IT, EU quality schemes are generally not well known. Even in FR and ES, consumers tend to know national schemes better than EU schemes.</p> <p>There is also considerable confusion amongst consumers about the meaning of the different schemes: PDO, PGI and TSG.</p> <p>The EU symbols for GIs are compulsory for agri-food products but are optional for wines, spirit drinks and aromatised wine products. In the wine sector, EU logo presence is rare and may be printed in black and white (so, there is no obvious visual difference between PDO and PGI, although the text in the logo differs). In addition, some national labelling terms and their abbreviations such as "DOC", "DOCG" in the Italian wine sector and "AOC" in France for wines and agri-food products (this is used only prior to EU registration for agri-food products in France).</p> <p>The differences established in the EU regulations between PDO, PGI and TSG may not be so clear in practice. For instance, the link to a geographical area may be strong for some PGIs (78% of PGIs in the agri-food sector cover the agricultural stage) and there may be some connections with a territory for some TSG products even if this is not part of the PS (indeed, in some cases, a traditional product may be rooted in a specific region).</p>

	<b>2. Communication to consumers</b>
Recommendation	<p>In this context, we recommend:</p> <ul style="list-style-type: none"><li>- To carry out marketing / consumer studies at EU level to assess the best way to label and promote GI/TSG products to consumers in order to increase awareness and understanding of the schemes and limit confusion. For instance, should the indications, acronyms and symbols for GIs, PDOs, PGIs, TSGs evolve? Should it be simplified, further harmonised or provide further differentiation?</li><li>- To implement additional communication and information actions at EU and MS level on the schemes: including both generic communication on the schemes and on specific protected names,</li><li>- To encourage the use of GI symbols for wine, spirit drinks and aromatised wine products,</li><li>- To consider the limitation of the use of national labelling terms for wine GIs when a name is registered at EU level (for instance: "DOC", "DOCG", "AOC"),</li><li>- To explore the different possibilities to limit confusion between the schemes for consumers. Some EU guidelines could be drafted for stakeholders, when they start preparing the registration process, with a common set of criteria to assess under which scheme a specific name should fall. This would contribute to increase harmonisation at MS and EU level.</li></ul>

<b>3. Research on GIs/TSGs</b>	
Related ESQs	ESQ 1, 2, 4 and 9
Rationale	<p>Based on analysis (desk research, case studies and electronic surveys), GIs and TSGs may provide several benefits for stakeholders and territories where the value chains are located: increased bargaining power, increased profitability, economic development and employment. However, these benefits are far from being systematic and the drivers for success and barriers are very complex. Researchers from a wide range of academic fields have analysed these dynamics: economics, agronomy, food processing technics, sociology, consumer behaviour,... These studies are important to improve the knowledge and promote successful value chains and there is still a need to deepen the analyses. The wide scope of the studies is important, both in terms of MS and sectors as the dynamics may differ among sectors and geographical areas (meaning, this shall cover sectors and MS with high weight of GIs/TSGs and sectors and MS with lower number of GIs/TSGs).</p>
Recommendation	<p>We recommend to:</p> <ul style="list-style-type: none"> <li>- Encourage economic monitoring of GI/TSG sectors at national level, this could cover surface area, number of farms and companies, volume of production, sales value, sales volume and markets. These data should be made publicly available and delivered to the EC for harmonisation and aggregation. This kind of monitoring is already conducted in several MS. Spanish authorities even publish each year detailed economic data on each of the GI/TSG registered in Spain: number of producers, agricultural area, sales volume, sales value and sales out of Spain <sup>(12)</sup>;</li> <li>- Maintain and develop the coverage of GIs in trade statistics through dedicated codes for GI products (for instance through combined nomenclature 8 digit (CN8));</li> <li>- Support and encourage research on GIs/TSGs to better identify drivers of success (such as Strength2Food project), with a large scope in terms of MS and sectors,</li> <li>- Further encourage and support dissemination of study and research results at all levels (public and private stakeholders at EU, MS and regional levels). This dissemination should be conducted through the relevant format (short publications in national language) and channels (internet, seminar,...).</li> </ul>

<sup>12</sup> Link to Spanish data on GIs and TSGs: <https://www.mapa.gob.es/es/alimentacion/temas/calidad-diferenciada/>

<b>4. Promote links between tourism and GIs/TSGs</b>	
Related ESQs	ESQ 4 and 9
Rationale	The analysis (case studies and desk research) showed a high level of potential synergies between tourism and GIs/TSGs products. This potential is significantly exploited in some cases and almost not explored in some other cases. In each situation, stronger cooperation between GI/TSG stakeholders and tourism stakeholders could be implemented. This would benefit both GIs/TSGs (increased direct sales and awareness) and the tourism sector (improved image of the territory through gastronomic cultural heritage). The support for cooperation of stakeholders is already covered by Article 35 of EAFRD Regulation on cooperation, and covers tourism with no specific focus on GIs/TSGs.
Recommendation	The synergies between GIs/TSGs and tourism should be further developed, through RDP measures or under other frameworks (possible collaborations at national and regional levels or between relevant professional organisations of GIs/TSGs and tourism).

<b>5. Structuring of the value chains under GIs/TSGs</b>	
Related ESQs	ESQs 2, 4
Rationale	<p>The economic features and success of GIs/TSGs are highly variable. Analyses suggest the pivotal role of PGs which may endorse a large number of roles to develop the GIs/TSGs. PGs are drivers for the structuring of the value chain, the improved cooperation between stakeholders and the establishment of a strategy for the GI/TSG. However, not all GI/TSGs are managed by structured PGs, while they are well established in some MS (even compulsory in some cases) very few GIs and TSGs are managed by such groups in some other MS. In addition, their roles are not necessarily defined in EU and national laws.</p> <p>Beyond PGs, GIs are organised through interbranch organisations in some sectors, such as the French wine sector with interbranch organisations in each producing region under PDO. This fosters the definition and the implementation of a collective strategy shared by the different types of stakeholders (farmers, cooperatives, wine wholesalers ("<i>négociants en vin</i>").</p>
Recommendation	<p>The establishment of structured PGs (with a specific legal entity) for each GI/TSG should be encouraged. Further details on the roles of these PGs should be provided at EU or national levels: management of the GI/TSG, economic monitoring, communication...</p> <p>The structuring of GI/TSG value chains at national or regional level through interbranch organisations should be encouraged, in order to foster the definition and implementation of a shared strategy between the different types of stakeholders, from the different stages of the value chain.</p>

	<b>6. Regulation of supply for GIs value chains</b>
Related ESQs	ESQ 1, 2, 4 and 14
Rationale	<p>Based on desk research, case studies and electronic surveys, the analyses show that GIs may provide economic benefits to stakeholders involved in the value chain (price, income, stability of market...), although these benefits are not systematic. Some evidences (case studies and desk research) show that cooperation between stakeholders regarding marketing issues is a success factor for the implementation of a GI strategy.</p> <p>Some specific rules apply for the cheese and ham sectors under GI to regulate the supply on the market (Articles 150 and 172 from CMO Regulation). In the wine sector, some specific tools may also be implemented with an impact on the volume marketed (definition of a yield for quality reason and planting rights). A harmonised approach for the regulation of supply could be implemented.</p>
Recommendation	We recommend considering to expand the regulation of supply (as set by the CMO for cheese and ham under GI) to all sectors under GIs.

<b>7. Simplification of the procedures</b>	
Related ESQs	ESQ 7
Rationale	Some bottlenecks and weaknesses have been identified in the implementation of the GI/TSG framework.
Recommendation	<p>To facilitate the scrutiny and reduce scrutiny time, we recommend to:</p> <ul style="list-style-type: none"> <li>- Clarify the distinction between minor and major amendments (e.g. through a list of examples that should fall under each type of procedure, established at EU level) and simplify the procedure for minor amendments (e.g. simple electronic notification made by MS for minor amendments and automatic update of the database).</li> <li>- Harmonise procedures, official controls and enforcement at EU level through common guidelines, exchange of good practices among MS, online FAQ... (see also recommendation 1)</li> <li>- Implement simplified procedures for some specific widely implemented updates of specifications (e.g. to take into account agri-environmental measures in FR in the wine sector, a single protocol was established and applied systematically to all GIs applying for the amendment).</li> <li>- Support and encourage training of staff in NAs and PGs, for instance through the identification of skills needed and establishment of training programmes or a training toolkit.</li> <li>- Improve the communication between EC, NAs and PGs, for instance through digital means such as eAmbrosia. A digital flow of information is already in place between EC and NAs through eAmbrosia for wine and spirit drinks sectors (not compulsory for agri-food sector), but this does not involve PGs; NAs and PGs communicate through other channels, implemented at MS level.</li> <li>- Clarify the requirements to assess the link to the geographical territory during the scrutiny phase (in order to reduce scrutiny time), for instance through the elaboration of guidelines.</li> <li>- Define some maximum time limits for national procedures (as it is defined for the EU procedure) to provide better visibility to applicants.</li> </ul>

<b>8. Economic assessment of GI/TSG applications</b>	
Related ESQs	ESQ 1, 2, 4, 16
Rationale	<p>We observe some large differences in the economic features of the GI/TSG value chains. Some value chains enjoy great success while the economic development of some others is very limited. The application and registration of each GI/TSG require a lot of time from both applicants and public bodies in charge of scrutiny and registration procedures. In addition, the modification of PS is also very time demanding for private stakeholders and public bodies.</p> <p>A better identification of the weaknesses of some applications would allow to improve the quality of the application (for instance the content of the PS) which is a key point for the success of the GI/TSG. If the PS is not adequately defined, the involvement in the GI/TSG may not be attractive for stakeholders and the PS may require modifications resulting in important time and administrative burden.</p> <p>In some cases, this would also allow to orientate stakeholders towards other schemes if the GI/TSG project does not appear relevant with the economic features of the supply chain and the stakeholders' strategy.</p>
Recommendation	<p>The economic assessment of the GI/TSG applications should be encouraged at the application stage by NAs. This economic assessment would cover the potential volume of production covered by the GI/TSG, the demand from the market, the expected impacts of the registration and the relevance of the PS. This assessment would allow:</p> <ul style="list-style-type: none"> <li>- to save some time for both private stakeholders and public bodies in the next steps of the project,</li> <li>- to orientate stakeholders towards other schemes if the GI/TSG scheme does not appear relevant to their situation.</li> </ul> <p>A technical assistance could be provided to the PG at the stage of the application to elaborate an adequate application, with a relevant PS and strategy.</p>

9. Environment and animal welfare	
Related ESQs	ESQ 10
Rationale	There is a growing integration of environment and animal welfare concerns in GIs and TSGs value chains, further integration could be reached to minimize the impact of the value chains on environment (impact on water, soil, air, climate) and improve animal welfare.
Recommendation	<p>The way to better integrate environment and animal welfare in GIs/TSG, should be explored, through:</p> <ol style="list-style-type: none"> <li>1. The set-up of an <i>ad hoc</i> expert group to define “sustainable criteria” by sectors (meaning a list of good practices), with the priority on 1) agri-environment measures in the wine sector which could cover the widest number of GIs and 2) animal welfare in animal production which could cover a wide range of GIs/TSGs (fresh meat, meat products, cheeses). The update of products specifications could be promoted to include these criteria through simplified procedures (see the example of agri-environmental measures in the wine sector in FR).</li> <li>2. the certification of GI/TSG farmers/producers under environment and animal welfare schemes, through direct certification or equivalence between the GI/TSG and these other schemes.</li> <li>3. A better monitoring of the share of organic production under GI/TSG, to allow tracking the reaching of the level set in the Farm to Fork strategy (objective of at least 25% of the EU’s agricultural land under organic farming by 2030).</li> </ol>

<b>10. Evolution of the TSG scheme</b>	
Related ESQs	ESQ 11
Rationale	<p>GIs and TSGs have been implemented in the agri-food sector by the EU since 1992. In January 2020, there were 1 377 PDOs/PGIs registered in the agri-food sector and only 62 TSGs at EU level. This shows a low attractiveness of the TSGs compared to PDOs/PGIs for stakeholders.</p> <p>Evidence suggests that the low attractiveness of TSG is due to the fact that TSGs are not linked to a specific geographical origin and do not provide an IPR to stakeholders. Thus, a group of producers registering a TSG cannot prevent any operator from marketing the product when it is in compliance with the corresponding product specification.</p> <p>In addition, the “traditional” names may be linked in some cases to specific geographical areas (even if this is not part of the PS as TSGs are not linked to a protected area). Thus, the demarcation line between GIs and TSGs may not be fully clear on the field, meaning that some TSGs have specific roots in some geographical areas (for instance, “Jamón Serrano”, which is registered under TSG, is highly linked to ES).</p>
Recommendation	<p>We recommend to reassess the added value of TSGs, which after 28 years, show limited attractiveness for producers.</p> <p>We recommend to consider the possibility to phase-out the TSG scheme, over a 10-year period for instance. A study analysing potential alternatives for the current TSG protected names could be undertaken to explore options. The phasing-out could potentially be accompanied by the possibility to reassess the existing TSGs, for example according to the following examples:</p> <ul style="list-style-type: none"> <li>- Firstly, it could be assessed whether some TSGs could qualify as a GI through a thorough assessment of the existence of a link to a specific geographical area, such as “Spišské pářky” which is highly rooted in Czechia and Slovakia.</li> <li>- Secondly, it could be assessed if some TSGs could evolve towards an “optional quality term” (as mountain products) or code of good practices defined at national level if they are not linked to a specific geographical area, such as “hay milk”.</li> </ul>

<b>11. Expansion of GI scope to prepared meal</b>	
Related ESQs	ESQ 11
Rationale	Prepared meals are covered by TSGs but not by “food” GIs. There is no rationale for this distinction in the intervention logic of the GIs and TSGs schemes. However, the coverage of prepared meals by GIs could lead to implementation difficulties in restaurants, where restaurants could not use the protected names out of the production area, even if these are widely used recipes.
Recommendation	We recommend to consider the possibility to expand the scope of GIs to prepared meals, under the Regulation on agricultural products and foodstuffs. Specific attention should be paid to potential negative effects stemming from this for the restaurant sector which may need to be further explored.

<b>12. Identification of all producers under TSG in all MS</b>	
Related ESQs	ESQ 11
Rationale	We observe some weaknesses in the administrative framework when stakeholders are involved in a TSG in a MS different from the MS which initiated the application. This leads to difficulties in the definition and implementation of official controls.
Recommendation	The implementation of the control framework should be adapted in order to better identify all producers involved in a TSG in each MS. The obligation to register to the relevant NA, control body or PG (if this latter has a role in the implementation of controls) when producing a TSG should be considered.

<b>13. Rules for GIs as ingredients</b>	
Related ESQs	ESQ 12
Rationale	There is a difference of treatment between PDO/PGIs and EUTMs when the name of a product covered by the IPR and used in a final product as an ingredient is mentioned in final products' sales name. Additional rules could be provided for GIs, providing for an agreement to be concluded between the company mentioning in the sales name of its product the GI name of the product which is used as an ingredient and the PG managing the GI.
Recommendation	It is recommended to examine the need for an evolution of EU legislation in order to incorporate the possibility to resolve the issue of the use of GIs in final products' sales name, when the GI has been used as an ingredient, through the use of contracts between the involved economic operators.

<b>14. Alignment of definitions of "traditional"</b>	
Related ESQs	ESQ 15
Rationale	"Traditional" is the rationale to authorise a derogation to food safety standard set out in current Regulation (EC) No 853/2004. However, the definitions of the term "traditional" are not homogenous between GI/TSG Regulation, food safety Regulation and national laws.
Recommendation	Consider the possibility to align the definitions of "traditional" between GI/TSG Regulation, current Regulation (EC) No 2074/2005 ("foods with traditional characteristics") and national laws.

	<b>15.Enhance contribution of GI and TSG products to healthy and balanced diet</b>
Related ESQs	ESQ 15
Rationale	GIs and TSGs cover a wide range of food and drink products. The analysis conducted in the context of this study did not identify inconsistencies between GI/TSG and EU health policy, each policy covering theoretically different aspects of food quality.
Recommendation	We suggest further efforts in supporting research initiatives that explores the nutritional aspects of GIs/TSGs.

	<b>16.Origin of primary ingredients in FIC Regulation</b>
Related ESQs	ESQ 15
Rationale	The Article 26 of the Food Information to Consumer Regulation (FIC Regulation) regarding the origin of food also applies to GIs. However, GIs are temporarily exempted from the scope of application of Commission Implementing Regulation (EU) 2018/775.
Recommendation	The future extension of the application of the requirements of origin labelling of the primary ingredient to GIs would require an assessment of its impact.

## 5. METHODOLOGY OF THE STUDY

We provide an overview of the set of tools implemented to answer the ESQs and elaborate the study, their use for the descriptive chapter and the ESQ and we detail the implementation of some of these tools: desk research, national authority (NA) survey, case studies (CS), producer group (PG) survey, third country survey and consumer survey.

### 5.1 Presentation of the tools implemented

A set of tools has been implemented in order to draft the descriptive chapter and answer ESQs:

- Desk research: an extensive literature review has been conducted of reports, research and studies on GIs/TSGs;
- Interviews with European Commission (EC) staff (DG AGRI, DG TRADE, DG GROW and DG SANTE);
- Interviews with specialized IPR lawyers, representing both public and private institutes;
- National authority (NA) survey (electronic survey) at EU 28 level;
- Specific tools have been implemented in seven MS (namely: Czechia (CZ), France (FR), Italy (IT), Spain (ES), Hungary (HU), Germany (DE) and the Netherlands (NL):
  - Country reports based on desk research and qualitative interviews at national level with NAs, professional bodies and other relevant stakeholders (country reports are provided in separate documents and are not publicly available);
  - 17 case studies (CS): each CS focusing on one GI/TSG or a group of GIs/TSGs, with desk research and qualitative interviews with stakeholders (PG, local public authorities, business operators) (CS reports are provided in separate documents and are not publicly available);
  - PGs survey (electronic survey), with 474 answers (25% rate of answer);
  - Consumer survey (electronic survey implemented through remunerated panels) with 400 answers in each of the seven MS (total of 2 800 answers).
- Farm accountancy data network (FADN) analysis in the wine sector;
- Third country surveys (CS, electronic survey) and desk research, information having been collected on 11 third country GIs, accounting for 34% of the 32 third country GIs registered via a direct application.

The COVID-19 crisis occurred during the data collection phase and had a great impact on stakeholders' availability for interviews. As a result, phone interviews rather than field surveys have been conducted.

**About 180 interviews have been conducted.**

## 5.2 Use of the different tools in the analysis

The following table provides an overview of tools used in the descriptive chapter and each ESQ. The descriptive chapter and most of the ESQs are formed from desk research, NA survey, country reports and CS. The producer groups survey has been used for ESQs on effectiveness, relevance, coherence and EU added value. The consumer survey has been used for the descriptive chapter and four ESQs. The FADN analysis has been used for effectiveness only.

**Table 2: Matrix between main methodological tools and ESQs or descriptive chapter**

		Desk research	NA survey	Country report	CS	PGs survey	Consumer survey	3 <sup>rd</sup> country surveys	FADN analysis
Descriptive chapter		X	X	X	X	X	X		
Effectiveness	ESQ 1	X	X	X	X	X	X		X
	ESQ 2	X	X	X	X	X			
	ESQ 3	X	X	X	X	X	X		
	ESQ 4	X	X	X	X	X			X
	ESQ 5	X	X	X	X	X		X	
Efficiency	ESQ 6	X	X	X	X				
	ESQ 7	X	X	X	X				
Relevance	ESQ 8	X	X	X	X	X	X		
	ESQ 9	X	X	X	X	X			
	ESQ 10	X	X	X	X	X			
Coherence	ESQ 11	X	X	X					
	ESQ 12	X	X	X	X				
	ESQ 13	X	X	X	X				
	ESQ 14	X	X	X	X	X			
	ESQ 15	X	X	X	X				
EU added	ESQ 16	X	X	X	X	X			

### 5.3 Desk research

The main sources for the desk research:

- EU Regulation on GIs/TSGs, controls and other policies (for ESQs on coherence);
- “Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs)”, AND-I for the DG AGRI, 2019 <sup>(13)</sup>: this study provides economic data on GIs/TSGs at EU level and in MS, a database from this study containing individual data on each GIs/TSGs has been used for some analysis in the context of this evaluation;
- Results from H2020 project Strength2Food <sup>(14)</sup> and in particular the publication based on Strength2Food project: Arfini F. and Bellassen V. “Sustainability of European Food Quality Schemes – Multi-Performance, Structure, and Governance of PDO, PGI, and Organic Agri-Food Systems”, Springer, 2019.

The Strength2Food publication and additional desk research <sup>(15)</sup> enabled us to collect insight on a set of GIs (see table below) to inform the ESQs.

**Table 3: List of GIs covered by desk analysis**

Scheme	Protected name	Type of scheme	Sector	Sub sector	MS
Agricultural products and foodstuffs	Comté	PDO	Cheese	Hard cow cheese	FR
	Parmigiano Reggiano	PDO		Hard cow cheese	IT
	Gyulai kolbász / Gyulai pároskolbász	PDO	Meat product	Sausage	HU
	Sobrasada de Mallorca	PGI		Sausage	ES
	Ternasco de Aragón	PGI	Fresh meat	Lamb	ES
	Mila Zagoras Piliou	PDO	Other products of Annex I of the Treaty (spices etc.)	Apple	EL
	Milo Kastorias	PGI		Apple	EL
	Opperdoezer Ronde	PDO		Potatoes	NL
	Riz de Camargue	PGI		Rice	FR
	Truskawka kaszubska / Kaszëbskô malëna	PGI		Strawberry	PL
	Kalocsai fűszerpaprika-őrlemény	PDO	Paprika	HU	
	Moules de Bouchot de la Baie du Mont-Saint-Michel	PDO	Seafood product	Mussel	FR
Spirit drinks	Scotch Whisky	GI	Spirit drinks	Whisky	UK

<sup>13</sup> <https://op.europa.eu/en/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

<sup>14</sup> <https://www.strength2food.eu/>

<sup>15</sup> Additional desk research for Scotch Whisky which is not covered by Strength2Food publication

#### 5.4 National authorities (NAs) survey (electronic)

A survey targeting NAs in charge of quality schemes in each MS covered the following topics: legal basis; roles and procedures for the implementation of EU framework related to GI/TSG at national level; controls; costs; relevance and existence of other national/regional schemes and coherence with the GI/TSG quality scheme. The survey has been sent in English, except in France, Italy and Spain where we provided a version in the national language. Overall, MS reacted positively to the survey. The only exception being the United Kingdom (UK) which did not provide an answer to the survey. Thus, 27 answers were received from the NA survey. In the 7 MS <sup>(16)</sup> where CS have been conducted, the survey has been often discussed during the interviews with the national authorities, to deepen certain aspects and cross-check the data obtained.

#### 5.5 Case studies (CS) (17 CS in seven MS)

The CS undertaken in the seven MS are listed in the table below. Four were in Italy, three in Spain, France and Germany respectively, two in Hungary, and one each in the Czechia and the Netherlands. Among the CS, five cover the wine sector, ten cover agricultural products and foodstuffs and two cover spirit drinks. The CS reports are provided in separate documents.

**Table 4: List of the 17 CS conducted**

	MS	Sector	Sub-sector	Scheme	CS
1	ES	Wine	/	PDO	Ribera del Duero
2	FR			PDO	Côtes du Rhône
3	FR			PGI	Pays d'Oc
4	IT			PDO	Langhe PDOs
5	HU			PDO	Tokaj/Tokaji
6	CZ	Food products	Meat product	TSG	Spišské párky
7	ES		Meat product	PDO	Jabugo
8	IT		Meat product	PGI	Speck Alto Adige/Südtiroler Markenspeck/Südtiroler Speck
9	FR		Cheese	PDO	Beaufort
10	NL		Cheese	PGI	Gouda Holland
11	ES		Fresh meat	PGI	Cordero Manchego
12	DE		F&V	PGI	Salate von der Insel Reichenau, Feldsalat von der Insel Reichenau, Tomaten von der Insel Reichenau, Gurken von der Insel Reichenau
13	IT		F&V	PDO	Basilico Genovese
14	DE		Beer	PGI	Bayerisches Bier
15	IT		Olive oil	PDO	Dauno
16	DE/FR/NL <sup>(17)</sup>	Spirit drinks	/	GI	Genièvre / Jenever / Genever
17	HU/AT <sup>(18)</sup>		/	GI	Pálinka

<sup>16</sup> France, Italy, Spain, Netherlands, Czech Republic, Hungary, Germany

<sup>17</sup> The GI is multi-countries and covers BE, DE, FR and NL; only DE, FR and NL are covered by the CS.

<sup>18</sup> The GI is multi-countries and covers HU and AT, the case study focuses on AT.

## 5.6 Producer groups (PG) survey

The questionnaire was sent to 1 875 PGs in the seven MS with a specific focus, with valid email addresses. We collected 474 answers with an answer rate of 25% (from 17% to 44% depending on the MS), so the objective of 15% has been surpassed.

The detail between GIs and TSGs is as follows:

- GIs: 1 867 questionnaires sent 474 answers (25% rate of return);
- TSGs: 8 questionnaires sent and 3 answers (38% rate of return): 2 TSGs in NL and 1 TSG in HU.

The total sales value of the GIs/TSGs covered by the survey was EUR 23 billion in 2017 <sup>(19)</sup>, this accounted for 37% of the sales value of GIs in the 7 MS covered (ranging from 22% in HU to 80% in CZ) and 30% of the total sales value of GIs/TSGs at EU 28 level.

GIs accounted for 99.1% of the sales value of the sample: EUR 22.8 billion, this accounted for 31% of the sales value under GI at EU 28 level. The sales value of the 3 TSGs which answered the survey was EUR 200 million sales value, this accounted for 0.9% of the sample and 8% of the EU sales value under TSG at EU 28 level. The small number of answers from TSGs remains a limit to draw specific conclusions on TSGs in the analyses.

37% of responses are from the wine sector, 56% from agricultural products and foodstuffs, 7% from spirit drinks and 0.2% from aromatised wine products.

**Table 5: details on the electronic survey with PGs**

	Number of PGs			Sales value under GI/TSG (EUR million, 2017)		
	Number of PG targeted (valid address)	Number of answers	Rate of answers	Sales value of the sample	Total sales value at national level	% sample / total sales value
FR	625	183	29%	9 343	26 942	35%
IT	659	137	21%	6 282	15 784	40%
ES	288	87	30%	2 098	7 157	29%
DE	152	34	22%	3 210	8 696	37%
NL	32	14	44%	1 265	1 776	71%
CZ	59	12	20%	747	937	80%
HU	60	10	17%	87	397	22%
<b>GIs</b>	<b>1 867</b>	<b>474</b>	<b>25%</b>	<b>22 833</b>	<b>61 689</b>	<b>37%</b>
<b>TSGs</b>	<b>8</b>	<b>3</b>	<b>38%</b>	<b>199</b>	<b>na</b>	<b>na</b>
<b>Total</b>	<b>1 875</b>	<b>477</b>	<b>25%</b>	<b>23 032</b>	<b>na</b>	<b>na</b>

na: not available

Source: own elaboration based on the detailed economic data of each GI/TSG from the survey on the value of GI/TSG products for DG AGRI (2019)

<sup>19</sup> Based on the detailed economic data by GI/TSG from the survey on the Value of GI/TSG products for DG AGRI (2019)

## 5.7 Third country GIs surveys

Information has been gathered on 11 third country GIs (of the total 32 GIs). Three data collection tools were implemented:

- **Electronic survey** addressed to each of the 32 PGs having a product name registered in the EU (registration through direct application), **three answers** were collected through this survey;
- **6 CS:** qualitative interviews with the producer's group of six GIs and desk research: Café de Colombia, Ron de Guatemala, Carn d'Andorra, Tequila (Mexico), Darjeeling (India) and Tørrfisk fra Lofoten (Norway).
- **Additional desk research:** based on Arfini and Bellassen (2019) <sup>(20)</sup> which provides analysis on two third country GIs registered in the EU via direct application: PDO Phu Quoc Fish Sauce (Vietnam) and PGI Khao Hom Mali Rice (Thailand).

## 5.8 Consumer survey

An electronic consumer survey has been implemented in seven MS through remunerated panels <sup>(21)</sup> (respondents were paid to answer the questions). A total of 400 answers has been collected in each of the seven MS for a total of 2 800 answers. The questions covered:

- the awareness of schemes (logo, acronyms, full label)
- the awareness of national/regional schemes
- the differentiation of the schemes the ones with the other (PDO versus PGI and PGI vs TSG); PDO, PGI and TSG
- the understanding of the guarantees provided by each scheme
- awareness of 42 protected names: seven names common in each MS and 35 names specific to one MS (5 names by MS)

The results of the consumer survey are provided in the descriptive chapter.

## 5.9 FADN analysis

FADN has been used to assess the impact of GI on farmers income in the wine sector. FADN does not allow to identify farms involved in GI schemes in other sectors. Analyses rely on the comparison, at national level, between 1) a sub-sample composed of wine farms which do not produce GI grape or wine and 2) a sub-sample composed of wine farms which produce such products. Due to the size of samples, this exercise could be carried out in seven MS: Bulgaria, Greece, Spain, Hungary, Italy, Portugal and Romania. As almost all French wines are under GIs, it was not possible to constitute a control sample of non-GI wine farms. The total sample in the seven MS was 98 061 farms involved in GIs and 70 139 non involved in GIs.

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<sup>20</sup> Arfini, F. and Bellassen, V. - Springer, Sustainability of European Food Quality Schemes – Multi-Performance, Structure, and Governance of PDO, PGI, and Organic Agri-Food Systems, Springer, 2019

<sup>21</sup> Conducted with Cint platform

## 6. DESCRIPTIVE CHAPTER

The descriptive chapter firstly provides some analysis on specific topics requested by the terms of reference of the study. The descriptive chapter is composed of the following sub-sections:

- Definition of GIs and TSGs;
- Overview of the economic importance of GIs/TSGs at EU level;
- Presentation of the regulatory framework;
- Presentation of the enforcement and controls;
- Details on the regulatory framework and roles of PGs;
- Overview of the incentives and disincentives for private stakeholders to be involved in EU schemes;
- Comparison of the use of other national/regional schemes by private stakeholders;
- Consumer insights on GIs and TSGs.

### 6.1 What are GIs and TSGs?

GIs are IPRs which cover products that have a specific geographical origin and possess qualities or a reputation that are due to that origin. There are different types of GIs under the EU agricultural quality policy:

- PDOs and PGIs for agri-food products and wines,
- GIs for spirit drinks and aromatised wine products.

TSG scheme covers traditional methods of production and recipes in the agri-food sector. TSGs are not linked to a specific geographical origin and are not IPR.

GIs and TSGs allow the registration of "names" and do not allow the registration of "products".

The EU implements a quality policy related to 1) geographical indications (GIs), which progressively covered all food and drink sectors: agricultural and foodstuffs, wines, spirit drinks and aromatised wine products; as well as 2) traditional specialities guaranteed (TSGs), which cover only agricultural products and foodstuffs.

As defined by World Intellectual Property Organization (WIPO), a **GI** is a "sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin." GIs are IPRs.

There are several schemes for GIs implemented at EU level: protected designation of origin (PDOs) and protected geographical indication (PGIs) in the agri-food and wine sectors and GIs in the spirit drinks and aromatised wine products sector. 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.

In the case of wine, all steps of the production (including wine-making) have to take place in the defined geographical area, and at least 85% of the grapes used (PGI) or 100% of the grapes used (PDO) have to come exclusively from the geographical area where the wine is actually made.

For spirit drinks, the steps which give the spirit drink the quality, reputation or other characteristic that is essentially attributable to its geographical origin, must take place in the protected geographical area.

**TSGs** aim to register traditional method of production and recipes. TSGs are not linked to a specific geographical area. TSGs are not IPRs.

The definition of GIs and TSGs provided in this section are valid for the full report.

## 6.2 Economic overview of GIs/TSGs at EU level

There are around 3 300 names registered as GIs or TSGs at EU level by MS, 98% of these names are GIs. The sales value of GIs and TSGs was estimated at EUR 77.15 billion in 2017, 51% for wines, 35% for agri-food products, 13% for spirit drinks and 0.1% for aromatised wine products. The main MS in terms of economic value under GIs and TSGs are France, Italy, Germany, the UK and Spain.

On the 1<sup>st</sup> of 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, 26% of total); France (734 names, 22%); and Spain (354 names, 11%). Following MS were Greece (270 names, 8%); Portugal (190 names, 6%); and Germany (167 names, 5%). For the other MS, the number of names registered ranged from 1 to 80. In addition, 22 names are multi-countries; for instance four names are registered both in Czechia and Slovakia; three names are registered both in Ireland and the United Kingdom.

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 registered names and aromatised wine products for 0.2%.

More than half of the names (55%) registered are PDOs, mainly in the wine sector (65% of the PDOs are in the wine sector), followed by PGIs (36%). GIs (spirit drinks and aromatised wine products) accounted for 7% of the names registered and TSGs (agri-food sector only) for 2%.

**Table 6: Number of protected names by sector and scheme on the 01.01.2020**

	Wine	Agri-food	Spirit drinks	Arom. wine	Total	% total
PDO	1 166	634	/	/	<b>1 800</b>	55%
PGI	439	743	/	/	<b>1 182</b>	36%
GI (spirit drinks and arom. Wine prod.)	/	/	237	5	<b>242</b>	7%
GI (total)	1 605	1 377	237	5	<b>3 224</b>	98%
TSG	/	62	/	/	<b>62</b>	2%
<b>Total</b>	<b>1 605</b>	<b>1 439</b>	<b>237</b>	<b>5</b>	<b>3 286</b>	/
% total	49%	44%	7%	0.2%	/	/

Source: own elaboration based on eAmbrosia database (public module)

In 2017, the sales value of GIs/TSGs was estimated at EUR 77.15 billion <sup>(22)</sup>, 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 7.0% of sales value of the food and drink sector at EU 28 level <sup>(23)</sup>. More than half of the sales value was in the domestic market (58%); intra-EU sales (outside the domestic market) 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) and 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.

The sales value of GI products was over EUR 5 billion in each of the first five MS (France, Italy, Germany, the UK and Spain), between EUR 2 billion and EUR 0.9 billion in 6 MS (Portugal, the Netherlands, Greece, Ireland, Czechia and Austria) and lower than EUR 0.5 billion each in other MS (namely Poland, Hungary, Sweden, Slovenia, Romania, Denmark, Croatia, Slovakia, Bulgaria, Belgium, Luxembourg, Finland, Cyprus, Lithuania and Malta <sup>(24)</sup>).

<sup>22</sup> 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-qualified-tsgs\\_en](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-qualified-tsgs_en)

<sup>23</sup> Based on data from FoodDrinkEurope

<sup>24</sup> Data confidential in Estonia and Latvia due to the low number of GIs/TSGs registered.

### 6.3 EU regulatory framework for GIs and TSGs

This section provides an overview of the EU regulatory framework and its implementation at EU and MS levels:

- Firstly, the section provides a historical perspective of the implementation of GIs and TSGs at EU and MS level. This shows that the implementation of GIs and TSGs was initiated in some MS in the early 20<sup>th</sup> century. At EU level, it was set for wines in the 1970s and progressively expanded to the other sectors until the 1990s.
- Secondly, the current regulatory framework is detailed.
- Thirdly, the intervention logic for each sector is detailed. Specific objectives have been defined in each regulation. These can be summarized as follows: 1) secure fair return to farmers and producers; 2) ensure a fair competition; 3) provide reliable information to consumers; 4) ensure the integrity of the market; and 5) ensure the respect of IPRs for GIs.
- Fourthly, some details on the implementation of the framework at EU and MS levels are provided: for example application procedures and the roles of PGs.
- Finally, the rules regarding indications, acronyms and symbols are detailed for each scheme.

#### 6.3.1 Historical perspective

As developed by Sylvander *et al.* (25), the original rationale for using GIs was the prevention from deceptive practices, this initially concerned wine, spirit drinks, agri-food products (mainly cheeses (26) and some non-agricultural products. Later, the use of geographical indications has also been a way to stabilise the market by controlling supply and quality, such as in the wine sector with the connection between quality and yields (Sylvander *et al.* provide the example of the wine sector in Languedoc area, in southern France, with an orientation of common quality wines to "terroir" wines in the 1970s). GIs/TSGs have been used more recently (since the 1990s) to develop rural economy and to protect natural resources.

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<sup>25</sup> Sylvander *et al.*, *Quality, origin and globalization: overall justifications and national frameworks: the geographical indication case*, Canadian Journal of Regional Science, 29, 2006, pp 43-54.

<sup>26</sup> "Stresa convention" in 1951: "International Convention for the use of appellations d'origine and denominations of cheeses"

EU policy regarding GIs started in the 1970s in the wine sector (Regulation (EEC) No 817/70). This policy has been progressively modified (the last important step being the CMO reform in 2009 with the implementation of PDOs and PGIs in the wine sector) and expanded to other sectors:

- In 1989 for spirit drinks with Regulation (EC) No 1576/89 <sup>(27)</sup>;
- In 1991 with GIs for aromatised wine products with Regulation (EEC) No 1601/91 <sup>(28)</sup>;
- In 1992 with PDOs and PGIs for agricultural products and foodstuffs with Regulation (EEC) No 2081/92 <sup>(29)</sup>.

Several MS developed national GI schemes over the 20<sup>th</sup> century <sup>(30)</sup> prior to EU schemes, such as:

- France: in 1919 for the wine sector and progressively for spirit drinks and agri-food products since 1935;
- Spain: in 1932 in the wine sector with the "Wine Statute", in 1970 for spirit drinks and progressively for agri-food products between 1970 and 1985;
- Luxembourg: in 1932 for agricultural and horticultural products with the "National marks" ("*Marques Nationales*") scheme which is comparable to GIs;
- Italy: in 1954 for the cheese sector and in 1963 for wines.

EU policy on TSG started with certificates of specific character (predecessor of TSGs) for agricultural products and foodstuffs with Regulation (EEC) No 2082/92 <sup>(31)</sup>. The term "traditional speciality guaranteed" was introduced by Regulation (EEC) No 1848/93 detailing rules for the application of Regulation (EEC) No 2082/92 <sup>(32)</sup>.

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<sup>27</sup> Council Regulation (EEC) No 1576/89 of 29 May 1989 laying down general rules on the definition, description and presentation of spirit drinks (OJ L 160, 12.6.1989, p. 1)

<sup>28</sup> Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatizedaromatised wines, aromatizedaromatised wine-based drinks and aromatizedaromatised wine-product cocktails (OJ L 149, 14.6.1991, p. 1)

<sup>29</sup> 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>30</sup> An historical overview of GI schemes at national level is provided with ESQ 16 on the EU added value

<sup>31</sup> Council Regulation (EEC) No 2082/92 of 14 July 1992 on certificates of specific character for agricultural products and foodstuffs

<sup>32</sup> Commission Regulation (EEC) No 1848/93 of 9 July 1993 laying down detailed rules for the application of Council Regulation (EEC) No 2082/92 on certificates of specific character for agricultural products and foodstuffs

## **6.3.2 Regulatory framework in each sector**

### **6.3.2.1 Wines**

The first step at EU level regarding GIs in the wine sector was Regulation (EEC) No 817/70, laying down special provisions relating to quality wines produced in specified regions. Other wines were table wines, a sub-category of table wine being defined later. In 2009, with the Common Market Organisation (CMO) reform (previously applicable Regulation (EC) No 1234/2007 and Regulation (EC) No 479/2008), quality wines produced in specified regions became PDOs and table wine with GI became PGIs.

Current regulation (EU) No 1308/2013 replaced inter alia previously applicable Regulation (EC) No 1234/2007 and aims at protecting the legitimate interests of consumers and producers, ensuring the smooth operation of the internal market, and promoting quality products. This regulation is part of the Common Agricultural Policy (CAP) regulations and does not exclusively cover the wine sector. Rules for the application of this regulation in relation to wine GIs are laid down in Commission Delegated Regulation (EU) 2019/33 and Commission Implementing Regulation (EU) 2019/34 and were previously laid down in Commission Regulation (EC) No 607/2009.

### **6.3.2.2 Agricultural products and foodstuffs**

The first EU regulations were set in 1992 and were modified in 2006 and 2012. Regulation (EU) No 1151/2012 aims at ensuring protection of the names as an intellectual property right and at providing clear information on the product to consumers, in the case of PDOs and PGIs. In the case of TSGs, it aims at safeguarding traditional methods of production and recipes. Regulation (EU) No 664/2014 supplements Regulation (EU) No 1151/2012 with regard to the establishment of the Union symbols for PDOs, PGIs and TSGs and with regard to sourcing and certain procedural and additional rules. Regulation (EU) No 668/2014 lays down the rules for the application of Regulation (EU) No 1151/2012.

### **6.3.2.3 Spirit drinks**

Rules on spirit drinks production and labelling are set out in Regulation (EC) No 110/2008<sup>(33)</sup>, Commission Implementing Regulation (EU) No 716/2013<sup>(34)</sup> and Commission Regulation (EU) 2016/1067<sup>(35)</sup>. On 25 May 2021, the provisions on production and labelling contained in the above-mentioned regulations will be repealed and replaced by those laid down in Regulation (EU) 2019/787<sup>(36)</sup>. Applicable rules on geographical indications (GI) in the sector of spirit drinks are laid down in Regulation (EU) 2019/787 (applicable since 8 June 2019 as concerns GI-related provisions) and Commission Implementing Regulation (EU) No 716/2013.

The objectives set out in Regulation (EC) No 110/2008 and Regulation (EU) 2019/787 are the preservation of traditional production methods, the prevention of deceptive practices, the attainment of market transparency and fair competition between producers, and the attainment of a high level of consumer protection.

### **6.3.2.4 Aromatised wine products**

GIs were first set in this sector with Regulation (EEC) No 1601/91, repealed and replaced by the new Regulation (EU) No 251/2014<sup>(37)</sup> which also defined geographical indications. Its objectives are the preservation of a certain quality standard, the prevention of deceptive practices, the attainment of market transparency and fair competition between producers, and the attainment of a high level of consumer protection. It is supplemented by Commission Delegated Regulation (EU) 2017/670<sup>(38)</sup> on the authorised production processes for obtaining aromatised wine products.

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<sup>33</sup> Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89 (OJ L 39, 13.2.2008, p. 16)

<sup>34</sup> Commission Implementing Regulation (EU) No 716/2013 of 25 July 2013 laying down rules for the application of Regulation (EC) No 110/2008 of the European Parliament and of the Council on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks (OJ L 201, 26.7.2013, p. 21)

<sup>35</sup> Commission Regulation (EC) 2016/1067 of 1 July 2016 amending Annex III to Regulation (EC) No 110/2008 of the European Parliament and of the Council on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks (OJ L 178, 2.7.2016, p. 1–12)

<sup>36</sup> Regulation (EU) 2019/787 of the European Parliament and of the Council of 17 April 2019 on the definition, description, presentation and labelling of spirit drinks, the use of the names of spirit drinks in the presentation and labelling of other foodstuffs, the protection of geographical indications for spirit drinks, the use of ethyl alcohol and distillates of agricultural origin in alcoholic beverages, and repealing Regulation (EC) No 110/2008 (OJ L 130, 17.5.2019, p. 1)

<sup>37</sup> Regulation (EU) No 251/2014 of the European Parliament and of the Council of 26 February 2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, and repealing Council Regulation (EEC) No 1601/91. (OJ L 84, 20.3.2014, p. 14)

<sup>38</sup> Commission Delegated Regulation (EU) 2017/670 of 31 January 2017 supplementing Regulation (EU) No 251/2014 of the European Parliament and of the Council as regards the authorised production processes for obtaining aromatised wine products (OJ L 97, 8.4.2017, p. 5)

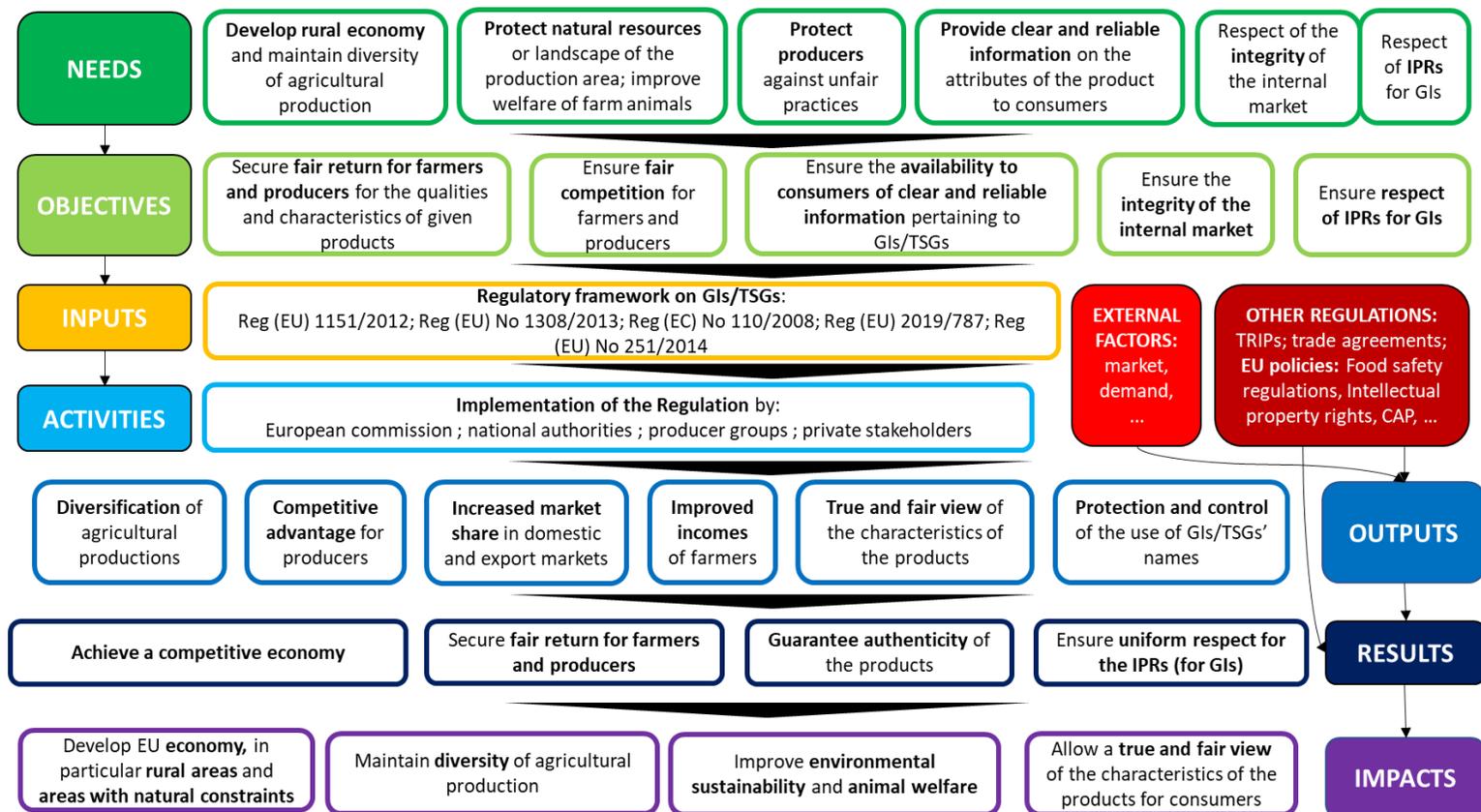
### **6.3.3 Intervention logic**

The following section describes the intervention logic for each sector covering GIs and TSGs through intervention logic diagrams. The following diagrams are presented: 1) a general diagram for all GI/TSG products, 2) PDOs and PGIs for agricultural products and foodstuffs, 3) TSGs for agricultural products and foodstuffs, 4) PDOs and PGIs in the wine sector and 5) GIs for spirit drinks and aromatised wine products.

The intervention logic is based on the relevant EU regulation and details the needs, the objectives, the inputs, the activities, the outputs, the results and impacts.

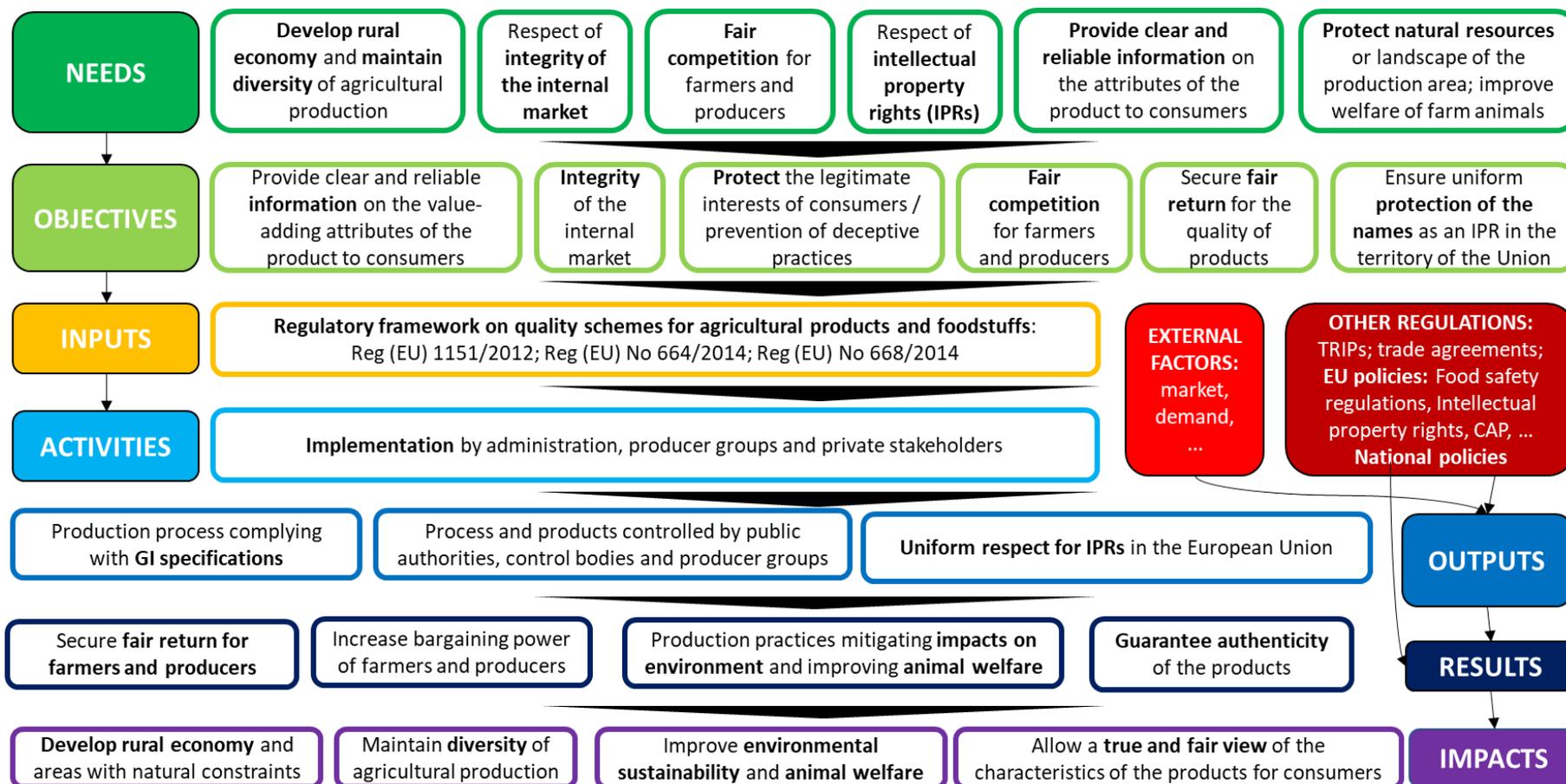
The expected impacts for the GIs/TSGs are the development of the EU economy (mainly rural territory), the diversity of production, the improvement of environmental sustainability and animal welfare and the information to consumers in order for them to get a true and fair view of the products. These impacts are highly linked to the content of the PS, the control implemented at all stages of the supply chain, and the respect of IPR (for GIs). Public bodies, PGs and private stakeholders involved in the value chain play a role in the implementation of the schemes.

**Figure 1: Intervention logic for GIs and TSGs for agricultural products and foodstuffs, wines, spirit drinks and aromatised wine products**



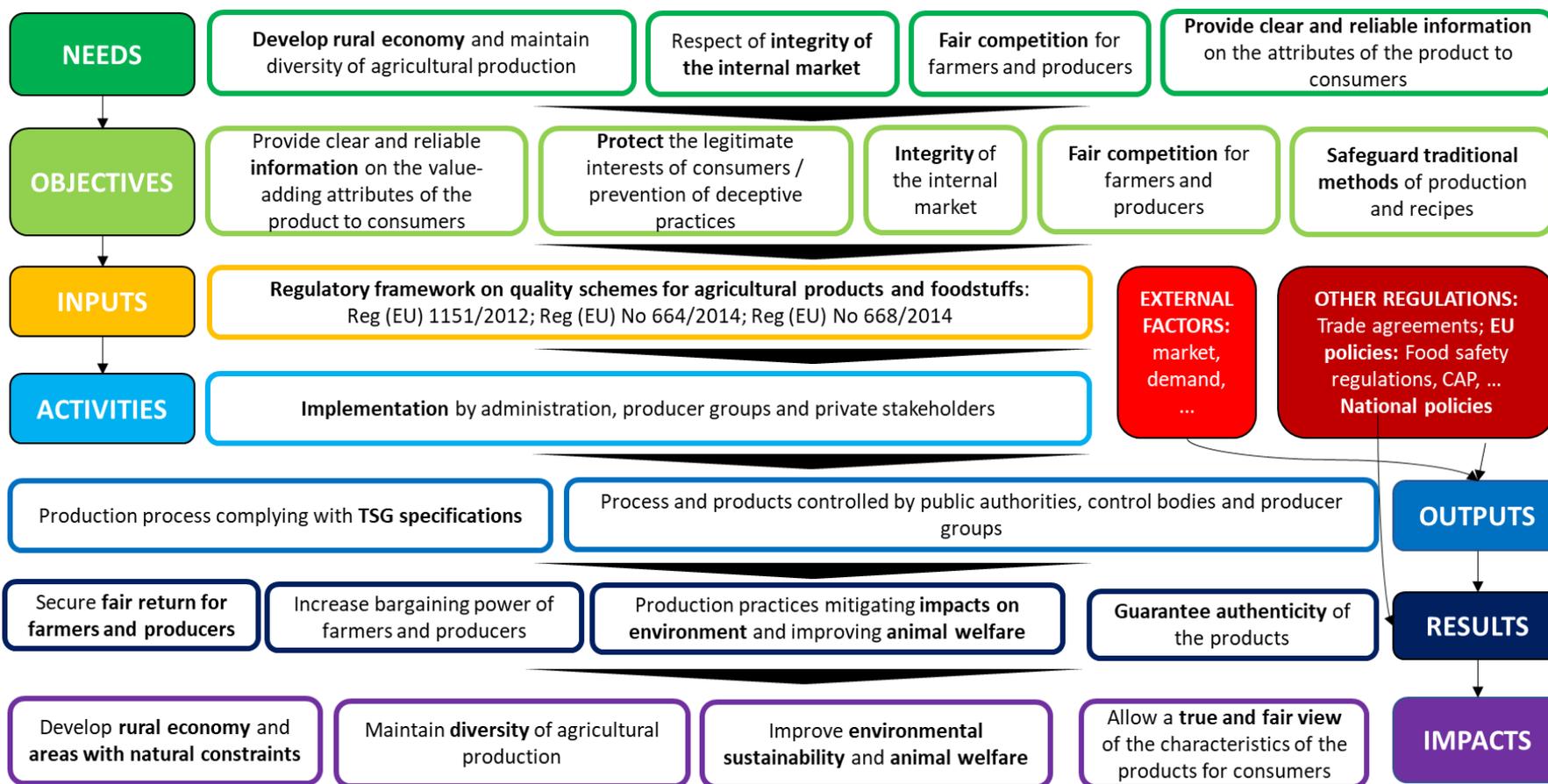
The intervention logic for PDOs and PGIS in the agri-food sector focuses on potential positive impacts on the development of rural economy, the diversity of agricultural production, possible impacts on environment and animal welfare (depending on PS) and information to consumers (allowed by controls along the value chain and respect of IPRs).

**Figure 2: Intervention logic for GIs (PDOs and PGIs) in agricultural products and foodstuffs sector**



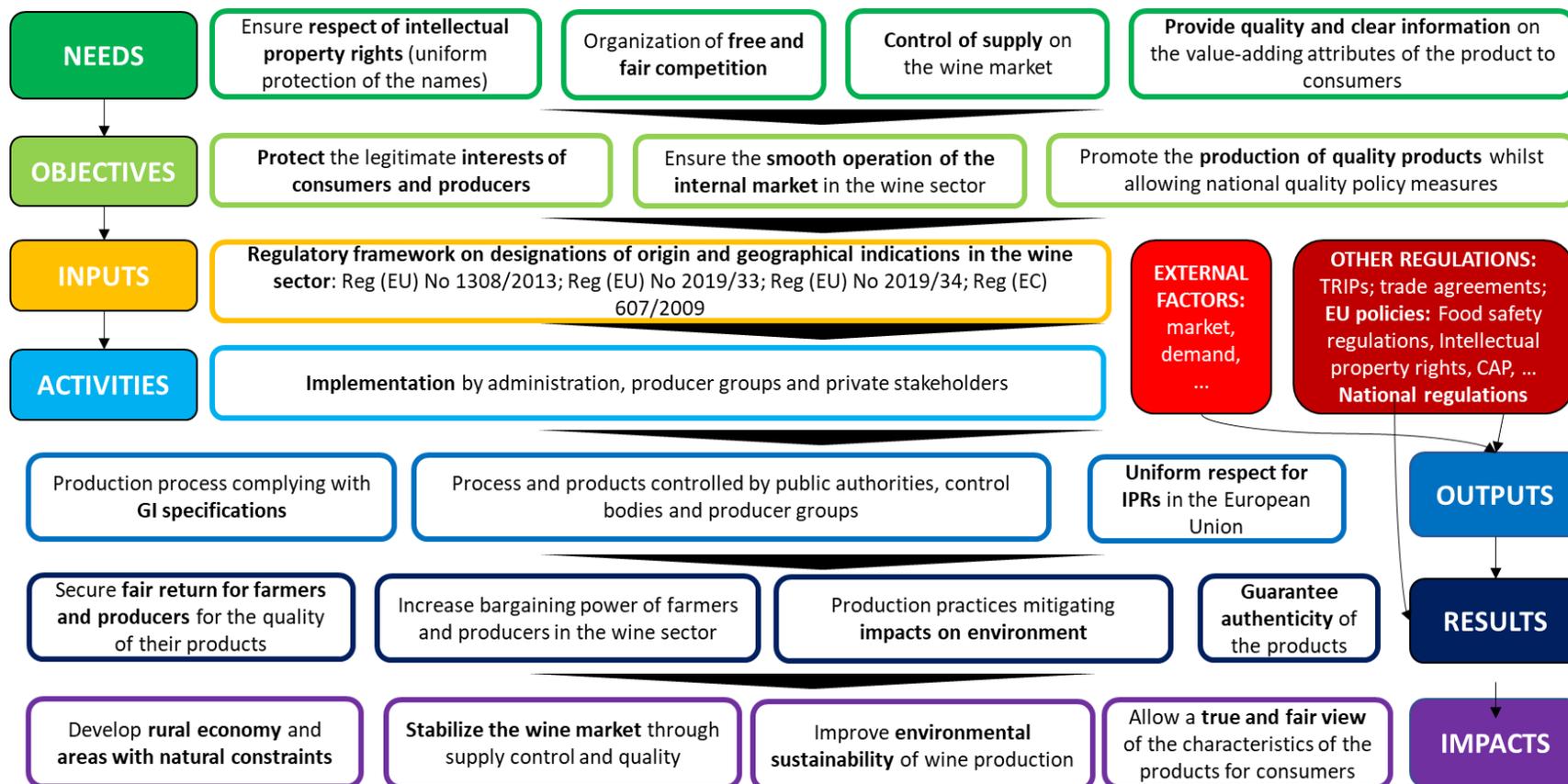
The intervention logic for TSGs is comparable, to some extent, to the one for PDOs/PGIs in agri-food products. The differences are: 1) TSG are not IPRs (while PDOs and PGIs are IPRs); 2) one of the objectives of TSGs is to safeguard “traditional products” without a link to an origin while PDOs and PGIs cover products with a link to a specific territory.

**Figure 3: Intervention logic for TSGs in agricultural products and foodstuffs sector**



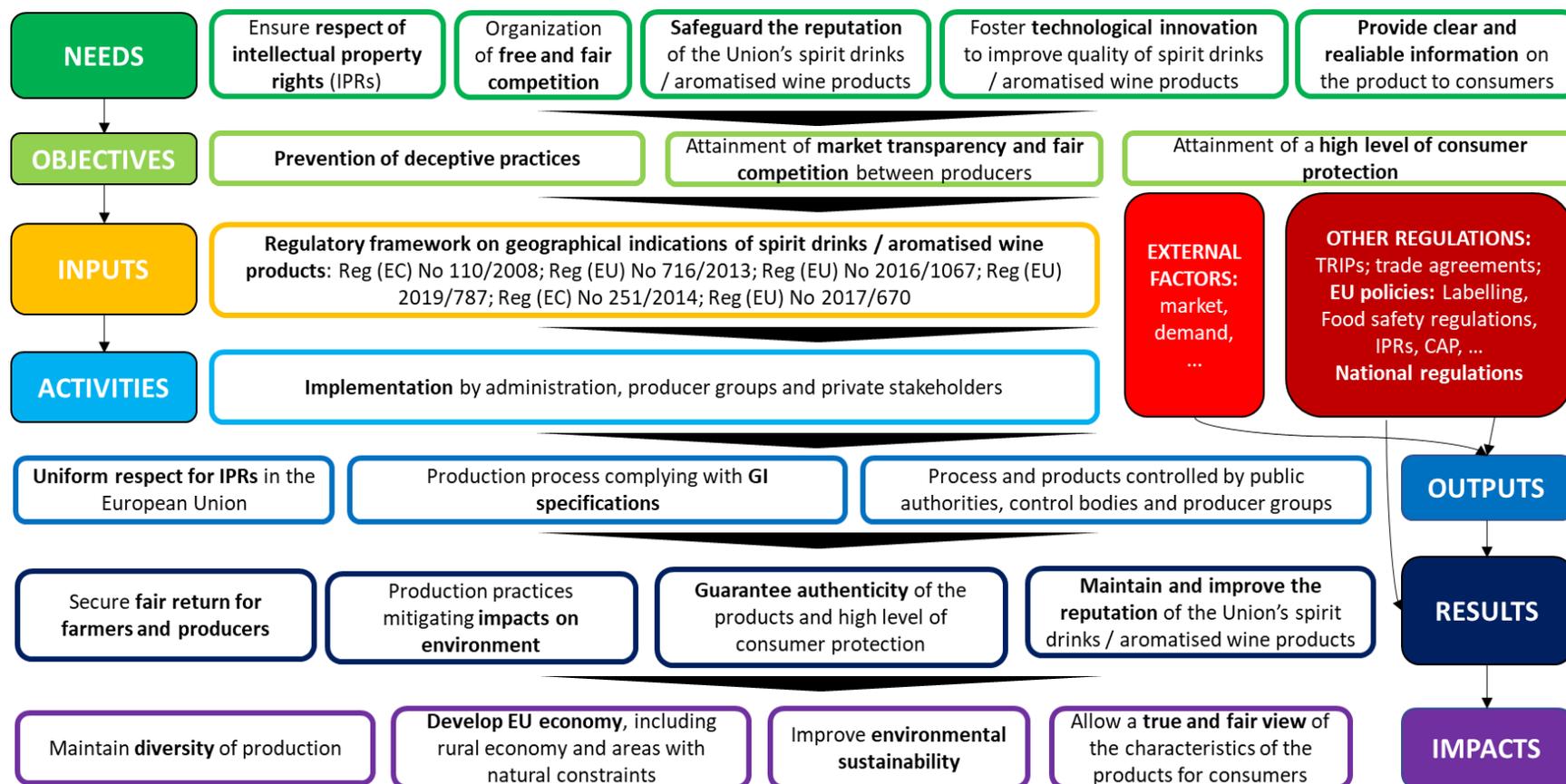
The expected impacts of the intervention logic in the wine sector are related to the development of rural economy, including areas with natural constraints, the stabilisation of the wine market, the improvement of environmental sustainability and information to consumers. These potential impacts are linked to the implementation of specific rules of production which are controlled, the respect of IPRs and the information of the consumer of the specific features of products bearing a GI.

**Figure 4: Intervention logic for GIs in the wine sector**



The expected impacts in the GI framework for spirit drinks and aromatised wine products are: to maintain a diversity of production and develop the EU economy; improve environment sustainability; provide better information to consumers. These potential impacts are based on the implementation of specific rules of production which are controlled at the different stages of the supply chain. The environmental aspects are not present in the EU Regulation on GIs in the spirit drinks and aromatised wine products sector, these impacts are shaped by the production rules of each GI.

**Figure 5: Intervention logic for GIs in the spirit drinks and aromatised wine products**



### 6.3.4 Implementation at EU and MS levels

#### 6.3.4.1 Implementation of the EU Regulations at national level

Among the 27 MS<sup>(39)</sup>, most have implemented a national framework for the implementation of GIs and TSGs. Based on the NA survey, 22 MS indicated that national rules were set regarding GIs/TSGs and 5 NAs indicated that there were no additional rules to the EU ones. These rules mainly cover agri-food products, wine, spirit drinks (63% to 70% of the MS), while specific rules for aromatised wine products only cover 37% of the MS (only 5 GIs are registered in this sector).

These national rules mainly cover procedures for registration, cancellation, amendment (59% to 67% of MS, except for aromatised wine products), controls (48% to 56% of MS, except aromatised wine products) and to a lesser extent the content of the PS (30% to 41%, except aromatised wine products) and PGs (15% to 30% of MS). Details are provided in the table below.

**Table 7: % of MS which have implemented national rules regarding GIs/TSGs**

	Total	Procedures	Controls	PS	PG	Other
Agri-food PDO	70%	67%	48%	37%	30%	4%
Agri-food PGI	70%	67%	52%	37%	30%	15%
Agri-food TSG	67%	59%	48%	30%	19%	7%
Wine PDO	74%	59%	56%	37%	33%	7%
Wine PGI	67%	59%	52%	33%	30%	11%
Spirit drinks GI	63%	59%	56%	41%	26%	7%
Arom. wine GI	37%	30%	33%	15%	15%	7%

Source: own elaboration based on NA survey

#### 6.3.4.2 Application procedure

The application process for new registrations and amendments requiring approval by the EC starts in the country of origin of the product applying for registration/amendment. For agricultural products and foodstuffs as well as wines and spirit drinks, the application must be submitted by an applicant group, also called a PG. There is no requirement on the legal form for this group in EU regulations (see more details in the following section on PGs).

For agricultural and food products and wines and spirit drinks, implementing Regulation (EU) No 668/2014, Regulation (EU) 2019/34 and Regulation (EU) 2019/787 define a single document for application, in order to avoid excessively voluminous applications for registration.

Applications must be first addressed to NAs, for a preliminary procedure that includes scrutiny, publication and opposition. If the decision is favourable, the application dossier is sent to the EC.

<sup>39</sup> 27 answers received to the NA survey, no answer from the UK

The procedure at EU level consists of the following stages:

- receipt by the EC;
- translation into English and/or French;
- scrutiny, including with other EC services, which has a legislative deadline of six months for agricultural products and foodstuffs, 6 months for wines under the new rules (2019/33) as well as 6 months for spirit drinks under the new rules (Regulation (EU) 2019/787);
- correspondence between EC and the MS;
- first publication in the Official Journal of the European Union (C series) translated into the official languages of the EU;
- opposition procedure, which lasts 3 months<sup>(40)</sup> for wine, and 3 (+2)<sup>(41)</sup> months for spirit drinks, agricultural products and foodstuffs;
- presentation to the committee for wine registrations
- registration in the Official Journal of the European Union (L series).

The same steps apply for amendments of a substantive nature to the PS of already registered names.

In case of an application for a trans-border GI or an application for a TSG from several MS, a joint application from several groups from different MS or third countries shall be submitted. In the case of joint applications, national opposition procedures shall be carried out in all the MS concerned.

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<sup>40</sup> Publication + three months for applications submitted after 14/01/2019 or applications for protection for which the related single documents have already been published for opposition in the *Official Journal of the European Union* as at 14/01/2019, in line with Article 61(2) of Regulation (EU) No 2019/33.

<sup>41</sup> In case if a notice of opposition is submitted to the Commission and is followed within two months by a reasoned statement of opposition.

### **Implementation at MS level**

Based on country reports (covering 7 MS), procedures implemented at national level differ from one MS to another.

- In France, the scrutiny for application is conducted by the national institute for origin and quality (INAO). A commission of inquiry made up of members of INAO national committee<sup>(42)</sup> is responsible for studying the request with a view to making recommendations to the INAO national committee. It may be assisted by experts, in particular for delimitation issues. Thereafter, the national committee decides on the draft specifications for recognition as PDO, PGI or GI. Moreover, a mandatory economic study shall be provided in the application form.
- In Hungary, additional requirements are also set up for wine applications. Wine applications and scrutiny are handled by the Wine Protection of Origin Board ("*Bor Eredetvédelmi Tanács*"), a consultative body for reflection and proposing of GIs in the wine sector composed of 11 members, who represent the major stakeholders of the wine sector. A mandatory organoleptic assessment shall be provided for both PDO and PGI wines. Applications for the protection of geographical indications of spirit drinks, agricultural products and foodstuffs are assessed by the Hungarian Council of Origin Protection, a consultative body composed of 15 members with representatives of educational and research institutions, professional organizations for producers of agri-food products and different authorities.
- In Italy and Spain, the application is first examined by the competent region. Then, the Ministry proceeds with the assessment of the application request.
- In the Netherlands, there are no guidelines in place to assess the GI applications through a uniform method.

#### **6.3.4.3 Product specifications (PS)**

PS for GIs are described in regulatory frameworks related to the four GI sectors (agricultural and food products; wines; aromatised wine products and spirit drinks). Requirements common to all GIs shall include at least:

- the name to be protected;
- a description of the product, including the raw materials, if appropriate, as well as the principal analytical and organoleptic characteristics of the product;
- the definition of the geographical area;
- evidence that the product originates in the defined geographical area;
- a description of the method of obtaining the product;
- details establishing the link between the quality or characteristics of the product and the geographical environment;
- the name and address of the authorities.

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<sup>42</sup> INAO gathers five national committees which are composed of professional representatives of the production sector, professional representatives of the trading sector, and qualified personalities.

Some specifications may vary according to the sector concerned. The table below summarizes the common and individual specifications for each of the four GI schemes and for TSGs.

In the table below there is a blue box, but with no cross for Wines and indication of the main raw materials.

**Table 8: Content of the specifications for each scheme and sector**

Specifications / Schemes	Agri- food PDO/PGI	Wines PDO/PGI	Spirit drinks GI	Arom. wine GI	Agri- food TSG
Name to be protected / proposed for registration	X	X	X	X	X
Product category	X	X	X		X
Description of analytical and organoleptic characteristics of the product	X	X	X	X	X
Indication of the main raw materials from which the product is obtained	X		X	X	
Definition of the geographical area delimited	X	X	X	X	
Maximum yields per hectare		X			
Indication of the wine grape variety or varieties that the wine or wines are obtained from		X			
Evidence that the product originates in the defined geographical area	X	X	X	X	
Description of the method of obtaining the product (and relevant restrictions)	X	X	X	X	X
Details establishing the link between the quality or characteristics of the product and the geographical origin	X	X	X	X	
Name and address of the authorities verifying compliance	X	X	X	X	
Any specific labelling rule for the product	X	X	X		
Key elements establishing the product's traditional character					X
Applicable requirements laid down in Union or national legislation		X		X	
For third countries products, proof that the name concerned is protected in its country of origin		X		X	

Source: Based on EU regulations

### 6.3.5 Indications, acronyms and symbols

The definitions of “indications”, “acronyms” and “symbols” for GIs/TSGs are as follows:

- “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”.

Labelling of the Union symbols is only compulsory for PDOs, PGIs and TSGs for **agricultural products and foodstuffs** originating in the EU. The indications and the corresponding acronyms “Protected designation of origin/PDO”, “Protected geographical indication/PGI” or “Traditional specialty guaranteed/TSG” may appear on the labelling. For non-EU PDOs and PGIs the use of the symbols, indications and acronyms is optional.

The use of PDOs and PGIs logos is not compulsory in the **wine sector**. However, the term “protected designation of origin” or “protected geographical indication” shall appear on the label of PDO and PGI wines.

For **spirit drinks**, the use of the Union symbol for registered protected geographical indications established in Annex of the Commission Delegated Regulation (EU) No 664/2014 is allowed but not compulsory (Article 16 of Regulation (EU) 2019/787).

No logo has been established at EU level for **aromatised wine products**. However, the EC website <sup>(43)</sup> mentions that the PGI logo can be used.

**Figure 6: Symbols for PDO, PGI and TSG**



The indications “Protected designation of origin”, “Protected geographical indication” and “Traditional speciality guaranteed” within the symbol are available in any of the official languages of the Union. Acronyms are also translated in the official languages of the EU.

The depiction of the geographical area of origin and text, graphic or symbols referring to the Member State and/or region of origin may also appear on the label of PDOs and PGIs.

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<sup>43</sup> [https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/quality-schemes-explained\\_en#geographicalindications](https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/quality-schemes-explained_en#geographicalindications)

## **6.4 Enforcement (and controls) of GIs/TSGs**

Enforcement and controls are key issues for the effective implementation of GIs/TSGs at each stage of the value chain: from the compliance with PS to the respect of IPRs on the market and the provision of trustworthy information to consumers.

The framework for controls and enforcement of GIs and TSGs is defined in EU laws. This framework is based on specific articles from the GIs/TSGs regulations and on general regulations or directive on official controls and IPRs. Thus, we can observe large differences in the implementation of controls and enforcement among the different MS and sectors.

This section firstly provides information on the general framework on controls and enforcement; secondly the specificities for GIs/TSGs are detailed and thirdly information on the implementation at MS level is provided.

### **6.4.1 General framework on official controls and enforcement**

#### **6.4.1.1 Specificities of controls for GIs and TSGs (stemming from the sectoral GI Regulations)**

GIs and TSGs Regulations detail some specific provisions on the implementation of controls for GIs and TSGs in each sector and for products originating from third countries. In particular, the relevant Regulations specify that:

- MS shall designate a competent authority or authorities with the competence of objectivity to carry such responsibility (all regulations);
- controls must cover the verification of compliance with the PS, before placing the product on the market (all regulations), check the proper use of the names registered on the market (agri-food products and spirit drinks) and prevent or stop the unlawful use of PDOs and PGIs on products marketed in their territories (wines and spirit drinks);
- within the Union, before placing products on the market, controls can be carried out by one or more competent authorities or one or more control bodies in accordance with Article 3(5) of Regulation (EU) 2017/625. The delegated bodies shall be accredited in accordance with the standard EN ISO/IEC 17065:2012 (Conformity assessment – Requirements for bodies certifying products, processes and services) (wines, spirit drinks and aromatized wine products);
- activities to ensure GI/TSG control obligations must be specifically included in a separate section within the multi-annual national control plan (MANCP) (agri-food products and spirit drinks);
- the annual reporting on controls must include a separate section specifically dedicated to quality schemes (agri-food products and spirit drinks);
- costs of controls can be borne by the controlled operators (all products, except wines);
- names and addresses of competent authorities have to be communicated to the EC and be publicly available (all regulations).

In addition, specific rules are defined in each Regulation on the monitoring of the protected names on the market. MS shall designate a competent authority for the surveillance of the use of names of the market (the name of the authority shall be communicated to the Commission) and MS shall take all necessary measures to address non-compliance. More specifically, for each sector:

### **Agri-food products**

Regulation (EU) No 1151/2012 under the Chapter on Official controls (Articles 35 to 40, amended by Article 162 of Regulation (EU) 2017/625) provides information on:

- the scope of controls,
- the content of controls,
- the verification of compliance with PS,
- the delegated bodies performing controls in third countries,
- the planning and reporting of control activities.

The monitoring of the use of registered names on the market is defined in Article 36 of Regulation (EU) No 1151/2012.

In addition, this Regulation sets the role of the groups. In particular, groups are entitled ensure compliance of a product with its specifications, to monitor the use of the name on the market, inform competent authorities if necessary, take actions to ensure adequate legal protection of protected names and of the IPR that are directly connected with them and (Article 45). More details are presented in the section "Producer groups" of the descriptive chapter.

### **Wines**

Commission Implementing Regulation (EU) 2019/34, in force since 14 January 2019, lays down rules for the application of the CMO Regulation (EU) No 1308/2013, in particular Articles 15 to 20 are related to "checks" on PDOs and PGIs. More details are provided in Regulation (EU) No 1306/2013 on the financing, management and monitoring of the common agricultural policy, in the Chapter IV related to "Other provisions on checks and penalties" which provides some specific provisions on checks on GIs (Article 90). These regulations provide details on:

- the authorities responsible for verifying compliance with the PS;
- the actions to be carried out by MS to prevent unlawful use of PDO and PGI;
- the obligation of communication between MS or third countries and the Commission;
- the procedures for annual verification;
- the analytical and organoleptical testing of the wines;
- the surveillance of names on the market.

For applications submitted before January 2019, the legal basis for the control of protected names of wines is set by Regulation (EU) No 1308/2013.

### **Spirit drinks**

Regulation (EU) 2019/787 on the protection of GIs for spirit drinks (Articles 38, 39 and 40) provides details on:

- the verification of compliance with the PS,
- the procedure and requirements, and planning and reporting of control activities.
- the surveillance of names on the market.

### **Aromatised wine products**

Regulation (EU) No 251/2014 on protection of GIs of aromatised wine products (Articles 22 and 23) provides information on:

- the designation of competent authority,
- the verification of compliance with the PS (annually).

### **Products originating from third countries**

GIs and TSGs regulations set control obligations for **products originating from third countries**. Framework of control procedures are similar to the ones defined for European GI and TSG products. Before being placed on the market, a product has to be checked by one or more of the public authorities designated by the third country, and/or by a control body. Control bodies have to be accredited in accordance with the standard EN ISO/IEC 17065:2012, and operate as a product certification body.

For **wines**, the requirement is that an annual verification of compliance with the PS has to be implemented by the public authority or certification body reported to the Commission. Plus, the third country concerned must communicate which aspects are covered by the checks and provide information on the authorities or certification bodies in charge of the annual verification (Art. 18 of Implementing Regulation (EU) 2019/34).

#### **6.4.1.2 Official controls regulation (OCR)**

In addition to specific rules on controls defined in each sector-specific regulation, each regulation on GIs and TSGs refers to Regulation (EC) No 882/2004<sup>(44)</sup> that has been repealed and replaced by the official control regulation (OCR): Regulation (EU) 2017/625<sup>(45)</sup>. This regulation entered into force on 14 December 2019. It provides requirements for official controls and other official activities on food/feed and food/feed safety, animal and plant health, animal welfare requirements, plant protection products, genetically modified organism, organic production and labelling for organic products, as well as for PDOs, PGIs, and TSGs. OCR applies to the official controls performed for the verification of compliance with the rules in the areas of use and labelling of PDOs, PGIs and TSGs. OCR requires that official controls are risk-based, transparent, effective and efficient. The regulation details are:

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<sup>44</sup> 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>45</sup> Regulation (EU) 2017/625 on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products

- definition and designation of competent authority in charge of the responsibility of controls;
- official controls: general requirements, additional requirements for official controls and other official activities in certain areas;
- delegation by the competent authority of certain tasks ;
- methods of control: sampling, analysis, tests and diagnoses;
- official controls on goods entering the EU;
- financing of official controls;
- official certifications;
- administrative assistance and cooperation;
- planning and reporting;
- enforcement action.

This regulation sets out the criteria to be applied to official control systems to ensure verification of compliance and labelling (including for GIs and TSGs), this covers in particular:

- Obligation for every MS to identify competent authorities (Article 4 of OCR):
  - Central competent authority or authorities in charge of organizing or performing official controls;
  - If more than one authority is designated, MS have to designate a single authority in charge of coordinating the cooperation with the EC and with other MS.

Competent authorities have to perform official controls with appropriate frequency; internal audits by independent scrutiny to ensure their compliance with OCR.

- Competent authorities shall perform official controls on a risk basis (Article 9), based on:
  - the type of animals and goods;
  - the activities under the control of operators;
  - the location of the activities or operation of operators;
  - the type of product, processes, or substances that may have an impact on the food safety and integrity;
  - any information indicating that consumer may be misled;
  - operator past record concerning official controls performed on them;
  - any information that might indicate non-compliance.
- Controls have to be performed in accordance with a documented procedure, containing instructions for staff performing official controls (Article 12 of OCR);
- Obligation for every MS to produce a MANCP and an annual report on the results of controls (Art. 113 and 118 of OCR).

These documents have to be produced by 31 August of each year by each MS and provided to the EC. It has to draw a state of play of the infringements/non-compliance and control plans performed in each MS. Nevertheless, this obligation is not always respected by MS (<sup>46</sup>).

Article 26 of OCR sets specific rules on official controls and other official activities performed in relation to PDOs, PGIs and TSGs. Where competent authorities have delegated the decisions concerning the authorisation to use the registered name of a product, they may also delegate the application of the following measures: 1) ordering that certain activities of the operator be subject to systematic or increased official controls 2) ordering the operator to increase the frequency of own controls ; 3) ordering the alteration of label in order to comply with the product specifications and the rules; and ordering the alteration of label in order to comply with the product specifications and the rules on labelling of PDOs, PGIs and TSGs.

In addition, based on Article 26, the Commission is empowered to adopt delegated acts and implementing acts to lay down rules on uniform practical arrangements and the performance of official controls to verify compliance with the rules on the use and labelling of PDOs, PGIs and TSGs.

#### **6.4.1.1 Food information to consumer (FIC)**

The rules regarding food information to consumer (FIC) are detailed in Regulation (EU) No 1169/2011 of the European Parliament and of the Council of 25 October 2011 on the provision of food information to consumers. This Regulation applies to all stages of the supply chains and aims at providing a high level of consumer protection in relation to food information. Article 26 of this Regulation covers rules on the labelling of country of origin or place of provenance; paragraph 1 of the Article indicates that these rules shall apply without prejudice to rules defined for PDOs and PGIs.

#### **6.4.1.2 Enforcement of IPR**

Enforcement of IPR is defined at EU level by the Directive on the Enforcement of Intellectual Property Rights ("IPRED") (<sup>47</sup>). Article 3 of IPRED states that MS shall provide for the measures, procedures and remedies necessary to ensure the enforcement of the IPR. Those measures, procedures and remedies shall be fair, equitable, effective, proportionate and dissuasive.

IPR enforcement is covered by each sector specific-regulation. These regulations states that MS shall take appropriate administrative and judicial steps to prevent or stop the unlawful use of GIs. This is defined:

- in Article 13 (paragraph 3) of Regulation (EU) No 1151/2012 for agri-food products;

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<sup>46</sup> EUIPO, *Protection and control of geographical indications for agricultural products in the EU member states*, Alicante, 2017, p. 11.11. <https://op.europa.eu/en/publication-detail/-/publication/0c120946-6eb3-11e8-9483-01aa75ed71a1>

<sup>47</sup> Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights

- in Article 16 of the Implementing Regulation (EU) 2019/34 for wines;
- in Article 39 (paragraph 2) for Regulation (EU) 2019/787 for spirit drinks;
- in Article 20 (paragraph 4) of Regulation (EU) No 251/2014 for aromatised wine products.

## 6.4.2 Implementation at MS level

### 6.4.2.1 General organisation

The European Union Intellectual Property Office (EUIPO) is the European Union Agency responsible for the registration of the trade mark (EUTM) and the registered Community design (RCD). The EUIPO report on controls and performance of the controls of GIs (<sup>48</sup>) provides a general overview of the management of the GI official controls in the European Union. Desk research and data collection from MS have been carried out in the context of this report. Based on this report, the most frequent organisation is a central administration in charge of supervising the whole controlling procedure, there are some exceptions with regionalised organisations (for instance in ES). The central competent authority (CCA) may delegate parts of responsibility to other competent authorities (CAs), and certain control tasks at producer level can be performed by control bodies (CBs). Market controls cannot be delegated to CBs. This general structure is however variable from a MS to another. The EUIPO report on controls and performance of the controls (<sup>49</sup>) underlines the variability of the control management among the EU MS. The report shows that, in MS where GIs and TSGs production is limited, controls before products are placed on the market are often delegated to control bodies.

To ensure the respect of the obligation for every MS to designate competent authorities (CAs) (art. 4 of Regulation (EU) 2017/625), various organisations have been set. The competence on agri-food products, wines, spirit drinks and aromatised wine products can be shared between several CAs.

About a third of the MS covered by the EUIPO report have one or two CAs, and 19% have three or more CAs. This is explained by the diversity of administrative organisations among MS. For instance in Spain, the MAPAMA (*Ministerio de Agricultura y Pesca, Alimentación y Medio Ambiente*) is the CA at national level, but responsibility for the planning and execution of official controls is supported by the 17 Autonomous Regions where GIs and TSGs are managed. In this situation, the agricultural departments of the regional authorities are generally the central authorities in charge of controls before placing products on the market.

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<sup>48</sup> Protection and control of geographical indications for agricultural products in the EU Member States, EUIPO, 2017 - [https://euiipo.europa.eu/tunnel-web/secure/webdav/quest/document\\_library/observatory/documents/reports/Enforcement\\_of\\_GIs/EUIPO\\_Geographical\\_Indications\\_full\\_report\\_en.pdf](https://euiipo.europa.eu/tunnel-web/secure/webdav/quest/document_library/observatory/documents/reports/Enforcement_of_GIs/EUIPO_Geographical_Indications_full_report_en.pdf)

<sup>49</sup> Protection and control of geographical indications for agricultural products in the EU Member States, EUIPO, 2017 - [https://euiipo.europa.eu/tunnel-web/secure/webdav/quest/document\\_library/observatory/documents/reports/Enforcement\\_of\\_GIs/EUIPO\\_Geographical\\_Indications\\_full\\_report\\_en.pdf](https://euiipo.europa.eu/tunnel-web/secure/webdav/quest/document_library/observatory/documents/reports/Enforcement_of_GIs/EUIPO_Geographical_Indications_full_report_en.pdf)

The situation is the same in Poland, where a national central authority (Ministry of Agriculture and Rural Development) is responsible for the Polish control system, and manages two CAs in charge of controls at different stages of the value chain: controls during the production phase are carried out by the Agricultural and Food Quality Inspection (AFQI) and checks performed on the market at retail and wholesale stages are the responsibility of Trade Inspection (TI).

### Description of CAs involved in control management

Responsibility for managing and implementing controls may be shared between several public structures, depending on the type of GI/TSG products. According to the EUIPO report on GIs, the main CA designated are delegated institutions, Ministries of Agriculture and Rural Affairs, Ministries of Economy or Finance and other ministries. The diversity of organisations is described in the following table.

**Table 9: % of occurrence of the type of CA by sector in the EU 28 for GIs (information not available for 19% to 30% of the cases)**

Sector	Cas	% occurrence
Agri-food products	Delegated public institution managed by administrative authorities	36%
	Ministry of Agriculture	32%
	Ministry of Economy or Finance	7%
	Other Ministries	11%
Wines	Delegated public institution managed by administrative authorities	36%
	Ministry of Agriculture	30%
	Ministry of Economy or Finance	7%
	Other Ministries	4%
Spirit drinks	Delegated public institution managed by administrative authorities	36%
	Ministry of Agriculture	32%
	Ministry of Economy or Finance	11%
	Other Ministries	4%
Aromatised products	Delegated public institution managed by administrative authorities	32%
	Ministry of Agriculture	26%
	Ministry of Economy or Finance	4%
	Other Ministries	4%

Source: own elaboration based on evaluation team based on EUIPO, 2017

The most frequent organisation involves delegated public institutions managed by administrative authorities. These types of structures may be under the management of the Ministry of Agriculture, of Finance, of Health, or a combination of public administrations.

**Ministries of Agriculture** are often involved, as National Competent Authority (structure entrusted with the general administrative competence on quality schemes, legislation, registration, administrative aspects, etc.), and also as CAs for the official controls. For a third of the MS, the Ministry of agriculture is designated as one of the CA in charge of the implementation and management of controls. Concerning spirit drinks, the **Ministry of Economy or Finance** is also involved in 11% of the MS (Belgium, Bulgaria and Greece).

The responsibility of both Ministries in charge of Agriculture or Economy / Finance illustrates that GIs are in relation with both agricultural and IPR policies.

To a lesser extent, **other ministries** can also be involved as CA in the implementation of the controls. In Austria, the Federal Ministry of Health and Women's Affairs is designated as CA for foodstuffs and spirit drinks.

### **Enforcement on the internet and E-commerce controls**

EU laws cover the misuse of protected names on the internet, this protection focuses on "commercial use" and "comparative" or "misleading advertising", and not on the registration of a domain name<sup>(50)</sup>. However, the issue of domain names has become increasingly important over the last decade.

The Internet Corporation for Assigned Names and Numbers (ICANN) which is in charge of the management of domain name system (DNS)<sup>(51)</sup> decided in 2011 to increase the possible number of DNS, thus extensions such as ".wine", ".beer" or even ".champagne" have become possible. However, GIs are not considered as a valid IPR title by the Uniform Domain-Name Dispute-Resolution Policy (UDRP) which rules disputes on domain names; while UDRP considers the IPR as trade marks. Thus, enforcement of IPR for GIs is weakened on the internet. The case of Champagne vs Steven Vickers (WIPO Case No. DCO2011-0026) illustrates that the status of GI was not sufficient to prevent the registration of the domain "champagne.co"<sup>(52)</sup>.

Desk research provided limited information on the controls of GI/TSG products sold online. Such controls should cover all GI/TSG names protected in the EU, which includes the ones from third countries.

Based on EUIPO report<sup>(53)</sup>, in Italy, ICQRF (the National Central Authority in Italy) is in charge of controls of GI on e-commerce, and an agreement has been set with major e-commerce platforms (eBay, Amazon and Alibaba). The agreement allows ICQRF to stop any illegal use of Italian GI products in EU. Using market monitoring, from 2014 to 2017, 628 fake GI listing have been removed from the eBay platform, 121 from Alibaba, and 197 from Amazon. In comparison, ICQRF performed in 2015 2 679 controls on GI agri-food products and 5 955 controls in GI wines. In France, controls on internet are conducted by DGCCRF (Ministry of Economy). Based on EUIPO report of 2016<sup>(54)</sup>, data from French controls covering infractions per type of retailer indicate that infringement via the Internet is double than average.

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<sup>50</sup> Comment from the EU on question 3 from Compilation of the replies to questionnaire II on use/misuse of geographical indications, country names and geographical terms on the internet and in the DNS, October 19, 2018, WIPO - [https://www.wipo.int/edocs/mdocs/sct/en/sct\\_40/sct\\_40\\_6\\_prov\\_2.pdf](https://www.wipo.int/edocs/mdocs/sct/en/sct_40/sct_40_6_prov_2.pdf)

<sup>51</sup> ICANN particularly manages generic Top-Level Domain (gTLD) (such as ".com", ".org",...) and country code (cc) TLD system (such as ".fr", ".it",...)

<sup>52</sup> [https://www.wipo.int/edocs/mdocs/sct/en/sct\\_is\\_geo\\_ge\\_19/sct\\_is\\_geo\\_ge\\_19\\_p3.pdf](https://www.wipo.int/edocs/mdocs/sct/en/sct_is_geo_ge_19/sct_is_geo_ge_19_p3.pdf) and [https://www.dpf-law.com/wp-content/uploads/2014/03/GI\\_qTLDs\\_JAN2016\\_WEB\\_VERSION.pdf](https://www.dpf-law.com/wp-content/uploads/2014/03/GI_qTLDs_JAN2016_WEB_VERSION.pdf)

<sup>53</sup> Protection and control of geographical indications for agricultural products in the EU Member States, EUIPO, 2017 - <https://op.europa.eu/en/publication-detail/-/publication/0c120946-6eb3-11e8-9483-01aa75ed71a1>

<sup>54</sup> EUIPO, *Infringement of protected geographical indications for wine, spirits, agricultural products and foodstuffs in the European Union*, April 2016

In Hungary, EUIPO report <sup>(55)</sup> highlighted that control of e-commerce was not a regular practice but was planned for the near future.

#### 6.4.2.2 Control Bodies (CBs)

In accordance with Article 3(5) of Regulation (EU) 2017/625, CA of MS have the possibility to delegate certain official control tasks to CBs. CBs are generally private structures authorised (generally by the CAs) to perform controls and accredited by a national accreditation body in accordance with Regulation (EC) No 765/2008 in accordance with ISO 17065/2012. In some cases, the PG managing the GI can be acting as a CB (in some Region of Spain for instance), if the requirement “free from any conflict of interest” is fulfilled. A significant share of MS delegate controls to CBs, in particular for the control of agri-food products, see details in the table below.

**Table 10: Delegation of controls by competent authorities (CA) to control bodies (CB) in the EU 28 for GIs**

Products	Yes	No	No data	Total
<b>Agri-food products</b>	56%	26%	19%	100%
<b>Wines</b>	31%	50%	19%	100%
<b>Spirit drinks</b>	29%	50%	21%	100%
<b>Aromatised wine products</b>	27%	42%	31%	100%

Source: own elaboration based on evaluation team based on EUIPO, 2017 <sup>(56)</sup>

The number of accredited CBs among the MS varies significantly. In 2016, more than a third of the MS did not delegate controls to CBs. Eight MS delegated their controls to four or more CBs. The number of CBs may be important in some MS, as in France where 18 CBs are accredited for GIs and TSGs in 2020 <sup>(57)</sup>.

CAs are responsible for the supervision of CBs. The Directorate-General for health and food safety (DG SANTE) of the EC published on *Europa* page an Overview report <sup>(58)</sup> on a series of audits on official control systems for agri-food PDO, PGI and TSG carried out in 8 MS over the period 2012-2014. Conclusions reported that in most MS delegating controls to CBs, the supervision could be improved. A lack of supervision of the CBs by the CAs was

<sup>55</sup> Protection and control of geographical indications for agricultural products in the EU Member States, December 2017, EUIPO – <https://op.europa.eu/en/publication-detail/-/publication/0c120946-6eb3-11e8-9483-01aa75ed71a1>

<sup>56</sup> Protection and control of geographical indications for agricultural products in the EU Member States, December 2017, EUIPO – <https://op.europa.eu/en/publication-detail/-/publication/0c120946-6eb3-11e8-9483-01aa75ed71a1>

<sup>57</sup> INAO website – <https://www.inao.gouv.fr/Espace-professionnel-et-outils/Controles-des-signes-d-identification-de-l-origine-et-de-la-qualite-SIQQ/Les-organismes-de-contrôle>

<sup>58</sup> “Overview report on a series of audit on Protected Designations of Origin (PDO), Protected Geographical Indications (PGI) and Traditional Specialities Guaranteed (TSG) for agricultural products and Foodstuff in EU Member States 2012-2014”, DG SANTE, 2015 – [http://ec.europa.eu/food/audits-analysis/overview\\_reports/act\\_getPDF.cfm?PDF\\_ID=695](http://ec.europa.eu/food/audits-analysis/overview_reports/act_getPDF.cfm?PDF_ID=695)

observed, but did not necessarily lead to unsatisfactory controls being performed by the CBs inspectors. The results from recent audits are as follows:

- the audit carried out for agri-food products in Germany in 2017 <sup>(59)</sup> underlined the satisfactory policy implemented for the selection of CBs. In addition to the accreditation by NA, CBs must also conduct an application to be approved in each Länder where they are willing to operate. It is considered that the supervision of CBs by the CA is adequate;
- the audit carried out for agri-food products in Italy in 2014 <sup>(60)</sup> pointed out that the management of CBs by CA was adequately implemented;
- the audit carried out for agri-food products and spirit drinks in 2017 in Romania <sup>(61)</sup> found, as in the general conclusions of the 2012-2014 audit, that the supervision of the CBs by the CA was not fully effective;
- The audit carried out in 2016 for wines in Portugal <sup>(62)</sup> pointed out that the CA does not have verification procedures to ensure that CBs carry out controls properly;
- The audit carried out in 2017 for agri-food products in Poland <sup>(63)</sup> showed that the accreditation of CBs by the Polish Centre for Accreditation was carried as required and management of CBs by CA was correctly implemented.

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<sup>59</sup> Final report of an audit carried out in Germany, from 04 July 2017 to 14 July 2017, in order to evaluate the control systems related to PDO, PGI and TSG for agricultural products and foodstuffs, DG SANTE, 2017.

<sup>60</sup> Final report of an audit carried out in Italy, from 16 June 2014 to 27 June 2014, in order to evaluate the control systems related to PDO, PGI and TSG for agricultural products and foodstuffs, DG SANTE, 2014.

<sup>61</sup> Final report of an audit carried out in Romania, from 17 October 2017 to 27 October 2017, in order to evaluate the control systems related to PDO, PGI and TSG for spirit drinks, DG SANTE, 2017.

<sup>62</sup> Final report of an audit carried out in Portugal, from 11 October 2016 to 21 October 2016, in order to evaluate the control systems related to PDO and PGI for wine sector products, DG SANTE, 2016.

<sup>63</sup> Final report of an audit carried out in Poland, from 21 March 2017 to 31 March 2017, in order to evaluate the control systems related to PDO, PGI and TSG for agricultural products and foodstuffs, DG SANTE, 2017.

## 6.5 Producer groups (PGs)

PGs play a pivotal role in the implementation of GIs/TSGs. The missions they are entitled to conduct highly differ among the different sectors and MS. The following section provides an overview of the regulatory framework on PGs in each sector, as well as examples of implementation at MS levels and details their roles based on the PGs survey.

### 6.5.1.1 General framework

The role of the applicant groups, also called PGs, in the application for registration is defined in the regulations on GIs/TSGs. However, their role in the management of the scheme is not defined at EU level for wine, aromatised wine products and spirit drinks, although this is the case for groups in the agri-food sector. The groups or applicants are defined as follows at EU level:

- For agricultural products and foodstuffs (Regulation (EU) No 1151/2012); “group” means “any association, irrespective of its legal form, mainly composed of producers or processors working with the same product”. Article 45 specifies the role of groups, which are entitled to contribute to:
  - Ensure that the quality, reputation and authenticity of their products are guaranteed on the market by monitoring the use of the name in trade,
  - Ensure adequate legal protection of the GIs,
  - Develop information and promotion activities on the value-adding characteristics of the product to consumers,
  - Ensure compliance of a product with its specification,
  - Improve the performance of the scheme,
  - Enhance the value of products.

The CMO Regulation <sup>(64)</sup> set the possibility for PDOs and PGIs in the cheese and ham sector to regulate the supply (article 150 for cheese and Article 172 for ham). The regulation of supply may be implemented upon request of the PDO/PGI PG or by a producer organisation or interbranch organisation as defined in the CMO Regulation. Several PDOs and PGIs implemented such supply management in the cheese sector <sup>(65)</sup>:

- France: Comté, Beaufort, Reblochon, Gruyère, Morbier, Abondance, Emmenthal de Savoie, Tomme de Savoie
  - Italy: Asiago, Grana Padano, Parmigiano Reggiano, Pecorino Romano.
- For wine (Article 95 of Regulation (EU) No 1308/2013), spirit drinks (Article 24 of Regulation (EU) 2019/787) and aromatised wine products (Article 12 of

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<sup>64</sup> Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007

<sup>65</sup> [http://publications.europa.eu/resource/cellar/49c0be69-d91c-11e8-afb3-01aa75ed71a1.0001.03/DOC\\_1](http://publications.europa.eu/resource/cellar/49c0be69-d91c-11e8-afb3-01aa75ed71a1.0001.03/DOC_1)

Regulation (EU) No 251/2014), the definition of applicants is any interested group of producers, or in exceptional and duly justifiable cases a single producer. Other interested parties may participate in the application too.

### **6.5.1.2 Examples in some MS**

This section provides examples on MS covered by case studies. Some additional rules may exist at national level in those MS, for instance, GIs/TSGs are ruled by "*consejos reguladores*" or "*Órganos de gestión*" in Spain, "*consorzi di tutela*" in Italy, "*organisme de défense et de gestion*" (ODG) in France. They have specific attributes in each of these MS as defined in the national laws. While in other MS, some PGs may exist but this is not compulsory.

#### **France**

In France, the establishment of an "*organisme de défense et de gestion*" (ODG) is compulsory for each GI or TSG. The ODG is approved by public authorities (INAO). The roles and mission of ODGs are detailed in Articles L. 642-22 and 45 of "*code rural et de la pêche maritime*", these are:

- Elaboration of the specifications;
- contribution to the implementation of the specifications by stakeholders and involvement in the inspection and control plans, in particular with internal controls;
- update of the list of operators, regularly forwarded to INAO;
- involvement in actions regarding the protection of the name, the product and "terroir", valorisation of the product and statistical knowledge;
- implementation of the decisions from INAO.

#### **Italy**

In Italy, national legislation defines specific rules for PGs but only for agri-food sector and wines. For each PDO or PGI, a protection consortium ("*Consorzio di Tutela*") may be set up (there is not a "*consorzio*" for each GI/TSG) and recognised by the Ministry of Agricultural, Food and Forestry Policies. The group is established in accordance with Article 2602 of the Civil Code and its main functions are the protection, promotion, enhancement of consumer information and general care of the interests relating to the designations (Law No 526 of 21/12/1999). PGs have to demonstrate a representativeness of at least 66% of the main category of producers and users, as required for each supply chain by art. 4 of the Ministerial Decree of 12 April 2000. The Decree of 12 April 2000 establishes the criteria for a balanced representation of the categories of producers and processors concerned by PDOs and PGIs, and identifies clearly for each sector/supply chain the concerned categories.

PGs are also responsible for the supervision on the trade of the designation for which they have been recognised. This supervision is carried out by agents recognized by the Ministry. In order to assist the competent institutions in the pursuit of these objectives, the Ministerial Decree of 12 October 2000 establishes a system of collaboration between consortium bodies and the Central Inspectorate for Fraud Prevention (ICQRF).

## Spain

The legislative framework is defined at regional level regarding the establishment and role of PGs. PGI in the wine sector and TSG are generally not covered by such regional rules.

For instance, in Andalucía:

- "Law 10/2007, of November 26" for the wine sector details in Article 15 which states that wine under PDO must be managed by a "*Consejo regulador*". There is no mention of such groups for wine under PGIs.
- "Law 2/2011, of March 25" defines in its Article 12 that PDOs and PGIs in the agri-food sector must be managed by a "*consejo regulador*". This law does not indicate that a "*consejo regulador*" must be set for TSGs. The chapter IV details role, functioning of the "*consejos reguladores*" in the Autonomous Community.

In Andalucía, Article 21 of the wine law and Article 13 of the agri-food law detail the role of the "*consejo reguladores*": representation, defense, guarantee, training, studies, development, innovation and promotion of the protected name.

In Castilla-La Mancha, the Law 7/2007, of 15 March 2007 defines in its Title III that "*Órganos de gestión*" manages PDOs and PGIs in the agri-food sector, wines under PDO (unless there are less than 5 operators) and spirit drinks under GIs.

National rules (Law 6/2015, of May 12) are defined for GIs for which geographical area covers more than one Autonomous Communities).

## Czechia

The regulatory framework for GIs in Czechia is defined in the Act no. 452/2001. The reference to PGs are made for the application and for possible amendments of the PS. Section 5 indicates that an application for registration of a GI may be filed by an association of producers or processors. An individual natural person or a legal entity may apply for registration if this is the only person involved in the production, processing and preparation. If this is an association having no legal personality, it must empower one of the members of the association.

## Other MS

No specific regulatory framework has been developed regarding the PGs for GIs and TSGs in Hungary and the Netherlands.

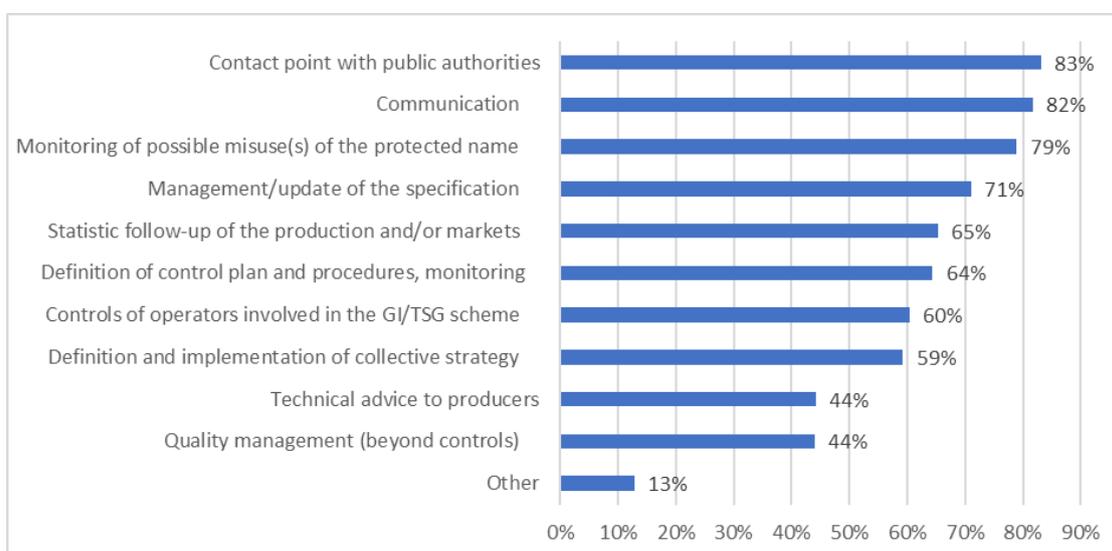
### 6.5.1.3 Roles of PGs

Beyond their regulatory roles (defined in EU, national or regional rules), PGs may manage several themes at local level. According to the PGs survey (485 respondents from 7 MS), their main activities and purposes are:

- Contact point with public authorities (83% of respondents mentioned this activity), this share is at least 69% in FR, IT, ES, NL and DE and between 46% and 50% in HU and CZ);
- Communication (to clients and consumers) (82% of respondents), above 80% in IT, ES, NL and FR; between 28% and 60% in other MS;
- Monitoring of possible misuses of the protected name (79% of respondents); at least 80% in ES, FR, IT, between 45% and 50% in HU, CZ, DE and only 14% in NL;
- Management / update of the PS (71% of respondents), at least 68% in FR, ES, IT, 36%-38% in DE and HU, 36%-38% in NL and CZ;
- Statistical monitoring is conducted by 61% to 77% of PGs in ES, FR, HU and IT, 43%% in NL and less than 15% in DE and CZ;
- The definition of control plan and procedures are managed by most PGs in ES and FR (at least 75%) and less than 50% in other MS (only 8% in CZ); These shares are comparable for the implementation of controls;
- The definition and implementation of a collective strategy is covered by half of the PGs: the share is at least 50% in IT, ES, FR, 38% in DE and below 25% in HL, NL, CZ;
- A little less than half of the PG (44%) endorse roles of "Technical advice to producers" (mainly in IT, HU and FR) and "Quality management (beyond controls)" (mainly in FR and ES) as part of their main activities and purposes.

These different roles endorsed by PGs show that, in most cases, they play a pivotal role in the GI/TSG implementation.

**Figure 7: Roles of PGs**



Source: PGs survey

## 6.6 Incentives, disincentives for using GIs and perceived outputs of the registration

This section provides an overview of the incentives and disincentives of a registered GI for private stakeholder in the value chain. It also details the perceived outputs of the registration. This is based on the PGs survey.

The first incentive is to increase consumer awareness of the product; the main disincentives are related to additional costs or work. Main outputs as a result of the registration cover a wide scope and are primarily related to gastronomic and food culture themes and the improvement of quality management.

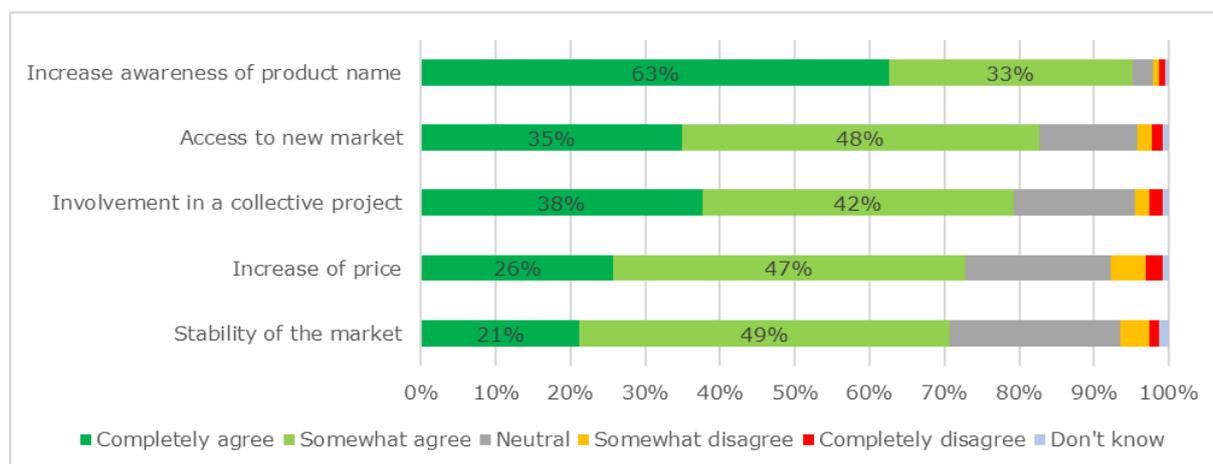
The results provided in this section are based on the electronic survey with PGs. The results are valid for GIs which account for more than 99% of the sample but are not valid for TSGs which account for less than 1% of the sample, with only 3 answers.

### Incentives

Incentives are the positive impacts of registered GIs identified by stakeholders involved (or potentially involved) in the schemes. Based on the PGs survey, the main incentives for private stakeholders to be involved in GI scheme are:

- Increase of the awareness of the product name: 96% of respondents agree,
- Access to new market: 83% of respondents agree,
- Involvement in a collective project: 80% of respondents agree,
- Increase of price: 73% of respondents agree,
- Stability of market: 70% of respondents agree.

**Figure 8: Main incentives to be involved in GI value chain (N=393)**



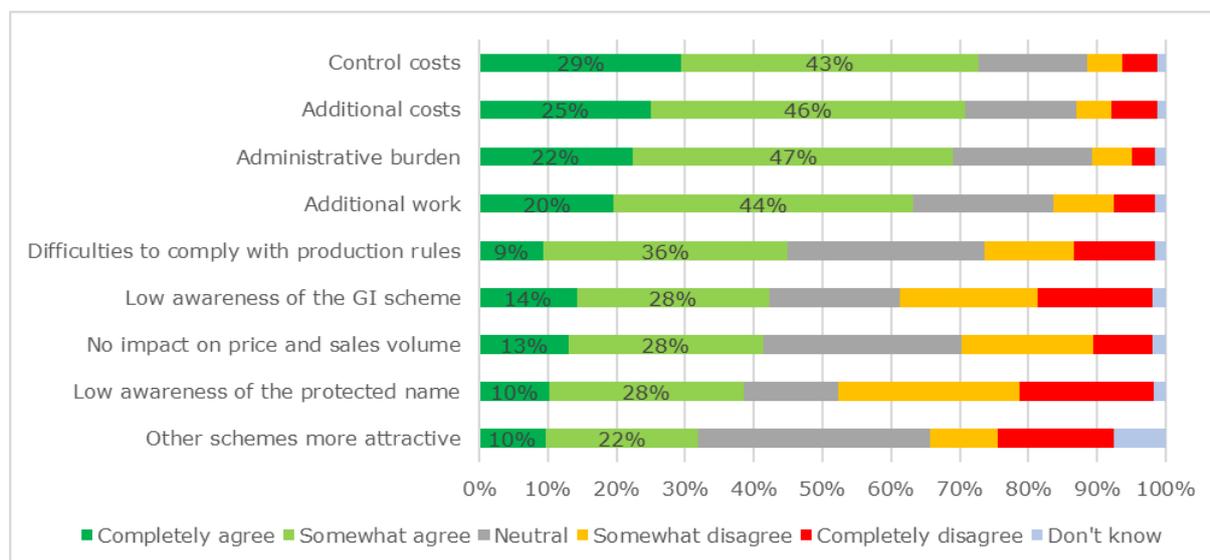
Source: PGs survey

## Disincentives

Disincentives are the negative aspects of registered GIs identified by private stakeholders involved (or potentially involved) in the schemes. Based on the PGs survey, disincentives for private stakeholders to be involved in GI schemes are mainly related to costs (control costs and costs for complying with production rules) and additional work (administrative work and work related to compliance with production rules). Other potential difficulties are highlighted by less than 50% of PGs. The main findings from PGs survey are as follows:

- Control costs: 72% agree (completely or somewhat agree)
- Additional costs related to the respect of the rules of production: 71% agree
- Administrative burden: 69% agree
- Additional work: 64% agree
- Difficulties to comply with production rules: 45% agree
- Low awareness of the GI scheme: 42% agree
- No impact on price and sales volume: 41% agree
- Low awareness of the protected name despite the registration: 38% agree
- Other quality schemes more attractive for producers: 32% agree

**Figure 9: Main disincentives to be involved in GI value chain (N=385)**



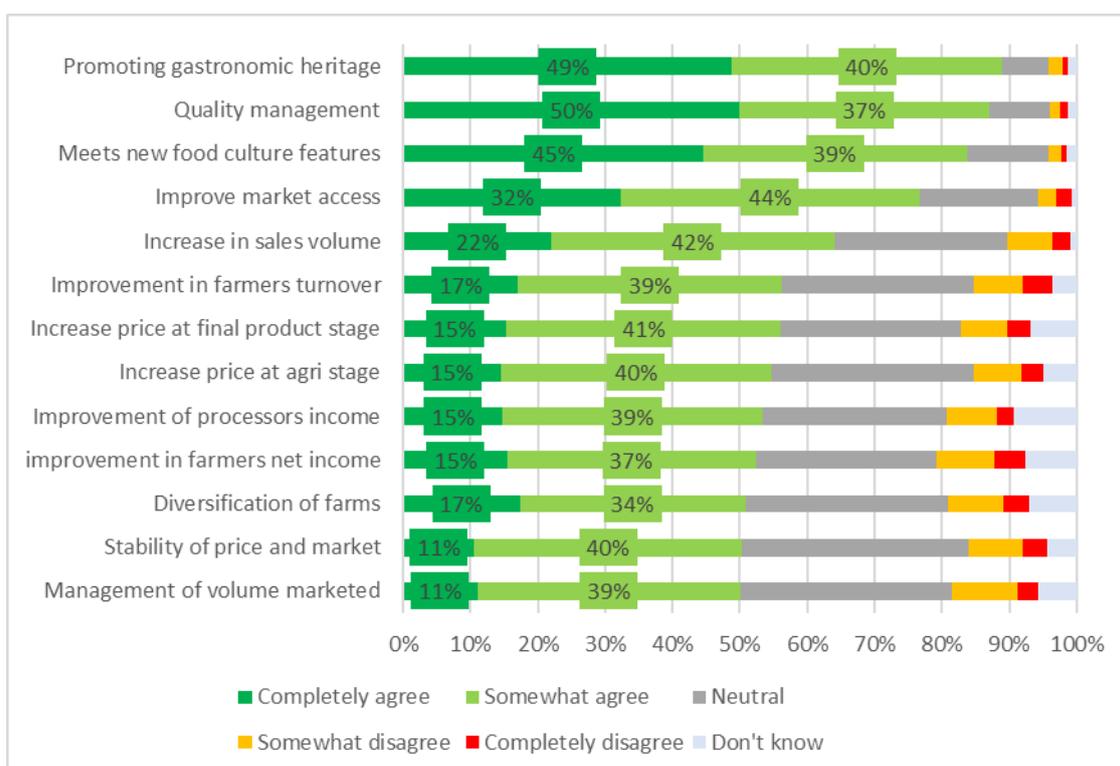
Source: PGs survey

### Perceived outputs of the registration under GI

The first three outputs perceived by PGs are not related to market aspects, these are (more than 80% of positive answers): promotion of gastronomic heritage, improved quality management and “meets new food culture features”. The improvement of market access ranks fourth with 76% of positive answers and the increase of sales volume ranks fifth with 66% of positive answers.

All the outputs directly related to price and income range between 50% and 55% of positive answer by PGs.

**Figure 10: Perceived outputs of the registration under GI (N=402)**



Source: PGs survey

## 6.7 Use of GIs/TSGs in comparison to the national and regional schemes

Regional / national schemes are schemes developed at MS or regional level with the objective to provide some specific guarantees. EU schemes and some of these national/regional schemes are eligible to EAFRD support, as defined in Article 16 of Regulation (EU) No 1305/2013. This covers:

- Quality schemes (other than EU schemes) are defined in Article 16 of Regulation (EU) No 1305/2013. These schemes comply with the following criteria:
  - the specificity of the final product is derived from clear obligations to guarantee: 1) specific product characteristics, 2) specific production methods, 3) a quality of the final products that goes significantly beyond commercial commodity standards;
  - the scheme is open to all producers;
  - the scheme involves binding PS and compliance with those specifications is verified by public authorities or by an independent inspection body
  - the scheme is transparent and assures complete traceability of products.
- Voluntary agricultural product certification schemes recognised by the MS as meeting the Union best practice guidelines for the operation of voluntary certification schemes relating to agricultural products and foodstuffs.

We provide an analysis of 17 national/regional schemes <sup>(66)</sup>. We identify some synergies between these schemes and GI/TSG:

- The objectives of the schemes may be 1) Coherent with GIs and TSGs: guarantee of a specific origin as GIs and/or traditional aspects as TSGs; 2) Complementary: they may provide complementary provisions to the ones provided by EU schemes (for instance on environment, food safety or animal welfare).
- Some of these schemes may cover (exclusively or not) products under GI/TSG in their baskets of goods.

There may also be some competition between these national/regional schemes and EU schemes. Each of these schemes has its own advantages (for instance, GIs provide IPR)

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<sup>66</sup> This study does not include and does not take any position on the compatibility of the presented schemes with EU law, in particular regarding the exclusive character of Regulation (EU) N° 1151/2012 (which provides for a uniform and exhaustive system of protection for GI that fall within its scope (see case C-478/07) or regarding the prohibition of restrictions to the free movement of goods (Article 34 TFUE, cases C-13/78 or C-325/00) or regarding the requirements of Article 16 of Council regulation 1305/2013. A public scheme can guarantee a specific quality of a product but it should in principle be open to products from other Member States which comply with the quality requirements. If a public scheme mentions the origin or the product, this origin should be interchangeable so that the scheme is accessible to producers from other Member States

and disadvantages (for instance long time period for registration for GI/TSG and low awareness of the scheme by consumer, see following section on consumers).

The analysis is based on 17 national / regional schemes which are not GI/TSG schemes <sup>(67)</sup> in the seven MS where CS have been conducted (see next table). The sample of 17 schemes cover a large diversity of situations, in terms of geographical and sectoral scope and objectives pursued. However, it provides a qualitative analysis of the links between GIs/TSGs and regional/national schemes.

For 12 of these schemes, the objective is firstly to promote the origin of a product, at national or regional level. These schemes provide to consumers the guarantee that the labelled product is produced and/or processed in the country/region highlighted. The logos of these schemes help consumers to identify a regional/national product. Thus, the objectives of these schemes shows similarities with GIs.

Some of these schemes exclusively cover GIs from a territory (for instance Campo y Alma) while some others cover different products: GIs and non-GIs products. Some of these schemes may be a first step for stakeholders to be involved in a collective project and apply for a GI/TSG in a second step (for instance with the Hungarian scheme "Hagyományok-Ízek-Régiók"). There are synergies between these schemes and GIs/TSGs: 1) these regional/national schemes may enhance GI/TSG awareness with the elaboration of a basket of regional goods; and 2) GI/TSG also enhance these regional/national schemes awareness and reliability with the guarantees provided by the EU schemes.

Some of these schemes also highlight some traditional aspects, as TSGs. For example, the Hungarian scheme "Tradition Tastes Regions" ("Hagyományok-Ízek-Régiók" (HÍR)) and the German scheme "Quality from Germany" ("Qualität aus Deutschland") which covers both geographical and traditional aspects.

Some of these schemes also include some quality requirements in their specifications but not all of them: for instance, the French national scheme "Viande Bovine Française" ensures the traceability of the French origin of bovine meat but does not include other types of criteria. The regional scheme "Regional Food Product" from Czechia which only aims at supporting small and medium-sized producers from the 13 regions of Czechia does not include specific quality criteria on the products.

Some other schemes (five out of 17) deal with complementary aspects compared to GIs/TSGs ones, in particular with environment ("Haute Valeur Environnementale" (HVE)), food safety ("Qualität und Sicherheit" (QS)) and animal welfare ("Beter Leven Keurmerk" (BLK)). These may be fully complementary with GIs/TSGs, providing guarantees on aspects that may not be part of the GIs/TSGs specifications. This strategy is being implemented in France with the objective for farms under GI/TSG and Label Rouge to be involved in an environmental certification by 2030 (based on Egalim Law, 2018), this certification could be HVE, this should be decided by the end of 2020 by French NAs.

Some of these schemes enjoy significant awareness at national level, often higher than GIs/TSGs schemes, but comparable to the awareness of the most renowned protected names (see results from consumer survey in the next section).

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<sup>67</sup> These 17 schemes are also analysed in ESQ 13.

Thus, there may be synergies between GIs/TSGs and these national schemes in certain cases. However, the different schemes may also be in a competition when stakeholders implement a strategy based on a specific origin or a traditional recipe. Each scheme has specific advantages and constraints. The low awareness and understanding of GI/TSG schemes by consumers (see next section) is a disadvantage for GI/TSG in this competition. Some details on each scheme are provided in the following table.

**Table 11: List of the national/regional schemes, objectives and synergies with GIs/TSGs**

MS	Nat./Regulation scheme	Objective of the scheme	Synergies with GIs/TSGs
CZ	KLASA (« Class A »)	High quality food and agricultural products	Production on the territory of Czechia Added value due to the high quality of the product
CZ	REGIONÁLNÍ POTRAVINA (« Regional food product »)	Support small and medium-sized producers	Production in the region concerned, with local raw material of the area
DE	QUALITÄT UND SICHERHEIT (QS « quality and safety »)	Increase consumer confidence in food safety.	No specific synergies
DE	REGIONALFENSTER (Regional window)	Uniform labelling of regional product at federal level	Connection with PGI Bayerisches Rindfleisch: Producers of raw materials must have a contract with LQB (Bavarian Agricultural Quality Assurance) to be involved in the PGI scheme.
DE	QUALITÄT AUS DEUTSCHEM LANDEN (Quality from Germany)	Increase awareness of origin, tradition and quality	Production/processing in Germany. Traditional recipes/products (30 years old)
ES	CAMPO Y ALMA (« countryside and spirit »)	Identify products from the territory of Castilla La Mancha	The use of this scheme is limited to GIs products
ES	TIERRA DE SABOR (« Land of flavour »)	Identify products from the territory of Castilla y León	Guarantee of the geographical origin and quality with controls. Regional products with GIs are directly integrated in the scheme. GI/TSG schemes have inspired "Tierra de Sabor" scheme
ES	ALIMENTOS DEL PARAISO NATURAL (« Food from the natural paradise »)	Identify products from the territory of Asturias	Guarantee of the geographical origin and quality with controls. Regional products with GIs are directly integrated in the scheme.
FR	HAUTE VALEUR ENVIRONNEMENTALE (HVE, « High Environmental Value »)	Promoting farms involved in environmental practices	Recent scheme. Mostly developed in the wine sector, also widely covered by PDO/PGI schemes. The level of double certification HVE-GI should increase with "Egalim law" (2018)
FR	LA BEL ROUGE (LR, « Red Label »)	Focus on a higher quality (organoleptic properties) of the product in comparison with a similar standard product	This is a public scheme managed by INAO like GIs/TSGs. Many PGIs also bear a Label Rouge
FR	VIANDE BOVINE FRANÇAISE (VBF, « French Bovine Meat »)	Provide a clear information and guarantee a French origin of bovine meat	Some products registered as PDO or PGI also use the VBF label.
FR	CERTIFICATION DE CONFORMITE DE PRODUIT (CCP, « Certificate of product compliance »)	Compliance with specific requirements	Some products registered under PGI also use the CCP label.
HU	HAGYOMÁNYOK-ÍZEK-RÉGIÓK (HÍR, « Tradition tastes regions »)	Promotion and economic stimulation of the traditional and local food products	Many of the existing Hungarian GI products bear this label, and many of the products with pending GI application had this label before applying for the GI label.
HU	KIVÁLÓ MAGYAR ÉLELMISZER (« Quality Food from Hungary »)	Promotion of food products with a registered trade mark logo. The scheme was active between 1998 and 2018.	Promotion of national origin
IT	QUALITÀ ALTO ADIGE (« Quality Alto Adige »)	Guarantees of the South Tyrolean origin and specific quality	Objectives of this regional scheme and GIs are connected.
IT	PRODOTTI DI QUALITÀ PUGLIA (« Quality products Puglia »)	Awareness of the quality and origin of products	Alternative to GIs/TSGs. Rules inspired by GIs.

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Guaranteed protected in the EU

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NL	BETER LEVEN KEURMERK (BLK, « Better life label »)	Improve animal welfare	Connection with GIs/TSGs fairly limited.
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Source: country reports

## 6.8 Consumer awareness, perception and behaviour

This section provides insights into consumer awareness, perception and behaviour regarding quality schemes: GIs/TSGs and regional/national schemes. This is based on desk research (extensive academic literature on the topic, Strength2Food reports, Eurobarometer) and specific inputs from the online consumer survey conducted in the context of this evaluation.

The main findings are:

- The level of awareness of EU schemes for GIs/TSGs varies among MS and remains low in several MS;
- When schemes are recognised, the guarantees perceived match, to some extent, with some of the actual guarantees of the scheme;
- We observe some confusion in the perception of the different types of schemes: PDO, PGI and TSG.
- There is no correlation between the awareness of the schemes and the awareness of the protected names, some protected names reach high awareness in several MS;
- In most MS national / regional schemes reach a higher level of awareness than EU schemes for GIs/TSGs (the only exception being IT);
- Academic research indicates that product perception is significantly influenced by the perceived product-specific regional image, the perceived suitability of a product's region of origin for producing that product is taken into account by consumers in their assessment of the product attributes. The results regarding the role of quality schemes (which means indication, acronyms and symbols, such as "protected designation of origin" or "PDO") in decision-making processes are not clear. Specific logos may have an impact if consumers are aware and understand them.

### Definitions

We propose the following definitions for consumer analysis:

- **Awareness:** the extent to which stakeholders have a knowledge of the existence of the schemes or designations. The awareness may cover the indication (for instance "protected designation of origin"), the acronym (for instance "PDO"), the symbols and the protected name (for instance "Parmigiano Reggiano"). The awareness of the "scheme" is related to indication and/or acronym and/or symbol.
- **Perception:** the attributes that stakeholders associate with schemes or products (guarantees of traceability, specific taste,...).
- **Understanding:** the extent to which the perception of stakeholders matches with the actual guarantees provided by the schemes.

### **Awareness of the EU quality schemes by consumers**

In a review of literature of 35 studies on consumer reaction to EU quality labels, Grunert and Aachamn (2015) <sup>(68)</sup>, the general level of awareness of the EU quality labels seems to be low, with large differences among countries: "with higher levels of awareness in Southern Europe and lower levels of awareness in Northern Europe", suggesting that the level of awareness could be linked to the number of GIs/TSGs registered. These results are confirmed by Eurobarometer and Strength2Food which showed that the awareness of national schemes could be higher than the awareness of EU ones <sup>(69)</sup>.

Based on Special Eurobarometer 504 "Europeans, Agriculture and the CAP" published in October 2020 (fieldwork in August and September 2020) <sup>(70)</sup>, the percentage of awareness of EU citizens (based on a sample of 27 237 EU citizens) regarding quality schemes logo was relatively low: 20% for PDO logo, 14% for PGI logo and 14% for TSG logo. This is much lower than the organic farming logo (56%) and the Fairtrade logo (40%). In addition, 20% of citizens was not aware of any of the logos. There were large differences among MS with a maximum awareness for 31% of citizens in ES for PGI logo and 3% awareness for PDO logo in EE and LV. These results are confirmed by the consumer survey conducted in the context of this evaluation study <sup>(71)</sup>:

- The survey showed that the awareness of GI/TSG schemes is lower than awareness of national/regional schemes in almost each MS, the exception being IT <sup>(72)</sup>. These national/regional schemes well established in each MS may be considered as baseline regarding scheme awareness.
- The awareness is higher than 30% (for at least the logo, full terms of acronyms) regarding PDOs and PGIs, in IT, ES and FR; TSG in IT and ES, GIs in IT. The awareness is even quite higher for PDOs and PGIs in IT, ES and FR (for instance, PDO acronym is known by 78% of Italians).
- The awareness of logos and full terms (for instance "Protected Designation of Origin") is much higher than the awareness of acronyms (for instance "PDO") in several MS. This is the case for: PDO and PGI in CZ, DE, ES; PGI in FR, TSG in each MS; and GI in almost each MS (HU being the exception).
- The awareness of the acronym is high and at a comparable level of full term and logo in few cases: PDO in IT, FR, PGI in IT. In Italy and France, the acronyms "DOC" and "AOC" are still used, which can explain this high level of awareness.

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<sup>68</sup> Literature review of impacts of quality schemes on consumers: Klaus G. Grunert, Kristina Aachmann, *Consumer reactions to the use of EU quality labels on food products: a review of the literature*, 2015

<sup>69</sup> Strength2Food project (H2020 project), Quantitative research on European consumers' perception and valuation of EU food quality schemes, 2019 – <https://www.strength2food.eu/publications/>

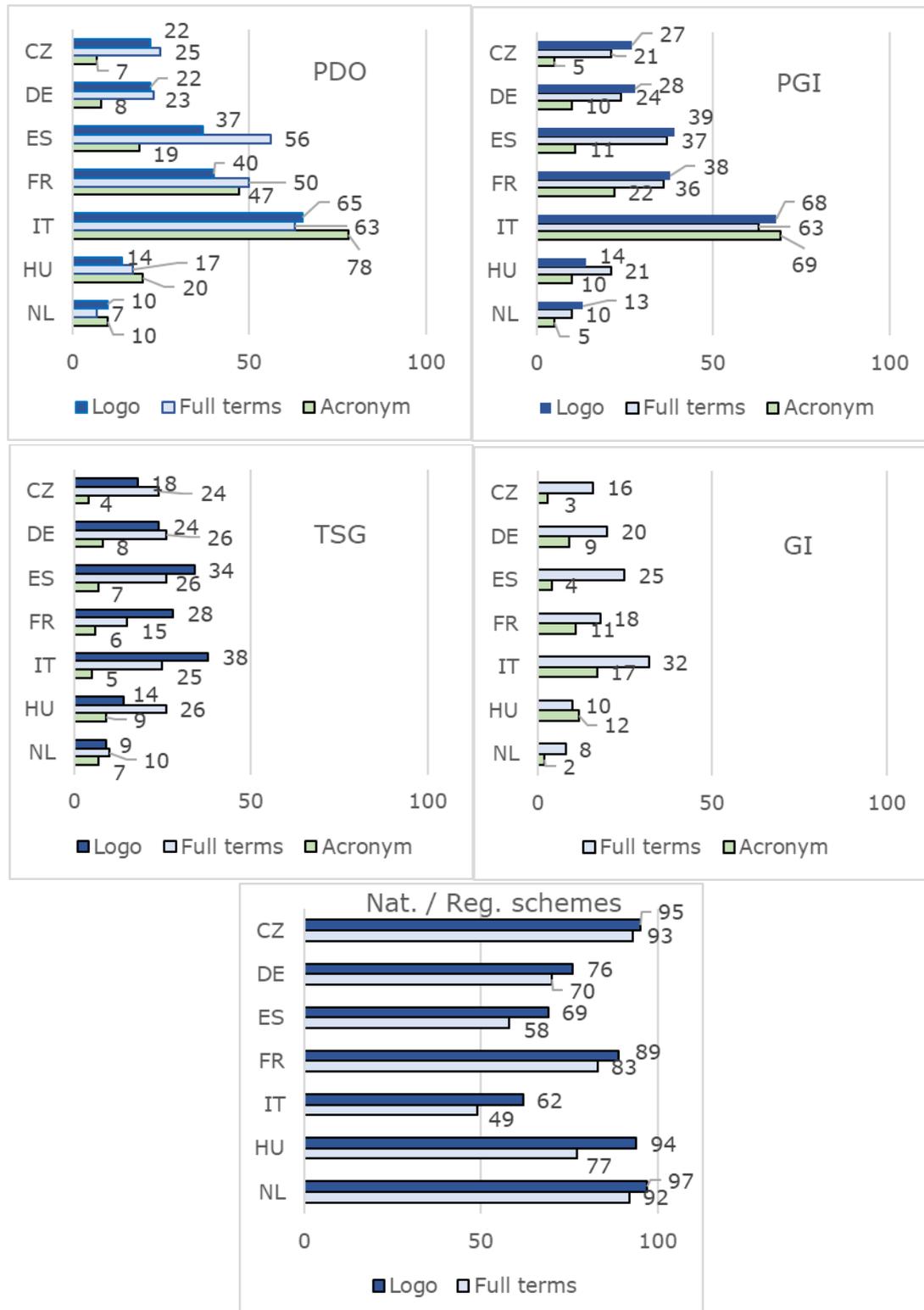
<sup>70</sup> <https://ec.europa.eu/comfrontoffice/publicopinion/index.cfm/survey/getsurveydetail/instruments/special/surveyky/2229>

<sup>71</sup> Electronic consumer survey in 7 MS, through remunerated panel, N=400 in each MS

<sup>72</sup> In Italy, GI schemes benefit of a high awareness while the national / regional schemes covered by the analysis reached a lower awareness than the national / regional schemes in other MS.

Detailed results of the consumer survey are provided in the following figures.

**Figure 11: Awareness of GIs/TSGs and national / regional schemes (%)**



Own elaboration based on electronic consumer survey (N = 400 for each MS)

## Awareness of the protected names under GI/TSG

The awareness of 42 protected names has been tested in the context of the electronic survey to consumers: seven names were common to each of the seven MS (large-scale GIs/TSGs which are highly traded within the EU) and 35 names were specific to each MS (five specific names in each MS, some large scale GIs/TSGs and some other small-scale GIs/TSGs). The names of each of the 17 CS have been included. The findings are:

- There is no correlation between the awareness of the protected names and the awareness of the schemes. Indeed, the recognition of the names is in some cases significantly higher than the recognition of the schemes. In each MS some names are known by at least two thirds of the population. The names with the highest awareness are Champagne (96% awareness in FR), Parmigiano Reggiano (90% awareness in IT), Olomoucké tvarůžky (88% awareness in CZ), Rioja (87% awareness in ES), Gyulai kolbász / Gyulai pároskolbász (81% awareness in HU), Prosecco (74% awareness in DE) and Gouda Holland (67% awareness in NL);
- There is a correlation between the economic scale and the awareness, even if not systematic. For instance:
  - Jabugo achieves a high level of awareness in ES (78%) and Pesto Genovese in IT (75%) even if these are small to medium scale GIs;
  - Pays d'Oc and Bayerisches Bier have a large awareness in their national market (about 60%) but awareness does not exceed 30% in other MS while the products may be significantly sold on some of these markets;
- The GI/TSG registration is not a guarantee of awareness as for 31% of the names tested, the awareness is below 35%. Awareness of protected names is above 65% for 36% of the names tested;
- Regarding the names of large-scale GIs/TSGs tested in each MS:
  - the awareness for **Champagne** is relatively high in almost each MS (at least 64%), with the exception of HU (only 35%); the awareness of **Scotch Whisky** is good in each MS, from 51% to 70%;
  - the awareness of **Gouda Holland** is higher in DE (74%) than in its MS of origin (NL, 67%), it is around 50% in FR, CZ and ES and below 33% in HU and IT;
  - the awareness of **Parmigiano Reggiano** is very high in IT (90%), around 55% in three other MS (ES, FR, DE) and below 45% in NL, CZ and HU;
  - the awareness of **Prosecco** is relatively high in four MS: between 61% and 87% in IT, DE, CZ and NL; and below 40% in FR, ES, HU;
  - the awareness of **Bayerisches Bier** and **Pays d'Oc** are good in their country of origin only (59% in DE for Bayerisches Bier and 61% in FR for Pays d'Oc) but are relatively low in each other MS (between 7% and 30% awareness).

- Regarding the names covered by CS:
  - Speck Alto Adige/Südtiroler Markenspeck/Südtiroler Speck, Tokaj/Tokaji, Ribera del Duero, Basilico Genovese, Pálinka, Côtes du Rhône, Gouda Holland, Beaufort, Spišské párky, Pays d'Oc achieve an awareness higher than 60% in their MS of production;
  - Bayerisches Bier, Barbaresco (Langhe), Cordero Manchego and Langhe achieve an awareness between 40% and 60% in their MS of production;
  - Genièvre / Jenever / Genever, Tomaten von der Insel Reichenau and Dauno achieve an awareness below 30% in the MS where they are produced.

Based on the PGs survey, 50% of PGs consider that the EU framework plays a role in the awareness of the protected name. This role is related to consumers and clients interested in products bearing a GI/TSG (40% of PGs), to multi-products communication campaigns on GI/TSG products (29%), to support for communication actions (21%) and control of IPR (10%).

### **Understanding of the scheme by consumers**

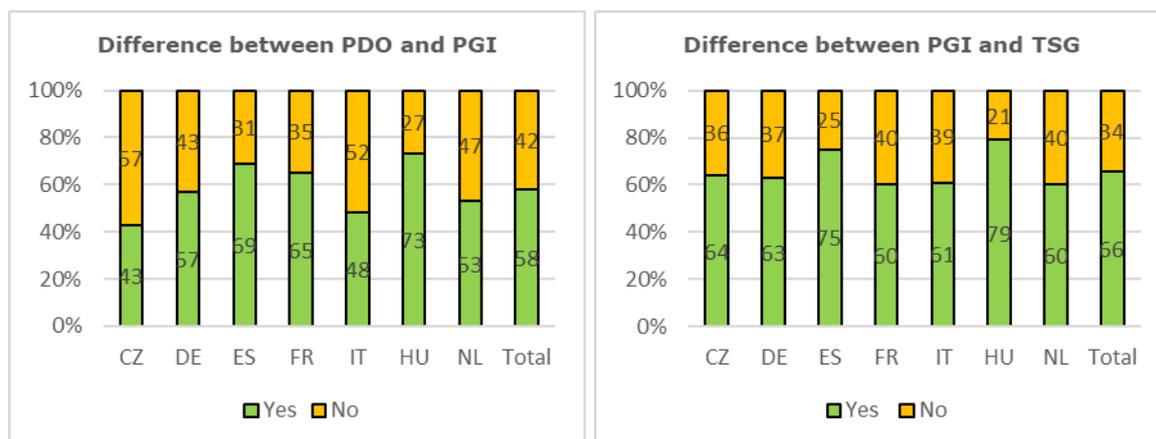
The different studies <sup>(73)</sup> show a relatively low level of understanding of the meaning of the quality schemes. The results from Strength2Food also suggest a confusion in the understanding of the different types of schemes (PDO, PGI, TSG).

The result from the electronic consumer survey shows that the distinction between the different schemes is far from obvious for consumers. They were asked if they perceived any difference in the meaning of PDO and PGI from one side (the two GI schemes) and PGI and TSG from another side (the two schemes with blue and yellow logos). As a conclusion, about 60% of consumers perceive some differences in the meaning between PDO and PGI and about 40% do not perceive any difference. The confusion is the highest in CZ, IT, NL and DE. Regarding the difference between PGI and TSG, the confusion is less important: about two thirds perceive a difference and about one third did not perceive any difference.

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<sup>73</sup> Based on Literature review of impacts of quality schemes on consumers: Klaus G. Grunert, Kristina Aachmann, *Consumer reactions to the use of EU quality labels on food products: a review of the literature*, 2015

**Figure 12: Answer to the question “do you perceive any difference in the meaning of these two labels ?” (indication + acronym + symbol) (%)**



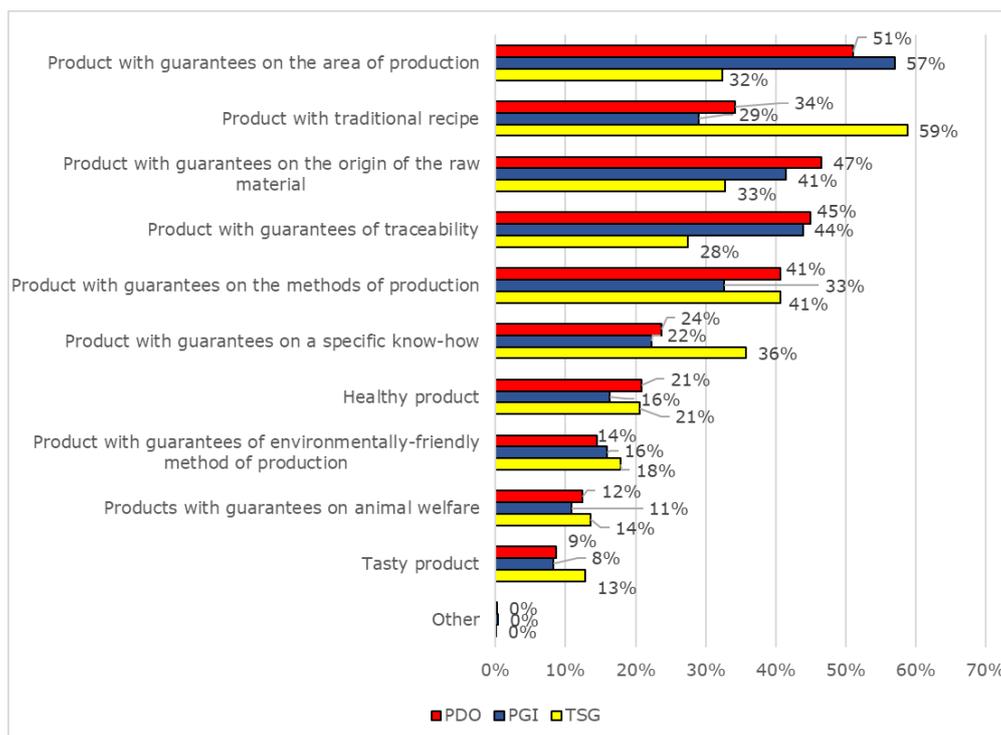
Own elaboration based on electronic consumer survey (N = 400 for each MS)

People were asked what they thought of the products bearing PDO, PGI and TSG labels (the following data cover only the persons who indicated to perceive a difference between PDO/PGI or PGI/TSG). The main conclusions are that key features of both GIs and TSGs rank first: 59% of people associate TSGs to “traditional product” (34% for PDO and 29% for PGIs) and 51% to 57% associate “link to an area of production” to PDOs and PGIs (32% for TSGs). All other features were associated to PDOs, PGIs or TSGs by less than half of the people.

This is a summary of the results:

- A link to an area of production is associated to PGIs (57%), PDOs (51%) and to a lesser extent to TSGs (32%);
- A “traditional recipe” is highly associated to TSGs (59%) and to a lesser extent to PDOs (34%) and PGIs (29%);
- Product with guarantees on the origin of the raw material: 47% for PDOs, 41% for PGIs and 33% for TSGs;
- The guarantee of traceability is associated to 44-45% to PDOs and PGIs and 28% to TSGs;
- Guarantees on the method of production: 41% for both TSGs and PDOs, 33% for PGIs;
- The guarantee of a specific know-how is associated by 36% of people to TSGs and by 22% to 24% of people to PDOs and PGIs;
- The association with the other features is quite low: environment, health, animal welfare and taste. The maximum score being 21% for healthy products for PDOs and TSGs.

**Figure 13: Perception of the PDO/PGI/TSG schemes (indication + acronym + symbol) (%)**



Own elaboration based on electronic consumer survey (N = 1 116, people who perceive a difference in the meaning of PDOs, PGIs and TSGs)

Even if not fully understood, Grunert and Aachamn (2015) indicate that EU quality labels are perceived as high quality and authenticity signals. The study highlights that, in general, consumers prefer products characterised by their geographical or traditional origin.

### **Influence of the schemes on consumer behaviour**

As detailed by Van Ittersum (2003) <sup>(74)</sup>, product perception is significantly influenced by the perceived product-specific regional image. The perceived suitability of a product's region of origin for producing that product is taken into account by consumers in their assessment of the product attributes. The influence of the attitude towards the region on product preference may be based on affective feelings towards the region of origin for some products or product-specific regional image and product attribute perception. Thus, the protected name as an impact on consumer perception, for instance, the image of the PGI "Cidre de Normandie" / "Cidre Normand" is influenced by the image that consumer may have of Normandy area or even the image of France on export markets if consumers know that Normandy is a French region.

<sup>74</sup> Koert van Ittersum, Math J.J.M. Candel, Matthew T.G. Meulenberg, *The influence of the image of a product's region of origin on product evaluation*, 2003

Grunert and Aachamn (2015) <sup>(75)</sup> indicate that EU quality labels can reduce uncertainty associated with food purchases, regarding characteristics and attributes of the products (taste, production process, origin). The condition is that consumers are aware of these schemes, understand them and use them in their decision-making. The results regarding the role of quality schemes in decision-making process are not clear. The reason for this could be the low awareness of the scheme. Many studies show that the labels can play a role, but that this role is smaller than the role of other quality cues like brand and origin information, and that it is dependent on product and context. The study highlighted some methodological bias in the method used, deviating from everyday shopping situations and indicated that there is very little evidence on actual perception and use of these labels in a real purchase situation.

The Strength2Food project (2019) conducted a research on consumer behaviour with virtual shops in three countries: Germany, Serbia and the United Kingdom (more than 300 participants in each country) <sup>(76)</sup>. Two situations were tested: firstly with organic, PDO and PGI logos highlighted on the shelves and secondly with no logo on the shelves. The preliminary results show that the shelf modification has little to no effect on consumers' purchase behaviour. This means that the symbol itself has a limited impact on consumer behaviour in the shop.

Another Strength2Food study (2019) <sup>(77)</sup>, provides qualitative inputs on consumer behaviour with field work with six families in seven countries. It shows that quality schemes do not visibly affect consumption practices much. Participants mostly relied on their previous experiences, tacit knowledge and recommendations from family members, relatives, friends and other influencers rather than on producers' claims, including quality schemes. Products with GIs could be integrated in habits of food purchase and consumption, but without much emphasis on the certification itself. The participants' food purchase for everyday consumption were characterized by "routine". Usual patterns in all countries surveyed were to shop once a week in a supermarket, or via internet. Quality schemes are part of this "everyday routine", either by their absence or presence. PDOs and PGIs are almost not recognised and there is little knowledge about their meaning (even if most participants asked for better and more reliable information about origin, animal welfare, and/or composition of food products). However, products with such certification were present in almost all households. Habits, taste and reputation, and not the certification, are the root of this type of purchase. Participants did not express high level of trust toward PDO, PGI and TSG. This is related to the low level of knowledge for these schemes. A hierarchy could be observed in participant perception: first local foods and short food supply chains, then organic, and last origin and tradition schemes.

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<sup>75</sup> Literature review of impacts of quality schemes on consumers: Klaus G. Grunert, Kristina Aachmann, *Consumer reactions to the use of EU quality labels on food products: a review of the literature*, 2017

<sup>76</sup> Strength2Food (H2020 project), Research using a virtual store environment to understand consumer food choice related to quality schemes, 2019 – please insert internet link

<sup>77</sup> Strength2Food (H2020 project), Qualitative research findings on European consumers' practices linked to sustainable food chains and food quality schemes, 2018 – idem

## 7. EVALUATION STUDY QUESTIONS

This section details the answer to each of the 16 ESQs. These ESQs are listed in the table below.

**Table 12: List of the ESQs**

Theme	No	Evaluation study question
A - Effectiveness	1	Effectiveness of objectives set in the legal framework
	2	Contribution to a fair distribution of benefits, including increase of market share, create competitive advantage
	3	True and fair view of the characteristics of the products and its authenticity
	4	Contribution to rural economies
	5	Third countries
B - Efficiency	6	Proportionality of costs and benefits
	7	Potential for simplification
C - Relevance	8	Relevance regarding the needs of stakeholders
	9	Relevance regarding the needs of rural areas
	10	Challenges of environmental sustainability and animal welfare
D - Coherence	11	To what extent have GIs (PDOs and PGIs) been coherent with TSGs?
	12	Coherence between GIs and EU trade marks (EUTMs)
	13	Coherence between GIs/TSGs and national/regional schemes
	14	Coherence between GIs/TSGs and other instruments and measures of the CAP
	15	Coherence with wider EU policies
E - EU added value	16	EU added value regarding GIs and TSGs

## **7.1 Theme A – Effectiveness**

### **7.1.1 ESQ 1 - Effectiveness of objectives set in the legal framework**

**ESQ 1 – To what extent has the legal framework for GIs for agricultural products, foodstuffs, spirit drinks, wines and aromatised wine products, and for TSGs for agricultural products and foodstuffs, been effective in achieving their objectives defined in the four Regulations of the Council and the European Parliament? In answering the question, in particular the following aspects should be considered:**

- **Sub-question 1: To what extent has legal framework been effective in ensuring fair competition for farmers and producers?**
- **Sub-question 2: To what extent has legal framework been effective in ensuring protection of intellectual property rights?**
- **Sub-question 3: To what extent has legal framework been effective in ensuring integrity of the market?**
- **Sub-question 4: To what extent has legal framework been effective in ensuring reliable information to consumer?**
- **Sub-question 5: To what extent has legal framework been effective in securing fair return for farmers and producers?**

### **Conclusion of the ESQ**

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 (quantitative data), CS and desk research. The analyses conducted suggest some impacts of the GI/TSG schemes. Some limits shall be highlighted, in particular the answers from surveys are based on opinions and the number of CS is limited and not representative of the 3 286 GIs/TSGs registered at EU level.

**Fair competition for farmers and producers** - The scrutiny conducted at EU level ensures homogeneity of treatment between applicants while we observe large differences in the scrutiny conducted at national level. The general organisation and implementation of controls can be considered as effective, ensuring that farmers and processors involved in GI/TSG schemes do not compete with other producers who use the protected names without complying with these rules. However, the effectiveness of controls is considered as lower at the downstream stages (wholesale and retail stages) of the supply chain compared to upstream stages (production stages).

**Protection of intellectual property rights** - GI names benefit from a high level of legal protection in the EU. The effectiveness of the organisation and implementation of controls in MS bestows a high level of protection against misuses of GI names, protection being more effective at national level than on intra and extra EU markets. The enforcement of IPRs for GIs in domain names on the internet remains an issue.

**Integrity of the market** - Several elements suggest a positive impact of the GI/TSG schemes on the internal market: 1) it provides common standards for trade in the different MS, 2) it provides IPR protection of registered name at EU level and 3) the share of sales under GI on intra-EU market (out of the MS of production) is comparable or even higher than the whole food and drink sector for five MS among the seven largest MS in terms of sales value under GI <sup>(78)</sup>. However, this positive effect is balanced by the low awareness and understanding of GIs/TSGs in several MS, which limits its function of common standards on the EU market. Finally, the possible requirements on the origin of raw materials can be considered, in some cases, as a barrier for their wide procurement in the EU territory.

**Reliable information to consumer** - A large amount of information available is available on GIs and TSGs (list of registered names and content of PS in particular). The electronic consumer survey showed that the awareness of GI/TSG scheme is medium to high in IT, ES, FR (50% to 78% awareness for PDO, 38% to 69% for PGIs, 28% to 38%

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<sup>78</sup> 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-tsqs\\_en](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-tsqs_en) and FoodDrinkEurope - [https://www.fooddrinkeurope.eu/uploads/publications\\_documents/FoodDrinkEurope\\_Data\\_and\\_Trends\\_2018\\_FINAL.pdf](https://www.fooddrinkeurope.eu/uploads/publications_documents/FoodDrinkEurope_Data_and_Trends_2018_FINAL.pdf)

for TSGs, 18% to 32% for GIs) (<sup>79</sup>) and low in other MS (between 8% and 28% depending on the scheme and the MS). In addition, in almost each MS (the exception being IT) awareness of GI/TSG is lower than awareness of national/regional schemes. When the GI/TSG schemes are recognised, the key features tend to be understood by consumers (relation to geographical area for GIs and traditional recipe for TSG) but the detailed meaning is less clear. Furthermore, the distinction between the different schemes is far from being obvious for consumers, as 40% of consumers do not perceive any difference in the meaning between PDO and PGI. Therefore, the limited awareness and understanding of the GI/TSG scheme by consumers limit the effectiveness in ensuring clear information to consumers.

**Fair return for farmers and 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 scheme are not systematic (positive impacts are observed in more than half of the cases, based on CS and producer group survey) and highly depend on the economic environment of the product and the strategy implemented by operators.

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<sup>79</sup> For each scheme, the highest awareness in each MS is mentioned among logo, full term and acronym. See section on consumer awareness, perception and behaviour in the descriptive chapter

### 7.1.1.1 Background and methodological approach

- **Interpretation and comprehension of the key terms**

“Their objectives”: refers to the specific objectives detailed in the four Regulations of the Council and the European Parliament (<sup>80</sup>), as detailed in the descriptive chapter regarding the intervention logic. The objectives are detailed below:

- Agricultural products and foodstuffs:
  - ensuring fair competition for farmers and producers of products having value-adding characteristics and attributes (GIs & TSGs),
  - ensuring the availability to consumers of reliable information pertaining to such products (GIs & TSGs),
  - ensuring respect for intellectual property rights (GIs) / safeguarding traditional methods of production and recipes (TSGs),
  - ensuring the integrity of the internal market (GIs & TSGs),
  - securing fair return for the quality of the products (GIs).
- Wines:
  - protecting legitimate interests of consumers and producers,
  - ensuring the smooth functioning of the internal market in the products concerned,
  - promoting the production of quality products, whilst allowing national quality policy measures.
- Spirit drinks and aromatised wine products:
  - improving consumer protection,
  - preventing deceptive practices,
  - ensuring market transparency and fair competition.

- **Sub-questions, judgement criteria, indicators and sources**

The effectiveness of the legal framework is analysed for each regulation based on the objectives specified for each sector. We identified the five following objectives as a synthesis of all regulations related to GIs and TSGs: 1) Fair competition for farmers and producers, 2) Protection of intellectual property rights (GIs only), 3) Integrity of the

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<sup>80</sup> Regulation (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs;

Regulation (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007;

Regulation (EU) 2019/787 on the definition, description, presentation and labelling of spirit drinks, the use of the names of spirit drinks in the presentation and labelling of other foodstuffs, the protection of geographical indications for spirit drinks, the use of ethyl alcohol and distillates of agricultural origin in alcoholic beverages, and repealing Regulation (EC) No 110/2008;

Regulation (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products and repealing Council Regulation (EEC) No 1601/91.

market, 4) Ensuring reliable information on the products to consumers and 5) Securing fair return for farmers and producers.

**Table 13: Evaluation matrix for ESQ 1**

Sub-questions	Judgement criteria (JC)	Indicators (I)
Sub-question 1: To what extent has the legal framework been effective in ensuring fair competition for farmers and producers?	<ul style="list-style-type: none"> <li>JC 1.1: There are (no) significant differences in procedures related to GIs and TSGs between MS</li> <li>JC 1.2: Effectiveness of controls for GIs/TSGs along the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>I 1.1: The scrutiny conducted at EU and national levels is homogeneous among the different applications and is a guarantee of independency of the procedure</li> <li>I 1.2: Organisation of the controls along the supply chain at national and EU level</li> <li>I 1.3: Results from controls and types of non-conformity</li> <li>I 1.4: Opinion on the effectiveness of the controls</li> </ul>
Sub-question 2: To what extent has the legal framework been effective in ensuring protection of intellectual property rights?	<ul style="list-style-type: none"> <li>JC 1.3: The use of the name of GIs is protected at European level</li> </ul>	<ul style="list-style-type: none"> <li>I 1.5: Effectiveness of controls regarding misuse of protected names</li> </ul>
Sub-question 3: To what extent has the legal framework been effective in ensuring integrity of the market?	<ul style="list-style-type: none"> <li>JC 1.4: GI/TSG policy favours intra-EU trade</li> </ul>	<ul style="list-style-type: none"> <li>I 1.6: GI/TSG are not a barrier for intra EU market, GI/TSG foster intra EU market</li> <li>I 1.7: Evolution of sales values of GIs/TSGs on the internal market</li> </ul>
Sub-question 4: To what extent has the legal framework been effective in ensuring reliable information to consumers?	<ul style="list-style-type: none"> <li>JC 1.5: Information on the characteristics of the products is available for consumers</li> <li>JC 1.6: Consumers have a true and fair view of the products covered by GIs and TSGs</li> </ul>	<ul style="list-style-type: none"> <li>I 1.8: Mapping of the information available on GI/TSG for consumers</li> <li>I 1.9: Knowledge and understanding of GIs/TSGs by consumers</li> </ul>
Sub-question 5: To what extent has the legal framework been effective in securing fair return for farmers and producers	<ul style="list-style-type: none"> <li>JC 1.7: GI/TSG scheme have a positive impact on price premium and sales value</li> <li>JC 1.8: GIs and TSGs have contributed to increase farmer's income</li> </ul>	<ul style="list-style-type: none"> <li>I 1.10: Price premium for products under GI/TSG</li> <li>I 1.11: Evolution of sales value under GI/TSG compared to non-GI/TSG market</li> <li>I 1.12: Opinion of producers, wholesalers, processors, and retailers concerning the GI registration contribution to the price premium at farm gate, ex-factory, and at retail stage</li> <li>I 1.13: Comparison of farmer income involved in GIs/TSGs supply chain and comparable supply chains without GI/TSG</li> </ul>

The sources for these sub-questions are CS, NA survey, country reports, consumer survey, PGs survey, FADN analysis and desk research. The answer to this ESQ is highly related to answers to other ESQs (ESQs 2, 3, 4, 12 and 16).

- **Background, Methodological approach and limits**

**Sub question 1: To what extent has the legal framework been effective in ensuring fair competition for farmers and producers?**

Based on World Trade Organisation (WTO), fair competition is “a system of rules dedicated to open, fair and undistorted competition”. In order to answer this question, we examine the homogeneity of procedures for registration and controls among the different MS. We also analyse the effectiveness of controls at all stages (from farmers to consumers), which guarantee that farmers/processors involved in GI/TSG schemes (and thus comply with specific constraints related to the rules of production under GI/TSG) do not compete on the market with other producers who use the protected names without complying with these rules. These analyses are based on desk research (annual report on controls from MS), data collection at national level (in particular in the 7 MS for which there are country reports) and CS. The answer to this sub-question partly relies on results from ESQ 3.

**Sub question 2: To what extent has the legal framework been effective in ensuring protection of intellectual property rights?**

In order to examine the effectiveness of the protection of GIs’ names, we analyse the legal framework protecting GI’s names at EU level. In addition, we study the effectiveness of controls on misuses/imitations of GIs at international and EU levels, relying on legal frameworks, annual reports on controls from MS and CS. This is based on results from ESQs 3 and 12 where specific analysis on controls are conducted. The limits are related to the low level of detail in official reports.

**Sub question 3: To what extent has the legal framework been effective in ensuring integrity of the market?**

Market integrity refers to a transparent and open market. We assess the integrity of the EU market concerning GIs/TSGs studying to what extent GIs/TSGs policy favoured intra-EU sales<sup>(81)</sup> (the implementation of common standards at EU level may have eased intra-EU sales for quality products). We rely on CS and on an analysis of data on sales volume and sales value under GI/TSG from the study on economic value GIs and TSGs<sup>(82)</sup>.

**Sub question 4: To what extent has the legal framework been effective in ensuring reliable information to consumers?**

Ensuring reliable information on GI products refers to the capacity to provide a true and fair view (see definition in ESQ 3 which focuses on “true and fair view”) of the characteristics of those products. The answer to this sub-question is based on results from ESQ 3 that are based on an analysis of GIs specifications, on the mapping of information provided to consumers and on surveys with consumers, PGs and NAs.

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<sup>82</sup> 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-specialties-guaranteed-tsgs\\_en](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-specialties-guaranteed-tsgs_en)

**Sub question 5: To what extent has the legal framework been effective in securing fair return for farmers and producers?**

Farmers and producers involved in GIs/TSGs must comply with additional requirements linked to the PS, in order to provide to the market high value-added products. "Fair return" to farmers and producers means that they get a price premium for the value-adding characteristics of their products, and that this effort is also rewarded in terms of income. The differentiation of the product on the market (based on price premium and consumer awareness and understanding of the schemes) and the profitability of farm holdings involved in GIs/TSGs are assessed using the outcomes from ESQ 2 and ESQ 4. Main limit of this sub-question is the variability of the situations and the non-exhaustive nature of the analysis.

**7.1.1.2 Analysis**

**Sub question 1: To what extent has the legal framework been effective in ensuring fair competition for farmers and producers?**

- ***Judgement criterion 1.1: There are (no) significant differences in procedures related to GIs and TSGs between MS***

**Conclusion of the judgement criterion**

Most of the MS have a national framework in place for the implementation of GIs and TSGs, covering procedures for registration, cancellation, amendment. Some significant differences for scrutiny can be highlighted between MS. MS with a long tradition of using the quality schemes (IT, FR, ES) tend to have implemented stricter procedures for application (additional economic study and involvement of a specific inquiry commission in France, organoleptic assessment for wines in Hungary, double scrutiny at regional and national levels Spain). However, these stricter requirements are balanced by a stronger support from public administration in these MS.

The scrutiny conducted at EU level is considered as homogeneous between applicants.

**Indicator 1.1: The scrutiny conducted at EU and national levels is homogeneous among the different applications and is a guarantee of independency of the procedure**

As detailed in the descriptive chapter, an application must first be addressed to NAs, for a preliminary procedure that includes scrutiny and opposition. If the decision is favourable, the decision and specification are made public, and an application dossier is sent to the EC.

As detailed in the descriptive chapter, most of the MS have a national framework in place for the implementation of GIs and TSGs. Based on the NA survey, 22 MS indicated that national rules were set regarding GIs/TSGs and five NAs indicated that there were no additional rules to the EU ones <sup>(83)</sup>. The national rules mainly cover procedures for registration, cancellation, amendment.

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<sup>83</sup> 27 answers received to the NA survey, no answer from the UK

Procedures implemented at national level differ from one MS to another.

- In France, the scrutiny for application is conducted by INAO and a specific study commission is set for each application. A mandatory economic study shall be provided in the application form.
- In Italy and Spain, the application is first examined by the competent region. Then, the Ministry proceeds with the assessment of the application request.
- In Hungary, additional requirements are also set up for wine applications.
- In the Netherlands, there are no guidelines in place to assess the GI applications.

Therefore, some significant differences in procedures can be highlighted between MS. These procedures are particularly heavier in MS with long tradition of GIs. Based on CS, most stakeholders perceive the procedures related to application and amendment of specifications as time-consuming and difficult, involving a significant administrative burden both at national and EU levels. However, the scrutiny conducted at EU level is overall perceived as fair and homogeneous.

- **Judgement criterion 1.2: Effectiveness of controls for GIs/TSGs along the supply chain**

#### **Conclusion of the judgement criterion**

The general organisation and implementation of controls can be considered as effective, with a better effectiveness at producing and processing stages than in the downstream sector. Therefore, the regulatory framework and control procedures provide sufficient guarantee to ensure that farmers and processors involved in GI/TSG schemes do not compete on the market with other producers who use the protected names without complying with these rules. These analyses are based on outputs from ESQ 3, NA and PGs surveys and desk research (EUIPO reports).

#### **Indicator 1.2: Organisation of the controls along the supply chain at national and EU level**

The legal framework on controls is detailed in the descriptive chapter and analysed in ESQ 3. We consider that the EU legal framework provides sufficient guarantee to ensure the effectiveness of controls for GIs and TSGs. Indeed, the EU legal framework requires the designation of responsible authorities in charge of monitoring the controls, to entrust control bodies by independent certification bodies, the elaboration of multi-annual national control plans and annual reports on the results of the controls. However, as stated in ESQ 3, different organisations of control have been implemented at MS level, which makes it difficult to precisely compare them.

#### **Indicator 1.3: Results from controls and types of non-conformity**

As detailed in ESQ 3, the average share of operators controlled is higher at the farm and processing stages than at the downstream stages of the value chain (wholesalers and retailers).

Based on NA survey, most common infringements detected, differ largely between regulations. Main infringements reported concern: the rules of production for agricultural products and foodstuffs; the misuse of protected names for the wines and aromatised wine products; the labelling requirements for spirit drinks and aromatised wine products.

#### **Indicator 1.4: Opinion on the effectiveness of the controls**

As detailed in ESQ 3, NA consider that controls are overall effective, with better effectiveness at upstream level (production and processing stages) than downstream level (after being placed on the market). Some difficulties are highlighted in the catering sector and for online sales because of the great diversity and number of operators involved. The lower effectiveness at downstream stages is related to the large number of stakeholders involved (all retailers and restaurant potentially use each GI/TSG) and these stages are generally not covered by control plans established by PG.

Based on PGs survey, PGs also consider that controls are effective at farmer and processor stages (85% of respondents), but only 48% agree with the fact that controls are effective at wholesale stage.

Based on CS, stakeholders involved in the production of GIs and TSGs find controls more effective before the product is placed on the market than at the downstream stages of the value chain.

#### **Sub question 2: To what extent has the legal framework been effective in ensuring protection of intellectual property rights?**

- **Judgement criterion 1.3: The use of the name of GIs is protected at EU level**

##### **Conclusion of the judgement criterion**

GIs names benefit from a high level of legal protection in the European Union. The effectiveness of the organisation and implementation of controls in MS bestows a good level of protection against misuses of GIs names. Effectiveness of controls is assessed to be more effective at national level than on export markets (intra and extra - EU).

The enforcement of IPR is not harmonized at EU level (defined at MS level) and the use of GI names in domain name on the internet remains an issue.

These results are based on the outputs from ESQs 3 and 12.

#### **Indicator 1.5: Effectiveness of controls regarding misuse of protected names**

As developed in ESQ 12, the EU regulatory framework is intended to provide protection against frauds, counterfeits, and deceiving practices. Names of products registered as GIs at EU level are legally protected against (i) use for identical and comparable products, (ii) use for non-comparable products which exploits the reputation of the GI, (iii) evocation, misuse and imitation on products or services and (iv) any other misleading indication and misleading practices<sup>(84)</sup>. Furthermore, GI's names are protected *ex officio* <sup>(85)</sup>. Therefore, the EU legislation has a high level of GIs names protection.

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<sup>84</sup> Article 13 (1) of Regulation (EU) No 1151/2012; article 103 (2) of Regulation (EU) No 1308/2013; Article 16 of Regulation 110/2008; Article 20 (2) of Regulation 231/2014.

<sup>85</sup> *Ex officio* implying that Member States shall take appropriate administrative and judicial steps to prevent or stop the unlawful use of the name of products that are produced or marketed in the Member State.

As detailed in ESQ 3, the general organisation and implementation of controls can be considered as effective, ensuring protection against infringements such as misuses of protected names. Findings from the PGs survey show that effectiveness of controls is considered as higher at national level than on intra and extra EU markets. The enforcement of IPRs on the market is implemented at MS level and there is no harmonisation of sanctions.

In addition, the protection of GI names on domain names on internet remains an issue (domain names are extension such as “.beer”, “.wine”). Indeed, IPRs for GIs are not considered as valid for domain names on the internet by UDRP which rules disputes on domain names (see details in the descriptive chapter).

**Sub question 3: To what extent has the legal framework been effective in ensuring integrity of the market?**

• **Judgement criterion 1.4: GI/TSG policy favours intra-EU trade**

**Conclusion of the judgement criterion**

Intra-EU sales (out of the MS of production) for GIs/TSGs accounted for 20% of total sales under GI/TSG in 2017 (EUR 14.5 billion in 2017) <sup>(86)</sup>. The effectiveness regarding the integrity of the EU market is assessed to be good even if some limits shall be highlighted.

- The GI/TSG provide common standards for trade in the different MS, however, the limited awareness and the confusion among schemes limit this positive effect.
- 40% of intra-EU trade is related to 12 large-scale GIs (for instance, Champagne, Grana Padano, Prosecco, Rioja, Scotch Whisky ...), this suggest a strong impact of the awareness of the protected name beyond the awareness of the scheme itself, the protection of IPR at EU level is thus a driver for intra-EU trade.
- The share of intra-EU market (out of the MS of production) is lower for GIs than for total food and drink sector at EU level (20 % versus 25% in 2017 <sup>(87)</sup>) with high differences between MS. 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).
- Specific requirements on the origin of supply may sometimes be considered as unjustified barrier for intra-EU trade, like in the conflict on PGI "Huîtres Marennes-Oléron" (FR) <sup>(88)</sup>.

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<sup>86</sup> 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-specialties-guaranteed-tsgs\\_en](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-specialties-guaranteed-tsgs_en)

<sup>87</sup> Based on data from 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-specialties-guaranteed-tsgs\\_en](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-specialties-guaranteed-tsgs_en)

and FoodDrinkEurope - [https://www.fooddrinkeurope.eu/uploads/publications\\_documents/FoodDrinkEurope\\_Data\\_and\\_Trends\\_2018\\_FINAL.pdf](https://www.fooddrinkeurope.eu/uploads/publications_documents/FoodDrinkEurope_Data_and_Trends_2018_FINAL.pdf)

<sup>88</sup> Source press: <https://www.ouest-france.fr/economie/consommation/huitres-inquietude-pour-l-indication-geographique-protegee-marennes-oleron-apres-une-decision-de-6398071>

**Indicator 1.6: GI/TSG are not a barrier for intra EU market, GI/TSG foster intra EU market**

The analyses suggest that GI/TSG schemes play a positive role on the integrity of the EU market. They are a common standard (indications, symbols and acronyms) shared by stakeholders at EU level, aimed at offering a guarantee of quality to consumers. The common use of the same logos within the EU aims at increasing the familiarity of business operators and consumers with the schemes.

However, this positive impact on intra-EU trade highly depends on the knowledge of GI schemes in MS as well as on the reputation of certain renowned products. As detailed in the descriptive chapter and ESQ 3, the awareness on GI/TSG schemes is relatively low in several MS, which might limit the impact of GI/TSG on intra-EU trade.

At EU level, we observe that 12 GIs account for 40% of intra-EU trade for GIs, such as Champagne, Grana Padano, Prosecco, Rioja, Scotch Whisky. Some of these protected names benefit of good awareness on export markets (see results from consumer survey in the descriptive chapter). Thus, beyond the use of common indications, symbols and acronyms, the IPR protection of these names at EU level plays an important role for the development of the EU market <sup>(89)</sup>.

Furthermore, by introducing additional requirements on raw material, GI schemes may be considered as a barrier for intra-EU trade if this is not duly justified. As an example, there is currently a conflict on PGI “Huîtres Marennes-Oléron” (FR) considering that the requirements on the supply of young oysters only from the French Atlantic littoral in the specification is an unjustified barrier for the marketing of Irish, UK or Spanish Atlantic young oysters <sup>(90)</sup>.

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<sup>89</sup> Based on data from *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-specialties-guaranteed-tsgs\\_en](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-specialties-guaranteed-tsgs_en)

<sup>90</sup> Source press: <https://www.ouest-france.fr/economie/consommation/huitres-inquietude-pour-l-indication-geographique-protegee-marennes-oleron-apres-une-decision-de-6398071>

### **Indicator 1.7: Evolution of sales values of GIs/TSGs on the internal market**

GI sales on intra-EU market (excluding sales on the national market of each GI/TSG) increased by 30% between 2010 and 2017, to reach EUR 14.5 billion in 2017 <sup>(91)</sup>, representing 20% of the total sales value under GI/TSG in 2017, while sales on national markets represented 58% of total sales. Wines represented 51% of intra-EU sales value under GI/TSG, agricultural products and foodstuffs 33% and spirit drinks 15%.

Exports of European GI/TSG products to other MS came mainly from Italy (26%), France (26%) and the United-Kingdom (14%). Products from these three MS represented 66% of exports to other MS of GI/TSG products.

The share of sales on intra-EU market (excluding the sales on the national market) are lower for GIs/TSGs than for the total food and drink sector, this was respectively 20% for GIs/TSGs and 25% for the total food and drink sector in 2017 (based on FoodDrinkEurope <sup>(92)</sup>). However, we observe high differences among MS. 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 (see details in the following table):

- The share of export on intra-EU market is higher for GIs than for the whole food and drink sector in Italy, the UK and Portugal,
- The share of export on intra-EU market is comparable between GIs and the whole food and drink sector in France and Spain,
- The share of export on intra-EU market is higher for the whole food and drink sector than for GIs in Germany and the Netherlands.

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<sup>91</sup> 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-specialties-quaranteed-tsqs\\_en](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-specialties-quaranteed-tsqs_en)

<sup>92</sup>

[https://www.fooddrinkeurope.eu/uploads/publications\\_documents/FoodDrinkEurope\\_Data\\_and\\_Trends\\_2018\\_FINAL.pdf](https://www.fooddrinkeurope.eu/uploads/publications_documents/FoodDrinkEurope_Data_and_Trends_2018_FINAL.pdf)

**Table 14: Comparison of the share of intra-EU sales for GIs and total food and drink sector (2017)**

	Sales value under GI (Million EUR)	% sales of intra EU market for GIs/TSGs	% sales on intra EU market for total food and drink sector
FR	26 819	15%	15%
IT	15 758	26%	15%
DE	8 672	8%	24%
UK	7 698	28%	11%
ES	6 166	18%	17%
PT	1 847	23%	19%
NL	1 577	42%	53%
<b>EU 28</b>	<b>68 537</b>	<b>20%</b>	<b>25%</b>

Based on data from AND-I for DG AGRI (<sup>93</sup>) and FoodDrinkEurope (<sup>94</sup>)

**Sub question 4: To what extent has the legal framework been effective in ensuring reliable information to consumer?**

- ***Judgement criterion 1.5: Information on the characteristics of the products is available for consumers***

**Conclusion of the judgement criterion**

As detailed in ESQ 3, a large amount of information on GI/TSG is available for consumers on history, origin, inherent characteristics, and processing methods of the products (based on desk research). However, the effectiveness and relevance of the communication method is questionable as the awareness of EU schemes remains limited in several MS (based on consumer survey).

**Indicator 1.8: Mapping of the information available on GI/TSG for consumers**

The reasoning, analysis, and results on this indicator are developed in ESQ 3.

<sup>93</sup> Based on data from *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](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)

<sup>94</sup> [https://www.fooddrinkurope.eu/uploads/publications\\_documents/FoodDrinkEurope\\_Data\\_and\\_Trends\\_2018\\_FINAL.pdf](https://www.fooddrinkurope.eu/uploads/publications_documents/FoodDrinkEurope_Data_and_Trends_2018_FINAL.pdf)

- **Judgement criterion 1.6: Consumers have a true and fair view of the products covered by GIs and TSGs**

#### **Conclusion of the judgement criterion**

Based on the consumer survey, the awareness on GI/TSG schemes varies greatly among MS. It is medium to high in Italy, France and Spain (MS with a longer GI tradition and numerous registered names). It is very low in some other MS (HU, NL) where the GIs number is more limited.

Nonetheless, when GI/TSG schemes are recognized by consumers, key concepts of the schemes tend to be understood: PDOs and PGIs tend to be associated to a geographical area and TSGs tend to be associated to a traditional recipe. However, the detailed meaning is not fully understood by consumers and some confusion remains to perceive the difference between PDO, PGI and TSG.

#### **Indicator 1.9: Knowledge and understanding of GIs/TSGs by consumers**

As detailed in ESQ 3, the awareness of the EU quality schemes is low in several MS. Consumers being more aware of national or regional schemes than the EU quality schemes, except in Italy. Furthermore, a confusion may occur for the final consumers between the different PDO, PGI, and TSG labels.

Based on the consumer survey, when GIs and TSGs schemes are recognized, some key features tend to be understood by consumers:

- 59% of people associate TSGs to "traditional product" (34% for PDO and 29% for PGIs);
- 51% to 57% of the consumers associate PDOs and PGIs with a "link to a geographical area".

However, their meaning is not fully understood by consumer:

- 32% of consumers associate TSG to a specific area of production (while there is no geographical area for TSGs);
- Only 22% to 24% of the consumers associates PGIs and PDOs with a specific know-how (36% for TSGs);
- Only 33% of the consumers associate PGIs with guarantee on the methods of production (41% for both PDOs and TSGs).

In addition, some confusion exists regarding the schemes: 40% of the consumers do not perceive difference between PDO and PGI and 34% do not perceive difference between PGI and TSG.

**Sub question 5: To what extent has the legal framework been effective in securing fair return for farmers and producers?**

- **Judgement criterion 1.7: GI/TSG scheme have a positive impact on price premium and sales value**

**Conclusion of the judgement criterion**

Findings from CS, PGs survey, and desk research underline the existence of a price premium for GIs and TSGs. The level of price premium may vary significantly from one product to another depending on the economic environment of the product and the strategy implemented by operators, about half of the GIs/TSGs (51%) get a high price premium (over 100% price premium) <sup>(95)</sup>.

The GIs and TSGs sales value has increased 1.5 times more than the total food and drink sector from 2010 to 2017. However, this growth is not systematic for GIs (64% of them grew in terms of sales value over this period) <sup>(96)</sup>.

**Indicator 1.10: Price premium for products under GI/TSG**

As detailed in ESQ 2, in 2017, the sales value of GI/TSG products was on average 2.07 times higher than the sales value for comparable standard products (same category of product, without GI/TSG). Based on data from 2019 study <sup>(97)</sup>, price premium may vary significantly from one product to another, it is considered as low for 14% of the GIs/TSGs (below 10%) and considered as important (above 100%) for 51% of the GIs/TSGs.

**Indicator 1.11: Evolution of sales value under GI/TSG compared to non-GI/TSG market**

As detailed in ESQ 2, in comparison with the whole European food and drink sector, the GIs and TSGs sales value has increased 1.5 times more from 2010 to 2017. This growth is not systematic for GIs, the sales value of about two thirds of the GIs (64% of the GIs) increased between 2010 and 2017, it remained stable for 3% of them and decreased for one third (33%).

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<sup>95</sup> 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-specialties-guaranteed-tsgs\\_en](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-specialties-guaranteed-tsgs_en)

<sup>96</sup> Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs), AND-I for the DG AGRI, 2019

<sup>97</sup> Based on data from Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs), AND-I for the DG AGRI, 2019

**Indicator 1.12: Opinion of producers, wholesalers, processors, and retailers concerning the GI registration contribution to the price premium at farm gate, ex-factory, and at retail stage**

Based on PGs survey, GI registration is considered to result in an improvement of prices:

- at final product stage by 56% of the respondents,
- at agricultural stage by 55% of the respondents.

Moreover, operators interviewed in the context of CS also pointed out that the level of sales volumes is not always related to the GI/TSG scheme itself, and can depend on the climatic conditions of production, and their impact of production volumes.

- **Judgement criterion 1.8: GIs and TSGs have contributed to increase farmer's income**

**Conclusion of the judgement criterion**

The analysis is based:

- FADN: comparison of farms involved in GI production and farms involved in non-GI production in seven MS where data for both GI and non-GI were available.
- CS and desk research: analysis of the profitability of the production of GIs/TSGs products compared to the profitability of the production of comparable non-GI/TSG products (comparable products being same type of product, without GI or TSG, produced in the same area or in neighbouring area).
- PG survey: PG provided opinion on the impact of GI/TSG registration on income.

As detailed in ESQ 4, the evidences tend to suggest a positive impact of GI on farmers income, even if these results are not systematic (positive impacts observed in more than half of the cases). The context of each value chain plays an important role, and not solely the registration under GI. Main conclusions are as follows:

- FADN analysis shows a clear advantage of GI even if we observe some differences among MS: 1) there is a clear advantage for GI in Italy, Spain and Portugal, while 2) there is an advantage for non-GI in Romania and Hungary and 3) the results are mixed in Bulgaria and Greece.
- Specific studies in the French dairy and poultry sectors show higher incomes or net margins for farmers in the GI schemes compared to non-GI.
- Based on CS and desk research (28 cases) in more than half of the cases, higher income for stakeholders involved in GI value chains compared to non-GI value chains are observed.
- More than half of PGs (electronic survey) consider that GI registration has a positive impact on income or prices.

**Indicator 1.13: Comparison of farmer income involved in GIs/TSGs supply chain and comparable supply chains without GI/TSG**

The reasoning, analysis, and results on this indicator are developed in ESQ 4 (judgement criteria 4.1).

### 7.1.2 ESQ 2 – Contribution to a fair distribution of benefits

**ESQ 2 - To what extent has EU quality policy for GIs and TSGs contributed to a fair distribution of benefits within and along the value chain, including:**

- **to increasing the market share in domestic and export markets, as well as in e-commerce;**
- **to creating a competitive advantage for producers.**

#### **Conclusion of the ESQ**

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, CS and desk research. The main limits related to the analysis are: the answers from surveys are based on opinions and the number of cases covered by CS and desk research is limited and is not representative of the 3 286 GIs/TSGs registered at EU level.

#### **Sub question 1 - Increase of market share**

Based on data from the 2019 study for DG AGRI and FoodDrinkEurope (<sup>98</sup>), the sales under GI/TSG increased more rapidly than the whole food and drink sector over the period 2010-2017. This trend is observed at both EU and extra-EU levels. The growth is not systematic for all GIs, the sales value of 64% of the GIs grew over the period 2010-2017, it remained stable for 3% and decreased for 33%.

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<sup>98</sup> 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-tsqs\\_en](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-tsqs_en) and FoodDrinkEurope - [https://www.fooddrinkeurope.eu/uploads/publications\\_documents/FoodDrinkEurope\\_Data\\_and\\_Trends\\_2018\\_FINAL.pdf](https://www.fooddrinkeurope.eu/uploads/publications_documents/FoodDrinkEurope_Data_and_Trends_2018_FINAL.pdf)

### **Sub question 2 - Competitive advantages**

Several competitive advantages may result from a GIs/TSGs policy:

- Price premium: according to DG AGRI study (<sup>99</sup>) and CS, a price premium is observed in most cases but is not systematic (price premium is based on comparison with standard product without GI/TSG,); the importance of the premium varies depending on the case;
- Profitability: according to PG survey, in at least 50% of the cases, the registration under GI has an impact on income of farmers or processors (52% of the cases for farmers and 54% for processors);
- Awareness: the EU logos, acronyms, and concepts are well known in some MS and not in other MS; some national/regional schemes receive a greater awareness than GIs/TSGs in several MS;
- Prices stability tends to be higher in the GI value chains than in others, due to markets being structured at local level or to long term contracts;
- Land prices: based on CS, land value tends to rise in GI wine producing areas;
- Quality management: based on CS and PG, the implementation of GIs/TSGs is a driver for the improvement of quality management.
- Tourism: strong relationships exist between GI and tourism in many GI areas.

### **Sub question 3 - Fair distribution of benefits**

Based on CS, we observe that farmers and/or processors involved in a GI marketing chain tend to enjoy a better share of the final added value. In some other cases, exporters are those who receive the larger profits. An increase of bargaining power for the upstream sector may be observed because of the implementation of the GI/TSG schemes, but this is not systematic. This depends on the context of establishment of the GI/TSG, the targeted market, the governance and the content of the PS.

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<sup>99</sup> Based on data of GI/TSG and non-GI/TSG from the *Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs)*, AND-I for the DG AGRI, 2019

### 7.1.2.1 Background and methodological approach

- **Interpretation and comprehension of the key terms**
- **Competitive advantage** is a favourable position a business holds in the market which results in more customers and profits. It is what makes the brand, product, or service to be perceived as superior to the other competitors. Two types of competitive advantage are usually distinguished: on the one hand lower production costs that allow to choose an aggressive pricing policy, on the other hand, specific characteristics of the product that allow to sell it with a high price.
- **Distribution of benefits along the value chain:** this term refers to the distribution of the value created by the GIs and TSGs along the marketing chain between farmers, processors, wholesalers, and retailers. A fairer distribution results from a more balanced bargaining power (the ability for an economic actor to discuss the price and commercial conditions) between all stakeholders, especially a reinforcement of the farmers' position and less power to the mass retailing companies.
- **Sub questions, judgement criteria, indicators and sources**

There are three sub questions in this ESQ. The evaluation matrix is developed in the following table. The sources for this ESQ are CS, PGs survey, consumer survey, answer from ESQ 4 and desk research.

**Table 15: Evaluation matrix for ESQ 2**

Sub-questions	Judgement criteria (JC)	Indicators (I)
Sub question 1: to what extent has EU quality policy for GIs and TSGs contributed to increasing the market share in domestic and export markets	<ul style="list-style-type: none"> <li>• JC 2.1: GI market shares have increased during the analysis period</li> </ul>	<ul style="list-style-type: none"> <li>• I 2.1: Evolution of sales volume and value under GI/TSG compared to the whole market</li> <li>• I 2.2: cases studies' findings about changes in sales value.</li> </ul>
Sub question 2: to what extent has EU quality policy for GIs and TSGs contributed to creating a competitive advantage for producers	<ul style="list-style-type: none"> <li>• JC 2.2: Producers and processors obtain significant competitive advantages under GI implementation: price premium, price stability, profitability, awareness, assets.</li> </ul>	<ul style="list-style-type: none"> <li>• I 2.3: Price premium for products under GI/TSG</li> <li>• I 2.4: Opinion of producers, wholesalers, processors and retailers on the role of the GI/TSG for price premium and/or the level of sales volume</li> <li>• I 2.5: There is a significant awareness of GIs/TSGs logos, acronyms and names, these are signals for consumers on the market.</li> <li>• I 2.6: Price stability and long-term contracts</li> <li>• I 2.7: Profitability of farm holdings involved in GIs/TSGs compared to other comparable holdings</li> <li>• I 2.8: Other benefits (land price, tourism attractivity)</li> </ul>
Sub question 3: to what extent has EU quality policy for GIs and TSGs contributed to a fair distribution of benefits within and along the value chain	<ul style="list-style-type: none"> <li>• JC 2.3: Producers and processors enjoy a better profit distribution along the chain and implement better value chain governance</li> </ul>	<ul style="list-style-type: none"> <li>• I 2.9: Share of benefit by type of stakeholders and evolution of this share</li> <li>• I 2.10: Description of the value chain governance: bargaining power</li> </ul>

- **Methodological approach and limits**

Main limit is due to the representativeness of the analysis. On the one hand, data from general studies (study on value of GIs, data from FoodDrinkEurope, ...) provide aggregated and average results covering the whole scope, on the other hand, CS and desk research provide few individual results.

### 7.1.2.2 Analysis

**Sub question 1: to what extent has EU quality policy for GIs and TSGs contributed to increasing the market share in domestic and export markets**

- **Judgement criterion 2.1: GI market shares have increased during the analysis period**

**Conclusion for Sub question 1 and judgement criterion 2.1: evolution of sales under GI/TSG**

The sales under GI/TSG increased more rapidly than the whole food and drink sector over the period 2010-2017. This trend is observed at both EU and extra-EU levels.

Based on 2019 survey for DG AGRI <sup>(100)</sup>, more than three quarters (76%) of the increase observed between 2010 and 2017 for GIs (+37% growth, EUR 20.2 billion increase) were due to the increase of already existing GIs, about one quarter (23%) was due to newly registered GIs and 1% due to the integration of Croatia in the scope.

Based on individual data from each GI/TSG registered between 2010 and 2017 <sup>(101)</sup>, we observe a growth in value for 64% of the GIs (stable for 3% of the GIs and decrease for 33%) and a growth in volume for 46% of the GIs (stable for 5% and decrease for 49%). This shows that the increase of sales value for about two third of the GIs is due to an increase of price more than an increase of sales volume.

Based on the CS, some positive trends for GIs/TSGs (compared to the average trends of the markets) were observed in 13 cases among 17.

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<sup>100</sup> 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/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

<sup>101</sup> Based on data from 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/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

## **Indicator 2.1: Evolution of sales volume and value under GI/TSG compared to the whole market**

**Whole Food and drink sector:** The total sales of GIs has increased by 37% from 2010 to 2017 and reached EUR 74.8 billion in 2017. In comparison with the whole European food and drink sector, the GIs sales value has increased 1.5 times more from 2010 to 2017 (+25% for the total food and drink sector versus +37% for GIs).

Based on 2019 survey for DG AGRI (<sup>102</sup>), more than three quarters (76%) of the increase observed between 2010 and 2017 for GIs were due to the increase of already existing GIs (mainly French and Italian wines, French spirit drinks), about one quarter (23%) was due to newly registered GIs and 1% due to the integration of Croatia in the scope

**Internal market :** Concerning the sales value of GIs on the intra EU market (domestic sales and export on the intra-EU market), the sector reached EUR 57.8 billion in 2017, which is a 32% growth from 2010 to 2017. Over the same period, the sales of the EU food and drink sector on intra-EU market grew by 21% (<sup>103</sup>). The GI sector has progressed 1.5 times more than the whole EU food and drink sector.

**Extra-EU trade:** Concerning trade with non-EU countries, the progression of sales has also grown, but to a more limited extent for GIs in comparison with the whole exports of food and drink products. The total sales value of GIs reached EUR 17 billion in 2017, which is a 57% growth from 2010. Over the same period, exports of the whole food and drink sector increased by 69%. The share of GIs and TSGs in the total exports decreased by 1.2 point to 15.4% of the total export value.

The dynamic of exports has evolved differently by type of products. GI wines and all wines have progressed to a comparable extent (+75% for all wines from 2010 to 2017, and +70% for GI wines). Concerning spirit drinks, exports of the whole sector increased more than the GI sector from 2010 to 2017 (+70% vs +42%). On the contrary, exports of agri-food-GI progressed 1.3 times more than the whole agri-food sector exports.

The exports opportunities fostered by the implementation of EU quality schemes have also been mentioned in the context of CS. Operators involved in the production of the PDO Ribera del Duero indicated that the growth of sales has mostly come from export market, especially extra-EU markets, which represented 12% of sales volume of PDO Ribera del Duero in 2019. In addition, exports opportunities provided by the GI logo is the main incentive to get involved for small Bavarian Beer PDO producers, as exports have increased by 200% from 2001 to 2020. As a matter of fact, small producers consider that the PDO certification allows better export opportunities. Producers involved in the production of the PDO Tokaj/Tokaji also pointed out that export operators tend to take a better benefit from the schemes, with growing sales in extra-EU markets.

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<sup>102</sup> 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/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

<sup>103</sup> Estimate based on the total sales of the EU food and drink sector (from FoodDrinkEurope) and Eurostat data on export.

**E-commerce:** Concerning the evolution of GIs and TSGs sales by e-commerce, there is **no general information** available. Yet, in the context of the CS PDO Ribera del Duero, the PG indicated that more and more wine producers create their online sales stores.

Wine sales through e-commerce is a fast-growing market, for example it was studied in France in 2018 (<sup>104</sup>). This case is interesting as the French wine market is essentially based on GI wines. It was shown that wine e-sales take 9% to 10% of market share in retail sales in France, for an estimated EUR 500 million value. Wine sales through this distribution channel grew at a yearly 30% yearly rate during the 2008-2015 period, but it is now entering into a maturity stage with 7% yearly growth, as the number of commercial websites offering wine is reducing (only 20 out of 96 are still growing) and as the market share of drive stores developed by big retailing companies is growing. E-sales are based on huge investments (technology, stocks, logistic, communication) that are real barriers to entry and that limit the number of successful companies on this market' segment; market is shared between 7 types of operators (including wine pure players and general players such as Amazon but also marketplaces and online auctions). Producers direct sales are even mentioned in this study. To conclude authors state that the delivery system and cost is one of the key factors in the future, that is why general and specialized physical retailers develop their digital systems and why pure digital players create physical selling points.

French public body INAO published a report on the sales of GI cheese and dairy products in 2017 (<sup>105</sup>). It stated that online sales hold a 3% market share for PDO cheese and a 5.1% market share for non PDO products. One can also note that traditional specialized shops ("fromagers") hold a 12.4% market share for PDO products, versus 4.7% for non PDO cheeses.

In Italy, ISMEA and Qualivita published in 2018 (<sup>106</sup>), a first analysis of the presence of PDO/PGI messages on the web (not an analysis of any commercial activity, but more a web tracking of Italian GIs. 64 million messages were recorded. 61% of the Italian GIs have a web site (+22% in one year) and 52% have an official social profile (+ 60% in one year)). Internet users are numerous to mention Italian GIs, especially on the Instagram network, well suited to send pictures. Outside Italy, American, British, Brazilian, German and Canadian people are those who talk about Italian GI the more frequently. Parmigiano Reggiano DOP, Prosciutto di Parma DOP, Grana Padano DOP, Prosecco DOP, Chianti DOP and Barolo DOP are the most popular among the Italian GI products.

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<sup>104</sup> La commercialisation du vin par internet en France – Janvier 2020 – FranceAgriMer.

<sup>105</sup> Chiffres clés 2017 des produits sous signe de la qualité et de l'origine. Produits laitiers AOP - IGP version de juin 2019.

<sup>106</sup> <http://www.ismea.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/10497>

### **Share of GIs/TSGs which has increased**

Based on the individual data from the DG AGRI study on the value of GI/TSG (<sup>107</sup>), the sales volume has increased for 46% of the GIs, remained stable for 5% and decreased for 49% (period: 2010-2017). Regarding sales value, 64% of the GIs showed an increase of sales, 3% remained stable and 33% decreased. This shows that the increase in sales value is due to an increase of price in several cases. TSGs results (based on 27 TSGs for which data were available from 2011 to 2017) are less positive: 37% recorded a sales value development and 52% of TSGs for sales volume. The table hereunder shows differences between the GIs categories and TSGs.

**Table 16: Share of GI/TSG products in the evolution of sales volume and value**

<b>Volume</b>	<b>Increase</b>	<b>Stable</b>	<b>Decrease</b>
<b>GIs (2010-2017)</b>	<b>46%</b>	<b>5%</b>	<b>49%</b>
<i>GI Agri-food products</i>	51%	7%	42%
<i>GI Wines</i>	42%	2%	54%
<i>GI Spirit drinks</i>	51%	15%	34%
<b>TSGs (2011-2017)</b>	<b>52%</b>	<b>37%</b>	<b>11%</b>
<b>Value</b>	<b>Increase</b>	<b>Stable</b>	<b>Decrease</b>
<b>GIs (2010-2017)</b>	<b>64%</b>	<b>3%</b>	<b>33%</b>
<i>GI Agri-food products</i>	59%	3%	38%
<i>GI Wines</i>	67%	2%	31%
<i>GI Spirit drinks</i>	62%	6%	32%
<b>TSGs (2011-2017)</b>	<b>37%</b>	<b>19%</b>	<b>44%</b>

Source: data from the Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs) (AND-I for the DG AGRI, 2019)

<sup>107</sup> Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs), AND-I for the DG AGRI, 2019 - <https://op.europa.eu/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

## Indicator 2.2: cases studies' findings about changes in sales value

Among the 17 CS: sales' growth rates are faster than the average growth' rate of the market for 10 CS, positive aspects (without figures) were observed 3 times, there were no impact in 2 cases, and we have no data for the remaining 2 CS. This indicate (but not demonstrate) that GIs' overall faster growth is not only caused by the number of new GIs but also by a quick development of most GIs.

**Table 17: Changes in sales value (CS)**

	<b>PDO / PGI</b>	<b>Changes</b>
<b>CZ</b>	Spišské pářky TSG	Huge growth (x4.74 between 2011 and 2018)
<b>CZ</b>	PDO Źitavská pepper	Not available
<b>DE</b>	Salate von der Insel Reichenau, Feldsalat von der Insel Reichenau, Tomaten von der Insel Reichenau, Gurken von der Insel Reichenau Reichenau	No impact
<b>DE</b>	Bayerisches Bier	Production level is stable, resulting from decreasing sales in Germany, but rising sales abroad, thanks to PGI label and name protection
<b>ES</b>	Cordero Manchego	PGI give access to some distribution channels
<b>ES</b>	Jabugo	Little impact
<b>ES</b>	Ribera del Duero	Important impact on volumes and prices
<b>FR</b>	Beaufort	Sales grew by 18% over the past ten years (6 time faster than the French cow cheese production)
<b>FR</b>	Côtes du Rhône	Collective strategy helped in solving the 2000's crisis
<b>FR</b>	Pays d'OC	Huge growth: +9% in volume +64% in value between 2011/2018
<b>HU</b>	Pálinka	EUR 47 million Volume doubled between 2010 and 2018
<b>HU</b>	Tokaj / Tokaji	limited growth in 2019 vs 2018, due to higher prices and lower volumes
<b>IT</b>	Basilico Genovese	PDO Scheme is highly positive (volume and price)
<b>IT</b>	Dauno (olive oil)	Sales stabilisation (PDO failed in "establishing itself", but "helped in entering new markets")
<b>IT</b>	Langhe	Turnover grew in the last decade even if the volume did not grow. Grape value increased by 20% in the last ten years
<b>IT</b>	Speck Alto Adige	+17% value and + 20% volume between 2010 and 2018 - Price is 2% lower in the period
<b>NL</b>	Gouda Holland	Not available

Source: CS

**Sub-question 2: to what extent do GI/TSGs provide competitive advantages?**

- **Judgement criterion 2.2: Producers and processors obtain significant competitive advantages under GI implementation: price premium, price stability, profitability, awareness, assets**

**Conclusions of sub question 2 and judgement criterion 2.2**

**Limits.** The conclusions of this sub-question are based on several sources, both qualitative and quantitative. The main sources are PG survey with 474 answers, FADN analysis in the wine sector, CS and desk research. There are some limits for the analysis: the comparison of price premium is based on the comparison of average price between GI/TSG and non-GI/TSG products but several external factors may explain the differences, the answers from surveys are based on opinions and the number of GIs/TSGs covered by CS and desk research is limited and not representative of the 3 286 GIs/TSGs registered at EU level.

**Conclusions.** All indicators show that, most of the time, to varying degrees, actors involved in GIs marketing chains get competitive advantages.

**Price premium:**

- based on 2019 study for DG AGRI <sup>(108)</sup>, we observe a price premium for GI products, we observe that the scale of the price premium is variable from a type of product to another ("price premium" is the positive difference between GIs products prices and non GIs products prices).
- This is confirmed by CS (price premium observed in 11 CS among 17, no price premium observed or no data available in 6 CS) and PG survey (55% of PGs indicated that the GI/TSG registration had an impact on agricultural prices).

**Profitability:**

- FADN data show that there is a clear advantage for GI in Italy, Spain and Portugal, while there is an advantage for non-GI in Romania and Hungary. The results are mixed in Bulgaria and Greece.
- PG survey, CS and desk research show that in about half of the cases, there is a higher profitability at farm or processing stage.

**Consumer awareness.** The level of awareness of the GI and TSG schemes is variable (higher MS with an older GI practice (FR, IT, ES) and very low in some MS, especially NL and HU); nevertheless, some protected names are well-known by consumers.

**Indicator on price stability.** The analysis shows a lower price variability in the GI sector, in comparison with the non-GI sector (even if this is not observed for all GIs). Based on CS and desk research, this is due to a better structuring of the value chain at the local level, compared to markets of international commodities. In addition, long-term contracts have been implemented in some GI value chains, increasing price stability.

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<sup>108</sup> "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/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

**Land prices.** In all the wine producing areas studied in the context of CS, land prices have increased in relation to the scarcity of the agricultural area in the protected area, compared to the demand. This phenomenon has not been observed in other sectors.

**Quality management.** An improvement of quality management may be observed in GI/TSG value chain, based on CS and PG survey. This is in line with the demand from downstream stakeholders, in particular large-scale retail.

**Tourism** (see ESQ 4). A strong relationship between GI production and marketing and tourism industry exists in many areas.

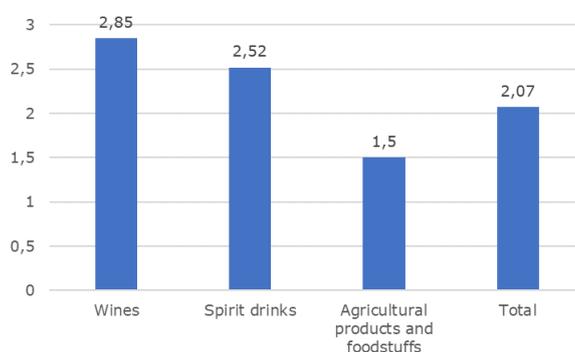
### Indicator 2.3: Price premium for products under GI/TSG

When products under GI/TSG are sold at a higher price than comparable product without GI/TSG. Price premium does not mean a higher profitability, however, a price premium can lead to higher margins or better commercial position. For instance, according to the PDO Dauno CS, the PG indicated that additional costs induced by the implementation of the quality scheme (costs of control, costs of complying with production rules) were aligned with the price premium. In this case, the advantages are firstly that price premium covered the extra expenses and secondly that the higher quality (linked to extra expenses) allowed producers to enter new markets.

Price premium is a competitive advantage as it allows GI/TSG producers and marketers to engage extra cost, in order to ensure the quality level and the respect of the GI/TSG specifications. Even when the price premium only covers the extra costs, the competitive advantage relies in the sales opportunities, with a differentiated product on the market (mid-range or high-end products).

The average value premium rate (<sup>109</sup>) for GI products was estimated in 2017 at 2.07, indicating that in average the sales value of GI products was 2.07 times higher than the corresponding sales value at the price of comparable non-GI products. The value premium rates differ according to the category of product, from 1.5 for agri-food products up to 2.85 concerning wines.

**Figure 14 : Value premium rate for GIs by sector (2017)**



<sup>109</sup> Value premium rate is the aggregation of the price premium of each GI, weighted by the volume marketed.

Source: own elaboration 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

The value premium for GI and TSG products was estimated at EUR 39.9 million in 2017 <sup>(110)</sup>. Wines accounted for 64% of the value premium (EUR 25.6 billion), agricultural products and foodstuffs for 20 % (EUR 8.1 billion) and spirit drinks for 16% (EUR 6.2 billion).

Beyond these aggregated data, the price premium for each single GI/TSG may highly differ. To illustrate this situation, the following table details the number of GIs and TSGs according to their level of price premium.

**Table 18: Number of GIs/TSGs by range of price premium (2017 data)**

	Price premium					
	10% or less	11% to 50%	51% to 80%	81% to 100%	101% to 200%	201% or more
<i>GI - Agri-food products</i>	26%	18%	16%	6%	14%	20%
<i>GI - Wines</i>	5%	10%	12%	11%	24%	36%
<i>GI - Spirit drinks</i>	30%	10%	7%	6%	22%	25%
<b>GI - Total</b>	<b>14%</b>	<b>13%</b>	<b>13%</b>	<b>9%</b>	<b>21%</b>	<b>30%</b>
<b>TSG - Agri-food products</b>	<b>32%</b>	<b>21%</b>	<b>0%</b>	<b>0%</b>	<b>32%</b>	<b>16%</b>
<b>GI/TSG - Total</b>	<b>14%</b>	<b>13%</b>	<b>13%</b>	<b>9%</b>	<b>21%</b>	<b>30%</b>

N = 2 557 for GIs and N = 19 for TSGs

Source: own elaboration 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

The percentage of price premium is the ratio between a GI/TSG price in comparison with a standard product. A high percentage indicates an important price for a GI/TSG in comparison with a comparable non-GI/TSG products.

Concerning agri-food products under GI, 26% of the GIs registered in 2017 show a limited price premium, of less than 10%. About a third (34%) of GIs benefit from an important price premium, ranging above 101%. The situation varies significantly:

- price premium of 101% or more concern all GIs/TSGs for essential oils and natural gums;
- price premium is above 101% for more than half of the GIs registered in the following sectors: bread, pastry, cakes, confectionary, biscuits and other baker's wares (68% of the GIs of the category), other products of Annex I of the Treaty (56%);
- price premium ranges from 11% to 100% for a large share of the GIs in the following sectors: oils and fats (58%), cheeses (46%) or meat products (38%);
- low price premium (10% or less) for a large share of the GIs in the following sectors: beers (44%) and fresh meat and offal (52%).

<sup>110</sup> "Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs)", AND-I for the DG AGRI, 2019

In the wine sector, 60% of the GI show a price premium of 101% or more. The share of GIs with a price premium below 5% is limited (only 5%).

For spirit drinks GIs, the distribution of price premium is concentrated at both limited level (30% of GIs with a price premium ranging from 10% or less) and high level (47% ranging above 101%).

Considering TSGs, 32% of the products show a price premium of 10% or less, and 48% benefit from a price premium of 101% or more.

This variability is validated by the study on assessing the added value of PDO and PGI products (<sup>111</sup>), which concluded that in most situations a price premium is observed. In addition, the study underlines the important variability of this price premium.

Findings from the PG online survey underlined the potential of competitive advantage provided by the implementation of GI and TSG schemes. When asked about the impact on prices of the implementation of GI/TSG schemes, 55% of the PGs indicated that GIs and TSGs contribute to an increase of prices at farm gate (55% agree or somewhat agree) and for the final products (56% positive answer). 10% and 12% of PGs considered that the implementation of GI and TSG schemes does not contribute to the increase of prices at farm and consumer stages. These results confirm the trend of price premium observed in the study on the economic value of EU quality schemes of GIs and TSGs.

In addition, the PGs survey underlines that the potential of increase of prices of GI products is an incentive to get involved in the EU quality schemes for 73% of the respondents. Based on the CS, a price premium was observed in eleven cases, from +4% (Cordero Manchego) to +159% for Côtes du Rhône Village PDO at farm stage.

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<sup>111</sup> Areté, Directorate-General for Agriculture and Rural Development (European Commission), Study on assessing the added value of PDO/PGI products, EU publications, 2013 - [https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cmef/products-and-markets/assessing-added-value-pdo-pgi-products\\_en](https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cmef/products-and-markets/assessing-added-value-pdo-pgi-products_en)

**Table 19: Price premium recorded in the CS**

Products	Scheme	Price premium		
		Farm stage	Processing stage	Retail stage
Spišské párky	TSG	no price premium	no data	no data
Salate von der Insel Reichenau, Feldsalat von der Insel Reichenau, Tomaten von der Insel Reichenau, Gurken von der Insel Reichenau	PGI	no price premium	no price premium	no price premium
Jabugo	PDO	around 30 euro/animal	10-20%	10-20%
Ribera del Duero	PDO	no data	67%	no data
Corero Manchego	PGI	4,00%	4%	5.6%
Beaufort	PDO	95%	+17 EUR/kg	144%-211%
Côtes du Rhône	PDO	112% (Côte du Rhône) 159% (Côtes du Rhône Village)	no data	106% (Côte du Rhône) 483% (Croze Hermitage)
Pays d'Oc	PGI	28%	no data	114%
Tokaj/Tokaji	PDO	no data	192%	no data
Dauno	PDO	10-15%	20-25%	no data
Speck Alto Adige/Südtiroler Markenspeck/Südtiroler Speck	PGI	no data	no data	67-88%
Basilico Genovese	PDO	375-500%	no data	no data
Langhe	PDO	no data	no data	no data
Gouda Holland	PGI	no information	no information	no information
Bayerisches Bier	PGI	not relevant (*)	10%	10%
Genièvre	GI	not relevant	no price premium	no price premium
Pálinka	GI	not relevant	not relevant	not relevant

Source: CS

(\*) not relevant because there is no specification at farm stage

CS also underlined that there was no price premium in some situations, or it was not possible to calculate a price premium because of the absence of comparable products. For instance, all fruit spirits in Hungary are involved in a GI quality scheme, so there is no comparison possible between the Pálinka GI spirit and a comparable non-GI product.

The literature available on the topic of price premium allows to provide a general assessment on the contribution of the European quality schemes on price premium.

The study on the assessment of the social, environmental and economic sustainability of quality schemes (<sup>112</sup>) provides a series of price premium analyses for GI products. In almost each case, a price premium is observed, the exception being the PGI Dalmatinski pršut.

<sup>112</sup> Report on assessment of the social, environmental and economic sustainability of food quality schemes, Strength2Food, February 2019. - internet link?

**Table 20: Price premium from desk research**

GI Product	MS	Type of product	Price premium		
			Farm stage	Processing stage	Retail stage
PDO Comté	France	Cheese	29%	73%	84%
PDO Parmigiano Reggiano	Italy	Cheese	6.5%	61%	24%
PDOs olive oil: Šoltansko maslinovo ulje, Korčulansko maslinovo ulje, Krčko maslinovo ulje, Ekstra djevičansko maslinovo ulje Cres	Croatia	Oil		0%	90%
PDO Mila Zagoras Piliou	Greece	Fruit and vegetable	23%	74%	
PDO Kalocsai fűszerpaprika-őrlemény	Hungary	Spice	130%	69%	47%
PDO Opperdoezer Ronde potatoes	Netherlands	Fruit and vegetable	no data	no data	no data
PDO Moules de bouchot de la Baie du Mont-Saint-Michel	France	seafood	20%	20%	20%
PDO Phu Quoc	Vietnam	seafood	6%	131%	no data
PGI Dalmatinski pršut	Croatia	Meat and meat product	no data	no data	no data
PGI Sobrasada Porc Negre	Spain	Meat and meat product	78%	125%	no data
PGI Ternero de Aragon	Spain	Meat and meat product	15%	15%	15%
PGI Milo Kastorias	Greece	Fruit and vegetable	100%	100%	100%
PGI Truskawka kaszubska / Kaszëbskô malëna	Poland	Fruit and vegetable	20.5%	no data	no data
PGI Buon Ma Thuot coffee	Vietnam	Spice	no data	no data	no data

Source: Report on assessment of the social, environmental and economic sustainability of food quality schemes, Strength2Food, February 2019.

The price premium is higher at upstream stages in some cases (Kalocsai fűszerpaprika-őrlemény PDO or Côte du Rhône PDO (<sup>113</sup>)), higher at downstream stages (Comté PDO, Parmigiano Reggiano PDO, Mila Zagoras Piliou PDO, Pays d’Oc PGI (<sup>114</sup>)) and equal at the different stages of the value chain (Moules de bouchot de la Baie du Mont-Saint-Michel PDO, Ternero de Aragon PGI, Milo Kastorias PGI).

<sup>113</sup> Based on CS, the price premium at farm stage for Côtes du Rhône is 112% while it is 106% at retail stage (Comparison of bulk price at agricultural stage and retail price from panel at retail stage).

<sup>114</sup> Based on CS, the premium at retail stage for PGI Pays d’Oc ranges from 10% for rosé with two varieties to 43% for white wine with Chardonnay (17% for white wine Sauvignon, 35% for red wine Merlot, 39% for red wine Cabernet), based on panel data at retail stage.

**Indicator 2.4: Opinion of producers, wholesalers, processors and retailers on the role of the GI/TSG for price premium and/or the level of sales volume**

According to PGs, the implementation of GI/TSG schemes has contributed to an increase of price at agricultural stage (for 52% of PGs). For 55% of PGs responding to the online survey there is a direct relation between GI/TSG schemes and an improvement in prices at agricultural stage. Moreover, it is considered by 73% of the PGs that the potential increase in prices is a major incentive to get involved in the production of a GI (based on PGs survey).

Findings from CS confirm the opinion of producers on the impact of GI/TSGs scheme on the price premium and/or the level of sales volumes. The producer of the PDO Jabugo underlined that the introduction of the protected name "Jabugo" has allowed an increase in price premium at production stage.

The PDO Beaufort operators consider that the PDO scheme itself is not the central key of success of the PDO, but enabled achieving the objective of price increase for both farmers and cheese makers. Additionally, stakeholders involved in the production of PDO Tokaj/Tokaji underlined that the implementation of the PDO had a positive impact on both price and sales volumes, especially on the export markets. In the Côtes du Rhône area, the area of Sainte-Cécile was granted a few years ago the status of PDO "Côtes du Rhône Village" with indication of the name of the village; this allows a higher differentiation than "Côtes du Rhône" without any further indication. Based on stakeholder interviews, the volume marketed under the village name is increasing but the full potential has not been reached so far, but this does not only depend on the status of "PDO Village with indication of the name" and is highly related to the marketing strategy of the producers present in the area to develop specific markets in line with this new segmentation.

In the context of Gouda Holland PGI, stakeholders are quite balanced regarding the effect of the PGI on the market. The effect is very limited on the national market due to low demand for GI products and competition with non-PGI Gouda (consumers do not necessarily understand the difference between PGI and non-PGI Gouda). However, there may be an impact of the PGI on some export markets where the PGI is requested by clients.

Regarding the issue of volume, operators interviewed in the context of CS also pointed out that the level of sales volumes is not necessarily related to the GI/TSG scheme itself. It can depend on the climatic conditions of production, and their impact on production volumes. It is in particular true in the wine sector and outlined by operators involved in the production of the PDO Ribera del Duero and PGI Pays d'Oc. In the context of the production of GI wines, as for non-GI wines, the annual production may vary significantly. In addition, operators of the PDO Dauno outlined that the scheme has no effect on prices and sales volumes, as its reputation is still low, after a recognition in 1997.

Regarding the effect on price and volume, GIs/TSGs do not provide impact intrinsically, there are framework in which stakeholders implement their strategies (differentiation, long-term contract, etc.).

**Indicator 2.5: There is a significant awareness of GIs/TSGs logos, acronyms and names, these are signals for consumers on the market.**

As detailed in the descriptive chapter and in ESQ 3, according to the consumer survey, the level of knowledge of the logo and acronyms varies from a MS to another. Consumers from MS where GIs/TSGs have an important weight in the total GI sales value tend to have a better level of knowledge of the GI scheme (more than 30% awareness in IT, ES and FR). Consumers in HU and NL present the lowest levels of knowledge of the GI schemes.

Results show that in general, consumers are more aware of some national or regional labels than EU quality schemes logos.

We can observe low awareness and confusion between the different schemes by consumer; however, when they are recognized, they tend to be associated with the relevant guarantees (traceability, specific origin, traditional recipe...): when consumers know the EU concepts, they know their meaning.

There are large differences in terms of the protected names awareness, this is not correlated with the awareness of the schemes themselves: some protected names show very large awareness in their MS and not in other MS (see details in the descriptive chapter).

**Indicator 2.6: Price stability and long-term contracts**

An economic advantage for producers to get involved in the production of GIs or TSG can be a lower variability of prices in the sector. This relative stability can be the consequence of a self-managed market (in the situation of producers setting volumes of production for instance in conformity with EU rules) or a policy of long-term contracts allowing to guarantee a level of prices between producers and downstream operators.

Findings from CS underlined the development of long-term contracts for producers. The PG managing the PGI Pays d'Oc indicated the policy of the organisation to promote long-term contracts between wine producers and large-scale companies owning trade marks. For the PG, multi-annual contracts ensure a stable income for producers and avoid conjunctural difficulties linked to climatic hazard impacting the production. For producers of PDO Ribera del Duero, the long-term contracts between grape producers and winemakers is also promoted as a tool to guarantee benefits for winegrowers. The same situation has been indicated by the PG of the PDO Basilico Genovese where producers have contracted with the downstream sector to guarantee a level of price for a given volume. In addition, operators producing the PDO Jabugo pointed out that prices of PDO hams are more stable than comparable products without PDO. In Côtes du Rhône, long-term contracts are perceived by stakeholders as a way to better develop the value chain, however, the potential of these long-term contracts remains yet unexploited.

Literature also provides proof of the price stability induced by the EU quality schemes. In the context of PDO Chaource and PDO Epoisses, the implementation of quality schemes in addition with an efficient cost management policy, has allowed producers to increase the milk prices and protect themselves from price volatility in the milk sector (<sup>115</sup>).

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<sup>115</sup> *Les AOP, un atout pour la filière lait en zone de plaine, Observatoire des SIQO, Bourgogne-Franche-Comté, Agreste, 2020*

Yet, the potential advantage of long-term contracts is not systematically considered as a competitive advantage for all operators of the supply chain. In Hungary, producers of Pálinka indicated that long-term contracts between distillers and fruit producers are not common. Fruit production can vary significantly between years as the consequence of climate hazard and the fruit tree production cycles. Fruit producers ensure higher benefit in context of low production by selling to the fresh sector.

According to the PGs survey, 51% of the PGs consider that the GI schemes have contributed to the stability of the agricultural prices and market by reducing price volatility and developing long-term contracts. Plus, the potential increase of price provided by the implementation of a GI is an important incentive to get involved (quoted by 73% of the PGs).

The study on Price volatility and European food quality schemes (<sup>116</sup>) relies on the analysis of the price for PDO Parmigiano Reggiano, PGI Ternera de Navarra and PGI Cordero de Navarra. Findings show that in general, the magnitude of price volatility patterns is higher in conventional systems than in food quality schemes. In addition, the results of the study show the European food quality schemes play a role in the reduction of price volatility.

Moreover, a French study on milk prices (<sup>117</sup>) focused on the prices of milk for producers involved in the production of PDOs in Normandy area in France: PDO Camembert de Normandie, PDO Pont-L'Évêque and PDO Livarot. For these products, it has been observed that the implementation of a PDO premium has largely contributed to disconnect the price of PDO-milk from the price of a conventional milk. In this case, the price is freely determined between producers and processors, PDO price premium is a shared objective, because milk is not produced in standard condition (specified feeding and cow races). In the cheese sector PGs are allowed to decide to limit production volume, but it is not the case here as production is growing.

In addition, a study on GIs and price volatility dynamics (<sup>118</sup>) provides information on the Spanish lamb sector by comparing the PGI Cordero de Navarra and a comparable product. Main conclusions outline that PGI farmers are less impacted by volatility transmission compared with conventional markets. The study did not indicate any explanation for the phenomenon: the author states that a more stable price was linked to the PGI systems and products.

In the French wine sector, the analysis of the evolution of the annual farm price index (<sup>119</sup>) for GI-wines (Champagne not included) and non-GI wines shows that the absolute variability of the indices is more limited in the GI sector than in the non-GI sector (6.5% vs 9% from 2006 to 2019). The evolution of prices in the Italian wine sector (<sup>120</sup>) shows a

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<sup>116</sup> Price volatility and European food quality schemes, Strength2Food, 2018

<sup>117</sup> Dynamique des AOP laitières, FranceAgriMer, 2016

<sup>118</sup> H. Ferrer-Pérez, F. Abdelradi, J. M. Gil, *Geographical Indications and Price Volatility Dynamics of Lamb Prices in Spain*, Multidisciplinary Digital Publishing Institute, 2020

<sup>119</sup> IPPAP: Indice des prix à la production agricole, Agreste

<sup>120</sup> Source: ISMEA

similar trend with a higher variability of prices in the non-GI wine sector (6.4% vs 22.2% from 2014 to 2018).

However, findings from CS showed that the limitation of price volatility for GI products is not systematic. Operators involved in the production of the PGI Cordero Manchego underlined that the price volatility of PGI lamb follows the price volatility of the standard comparable product, as the volume of production of the PGI is quite limited.

### **Indicator 2.7: Profitability of farm holdings involved in GIs/TSGs compared to other comparable holdings**

Findings from the ESQ 4 pointed out that GI farms often benefit from a better income than non-GI farms, even if this situation is not systematic. Yet, the PGs survey indicates that 52% of producers generally consider the GI or TSG schemes to be drivers for income improvement at farm stage, and 54% of them at processing stage.

### **Indicator 2.8: Other benefits (land price, tourism attractivity)**

Other benefits from the implementation of GIs and TSGs can be observed. The indirect impact of quality schemes is multifold such as land price, development of tourism attractivity and diversification of farm holdings.

Based on CS, the main benefits related to the implementation of GIs is the increase of tourism attractivity. In particular in the wine sector with oenotourism and the relationship between the image of famous wines and their territory. Thus, GIs have contributed to develop touristic routes, gastronomy tours and farmhouse services. The synergies between GIs and tourism have been highlighted for Ribera del Duero, Côtes du Rhône, Langhe, Pays d'Oc and Tokaj/Tokaji. As an illustration of these synergies between tourism and wine under GI, UNESCO recognized the Tokaj region landscape in 2001 as a World Heritage.

In other sectors, there are also strong connections between GIs and tourism. In Beaufort (which is a touristic area), 20% of the sales are through direct sales and the PDO Beaufort farms provide benefits to the touristic infrastructure by preserving the natural landscapes of the area and the ski slopes through high mountain grazing. Yet, a study (<sup>121</sup>) found that the presence of PDO cheeses in the northern French Alps does not seem to reinforce the direct participation of the farms in tourist activities. PDO stimulates the tourism sector, but the benefits are mostly enjoyed by non-farmers.

The development of tourism in relation to value chains under GI is observed in other cases. The village of Opperdoes (NL) in the area of production of the PDO Opperdoezer Ronde, has become more famous in the country, and it is estimated there has been a positive impact on the number of tourists visiting the village(<sup>122</sup>). In the context of Truskawka kaszubska / Kaszëbskô malëna PGI (PL) farms benefited from tourism to slightly develop direct sales. This is assessed to be related to the tourism attractivity

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<sup>121</sup> Hauwuy at al. (2006), *from The Effects of Protecting Geographical Indication*, Swiss Federal Institute of Intellectual Property, 2011

<sup>122</sup> *Report on assessment of the social, environmental and economic sustainability of food quality schemes*, Strength2Food, February 2019.

supported by the value chain under GI, as a strawberry festival is organized since the early 1970s and gathers thousands of people<sup>123</sup>)

The potential impact of GIs and TSGs is comforted by results of the PGs survey, where 51% of respondents indicated that GIs have contributed to increase diversification, including agritourism and on-farm processing.

However, the potential benefits of GIs on tourism is restricted to some products, and to some geographical areas. Operators also outlined that a GI itself is not a driver for tourism or other indirect benefits such as on-farm processing or direct sales. It is in particular the case for the PDO Gouda Holland, PDO Basilico Genovese or GI Pálinka.

According to findings from CS, the implementation of GIs may have locally contributed to increase land prices, especially in wine producing regions. Based on stakeholder interviews in Côtes du Rhône, this increase of price is linked to land availability in the protected area (the availability of land is very limited in the area of the most valuable PDOs) and the potential income achieved on each hectare. When the price and awareness of a GI is increased, the land price increases accordingly. In the region of production of the PDO Tokaj/Tokaji, land prices are not high but have progressively increased over the last decade. In addition, operators from the region of PDO Langhe confirmed the increase of land prices in the area of production. This local situation cannot be generalized as a global impact of the GIs and TSGs. Operators involved in the PDO Basilico Genovese and PDO Gouda Holland indicated that the implementation of GIs did not have any impact on land prices.

Based on PGs survey, the improvement of quality management is mentioned by 87% as a positive impact of the GI/TSG registration. A stakeholder from Côtes du Rhône confirmed: *“there is a clear leverage effect on quality management when 4 000 vine growers follow the same specifications in the area”*. The improvement of quality management is in line with a constant demand from downstream actors (in particular large-scale retail).

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<sup>123</sup> Malak-Rawikowska and Majewski. PGI Truskawka kaszubska / Kaszëbskô malëna in Poland in F. Arfini and V. Bellassen (eds.). *Sustainability of European Food Quality Schemes*. Switzerland: Springer Nature. 2019. pp.201-215

**Sub question 3: to what extent has EU quality policy for GIs and TSGs contributed to a fair distribution of benefits within and along the value chain.**

- ***Judgement criterion 2.3: Producers and processors enjoy a better profit distribution along the chain and implement better value chain governance***

**Conclusion for sub question 3 and judgement criterion 2.3: Producers and processors enjoy a better profit distribution along the chain and implement better value chain governance**

**Limits**

The conclusions of this sub-question are based on several sources, both qualitative and quantitative. The main sources are PG survey with 474 answers, CS and desk research. There are some limits for the analysis: the answers from surveys are based on opinions, the number of GIs/TSGs covered by CS and desk research is limited and they are not representative of the 3 286 GIs/TSGs registered at EU level.

**Bargaining power**

An increase of bargaining power for the upstream sector may be observed because of the implementation of the GI/TSG schemes, but this is not systematic. Based on CS and desk research, this is related to the organisation of the supply chain and the importance of the specifications at farm stage. If quality and volume are controlled, the bargaining power of upstream actors (farmers and/or processors) tends to be stabilised or increased. In some cases, processors take a greater advantage than farmers. Advantages are not only better prices: it may cover a better access to new markets, price and volume stability, long term perspective, awareness, capacity to choose one market or another (between direct sales, large-scale retail, specialized channels or exports).

**Share of benefits by type of stakeholder**

For some products, stakeholders interviewed indicated that the implementation of the EU quality schemes has allowed a better distribution of the benefits along the supply chain. In most situations the extra added value is concentrated at farms and processing stages. In other cases, processing companies tend to get the largest share. In some other cases, exporting companies are those who get a larger benefit. This depends on the context of establishment of the GI/TSG, the targeted market, the governance and the content of the PS.

**Indicator 2.9: Share of benefit by type of stakeholders and evolution of this share**

Information gathered from CS allow to give indications on the impacts of GIs and TSGs<sup>(124)</sup> on the distribution of potential benefits. For some products, stakeholders interviewed indicated that the implementation of EU quality schemes has allowed a better distribution of benefits along the supply chain, for instance in PGI Cordero Manchego and PDO Côtes du Rhône.

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<sup>124</sup> This indicator applies only on GIs as no information was gathered on the only TSG case.

Some CS underlined the concentration of benefits among producers and processors. In particular, operators involved in the production of the PDO Jabugo outlined that processors and farmers concentrate the economic benefits while retailers or tourism operators did not get extra profits. This trend has also been observed by operators involved in the production of PDO Ribera del Duero and PDO Basilico Genovese.

In some cases, export operators tend to take a stronger benefit of the implementation of EU quality schemes, as the GI/TSG labels offer opportunities on the intra-EU and extra-EU markets, according to operators involved in the production of PDO Tokaj/Tokaji and PGI Bayerisches Bier.

**Table 21: Distribution of benefits according to CS**

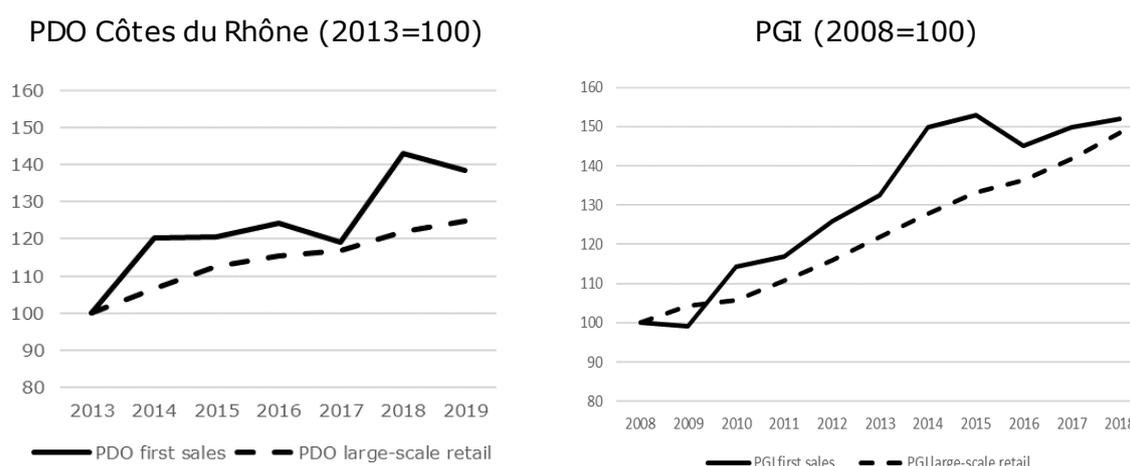
Products	Scheme	Comment on the distribution of benefits along the supply chain
Spišské párky	TSG	No information
Salate von der Insel Reichenau, Feldsalat von der Insel Reichenau, Tomaten von der Insel Reichenau, Gurken von der Insel Reichenau	PGI	No significant benefits along the supply chain.
Jabugo	PDO	Processing stage is the first stage to take benefits from the PDO scheme. The distribution of benefits does not fully transfer along the supply chain, at the expense of farmers
Ribera del Duero	PDO	The benefits are concentrated for the profit of winegrowers
Cordero Manchego	PGI	The distribution of benefits along the value chain is considered fair by stakeholders, from farmers to trade operators
Beaufort	PDO	Both farmers and cheese producers benefit from being involved in the Beaufort PDO scheme. No data has been collected among wholesalers and retailers.
Cote du Rhône	PDO	Benefits are shared among the different stages of the value chain
Pays d'Oc	PGI	Producers benefit from higher prices than other PGIs and access to an important and growing market. Operators take benefit from long term contracts and guarantee of quality.
Tokaj/Tokaji	PDO	Export operators tend to take a better benefit from the PDO scheme, with a higher demand and higher prices
Dauno	PDO	Benefits of the PDO tend to be concentrated at the processing/bottling level dealing with important volumes
Speck Alto Adige/Südtiroler Markenspeck/Südtiroler Speck	PGI	The PGI does not cover agricultural stage.
Basilico Genovese	PDO	The higher price obtained from the PDO product is directly absorbed by the primary producers, as basil is sold fresh.
Langhe	PDO	Benefits are concentrated for small/medium size companies, covering all stages of the supply chain
Gouda Holland	PGI	No information
Bayerisches Bier	PGI	The main benefit of the GI scheme is observed for operators involved in the export markets, especially on the extra-EU markets.
Genièvre	GI	No information
Pálinka	GI	No information

Source: CS

Prices of French wines (PDO Côtes du Rhône and PGIs) at first sale stage (bulk price, ex-farm or ex-cooperative level) and at retail stage (large-scale retail) both increased over the past years. The increase at first sale level tends to be higher than at retail stage. Based on these data:

- We observe a more regular increase at retail stage than at first sale stage. Price at first sale being more volatile due to the annual yield and the availability of volume each year.
- We observe some peaks of price at first sale level (2014 and 2018 for Côtes du Rhône and 2014-2015 for PGI) which have not been passed to retail price. Thus, the distribution of prices seems to be at the advantage of upstream stages.

**Figure 15: Index evolution of French wine prices at first sales (bulk price) and large-scale retail**



Bulk prices are in campaign years: for instance 2018/2019 campaign is indicated here in 2019 which is the year when the wine is marketed

Source : based on FranceAgriMer and Inter Rhône data

### Indicator 2.10: Description of the value chain governance: bargaining power

The bargaining power for producers refers to the potential influence of the upstream sector on downstream operators, on price level. In the situation of a balanced bargaining power, operators evolve in a perfectly competitive market (<sup>125</sup>). The importance of bargaining power is also function of the number of operators at each level of the supply chain: when the number of traders goes up, the bargaining power of each entity frequently goes down.

The involvement of the agricultural stage in the GI/TSG is crucial for the bargaining power of farmers. The involvement of farmers covers all PDOs as all stages of the value chain must take place in the protected area. This also covers 78% of the PGIs in the agri-food sector and 61% of the GIs in the spirit drinks sector. This suggests that GIs/TSGs are strong drivers to implement a framework where farmers may increase their bargaining power.

<sup>125</sup> Berta, Nathalie, Ludovic A. Julien, et Fabrice Tricou. « On perfect competition: definitions, usages and foundations », *Cahiers d'économie Politique*, vol. 63, no. 2, 2012, pp. 7-24.

According to findings from CS, the implementation of GIs has in some cases developed the bargaining power of producers. In the context of PDO Beaufort, bargaining power for farmers is considered by operators as high as only cooperatives and on-farm producers are involved in the production of PDO Beaufort and the management of the scheme is implemented by producers and cooperative representatives only.

According to the Strength2Food Comté cheese CS (<sup>126</sup>), the bargaining power is more evenly distributed within the Comté PDO chain and less concentrated in comparison to its reference (French cooked cheese). This fair distribution is observed at farm and processor level.

In the French wine sector, the members of the PGs (ODG) for PDOs are composed of wine growers only whereas wine makers and wholesalers (“*négociants*” who may be involved in the processing) are not represented in these ODGs. This gives an important power to wine growers in the governance. This assessment shall be balanced by the fact that some wholesalers may own vines and thus be present in ODGs and that wine growers may also be part of co-operatives which are involved in the downstream stages of the value chain. In addition, wine growers and wine processors (co-operatives, wholesalers) are part of Interbranch organisations which are established in each wine region. Both ODGs and Interbranch organisations play a strong role in the governance of wines under PDO.

However, findings from CS also underline that in some situation, the implementation of quality schemes has not improved the potential bargaining power for producers. The PGI Gouda Holland CS underlines that an important share of PGI Gouda Holland is sold to large-scale retailers. These operators can decide not to promote the PGI label and sell the products as standard Gouda. It is a way for retailers to get supplies from more producers (PGI Gouda Holland producers and non-PGI Gouda producers), which gives them a stronger position in negotiations with producers.

The study on the assessment of the social, environmental, and economic sustainability of quality schemes (<sup>127</sup>) compares the distribution of bargaining power between GI, and non-GI marketing chains, and at different stages of the value chain.

In most cases assessed in this study, bargaining power is less evenly distributed between value chain operators for non-GI products than GI products, to the benefit of the first processing level. The reason for this unbalanced situation relies on the number of operators at each stage of the value chain as it is shown in the Parmigiano-Reggiano (PR) case: comparing the PR marketing chain and non-GI dairy businesses in the same area, it is found that due to a lower number of processing companies in the non-GI dairy sector, the bargaining power of the dairy farmers is much lower than in the PR sector, where a larger number of processing companies exist.

This is also the situation in the context of PDO Opperdoezer Ronde, where 20-25 farmers are grouped in a cooperative, and determine the level of production. This market power in

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<sup>126</sup> Husson et al. PDO Comté Cheese in France in F. Arfini and V. Bellassen (eds.). *Sustainability of European Food Quality Schemes*. Switzerland: Springer Nature. 2019. pp.405-426.

<sup>127</sup> Report on assessment of the social, environmental and economic sustainability of food quality schemes, Strength2Food, February 2019.

comparison with the large number of producers of non-GI potatoes, allows PDO producers to benefit from a greater bargaining power than non-GI farmers.

However, in some situation, there is no clear distinction on the level of bargaining power between GIs and non-GIs. It is particularly the case for the PGI Dalmatinski pršut (HR), where it is considered that bargaining power for both PGI producers and non-PGI producers is high.

### 7.1.3 ESQ 3 – True and fair view of the characteristics of the products and its authenticity

**ESQ 3 - To what extent have GIs and TSGs been effective in providing consumers with a true and fair view of the characteristics of the products and guaranteeing their authenticity?**

#### Conclusion of ESQ

- GIs and TSGs are assessed to be **effective** in providing consumers with a **true and fair view** of the characteristics of the products and guaranteeing their **authenticity** (based on desk research, CS and consumers survey).
- The **authenticity** of the products is related to both its **origin** and its **specificities**. This is related to the PS and guaranteed by controls implemented along the supply chain.
- PS are defined for each GI and TSG, **each GI/TSG being specific**, with scrutiny procedures at national and MS level. However, a recent study highlighted the heterogeneity in the level of details provided by these specifications (Slow Food study in the cheese sector <sup>(128)</sup>).
- The **control** of the compliance with these specifications is implemented at all stages of the value chain and
- A specific **labelling** is defined for GI/TSG products, which allow its identification for consumers. However, some improvements could be achieved regarding the **awareness** and **understanding** of the schemes.
- Some **limits have been identified on controls at the downstream stages of the value chain** as a consequence of a the large number of operators to control (retailers, wholesalers), and the difficulties to implement controls for online sales. In addition, it is assessed that controls of GIs and TSGs in the MS of production are more effective than outside the MS of production.

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<sup>128</sup> Barletta M. , Sardo P. – EU designations between identity values and market. Slow Food, 2019

### 7.1.3.1 Background and methodological approach

- **Interpretation and comprehension of the key terms**
- True and fair view of the characteristics of the products: it refers to the transparency of the process and the information made available for the consumers. This is related to the effectiveness of controls from farms to consumers. "True and fair view" this expression is notably used by auditors when they examine and certify annual accounts. It means that information displayed in all communication tools is conform to reality.
- Authenticity: this term refers to (i) the origin (for GIs) and (ii) specificities (production complying with specific rules of production) of the product.
- **Sub-questions, judgement criteria, indicators and sources**

The evaluation matrix is developed in the following table.

**Table 22: Evaluation matrix for ESQ 3**

Sub-questions	Judgement criteria (JC)	Indicators (I)
Sub question 1: To what extent have GIs and TSGs been effective in providing consumers with a true and fair view of the characteristics of the products?	<ul style="list-style-type: none"> <li>• JC 3.1: Degree of authenticity of the product based on the GI/TSG requirements (qualitative assessment)</li> </ul>	<ul style="list-style-type: none"> <li>• I 3.1: The definition of the GI/TSG specifications is related to a high degree of authenticity of the product.</li> </ul>
	<ul style="list-style-type: none"> <li>• JC 3.2: Public and private stakeholders involved in GIs / TSGs supply chains provide relevant and sufficient information to consumers</li> </ul>	<ul style="list-style-type: none"> <li>• I 3.2: Mapping of information provided to consumers</li> </ul>
	<ul style="list-style-type: none"> <li>• JC 3.3: Awareness, understanding and perception of authenticity by consumers</li> </ul>	<ul style="list-style-type: none"> <li>• I 3.3: Awareness of quality schemes</li> <li>• I 3.4: Consumer understanding of the different schemes</li> <li>• I 3.5: consumer perception of authenticity</li> </ul>
Sub question 2: To what extent have GIs and TSGs been effective in guaranteeing their authenticity?	<ul style="list-style-type: none"> <li>• JC 3.4: Effectiveness of controls for GIs/TSGs along the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• I 3.6: organisation of the controls along the supply chain at national and EU level</li> <li>• I 3.7: Results from controls (non-conformity rates) and types of non-conformity (non-compliance with production rules, misuse of names, imitations,...)</li> <li>• I 3.8: Opinion on the effectiveness of the controls</li> </ul>

- **Methodological approach and limits**

In addressing this question, the following tools have been used: CS, country reports, NA survey, consumer survey, interviews, product specifications and desk research. Main limit comes from poor information available on results of controls. The non-conformity rate is not often known or displayed.

### 7.1.3.2 Analysis

**Sub question 1 To what extent have GIs and TSGs been effective in providing consumers with a true and fair view of the characteristics of the products?**

- **Judgement criterion 3.1: Degree of authenticity of the product based on the GI/TSG requirements (qualitative assessment)**

#### **Conclusion of the judgement criterion**

The analysis of PS considered in the CS shows that authenticity is provided by both the origin of the products (for GIs only) and the specificities of the production (for both GIs and TSGs). The level of specificity is important in the PS analysed in the context of the CS, however, a recent study from Slow Food (<sup>129</sup>) highlighted the heterogeneity in the level of details provided by the specifications.

**Indicator 3.1: The definition of the GI/TSG specifications is related to a high degree of authenticity of the product.**

EU quality policy on GIs/TSGs aims at protecting the names of specific products to promote their specific characteristics, linked to their geographical origin (for GIs) as well as traditional know-how. Origin and traditional specificity of the product (particularities of the PS, its singularity) define the level of authenticity (<sup>130</sup>). In the context of CS, the analysis of PS allows to provide a qualitative assessment on the level of authenticity of the products considered.

#### **(i) Origin**

Concerning the origin of the product, every GI specification details the origin of the product, its area of production, and in some cases the origin of the raw material used in the process of making the product. In the context of TSGs, there is no obligation regarding the origin of the product.

#### Agricultural products and foodstuffs:

Concerning PDOs, all production steps must take place within the geographical area, in accordance with Article 5(1)(c) of Regulation (EU) No 1151/2012. Concerning PGIs, at least one production step must take place within the geographical area, in accordance with Article 5(2)(c) of Regulation (EU) No 1151/2012.

#### Wines:

For PDO and PGI wines, all production steps must be performed in the geographical area. In addition, for PDO wines, the link to the geographical area is essentially or exclusively linked to the quality or characteristics of the products. In addition, grapes used in the process of making PDO wines have to come exclusively from the geographical area where the wine is made. For PGI wines, the link to the geographical area is related to a given

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<sup>129</sup> Barletta M., Sardo P. – EU designations between identity values and market. Slow Food, 2019

<sup>130</sup> Sandra Camus, *Proposition d'échelle de mesure de l'authenticité perçue d'un produit alimentaire, Recherche et Applications en Marketing*, vol. 19, n° 4/2004, Page 42 and 43, 2004

quality, reputation or other characteristics attributable to that geographical origin, which may induce a lower link to the territory of production. PGs applying for a GI have to describe the characteristics of the defined geographical area, the wine characteristics which make the wine different, and show how the features of the wine are the result of the natural factors present within the geographical area. Concerning PGI wines, at least 85% of the grapes used in her making of the wine has to be exclusively harvested in the geographical area where the wine is produced.

#### Spirit drinks:

The Annex II of Regulation (EU) 716/2013 in the spirit drinks sector indicates the obligation for PG to detail the link with the geographical area. PGs must provide details about the geographical area and specify the characteristics of the spirit drinks attributable to the geographical area. Based on the PGs survey (18 answers to this survey), the specifications of 61% of the PGIs in this sector cover the production steps.

#### (ii) **Specific characteristics of GIs provided by PS**

PS concerning the products scouted in the scope of CS provide details on the specificities of the process of production. PGs applying for the registration of a GI or a TSG have the obligation to indicate singularities that provide the special characteristics or specificity of the product. For agri-food products<sup>(131)</sup>, specificity of a product is defined as the characteristic production attributes which distinguish a product clearly from other similar products of the same category. In the wine sector, the PG applying must clearly indicate the description of the wines (colour, aroma, taste and analytical characteristics), according to Regulation (EU) 2019/34. In the spirit drinks sector, based on Annex II from Regulation (EU) No 716/2013, the PS must detail the specific characteristics of the product, in comparison to spirit drinks of the same category. Concerning TSG products, applicants have to describe the product, the production method and present the key elements establishing the products' traditional character<sup>(132)</sup>. The following table provides examples of key points of specifications from GIs and a TSG, based on CS, to illustrate the level of specificity for GI/TSG products.

Also, a recent survey carried out by Slowfood<sup>(133)</sup> on the identity values of the EU designations of the dairy chain analysed 236 PDOs and PGIs specifications. The study focuses on the basic prerequisites for a purely natural product. The study concludes that the situation is not clear-cut and points out a variability in the level of details of the specification (see more details in ESQ 9).

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<sup>131</sup> Regulation (EU) No 1151/2012, article 3 (5)

<sup>132</sup> Template for PS of a TSG, EC

<sup>133</sup> Barletta M. , Sardo P. – EU designations between identity values and market. Slow Food, 2019

**Table 23: Specificities criteria among CS**

Types of products	Specificities / characteristics	CS examples
Wines	<ul style="list-style-type: none"> <li>- Yield limitation and/or</li> <li>- Vine varieties and/or</li> <li>- setting of colour, aroma and chemical content</li> <li>- Agricultural requirements: distance between each vine plant pruning, tying, foliage height, irrigation requirements</li> </ul>	<ul style="list-style-type: none"> <li>- <b>PDO Côte du Rhône</b>: maximum weight of grape by hectare (9 500 kg / ha), the share of missing vine plant or dead plant is 20% maximum, no irrigation allowed. Main varieties for red/rosé wines are Grenache, Mourvèdre and Syrah. In addition, the PS gives details on the content of the wine: adds, alcohol content, sugar, colour, polyphenols, pH, sulphur dioxide</li> </ul>
Meat products	<ul style="list-style-type: none"> <li>- Specific local animals breed and /or</li> <li>- Rearing method (animal feed, age of slaughter, time in pasture, etc.), and /or</li> <li>- Procedure for processing and maturing</li> <li>- setting of flavour, aroma and chemical contents</li> </ul>	<ul style="list-style-type: none"> <li>- <b>PDO Jabugo</b>: all pigs are from a pure breed (100% Iberian pigs), animals are reared in freedom and acorn-fed in pastures during the fattening season. In addition, the PS provides details on the specific characteristics of the product: shape, weight, exterior aspect, colour, flavour and smell, texture of the meat and of the grease.</li> <li>- <b>PGI Speck Alto Adige/Südtiroler Markenspeck/Südtiroler Speck</b>: period of maturation depending on the size of the piece of meat, temperature and humidity set for each stage of the process, that provide specific flavour and aroma to the ham. The PS specifies the characteristics of the raw material used and the content of the product (salt not exceeding 5% of total weight, use of juniper, laurel and cumin).</li> <li>- <b>TSG Spišské párky</b>: setting of fat, salt and protein content, definition of appearance, colour, odour and taste, definition of the weight of each ingredient in final product, allow to produce a specific product</li> </ul>
Spirit drinks	<ul style="list-style-type: none"> <li>- Limitation of the use of added sugar and/or</li> <li>- Colouring adjusted with natural ingredients (caramel for instance) and/or</li> <li>- Maturing in wooden barrel in some cases</li> <li>- Characteristics on raw ingredients providing specific characteristics</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Jenever/Genever/Genièvre</b>: the product contains less than 20 g of sugar per liter expressed in invert sugars</li> <li>- <b>Pálinka</b>: no added sugar or flavor is allowed, and distillation from fresh fruits or pulp (no fruit concentrates allowed) provide specific flavour and aroma to the spirit drink</li> </ul>
Fruits and veg.	<ul style="list-style-type: none"> <li>- Characteristics of the soil and/or</li> <li>- Agricultural practices</li> <li>- Presentation preserving freshness and scent</li> </ul>	<ul style="list-style-type: none"> <li>- <b>PDO Basilico Genovese</b>: growing plants on dirt or non-natural soils is prohibited, sales with a small amount of the original soil to preserve the specific organoleptic characteristics of the product</li> <li>- <b>PGI vegetables from Rechenau Island</b>: production on organic substrate, soil management and mechanical weeding. The PS underlines that characteristic of the soil providing specific characteristics of the vegetables</li> </ul>
Beer	<ul style="list-style-type: none"> <li>- Traditional process of beer-making</li> <li>- No use of concentrates</li> </ul>	<ul style="list-style-type: none"> <li>- <b>PGI Bayerisches Bier</b>: strict use of malt, hop and water, no concentrates are allowed. This list of ingredients provide specificities to the product in comparison with large-scale beer maker using malt and hop concentrates.</li> </ul>
Olive oil	<ul style="list-style-type: none"> <li>- Conditions of harvesting and</li> <li>- Condition of production (mechanical extraction) and</li> <li>- Chemical criteria</li> </ul>	<ul style="list-style-type: none"> <li>- <b>PDO Dauno</b>: harvesting before 30 of January, mechanical extraction of oil in a maximum of 3 days after harvest, maximum total acidity level of 0.6 g per 100 g of oil and a level of total polyphenols greater than or equal to 100 ppm, providing a specific characteristics to the oils.</li> </ul>

Source: CS, PS

To guarantee authenticity of production, the EC rules for the hygiene of foodstuffs (based on Article 13 of Regulation (EC) No 852/2004) allows MS to adopt national measures adapting the requirements of Annex II to that Regulation in order to enable the continued use of traditional methods at any of the stages of production, processing or distribution of food or accommodating the needs of food businesses situated in regions that are subject to special geographical constraints. For instance, in France, the decision of the Ministry of Agriculture of 7 November 2012, on sanitary rules for dairy product with traditional characteristics <sup>(134)</sup> allows the use of material and equipment made of wood, tin or vegetal fibers. The same decision also allows the processing premises to be in natural geologic composition. In addition, derogations on hygiene rules for traditional products are set by category of product by the decision of the Ministry of Agriculture of May 20<sup>th</sup> of 2009. In Spain, the EC rules for the hygiene of foodstuffs (based on Article 13 of Regulation (EC) No 852/2004) also allows the implementation of derogations concerning the material of the premises and the equipment used for the preparation or packaging of traditional products. In Italy, MIPAAF (Ministry of Agriculture) publishes annually in the Official Journal of the Italian Republic the list of traditional products that may continue to use traditional methods of production on the basis of the provisions of the Ministerial Decree of 8 September 1999, n. 350. This list includes food products where processing, preservation and aging methods are used in a homogeneous manner, according to traditional rules protracted over time, for a period of not less than twenty-five years.

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[https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000026601296&categorieLien=j\\_d](https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000026601296&categorieLien=j_d)

- **Judgement criterion 3.2: Public and private stakeholders involved in GIs / TSGs supply chains provide relevant and sufficient information to consumers**

### **Conclusion of the judgement criterion**

Vast information regarding the characteristics of GIs and TSGs is available for consumers at EU and national level, mainly on the web:

- General definition on the Europa webpage (<sup>135</sup>);
- List of protected denominations and link to their product specifications available on eAmbrosia public module (<sup>136</sup>);
- Selected information on the Italian websites Qualigeo / Qualivita;
- French GIs/TSGs presentation on the INAO (French public body) website; Spanish authorities display very precise qualitative and quantitative data about Spanish GIs/TSGs (<sup>137</sup>) and many MS have created dedicated webpages;
- Based on the PGs survey, 82% of them have created websites to present and promote their GIs.

On these sites, it is possible to know:

- The characteristics of the products: aspects, added value, appearance and flavour, and for some products the chemical content of the product;
- The origin of the product (for GIs);
- The history of the product;
- The group in charge of the management of the GI or TSG.

The wide range of tools available at EU and national level, shows that the information available for the public is important and covers various aspects of the GIs and TSGs (detailed explanation on origin when it is relevant, inherent characteristics of products, processing methods, etc.). In addition, complementary information are provided by PGs through communication actions (websites, fairs, ...) that represent a substantial part of their budget.

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<sup>135</sup> [https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/quality-schemes-explained\\_en](https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/quality-schemes-explained_en)

<sup>136</sup> <https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/geographical-indications-register/>

<sup>137</sup> <https://www.mapa.gob.es/es/alimentacion/temas/calidad-diferenciada/dop-igp/Default.aspx>

### **Indicator 3.2: Mapping of information provided to consumers**

Various tools are available for consumers to get detailed information on the EU quality schemes.

At EU level the EC presents on the Europa webpage <sup>(138)</sup> 'a general overview of the EU quality schemes <sup>(139)</sup>. The information available explains the general objectives of the different schemes, their specificities, and the use of the logo on the product. The target audience for this platform are professional and non-professional stakeholders. The website also provides links to various topics: process of registration, related studies on EU quality schemes and links to other public policies (CAP measures).

To complete the general information at EU level, the eAmbrosia public module, the EU legal geographical indications register available on a web platform <sup>(140)</sup> provides detailed information on each GI and TSG. In particular, publications in the Official Journal are presented, concerning applications for registration of new names as well as major and minor amendments and products specifications. The eAmbrosia public module allows to follow the process of registration of products, from « applied », to « published » and « registered ». The database was launched in 2019 to provide one single access to information on all GIs and TSGs, and aims at simplifying researches on the protected names. Before 2019, three other databases were available for the public: DOOR (agricultural products and foodstuffs), E-Bacchus (wines) and E-Spirit-Drinks (spirit drinks). During the elaboration of the current study, Commission services have developed a portal (GI View) which is designed to contain both registration data (by direct reference to eAmbrosia public module) and data on the competent authorities, control bodies, producer groups and information on the products under registered names such as photos, maps, descriptions and links to the producer group's web site. For trade marks, there are two registers at EU level, managed by EUIPO: « eSearch plus » and « TMview » <sup>(141)</sup>; these databases allow to monitor the trade marks applications and registrations.

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<sup>138</sup> [https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/quality-schemes-explained\\_en](https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/quality-schemes-explained_en)

<sup>139</sup> [https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/quality-schemes-explained\\_en](https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/quality-schemes-explained_en)

<sup>140</sup> <https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/geographical-indications-register/>

<sup>141</sup> <https://euipo.europa.eu/ohimportal/en/search-availability>

In addition to the European webtools, the Italian web platform Qualigeo (<sup>142</sup>) was founded in 2006 as the first systematized database dedicated to products with GI. The objectives of the platform are:

- communicate on the quality agri-food system in a systemic way
- centralise the source of information for the communication on GIs among consumers
- create a network and a centralised database.

When available for a product, the database provides a synthetic presentation of the product with a summary of the following topics: production method, appearance and flavour, production area, history of the product, marketing specificities, registration date and the reference body (i.e. PG in charge of the management of the GI).

In addition, national public websites and databases are available to provide detailed information on GI and TSG products. For instance, the French INAO (Institut National de l'Origine et de la Qualité) provides a web platform presenting each French GI.

Other national websites provide information on the national GI products. Public structures in charge of the management of quality schemes (Ministry of Agriculture, Regional Authorities, etc.) provide on their website information of EU quality schemes: objectives, regulatory framework, and economic data when available. In addition, private initiatives carried out by PGs aim at communicating the added value of GI and TSG products. In general, the origin of the product and its characteristics are promoted to the consumers. This communication role is carried out by most of the PGs interviewed in the context of CS. Based on the results of the PGs survey, 82% of the PGs indicated that one of their missions was the communication on their GI or TSG product. A consequent share of the annual budget of PGs is dedicated to promoting their product with actions of communication. Based on case studies, the share of PG budget dedicated to business to consumer or business to business communication is on average 41%, and varies from 15% to 70%. This budget is oriented towards the creation of websites, presence in fair, press communication or promotion campaigns.

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<sup>142</sup> <https://www.qualigeo.eu/en/qualigeo-database/>

- **Judgement criterion 3.3: Awareness, understanding and perception of authenticity by consumers**

#### **Conclusion of the judgement criterion**

Based on consumer survey conducted in the context of this study and on previous surveys (Eurobarometer, Strength2food), the **awareness** of GI/TSG schemes greatly vary from one MS to another with a maximal recognition rate of 78% for PDO acronym in Italy and a minimal recognition rate of 2% for GI acronym in the Netherlands (source: consumer survey).

The **perception of authenticity** (based on the perception of the specificities and origin of the products) varies depending on the scheme considered and the MS. GIs' main feature (origin) tends to be perceived by consumers when the schemes are recognized: more than half of the respondents make a link between GIs and a guarantee on the area of production (51% for PDOs and 57% for PGIs). Regarding the perception of "specific characteristics" of the products, the results are less obvious: the guarantees on the method of production are perceived by 33% to 41% of respondents (respectively for PGIs and PDOs) and guarantees on a specific know-how by 22% to 24% of the respondents (respectively for PGIs and PDOs). In addition, we observe some confusion between the different schemes (especially PDO and PGI).

In the wine sector, in some MS with a long tradition in GIs, some **national labelling terms** and their abbreviations may be used, such as "DOC", "DOCG" in Italy and "AOC" in France. In addition, EU logo presence is rare and often printed only in black and white. In GIs spirit drinks cases, the mention "geographical indication" is present most of times, but it is not a central item on the label. These elements may hinder the level of awareness and understanding of the quality schemes by consumers.

In addition, there may be strong impact on consumer perception of the **combination of the schemes (GI/TSG), protected names and producer brands** on the labelling. These interactions are not investigated here; this is a research field in itself.

### **Indicator 3.3: Awareness of quality schemes**

Based on the consumer survey conducted in the context of this evaluation and desk research such as results from Eurobarometer and Strength2Food project (see section 6.8. “**Consumer awareness, perception and behaviour**” in the descriptive chapter), the awareness of the EU quality schemes (indications, acronyms and symbols) highly differs among MS (being higher in MS with well established GIs/TSGs schemes and numerous protected names such as Italy, France and Spain (<sup>143</sup>)) and is generally lower than the awareness of national / regional schemes (the only exception being IT). Indeed, in each MS where the consumer survey was implemented, some national/regional schemes (which may be considered as baseline) are known by at least 62% of people.

Regarding the awareness of protected names themselves, we observe large differences. Firstly, there is no correlation between the awareness of names and schemes (for instance, some protected names show higher awareness compared to GI/TSG schemes). Secondly, there are some links between economic sales and awareness of the protected names but it is not systematic, for instance (see details in the descriptive chapter):

- Jabugo achieves a high level of awareness in ES (78%) and Pesto Genovese in IT (75%) even if these are small to medium scale GIs;
- Pays d’Oc and Bayerisches Bier have a large awareness in their national market (about 60%) but awareness does not exceed 30% in other MS while the products may be significantly sold on some of these markets.

In the wine sector, in some MS with a long tradition in GIs, some national labelling terms and their abbreviations are often used in the wine sector, such as “DOC”, “DOCG” in Italy and “AOC” in France. EU logo presence is rare and often printed only in black and white (so, there is no obvious visual difference between PDO and PGI, although the text in the logo differs). These elements may hinder the level of awareness and understanding of the quality schemes by consumers. In GIs spirit drinks cases, the mention “geographical indication” is present most of times, but it is not a central item on the label.

In addition, there may be strong impact on consumer perception due to the combination of the schemes, protected names and producer brands. The interactions between all the information and symbols printed on labels and packaging are not investigated here.

### **Indicator 3.4: Consumer understanding of the different schemes**

Confusion between the PDO, PGI and TSG labels may occur for the final consumers. On average, among the 7 MS assessed, 58% of respondents perceived differences in the meaning of the PGI and PDO labels and 42% did not perceive any difference (see details in descriptive chapter). The confusion is lower regarding PGI and TSG, “only” 34% did not perceive any difference.

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<sup>143</sup> Awareness for EU schemes is higher than 50% (% of people who know the scheme) for PDOs in IT, ES, FR and for PGI in IT and it is lower than 50% in each other cases (source: consumer survey).

### **Indicator 3.5: Consumer perception of authenticity**

“Authenticity” refers to the origin (for GIs) and the specific characteristics of the product. According to findings from the consumer survey (<sup>144</sup>), the perception of products bearing the PDO or PGI labels is mainly directed towards guarantees included in the objectives of the schemes:

- the area of production (51% of respondents for PDOs and 57% for PGIs);
- the origin of raw materials (47% for PDOs and 41% for PGIs);
- traceability (45% for PDOs and 44% for PGIs);
- method of production (41% of PDO and 33% for PGIs);
- traditional recipe (34% for PDOs and 29% for PGIs).

However, only 22% to 24% of people indicate that PDOs and PGIs are related to products with a specific know-how. If we consider that authenticity is related to an origin and specific characteristics, these features are covered to some extent (traceability, area of production and origin of raw material) but the specificities does not seem particularly perceived by consumers through the specific know-how.

Concerning TSG products, consumers who differentiate the scheme (<sup>145</sup>) from the PGI one have quite a good understanding of the TSG schemes, even if some of them understand that it is linked to a specific origin. Consumers understand that TSG is a guarantee of:

- traditional recipe (59%),
- the method of production (41%).
- a specific know-how (36%),
- the origin of raw material (33%, even if this is not the case for TSGs),
- the area of production (32%, even if this not the case for TSGs),
- traceability (28%),

According to these figures, the perception of authenticity by the European consumers on the GI and TSG products is different for PDOs, PGIs and TSGs. In a consumer perspective, PDOs and PGIs are likely to ensure the origin of the product and the raw material, the method of production and the traceability guarantees, whereas TSGs products provide the guarantee of traditional recipe, a method of production and a specific know-how (some consumers also perceive that TSG is a guarantee of an origin, which is not the case). These two complementary aspects of the authenticity of the products are in accordance with the results expected from the regulations governing the EU quality schemes.

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<sup>144</sup> This only covers the respondents who recognized the logos, labels or acronyms of the GI/TSG schemes.

<sup>145</sup> Based on consumer survey, 66% of the consumers perceived a difference between TSG and PGI (test of indication + acronym + symbol).

**Sub question 2: To what extent have GIs and TSGs been effective in guaranteeing their authenticity?**

- **Judgement criterion 3.3: Effectiveness of controls for GIs/TSGs along the supply chain**

**Conclusion of the judgement criterion**

The analysis of the results of controls and the opinion on the effectiveness of controls (desk research, NA and PGs surveys) show that in general, it is considered by stakeholders that the **control procedures are effective**. However, a lower effectiveness of the controls is observed on the market compared to upstream stages (prior to the product being placed on the market).

The **decline of the effectiveness of controls at downstream stages** can be explained by:

- the large number of operators at downstream level (retails, wholesale) and the decrease of the share of operators controlled at these downstream stages,
- the difficulties mentioned by NAs to implement efficient controls for online sales.

The **main infringements** observed differ from one product to another. Based on NA survey (this covers the different stages of the value chain):

- labelling issues are reported in several sectors (wines, spirit drinks and aromatised wine products),
- infringement on the rules of production are highlighted by MS for agri-food products and spirit drinks,
- the misuse of protected names are highlighted for wine and aromatised wine products.

Additionally, it is considered by PGs that controls are **less effective at EU level** (outside the MS of production) and on the **extra-UE markets**, in comparison to the controls performed at **national level**.

And finally, the **enforcement of IPRs** for GIs on the internet is not effective for domain names.

**Indicator 3.6: organisation of the controls along the supply chain at national and EU level**

The general organisation of the controls along the supply chain is presented in the descriptive chapter.

Controls at EU level are set by the regulations on agricultural products and foodstuffs, wines, spirit drinks and aromatised wine products. Each regulation refers to Regulation (EC) No 882/2004<sup>(146)</sup> that has been repealed and replaced by the current Regulation (EU) 2017/625 on official controls and other official activities performed

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<sup>146</sup> 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

to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products, in force since December 2019.

Every MS has the obligation to designate a central competent authority (CCA) responsible for the controls before the product is placed on the market, in accordance with art.4 of Regulation (EU) 2017/625. CCAs may delegate the responsibility to other competent authorities (CAs), and certain control tasks at production level can be performed by delegated control bodies (CBs). Different organisations of controls have been adopted in the MS, depending on public authority structures and depending on the scope of product covered. The competence on controls can be shared between several CAs and CBs. CBs shall be in accordance with the standard EN ISO/IEC 17065:2012 (Conformity assessment – Requirements for bodies certifying products, processes and services) (all regulations), and must be accredited by a national accreditation body in accordance with Regulation (EC) No 765/2008.

According to the EUIPO observatory report on the organisation of GI controls (<sup>147</sup>), more than 50% of MS have chosen to designate one or two CAs, and 30% presented three or more CAs. Designated CAs are often Ministries of Agriculture, other delegated public institutions (managed by Ministries), or Ministries of Economy or Finance. The allocation of responsibilities varies according to the scope of product concerned.

CAs are responsible for the supervision of CBs. Many MS have chosen to delegate controls to CBs, especially in the sector of agricultural products and foodstuffs. The number of CBs in each MS fluctuates greatly, depending on the size of the MS. In general, MS with an important GI and TSG sector have chosen to delegate controls to four or more CBs. It is notably the situation in Germany, Spain, France, Italy and Portugal.

Regarding IPR enforcement, MS shall designate a competent authority for the surveillance of the use of names on the market and MS shall take all necessary measures to address non-compliance.

The effectiveness of the organisation of controls is difficult to assess as various systems have been implemented among the MS. This shows a limit in the homogeneous implementation of controls and enforcement at EU level. Yet, each of these organisations must comply with the EU regulations which aim to provide guarantees on the effectiveness of the control management, by imposing the designation of responsible authorities in charge of monitoring the controls of GI and TSG products. In addition, the possibility for CAs to supervise CBs, accredited by an independent accreditation body, suggests a non-partisan control over the delegated controls. In addition, the obligation for every MS to produce a multi-annual national control plan and annual report on the results of controls and measures taken (art. 113 and 118 of Regulation (EU) 2017/625) encourages MS to focus controls on EU quality schemes.

In addition, the enforcement of IPRs for GIs on the internet is not effective for domain names. While IPRs for trade marks are valid, this is not recognized for GIs.

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<sup>147</sup> EUIPO, *Protection and control of geographical indications for agricultural products in the EU member states*, Alicante, 2017, p. 11.

**Indicator 3.7: Results from controls (non-conformity rates) and types of non-conformity (non-compliance with production rules, misuse of names, imitations,...)**

***Share of operators controlled***

Limited information has been collected from NAs on the annual frequency of controls. According to the survey carried out among the NAs, the number of controls is higher at farm and processing stages than at the downstream stages of the value chain. In addition, the control plan generally developed by PGs covers the stages before the product is placed on the market (upstream stages).

The details from the NA survey are provided in the table below:

- At farm stage, the frequency of control reaches 100% in several MS (50% of MS surveyed for agri-food under GI, 71% of MS in the wine sector). However, it may remain low in some MS: minimum of 0.6% for agri-food GIs and 5% in the wine sector.
- At processing stage, the frequency of control ranges from 25% up to 100% per year for all products, and from 0% to 100% concerning aromatized wines products, the rate of control is even 100% for more than half of the MS.
- Wholesale stage: the rate of answer from NAs is low (3 to 5 answers by sector), the frequency of controls ranges between 0 and 35% in most cases, with a few exception at 100% (CY for agri-food products and EL for wines). In those last cases, wholesalers could be involved in one stage of the production stage under GI (packaging for instance).
- Retail stage: the rate of answer from NAs is low (3 to 5 answers by sector), the frequency of controls ranges between 0 and 35% in most cases, with the exception of SI for aromatised wine products (90%).
- Only one MS provided data on online sales, with a 5% frequency of control.

We do not observe significant differences in the frequency of controls between GIs and TSGs in the agri-food sector. The table below indicates a maximum of 100% rate of control for GIs at wholesale stage while the maximum is 35% for TSGs, this is related to a MS which replied only for GIs and not for TSGs.

**Table 24: Annual frequency of control by sector and stage of the value chain**

	Agri-food GI	Agri-food TSG	Wines GI	Spirits GI	Aromatised wines products GI
Farm stage	From 0.6% to 100%, higher than 60% in most of the MS and 100% in 6 MS (N=12)	From 33% to 100% (N=4)	From 5% to 100%, including 5 MS with 100% control (N=7)	65% to 100% (N=4)	No information
Processing stage	From 27% to 100%, including 8 MS at 100% (N=15)	From 25% to 100%, including 6 MS at 100% (N=11)	From 30% to 100%, including 5 MS at 100% (N=7)	From 65% to 100%, including 8 MS at 100% (N=11)	From 0% to 100%, including 3 MS at 100% (N=4)
Wholesale stage	From 0% to 100% (N=5)	From 0% to 35% (N=4)	From 0% to 100% (N=4)	From 0% to 35% (N=3)	From 0% to 35% (N=3)
Retail stage	From 0.2% to 31% (N=3)	From 0.2% to 31% (N=3)	From 1% to 95%, 5 MS being below 35% (N=6)	From 1% to 31% (N=3)	From 5% to 90% (N=4)
Online seller	Not available	Not available	5% (N=1)	Not available	Not available

Source: NA survey

N: number of MS that provided quantitative data

The concentration of controls in the upstream sector is confirmed by the findings from the PGs survey. According to PGs, the annual rate of control is higher for operators at the processing stage (69%), followed by farmers (50%), retailers (22%), foodservice (4%: hotel, restaurants, bars), and online sellers (6%). Figures differ from the findings of the NA survey, but the level of controls along the supply chain follows a similar trend.

Regarding online sales, Spanish authorities mentioned that controls could be more efficient with the implementation of control agreements between authorities and major online platforms (eBay, Amazon, Alibaba) following the example of Italy.

### ***Most common infringements***

When asked to rank the most common infringement observed during controls, NA provided the following data. The most frequent non-compliance largely differs from one product to another (source: NAs):

- For agricultural products and foodstuffs, the main infringement reported concerns infringement on rules of production (mentioned by 35% of the 17 MS which answered this question), followed by infringement on origin of the product (18% of MS) and on labelling requirements (18% of the MS).
- For wine, the main infringements are the misuse of protected names and infringement on labelling requirements (44% each, over the 16 MS which answered this question).
- For spirit drinks, the main infringements are on labelling requirements (for 38% of the 13 MS which answered the question) and on rules of production (31% of the MS).
- For aromatised wine products, the main infringements are observed in regard to labelling requirements (40% of the 5 MS which answered this question) and misuse of protected names (40%).

### **Indicator 3.8: Opinion on the effectiveness of the controls**

#### **Opinion of the National Authorities at national level**

Based on interviews at national level (7 MS), stakeholders consider that the controls are effective. For instance, French authority DGCCRF, that is in charge of controls after products are placed on the market, indicated that the important non-conformity rates observed in the wine sector (40% in 2018 in the GI wine sector) are the results of effective controls and the consequence of highly trained agents, a very effective risk management analysis and the strict application of EU regulation on controls. In addition, all Italian national and regional stakeholders interviewed indicated that controls for GIs and TSGs exist in all stages of the supply chain.

Yet, some limits have been pointed out. In particular, it has been mentioned in CZ that controls could be reinforced in some sectors (wine for instance), with an increase of the number of controllers to face the important number of operators to control. NA in NL also indicated that, except for the eggs, egg products, and fresh fruit and vegetables sectors, the effectiveness of controls is considered to be very low, because controls are performed irregularly and, in some cases, are not implemented concerning GI/TSG products. Spanish operators also underlined that the downstream sector is more likely to suffer from a low level of effectiveness of controls. Indeed, the Spanish Ministry of Agriculture Fisheries and Food indicated that the post-processing stages are the most difficult to control, as the main difficulty is to ensure the absence of fraud in the labelling for the final consumers. In addition, the catering sector and the online sales are considered to be difficult to control, because of the great diversity and number of actors involved.

The results of the NA survey (electronic) underline the same situation, with better effective controls in the upstream sector. Public authorities considered that in general controls are completely or somewhat effective. NAs underlined the limits of controls on GIs and TSGs for online sales. In addition, 18% of the NA indicated not to have an opinion on the effectiveness on the controls for online sales.

**Table 25: Opinion from NAs on the effectiveness of controls on GIs/TSGs**

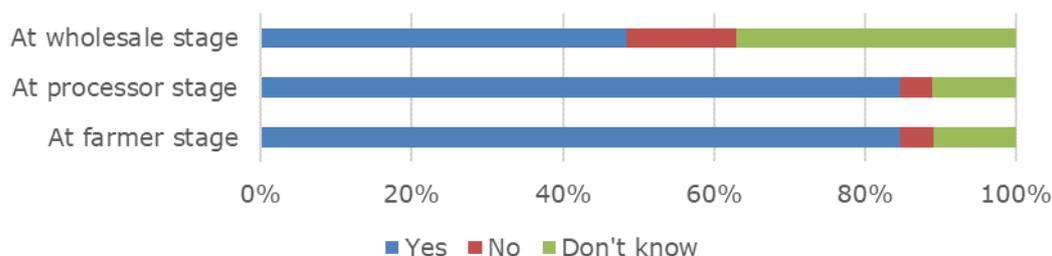
	Completely agree	Somewhat agree	Neutral	Somewhat disagree	Completely disagree	Don't know
Production stage	60%	36%	4%	0%	0%	4%
Processor stage	52%	48%	0%	0%	0%	4%
Wholesale stage	22%	48%	26%	4%	0%	13%
Retailer stage	33%	50%	13%	4%	0%	8%
Online sales	23%	32%	23%	18%	5%	18%

Source: NA survey

### Opinion of PGs

Findings from the PGs survey show that controls at farm stage and processing stage are considered as effective (both for 85% of the respondents). The wholesale stage controls are considered effective by only 48% of PGs. This lower level of confidence in the controls is observed at all stages of the downstream sector.

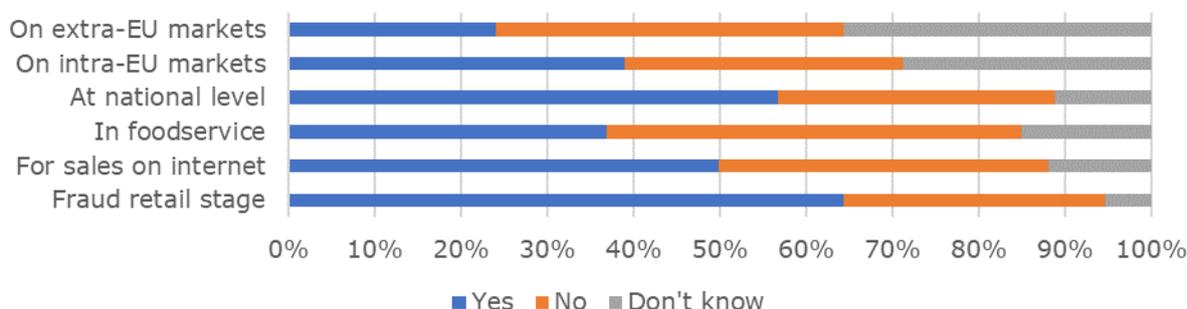
**Figure 16: Opinion of PGs on the effectiveness of the controls in the upstream stages of the value chain**



Source: PGs survey

According to PGs, effectiveness of controls for detecting misuse and frauds related to protected names is considered good for only 64% of respondents at retail stage, 50% for online sales, 37% for the food-service. In addition, PGs consider controls more effective at national level, less effective on the intra-EU markets (39%) and even less effective on the extra-EU markets (24%).

**Figure 17: Opinion of PGs on the effectiveness of the controls for detecting misuses and frauds at downstream stages of the value chain**



Source: PGs survey

***Opinion of stakeholders involved in the production of GIs and TSG***

As a general assessment, operators interviewed in the context of CS considered that controls are effective and satisfactory. However, as previously mentioned: controls before a product is being placed on the market are generally considered more effective than at the downstream stages of the value chain, including the export markets and online sales. This situation has been mentioned in the CS PDO Ribera del Duero, PDO Beaufort, PDO Côtes du Rhône, PDO Tokaj/Tokaji, PDO Dauno and PDO Basilico Genovese.

#### 7.1.4 ESQ 4 – Contribution to rural economies

**ESQ 4 – To what extent have GIs and TSGs been successful in contributing to the development of rural economies? In answering this question, in particular the following aspects should be considered:**

- **improving incomes of farmers:**
- **encouraging diversification of agricultural production.**

#### **Conclusion of the ESQ**

**Limits.** The conclusions are based on several sources, both qualitative and quantitative. The main sources are PG survey with 474 answers, FADN analysis in the wine sector, CS and desk research. The main limits are: the answers from surveys are based on opinions and the number of CS is limited and not representative of the 3 286 GIs/TSGs registered at EU level.

**Farmers Income.** Evidences suggest that GI farms often get a better income than non-GI farms; this may be observed also for processors and wholesalers of GI/TSG products. These results are based on FADN analysis in the wine sector, PG survey, CS and desk research. However, this impact on income is not systematic, it covers 52% of the GIs/TSGs from PG survey, about half of the GIs/TSGs covered by CS and desk research, and the profitability of GI farms in the wine sector is not higher than the profitability in non-GI farms in all MS (based on FADN analysis). The implementation of the GI scheme may also have an impact on income stability.

**Employment in rural areas <sup>(148)</sup>.** The analysis of changes in GIs sales value, of turnover/jobs ratio, of number of companies and farms involved in GIs supply chains and of CS results suggest that GI supply chain plays a positive role in local employment:

- Sales under GI grew faster than sales in the food and drink industry as a whole, which led to relatively more job growth in the GI segment than in the rest of the food and drink industry.
- Based on French and Spanish cases, we observe that the number of farms and processing companies involved in the GI supply chain has increased, resulting in turn, in more jobs in the areas of GI production (this analysis does not take into account a comparable sample to assess the evolution of the number of farms in these areas and sectors).
- Based on CS and desk research, in most cases, GI products have a major or significant impact on local development and on jobs creation or maintaining.

About TSG, the lack of evidence does not allow any conclusion.

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<sup>148</sup> The analysis could not specifically identify rural employment from total employment. However, we can consider that employment at agricultural stage is almost exclusively in rural areas. At processing stage, some of the activities may be located in non-rural areas.

**Diversification.** There are often synergies between tourism and GI production and GI processing sector. This is the most obvious in the wine sector and may also be observed for cheeses, spirit drinks, beers and other products.

On this basis we can conclude that GI schemes often lead to greater diversification as a result of a strong relationship between agricultural products and food and drink production, tourism, and on-farm processing.

#### 7.1.4.1 Background and methodological approach

- ***Interpretation and comprehension of the key terms***
- Development of rural economies: rural areas account for half of Europe and around 20% of the population (<sup>149</sup>). Rural economy is diverse and includes many types of industries (agriculture, food processing, tourism, other industries and services). In particular, the agri-food sector is a key element of the development of rural areas. Concerning the agri-food industry, the rural economy mainly relies on:
  - On-farm and processing facilities activities: activities physically on site, aiming to create value;
  - Off-farm activities: creation of a derived demand on the input side (logistics, agricultural inputs, etc.) and creation of a derived demand for processing and commerce downstream.
- Improving income of farmers: the income of farmers refers to the difference between the expenses linked to the production process and the benefits from the outputs (production sales, services provided). At farm level, beyond a higher income, a more stable income is also considered as an improvement of income..
- Diversification of agricultural production: the process of a farm to vary its range of activities by developing processing activities (cheese making, other agri-food processing, etc.), new types of sale (direct sales, e-sales) and/or agri-tourism.

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<sup>149</sup> Source: [https://ec.europa.eu/regional\\_policy/en/policy/themes/rural-development/](https://ec.europa.eu/regional_policy/en/policy/themes/rural-development/)

• **Sub-questions, judgement criteria, indicators and sources**

The evaluation matrix for this ESQ is as follows.

**Table 26: Evaluation matrix for ESQ 4**

Sub-questions	Judgement criteria (JC)	Indicators (I)
Sub question 1: To what extent have GIs and TSGs been successfully improving income of farmers?	<ul style="list-style-type: none"> <li>JC 4.1: GIs and TSGs have contributed to increase farmers income and remuneration</li> </ul>	<ul style="list-style-type: none"> <li>I. 4.1: Comparison of farmers income involved in GIs/TSGs supply chain and comparable supply chains without GI/TSG</li> <li>I 4.2: Farm income for various productions (France)</li> <li>I 4.3: Results of CS and desk research</li> <li>I 4.4: PGs opinions about income</li> </ul>
	<ul style="list-style-type: none"> <li>JC 4.2: GIs and TSGs have contributed to develop employment</li> </ul>	<ul style="list-style-type: none"> <li>I 4.5: In the food processing sectors, number of jobs increased</li> <li>I 4.6: CS findings on employment</li> </ul>
Sub question 2: To what extent have GIs and TSGs encouraged the diversification of production?	<ul style="list-style-type: none"> <li>JC 4.3: GIs scheme implementation supports the development of tourism activity and on-farm processing</li> </ul>	<ul style="list-style-type: none"> <li>I 4.7: Desk research findings on tourism and on-farm processing in GI value chains</li> <li>I 4.8: PGs survey and CS findings about tourism and on-farm processing</li> </ul>

The sources for this ESQ are CS, PGs survey, FADN, EUROSTAT and desk research.

- **Methodological approach**

### **Farmers' income**

An increase in farmers income may be related to an evolution of revenue and/or a decrease in costs. Revenue is related to the evolution in price and/or sales volume. Stability of both prices and volumes may also be considered as a positive effect on income. Several tools have been used to analyse the links between GIs, TSGs and farmers income: FADN, CS and desk research.

### **Development of rural economies and employment**

Total sales value under GI/TSG schemes and employment have been considered as indicators of the development of rural economies. It is assumed here that growth in values and/or in volumes contributes positively to rural economies and to employment in rural areas. The impact on employment is analysed by looking at the weight of GIs/TSGs in the national employment. The analysis could not specifically identify rural employment from total employment. However, we can consider that employment at agricultural stage is almost exclusively in rural areas. At processing stage, some of the activities may be located in non-rural areas.

### **Encouraging diversification of agricultural production**

This sub-question aims to determine to what extent the implementation of GIs and TSGs has allowed producers to diversify their activities. Diversification is related to the implementation of new activities (on-farm processing and agri-tourism mainly). The analysis is based on CS, desk research (Strenght2food results) and PGs survey.

#### **7.1.4.2 Analysis**

<b>Sub question 1: To what extent have GIs and TSGs been successfully improving income of farmers?</b>
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- **Judgement criterion 4.1: GIs and TSGs have contributed to increase farmers income and remuneration**

<b>Conclusion of the judgement criterion</b>
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- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• FADN analysis shows a clear advantage of GI system for the output and value-added per ha, farm income, family income. At national level, there is a clear advantage for GI in Italy, Spain and Portugal, while there is an advantage for non-GI in Romania and Hungary. The results are mixed in Bulgaria and Greece.</li><li>• Specific studies in the French dairy and poultry sectors show higher incomes or net margins for farmers in the GI schemes compared to non-GI, despite lower physical productivity (lower produced quantity for the same amount of work).</li><li>• Results from CS and desk research on 28 cases show, in more than half of the cases, higher income for stakeholders involved in GI value chains compared to non-GI value chains. However, the context of each value chain plays an important role, and not solely the registration under GI.</li><li>• More than half of PGs (electronic survey) consider that GI registration has a positive impact on income or prices.</li></ul> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Indicator 4.1: Comparison of farmers income involved in GIs/TSGs supply chain and comparable supply chains without GI/TSG**

**Conclusion of the indicator**

- The analysis is based on FADN data and covers the wine sector. It compares farms involved in GI production and farms involved in non-GI production.
- From a general point of view, considering the cumulated number of GI wine farms in the MS included in the analysis, results show a clear advantage of GI system for the output, farm income, family income / family work unit and value-added.
- GI wine farms recorded higher net results in the most important wine producing MS included in the analysis (Italy, Spain and Portugal). In these MS, the GI system is important and has been established for a long time.
- In Romania and Hungary, data suggest better results for non-GI production. The results are clearer in Romania than in Hungary.
- In Bulgaria and Greece, results are mixed with no clear advantage for GI or non-GI farms.

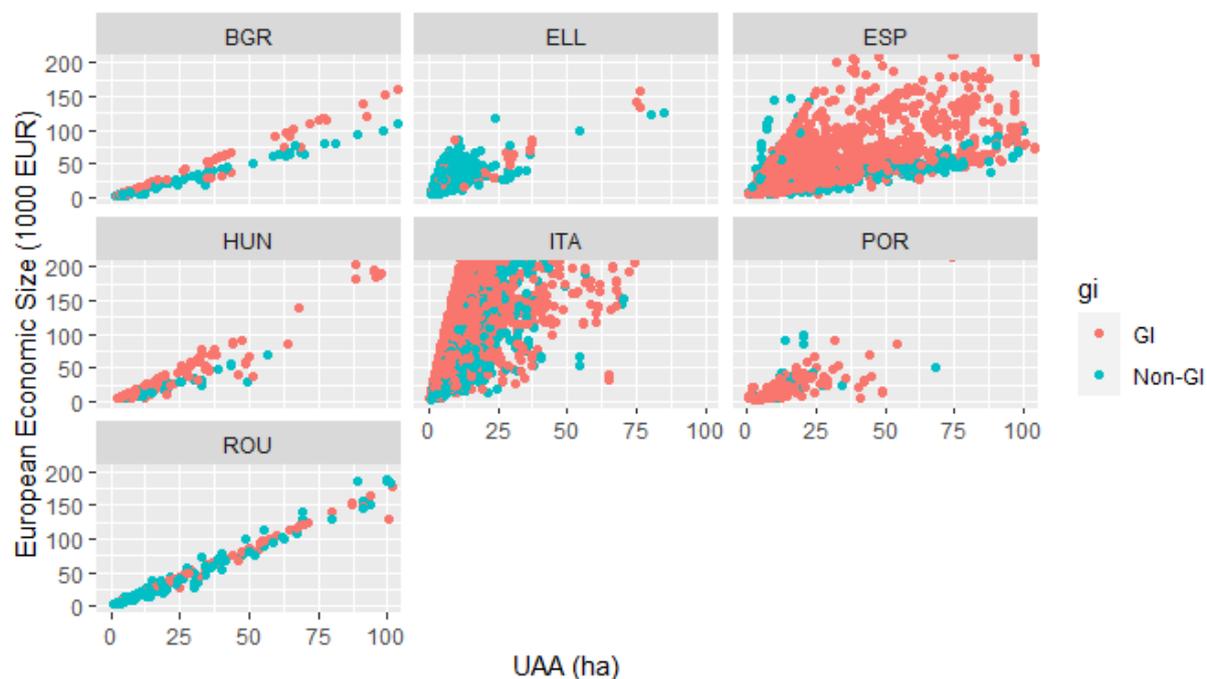
This indicator is based on FADN data. It aims at comparing samples of wine farms with a sub-sample composed of wine farms which do not produce GI grape or wine and a sub-sample composed by wine farms which produce such products. Due to the size of samples, this exercise can be carried out in seven MS: Bulgaria, Greece, Spain, Hungary, Italy, Portugal and Romania. As almost all French wines are under GIs, it is not possible to constitute a control sample of non-GI wine farms.

The median is used here for comparison instead of the mean as the distribution of the ratios analysed are highly skewed.

The first finding is that the GI producing wine farms tend to be larger than non-GI wine farms. Overall, the weighted median of utilised agricultural area (UAA) is 7.29 ha for GI farms and 4.92 ha for non-GI farms, but GI farms tend to be smaller in Spain and Hungary. Regarding total output, the weighted median is EUR 25 605 for GI-farms against EUR 16 553 for non-GI ones; it is greater for GI farms in all 7 MS studied. In order to take into account this bias we have systematically carried out visual analyses to compare the differences in ratios between GI and non-GI farms depending on farms' size.

The figure below shows dispersion of farms in each sample according to economic size<sup>(150)</sup> and UAA.

**Figure 18: European Economic size and UAA of farms included in GI and non-GI samples**



Source: own elaboration based on FADN

Correlation between these two descriptive series is nuanced: Bulgarian case shows for a similar surface a higher output for GI farms; Spanish case shows that non-GI farms may have either a far larger economic size for a similar surface (on the left side of the chart) or a systematically lower economic size. Italian case shows a great variety of situation, as in Greece and Portugal. In Hungary non-GI farms have systematically a lower economic size. In Romania, there is no clear difference.

<sup>150</sup> The European Economic Size is calculated based on the Standard Output since 2014. It is used here as the standard output improves comparability among MS but the total output is used in following analyses as it is easier to interpret.

Next tables consider weighted median results of main profitability ratios. Table 27, below presents the median, and Table 28 next page presents the results of the tests of the statistical significance between the different samples<sup>151</sup>.

**Table 27: Main profitability ratio for GI and non-GI wine farms for 7 MS**

Member State	Sample type	Population Size (avg number of farms/yr)	Total Output/ha	Farm net Income / Total output	Farm net Income / ha	Family Farm Income / Family Work unit	Farm net value Added/ Total output	Labour Input / ha
		Unit	EUR	%	EUR	EUR	%	AWU
BG	GI	280	1 770	21%	376	0	54%	0.20
BG	Non-GI	757	1 429	21%	288	285	56%	0.22
EL	GI	1 841	3 693	43%	1 176	10 842	47%	0.21
EL	Non-GI	10 795	3 152	44%	1 578	11 163	53%	0.23
ES	GI	28 605	2 021	57%	1 073	18 696	71%	0.08
ES	Non-GI	9 560	1 185	60%	717	12 892	79%	0.07
HU	GI	1 939	3 087	31%	840	6 910	57%	0.24
HU	Non-GI	1 168	2 139	41%	815	7 599	57%	0.15
IT	GI	55 163	5 064	53%	2 438	15 005	59%	0.18
IT	Non-GI	41 542	3 954	49%	1 782	11 872	59%	0.17
PT	GI	8 537	2 754	56%	1 337	9 552	74%	0.21
PT	Non-GI	631	2 100	47%	808	6 441	51%	0.14
RO	GI	1 695	2 276	0%	-5	-3	23%	0.45
RO	Non-GI	5 686	2 479	18%	405	1 275	46%	0.44
<b>TOTAL</b>	<b>GI</b>	<b>98 061</b>	<b>3 467</b>	<b>53%</b>	<b>1 582</b>	<b>15 050</b>	<b>64%</b>	<b>0.15</b>
<b>TOTAL</b>	<b>Non-GI</b>	<b>70 139</b>	<b>3 053</b>	<b>49%</b>	<b>1 276</b>	<b>10 739</b>	<b>60%</b>	<b>0.17</b>

Source: own elaboration from FADN data

<sup>151</sup> The Wilcoxon Rank Sum test was used to compare the median of the different indicators between GI and non-GI farms

The results of the comparison are synthesised in the following table <sup>(152)</sup>. Cells in blue marked "GI" correspond to the cases where GI farm results are better than those of non-GI farm.

**Table 28: Comparative analysis of profitability ratios for GI and non-GI wine farms**

Member State	Total Output/ha	Farm net Income / Total output	Farm net Income / ha	Family Farm Income / Family work unit	Farm net Value Added/ Total output	Labour input /ha
Bulgaria	GI	No	No	No	No	Non-GI
Greece	No	No	Non-GI	No	No	No
Spain	GI	No	GI	GI	No	No
Hungary	No	Non-GI	No	Non-GI	Non-GI	No
Italy	GI	GI	GI	GI	GI	GI
Portugal	GI	GI	GI	GI	GI	GI
Romania	Non-GI	Non-GI	Non-GI	Non-GI	Non-GI	GI
Total	GI	GI	No	GI	GI	Non-GI

No	No significant difference
GI	Slightly significant difference with better results for GI farms
GI	Very significant difference with better results for GI farms
Non-GI	Slightly significant difference with better results for non-GI farms
Non-GI	Very significant difference with better results for non-GI farms

Source: own elaboration from FADN data

The FADN analysis shows that wine farms involved in GI schemes tend to perform better economically than other farms (in terms of total output/ha, farm net income / ha, income/family work unit, value added), but that the impacts are very different among MS. No clear conclusion can be drawn on the impact of GIs on the employment in rural areas, beyond country-level analyses.

<sup>152</sup> The unpaired two-samples Wilcoxon test has been used to test the significance of the difference between GIs and non-GIs. This test is commonly used to compare independent samples when data are not normally distributed, which is the case here. Tests were carried out on each variable\*the number of farms represented (SYS02) in order to take into account, the weight of observations. The difference is considered non-significant when the p-value>0.05, slightly significant when the p-value <=0.05 and > 0.001 and very significant when the p-value<=0.001.

- **There is a clear advantage for GI farms in 3 MS:**
  - Italy, Spain and Portugal, GI farms results exceed those of non-GI farms for each criterion: higher output / ha, higher value-added rate, higher farm net income, higher family income / family work unit and more jobs per ha (value added rate and farm net income not significant in Spain). That is to say that the 'GI choice' should lead to attach more value to the land, with more local work and more profit. Italy, Spain and Portugal are among the five largest wine producers at EU level, the two others are France and Germany, where the wine production is highly oriented toward GI (<sup>153</sup>), suggesting a better profitability for GI production than for non-GI production.
- **There is an advantage for non-GI farms in 2 MS:**
  - In Romania, almost all indicators are in favour of non-GIs, except labour input / ha. Results show that for thousands of farms, producing GI wine or grape seems to not be economically sustainable.
  - In Hungary, there is a slight advantage for non-GI for farm net income, family farm income and value added ratio. Other indicators are not significant.
- **There are mixed results in 2 MS:**
  - In Bulgaria, there is a slight advantage for GIs considering the total output/ha and a slight advantage for non-GI for labour input/ha.
  - In Greece, there is no significant differences between GI and non-GI, except a slight difference in favour of non-GI for farm net income / ha.

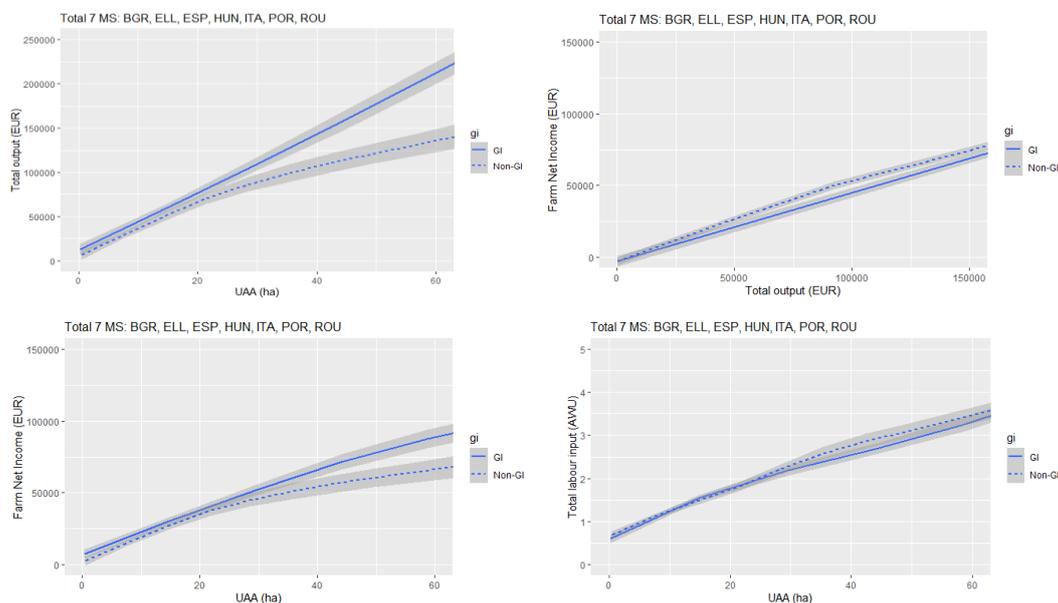
More detailed analyses by size and country confirm that GI wine farms are generally performing better in Italy, especially as farms get larger, and in Portugal, while results are mixed for other MS. The case of Romania is particular as wine farms are very small compared to other countries with 90% of farms below 7 ha. The comparison turns to the advantage of GI farms for all ratios except labour/ha when looking only at farms above 4 ha of UAA.

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<sup>153</sup> Based on *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/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

The figures below show that overall, for the seven MS analysed, GI farms provide more output/ha and more farm net income/ha regardless of the size and that the difference increases as farms get larger. However, farm net income/output tends to be higher for non-GI farms. The labour input/ha is equivalent between GI and non-GI farms for farms up to around 25 ha of UAA but above that area non-GI farms provide more labour input/ha.

**Figure 19: Relationship between profitability ratios and farm size for GI and non-GI wine farms**



Source: own elaboration from FADN data

#### Indicator 4.2: Farm income for various productions (France)

##### Conclusion of the indicator

Based on the analysis of professional technical-economical comparisons in France for important GI sectors such as milk for cheese and poultry, farmers get higher incomes or net margins in the GI schemes compared to non-GI, despite lower physical productivity (that is to say lower produced quantities for the same amount of work).

However, in the poultry sector individual skills of farmers involved in the schemes may matter as much as the quality scheme itself. Indeed, differences in average financial results of PGI and non-PGI production are not very high; that means that best individual results of non-PGI are higher than the worst individual results in PGI production.

##### **Better results for PDO mountain milk farms**

A recent study <sup>(154)</sup> showed that "eastern mountain PDO milk farms" (that is to say milk farms located in the French Alps or French Jura and producing PDO cheese like Beaufort or Comté) registered higher economical and financial indicators than "mountain milk farms

<sup>154</sup> Idele/Inosys- Revenus et trésoreries des éleveurs laitiers- Année 2018 Perspectives 2019- Income and treasuries in milk producing farms - Year 2018, 2019

without PDO". This yearly study is based on the analysis of accounting data for a representative sample of selected farms. It showed that despite a 25% lower labour productivity (milk litres / FTE), PDO mountain milk farms got a 81% higher raw margin reported by milk quantity. In the long run (2008-2018) the "eastern mountain PDO milk farms" got regularly a higher "current result / FTE" ratio than the "mountain milk farms without PDO"; the bonus varies from one year to another, between +20% and +66%.

***Lower raw margin and higher net margin for PGI broiler breeders.***

Poultry under PGI is an important sector in France, most of these products bear both Label Rouge and PGI. An annual survey with more than 300 farms about raw margins in main poultry productions showed that 2018 average raw margin per square meter (an intermediate result that predicts the breeders' income) is lower for "Label Rouge – PGI broiler" case than for "standard" broiler (33.2 EUR/m<sup>2</sup> vs 34.8 EUR/m<sup>2</sup>). Another study by ITAVI (French technical institute for poultry) established that in 2017, fixed costs were 28.5 EUR/m<sup>2</sup>/year for "label rouge / PGI broiler" and 31.5 EUR/m<sup>2</sup>/year for "standard broiler" (because PGI broiler housing is less costly than standard housing: smaller houses need less equipment: ventilation, manure management,...). That is to say that net margin is better for the PGI broiler: 4.7 EUR/m<sup>2</sup>/year for PGI product and 3.3 EUR/m<sup>2</sup>/year. In this case, the PGI product price is higher than for non-PGI, productivity is lower, but fixed costs (mainly equipment) tend to be lower. However, these results should be interpreted cautiously because according to many farm advisors, breeders' real income depends more on individual performance (breeder know-how and practice) than on production type.

**Indicator 4.3: Results of CS and desk research**

**Conclusion of the indicator**

The analysis of 28 GI/TSGs in 9 MS shows a positive impact on price and income in more than half of the situations (positive impacts observed in 16 cases: nine CS and 7 cases covered by desk research).

Higher prices lead to better incomes for farmers or higher profits for processors or wholesalers. This demonstrates that the implementation of GIs collective rules (collective quality management for instance) and strategies (diversity of distribution channels for instance) is likely to provide better economic condition for farmers and/or companies involved in the schemes. Diversity of cases shows that context can be different (size, age, processing level) and give different results (huge price advantage compared with non-GI products, little differences, lower prices for GI products).

Among the 28 cases, these are 27 GIs for which results are valid and only one TSG, which is not sufficient to make conclusions on TSGs.

## Case studies

### **Price premium**

As developed in ESQ 2:

- Based on 2019 study for DG AGRI <sup>(155)</sup>, there is a price premium for GI products, we observe that the scale of the price premium is variable from a type of product to another (“price premium” is the positive difference between GIs products prices and non GIs products prices).
- It was estimated that the value premium rate (value premium rate is a price premium weighted with volume) for GI products was 2.07 in 2017, indicating that in average the sales value of GI products was 2.07 times higher than the corresponding sales value at the price of comparable non-GI products. The value premium rates differ according to the category of product, from 1.5 for agri-food products up to 2.85 concerning wines.
- Based on data from the 2019 study for DG AGRI, about half of the GIs/TSGs (51%) achieve a high price premium (over 100%).
- This is confirmed by CS (price premium observed in 11 CS among 17, no price premium observed or no data available in 6 CS) and PG survey (55% of PGs indicated that the GI/TSG registration had an impact on agricultural prices).

### **Income**

Based on the data collected, it is not possible to do a quantitative comparative analysis of incomes for GI producers and non-GI producers. Qualitative information gathered from CS shows generally positive but mixed results. In addition, the question of farm income for some PGIs is not relevant when there the specifications on raw material are not linked to the origin.

Among the 17 CS:

- In nine CS, the GI scheme and its collective organisation lead to a better price control by producers and/or processors involved in the scheme.
- In two cases, operators interviewed stated that the scheme had no impact on income and in one case that it had a negative impact.
- Information is missing in the remaining six CS.

### **Desk research**

Information gathered through the desk research shows various situation. We observe positive impact of the GI/TSG on profitability in seven cases and a lower profitability for GIs/TSGs in four cases. In the case of lower profitability in the GI/TSG supply chain, some additional information may explain the involvement of stakeholders in the value chain. For instance, in the Parmigiano Reggiano case, the profitability of the PDO is reported to be lower than the comparable value chain by Strenght2Food. Specific elements are provided

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<sup>155</sup> “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/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

on this situation in the: firstly there may be some bias in the FADN analysis, secondly the dairy sector faces specific economic cycle (typically 4 years), thus the economic situation may be positive at other periods.

**Table 29: Comparison of profitability of GI value chains compared to non-GI value chain**

GIs with higher profitability than standards products	GIs with lower profitability than standards products
<ul style="list-style-type: none"> <li>- Kalocsai fűszerpaprika-őrlemény (HU): important price premium compared to imported product (+130%). Higher profitability at processing level (9% vs 4%)</li> <li>- Opperdoezer Potaoe (NL): PDO production provides a higher revenue per ha (210%) and a higher operating ratio (270%).</li> <li>- Truskawka kaszubska / Kaszëbskô malëna (PL): higher value added at farm gate (+11%) for PGI product (but more linked to harvest period than to PGI certification)</li> <li>- Mila Zagoras Piliou (EL): operating margin is 120% higher for PDO product</li> <li>- Milo Kastorias (EL): Operating margin is 74% higher than the reference conventional apple of Agia.</li> <li>- Comté (FR): higher income for farmers than in other French mountain milk farms (according to IDELE analysis).</li> <li>- Moules de Bouchot de la Baie du Mont-Saint-Michel (FR): 15% higher gross operating margins for PDO mussels</li> </ul>	<ul style="list-style-type: none"> <li>- Gyulai kolbász / Gyulai pároskolbász (HU): lower profitability all along the supply chain</li> <li>- Ternasco de Aragon (ES): no differences of profitability for PGI product</li> <li>- Sobrasada of Mallorca (ES): lower profitability for the GI product.</li> <li>- Parmigiano Reggiano (IT) Lower operating margins at farm level and far lower margins at processing stage</li> </ul>

Source: based on Strength2Food

#### Indicator 4.4: PGs opinions about incomes

##### Conclusion of the indicator

More than half (52%) of respondents among active PGs consider that GI registration provides higher incomes to farmers. In addition, 56% think that GIs help farm gate prices to rise and 54% of the respondents consider that GIs provide higher profits to processing companies.

Answers to a question about incentives show that the increase of price ranks 4<sup>th</sup> among the different incentives. In other words, operators generally expect a price premium, but this is not the main incentive to be engaged in an EU quality scheme.

Data gathered with TSG producer' organisations are insufficient to conclude.

The electronic survey with PGs in 7 MS covered the themes of the impact of the registration under GI/TSG. It shows that:

- 15% of responding bodies agree completely with the proposition "Registration under GI/TSG led to an 'improvement in farmers net income'";
- 37% somewhat agree with the proposition;
- 27% are neutral;
- 9% somewhat disagree;
- 5% completely disagree;
- 8% do not know.

More than half of the PGs indicated that GI/TSG registration had a positive impact on farmer net income (52% completely or somewhat agree) and negative opinions are limited (14%). The proportion of neutral and 'I do not know' responses is important; this tends to show that the monitoring of income is complex and not necessarily conducted (the same phenomenon was observed in CS).

About the impact on processors' income, the proportions are respectively: 15%, 39%, 27%, 8%, 3%, 8%. Results are comparable with the producers' income question: positive are far more numerous than negative points of view, but one third of respondents did not give a clear answer.

About impact on the "increase of agricultural stage price", proportions are, respectively: 15%, 40%, 30%, 7%, 3%, 5%. In other words: few respondents (10%) think that GI/TSG implementation could lead to lower prices at farm stage, while a small majority (54%) think it should lead to higher prices and 35% have no opinion or consider it has no impact.

A look at the question about "main incentives to participate in the EU schemes" reveals that the "increase of price" ranks fourth out of five propositions, after "increase the awareness of product name", "involvement in a collective project" and "access to new markets". 26% of respondents completely agree with the price objective, 47% somewhat agree, 20% are neutral, 5% somewhat disagree, 2% completely disagree and 1% do not know.

- **Judgement criteria 4.2: GIs and TSGs have contributed to develop employment**

**Conclusion on the judgement criterion**

The conclusions of this judgement criteria are as follows:

- The employment in the GI sector grew faster than the total food and drink sector, due to an increase of sales value under GI (based on EUROSTAT and the study on the value of GI and TSG, 2019, these data could not be compared with comparable non-GI value chains).
- Based on CS and desk research, the trend on employment is positive in most cases analysed.
- The analysis could not specifically identify rural employment from total employment. However, we can consider that employment at agricultural stage is almost exclusively in rural areas. At processing stage, some of the activities may be located in non-rural areas.

**Indicator 4.5: In the food processing sectors, number of jobs increased**

**Conclusion of the indicator**

Based on Eurostat data on food and drink industry and the 2019 DG AGRI study on GI sales value, the number of employees in GI processing sectors has increased throughout the Union with a much higher growth rate than in the general food and beverage industry. This is related to an increase of sales value under GI.

Based on Eurostat data it is possible, for a number of food processing sectors, to calculate the ratio "number of jobs /sales values" each year, in most of the MS. This ratio is used to estimate the number of jobs in the GI processing sectors (based on GI sales value <sup>(156)</sup>).

The main limitations of this method are:

- the use of an average ratio, this could minimise the number of jobs in the GI sector (because high-end products often need more work than standard or low-end products),
- the sector nomenclature does not allow to take all GI productions. Main agri-food sectors are considered (cheeses, fresh and processed meat in particular), the sectors covered account for 86% of the sales value of agricultural products and foodstuffs in 2017 (based on the study on the value of GIs/TSGs, DG AGRI, 2019),
- There is no comparison with a similar sample without GI.

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<sup>156</sup> Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs), AND-I for the DG AGRI, 2019 - <https://op.europa.eu/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

The number of jobs in the main sectors under GI for agricultural and food products is estimated to be 85 393 jobs in 2017, with a 25% growth between 2010 and 2017 which shows that GIs contribution is very positive. By comparison, the EU 28 growth for jobs in the food industry is +5% (from 2010 to 2017) and +6% for the beverages industry. These evolutions are observed at EU level, however, there could be different trends at national or regional levels.

**Table 30: Estimates of the number of jobs in the main GI processing sectors in 2010 and 2017 at EU level**

GI sectors	2010	2017	2010-2017 Change (%)
Milk products (inc. Cheese)	37 482	41 396	+10%
Fresh and Processed meat	14 998	20 965	+40%
Beer	11 200	12 350	+10%
Processed fruits et vegetables	2 445	5 340	+118%
Fresh and process fish	1 893	4 381	+131%
Fat and oil	379	623	+64%
Condiments	103	338	+228%
<b>TOTAL</b>	<b>68 500</b>	<b>85 393</b>	<b>+25%</b>

Source: own calculation from Eurostat and DG AGRI study on the economic value of GIs and TSGs.

#### Indicator 4.6: CS and desk research findings on employment

##### Conclusion on the indicator

In most cases analysed, GI value chains have a positive impact on employment. This shows, as for the questions of price or income that, despite some counterexamples, GI schemes generally succeed in the development of employment. Desk research in Spain and a French region (Occitanie) shows the positive trend of employment related to GIs, based on the number of farms and companies involved.

The following table provides some insights on the impact of GI supply chains on local employment based on CS and desk research (results from Strength2Food).

**Table 31: Impact of GIs on employment (from cases studies and desk research)**

No impact/Negative impact	Positive impacts	Very positive impacts
(PL) Truskawka kaszubska / Kaszëbskô malëna. Producers' disengagement led to decrease in jobs related to the PGI scheme.	(FR) Comté. Sales and production increase regularly. Labour to production ratio: +34% at farm level and +16% at processing level.	(UK) Scotch Whisky: 10 000 direct jobs in Scotland (including 7 000 in rural areas). 40 000 jobs supported by Scotch whisky distribution throughout UK.
(ES) Ternasco de Aragon - Turnover to labour ratio: - 66%	(HU) Kalocsai fűszerpaprika-őrlemény no precise data - Higher labour use ratio with PDO: 313%.	(IT) Parmigiano Reggiano 3 500 producers and 388 dairies and maturers (+/- 4 000 jobs).
(ES) Cordero Manchego - No significant impact	(NL) Opperdoez Potatoes - Turnover to labour ratio: +147%	(ES) Ribeira del Duero. 25 600 FTE jobs in farms and wineries.
(NL) Gouda Holland - No visible impact	(EL) Mila Zagoras Piliou - Turnover to labour ratio: +203%.	(FR) Pays d'Oc 60 000 jobs in farming, processing, marketing.
(IT) Dauno - Stability - no difference with non -PDO supply chain	(HU) Gyulai kolbász / Gyulai pároskolbász: labour use ratio PGI/non PGI + 10%.	(IT) Langhe 2 770 farms and 942 processing and wholesale companies.
	(ES) Sobrasada de Mallorca: increasing production and higher labour use ratio: 577% at farm stage, 528% at processing stage.	(FR) 50 000 jobs for wine sector in Rhône area (2015): 19 000 direct and 31 000 indirect and induced jobs
	(HU) Pálinka - 1700 direct jobs - Growth of production.	
	(EL) Milo Kastorias - Turnover to labour ratio: +168%.	
	(FR) Camargue Rice: 2 000 direct and indirect jobs.	
	(FR) Moules de Bouchot de la Baie du Mont-Saint-Michel. Labour use ratio: +19% (but Turnover-to-labour ratio: -11%).	
	(ES) Jabugo - 855 FTE in the area.	
	(FR) Beaufort - Stability in farm and dairies jobs (in the PDO area) instead of quick decrease (in the neighbour areas).	
	(IT) Basilico Genovese - Stability in jobs due to PDO success.	
	(IT) Speck Alto Adige / Südtiroler Markenspeck / Südtiroler Speck: 1 500 jobs. Growing activity.	

Definitions: "Turnover-to-Labour Ratio": EUR per AWU (annual work unit)  
"Labour-to-production Ratio" or "Labour use ratio": AWU per tonne of product

Source: cases studies and Strength2Food

The definitions of the terms used in the following table are:

- **“Turnover to labour”** indicates the value created for each working hour, this may result of a higher physical yields, higher selling prices, or both.
- **“Labour use ratio”** or **“Labour-to-production ratio”** is directly related to the physical productivity: it compares the quantity of work needed for one tonne of product.

Among the 25 cases:

- In 20 cases, the GI value chain has a positive impact on the territory, and even very positive in six cases, with thousands of jobs.
- In five cases, the impact of GI schemes on employment is considered to be null or negative.

Those results reflect specific situations where the feedback on the GI project as a whole is not very positive (low profitability or commercial failure) or where the scale remains marginal. In 5 cases it is considered that the GI supply chains play a major role in their respective territories with several thousand jobs.

Some additional information has been collected in Spain and a French region (Occitanie). In Occitanie, the number of farms (and thus the number of farm jobs) involved in quality schemes have significantly increased between 2010 and 2017. The same phenomenon can be observed in Spain in recent years. Spanish figures suggest that this growth comes more from an increase in the number of GIs than from the growth of historic GI products. The details are provided in the following table.

**Table 32: Results from literature regarding employment in GIs in ES and FR (Occitanie)**

MS	Source	Evidence
Spain	MAPA Datos de las Denominaciones de Origen Protegidas (D.O.P.), Indicaciones Geográficas Protegidas (I.G.P.) y Especialidades Tradicionales Garantizadas (E.T.G.) de Productos Agroalimentarios 2011 et 2017	These official reports include data on volume and value of GI and TSG production in Spain. They also include data on numbers of “primary producers” and “number of registered companies” (this does not include wine and spirit drinks supply chains). The number of primary producers was 198 377 in 2017 (+3% since 2016, no data for previous years). Comparison with some sectors in 2011 is possible: - 7% for milk for cheese; -1.5% for fresh meat. The number of registered companies was 3 551 in 2017 (+10.5% compared to 2011).
France	Agriscopie Occitanie N°5 – 2020  Observatoire des SIQO d’Occitanie (IRQUALIM Occitanie)	P 49. A general presentation of so-called ‘quality schemes, including GIs and organic production indicates that 26 803 farms in Occitanie have developed a GI production (of different nature: wine, meat, milk products, fruits and vegetables, poultry, oil, honey, flour, ... ) for a net sales value at farm of EUR 483 million (agri-food) and EUR 1 413 million (wine) between 2010 and 2017. The study indicates that in 2010, 50% of farms were producing ‘quality’ products and that this share was 65% in 2017. The second document focuses on GIs, Label Rouge and organic products: it indicates that the share of regional sales at farm gate made under GI and other certification tools (mainly Label Rouge) is 42% (excluding organic products). This share is regularly increasing. Although the documents do not provide specific data on jobs, it can be considered that the increase in production and in the number of farms automatically results in an increase in jobs.

**Sub-question 2: To what extent have GIs and TSGs encouraged the diversification of production?**

- ***Judgement criteria 4.3: GIs scheme implementation support the development related to tourism activity and on-farm processing***

**Conclusion for the judgement criteria**

Desk and field research shows that, in many cases, a **synergy** exists between GI product supply chains and tourism activities. The wine sector shows the most advanced synergies with tourism and high share of on-farm processing, but there is a great variety of products that can lead to the development of tourism and/or processing activities on farm or in the surrounding rural area. Examples analysed also show that:

- Synergies often result from action plans (with common investments in communication, events organisation, joined enterprises mixing hosting activities and GI product promotion, etc... ) engineered between local actors (agriculture, tourism, local authorities) even if it may also be the result of a single company's action;
- Direct sales development may occur simultaneously with tourism development because tourist frequentation brings customers directly to the GI producing sites;
- External factors can be at the origin of the touristic initiatives: UNESCO acknowledgement (in the case of Langhe vineyard), national lists (such as "Hungarikum", in the case of Paprika );
- Local events (GI festival) are very common and seem to be effective to gather a wider public.

Finally, the potential for development offered by this type of synergies does not appear to be fully exploited.

**Indicator 4.7: Desk research findings on tourism and on-farm processing in GI value chains**

Desk research brought some important facts suggesting a strong relationship between some GI supply chains and the tourism sector.

In two cases out of three there is a relationship between GI products and tourism activities, with a varying degree of synergy between the two sectors. The examples in the table below show two different types of synergies. In some cases GI products are a by-product that benefits from the intrinsic attractiveness of their territory (Mallorca, Mont St Michel, ...) while in other cases, wines and spirit drinks in particular, represent one of the main drivers for developing tourism activities.

The relationship between GI products and tourism seems to also depend on the nature of GI products. Alcoholic products like wine, beer and spirit drinks but also cheeses or spices generate more attraction than products less connected to festive or occasional consumption, such as vegetables or fruits; no relationship has been observed in the case of fresh meat products and apples. In the examples covered, GI sales are also not very important.

**Table 33: Results from desk research on diversification related to GIs**

GI	Tourism	Processing at farm stage
UK – Scotch Whisky – GI	The Scotch Whisky industry is the third most popular tourist attraction in Scotland.	Not relevant. Scotch Whisky production relies partly on SMEs, direct sales implemented.
FR – Riz de Camargue– PGI	There is no direct link. There is an important organic GI production which contributes to maintain good environmental condition in the wetland system of the Rhône delta (Camargue).	Not relevant.
IT Parmigiano Reggiano PDO	70 dairies organise visits for tourist. PR is included in the 'gastronomic tours' organised by local bodies dedicated to tourism.	Not relevant but local dairies constitute a system under direct control of producers, with direct selling.
FR Comté PDO	A cheese road map has been set up aiming at promoting the Comté PDO stakeholders: farmer, cheese manufacturers ('fruitières') and maturers. Several museums dedicated to Comté PDO also opened in the region.	As for Parmigiano Reggiano (see above) the 'fruitières' is a local processing system, that allows direct selling.
HU Kalocsaifűszerpaprika-örlemény PDO	Paprika is listed on the 'Hungarikum' registered	Half of the total volume of the PDO is marketed directly by farmers in local market or in Budapest.
NL Opperdoezer Ronde PDO	Because of the Opperdoezer Ronde, the village of Opperdoes has become more widely known and this might have a positive effect on the number of tourists visiting the village, but the effect is probably small. However, because the Opperdoezer Ronde has been grown since 1860, it has become part of Dutch heritage.	Potatoes is a raw product without processing, the only interventions are sorting, sizing, washing, and packing. Only a small part of the production is sold directly to end consumers. One of the largest Dutch vegetable company market these potatoes to mass retailers.
FR Moules de Bouchot de la Baie du Mont-Saint-Michel PDO	Synergy between mussels' production and the Mont St Michel famous historical site is organised. A tourist and learning centre on shellfish has been created and receives 10 000 people each year.	A share of PDO mussels are consumed in the local catering sector, but the main market is national retail circuit.
EL Mila Zagoras Piliou PDO	Nothing to report	No direct sales reported.
HU Gyulai kolbász / Gyulai pároskolbász PGI	Gyulai kolbász / Gyulai pároskolbász was also selected to the Collection of Hungarikums in 2013. The main PGI producing company highly relies on this emblematic product for its marketing strategy and emphasizes the historical connection between the product and the local town, through a museum dedicated to the PGI and visits of the factory.	Local farms are not involved in the supply chain. No direct sales reported.
EL Milo Kastorias – PGI	Nothing to report	No direct sales reported.
PL - Truskawka kaszubska / Kaszëbskô malëna PGI	Truskawka kaszubska / Kaszëbskô malëna PGI farms benefit from tourism to develop direct sales. Every year since the early 1970s, a strawberry picking festival is organized that gather thousands of persons.	While direct sales from conventional production represent 5% of the sales, it accounts for 8% in PGI farms.
ES Sobrasada de Mallorca – PGI	The Balearic Islands archipelago is one of the most popular tourist destinations in Europe. In that sense, it may support the local sales of the PGI product.	20% of sales in the Balearic Islands.
ES Ternasco de Aragon – PGI	Nothing to report	No direct sales reported. The Aragón area itself consumes between 50 and 60% of the PGI meat, and neighboring areas buy between 25% and 35%.

Source: based on Strength2Food

#### **Indicator 4.8: PGs survey and CS findings about tourism and on-farm processing**

Based on electronic PGs survey, the registration had an impact on the diversification of the producers for 51% of the GIs, there is no impact according to 12% of the PGs and 37% consider this is neutral or don't know if there is an impact. The impact is higher in the wine sector, 58% of PGs considering that the GI has an impact on diversification, followed by the agri-food sector (48%) and the spirit drinks sector (37%).

CS clearly show that in rural areas GI/TSG production may be an important argument for the promotion of tourism. Among all products, wine presents the highest potential, for the following reasons:

- wine shapes landscapes,
- wine is the most developed on-farm processed food and drink product,
- wine offers an infinite variety of tastes (that justifies the 'wine route' or 'wine roads').

Cases studies also show that this development is largely on-going. The Langhe PDO, Pays d'Oc PGI and Ribera del Duero PDO cases show that the success of these agritourism initiatives is recent and has not reached its maximum development yet. Agritourism is more longstanding in Côtes du Rhône area. The legal framework offered by the EU quality scheme is often seen as an important factor of success, giving stable legal framework to the product and a tool to improve collectively its quality.

It also shows that the agritourism development is the result of a collective action, gathering vine growers / wine makers organisation, local authorities and all kind of actors involved in hosting activities.

Beyond the wine sector, several supply chains have developed links between tourism and GI products: beers, cheeses, paprika, meat products, fruits.

Depending on the specifications, farms may be involved or not. If the PGI specification does not focus on the origin of raw material sources, farmers are generally not involved in the tourism activities (based on the PGs survey, 78% of the PGIs in the agri-food sector cover the agricultural stage). Furthermore, not all products are equally suited for on-farm processing: meat products, hard cheeses, for instance.

The importance of direct sales is dependant of these structural factors: involvement or not of farmers in the specifications and the type of processing activities.

Regarding diversification, some CS highlighted that farm processing was common in the wine sector; for instance, in Côtes du Rhône, about 10% of the vine growers are involved in direct sales and comply with the guidelines for "direct sales" and this is highly growing in Langhe sector. In Beaufort, on-farm production represents about 25% of the total production. However, this is not common in other GIs/TSGs for technical reasons, such as Jabugo (no technical facilities at farm stage for drying), Cordero Manchego (on-farm sales not implemented) or Speck Alto Adige/Südtiroler Markenspeck/Südtiroler Speck (which does not cover farm stage).

### 7.1.5 ESQ 5 – Third countries

#### **ESQ 5 - To what extent have third country GIs registered in the EU provided benefits to their producers on the EU internal market?**

##### **Conclusion of the ESQ**

Based on an electronic survey, CS and desk research:

- IPR protection against misuses and frauds was the main driver for non-EU stakeholders who are involved in GIs when they applied for the registration in the EU by direct application. GI scheme is perceived as a guarantee of quality for consumers while protecting producers from unfair competition.
- Most of the PGs of third country GIs exporting to the EU market do not consider that EU registration would lead to an increase in sales volumes. Price and growth of these GIs seem to be a secondary benefit of the EU registration and are considered to be mostly determined by other factors: brand communication, relation between offer and demand, exchange rates.
- Although the EU logo is not always used by stakeholders, the registration is perceived as a necessary tool on the EU market where many GIs/TSGs are already registered.

##### **7.1.5.1 Background and methodological approach**

- **Interpretation and comprehension of the key terms**
- **“Third country”**: Non-EU countries. In total, 32 GI names have been registered in the EU from the following countries via direct application process:
  - For agricultural products and foodstuffs: Andorra, China, Dominican Republic, Cambodia, Colombia, Indonesia, India, Norway, Thailand, Viet-Nam, Turkey.
  - For spirit drinks: Guatemala, Mexico, Peru.
  - For wines: Brazil and United States.
- **“Benefits to their producers”**: “Benefits” are the advantages third countries’ stakeholders receive for being involved in GIs. “Producers” refer to the people intervening in the production, processing of GIs. We consider it covers both farmers, wholesalers, processors and exporters. The benefits covered could be qualitative: in that case, benefits are firstly related to a **protection of the name** (better protection of IPRs for instance) or a better access to the EU market. Benefits could also be financial advantages: in this case, they can be related to markets (sales volume, sales value, price, image) and income for producers.

• **Sub-questions, judgement criteria, indicators and sources**

The objective is to understand which are the specific benefits of the EU registration of GIs by third countries. The ESQ 5 is analysed under three themes:

- Better protection of IPRs on the EU market. The improvement of IPRs has been assessed thanks to the assessment of the protection level of IPRs by the registration under GI via direct application. This analysis is based on six CS and an electronic survey among PGs, to identify whether direct registration gives a better protection of products name on the European market.
- Improvement of the volumes and prices of the product on the European market. The analysis of the improvement of sales volumes and prices is based on the quantitative data collected from the online survey among PGs, estimations if necessary and specific data from CS.
- Other benefits related to a better access to the EU market. The access to the EU market is assessed through the possible impact of GI registration on the image of the product on the EU market.

These three themes are declined under three sub-questions. The evaluation matrix is developed in the following table.

**Table 34: Evaluation matrix for ESQ 5**

Sub-questions	Judgement criteria (JC)	Indicators (I)
Sub-question 1: To what extent registration as GIs provided better protection of IPRs?	• JC 5.1: Registration permitted a better protection of IPRs in the EU	• I 5.1: Opinion of stakeholders regarding the comparison of protection provided by International protection agreements (WIPO) and protection provided by EU schemes.
Sub-question 2: To what extent GIs provided fair return for producers for the quality of their products?	• JC 5.2: Registration permitted to achieve better sales volumes and prices on the EU market.	• I 5.2: Evaluation of sales volumes and prices on the EU market compared to other markets
Sub-question 3: To what extent GIs provided better access to the EU market?	• JC 5.3: Registration allowed a better access to the EU market to producers	• I 5.3: Opinion on the benefits in terms of access to EU market

• **Methodological approach and limits**

The main tools used to tackle the questions are:

- **Direct electronic survey** with all producer organisations of GIs from third countries registered in the EU, in order to:
  - Collect data on the sales volumes and value on the EU market. This information contributed to make a general assessment on the presence of these GIs on the EU market.
  - Identify the main type of benefits for stakeholders.

- **CS** were conducted on the six following GIs: Ron de Guatemala, Café de Colombia, Carn d'Andorra, Torrfisk fra Lofoten (Norway), Darjeeling (India) and Tequila (Mexico). These CS allowed to collect information on:
  - the context, background and description of GI sector;
  - the identification of the benefits and their quantification when producer associations hold some data;
  - prospects for the GI in the next 5 years.
- **Desk research**, in particular regarding the two following GIs: PDO Phu Quoc Fish Sauce (Vietnam) and PGI Khao Hom Mali Rice (Thailand) based on the book by Arfini and Bellassen (<sup>157</sup>). This allowed to collect information on:
  - the context, background and the description of GI sector,
  - the identification of the reasons for registration as a GI, and the benefits obtained.

The data presented on sales value are based on direct survey among producers and PGs identified (26% of the 32 GIs registered in the EU by third countries, via direct application); data at national level and desk research (48% of the total number of GIs) or, when no data was available, on estimates (26% of the total number of GIs).

### **Limits**

Information has been gathered on 35% of third country GIs through the tools previously presented.

Some difficulties have been faced in the electronic survey with a low rate of return: only 3 answers compared to 25 GIs contacted. 6 more answers of the electronic survey have been collected through the CS. All in all, analysis from the electronic survey are based on 9 answers. This low rate of return may be due to both unavailability of stakeholders in COVID-19 context and the unavailability of relevant contact details. Data gaps from the electronic survey have been addressed with desk research and estimates.

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<sup>157</sup> Arfini, F. and Bellassen, V., Springer, *Sustainability of European Food Quality Schemes – Multi-Performance, Structure, and Governance of PDO, PGI, and Organic Agri-Food Systems*, Springer, 2019

### 7.1.5.2 Analysis

- **Background data**

#### Scope

The data collection covered 32 protected names from 16 non-EU countries<sup>(158)</sup>. It represents all GIs registered in the EU via direct application until 31/12/2019:

- Agricultural products and foodstuff: 27 names (84% of all non-EU country GIs),
- Wines: 2 names (6% of all non-EU country GIs),
- Spirit drinks: 3 names (10% all non-EU country GIs).

GIs represent 10% of the protected names (3 products); PGIs represent 59% of the protected names (19 products), and PDOs represent 31% of the protected names (10 products).

#### **The analysis focuses on the non-EU GIs for which exports on the EU market have been identified.**

Exports on the EU market were identified for 53% (17) of non-EU GIs. The remaining 47% (15) of non-EU GIs were not identified on the EU market through desk research and online store check.

#### **Sales value of non-EU GI products**

In 2019, the 32 GIs from non-EU countries were estimated to reach a sales value of EUR 8 billion, including EUR 4.3 billion of total exports. Non-EU GI products sold as GIs on the EU market are estimated to represent 8% of these total exports.

The group of 17 non-EU GIs, for which exports on the EU market were identified, is estimated to reach a sales value of EUR 6.8 billion in 2019, including EUR 4.1 billion of total exports. The estimated sales value of these exports on the EU market is estimated around **EUR 350 million in 2019**<sup>(159)</sup>, agricultural products and foodstuffs accounting for 45% of this value (EUR 160 million), wines accounting for 10% (EUR 30 million), and spirit drinks accounting for 45% (EUR 160 million). In 2019, 2 products were estimated to account for 80% of the sales value on the EU market.

The sales value of non-EU GIs exports on the EU market is estimated to represent about 0.6% of EU GIs/TSGs total sales value on the EU market, which were estimated at EUR 58 billion in 2017<sup>(160)</sup>.

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<sup>158</sup> 1 GI from Brazil; 1 GI from Cambodia; 8 GIs from China; 1 GI from Colombia; 1 GI from Dominican Republic; 1 GI from Guatemala; 1 GI from India; 1 GI from Indonesia; 1 GI from Mexico; 2 GIs from Norway; 1 GI from Peru; 4 GIs from Thailand; 3 GIs from Turkey; 1 GI from the USA; 1 GI from Vietnam

<sup>159</sup> This estimation includes agri-food products sold with the GI logo, wines and spirit drinks. It does not include agri-food non-EU GIs sold on the EU market without the logo.

<sup>160</sup> AND International, *Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialities guaranteed (TSGs)*, 2019 - <https://op.europa.eu/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

**Table 35: Estimate of non-EU GIs' sales value by market (2019, billion EUR)**

	Total sales	Total exports (EU market + Extra-EU)	Exports on the EU market
32 non-EU GIs	8.0	4.3	0.35
17 non-EU GIs with identified exports on the EU market	6.8	4.1	0.35

Source: AND International

*Nota Bene: All the following analysis only focuses on non-EU GIs with identified exports on the internal EU market (except for the Carn d'Andorra PGI that was included in the CS)*

**Sub-question 1: To what extent registration as GIs provided better protection of IPRs?**

**Judgement criteria 5.1: Registration permitted a better protection of IPRs in the EU**

**Conclusion of the judgement criteria**

According to the electronic survey, the IPR protection is a key factor for non-EU stakeholders who are involved in GIs and is considered the main driver when applying for registration. This statement was confirmed by CSs, especially for Tequila, Ron de Guatemala, and Café de Colombia. In case of products that could be used as ingredient or mixed with others (like Café de Colombia or Darjeeling), the registration strengthened the level of protection as it ensures only "100% origin" product is used.

In the case of Darjeeling PGI, the registration strengthened the IPR protection but some alleged misuses of the name still exist within the EU market.

**Indicator 5.1: Opinion of stakeholders regarding the comparison of protection provided by International protection agreements (WIPO) and protection provided by EU schemes.**

The field survey has shown that IPR protection is a key factor for stakeholders who are involved in international trade. All PGs who answered the electronic survey (9 answers) already exported their GI product to the EU market when the registration was implemented. According to most of them (8 over 9 answers), the main driver to apply for the registration is a "better IPR protection on the EU market". Finally, 5 PGs consider the EU framework for GIs as effective to protect the IPR on EU market.

CS highlighted different cases with regards to IPR protection:

- PGs of **Café de Colombia (PGI)**, **Darjeeling (PGI)** and **Ron de Guatemala (GI)** have more hindsight as their products have been registered in 2007, 2011 and 2014 respectively. They shared more balanced opinions:
  - The PG of Café de Colombia considers the GI registration at EU level as providing a good level of IPR protection. But they pointed some issues that do not always meet their expectation in terms of protection; especially in case of using the PGI product as an ingredient. In the case of coffee, when it has been mixed with other ingredients, it is almost impossible to determine whether or not it complies with the GI specifications. Therefore, when the PGI is used as an ingredient, it makes the controls more complex.
  - The use of the Darjeeling name and logo are protected as GI in India and as certification trade marks in the UK, USA, Australia, and Taiwan. The registration of Darjeeling as a PGI at the EU level in 2011 was considered as a vital step for the protection of Darjeeling, conferring protection *inter alia*, against any misuse and imitation in the EU countries. Furthermore, the certification scheme implemented with the EU registration, ensured that (1) tea sold as Darjeeling in India and worldwide is genuine Darjeeling tea (contains 100% of Darjeeling tea) and (2) all sellers of genuine Darjeeling tea are duly registered. Therefore, EU registration allows to strengthen protection of Darjeeling tea against some European operators who were used to use 51% of Darjeeling tea in products sold as Darjeeling. This practice had to be stopped after the European registration. Nonetheless, Tea Board of India considers that while the registration of Darjeeling as PGI has strengthened the protection in the European Union, it may still be possible to identify some misuses of the name Darjeeling in some MS.
  - According to the IPR legislative framework of Guatemala, a name can be protected with a Denomination of Origin for products sold on the national market; a GI for products sold on the EU market and a collective trade mark for products sold in other countries. For the PG, there is no possible comparison between these 3 types of protection. Nevertheless, according to the PG, the greatest value for the Guatemalan GI producers is the security they have to fight and defend themselves more efficiently and more powerfully in case of a trial on the European market. Indeed, they consider they have better guarantees before the court than if they only had a trade mark registration.

To the opinion of ANFAL (Association of Spirit and Liquor Manufacturers), the EU is the region with the most advanced regulatory framework in the world regarding the protection of GIs. The IPR protection on the EU market is perceived as better than if their products were sold without the GI protection and the level of protection is considered of high quality compared to other kind of international agreements.
- Two GIs are considered out of the scope regarding the IPR protection on the EU market: The **Tørrfisk fra Lofoten PGI** (Norway) was registered in 2014 but is not yet sold on the EU market under GI and **Carn d'Andorra PGI** (Andorra) is only sold on the national market.

- The **Tequila GI** (Mexico) was registered very recently (2019). To the view of the PG, the main driver for the direct EU registration was to make Tequila known as a “quality product” beyond its origin. Indeed, Tequila was already linked to Mexican origin thanks to the bilateral agreement of June 1997; however, it was hardly linked with quality. The direct registration as GI aimed at giving a better reputation to Tequila, and better knowledge of the quality of the product. According to the PG, direct registration as GI also permitted to go further than the first bilateral agreement between Mexico and the EU in 1997, in terms of IPRs protection. It guarantees a protection at customs level and on the EU market (points of sale). Besides, products which do not meet the PG standards can be detected and destroyed.

***Sub-question 2: To what extent GIs provided fair return for producers for the quality of their products?***

***Judgement criteria 5.2: Registration permitted to achieve better sales volumes and prices on the EU market***

**Conclusion of the judgement criteria**

Based on the information collected through electronic survey, CS and desk research, 45% of the registered GIs from non-EU countries are not exported to the EU market. Most of the PGs of GIs exported to the EU market do not consider that EU registration has an impact on sales volumes. Only Darjeeling PGI registered an increase in price correlated to EU registration.

The achievement of better sales volumes and prices seems to be a negligible benefit of the EU registration for well-known exported GIs for which price and growth are mostly determined by brand communication, volume of stock, evolution of demand, inflation and other economic parameters.

**Indicator 5.2: Evaluation of sales volumes and prices on the EU market compared to other markets**

GIs from non-EU countries gather products of extreme diversity, from little productions almost only sold on domestic market (Carn d’Andorra PGI, Fenalaar fra Norge PGI, ...) to well-known products at international level, mainly exported (Ron de Guatemala GI, Tequila PGI, Darjeeling Tea PGI, ...).

Almost half of GIs from non-EU countries were not identified on the EU market. For instance, based on desk research (<sup>161</sup>), PGI Khao Hom Mali rice is mainly sold through local markets, agricultural trade fairs, and local supermarkets. Exported certified Khao Hom Mali rice may not display the GI label as the specification requires that Khao Hom Mali rice has to be packaged locally, whereas a large volume of rice produced by certified farmers and certified millers is sold in bulk to exporters located outside the territory who repackage the rice according to overseas customer requirements.

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<sup>161</sup> Arfini, F. and Bellassen, V., Springer, *Sustainability of European Food Quality Schemes – Multi-Performance, Structure, and Governance of PDO, PGI, and Organic Agri-Food Systems*, Springer, 2019

Less than 10% of all non-EU GIs exports (intra and extra EU) are estimated to be valued as GIs. CS highlighted that sales development on the EU market was a driver for the registration of the following GIs:

- Ron de Guatemala PGI, for which the share of the production under GI is estimated to reach 42% of the sales in 2019. Ron de Guatemala PG indicated that part of the drivers to apply for EU registration as a GI was to add marketing value on the markets where GI registration is recognized.
- Tequila PGI, which exported 6% of its production on the EU market in 2019. PG indicated that the development of exports of Tequila on the EU market was one of the main drivers to apply for EU registration.
- Tørrfisk fra Lofoten PGI, for which 90% of the production is exported on the EU market, and 70% on the Italian market. This market is on a downward trend, as stock fish was originally a commodity product, which is no longer adapted to consumers' habits (long preparation time, no quality differentiation). To date, the PGI logo has been infrequently used on consumer products. In order to rebuild the market of stock fish in Europe and to increase added value and price of the product, Tørrfisk fra Lofoten PG decided to launch a further processed product with PGI logo. According to the PG, PGI registration was identified as a key asset to implement this project. The launching of the product is forecast by autumn 2020.

As the Tequila GI registration is very recent and the "ready-to-eat Tørrfisk fra Lofoten PGI product" has not been launched yet, the impacts of the EU registration on sales volumes and prices shall be observed in the next few years.

Based on the 9 answers received from the electronic survey, none of the respondents indicated that EU registration had an impact on sales volumes and values. Tea Board and Darjeeling Tea Association (Darjeeling PGI) were the only respondents to mention an increase in price due to EU registration. Based on the book "Strengthening sustainable food systems through geographical indications", by FAO (2018), Darjeeling tea price increased by 39% between 2011 (the year of the EU registration) and 2013, due to the relative stability of production and the constant demand. According to the Tea Board, the PGI registration participated in this development; especially with the specification that only 100% Darjeeling is entitled to carry the Darjeeling logo.

CS on Ron de Guatemala GI highlighted that the GI registration did not have any impact on the evolution of prices and volumes. It is perceived as a tool to strengthen the promotion and awareness of a product on the European market where this type of registration makes a significant difference compared to products without GI/TSG.

***Sub-question 3: To what extent GIs provided better access to the EU market?***

***Judgement criteria 5.3: Registration allowed a better access to the EU market to producers***

**Conclusion of the judgement criteria**

Based on the information collected by the electronic survey and CS, a better access to the EU market is the main benefit provided by the EU registration of products from non-EU countries.

Although the EU logo is not always used by stakeholders, the registration is perceived as a necessary tool in the EU market where many GIs/TSGs are already registered. It is perceived by PGs as a guarantee of a better recognition by European consumers and to ensure protection of the reputation.

**Indicator 5.3: Opinion on the benefits in terms of access to EU market**

In order to assess to what extent the registration allowed a better access to the EU market to producers, the reasoning excludes from the scope of the analysis the GIs with no sales on the EU market: it represents 15 GI products.

According to the electronic survey, the main benefit of the EU registration is a “better access to the EU market and a better recognition of their product by EU consumers” (8 answers over the 9 answers received). This statement was confirmed by the interviews conducted for the CS: for these non-European PGs, the EU registration is considered as an “essential passport” to place their product on equal terms with many other products of premium reputation in the EU. Even for products that already benefited from a good reputation before their registration (like Tequila, Café de Colombia, Ron de Guatemala, Darjeeling...), the link with the GI scheme that gives a clear quality signal was lacking before the EU registration. Darjeeling Tea Association highlighted the fact that the implementation of a certification scheme covering all stages from the production level to the export stage has ensured the consumers authentic product which has enhanced the reputation and strengthened the brand image of Darjeeling tea GI.

Yet, based on the 9 answers received from the electronic survey:

- the EU logo is not always used by stakeholders: for some products it is not used at all (Tequila; Torrfisk fra Lofoten, Hom Mali Rice); for others it is sometimes used depending on the operators on EU markets as well as on non-EU markets; for others like Fenalar or Ron de Guatemala, the logo is always used on all products sold on the EU market). In the case of Carn d’Andorra, all products are sold on the national market with the EU logo (Andorra is landlocked in European territory).
- The number of producers did not increase since the EU registration except for the Darjeeling’s PG who considers that the EU registration contributed to this increase.
- Production costs tended to increase for 3 GIs since the registration and did not change for 3 other GIs.
- A decrease of misuses/frauds has been noted by one PG only (Darjeeling).

Finally, information collected through desk research (Phu Quoc Fish sauce PDO from Vietnam and Hom Mali Rice PGI from Thailand) corroborate those from electronic survey and CS: the EU registration is perceived as a differentiation tool; it mainly guarantees the protection of the reputation of the products on the EU market.

## 7.2 Theme B – Efficiency

### 7.2.1 ESQ 6 – Proportionality of costs and benefits

**ESQ 6 - To what extent have the costs occasioned by GIs and TSGs been proportionate to the benefits provided to stakeholders? The answer to this question should be structured at the appropriate level of stakeholders.**

- **To what extent the costs incurred by public authorities are justified by the benefits provided by GIs/TSGs?**
- **To what extent the costs incurred by business operators are justified by the benefits provided by GIs/TSGs?**

#### Conclusion of the ESQ

The benefits identified for GI/TSG producers are assessed to outweigh the costs incurred by public authorities, PGs and business operators:

- The analyses performed through EQ 2 and 4 shows consistent and significant results regarding the **benefits provided by GIs/TSGs** in terms of greater competitive advantages, fair distribution of benefits and development of rural economies.
- Based on the information collected from EC and NAs, **public authorities' costs** incurred by GIs/TSGs are assessed to remain low, limited **to 0.12% of the total sales value** at EU 28 level, including EC staff (0.24% of the value premium of products under GI/TSG, compared to non-GI/TSG products). Most of the public authorities' budget is dedicated to control activity.
- The analysis finds that almost half of the expenses of **PGs** are related to the enforcement of controls and the administration of the specifications. But these costs remain low as they represent on average **0.5% of the total sales value** of the products concerned.
- Regarding **additional costs incurred by GIs/TSGs at operator's level**, based on CS, the share of direct costs related to GI/TSG on sales value **seems to be limited** in most cases for both producers and processors (between 0.6% and 2.3% of the total sales value), tending to be higher at farm stage than at processing stage. Natural constraints and strict specifications rules can lead to high compliance costs for producers in certain cases (up to 36% for one CS) which can be compensated by high price premium.

### 7.2.1.1 Background and methodological approach

- **Interpretation and comprehension of the key terms**
- **Costs:** The analysis mainly focuses on specific **direct costs** imposed by the GI/TSG framework. It includes:
  - **Regulatory charges:** fees charged by national/regional authority to manage quality policies and paid by farmers and processors.
  - **Substantive compliance costs:** this includes investments and expenses from farmers and processors to comply with the regulation.
  - **Administrative costs:** those costs encompass the time spent by the different stakeholders (farmers and processors), to provide information about compliance with the regulation or the scheme.
  - **Hassle costs:** these costs are related to length of procedures or redundant provisions.

Analysis also **looks at enforcement costs**. These are the costs associated with activities linked to the implementation of an initiative such as verification, monitoring, enforcement and adjudication. This includes in particular control costs supported by MS authorities and producers' groups and producers.

- **Benefits:** The analysis relies on the benefits assessed through the evaluation questions on effectiveness.
- **Stakeholders:** The **analyses** focus on two categories of stakeholders: public authorities; PGs and their members.
- **Proportionality:** The proportionality compares the weight of the costs incurred by stakeholders with the benefits provided by quality schemes.

- **Sub-questions, judgement criteria, indicators and sources**

The ESQ covers two sub-questions, according to each type of stakeholder. The evaluation matrix is developed in the following table.

**Table 36: Evaluation matrix for ESQ 6**

Sub-questions	Judgement criteria (JC)	Indicators (I)
Sub question 1: to what extent the costs incurred by public authorities are justified by the benefits provided by GIs/TSGs?	Judgement criteria 6.1: The costs supported by public authorities are justified regarding the sales value of GI/TSG and other benefits	<ul style="list-style-type: none"> <li>• I 6.1: Cost effectiveness analysis – calculation of direct costs incurred by public authorities (EU / national / regional) compared to the sales value of GIs/TSGs and other benefits</li> </ul>
Sub-question 2: To what extent the costs incurred by producers groups and their members are justified by the benefits provided by GIs/TSGs?	Judgement criteria 6.2: The costs paid by producers groups and their members are justified by the benefits provided by GIs/TSGs	<ul style="list-style-type: none"> <li>• I 6.2: Identification and calculation of total costs incurred by GI/TSG at PGs/operators level</li> <li>• I 6.3: Cost effectiveness analysis -Calculation of direct costs incurred by PGs / operators compared to the sales value and other benefits (direct and indirect)</li> </ul>

The sources for this ESQ are: CS, PGs survey, EU interviews and desk research.

- ***Methodological approach and limits***

The evaluation of efficiency considers the relationship between the resources used for an intervention and the changes generated (<sup>162</sup>). The objective of the evaluation question is to assess whether the costs borne by the stakeholders justify the supposed benefits provided by the GIs/TSGs.

The methodological approach is based on **cost-effectiveness analyses (CEA)** that “entails to quantify the benefits that would be generated by one Euro of costs imposed on society” (<sup>163</sup>). The cost-effectiveness analyses aim at comparing the costs incurred by public authorities and producers' groups imposed by the GI/TSG framework with the benefits provided by these schemes. The analysis of costs relies mainly on the compilation of data collected during the fieldwork through: the NA survey, country reports, CS and data from Eurostat on average costs/FTE/MS.

The benefits considered to perform the cost effectiveness analysis include mainly the turnover of the GI/TSG products at EU and national levels assessed through the study “Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialities guaranteed (TSGs)” (DG AGRI, 2019).

The coverage and the level of details available to perform the analysis vary according to the sources used:

- Concerning public authorities: the results of the country reports and the NAs survey allowed to complete a sample of 13 MS. However, in certain cases, authorities could not provide an assessment of the staff dedicated to GI/TSG as the organisations encompass other schemes or activities.
- Concerning PGs and their members: the COVID-19 crisis has hampered the quality and the quantity of the information collected, through CS. Nine CS among 17 provided data concerning costs supported by producers' groups and five CS could be used to analyse the costs allocations at supply chain level.

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<sup>162</sup> Better Regulation Toolbox - [https://ec.europa.eu/info/sites/info/files/file\\_import/better-regulation-toolbox-47\\_en\\_0.pdf](https://ec.europa.eu/info/sites/info/files/file_import/better-regulation-toolbox-47_en_0.pdf)

<sup>163</sup> Better Regulation Toolbox, Chapter 57 - [https://ec.europa.eu/info/sites/info/files/file\\_import/better-regulation-toolbox-57\\_en\\_0.pdf](https://ec.europa.eu/info/sites/info/files/file_import/better-regulation-toolbox-57_en_0.pdf)

### 7.2.1.2 Analysis

**Sub-question 1: To what extent the costs incurred by public authorities are justified by the benefits provided by GIs/TSGs?**

- ***Judgement criteria 6.1: The costs supported by public authorities are justified regarding the sales value of GI/TSG and other benefits***

#### **Conclusion of the judgement criteria**

The overall costs for public authorities related to management and control of GIs/TSGs is estimated at EUR 93 million per year for all GIs at EU 28 level, including EC staff; this accounts for 0.12% of GIs/TSGs sales value and 0.24% of the value premium of products under GI/TSG, compared to non-GI/TSG products. Based on the data from three major MS, around 80% of the staff is dedicated to control activities and 15% to the management of the schemes including mostly amendment and registration procedures.

Eight MS representing 28% of the GIs/TSGs registered collect fees to support the GI/TSG framework. These fees account for 0.12% to 24% of NA budget regarding management and control of GIs/TSGs.

**Indicator 6.1: Cost effectiveness analysis – calculation of direct costs incurred by public authorities (EU / national / regional) compared to the sales value of GIs/TSGs and other benefits**

#### **Costs effectiveness analysis at EU level (MS and EC)**

Direct costs related to GIs/TSGs have been collected among 13 MS (NA survey and country report), representing 74% of the GIs/TSGs registered in 2017. Data on FTEs have been provided for the 13 MS but data on budget were missing in some cases, these costs have been estimated based on data from EUROSTAT on labour costs.

Based on the sample of 13 MS, the total number of FTE dedicated to the management and control of GIs/TSGs reaches 1 497 FTE managing and controlling 2 360 GIs/TSGs for a total sales value of EUR 54.96 billion.

The overall public authorities' costs related to GI/TSG of the sample reaches a total of EUR 69 million (between EUR 87 000 in LT to EUR 26 million in FR). The table below shows that public authorities' costs ranges from 0.01% and 0.98% of the sales value under GI/TSG in the different MS.

**Table 37: Employment and budget features of public authorities dedicated to the management and the control of GIs/TSGs by MS (sample of 13 MS)**

	Number of GIs/TSGs (2017)	Total GIs/TSGs sales value in EUR 1 000 (2017) <sup>(164)</sup>	FTE dedicated to the management and control of GIs/TSGs	Yearly budget of the GI/TSG framework and control in EUR 1000*	% costs of the GI/TSG framework and control / sales value
FR	725	26 942 253	262	25 969	0.10%
IT	850	15 783 563	716	19 351	0.12%
ES	346	7 156 763	376	*18 335	0.26%
EL	267	1 195 261	71	*2 620	0.22%
NL	31	1 776 052	13	877	0.05%
IE	10	991 465	8	509	0.05%
CZ	43	936 641	19	*492	0.05%
CY	18	22 281	5	*218	0.98%
BE	37	97 310	3	201	0.21%
LV	5	na	13	*232	ss
EE	1	na	5	139	ss
FI	12	33 482	2	*139	0.45%
LT	15	20 078	4	87	0.43%
<b>TOTAL sample</b>	<b>2 360</b>	<b>54 957 289</b>	<b>1 497</b>	<b>69 170</b>	<b>0.13%</b>

na: not available

\*: estimated yearly budget based on monthly hours worked and paid in 2014 by MS adjusted to 2017 + non-wage labour costs + 25% overhead, applied to hours worked and paid, Technicians and associate professionals (ISCO 3).

Source: own elaboration based on NAs survey, country reports, Eurostat and EC.

<sup>164</sup> Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs), AND-I for the DG AGRI, 2019 - <https://op.europa.eu/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aca8-01aa75cd71a1>

The total staff and the total budget at EU 28 level has been estimated based on the average number of GIs/TSGs managed by FTE in the sample of 13 MS. The total staff costs for people in charge of quality schemes in public bodies (for management and control tasks), including EC staff (DG AGRI staff and other EC services), is estimated at 2 061 FTEs for a total budget of EUR 93 million. This is estimated to account for 0.12% of the total sales value under GI/TSG. The total value premium for GIs/TSGs compared to non-GI-TSG products was estimated at EUR 39.9 billion <sup>(165)</sup> in 2017, the costs for public authorities account for 0.24% of this value premium.

**Table 38: Employment and budget features of public authorities at EU 28 dedicated to the management and the control of GIs/TSGs in 1000 EUR**

Public authorities' costs at EU level	Number of GIs/TSGs (2017)	Total GIs/TSGs sales value in EUR 1000 (2017)	Estimated FTE dedicated to the management and control of GIs/TSGs in public authorities	Estimated yearly budget in EUR 1000	Costs of the GI/TSG framework and control on sales value
Sample of 13 MS	2 360	54 957 289	1 497	69 170	0.13%
<b>Estimate for EU 28 including EC staff</b>	<b>3 207</b>	<b>77 149 884</b>	<b>2 034</b>	<b>93 365</b>	<b>0.12%</b>

Source: based on NAs survey, country reports, Eurostat, DG AGRI and AND study for DG AGRI <sup>(166)</sup>

**Cost for registration and amendments at European Commission/EU level**

According to the estimated data provided by the EC and data from EUROSTAT on labour costs, the average registration and major amendment procedure for an average 12-page file reaches EUR 33 500 (it includes administration, translation of files and letters and decision/ regulation, scrutiny and cross-check, internal consultations in DG AGRI). The average costs for minor amendment for agri-food products and for standard amendment for wine are respectively estimated at EUR 19 500 and EUR 26 600.

**Table 39: Cost by procedure at EU level**

Costs by procedure	in EUR 1000
Registrations and "major" amendments	33.5
Standard amendments for wines	26.6
Minor amendments for agri-food products	19.5

Source: own elaboration based on EC data

<sup>165</sup> Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs), AND-I for the DG AGRI, 2019 - <https://op.europa.eu/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

<sup>166</sup> Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs), AND-I for the DG AGRI, 2019 - <https://op.europa.eu/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

### **Breakdown of public authorities' costs by activity**

The data collected through three country reports (ES, FR, and IT) allowed to assess the allocation of staff by activity and type of costs identified in the Better Regulation Toolbox (operational guidance aiming at better assessing EU regulations). The three MS represent 60% of the GIs/TSGs and 65% of the sales value at EU level. They are not fully representative of the diversity of the institutional organisation of the management and control activities related to GIs/TSGs across the EU but provide a valuable insight of the costs breakdown.

As a result, the number of FTE dedicated to enforcement tasks such as controlling GI/TSGs accounts for 80% of the staff of public authorities at regional and national level. The management of the GIs/TSGs including its registration and amendment procedures account for less than one sixth of the total staff. About 4% of the staff is dedicated to other tasks such as legal protection and communication.

**Table 40: Breakdown of public authorities' staff by activity for three MS**

<b>Breakdown FTE by activity</b>	<b>% of FTE</b>
Management of the schemes including registration, amendment and cancellation procedures	15.5%
Control of the schemes	80.3%
Other tasks	4.2%
<b>TOTAL</b>	<b>100%</b>

Source: based on country reports of ES, FR and IT.

On average, NAs from ES and FR estimate that registration and amendment (?) procedures account respectively for 25% and 20% of the staff dedicated to the management of the schemes.

### **Fees**

According to the results of the NAs survey, eight MS, representing 28% of the European designations, collect fees among PGs and/or business operators to support the GI/TSG framework. The contribution of fees to the budget of the three public authorities which answered is highly heterogenous. While fees represent more than a quarter of the French public authorities' budget, it represents 8% for Ireland and only 0.12% for Lithuania.

**Sub question 2: To what extent the costs incurred by business operators are justified by the benefits provided by GIs/TSGs?**

- ***Judgement criteria 6.2: The costs paid by producers 'groups and their members are justified by the benefits provided by GIs/TSGs***

**Conclusion of the judgement criteria**

The direct costs related to the management of the scheme and its control is estimated to reach 49% of the total budget of PGs representing on average 0.5% of the total sales value of the GI/TSG concerned, even if we observe large differences depending on the size of GI/TSG (based on CS, PGs survey and desk research). Enforcement costs related to control (including control performed by PGs and control performed by third bodies billed to PGs) activities performed by producer group represent 69% of the costs related to GI/TSG scheme followed by administrative costs (30%).

At operators' level, the share of direct costs related to GI/TSG on sales value seems to be limited in most cases. However, due to natural constraints and strict specifications rules, additional costs for producers appear to be higher than for processors and in certain cases it can represent a significant proportion of the sales value (up to 36% for one CS, these costs are covered by a high price premium in this case). For all other GIs/TSGs additional costs remain between 0.57% and 2.27% of the total sales value. This suggests that in a majority of cases, additional costs in relation to the compliance, the enforcement and the support the GI/TSG scheme is low for operators.

Finally, the findings of ESQs 2 and 4 show that GI/TSG may have significant impact on the value chain. Possible positive impacts being an increased income, stability of price, the development of markets and the involvement in a collective project.

**Indicator 6.2: Identification and calculation of total costs incurred by GI/TSG at PGs/operators' level**

**Indicator 6.3: Cost effectiveness analysis - Calculation of direct costs incurred by PGs / operators compared to the sales value and other benefits (direct and indirect)**

***Benefits provided by GIs/TSGs***

The benefits provided by quality schemes have been assessed through the analyses performed in EQ 2 and EQ 4. Benefits include socio economic features such as competitive advantages and distribution of benefits and rural development.

- **Competitive advantages:** the benefits attached have been assessed through the evolution of sales value and exports, the differentiation of the product, and price volatility. Findings from EQ 2 show that GI/TSG sales value grew faster than non-GI products over the 2010-2017 period, but GI exports increased to a lesser extent than non-GIs sales. The total GI/TSG sales value reached EUR 77.15 billion at EU28. Results from CS, and desk research underline the existence of a price premium for GIs and TSGs even though it varies from one product to another, and along the value chain. Besides the literature review shows a lower price volatility in comparison with non-GI sector.
- **Fair distribution of benefits:** The analysis in EQ2 shows that the distribution of benefits is generally more evenly distributed in GIs supply chain in comparison with

non-GIs supply chains, from the operator's perspective. The concentration of benefits is larger at upstream level of the supply chains when there are few intermediaries. Literature shows that globally GIs allow better bargaining power, even though, this is not systematic and depends on the structure of the supply chain.

- **Farm income:** The findings of the EQ4 indicate that GI farms often get a better income than non-GI farms and that is also true for processors and wholesalers of GI products. Nevertheless, the benefits of GI schemes are not systematic. GI strategies may also lead to lower income or profits when the price premium is not sufficient to compensate the additional expenses related to the implementation of the scheme.
- **Employment:** three distinct analyses performed in EQ4 confirm that GI/TSG marketing chains play a positive role in local employment. Based on French and Spanish professionals and official literature, the number of farms and processing companies involved in the GI marketing chain has increased over the examination period. Findings from CS and Strength2food research confirm these findings and indicate that, in most cases, GI/TSG products have a major or significant impact on local development and on jobs creation or the maintenance of it.
- **Diversification:** Desk research and CS show there are synergies between tourism and GIs. This is particularly true in wine areas as vineyards shape the landscape and on-farm processing and marketing is very developed (or growing fast) in some areas. This is also observed in cheese, spirit drinks and beer areas even if the on-farm processing is not always as important as it is in the wine sector.

#### **Costs incurred by GI/TSG at PGs level**

The costs of PGs are estimated to reach 0.5% of the sales value under GI/TSG at EU level. This is based on the PGs survey (N=267 for questions related to costs) and data from the study on the value of products under GI and TSG (DG AGRI, 2019). The share of costs related to the PGs decrease with the economic size of GIs/TSGs, while it is estimated to account for 5% of the sales value for smallest GIs/TSGs (under EUR 1 million sales value (<sup>167</sup>)), it ranges from 0.3% to 0.6% for GIs/TSGs over EUR 50 million sales value.

**Table 41: Costs of PGs / sales value under GI/TSG**

Size of GI/TSG (sales value 2017)	Less 1 M€	1- 10 M€	10-50 M€	50-100 M€	100-500 M€	500 – 1 000 M€	Over 1 000 M€	Total
Nb or PG in the sample of the PGs survey	52	100	71	15	24	1	4	<b>267</b>
% cost PGs / sales value under GI/TSG	5.0%	2.8%	1.4%	0.6%	0.3%	0.5%	0.4%	<b>0.5%</b>

<sup>167</sup> 50% of GIs were under EUR 1 million sales value in 2017 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://op.europa.eu/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

Source: own elaboration based on PGs survey and data from the Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs) (AND-I for the DG AGRI, 2019)

Other sources (in France only) provide higher estimates of the percentage of costs related to PGs, this may be related to a different scope in terms of size of GIs/TSGs:

- An INAO publication (2019) estimates that the PG budget accounts for 3% of the sales value of the GI/TSG supply chain in France (<sup>168</sup>). This is based on a sample of 50 PGs, no information on the size of GIs/TSGs covered is provided.
- A survey conducted in 2017 on quality schemes in France in the fruit and vegetables sector (<sup>169</sup>) estimated that the budget of the PGs accounts for 2.6% of the sales value of the sector. This covered 81 PGs, most of them representing GIs under EUR 10 million sales value.

### ***Analysis of the type of costs incurred by PGs***

According to the PGs survey, control costs, additional costs due to the respect of the specifications and administrative burden are the first three disincentives for being involved in GIs.

The costs incurred by PGs rely on data collected through a limited sample of nine case studies which cover 11 GIs. The analysis focuses mainly on the allocation of expenses for the nine corresponding PGs budgets representing a total of EUR 18.8 million budget and accounting for 0.4% of the sales value under the specified designations. The expenses of the PGs budgets have been sorted according to the Better Regulation Toolbox typology and their direct relation to the implementation and enforcement of the quality scheme.

On average, the costs related to GI/TSG framework account for less than half of the PG budget (48.9%). Enforcement costs represent on average 34.2% of the PGs budget and vary between 22% and 60%. Administrative costs account for 14.3% (average) and are comprised between 7% and 100%. Only three PGs pay regulatory charges to authorities and their shares varies from 3% to 10% according to PGs. Indirect expenses (not directly related with the implementation of the framework) account for 51.1% of the PGs budget. Those indirect costs include communication actions, economic and market monitoring, technical and training actions.

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<sup>168</sup> « AOP et IGP: Quelles ressources et quels coûts pour les Organismes de Défense et de Gestion (ODG) de produits agroalimentaires ? », INAO, 2019 - <https://www.inao.gouv.fr/Publications/Donnees-et-cartes/Informations-economiques>

<sup>169</sup>AND International, *Etude transversale sur les Signes d'Identification de la Qualité et de l'Origine (SIQO) dans la filière fruits et légumes*, INTERFEL / FranceAgriMer, 2017

**Table 42: Breakdown of costs at PGs level (N = 9 PGs)**

Breakdown of costs	% of the PG budget	Min- Max
Costs related to the GI/TSG framework	<b>48.9%</b>	<b>24% - 100%</b>
- incl. enforcement costs	34.2%	22%- 60%
- incl. administrative costs	14.3%	7% -100%
- incl. regulatory charges	0.4%	3% -10%
Costs non-related to the GI/TSG framework	<b>51.1%</b>	<b>0%-76%</b>
<b>TOTAL costs</b>	<b>100.0%</b>	<b>/</b>

Source: based on CS

Based on CS, the share of direct costs compared to the total sales value under GI varies between 0.11% and 4.19%.

**Table 43: % of additional costs on sales value at producer's group level (N = 9 CS).**

Share of additional costs on sales value at producer's group level	Average share of the additional costs on sales value	Min- Max
Enforcement costs (i.e. control and certification and IPRs)	0.43%	0.08% - 1.30%
Administrative costs (management of the specifications)	0.77%	0.06% -3.32%
Regulatory charges (i.e. fees to public authorities)	0.06%	0.01% - 0.11%
<b>TOTAL costs related to GI/TSG framework</b>	<b>1.26%</b>	<b>0.11% -4.19%</b>

Source: based on CS

### ***Cost effectiveness analysis at producers 'group level based on case studies***

The analysis of GI/TSG costs supported by operators relies on a sample of five case studies representing a total sales value of EUR 651 million (0.8% of the total sales value at EU level).

These five GI supply chains cover meat (2), wine (2) and cheese (1). The sample is limited and is not representative of all the supply GI/TSG chains but provides an insight of the share of additional costs related to GIs/TSGs compared to the sales value.

The average share of additional costs related to GI/TSG varies between 0.57% to 36.5% of the sales value for producers and between 0.94% to 7.03% for processors.

The share of enforcement costs and regulatory fees are consistent among CS. Enforcement costs vary between 0.10% to 1.02% of the total sales value and regulatory charges vary between 0.10% to 2.37% of the total sales value.

Additional costs related to GIs/TSGs appear to be higher for producers than for processors.

Nevertheless, the analysis of compliance costs at producer level is highly variable according to the CS. For instance, Beaufort producers face very high compliance costs in relation to the strict specifications rules that limits milk productivity (permanent grazing in summer, milk productivity limited by cow, limitation of nitrogen supplementation...) and its natural constraints (high mountain, remote area). Without the PDO, the milk production would have disappeared as it happened in a comparable area. In that case, the costs supported by farmers are 100% related to the compliance with the PDO and are considered as additional costs. Therefore, Beaufort milk production costs are 97% higher than non-GI alpine milk production but it benefits from a price premium 112% higher than for standard milk. The share of additional costs at farm level accounts for 36.5% of the total sales value.

Regarding Côtes du Rhône CS, the compliance costs are related to the limited yield, the ban of irrigation (unless derogation) and the use of specific varieties. In some areas within the protected area, the water availability is very limited, thus irrigation and overpassing of the limited yield would not be possible, even without the PDO. In other areas within the protected territory, irrigation could be possible and vine grower could produce PGI or wine without GI with high yields (yield can be 3 times higher with irrigation compared to the maximum yield of the PDO). However, when this is possible for them, vine growers generally prefer to be involved in the PDO compared to PGI or wine without GI (based on stakeholders interviews).

The share of additional costs for Ribera De Duero operators varies according to the type of vine (white or red grapes) and the age of the wine produced. At producer level, additional costs are mainly due to compliance costs in relation with lower yields (2.3 times lower than the wine produced in Castilla y Leon) and the specific investments to monitor quality grapes. At processor level, additional costs vary between 0.94% to 3.66% of the sales value. These costs are mainly compliance expenses due to the mandatory aging period and the implementation of specific quality system.

Concerning Jabugo PDO, the share of additional cost is limited at producer level and processor level (0.31% and 1.25%). Additional cost at processor level is mostly related to the price premium paid to pig breeders and to a lesser extent to control expenses and regulatory fees. According to the CS, the price premium covers additional costs for both producers and processors; although it depends more on the trade marks than on the scheme itself. Some processor considers that without the PDO prices would be the same (as raw material is the same). In that case, the PDO scheme helps small family businesses to sell their pigs to processors which have access to niche markets with higher added value.

Concerning Cordero Manchego PGI, no additional cost was mentioned at producer level. Specifications do not imply strict production rules at farm level and the only costs borne are related to regulatory charges and controls. Only 12% of the production of lamb is actually sold through the PGI, and this share varies according to the need of slaughterhouses.

## 7.2.2 ESQ 7 - Potential for simplification

**ESQ 7 - With regard to the legal framework for GIs and TSGs (i.e. four EU Regulations) what is the potential for simplification? In answering the question, in particular the registration, amendment, and cancellation procedures should be considered, as well as the advantages and disadvantages of EU protection not being limited in time and the fact that EU registration is free of charge.**

### Conclusion of the ESQ

According to country reports and CS, **long time period** for the registration and amendment procedures represent the main irritant and hassle cost.

Based on data from e-Ambrosia public module, **registration applications** account for almost 80% of the requests received at EU level over the 2008-2018 period. **At EU level, the length of the procedure decreased by 44% since 2008 and lasts 22 months on average in 2018**, of which the duration of scrutiny lasts 18 months. The regulatory framework provides an objective of 6 months for the initial examination of applications. This deadline can be extended upon Commission request, in case further elaboration/clarification of the application is required. The length of the registration procedure can be explained by the numerous exchanges between the Commission and the MS as well as by the national consultations conducted by NAs among applicant PGs. No quantitative data on procedures duration could be collected at national level. Nevertheless, information gathered through CS suggest that the overall registration procedure generally lasts 5 to 6 years, which implies that the registration procedures at national level could take between 38 and 50 months.

While stakeholders agree on the **improvement of minor amendment procedure** and the recently introduced **standard amendment procedure** for wine and spirit drinks, **major amendment** procedures take 3 to 5 years on average. The main reason for such length in procedures is the difficulty to demonstrate that the application for amendment fulfills the requirements of the regulation, especially with regards to the link with the geographical area and to the reputation.

While the scrutiny is an essential element to reach the objectives of the scheme, **some areas of potential simplification could be explored**, such as the clarification of the distinction between minor and major amendments and a simplified procedure for minor amendments (already taken into consideration in the new regulations for spirit drinks and wine), harmonisation of procedures and controls at EU level, improved skills and availability of staff (in NAs and in PGs) and improved use of digital means to facilitate the procedures.

There is no evidence of clear benefits from **limiting the EU protection in time**, meaning having to request a formal renewal after a certain period of time. On the contrary, this option would certainly result in additional costs at all levels (PGs, NAs and the EU) related to the new procedures. It would also result in a risk to end the protection of names of GIs/TSGs that are actually in use.

**Applying fees for the registration applications** at EU level would have a marginal impact. It would only marginally contribute to the costs of the EU. The impact on the

overall costs for producers and PGs would also be marginal but it could send a negative message and be a disincentive for small PGs.

### 7.2.2.1 Background and methodological approach

- **Interpretation and comprehension of the key terms**
- **Simplification:** potential for simplification arises in particular when the legal framework or the way it is implemented result in inefficient, redundant or lengthy procedures. Options for simplification should allow to reduce costs and irritants without undermining the achievements of the legal framework. In the context of the four GIs and TSGs regulations, analysis of the potential for simplification focused on the registration (including the scrutiny and the opposition procedure), amendment and cancellation procedures and on the controls related to the PS.
- **EU protection not being limited in time:** the European legal framework provides permanent protection for the names of GIs/TSGs and the control of their use, unless the Commission or the producers of products marketed under the registered name request a cancellation of the corresponding registration. This protection prevails in EU28 and in third countries which conclude trade agreements with EU. As the number of GIs/TSGs registered at EU level, which in fact are not currently used by any stakeholders is significant (8% in 2017) <sup>(170)</sup>, the efficiency of the permanent protection can be questioned. There are two elements to take into consideration here. Does the protection of unused registered names lead to unnecessary costs? And would it be more efficient to request producers to renew their registration after a certain period of time (e.g. 10 or 20 years) in order to ensure that protection is only provided to products' names for which there is indeed an added-value than to cancel registration of products for which the name is not used?
- **Registration procedure free of charge:** the legal procedure to register an indication at EU level is free of charge, but some MS may charge fees at national level. The focus of the present analysis is on the impact of the free registration at EU level.

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<sup>170</sup> Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs), AND-I for the DG AGRI, 2019 - <https://op.europa.eu/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

• **Sub-questions, judgement criteria, indicators and sources**

The evaluation matrix is developed in the following table.

**Table 44: Evaluation matrix for ESQ 7**

Sub-questions	Judgement criteria (JC)	Indicators (I)
Sub-question 1: What are the possibilities of simplification of the current legal framework and the procedures attached especially regarding registration, amendment and cancellation?	<ul style="list-style-type: none"> <li>JC 7.1: Extent to which current procedures raise difficulties</li> <li>JC 7.2: Extent to which there are options available to simplify the current procedures without undermining the benefits</li> </ul>	<ul style="list-style-type: none"> <li>I 7.1: Sources of inefficiencies identified by public authorities and GI/TSG stakeholders</li> <li>I 7.2: Options for simplification identified by public authorities, PGs and GI/TSG stakeholders</li> </ul>
Sub-question 2: What are the advantages and disadvantages (including costs) of EU protection not being limited in time?	<ul style="list-style-type: none"> <li>JC 7.3: Advantages and disadvantages of limited in time EU protection</li> </ul>	<ul style="list-style-type: none"> <li>I 7.3: Potential costs resulting from the protection of unused names</li> <li>I 7.4: Advantages and disadvantages of limiting the EU protection in time</li> </ul>
Sub-question 3: What are the advantages and disadvantages (including costs) of free of charge registration procedure?	<ul style="list-style-type: none"> <li>JC 7.4: Extent to which applying a fee for registration at EU level would be more efficient</li> </ul>	<ul style="list-style-type: none"> <li>I 7.5: Advantages and disadvantages of applying a fee for registration at EU level</li> </ul>

The answer to this question is based on quantitative information as much as possible, in particular to compare the administrative burden resulting from different options. Nevertheless, qualitative analysis on the advantages and disadvantages of the different options are also conducted.

• **Methodological approach and limits**

Simplification of the legislative framework is a key objective of the Better Regulation Package. It aims to reduce the burden of the EU regulation without undermining policy objectives. There are mainly two aspects to take into consideration in terms of simplification:

- Simplification of legal texts in order to make the legislative framework clear and accessible;
- Reduction of the administrative burden, compliance costs and enforcement costs.

The objectives of the evaluation question are as follows:

- Assessing whether there is room for simplification in particular for registration and amendment procedures
- Assessing whether an alignment to EU trade marks scheme with a paid registration and a limited in time EU protection could improve the efficiency of the framework.

The methodological approach is based on three different analysis:

- Assessment of difficulties caused by the different procedures and by the alternative options.
- Comparison of advantages and disadvantages of the EU protection being limited or not in time for GI/TSG names.
- Analysis of advantages and disadvantages of a paid registration system.

The analyses rely mainly on the compilation of qualitative data collected during the fieldwork through EC staff interviews, CS, the NA survey, country reports and desk research (regulation analysis). Quantitative data has been used to a lesser extent to provide a general overview of the issues: ESQ 6 results, eAmbrosia public module and PGs survey. The relevance of the analysis depends on the quality and coverage of the data collected. The entry into force of the Commission Delegated Regulation (EU) No 2019/33 supplementing Regulation (EU) No 1308/2013 has improved the procedures applied for the wine sector but its results are not covered by the quantitative analysis.

### 7.2.2.2 Analysis

**Sub question 1: What are the possibilities of simplification of the current procedures (registration, amendment, cancellation)?**

- **Judgement criteria 7.1: Extent to which procedures cause difficulties**

#### **Conclusion to Judgement criteria**

According to country reports and CS, length of time period for the registration and amendment procedures represent the main irritant and hassle cost.

Quantitative analysis of the duration of procedures could only be carried out for the EU procedures. The average duration of the EU registration procedures has improved since 2008 and reached 22.1 months on average in 2018. The scrutiny accounts for 82% of the total timeframe and lasts 18 months on average. The scrutiny period is then three times longer than the period foreseen for the initial assessment by the regulation, because of the exchanges and comments between DG ARG1 and MS. In addition, the comments raised by EU can lead to national consultation. According to CS, the procedures (MS and EU) are estimated to take around 5 to 6 years in total for registration and 3 to 5 years for amendments. This implies that the procedures at national level take about 38 to 50 months, which is consistent information found through desk research.

Minor amendment procedures are considered easier, especially for the standard wine amendments procedure applicable for amendment requests submitted since January 2019 which has been improved according to several stakeholders (PG of Ribera De Duero PDO and NAs of FR and ES).

There is little information on cancellation procedures but they have been rarely used.

Some MS also raised difficulties related to the implementation of controls as a result of the wide range of products (including third country products), the different market channels used (online sales) and the differences among MS.

### **Indicator 7.1: Sources of inefficiencies identified by public authorities and GI/TSG stakeholders**

The administrative burden is the third main disincentive raised by the PGs (68% of answers from the PGs survey). However the survey does not provide details on activities considered as administrative burden.

According to the findings of ESQ 6, the management of the scheme (i.e. registration and amendment procedures), represent on average 14% of the costs related to the GI/TSG schemes for PGs, behind control costs (80%). Feedback from the CS shows that more than the actual costs, the length of the procedures (several years for both registration and amendments) is the main irritant and is mentioned in nearly all the CS.

Registration procedures accounted for 79.6% of the 868 applications submitted to the Commission over the 2008-2020 period, according to the eAmbrosia public module. Amendment procedures represented 19.8% while cancellations were negligible with only 0.6% of the total number of applications received.

The vast majority (close to 80%) of the applications and requests processed by the Commission over the period come from the Agri-food scheme.

**Table 45: Evolution of distribution of procedure applications between 2008 and 2020 at EU level (N= 868)**

Procedure	Food	Wine	Spirit drinks	Total
Registration	68.9%	6.8%	3.9%	79.6%
Amendment	9.4%	9.6%	0.8%	19.8%
Cancellation	0.3%	0.2%	0.0%	0.6%
<b>Total</b>	<b>78.7%</b>	<b>16.6%</b>	<b>4.7%</b>	<b>100.0%</b>

Source: own elaboration based on eAmbrosia

Analyses under the ESQ 6 show that actual costs related to registration procedures remain fairly low compared to the sales value of GI/TSG products. Therefore the analysis here focuses on hassle costs and in particular on the waiting times and time period resulting from the procedures.

#### ***Hassle costs related to the registration procedure***

The registration procedure is the main source of administrative burden. The main issues identified are the length and the administrative costs of the registration procedure. Registration applications must go through a preliminary scrutiny procedure at national level which includes a national opposition procedure. If no opposition is lodged, authorities can then forward the application to the EU where it goes through a second scrutiny procedure on EU level (6 months, renewable). When the application is approved, it is then published and subjected to a European opposition procedure (2 or 3 months). If no notice of opposition is lodged it is then registered at EU level.

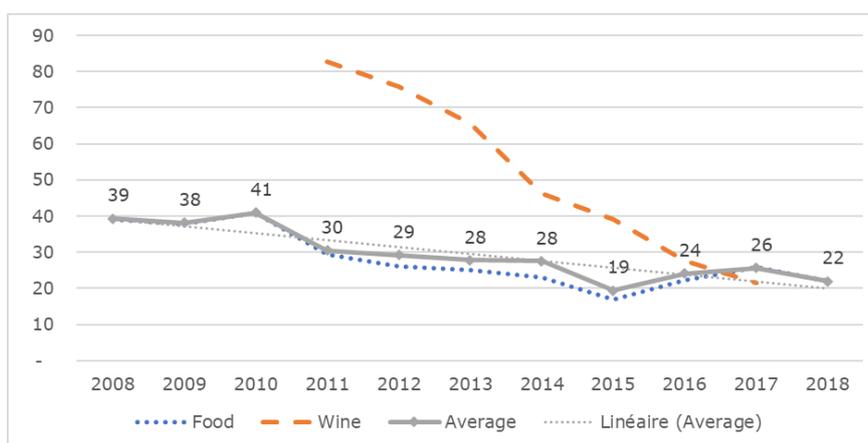
### Time period observed at EU level

The analysis of the eAmbrosia public module provides a consistent overview of the average application timeframe at EU level.

All schemes included, the average timeframe to process registration applications <sup>(171)</sup> decreased over the 2008-2018 period from 38.6 months on average ( $\pm 13$  months) to 22.1 on average ( $\pm 3$  months). The decrease of the range of the application process duration also indicates a reduction of time period.

While the average timeframe for wine applications was twice as long as for agri-food applications in 2011 (83 months for wine vs 30 months for agri-food), the two procedures duration converged over the years and reached respectively 22 months for wine (in 2017) and 26 months for agri-food applications (in 2018).

**Figure 20: Evolution of the average duration of the registration procedure at EU level for agri-food products and wine GI/TSGs between 2008 and 2018 in months (N=489)**



Source: own elaboration based on eAmbrosia data

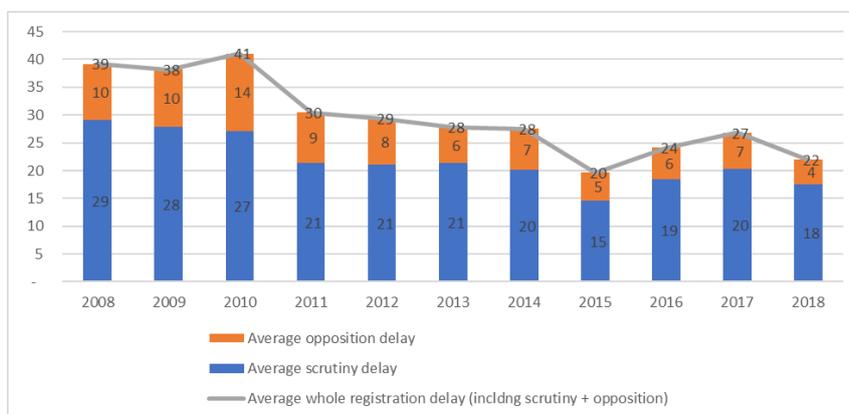
The regulatory framework provides deadlines for the scrutiny of the applications and for the opposition procedures conducted at EU level. EC should carry out the initial examination of the application within a period of 6 months (first round of scrutiny) which can be extended upon justification from the Commission. At the end of this period, explanations are generally requested from MS, which can also question producer groups, and MS provide answer to EC. Several rounds of comments and revisions are possible. Within this time period, documents shall also be translated (file, letter, publication for opposition, registration regulation). Opposition procedures should last respectively 2 and 3 months for wine and for other products <sup>(172)</sup> if no opposition is lodged. If no further explanation is requested by EC and if no opposition is lodged, the best timeframe to process a registration at EU level would reach 8 months for wine and 9 months for other products.

<sup>171</sup> Time period between the date of the submission of the application and the date of registration.

<sup>172</sup> Regulation (EU) No 1151/2012 and in the Regulation (EU) N°33/2019

The figure below shows that, in 2018, the largest share of the procedure duration was related to scrutiny (17.5 months) and opposition procedure lasted 4.4 months on average. This covers the entire procedure and may cover several requests for information from EC to MS and answers from MS.

**Figure 21: Evolution of the average duration of the scrutiny and opposition procedures at EU level between 2008 and 2018 in months**



Source: own elaboration based on eAmbrosia

#### Time period observed at national level

No quantitative data was available to assess the average duration of the registration procedure at national level. Both NAs and PGs consider that delays related to the registration procedure remain a major issue (4 out of the 7 NAs studied and 11 PGs out of 16 who answered this question).

Although the data collected through CS are not representative, PGs mentioned that the whole registration procedure (at MS and EU level) varies from 1 to 10 years (including an opposition notice) with an estimated average of 5 to 6 years (60 - 72 months). Taking into account that the registration procedure at EU level lasts 22 months on average, that implies a duration of the procedure at national level between 38 months (3.2 years) and 50 months (4.2 years). Other information found through desk research tends to confirm these figures. In France, a study on fruit and vegetables (<sup>173</sup>) showed that the preliminary national scrutiny procedures, from the filing of the application to the vote by the national committee, lasted at least three years for PGI applications and five years for PDO applications.

#### Identified bottlenecks and issues causing length of time period

Feedback from CS and from DG AGRI staff indicates that the main issue comes from the difficulty to demonstrate that the products fulfill the requirements of the regulation, specifically the link with the territory for PDO products and the concept of reputation for PGI products. As every file is an individual case requiring interpretation whether the conditions of the regulatory framework of the GI/TSG and the product itself are respected,

<sup>173</sup> AND-International « Etude transversale sur les Signes d'Identification de la Qualité et de l'Origine (SIQO) dans la filière fruits et légumes », INTERFEL / FranceAgriMer, 2017

it can lead to many exchanges among administrations involved at the national level, as well as between those administrations and the producers and finally between NAs and the EU Commission. Dealing with opposition notices can also take several years (e.g. the opposition to the registration of the PGI Bayerisches Bier from the Dutch trade mark 'Bavaria Bier' resulted in a 4-year time period in the registration procedure).

The analysis of the institutional framework, the country reports and the CS provides various additional explanations for the observed bottlenecks:

- Additional scrutiny rules for applications at national level: some MS implement specific rules such as socio-economic examination of the application (FR, IT) and also pre-information of the request in addition to the national opposition procedure. These rules help PGs in better defining the economic model of the scheme to be registered and in reducing the risk of conflicts through the opposition procedure, but they also result in additional cost and time at the beginning of the procedure.
- Lack of means of the authorities in charge: the lack of staff at national and regional level can lead to bottlenecks (IT, ES).
- Lack of means of PGs: the registration applications are demanding and require an important workload from PGs. Those with limited technical and/or financial resources can face difficulties in complying with the administrative requirements and the schedules. The lack of an interlocutor within the PG to respond quickly to requests from the administration can lead to increased (FranceAgriMer, 2017).
- Institutional organisation of the GI/TSG framework: in some MS (FR, IT, HU) the scrutiny of applications goes through committees that include other operators involved in GI/TSGs. The examination of applications depends on the agenda and workload of these committees. For instance, the Hungarian Wine Committee only meets once a year.
- Multiple stakeholders involved in the examination procedure at regional and national level: in some MS the scrutiny of an application goes through regional and NAs. Interpretations of the regulatory framework can differ between services.
- The examination of the connection between the geographical area and the quality of a product for PDO applications tend to be long and difficult. This was also corroborated by another study in France (FranceAgriMer, 2017).

It was also pointed out in one CS that the procedures are reliant on the interpretation and skills of the technical agents processing the applications, which can lead to discrepancies in the examination of demands.

The mandatory opposition procedure at national level is sometimes not relevant when there is no other producer of a comparable product of the given GI (this was raised in HU). Long registration procedures represent irritants but they can also be costly in monetary terms. Two PGs provided rough estimates regarding the total costs of the registration procedure:

EUR 50 000 for five years for one PG (<sup>174</sup>) and EUR 250 000 for eleven years for the other (<sup>175</sup>). Another PG mentioned that travel fees to attend meetings for a five years procedure reached EUR 12 000.

### ***Hassle costs related to the amendment procedure***

The amendment procedure is the second source of administrative burden.

According to the regulation framework, there are two types of amendment procedures: major amendments and minor amendments. While major amendments go through the same scrutiny procedure as the registration procedure, the procedure is simpler for minor amendments. The eAmbrosia database does not allow to differentiate them, and so no quantitative comparison could be performed. Amendment applications represent 19.8% of all applications submitted over the 2008-2018. Almost half of the amendment applications concerns GI/TSG specifications that have already been amended; (up to 6 times in certain cases).

As for registration procedures, the excess length of the amendment procedure and the administrative burden of the major amendment procedure are the main issues.

#### Time period observed at EU and national level

Based on country reports, three NAs (FR, NL, HU) highlighted the time period of amendment procedures while four others (DE, ES, IT, CZ) have no difficulties to report. In addition, CS show that 11 PGs also raised the length of the amendment procedure as an issue.

As for the registration procedure, the responsibility of the length of the amendment procedure is not clear between national and EU authorities. The timeframe estimated by PGs varies depending on the procedure considered:

- Minor amendments procedure: rough estimates vary between 11 months (Ribera De Duero PDO) and 2.5 years (Beaufort PDO and Cordero Manchego PDO). One national agri-food PDO/PGI authority estimates that minor amendments take on average one to three years for a total of 40 days of work and a cost of EUR 18 000. This figure is close to the estimate provided by an agri-food PGI which stated that a minor amendment costed EUR 25 000 over a two-year period. According to two other PGs, the standard amendment procedure for wine is considered rather clear and short. One PG also pointed the improvements brought in by the new Regulation for spirit drinks (<sup>176</sup>) and in particular the clarification of the difference between Union and standard amendments (not requiring scrutiny at EU level). In FR, the

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<sup>174</sup> This include transportation, internal staff dedicated to the administration of the procedure and the support of consulting firm.

<sup>175</sup> This include transportation, internal staff dedicated to the administration of the procedure.

<sup>176</sup> REGULATION (EU) 2019/787 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 April 2019 on the definition, description, presentation and labelling of spirit drinks, the use of the names of spirit drinks in the presentation and labelling of other foodstuffs, the protection of geographical indications for spirit drinks, the use of ethyl alcohol and distillates of agricultural origin in alcoholic beverages, and repealing Regulation (EC) No 110/2008

procedure has been streamlined for the introduction of environmental rules into wine GI specifications.

- Major amendments procedure: the estimated timeframe for major amendment procedures varies between 3 to 10 years according to CS. One national agri-food PDO/PGI authority estimated that major amendments took on average three to five years for a total cost of EUR 60 000. Another PG reported that a major amendment procedure took 8 years, 6 at national level and 2 at EU level, but the procedure was subject to an opposition at national level. In addition, the classification between minor and major amendment is ambiguous: the essential impact on products related to the modifications is difficult to prove (Gouda Holland PGI).

The reasons causing length of time period are the same as those mentioned for the registration procedure.

### ***Hassle costs related to the cancellation procedure***

Limited information is available on cancellation procedures. Data from the Study on economic value of GIs and TSGs (<sup>177</sup>) shows that 115 GIs were cancelled between 2012 and 2019, mainly following regulatory changes. These cancellations concern 24 German GIs for water products, which are not covered by the regulation anymore, three German beers and 88 spirit drinks from 15 different MS. No issues have been raised about these procedures. In eAmbrosia public module only five cancellation procedures are reported, two for Austrian wines and three for Luxembourg food products, all filed since October 2018, but the cancellation has not been published yet. Another cancellation application has been conducted in November 2020 for German agri-food GI.

### ***Control costs***

Controls of GIs/TSGs represent a costly activity for public authorities and PGs. Indeed, control costs are the first disincentive mentioned by PGs and based on ESQ 6 answer, control costs account for a significant share of PGs and public authorities costs related to GIs/TSGs schemes. Beyond costs in monetary terms, NAs have raised the following difficulties:

- The training of inspectors is difficult considering the wide range of products to be controlled (CZ). In addition, the control of imported GI/TSG products from third countries is suboptimal and the cooperation between control bodies is not satisfactory (CZ).
- NAs face difficulties to protect and control names of GIs sold online and third-country GIs (HU).
- The enforcement of controls by the autonomous regions can be heterogeneous from one region to another (ES).
- While controls are regularly performed at farm and processing stages, they are limited in frequency and intensity when the product is placed in the market (NL).

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<sup>177</sup> Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs), AND-I for the DG AGRI, 2019 - <https://op.europa.eu/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

- Difficulties to define a control for GI/TSGs produced in other MS that carry a risk of fraud t (. Indeed, the absence of CN code for GI/TSG does not facilitate the design of risk bases analysis (FR).

- **Judgement criteria 7.2: Extent to which there are options available to simplify the current procedures without undermining the benefits**

#### **Conclusion to Judgement criteria**

Based on the conclusions of the judgement criteria 7.2 and the feedback provided in the country reports and CS on the potential for simplification, the following areas of possible improvements have been identified:

- Clarification of the distinction between minor and major (already taken into consideration in the new regulations for spirit drinks and wine <sup>(178)</sup>);
- Harmonisation of procedures and controls at EU level through common guidelines or common criteria;
- Improved skills and availability of staff (in NAs and in PGs) through financial support for training or advisory services, and facilitated exchanges with the EU Commission on technical questions; and
- Improved use of digital means to facilitate the procedures.

The cancellation provision for aromatised wine products should be reviewed to be consistent with the other schemes.

#### **Indicator 7.2: Options for simplification identified by public authorities, PGs and GI/TSG stakeholders**

A few options for simplification or good practices have been provided by stakeholders to address the difficulties related to the length of time period and complexity of the registration and major amendment procedures.

Regarding the registration procedure, the following improvements have been suggested:

- Establishing a harmonized timeframe for the procedures at national level, similar to the one provided by the regulation for EU level procedures (scrutiny and opposition procedure).
- Simplifying the registration procedure for MS which have few GIs/TSGs and a limited dedicated staff on GIs/TSGs. The registration procedure could be unique at EU level with certain scrutiny tasks shared with the NA and only one opposition procedure at EU level.
- Providing support to PGs or other national/regional organisations to go through the registration procedure as the lack of financial and/or technical resources can lead to longer time period and reduce the quality of applications. The EAFRD could provide such support for instance.
- Mandatory national opposition procedures could be adapted if authorities provide ground that no other operator of the given product applying for a GI/TSG registration exists in the same geographical area.

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<sup>178</sup> Commission Delegated Regulation (EU) 2019/33 and Regulation (EU) 2019/787 of the European Parliament and of the Council

Regarding the amendment procedure, improvements suggested by stakeholders are:

- Differentiating and reducing the administrative burden of the major amendment procedure. The procedure should not be subject to the same level of scrutiny as the registration procedure. Specific provision could be defined in the regulatory framework. Scrutiny of the application could focus on the absence of “manifest error” as provided for wine through the article 10 of the EU Regulation No 2019/33.
- Providing simplified amendment procedures for certain types of amendment as done by the French NA for the introduction of environmental rules in wine specifications.
- Limited scrutiny at EU level for minor amendments: DG AGRI could only register minor amendments already examined by NAs without any further scrutiny process. NA could perform this digitally.
- Reducing the period of opposition procedures for major amendment: opposition period could be reduced at national and EU level to accelerate the registration.

It should be kept in mind that simplification should improve efficiency and reduce irritants but should not result in a reduced quality of the applications and that the scrutiny is an essential step that guarantees the effectiveness of the scheme. The available information does not allow to assess the potential impact on costs and the quality of applications of the above suggestions from the stakeholders individually, but the above analysis allows to identify general areas of possible improvement:

- Clarification of the distinction between minor and major amendments and simplified procedure for minor amendments as they do not change the essential characteristics of the product (this is already taken into consideration in the new regulations for spirit drinks and wine <sup>(179)</sup>);
- Harmonisation of procedures and controls at EU level through common guidelines or common criteria, in particular for widespread types of products, to assess that the products fulfill the requirements set in the regulation and through increased cooperation between NAs and the EU;
- Skills and availability of staff (in NAs and in PGs): provide financial support for training or advisory services, facilitate exchanges with the EU Commission on technical questions; and
- Improved use of digital means to facilitate the procedures (e.g. automatic registration following the validation of applications, online platform to follow-up the application process and facilitate exchanges between the EU, NAs and between NAs and the PGs r).

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<sup>179</sup> Commission Delegated Regulation (EU) 2019/33 and Regulation (EU) 2019/787 of the European Parliament and of the Council

Regarding the cancellation procedure, the analysis of the provisions of the regulatory framework finds that provisions for aromatised wine products (<sup>180</sup>) are not consistent with the agri-food, wines and spirit drinks ones (<sup>181</sup>). The cancellation procedure for aromatised wine products should encompass the same conditions as for the other schemes and should include the case where no product has been placed on the market under the GI for at least seven consecutive years.

**Sub question 2: What are the advantages and disadvantages of EU protection not being limited in time?**

- ***Judgement criteria 7.3: Extent to which limiting the EU protection in time would be more efficient***

**Conclusion to Judgement criteria**

Based on the feedback from NAs, costs related to unused names are negligible. The cost of cancellation procedures can also be considered negligible based on the very small number of such procedures.

On the other hand, implementing a limitation in time of the EU protection would imply additional procedures for the renewal and therefore additional costs, which does not appear justified by the overall small number of registered names (compared to the number of registered EUTM) and the small risk of conflicts related to unused names.

**Indicator 7.3: Potential costs resulting from the protection of unused names**

About 8% of the GIs are estimated to be inactive (DG AGRI, 2019 (<sup>182</sup>)), which could theoretically result in unnecessary costs. However, analyses under ESQ 6 showed that most costs result from controls (80%) and registration and amendment procedures (14%). As none of these costs can apply to inactive GIs, it can be concluded that costs resulting from unused names are mostly marginal (e.g. costs related to reporting at national or EU level...). This is also confirmed by the feedback gathered from some MS (CZ, ES, HU, IT, NL, FR).

**Indicator 7.4: Advantages and disadvantages of limited in time EU protection**

Under the current EU Regulation, the protection is permanently granted if neither the Commission nor the producers of product marketed under the registered name request a

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<sup>180</sup> Article 54 of Regulation (EU) No 1151/2012

<sup>181</sup> Article 106 of Regulation (EU) No 1308/2013 in combination with Article 20 of Delegated Regulation (EU) 2019/33, Article 32 of Regulation (EU) No 787/2019, Article 25 of Regulation (EU) No 251/2014

<sup>182</sup> Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs), AND-I for the DG AGRI, 2019 - <https://op.europa.eu/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

cancellation. The Commission can initiate the cancellation process if specifications are not respected or if the production stopped for seven consecutive years.

As a comparison, the EU Trade marks (EUTM) legislation provides a protection for 10 years with a possibility of indefinite renewal and in case of non-use of the trade mark for five consecutive years, the trade mark should be subject to limits and sanctions<sup>(183)</sup>. The rationale for this is to "reduce the total number of trade marks registered and protected in the Union and, consequently, the number of conflicts which arise between them"<sup>(184)</sup>. However, the comparison between GI/TSG schemes and EU trade marks should take into consideration that the schemes and their objectives are different and that the volume of registered names or marks is not comparable as there are close to 60 million trade marks registered overall in the EU and third countries<sup>(185)</sup> against 3345 registered names in eAmbrosia public module. The risk of conflicts and the need to identify and cancel registration for unused names is therefore not the same. No case of conflict arising from the registration of an unused name under the GI/TSG schemes was identified during the data collection but should such a case occur, if it can be demonstrated that the name has not been used for seven years, it is possible for the Commission to initiate a cancellation procedure under the current Regulation.

Currently, the costs of keeping unused names registered can be considered negligible. There is no available information on the costs of cancellation procedures but as it remains seldomly used, it can be assumed that the overall cost is also negligible compared to the overall cost of the schemes.

On the contrary, introducing a limitation in time, with a possibility of renewal, would certainly imply additional costs at all levels (producers, NAs and EU) as a new procedure would have to be set up and implemented, even if no scrutiny is requested for the renewal. At minimum, this would imply a notification system for registered names arriving close to their expiration date (it is 6 months for EU trade marks), assuming that contact information is up-to-date, which is not the case<sup>(186)</sup>. Such a provision would imply a review and registration of requests for renewal, at least at EU level, and a publication of cancelled registration names. It would also raise the question of the consequences for producers who actually use a registered name that has been cancelled because of administrative issues related to the renewal process, especially for instance in MS where registered names do not have to be managed by clearly identified PGs.

In conclusion, while there is no evidence of clear benefits from limiting the EU protection in time, meaning requesting a formal renewal after a certain period of time, there are clear costs and risks involved with this option.

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<sup>183</sup> Article 16 and 17 of Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks

<sup>184</sup> Recital 31 of Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks

<sup>185</sup> <https://www.tmdn.org/tmview/#/tmview>

<sup>186</sup> *Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialties guaranteed (TSGs)*, AND-I for the DG AGRI, 2019 - <https://op.europa.eu/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

**Sub question 3: What are the advantages and disadvantages of free of charge registration procedures?**

- ***Judgement criteria 7.4: Extent to which applying a fee for registration at EU level would be more efficient***

**Conclusion to Judgement criteria**

Applying fees for the registration applications at EU level would have a marginal impact. It would only marginally contribute to the costs of the EU. The impact on the overall costs for producers and PGs would also be marginal but it could send a negative message and be a disincentive for small PGs.

**Indicator 7.4: Advantages and disadvantages of applying a fee for registration at EU Level**

Under the EU trade mark regulation, there is also a fee to be paid to the office by the applicant for the registration process. The amount of the fee depends on the type of procedure (EU trade mark, collective mark or certification mark), the number of classes of goods or services covered by the mark and the means for registration (electronic or not). The basic fee for the online registration of an EU trade mark covering one product class is EUR 850. The main purpose of those fees is to contribute to the budget of the office in charge of the registration procedures. The 2019 annual report of the EUIPO states that in 2019, 160 377 EUTM and 111 598 Registered Community Designs applications were filed, amounting to EUR 436 million in fees, which represents 100% of the Office budget.

The GI/TSG regulatory framework does not request fees for registration at EU level, but it does provide MS with the possibility to apply fees at national level. According to the NA survey, seven MS have introduced fees and among those, five MS apply fees for all types of GI/TSG products (agri-food products, wines, aromatised wine products and spirit drinks). Between 2016 and 2018, registration procedures for which applicants had to pay a fee at national level represented 4% of the applications. Based on the feedback from the NA survey and the country reports, requested fees are generally around a few hundred EUR/registration application (EUR 145 in CZ, EUR 900 in DE) and represent a marginal cost compared to the overall cost of the registration procedure, both from the PGs perspective (or individual producers if there is no PGs) and from the NAs perspective.

In France, producers contribute significantly to the budget of the INAO, which is in charge of the registration procedures, but they do so through annual fees calculated based on their production volumes, not through a registration fee.

The EU Commission received an average of 56 registration applications per year between 2008 and 2018. If the same fee as the one applied for the EUTM was requested (EUR 850), this would amount to EUR 47 600 per year. The contribution to the EU cost to manage the scheme would therefore be very limited.

In addition, some NAs and PGs interviewed for the CS consider that the application of an EU registration fee could be a disincentive for small PGs (HU, ES, FR and IT). Even if the fee remains marginal compared to the overall cost of the procedure, it could represent a symbolic barrier. Other NAs (CZ and NL) consider that it would not affect the number of applications for EU registration.

## 7.3 Theme C – Relevance

### 7.3.1 ESQ 8 – Relevance regarding the needs of stakeholders

**ESQ 8 - How well do the objectives of GIs and of TSGs correspond to the actual needs of stakeholders? The answer to this question should be structured at the appropriate level of stakeholders.**

#### Conclusion of the ESQ

##### Satisfaction of the actual needs of NAs and PGs

Overall, the theoretical and the empirical analysis show that **all objectives of all GI/TSG schemes are relevant**. Moreover, the results of the empirical analysis showed that:

##### a- Concerning NAs:

- For **NAs the objectives reflect actual needs to a greater extent than for PGs** for all schemes and for almost all objectives, (the scores are higher for NAs than for PGs).
- For NAs, the objective "**Ensure uniform protection of the names as an IPR in the territory of the EU,**" is the most relevant in all the GI schemes presenting this objective (agri-food products, wine, aromatised wine products, spirit drinks). This objective has a high "political" value.
- For NAs, the scores of the objectives of the **agri-food** scheme are higher than the scores of the other schemes (the objectives of this scheme reflect more the actual needs than the other schemes).

##### b- Concerning PGs:

- For PGs of the agri-food, and wine schemes, 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.
- These two objectives concern the **relations with consumers**: this leads to think that the communication "Business to Consumers" is the "key-actual need" for PGs of these two GI sectors. This is confirmed in the case of MS most concerned by the schemes and in most agri-food sectors.
- For PGs of agri-food TSG, the objective "**Safeguard traditional methods of production and recipes**" is the most relevant (and second most relevant for NAs). This objective motivates the PGs to participate to the scheme. However, for TSG agri-food products only three PGs answered to the survey. Therefore, the results must be taken with great caution.
- For PGs (as well as for NAs) of GIs spirit drinks sector, the objective "**Ensure uniform respect for the intellectual property rights related to protected names**" is the most relevant.

- For PGs (as well as for NAs), the scores of the objectives of the **agri-food schemes** are higher than the scores of the other schemes (the objectives of this scheme reflect more the actual needs than the other schemes).
- The scores of the same objectives of GI **agri-food** and GIs **wine** schemes are quite **different among MS**. Concerning the most important MS by number of PGs, the scores in ES are higher than in FR and IT (in the latter two MS, therefore, the level of satisfaction of PGs is lower).
- For PGs of some MS, **some objectives are irrelevant** (*i.e.*, "Secure fair return for the quality of products" for GI agri-food and GI spirit drinks sectors scheme in HU; "Integrity of the internal market / market transparency" for TSG in NL and FR, "Ensure uniform protection of the names as an IPR in the territory of the EU" for GI wine sector in DE

### **Satisfaction of the actual needs of consumers**

The literature analyses and the results of the consumer survey show that:

- There is a **low knowledge of GI/TSG schemes**. Therefore, the actual needs of consumers are latent to the objectives of GIs/TSG schemes (there is no perception of potential satisfaction of their actual needs with GIs/TSGs).
- However, guarantees provided by GIs/TSGs (guarantees on the origin or the raw material; guarantee of traceability; guarantees on the method of production; guarantee of a specific know-how) are **in line with factors influencing consumers choices** when purchasing food products.
- **Expanding the knowledge** of GI/TSG schemes to a larger number of consumers is a crucial issue: the relevance of the communication objectives for PGs "Provide clear information on the value-adding attributes of the product to consumers" and "Protect the legitimate interests of consumers" are consistent with this issue.

#### **7.3.1.1 Background and methodological approach**

- **Interpretation and comprehension of the key terms**

**Relevance:** is defined as the extent to which intervention's objectives are pertinent to needs, problems and issues. Therefore, this EQ aims at verifying how well the objectives of each quality scheme satisfy the actual needs of stakeholders.

**Objectives:** refer to the general objectives detailed in the Regulations concerning the various schemes. The objectives are detailed below:

- the first two objectives concern the relations with consumers
- objectives 3 to 7 concern the economic and functional aspects within the competitive system
- the last objective concerns the protection of IPRs (and has a higher political value)

**Table 46: objectives of each GI/TSG scheme**

	Objectives	Agrifood PDO/PGI	Agrifoo d TSG	Wine PDO/ PGI	Spirit GI	Arom. Wines GI
1	Provide clear information on the value-adding attributes of the product to consumers	§	§			
2	Protect the legitimate interests of consumers	§	§	§	§	§
3	Integrity of the internal market/ market transparency	§	§	§	§	
4	Fair competition for farmers and producers	§	§		§	
5	Secure fair return for the quality of products	§				
6	Safeguard traditional methods of production and recipes		§			
7	Promote the production of quality products whilst allowing national quality policy measures			§		
8	Ensure uniform protection of the names as an IPR in the territory of the EU	§		§	§	§

**Stakeholders:** actors or groups of actors involved in the production-consumption system. In this evaluation, the following stakeholders were considered: NAs, PGs (farmers and processors) and consumers.

• **Sub-questions, judgement criteria, indicators and sources**

The evaluation matrix is developed in the following table.

**Table 47: Evaluation matrix for ESQ 8**

Sub-questions	Judgement criteria (JC)	Indicators (I)
Sub-question 1: How well do the objectives of GIs and of TSGs correspond to the actual needs of NAs and PGs?	• JC 8.1: The objectives of GI schemes for Agri-food products are relevant with the actual needs of NAs and PGs	<ul style="list-style-type: none"> <li>• I 8.1: Theoretical relevance: cause-effect analysis</li> <li>• I 8.2: Synthetic indicator of relevance by objective (in general, by PDO/PGI, by MS and by sector)</li> </ul>
	• JC 8.2: The objectives of TSG scheme for Agri-food products are relevant with the actual needs of NAs and PGs	<ul style="list-style-type: none"> <li>• I 8.3: Theoretical relevance: cause-effect analysis</li> <li>• I 8.4: Synthetic indicator of relevance by objective (in general, by PDO/PGI, by MS and by sector)</li> </ul>
	• JC 8.3: The objectives of GI schemes for wine sector are relevant with the needs of NAs and PGs	<ul style="list-style-type: none"> <li>• I 8.5: Theoretical relevance: cause-effect analysis</li> <li>• I 8.6: Synthetic indicator of relevance by objective (in general, by PDO/PGI and by MS)</li> </ul>
	• JC 8.4: The objectives of GI scheme for aromatised wine products sector are relevant with the actual needs of NAs and PGs	<ul style="list-style-type: none"> <li>• I 8.7: Theoretical relevance: cause-effect analysis</li> <li>• I 8.8: Synthetic indicator of relevance by objective (in general and by MS)</li> </ul>
	• JC 8.5: The objectives of GI schemes for spirit drinks sector are relevant with the actual needs of NAs and PGs	<ul style="list-style-type: none"> <li>• I 8.9: Theoretical relevance: cause-effect analysis</li> <li>• I 8.10: Synthetic indicator of relevance by objective (in general and by MS)</li> </ul>
Sub-question 2: How well do the objectives of GIs and of TSGs correspond to the actual needs of consumers?	• JC 8.6: The objectives of GI/TSG schemes are relevant with the needs of consumers	• I 8.11: Level of awareness of the EU quality labels

The sources for sub-question 1 are Regulations for the theoretical analysis and the NA and PGs electronic surveys for the empirical analysis. The sources for sub-question 2 are the consumers survey and the results of existing literature (Special Eurobarometer 504; Strength2Food).

• **Methodological approach and its limitations**

The methodology is based on two main steps of analysis and uses various tools.

The first step regards the assessment of the theoretical relevance. An analysis of the cause-effect relationships is carried out (for each EU quality scheme) starting from the logical intervention diagrams (see descriptive chapter of this report) and is developed through information deduced from the main relevant documents (in particular EU regulations: recitals and articles).

This analysis links the (specific and general) objectives to the needs of stakeholders appraised on the basis of the existence of specific problems and/or risks affecting the sector.

On the basis of the relationships between problems/risks, needs and objectives, we have thus expressed a (theoretical) relevance or non-relevance judgement. Furthermore, on the basis of the convergence flows between needs and objectives, the analysis made it possible to identify the objective(s) whose level of relevance is (theoretically) the most important.

The second step of the analysis is based on the results of the electronic surveys regarding NAs and PGs <sup>(187)</sup>.

In order to obtain a synthetic indicator of the level of relevance of each objective relating to each scheme, we have given a value to each type of choice of respondents (Very much = 2; Somewhat = 1; Don't know / don't respond = 0; Not much = -1; Not at all = -2) and calculated, for each objective, the score resulting from the weighted average of the various choice values relating to the respective number of respondents <sup>(188)</sup>.

The level of relevance (S) of each objective is therefore a value of a scale comprised between the extremes +2 (maximum level of relevance) and -2 (no relevance).

The overall results of the analyses concerning the PGs are influenced by the uneven distribution of PGs that answered among the seven MS concerned by the survey (strongly concentrated on France, Italy, Spain), and (in the case of Agri-food GIs) by the uneven distribution of PGs by production sector (strongly concentrated on fruits & vegetables, fresh and processed meats, dairy).

Finally, for some MS (NL, HU, CZ) and for some agri-food sectors (Cider, Fish, Beer, Honey), the number of PGs answering to the survey was low. In these cases, the results of the analyses by MS and by sector must be taken with caution, since they have limited statistical significance.

With regards to the agri-food TSG and GI for aromatised wine products, the number of PGs answers was very low (3 for TSG) or insignificant (1 for aromatised wine products). Therefore, the results are purely indicative.

The assessment of the relevance of the EU quality schemes in relation with the consumers' needs is based on the analysis of existing literature (Eurobarometer 504; Strength2Food) and the results of the consumer's survey.

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<sup>187</sup> Concerning NAs, we obtained responses from 26 MS out of 28 (exceptions: DE and UK), but in an uneven measure with respect to the different quality schemes. Some NAs responded even if there are no products under scheme in their MS. As for the PGs, we obtained 424 responses out of 485 (Response rate 87.4%).

<sup>188</sup>

$$S = \sum_{i=-2}^2 (Ri * Ni) / N$$

Where Ri = value of each choice (2, 1, 0, -1, -2); Ni = Number of respondents who expressed the choice i; N = Total number of respondents. N also includes those that responded "I don't know" or that did not respond: in both cases, in fact, the objective does not express a need, and therefore is objectively irrelevant.

### 7.3.1.2 Analysis

**Sub-question 1: How well do the objectives of GIs and of TSGs correspond to the actual needs of NAs and PGs?**

- **Judgement criterion 8.1: The objectives of GI schemes for Agri-food products are relevant with the actual needs of NAs and PGs**

#### **Conclusion of the judgement criterion**

At general level, both theoretical analysis (based on the intervention logic) and empirical analysis (based on the results of surveys to NAs and PGs) show that all objectives of GI schemes for agricultural products and foodstuffs are relevant.

The scores of the indicators obtained from the empirical analysis also allowed:

- to express a judgement on the level of relevance of each objective (i.e., to what extent the objective reflects actual needs) and therefore,
- to establish the hierarchy of relevance of the objectives.

The results of the analysis showed that:

a-Concerning NAs:

- For NAs the objectives reflect the actual needs to a greater extent than for PGs (scores are always significantly higher than PGs).
- "*Ensure uniform protection of the names as an IPR in the territory of the EU*" (which has a high "political" value) is the most relevant objective;

b-Concerning PGs:

- in line with expectations, PDO products show a higher level of relevance compared to PGI products.
- in both analysis (theoretical and empirical) "*Provide clear information on the value-adding attributes of the product to consumers*" and "*Protect the legitimate interests of consumers*" are the most relevant objectives. This is confirmed both in the case of MS most concerned by the schemes (FR, IT, ES), and in most agri-food sectors.

These two objectives concern the relations with consumers: this leads to think that the communication "Business to Consumers" is the "key-actual need" for PGs

- At MS level, the relevance shows higher scores for the Spanish PGs than for the Italian and French PGs. In some MS with a lower number of GIs (HU, NL, CZ) some objectives are judged negatively (i.e. reflect the needs "not much" or "not at all") or null (agnostic judgement, which however reflects the non-existence of a corresponding need).

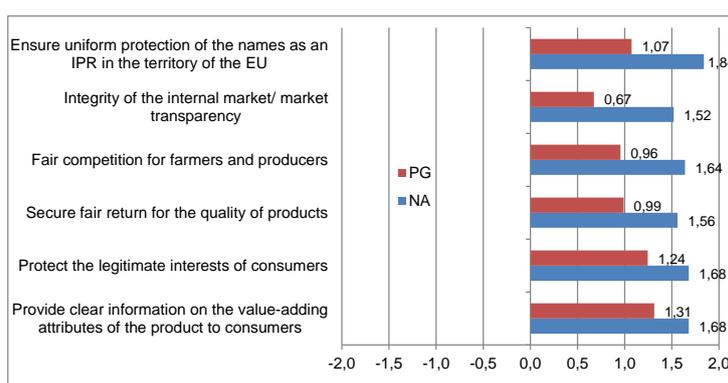
### I 8.1: Theoretical relevance: analysis of the cause-effect relationships

The results highlight the existence of a theoretical relevance for all the objectives of the scheme. In addition, the analysis has shown that the objective "Protect the legitimate interests of consumers" is influenced by the other objectives relevant with the actual needs of farmers/producers and public authorities (i.e., the other objectives have a direct or indirect effect on the objective "Protect the legitimate interests of consumers"). Therefore, this should be the most important objective of this scheme.

### I 8.2: Synthetic indicator of relevance by objective (in general, by PDO/PGI, by MS and by sector)

The results of the surveys concerning the overall level of relevance of the objectives in relation to the actual needs of PGs and NAs are summarised below.

**Figure 22: Score concerning Agri-food GIs: PGs and NAs**



Source: PGs and NAs surveys

The level of relevance of the agri-food GIs is positive for all the objectives of the scheme. This confirms the results of the theoretical relevance. However:

- Concerning NAs, the levels of relevance are always significantly higher than for PGs. Furthermore, all objectives show a level of relevance higher than 1<sup>(189)</sup>, and "Ensure uniform protection of the names as an IPR in the territory of the EU" (which has a high "political" value) is the most relevant objective.
- Concerning PGs, the level of relevance exceeds the value 1 only for three objectives, two of which ("Provide clear information on the value-adding attributes of the product to consumers" and "Protect the legitimate interests of consumers") concern the relations with consumers. This leads to think that the communication "Business to Consumers" (B2C) is the "key-need" for most PGs.
- For the other three objectives (that refer to aspects concerning the activity and the competitive and economic conditions of producers themselves) the value is positive, but below 1.

The breakdown by type of scheme, PDO and PGI, is limited to the results of the PGs survey. While maintaining the same hierarchy of importance, the results obtained show that the level of relevance are always higher for PDO products (which highlight a stronger link with

<sup>189</sup> From 1 to 2 the relevance level is between "Somewhat" and "Very much".

the territory, and therefore a larger content of "cultural identity". Therefore, the larger score differences between PDOs and PGIs are observed for the objectives concerning the aspects most related to the "protection" of the products. (*Secure fair return for the quality of products* and *Ensure uniform protection of the names as an IPR in the territory of the EU*).

Concerning the analysis at MS level, the following table presents the results of the PGs survey <sup>(190)</sup>.

**Table 48: Score concerning agri-food GIs: total and MS**

OBJECTIVES	CZ	DE	ES	FR	HU	IT	NL	Total
Ensure uniform protection of the names as an IPR in the territory of the EU	0.80	1.35	1.54	0.87	0.00	0.95	1.00	1.07
Integrity of the internal market/ market transparency	0.30	0.57	1.30	0.37	0.33	0.76	0.00	0.67
Fair competition for farmers and producers	0.00	0.87	1.54	0.98	-0.33	0.66	1.00	0.96
Secure fair return for the quality of products	0.30	1.22	1.57	0.87	-0.67	0.74	0.67	0.99
Protect the legitimate interests of consumers	0.20	1.13	1.69	1.24	0.00	1.17	0.00	1.24
Provide clear information on the value-adding attributes of the product to consumers	1.10	1.26	1.81	0.94	0.33	1.59	0.67	1.31

Red  $\leq 0$ ; Green  $\geq 1$   
Source: PGs survey

The first evidence is the presence of negative judgements (i.e. the objectives reflect "not much" or "not at all" the needs) or equal to zero (agnostic judgement, which however reflects the non-existence of a corresponding need). These negative or null judgements are expressed by MS with a limited number of PGs (that are also MS with a limited number of agri-food GIs): Hungary, Netherlands and Czech Republic. Moreover, in these countries, even the objectives with relevance levels higher than zero have very low values, between zero and 1.

Among the MS with the highest number of PGs, Spain shows the highest values for all objectives (and therefore higher values than the total average). On the contrary, in France the values of all objectives are comprised between 0 and 1, with the sole exception of the objective "*Protect the legitimate interests of consumers*" (1.24). Italy presents a situation similar to France, but in some cases with higher positive values: 4 out of 6 objectives are positive, but with values lower than 1, while only 2 objectives are greater than 1. Therefore, in two MS with the highest number of respondents (and also the largest number of GI

<sup>190</sup> It is important to recall that the distribution of the number of PGs is strongly concentrated on France, Italy and Spain (84% of the replies to the survey). Conversely, only three responses have been received from Hungary and Netherlands. Therefore, in these latter MS the results must be taken with great caution.

products), the objectives would actually reflect actual needs, but to a fairly limited extent (a little more in Italy, a little less in France).

Germany occupies an intermediate position between Spain and Italy, with 4 out of 6 objectives with relevance levels higher than 1 and 2 objectives with levels between zero and 1.

Finally, taking into account the large differences between values, the analysis shows that the objectives hierarchy is also quite differentiated. This proves the existence of diverse sensitivities among the various MS that can be the result of different context situations.

Considering the extremely wide variety of products covered by agricultural products and foodstuff GIs schemes, the analysis has been carried out also by sector in order to highlight any differences. The results show that:

- all sectors indicate that all objectives are relevant. However, the number of values comprised between zero and 1 is quite high. This is true in particular, with the exception of beer, in the meat sector (4 out of 6 objectives, and in particular objectives most related with communication to the consumer), and to a lesser extent in the F&V and cereals sector (3/6 objectives). On the other hand, values of relevance higher than 1 (excepting honey and cider) prevail in the dairy sector (4/6 objectives) and especially in the olive oil sector (5/6 objectives).
- the sectors with the lowest number of GI products display, for each objective, the lowest and/or highest values: beer shows the lowest level of relevance in five objectives, while honey the highest values in four objectives. Cider occupies an intermediate position, with maximum levels in two objectives and minimum levels in a third objective.

The hierarchy of relevance of the objectives noticed at general level is also observed at sectoral level. "Provide clear information on the value-adding attributes of the product to consumer" and "Protect the legitimate interests of consumers" are the most relevant objectives in all sectors, with the exception of dairy and honey: in these two sectors the objective "Ensure uniform protection of the names as an IPR in the territory of the EU" is at the first place.

- **Judgement criteria 8.2: The objectives of TSG scheme for Agri-food products are relevant with the actual needs of NAs and PGs**

#### **Conclusion of the judgement criterion**

The theoretical analysis and the empirical analysis show that all general objectives of the schemes are relevant (with the only exception of "Integrity of the internal market/market transparency" for PGs), but the scores are lower than the scores of agri-food GI scheme (in the case of TSG, the objectives reflect a little less the actual needs).

The results of NAs and PGs electronic surveys show some discrepancies concerning the hierarchy of the relevance of the objectives. However, "Safeguard traditional methods of production and recipes" is the real objective motivating the participation to the TSG scheme.

### I 8.3: Theoretical relevance: analysis of the cause-effect relationships

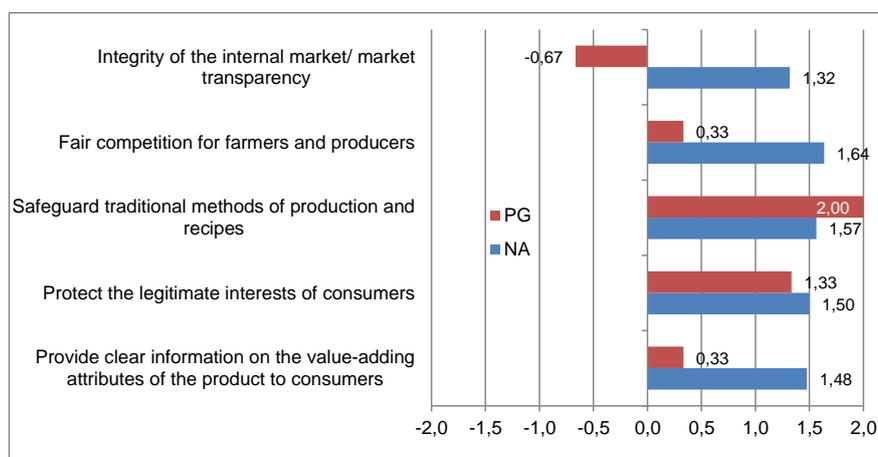
The results highlight the existence of a positive theoretical relevance of all objectives of the scheme. In addition, (as for agri-food GIs), the objective “*Protect the legitimate interests of consumers*” is influenced by the other objectives relevant with the actual needs of farmers/producers and public authorities (i.e., the other objectives have a direct or indirect effect on the objective “*Protect the legitimate interests of consumers*”).

Therefore, this is the objective that should represent the most (albeit indirectly) the overall needs of the farmers/producers and public authorities, and thus be the most relevant of agri-food products TSG schemes.

### I 8.4: Synthetic indicator of relevance by objective (in general, and by MS)

The results of the surveys concerning the overall level of relevance of the objectives in relation to the actual needs of PGs and NAs are summarised below. It is important to highlight that for TSG agri-food products only three PGs answered to the survey: one in Hungary and two in the Netherlands, in the fish and cereals sectors. Therefore, the results that emerged from the PGs survey are not significant and must be taken with great caution.

**Figure 23: Score concerning Agri-food TSG: PGs and NAs**



Source: PGs and NAs surveys

For NAs the scores are always positive and higher than 1 for all objectives. However, in general, the relevance values are lower compared to the values of the agri-food GIs. Furthermore, for NAs, this objective is the most relevant in absolute terms, but this is in clear contrast with the opinions of the three PGs that answered to the survey.

In fact, the only objectives that have similar relevance values for NAs and PGs are “*Safeguard traditional methods of production and recipes*” and “*Protect the legitimate interests of consumers*” (score greater than 1).

The results by MS and sector are obviously not significant, given the low number of respondent PGs. However, the value of the objective “*Safeguard traditional methods of production and recipes*” both at MS level and at sector level, is interesting. This seems to be the real objective motivating the participation to the TSG scheme.

- **Judgement criteria 8.3: The objectives of GI schemes for wine sector are relevant with the needs of NAs and PGs**

#### **Conclusion of the judgement criterion**

The theoretical analysis and the empirical analysis show that all general objectives of the wine-sector GI scheme are relevant, but the scores are lower than the scores of agri-food GI scheme (in the case of the wine sector, the objectives reflect a little less the actual needs of NAs and PGs).

Three general objectives of the scheme show a (slightly) higher level of relevance for PGI wines compared to PDO wines.

Concerning PGs, in both analysis (theoretical and empirical), "*Protect the legitimate interests of consumers and producers*" is the objective with the highest relevance, followed by "*Promote the production of quality products whilst allowing national quality policy measures*".

However, the relevance scores are uneven among MS (high in ES; low in FR and IT), and also the hierarchy of the objectives is uneven, probably due to the different background situations.

Concerning NAs, "*Ensure uniform protection of the names as an IPR in the territory of the EU*" (which has a high "political" value) was judged the most relevant objective.

#### **I 8.5: Theoretical relevance: cause-effect analysis**

The results highlight the existence of a theoretical relevance for all the objectives of the scheme. The objective "*Protect the legitimate interests of consumers*" is influenced by the other objectives relevant with the actual needs of farmers/producers and public authorities (i.e., the other objectives have a direct or indirect effect on the objective "*Protect the legitimate interests of consumers*"). Therefore, this should be the most important objective of this scheme.

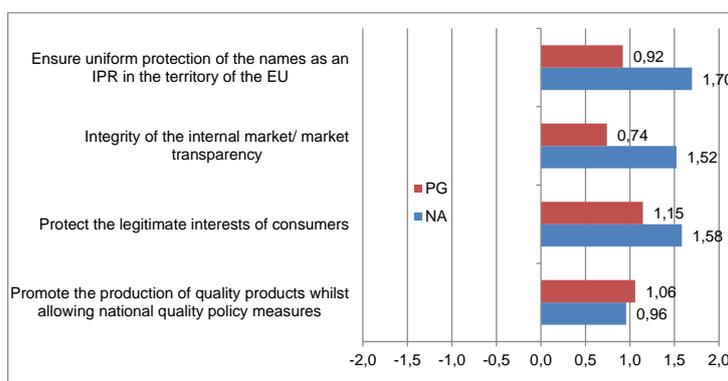
In fact, this objective is mainly supported by the actual needs of farmers/producers (but also of public authorities) that are directly related to the objective "*Promote the production of quality products whilst allowing national quality policy measures*".

Furthermore, it is also supported by the actual needs related, directly or indirectly, to "*Integrity of the internal market / market transparency*".

### I 8.6: Synthetic indicator of relevance by objective (in general, by PDO/PGI, by MS and by sector)

The results of the surveys concerning the overall level of relevance of the objectives in relation to the actual needs of PGs and NAs are summarised below.

**Figure 24: Score concerning GI of wine sector: PGs and NAs**



Source: PGs and NAs' surveys

The level of relevance of GI schemes for wine sector is positive for all the objectives of the scheme, confirming thus the results of the theoretical relevance (nevertheless the scores are lower than the scores of agri-food GI scheme: for NAs and PGs the objectives of wine sector scheme reflect a little less the actual needs).

The analysis highlights some interesting aspects:

- For NAs the level of relevance is significantly higher than the level resulting from PGs for all objectives, with the exception of "Promote the production of quality products whilst allowing national quality policy measures". In addition, all the objectives show a score higher than 1, with a maximum level for "Ensure uniform protection of the names as an IPR in the territory of the EU" (objective with high "political" value).
- Concerning PGs, the level of relevance is slightly above 1 only in two of the four objectives: "Protect the legitimate interests of consumers" and "Promote the production of quality products whilst allowing national quality policy measures" (<sup>191</sup>) (which is in line with the results of the theoretical analysis).
- The objective "Integrity of the internal market/market transparency" ranks at the last position in the relevance hierarchy (<sup>192</sup>).

<sup>191</sup> This objective concerns only the wine sector, and therefore it is not surprising that it reflects the actual needs of stakeholders correctly taken into account by the policy maker.

<sup>192</sup> Considering that this objective should respond to the actual needs related to production aspects, this result appears doubtful: in fact, this objective is linked to the objective "Promote the production of quality products whilst allowing national quality policy measures" (as highlighted by the analysis of theoretical relevance).

The breakdown by type of scheme, PDO and PGI, is limited to the results of the PGs survey. The results show that (unlike agri-food GIs) the relevance levels are usually higher in the case of PGI products (<sup>193</sup>). However, the differences are very limited.

Concerning the analysis at MS level, the following table presents the results of PGs survey (<sup>194</sup>).

**Table 49: Score concerning wine sector GIs: total and MS**

OBJECTIVES	CZ	DE	ES	FR	HU	IT	NL	ALL Wines
Ensure uniform protection of the names as an IPR in the territory of the EU	2.00	-0.20	1.46	0.85	0.00	0.90	0.67	0.92
Integrity of the internal market/ market transparency	1.50	1.40	1.58	0.06	0.67	1.04	1.00	0.74
Protect the legitimate interests of consumers	1.00	1.40	1.92	0.97	1.00	0.98	1.67	1.15
Promote the production of quality products whilst allowing national quality policy measures	1.50	1.20	1.79	0.79	1.67	0.96	1.67	1.06

Red  $\leq 0$ ; Green  $\geq 1$

Source: PGs survey

The results of the analysis show that:

- among the MS with the higher number of PGs, Spain shows the highest values for all objectives (and therefore values higher than the total average). It is also noted that “*Protect the legitimate interests of consumers*” reaches almost the maximum value in this MS (1.92);
- in France the scores of all objectives are comprised between 0 and 1. The particularly low score (0.06) attributed to the objective “*Integrity of the internal market/market transparency*” should be emphasized (this heavily influences the overall relevance score of this objective);
- Italy presents a situation quite similar to France, but with some higher scores. Furthermore, (in contrast to France) the objective “*Integrity of the internal market/market transparency*” is the only one that exceeds the value 1 (and therefore it is the one that best reflects the actual needs of the Italian PGs);
- thus, also in the case of the wines GIs scheme, in the two MS (France and Italy) with the highest number of PGs (and also the highest number of GI wines), the objectives would actually reflect actual needs, but not to a large extent (a little more in Italy, a little less in France).

<sup>193</sup> The GIs symbols are optional for wines and some national labelling terms such as “DOC”, “DOCG” and “AOC” in Italy and France may be used in the wine sector in place of PDO. This may be the cause of this result.

<sup>194</sup> It is important to remember that the top three MS GI wine producers (France, Italy and Spain) concentrate more than 91% of the PGs. Therefore, the answers from the producer groups of the other countries have a limited statistical reliability.

Finally, taking into account the strong differences among scores, the relevance hierarchy is also rather differentiated, which can derive from non-homogeneous context situations. Two positions are more frequently noticed:

- the objective "*Protect the legitimate interests of consumers*" ranks first in four MS (DE, ES, FR, NL) and second in the other two (HU and IT);
  - the objective "*Ensure uniform protection of the names as an IPR in the territory of the EU*" ranks last in five MS (DE, ES, HU, IT, NL).
- ***Judgement criteria 8.4: The objectives of GI scheme for aromatised wine products sector are relevant with the actual needs of NAs and PGs***

#### **Conclusion of the judgement criteria**

The results of the theoretical analysis and of the empirical analysis based on the NA replies to the electronic survey show that the objectives of the scheme for aromatised wine products are relevant. The absence of replies from the PGs survey did not allow to confirm and/or contradict this result.

Some divergence between theoretical analysis and NAs electronic survey results concern the hierarchy of the relevance of the objectives (according to the theoretical analysis, the objective "*Protection of the interest of Consumer*" is the most relevant objective).

#### **I 8.7: Theoretical relevance: cause-effect analysis**

The results highlight the existence of a theoretical relevance for all the objectives of the scheme.

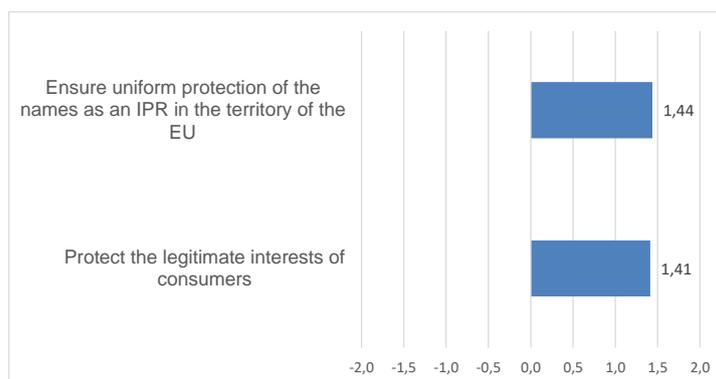
In this case also, "*Protect the legitimate interests of consumers*" is the objective of direct or indirect convergence of the links between actual needs and objectives. Therefore, in this case also, it should be the most relevant objective.

In particular, the analysis highlights the relevance between the need to adapt to new technologies (correctly embraced by the specific objective "*Respect traditional quality practices but should be updated and improved in the light of technological developments*") and its direct link to the objective "*Protect the legitimate interests of consumers*".

### I 8.8: Synthetic indicator of relevance by objective (in general, and by MS)

The results of the survey concerning the overall level of relevance of the objectives in relation to the actual needs of NAs are summarised below <sup>(195)</sup>.

**Figure 25: Score concerning GI of aromatised wine products: NAs**



Source: NAs survey

The level of relevance of the GIs for aromatised wine products sector is positive for both objectives of the scheme. This confirms the results of theoretical relevance. However even if the scores are higher than 1, these objectives have a lower score than the same objectives of the other GIs/TSG schemes.

Furthermore, even if slightly, the objective "protection of IPR" is the most relevant. This diverges (to a very limited extent) from the results of the theoretical relevance.

- **Judgement criteria 8.5: The objectives of GI schemes for spirit drinks sector are relevant with the actual needs of NAs and PGs**

#### **Conclusion of the judgement criteria**

The theoretical analysis and the results of the empirical analysis show that all general objectives of the spirit drinks-sector scheme are relevant.

In both analyses, "Ensure uniform respect for the intellectual property rights related to protected names" resulted as being the most relevant objective, followed by "Protect the legitimate interests of consumers".

Therefore, the objectives that respond synergistically to the binomial "defend against counterfeiting" and "consumer guarantees" are key to the scheme's attractiveness and represent best the actual needs of NAs and PGs.

<sup>195</sup> For aromatised wine products, only one response was received from the PGs. Obviously it can not be considered for statistical purposes, and therefore the analysis is based only on the results of the NAs survey.

### I 8.9: Theoretical relevance: cause-effect analysis

The results highlight the existence of a theoretical relevance for all the objectives of the scheme.

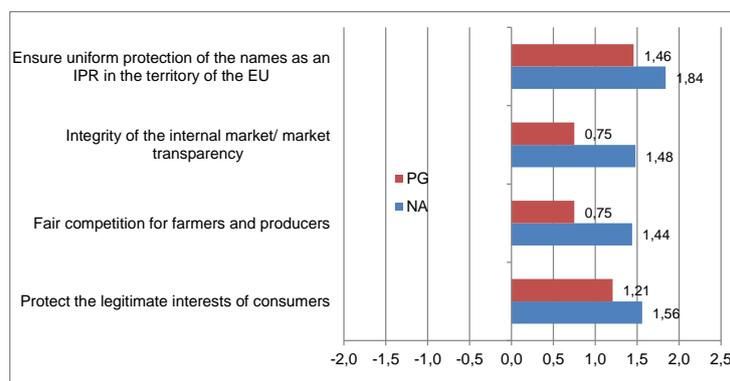
In this case, *"Ensure uniform respect for the intellectual property rights related to protected names"* is the objective that concentrates, directly or indirectly, the most part of the actual needs of farmers/producers and public authorities. Therefore, this should be the most important objective of this scheme.

In effect, this objective is a synthesis of all the actual needs generated by the risk *"Consumers deceived by false indications, imitations, false evocations, etc."*, and has an impact on the other general objectives relevant for other needs (in particular *"Protect the legitimate interests of consumers"* and *"Fair competition between producers"* objectives).

### I 8.10: Synthetic indicator of relevance by objective (in general, and by MS)

The results of the surveys concerning the overall level of relevance of the objectives in relation to the actual needs of PGs and NAs are summarised below.

**Figure 26: Score concerning GI of spirit drinks sector: PGs and NAs**



Source: PGs and NAs surveys

Also for the spirit drinks sector, the level of relevance is positive for all the objectives of the GI scheme. This confirms the results of theoretical relevance.

In addition, the hierarchy of the relevance is the same for both NAs and PGs: the objectives *"Ensure uniform protection of the names as an IPR in the territory of the EU"* and *"Protect the legitimate interests of consumers"* go well beyond the value 1, while the other two objectives (major than 1 for NAs and lower than 1 for PGs) show the lowest levels for both stakeholders. In particular, the objective *"Ensure uniform protection of the names as an IPR in the territory of the EU"* is placed at the highest level both in the case of NAs (1.84) and PGs (1.46). This is consistent with the results of the theoretical relevance analysis.

Finally, the objective *"Fair competition for farmers and producers"* proves to be the least responding to the actual needs, both of NAs and of PGs.

Concerning the analysis at MS level, the following table presents the results of PGs survey (<sup>196</sup>).

<sup>196</sup>It is important to take into account the limited number of responses and their concentration in Spain and France

**Table 50: Score concerning GI of spirit drinks sector: Total and by Member State**

OBJECTIVES	DE	ES	FR	HU	IT	NL	All Spirits
Ensure uniform protection of the names as an IPR in the territory of the EU	1.00	1.44	1.63	1.33	2.00	1.00	1.46
Integrity of the internal market/ market transparency	1.50	1.11	-0.13	1.33	1.00	1.00	0.75
Fair competition for farmers and producers	1.50	1.00	0.50	1.00	-1.00	0.00	0.75
Protect the legitimate interests of consumers	0.50	1.00	1.50	1.33	1.00	2.00	1.21

Red  $\leq 0$ ; Green  $\geq 1$

Source: PGs surveys

Negative or zero scores are limited to a few MS (in France, Italy and the Netherlands), and to the objectives receiving less appraisal also at overall level.

Conversely, the values are higher or equal to 1 in most cases, with the only exception of the objectives "Protect the legitimate interests of consumers" in Germany and "Fair competition for farmers and producers" in France. Finally, considering the differences among scores, the analysis highlights that the objective "Ensure uniform protection of the names as an IPR in the territory of the EU" is positioned at the first place in 4 out of 6 MS (ES, FR, HU, IT), and second in NL.

**Sub-question 2: How well do the objectives of GIs and of TSGs correspond to the actual needs of consumers?**

- **Judgement criteria 8.6: The objectives of GI/TSG schemes are relevant with the needs of consumers**

**Conclusion of the judgement criteria**

The literature analyses and the results of the consumer survey show that:

- There is a low knowledge of the GI/TSG schemes. Therefore, the actual needs of consumers are latent to objectives of GIs/TSG schemes (there is no perception of potential satisfaction of their actual needs with GIs/TSGs).
- However, guarantees provided by GIs/TSGs (guarantees on the origin or the raw material; guarantee of traceability; guarantees on the method of production; guarantee of a specific know-how) are in line with factors influencing consumer choices when purchasing food products.
- Expanding the knowledge of GI/TSG schemes to a larger number of consumers is a crucial issue: the relevance of the communication objectives for PGs ("Provide clear information on the value-adding attributes of the product to consumers" and "Protect the legitimate interests of consumers" are consistent with this issue).

### **I 8.11: Level of awareness of the EU quality labels**

The assessment of the relevance of EU quality schemes to consumer's needs, is based on the analysis of the existing literature and on the results of the consumers survey.

The analysis showed that:

- the general level of awareness of the EU quality labels is low, with higher levels of awareness in Southern Europe and lower levels of awareness in Northern Europe (see descriptive chapter). This suggests that the level of awareness could be linked to the number of GIs / TSGs registered.
- Habits, taste and reputation, and not the certification, are the root of consumer purchases of PDO, PGI, TSG products (<sup>197</sup>). Therefore, the awareness of names is not related to the awareness of the schemes (the awareness of some names is higher than the awareness of EU systems and is lower for other names).
- The economic scale of GIs plays a role in the awareness, but the marketing strategy of the stakeholders may have an important role (use of the protected name on the market and / or private brands, communication on the protected name, importance on each market, etc.).
- Consumers have a low level of distinction between different schemes: there is no strict correlation between the awareness of the schemes in the MS and the perception of difference. However, they consider that the products under the scheme are related to the following items: guarantee on the area of production; guarantee on the origin of the raw material; guarantee of traceability; specific know-how; specific method of production; traditional recipe (for TSG).
- Based on Eurobarometer (<sup>198</sup>), some key factors related to GIs/TSGs play a role in the decision of consumers to buy food products:
  - respect of local tradition and “know-how” (very important or fairly important for 82% of EU consumers);
  - specific label ensuring the quality of the product (very important or fairly important for 81% of EU consumers);
  - product comes from a geographical area that you know (very important or fairly important for 81% of EU consumers).

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<sup>197</sup> Strength2Food study (2019).

<sup>198</sup> Special Eurobarometer 504, Europeans, Agriculture and the CAP, October 2020

From all this, it is possible to conclude that:

- in general, the low knowledge of the schemes and their meaning implies an equally low knowledge of the objectives. Therefore, consumers' actual needs are latent with respect to the objectives (there is no perception of their potential satisfaction). However, the relevance is modulated according to the level of awareness and knowledge in the MS (higher in the Southern MS, which have the highest number of GIs; very low in the Northern MS);
- guarantees provided by GIs/TSGs are in line with factors influencing consumer choices when purchasing the products;
- expanding knowledge of EU quality schemes (meaning, objectives, types of guarantees, etc.) to a larger number of consumers is a crucial factor. Therefore, this justifies and validates the higher level of relevance attributed by PGs to the objectives of GIs/TSG schemes concerning the consumers ("*Provide clear information on the value-adding attributes of the product to consumers*" and "*Protect the legitimate interests of consumer*").

### 7.3.2 ESQ 9 – Relevance regarding the needs of rural areas

**ESQ 9 – To what extent have GIs and TSGs responded to the needs of rural areas, including areas facing natural or other specific constraints in terms of socio-economic sustainability, as well as living cultural and gastronomic heritage?**

#### **Conclusion of the ESQ**

The analysis showed that the existence of GIs is considered a strong asset of rural territories. This finding emerges from the 2014-2020 Rural Development Programs (RDPs) and their implementing reports and is confirmed by numerous studies conducted at regional scale or on local production systems. Furthermore, there is empirical evidence leading to the statement that GIs are important for producers located in areas facing natural or other specific constraints. These results are in line with the expected impact for the GIs concerning the development of the EU economy, mainly rural territory (see Intervention Logic in the descriptive chapter).

The analysis of the scientific literature on the topics under analysis (local rural economies) has not found specific findings on names protected as TSG.

The strengthening of GIs/TSGs through rural development policy responds primarily to the needs of enhancing integration in the agricultural sector and intercepting consumers' demand for food quality (consumers are increasingly interested in selecting products based on production practices and in knowing more about how their food is produced).

Rural development policy finances two types of measures related to GIs/TSGs: the support for joining the schemes and the support for information and promotion on quality products. The importance of these interventions varies among EU regions, with a group of territories expressing a large demand related to quality schemes.

With regard to the type of intervention, the demand of economic operators is strongly oriented towards the implementation of information and promotion campaigns, as highlighted by what has been achieved so far in the 2014-2020 programming period. The key role attributed by the operators to communicate on GIs to meet consumer demand confirms what clearly emerged from previous analyses (ESQ 8).

GIs/TSGs are also regarded as an important tool to promote regional identity, in particular in the countries with a history of GI protection. Economic operators, especially from southern EU countries, are largely convinced of the role played by their denominations in terms of maintaining and promoting the local cultural heritage. Indeed, some of the CS carried out in the framework of this evaluation confirm the solid link between territory and product. However, as also 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 could yet be further developed.

### 7.3.2.1 Background and methodological approach

- ***Interpretation and comprehension of the key terms***

**Needs of rural areas:** Rural areas cover 44% of the EU territory, with rural regions representing 80% or more of the territory in some MS (DG AGRI, CAP context indicators 2014-2020 - update). The EU's Rural Development policy (CAP's second pillar) supports rural areas to meet the wide range of economic, environmental and social challenges. Rural development policy is implemented for a seven-year period, via Rural Development Programs (RDPs) designed by a Managing Authority (MA) either at national and/or regional level. RDPs are documents drawn up by MS and regions, setting out strategic approaches and actions to meet the needs of the specific geographical area they cover. The RDPs strategy must be based on a SWOT analysis of the concerned rural territory and on a needs' assessment undertaken through a dialogue with stakeholders.

**Areas facing natural or other specific constraints (ANCS):** Under Article 32 of Council Regulation (EC) No 1305/2013, the areas facing natural or other specific constraints (ANCS), in the past referred to as Less-Favoured Areas (LFAs), are those that are more difficult to effectively farm due to specific problems caused by natural conditions (e.g. altitude, steep slopes, low temperature: criteria for ANCS are detailed on EC website (<sup>199</sup>)). The list of these areas (delineated local units) is annexed to the RDP.

**Living cultural and gastronomic heritage:** As stated in the recitals of Regulation (EU) No 1151/2012, the quality and diversity of the EUs agricultural production is one of its important strengths, making a major contribution to its living cultural and gastronomic heritage. GIs/TSGs are often creating social and economic benefits as they link valuable products to the territory, reconnect consumers and producers and protect traditions.

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<sup>199</sup> [https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/income-support/additional-optional-schemes/anc\\_en](https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/income-support/additional-optional-schemes/anc_en)

• **Sub-questions, judgement criteria, indicators and sources**

The evaluation matrix is developed in the following table.

**Table 51: Evaluation matrix for ESQ 9**

Sub questions	Judgement criteria (JC)	Indicators (I)
Sub-question 1: GIs/TSGs respond to the needs of rural areas	<ul style="list-style-type: none"> <li>JC 9.1: GIs/TSGs are relevant to respond to the needs of rural areas as identified by the stakeholders and to the actual needs</li> <li>JC 9.2: GIs/TSGs are important for producers located in areas facing natural or other specific constraints (ANCs)</li> </ul>	<ul style="list-style-type: none"> <li>I 9.1 Findings from literature review</li> <li>I 9.2 Links between the needs identified in RDPs (CS) and GIs/TSG: discussion and matrix of relevance</li> <li>I 9.3 Comparison at regional level of financial indicators referring to the level of investment on GIs/TSGs (CMEF indicator O.1) and their importance on rural development strategies. Planned and achieved at December 2018, EU28</li> <li>I 9.4 Distribution of beneficiaries of RD interventions on GIs/TSGs by region and type of quality scheme (CMEF indicator O.4, table D11). Achieved at December 2018, EU28</li> <li>I 9.5 Detailed information on RDPs strategy and results (CS)</li> <li>I 9.6 Incidence of farms located in ANCs in the PGs managing a GI in 7 EU countries, by MS, type of scheme and sales value class size (electronic survey)</li> </ul>
Sub-question 2: GIs/TSGs respond to the need of maintaining/promoting the living cultural and gastronomic heritage	<ul style="list-style-type: none"> <li>JC 9.3: GIs/TSGs contribute to promote the territory's living heritage</li> </ul>	<ul style="list-style-type: none"> <li>I 9.7 Opinion of economic operators</li> <li>I 9.8 Findings from literature review</li> </ul>

The sources for these sub-questions are research studies and academic papers, RDP programming documents, 2019 Annual Implementation Reports and other documents and info to date (CS), RD monitoring data provided by DG AGRI, CS reports, PGs survey.

• **Methodological approach and limits**

The analysis of relevance has been carried out at regional level and use the following tools:

- Sub-question 1 and 2 - Literature review: key findings of recent research studies and academic papers, about 20 references plus background readings and other material not cited.
- Sub-question 1 - Analysis of RD Programming documents: SWOT analysis of the territory's situation, Identification of the needs and description of the strategy and other relevant documentation, in particular eligibility criteria and 2019 Annual Implementation Reports. The analysis have been carried at CS level for the 21 RDPs operating in the production areas of the 17 CS undertaken in the framework of this evaluation (see § 3.5): RDP of Austria, Czech Republic, Languedoc Roussillon (France), Nord-Pas-de-Calais (France), Provence-Alpes-Cote d'Azur (France), Rhône-Alpes (France), Hungary, Bolzano (Italy), Liguria (Italy), Piemonte (Italy), Puglia (Italy), Baden-Württemberg (Germany), Bavaria (Germany), Lower Saxony and Brema (Germany), Nordrhein-Westfalen (Germany), Netherland, Slovakia, Andalucía (Spain), Castilla-la-Mancha (Spain), Castilla-y-Leon (Spain), Extremadura (Spain)

- Sub-question 1 - Quantitative analysis (all EU 118 RDPs) on RD monitoring data generated at regional level according to the Common Monitoring and Evaluation Framework (CMEF) of the CAP, complemented with data collected during field work (CS).

The CMEF comprises a set of indicators to support programs' design and assessment: the indicators are specified in Regulation (EU) No 808/2014 and are measured with respect to DG AGRI definitions and methods of computation. The CMEF indicators used in the analysis refer to common output and result indicators related to the rural development intervention linked to GIs/TSGs, in particular interventions 3.1 and 3.2 under Article 16 of the Regulation (EU) No 1305/2013. The indicators under analysis account for financial (expenditure) and physical information (number of beneficiaries) and come from the updated RDPs' indicator plan and from the 2019 implementation reports <sup>(200)</sup>.

- Sub-question 1 and 2 - Analysis of primary data gathered from PGs (electronic survey) and through cases studies (interviews at national and regional level)

The main limit refers to the analysis of RD monitoring data, since the system made available the physical indicator only for intervention 3.1; furthermore, the breakdown by type of quality scheme (EU/national/voluntary) is available only for implementation data and does not allow to distinguish within EU quality schemes between GIs/TSGs and organic food quality schemes. To overcome this limitation, detailed information was sought (field work, implementation/evaluation reports); this information is available in a number of cases.

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<sup>200</sup> Source: DG AGRI, EAFRD-Monitoring-RDP-Indicator Plan-Section 11 and AIR indicators Section 11\_2015\_2018

**Sub-question 1: GIs/TSGs respond to the needs of rural areas**

- **Judgement criteria 9.1: GIs/TSGs are relevant to respond to the needs of rural areas as identified by the stakeholders and to the actual needs**

**Conclusion of the judgement criteria**

The analysis showed that the existence of GIs is considered a strong asset of rural territories. This result emerges from the 2014-2020 Rural Development Programs and is confirmed by numerous studies conducted on regional scale or on local production systems. The analysis of the scientific literature has not found findings or specific insights on the role and importance of names protected as TSG on local rural economies.

From the analysis of RDPs, it emerges that the strengthening of GIs/TSGs is considered relevant to the needs of rural areas, and in particular with respect to the reinforcement of local agri-food chains and farmers' position. GIs/TSGs respond primarily to the need of enhancing integration in the agricultural sector and to the need of intercepting consumers' demand for food quality (consumers are increasingly interested in selecting products based on production practices and in knowing more about how their food is produced).

Analysis based on monitoring data complemented with info and data collected during field work, shows that the importance of RD intervention on GIs/TSGs varies among EU regions, with a group of territories expressing a large demand related to quality schemes. Between the two types of RD intervention addressing quality systems, the support for information campaigns seems to be more suited to the needs of the local GIs/TSGs systems: the RD support for information campaigns is almost entirely absorbed by GIs/TSGs value chains. This is coherent with the results of ESQ 8 on relevance with stakeholders needs.

However, other quality schemes (i.e. national systems, mainly addressing integrated production schemes, and organic food schemes) attract a larger demand for expanding farmers' engagement in their systems. This result largely depends on the local rural contexts and stems from the strategic choices of the EU regions, but it is also related to the nature and characteristics of RD support for joining quality schemes (e.g. the amount of the support, the necessity/cost to submit an annual demand).

In order to answer this judgement criterion, the identification of rural areas and relevant needs is based on 2014-2020 rural development policy, implemented in European regions with 118 rural development programs (RDPs). The programs contain the analysis of the needs of their territory assessed with an equal method for the whole EU (analysis of context indicators, SWOT analysis, dialogue with stakeholders).

As the different rural development measures provided by Regulation (EU) No 1305/2013 include one measure aimed at strengthening the quality schemes for agricultural products and foodstuffs (Article 16 - Measure 3), needs' assessments in RDPs also concern GI/TSG schemes.

The following is a brief description of the RD measure addressing GI/TSG schemes.

**Rationale of the rural development (RD) intervention addressing quality schemes.** Measure 3 covers two types of operation: the support for joining quality schemes (3.1) and the support for information and promotion activities on quality products obtained under such systems (3.2). These interventions are in continuity with the 2007-2013 RD policy, which provided for identical measures (measures 132 and 133). The participation of farmers in quality schemes is not fully remunerated by the market, especially at the moment of entering and in the early years of participation. Accordingly, measure 3.1 supports all new entrants to Union, national and voluntary agricultural product certification schemes recognised by the MS (source: DG AGRI, measure fiche, July 2014 and April 2018). The Union quality schemes eligible for support under this measure are explicitly referred to in Article 16: GIs and TSGs for agricultural products and foodstuffs, GIs in the wine sector, spirit drinks and aromatised wine products sector, new optional quality terms schemes (e.g. "mountain products") foreseen by Regulation (EU) No 1151/2012 and organic food quality schemes. Support is granted as an annual incentive payment, the level of which is determined according to the level of the fixed costs <sup>(201)</sup> arising from participation in supported schemes, for a maximum duration of 5 years. The maximum annual amount of support per scheme is EUR 3 000 per holding. Measure 3.2 supports information and promotion activities in the internal market in order to improve consumers' awareness of the existence and specifications of products produced under Union and national quality schemes (excluding voluntary schemes). Up to 70% of the eligible costs of the action can be covered.

Measures within 2014-2020 RDPs can contribute to several objectives (6 general objectives articulated in 18 focus areas) in a flexible manner and MS/Regions can choose freely the set of measures among those suggested by Regulation (EU) No 1305/2013 to fit the objectives and focus area and its national or regional needs. The support of measure 3 – strengthening quality schemes is linked to focus area 3A by contributing to the reinforcement of producers' position and marketing power within the food chain thus enhancing the development of rural areas.

### **I 9.1 Relevance with the needs identified in the rural area - Literature review.**

The GIs relevance with respect to rural policy objectives is broadly confirmed by the literature. The link involves several economic, environmental and social aspects of territories such as the development of the local agri-food chains, the contribution to rural economic diversification, the empowerment of human resources and the protection of the local cultures (Belletti and Marescotti, 2011) <sup>(202)</sup>.

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<sup>201</sup> Fixed costs include: a) Costs incurred for entering a supported quality scheme; b) Annual contribution for participating in a supported quality scheme; c) Expenditure on checks required to verify compliance with the specifications of the relevant scheme

<sup>202</sup> Belletti G., Marescotti A.- Origin products, geographical indications and rural development. In Labels of Origin for Food: Local Development, Global Recognition; Barham, E., Sylvander, B., Eds, 2011

Often, studies are on individual products compared to a similar non-GI product: the recent research (Arfini *et al.*)<sup>(203)</sup> conducted by the Strength2Food project on 15 PDO or PGI EU products and other 12 products under other food quality schemes demonstrate that such schemes contribute to job creation at the local level, the extent of which in the agricultural sector and/or in the processing industries depends on the type of product.

Other researches have a regional perspective exploring the effects of GIs on the regional macro dynamics. In the scientific community there is a broad consensus that GIs have a positive effect on the number of processing firms and of farms. A recent study on the effects of GIs on employment and labour productivity in Italy, France, and Spain (Raimondi *et al.*)<sup>(204)</sup> shows that in all these countries, GIs affect agricultural employment, and labour productivity only in Spain. Other studies confirm the influence of GIs on regional labour (Bouamra-Mechemache and Chaaban; Gerz and DuPont)<sup>(205)</sup>.

Furthermore, a recent study proved that GIs have positive effects on the regional agricultural added value in Italy (Ceï *et al.*)<sup>(206)</sup> and a less recent research (Coutre Picart - cheese sector in Savoye)<sup>(207)</sup> indicated that the GI cheese chain in the analysed region produces a higher added value than a non-GI one, with positive influence on other aspects (capital lenders and input suppliers).

### **I 9.2 Links between GIs/TSGs and the needs identified by RDPs**

In the framework of this evaluation, the analysis of the relevance of GIs/TSG schemes with regards to the needs of rural areas has been carried out on 21 RDPs (for the list of 21 Programs and the criteria for their choice, please refer to the previous paragraph - Methodological approach and limits). As stated, the policy intervention of each program is built to respond to a number of needs of the territory, which are discussed in the RDP (current version).

The following aspects were analysed: a) whether the needs arising from the context and SWOT analyses refer to one or more GI/TSG system's objectives; b) for how many and which of the needs to be addressed by the RDP is the GI/TSG system relevant.

Concerning the relevance of the objectives of the GIs/TSGs schemes with respect to the needs, the analysis shows that there is a relationship (i.e. the need description directly or indirectly suggests a relation with the objectives of GIs/TSGs) between some of the issues raised by the needs assessment and the objectives mentioned in the different regulations on GIs and TSGs. In some cases, there is an explicit statement linking the need to one or

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<sup>203</sup> Arfini *et al.* - Assessing the contribution of food quality schemes to rural economies and territorial cohesion based on the CS analysis. 2019 WP4 Strength2Food H2020. February 2019

<sup>204</sup> Raimondi V, Curzi D, Arfini, F, Olper A,, Aghabeygi M. - Evaluating Socio-Economic Impacts of PDO on Rural Areas. 2018

<sup>205</sup> Bouamra-Mechemache Z., J. Chaaban, - Is the Protected Designation of Origin Policy Successful in Sustaining Rural Employment? 2010. Gerz A., F. Dupont - Comté cheese in France: Impact of a geographical indication on rural development. 2006

<sup>206</sup> Ceï L., Stefani G., Defrancesco E., Lombardi G.V. - Geographical indications: A first assessment of the impact on rural development in Italian NUTS3 regions. Land Use Policy 2018

<sup>207</sup> Coutre Picart, L. Impact Economique des Filières Fromagères A.O.C. Savoyardes. 1999

more GIs/TSGs objectives. The most closely relevant objectives are those related to the production of quality products and securing fair return for the quality of the products. Also, many RDPs under analysis refer to the need to protect consumers' interests (Nord-Pas-de-Calais, Puglia, Baden-Württemberg, Bavaria, Andalucia, Extremadura, Hungary) and provide clear information on the value-adding attributes of the product to consumers (Nord-Pas-de-Calais, Rhône Alpes, Bolzano, Liguria, Netherland, Andalucia, Castilla-la-Mancha, Castilla-y-Leon, Extremadura, Austria).

Concerning the relevance of GIs/TSGs with respect to the needs of rural areas, a first outcome of the analysis is that in 14 out of 21 RDPs the presence of numerous and significant GI/TSG value chains is evaluated as an asset in the SWOT analysis. This is true for 11 RDPs activating measure 3 addressing quality schemes and for 3 RDPs not activating it (Province of Bolzano, Italy; Bavaria, Germany; PACA, France).

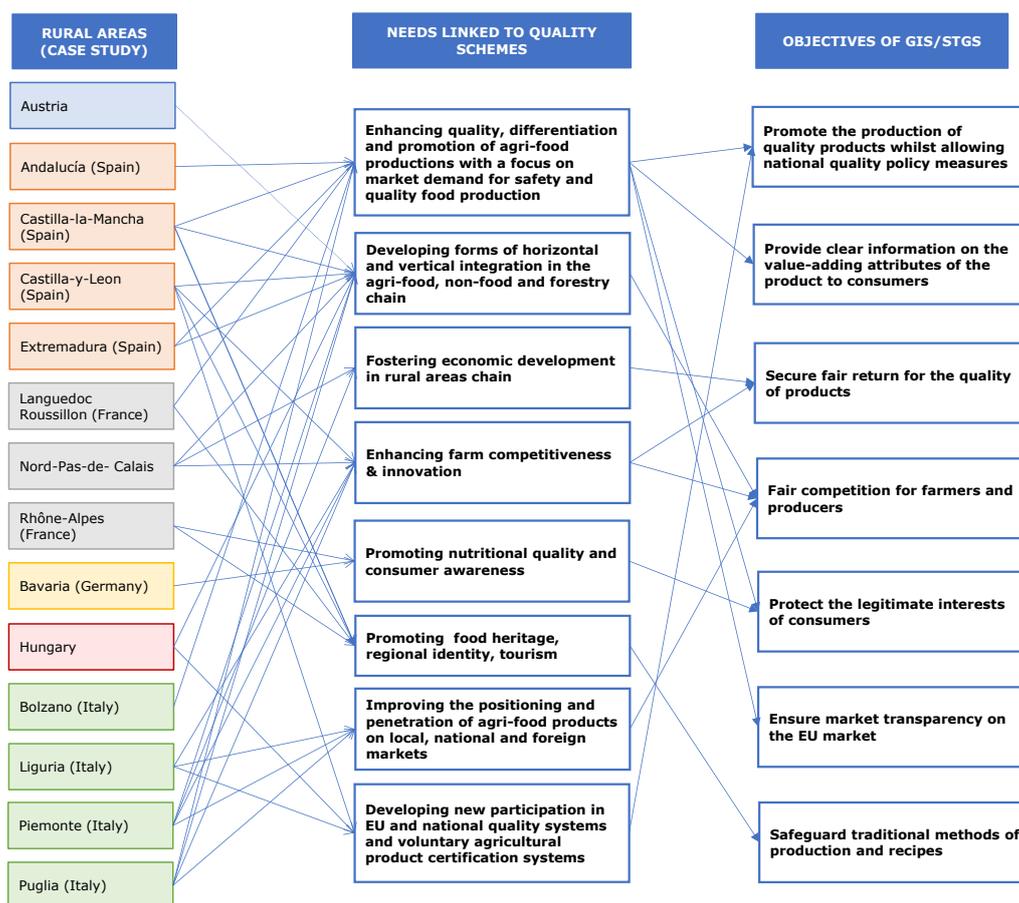
**Table 52: References to GIs/TSGs in the SWOT analysis and needs assessment of RDPs CS**

Refences to GIs/TSGs in the SWOT analysis	RDPs
The context analysis highlights the presence of the GIs schemes as a strength of the territory	Languedoc Roussillon, Nord-Pas-de-Calais, Provence-Alpes-Cote d'Azur, Rhône-Alpes, Hungary, Province of Bolzano, Liguria, Piemonte, Puglia, Bavaria, Andalucía, Castilla-la-Mancha, Castilla-y-Leon, Extremadura
The low number of products under GIs schemes is mentioned as weaknesses in the SWOT	Austria, Province of Bolzano
Needs assessment directly refers to GIs/TSGs schemes	14 out of 21 RDPs: Austria, Languedoc Roussillon, Nord-Pas-de-Calais, Rhône-Alpes, Hungary, Province of Bolzano, Liguria, Piemonte, Puglia, Bavaria, Andalucía, Castilla-la-Mancha, Castilla-y-Leon, Extremadura
There is no reference to EU quality schemes in the needs assessment.	7 out 21 RDPs: Provence-Alpes-Cote d'Azur, Czech Republic, Netherlands, Slovakia, Baden-Württemberg, Lower Saxony – Breme and Nordrhein-Westfalen

In the RDPs of Provence-Alpes-Cote d'Azur, Czech Republic, Slovakia, Baden-Württemberg, Nordrhein-Westfalen and Lower Saxony-Breme there is no reference to GIs/TSGs. The Dutch RDP exclusively refer to the voluntary certification scheme for rosé veal and GIs/TSGs are not mentioned. In these cases (6 out 21), it can be stated that GIs/TSGs schemes do not represent a key element of the regional agricultural context and have not been considered relevant to meet the needs of rural areas.

Finally, the matrix describes the link needs /quality schemes detected by the analysis.

**Figure 27: RDPs CS - links of relevance between needs and GI/TSG objectives**



Each RDP identifies a variable number of territorial needs, generally between 20- 25 needs, although in some cases the needs assessment is very detailed (e.g. 54 needs, Bavaria) and other programs focus on a few but comprehensive categories of needs (e.g. 8 needs, Nord-Pas-de-Calais). In most cases, the GIs respond directly to 1-2 needs.

Based on regional RDPs, quality systems respond as first priority to a need for better organisation of the agri-food chain (Austria, France, Spain, Italy), dealing with existing imbalances and disadvantages with a level of cooperation in the agricultural sector to be increased. Quality systems have a potential to satisfy an increasing consumer demand (consequently strengthening the viability of farms) therefore the related measures respond to a need for further development of high-quality products also via information and promotion activities. Also, and particularly in France and Spain, the RDP strategy defines an explicit link of relevance between quality systems and the development of the touristic sector: GIs/TSGs value chains are clearly mentioned as important tools to promote regional identity.

Finally, a specific attention to the need to enlarge the market of regional products characterizes three out of the four Italian rural areas analysed.

### **I 9.3, 9.4, 9.5 - Importance of RD intervention on GIs/TSGs to respond to the needs identified in the rural area: analysis of RDPs indicators and detailed info**

The underneath assumption of this section is that the more a RDP is backing the support for joining quality schemes and related information and promotion activities (measure 3), the more quality schemes are considered to respond (i.e. are relevant) to the needs of the rural area.

It should be stressed that the reverse hypothesis cannot be assumed and that it would be wrong to draw a judgement of non-relevance from the choice of not backing measure 3. Reasons for this choice are diverse and can be related both to the nature and characteristics of the two types of support (e.g. amount of support, complexity <sup>(208)</sup>) and to the context of the local rural economy, including finding an adequate level of participation in quality systems (e.g.: as reported in the regional RDP context analysis, in the French region of Provence-Alpes-Cote d'Azur, 40% of farms produce one or more products under quality scheme, notably PGI and Label Rouge).

At EU level, the analysis shows that 56 RDPs out of 118 implement measure 3, thus expressing a territorial need to be responded to with quality schemes. These 56 RDPs belong to 17 MS: AT, CY, EE, FR, EL, ES, HR, HU, IT, LT, MT, NL <sup>(209)</sup>, PL, PT, RO, SI and UK. Almost all Italian (with the exception of Bolzano) and Spanish rural areas (with the exception of Asturias, Cantabria, La Rioja, Madrid and Murcia) and 17 out of 27 French regions use this measure addressing quality schemes.

The overall 2014-2020 financial allocation on measure 3 (Union, national and voluntary agricultural product certification schemes) is EUR 594 billion, 0.66% of the overall envelope of the RDPs backing the measure, for around 137 000 holdings new participating to quality schemes.

At the end of 2018 (last available implementation data <sup>(210)</sup>), the expenditure is EUR 128.52 billion divided quite equally between the two sub-measures: 52% for promotion and information actions and 48% for new participation in the quality schemes. The number of holdings new entering the schemes is 104 292, of which around 33.0% new participation in EU quality schemes: GIs/TSGs and organic food schemes, 66.9% in national quality schemes and 0.1% in voluntary certification schemes. With respect to the 33,0% of holdings entered in EU schemes, field info leads to estimate that less than a third concerns new entries in GI/TSG schemes, therefore about 8-9% of the total.

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<sup>208</sup> In some areas, the need of enhancing information is entrusted to other sources of financing (Bolzano and Bavaria)

<sup>209</sup> The Dutch RDP activates measure 3 but only within the Article 16(1)(c) of Regulation (EU) No 1305/2013: voluntary agricultural product certification schemes (rosé veal recognized by the Netherlands). GIs/TSGs are not included and therefore this RDP is not included in the analysis of the importance of RD intervention on GIs/TSGs.

<sup>210</sup> Annual Implementation Reports submitted in June 2019

Behind the overall figure there is great diversity, revealing diverse needs and strategies of rural areas. Analysis of financial data made it possible to identify a cluster of 18 rural areas where quality schemes are particularly relevant considering:

- the level of investment. 28 programmes out of the 55 RDPs decided to invest a significant share of their portfolio in quality schemes (measure 3): taking the EU average as point of comparison, 7 RDPs in particular show an incidence of measure 3 on total RDP public expenditure higher than 1 percentage point relative to the EU average
- the importance of quality schemes in the strategy of reinforcing producers' position and marketing power within the food chain (focus area 3A). Taking as a threshold a ratio >10%, 16 RDPs invested between 10% and 20% of their focus area 3A budget on measure 3 and 8 RDPs more than 20%, of which 3 more than 60% (one 100%, Madeira).

These 18 EU areas in which the RDP's investment in quality schemes is particularly important are: Austria, Greece, 9 regions in Italy (Abruzzo, Calabria, Friuli Venezia Giulia, Liguria, Marche, Piemonte, Puglia, Valle d'Aosta), 6 regions in Spain (Balears, Canarie, Cataluna, Galicia, Navarra, Pais Vasco) and Aquitaine in France.

**Table 53: Identification of RDPs with focus on measure 3 and focus area 3A**

Programs activating M03	RDPs with % budget M03 / RDP budget > EU average a	RDPs with % budget M03 / FA3A budget > 10% b	Programs which are in both a and b a U b
Abruzzo, Andalucía, Aquitaine, Aragón, Austria, Auvergne, Balears, Basilicata, Basse-Normandie, Calabria, Campania, Canarie, Castilla La Mancha, Castilla y León, Cataluña, Croatia, Cyprus, Emilia-Romagna, Estonia, Extremadura, Franche-Comté, Friuli Venezia Giulia, Galicia, Greece, Haute-Normandie, Hungary, Languedoc-Roussillon, Lazio, Liguria, Limousin, Lithuania, Lombardia, Madeira, Malta, Marche, Midi-Pyrénées, Molise, Navarra, Nord-Pas de Calais, Pais Vasco, Piemonte, Poitou-Charentes, Poland, Puglia, Rhône-Alpes, Romania, Sardegna, Scotland, Sicilia, Slovenia, Toscana, Umbria, Valencia, Valle d'Aosta, Veneto	<b>Abruzzo</b> , Andalucía, Aquitaine, Aragón, <b>Austria</b> , <b>Balears</b> , Basilicata, <b>Calabria</b> , Canarie, Cataluña, Emilia-Romagna, Friuli Venezia Giulia, Galicia, Greece, Hungary, Liguria <b>Marche</b> , Molise, Navarra, Nord-Pas de Calais, <b>Pais Vasco</b> , <b>Piemonte</b> , Puglia, Toscana, Umbria, Valencia, Valle d'Aosta, Veneto	Abruzzo, Aquitaine, Austria, Auvergne, Balears, Calabria, Canarie, Cataluña, Cyprus, Friuli Venezia Giulia, Galicia, Greece, Liguria, Limousin, Madeira, Marche, Midi-Pyrénées, Navarra, Pais Vasco, Piemonte, Poitou-Charentes, Puglia, Valle d'Aosta, Veneto	Abruzzo, Aquitaine, Austria, Balears, Calabria, Canarie, Cataluña, Friuli Venezia Giulia, Galicia, Greece, Liguria, Marche, Navarra, Pais Vasco, Piemonte, Puglia, Valle d'Aosta Veneto
	<b>28</b>	<b>24</b>	<b>18</b>
<b>55</b>			

Source: Financial data on RDPs

However, it is important to recall that Measure 3 finances new entrants/promotion activities on EU, national and voluntary certification schemes. Monitoring data on results<sup>(211)</sup> (number of holdings newly entering in quality schemes) allows to analyse the breakdown

<sup>211</sup> 48 RDPs: 3 RDPs show yet no implementation of measure 3 (Hungary, Malta and Romania) and 5 RDPs have only implemented promotion actions (Estonia, Midi-Pyrénées, Languedoc-Roussillon, Auvergne, Canaries).

per type of schemes. The analysis shows that there are many more beneficiaries (farms) entering national schemes than beneficiaries entering EU schemes: more than twice as many. These farms are rather concentrated in some areas: Austria, Slovenia, Lithuania, Veneto, Sardegna, Friuli Venezia Giulia, Rhône-Alpes, Franche-Comté.

On the other hand, there is a large number of rural areas with a high demand for EU quality schemes: here, the number of holdings entering EU schemes is above 40% of the total number of holdings participating to measure 3.1. This group includes the areas highlighted above in the cluster aUb, with the exception of Austria, Veneto, Friuli-Venezia Giulia, Marche and Greece.

**Table 54: Number of holdings supported at 31.12.2018 for new participation in quality schemes by type of scheme and % EU schemes on total (N., %)**

	EU quality schemes (N.)	National quality schemes (N.)	Voluntary certification schemes (N.)	Total (N.)	EU quality schemes/ total
Aragón	210			210	100%
Basse-Normandie	18			18	100%
Castilla La Mancha	1.822			1.822	100%
Castilla y León	292			292	100%
Croatia	4			4	100%
Cyprus	247			247	100%
Haute-Normandie	2			2	100%
Limousin	565			565	100%
Madeira	24			24	100%
Molise	164			164	100%
Nord-Pas de Calais	45			45	100%
Sicilia	137			137	100%
Umbria	145			145	100%
Valencia	27			27	100%
Valle d'Aosta	8			8	100%
Emilia-Romagna	501		5	506	99%
Basilicata	74	1		75	99%
Aquitaine	203	2	1	206	99%
Lombardia	260	5		265	98%
Andalucía	42	1		43	98%
Toscana	20	1		21	95%
Galicia	5.074	574		5.648	90%
Piemonte	850	45	53	948	90%
Campania	328	42		370	89%
Puglia	127	19		146	87%
País Vasco	324	84		408	79%
Calabria	148		43	191	77%
Poitou-Charentes	46	9	9	64	72%
Poland	11.677	5.565		17.242	68%
Navarra	8	4		12	67%
Baleares	279	141		420	66%
Abruzzo	167	103		270	62%
Lazio	50	33		83	60%
Cataluña	4.412	3.528		7.940	56%
Liguria	36	2	37	75	48%
Marche	141	252		393	36%
Greece	363	766		1.129	32%
Extremadura	10	34		44	23%
Austria	5.464	45.671		51.135	11%
Sardegna	11	207		218	5%
Veneto	12	587		599	2%
Lithuania	3	597	8	608	0%
Slovenia	3	10.175		10.178	0%
Franche-Comté		54		54	0%
Friuli Venezia Giulia		147	3	150	0%
Netherlands (FA2A)		1.121		1.121	0%
Rhône-Alpes		20		20	0%
<b>Total</b>	<b>34.343</b>	<b>69.790</b>	<b>159</b>	<b>104.292</b>	

Source : DG AGRI - EAFRD Monitoring RDP - AIR 2018

As said, EU quality schemes include organic food schemes (administrative costs and checks, no farming methods: for eligible costs see box above on the Rationale of the rural development (RD) intervention addressing quality schemes). Unfortunately, data of the rural development monitoring system do not allow to distinguish GIs from organic.

Detailed information was sought (field work, annual implementation reports, evaluation reports); this information is available in some cases (underlined in the text). Also, for the RDPs CS, the analysis of the eligibility criteria adopted by the Monitoring Committee (Managing Authority and stakeholders) for measure 3 and other measures helps to understand how the strategy was intended to be oriented.

**Table 55: Implementation of measure 3 by RDP**

RDP	Details in the implementation of measure 3
Austria	No selection criteria for sub measure 3.1, which in any case have largely covered national schemes (see AIR 2018, confirmed by the detailed data gathered for this evaluation). <u>The detailed and updated implementation data indicate that 97% of the expenditure for sub measure 3.1 is on national schemes, 2% on organic schemes, 0.7% on GIs and 0.3% on TSGs.</u> The call for applications for measure 3.2 reserved 44% of its budget for products covered by PDO/PGI/TSG schemes. No other measure recognises in the selection criteria a priority for the <u>involvement of applicants into quality schemes.</u>
Languedoc Roussillon (FR)	The RDP activates measure 3 for EU quality scheme (Article 16.1.a Regulation 1305/2013) and national schemes (art. 16.1.b: Label Rouge, CCP). Voluntary certification schemes (art. 16.1.c) are not supported. The selection criteria adopted by the Monitoring Committee for supporting new participation do not distinguish between quality schemes. For promotion and information activities priority is given to organic food schemes. <u>The detailed and updated data indicate that 75% of the new entrants in EU quality schemes concerns organic food schemes and 86% of the promotion projects PDOs/PGIS.</u>
Nord-Pas-de-Calais	The selection criteria do not distinguish between quality schemes. Selection criteria regarding the involvement of applicants into organic or origin and/or quality products schemes has been set for several sub-measures: 4.1 - Aid for investments in agricultural holdings, 4.2 - Aid for investments in the processing, marketing and or development of agricultural products. 4.4 - Aid for non-productive investments linked to the achievement of agri-environmental and climate objectives; 6.1 - Start-up aid for young farmers.
Provence-Alpes-Cote d'Azur (FR)	Producers of EU quality products are considered as selection criteria for the implementation of important operations (Modernisation of cattle farms; Support for investments in crop production farms; Investment for energetic performance of farms)
Rhône-Alpes (France)	The RDP activates measure 3 for EU quality scheme and national schemes (voluntary certification schemes are excluded). For both sub-measures 3.1 and 3.2, the selection principles defined in the RDP give priority to organic products. Selection criteria regarding the involvement of applicants into organic or origin/quality products schemes has been set up for two sub-measures supporting farm investments (4.1 and 5.1).
Hungary	The call for application for 3.1 was published in march 2020 and excludes support for participation in organic food quality schemes. The selections criteria do not distinguish between GIs, national or voluntary schemes.
Liguria (IT)	The call for proposals 3.2 reserved 60% of its budget to PDO/PGI promotion. The selection criteria do not distinguish between EU, national or voluntary quality schemes. Selection criteria regarding the involvement of applicants into organic or origin/ quality products schemes has been set up for investments in agricultural holdings and investments in the processing, marketing and or development of agricultural products
Piemonte (IT)	At EU level, this Program is among the RDPs making the larger use of EU quality schemes as a response to the needs of their territories. <u>The detailed and updated implementation data indicate 4 345 total beneficiaries for measure 3.1, of which 2 962 (68.2%) for EU quality schemes, 68.6% entering organic food schemes and 31.4% PDOs/PGIs.</u> Regarding sub-measure 3.2, projects concerning PDOs/PGIs account for about 99% of the total number of projects approved between 2016-2019, for an amount of EUR 2.1 billion. Selection criteria regarding the involvement of applicants into organic or origin and/or quality products schemes has been set up for Measure 4.1. supporting farm investments, measure 4.2 (investments in the processing, marketing and or development of agricultural products), Measure 6.1 (start-up aid young farmers) and 16.4 (development of short supply chains and local markets).
Puglia (IT)	Operations 3.1 and 3.2 address EU and national/regional schemes, voluntary certification schemes are excluded. For both sub-measures the selection criteria (v. September 2018) give priority to PDO/PGI products over the other quality systems. <u>The detailed data on measure 3.2</u>

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RDP	Details in the implementation of measure 3
	show that projects concerning PDOs/PGIS account for about 75% of the total number of projects accepted between 2017-2019. The participation in quality schemes (EU, regional and national quality systems) is one of the criteria take into account when selecting farm and agri-industry investments and the set-up-up of POs
Andalucía (SP)	For sub-measure 3.1, GIs/TSGs are high-scoring compared to organic schemes. For sub-measures 3.2, the criteria give priority to EU quality schemes (GIs/TSGs and organic), over national and voluntary schemes. <u>The detailed data on measure 3.2</u> show that 63 out of 65 projects realised in the years 2016-2017-2018 refer to PDO/PGI schemes (98.6% of the total expenditure – EUR 3.9 million)
Castilla-la-Mancha (SP)	Selection criteria for sub-measures 3.1 and 3.2 give a priority to EU schemes without distinction. <u>Implementation detailed data</u> show a strong predominance of beneficiaries entering organic food schemes (2 918 out a total 2 934) and a strong predominance of promotion projects on GIs (52 out of 54).
Castilla-y-Leon (SP)	The RDP implement only sub-measure 3.1 (low budget) and the selection criteria give priority to organic products. Accordingly, <u>implementation data</u> show a strong predominance of organic food schemes (94%)
Extremadura (SP)	The RDP has a low budget for focus area 3A and measure 3 and mainly addresses national schemes. Concerning EU schemes, however, <u>implementation detailed data</u> show that the Program addresses almost exclusively PGIs (9 communication projects on PGI and none on organic, only 3 new entrants in organic food scheme systems compared to 20 in PGI systems). Selection criteria regarding the involvement of applicants into EU quality schemes has been set up for sub-measure 4.2 (agribusiness investment)

All the gathered data and info <sup>(212)</sup> indicate a greater demand for GIs than organic food quality schemes for information and promotion activities; in addition to the implementation data, the analysis of the strategy shows that in a number of cases, priority is given to GIs products in the framework of the selection of projects or when budgeting the resources.

RD support for new entrants (i.e. measure 3.1 - the contribution to the payment of certification fees) have attracted agriculture holdings towards organic food quality schemes more than GIs. This result is based in some cases on a political choice (criteria of selection) but is also a consequence of the limited amount of support together with the necessity/cost to submit an annual demand. Given the rules for RD annual payments, for measure 3.1 the need to confirm each year the request for support (even if a first year has already been received) - together with the low amount - probably discourages more GIs' (potential) producers than organic producers, who still submit the annual confirmation for measure 11 providing support to farmers who convert to or maintain organic farming methods and thus combine the two efforts.

These results are confirmed by the lessons based on past experience: when reporting on the 2007-2013 final results in Italy, ISMEA <sup>(213)</sup> points out that overall GIs attracted about 9% of new entrants and the results of many Ex-post evaluations describe a measure that, due to a rather low contribution, did not shift farmers' decisions towards participation in GIs.

<sup>212</sup> DG AGRI - Unit E1 kindly searched for further detailed data for French RDPs: data available for Languedoc Roussillon (see table), Normandie and Nouvelle Aquitaine. In all three RDPs there is a clear prevalence of organic food schemes in the beneficiaries of measure 3.1 and of PDOs/PGIS in measure 3.2.

<sup>213</sup> ISMEA, Il sostegno alla competitività nello sviluppo rurale: vecchia e nuova programmazione a confronto, June 2018

Finally, the analysis of the CS shows that in most cases selection criteria of several measures supporting farms investments give priority to producers of products under EU/national quality schemes.

- **Judgement criteria 9.2: GIs/TSGs are important for producers located in areas facing natural or other specific constraints (ANCs)**

#### **Conclusion of the judgement criteria**

The analysis based on data from PGs and literature findings lead to the conclusion that GIs/TSGs schemes are important for producers located in areas facing natural or other specific constraints. Indeed, a high level of participation of farmers located in disadvantaged areas in PGs managing a designation was found. The weight of such participation differs significantly between MS and according to the type of product. Furthermore, GIs involving farms located in ANCAs have a sales value generally included in the lower classes, except for cheeses. The relevance of GIs/TSGs with respect to mountain areas is confirmed by the recent Horizon2020 study on the determinants of farms' engagement in PDO/PGI schemes.

The evaluation question asks for an in-depth investigation of the relevance of GIs for producers located in the remote, marginalized and mountain areas. The underlying assumption is that quality systems can be a driving force for the farms' sustainability.

Data collected in 7 MS from a representative sample of PGs indicate that 41.3% of the responding groups comprise farms located in mountain areas or areas facing natural or specific constraints (**Indicator 9.6**). The number of groups comprising farms located in these areas is relatively more important in Italy, but it is in the Spanish and French GIs that farms located in ANCAs represent an important part (>50% of participants).

The distribution by sector shows a prevalence of GIs in the wine sector (33%, particularly in FR and IT), cheeses (20%, mainly concentrated in France: the French dairy sector under GI is highly developed in mountain areas) and fresh meat and meat products (16%, concentrated in France). Fruit and vegetable and olive oil sectors (FR, ES, IT) follow. In economic terms, the GIs involving farms located in ANCAs have a sales value generally included in the lower classes, except for cheeses (FR and IT), wine sector (IT and DE) and meat (FR, IT, DE). This information is substantially in line with the results presented by the Joint Research Centre (Santini and al) in policy report on agri-food products (wine excluded) updated in 2015 <sup>(214)</sup>. Researchers conclude that in terms of economic importance, measured by the relative value of production at producer level, mountain farmers are channeling important shares of their production under GI, particularly in some sectors such as the dairy sector and the fruit sector.

This finding is in line with recital 4 of Regulation (EU) No 1151/2012, insisting on the importance of promoting quality products for areas where the farming sector accounts for

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<sup>214</sup> Santini F, Guri F, Gomez y Paloma S. - Labelling of agricultural and food products of mountain farming, Joint Research Center, 2013. Santini F, Guri F, Gomez y Paloma S. - Geographical Indications and Territories with Specific Geographical Features in the EU: the Cases of Mountain and Island Areas, 2015

a significant part of the economy and production costs are high, especially in disadvantaged areas.

A recent study <sup>(215)</sup> undertaken in the framework of the project Strenght2Food (WP4) helps to read primary data (**Indicator 9.1**). The research uses regression analyses to explain the distribution and the development of PDO/PGI in Europe. The regression analysis shows that EU regions (NUTS-2) that are less productive and are located in less favoured areas make more use of PDO/PGI. Analysis confirms that also regions with more agricultural production also make more use of PDO/PGI. Regions that make a lot of use of these quality schemes and are for a large part in ANCs are Scotland, North- Finland and East-Finland, the centre of France, South- Spain and West-Spain, Tirol in Austria and the Franken region in Bayern, Germany.

The regression analysis found a positive relation between the uptake of PDOs/PGIs and the number of hectares of mountain areas, but no relation was found with the amount of ANCs <sup>(216)</sup>. The importance of GIs for economic actors of mountain areas is also confirmed by a number of CS carried out as part of this evaluation, in particular PGI Speck Alto Adige/Südtiroler Markenspeck/Südtiroler Speck and PDO Beaufort. In particular for Beaufort, it emerges that the PDO is used as differentiation tool in situation with high costs of production (a lower milk density per kilometer, more precarious road conditions and specific equipment adapted to mountain areas with high slope leading to additional costs for milk collection).

Furthermore, the research uses FADN data for Italy to investigate through a modelling exercise the farm-related determinants of farmers' engagement in PDO/PGI schemes. The results show that PDO/PGI uptake is higher in Italian hilly and mountainous areas and is lower in less favoured areas, where PDO/PGI schemes are mainly used by farms with permanent cultivations (e.g. grapes and apples). Researchers assume that it can be linked to high costs of farming due to difficult conditions but also to high structural adaptation costs necessary to implement a certification scheme, which involves both holdings and the system as a whole.

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<sup>215</sup> Cesaro and al, Deliverable 4.1 Report on the determinants of farmers' engagement in FQS, August 2017

<sup>216</sup> The modelling exercise uses two variables: hectares of mountains areas and hectares of less favoured area

**Sub-question 2: GIs/TSGs respond to the need of maintaining/promoting the living cultural and gastronomic heritage**

- **Judgement criteria 9.3: GIs/TSGs contribute to promote the territory's living heritage**

**Conclusion of the judgement criteria**

The analysis of RDPs and findings from the literature highlights that GIs/TSGs value chains are considered to be an important tool to promote regional identity, in particular in the countries with a history of GI protection. The analysis of primary data confirms that economic operators, especially from southern EU countries, are largely convinced of the role played by their denominations in terms of maintaining and promoting the local cultural heritage. Indeed, some of the CS carried out in the framework of this evaluation confirm the link between territory/territorial development and product. 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 and gastronomic heritage can still be developed further.

Cultural heritage is the expression of the ways of living of a community, it includes tangible forms such as built environment and natural environment (rural landscapes, agricultural heritage), products and artefacts, and intangibles forms: folklore, language, traditional knowledge and methods of production, cuisine, storytelling.

Among the motivations for the development of GIs, the literature includes the preservation of cultural heritage, through the use of natural local resources and specific traditional methods of production (Sylvander *et al*)<sup>(217)</sup>. Several researchers have explored the associations among GIs, "terroir", history and the culture of a place of production and the concept of cultural heritage has been increasingly applied to GIs and linked to the production of public goods.

**Indicator 9.7. Opinion of economic operators**

According to the vast majority of operators participating in the survey to PGs (89%, 350 out of 395 respondents), GIs/TSGs contribute to the preservation of cultural heritage and therefore can respond to the need of maintaining and promoting the living cultural and gastronomic heritage.

The outcome of the survey, which must be taken with due caution in view of a possible response bias (i.e. the desire of respondents to provide desirable responses), contains elements of differentiation with respect to the relative lesser or greater relevance (especially for southern EU countries) of GIs with respect to this cultural perspective. These differences can be related to the history of GIs along the time.

More than 90% of PGs answering the question (operating in Italy (93% of respondents), Spain (92%), France (91%) and Hungary (90%)) consider that the scheme they manage plays a role in maintaining or promoting the living cultural and gastronomic heritage. This

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<sup>217</sup> Sylvander B. - Les dispositifs français et européens de la qualité et de l'origine dans le contexte de l'OCM: justifications générales et contextes nationaux

percentage is 63% of respondents in the case of the other three MS: Germany, Czech Republic and the Netherlands.

GI products within the beer sector, fish sector and fruit and vegetable sector seem to be relatively less linked to the concept of cultural heritage than other products in particular cheese, olive oil and spirit drinks. This may be partially due to a lower proportion of processed products in these sectors.

These results are supported by the analysis of relevance carried out at CS level on 2014-2020 rural development programs (see **indicator 9.2**), which showed that GIs/TSGs value chains are clearly mentioned as important tools to promote regional identity.

Also, in some significant examples the interviews carried out during the field work (17 CS) reveal a link between the schemes under analysis and the heritage accumulated on the territory, with effects in terms of diversification and tourism: for the meat sector, the PDO Jabugo (Spain) and the PGI Speck Alto Adige/Südtiroler Markenspeck/Südtiroler Speck (Italy), for the wine sector the PDO Ribera del Duero (Spain), the PDOs of Langhe (Italy) and the PGI Pays d'Oc, the PDO Beaufort (cheese, France) and PGI Bayerisches Bier (Germany). In all these cases, in the stakeholders' opinion there are close interactions between the scheme and the identity image of its territory, with economic impacts on the area (e.g. GI is highlighted by tourism organisation) and the GI value chain (direct sales).

### **Indicator 9.8. Literature review**

In the scientific community, there is a general consensus on the fact that GIs can contribute to the transmission and retention of culinary heritages and historical production practices, albeit with some limitations and clarifications. Lately, the already mentioned studies of the H2020 project Strength2Food (WP5) have focused on the social impact of quality scheme and their contribution to the production of public goods. Authors conclude that, from a cultural perspective, food quality schemes (27, including 15 European GIs) play a role in the promotion, preservation of cultural heritage<sup>(218)</sup>, including through the maintenance of specific know-how and the preservation of gastronomic traditions in local areas. Most schemes under analysis, however, “*have limited capability to generate cultural heritage public good*” indicating that “*there is room for improvement in the cultural dimension of these products, for the benefit of producers and consumers*”. Other researchers also highlighted that there is little empirical evidence on the role of historical heritage in countries with no longstanding history of GI protection (Gugerell)<sup>(219)</sup>.

Also, a recent survey carried out by Slowfood<sup>(220)</sup> on the identity values of the EU designations of the dairy chain analysed 236 PDOs and PGIs specifications. The study focuses on the basic prerequisites (e.g. quality animal breeding and food, unsophisticated practices, natural production processes) for a purely natural product, which shares a bond with an area and a local tradition. The study concludes that the situation is not clear-cut

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<sup>218</sup> Among the designations studied by the Strength2Food projects, this contribution emerged in particular for Parmigiano Reggiano (IT), Fromage Comté (FR), Sobrasada de Mallorca (SP), Moules de bouchot de la Baie du Mont-Saint-Michel (FR) et Opperdoezer potatoes (NL).

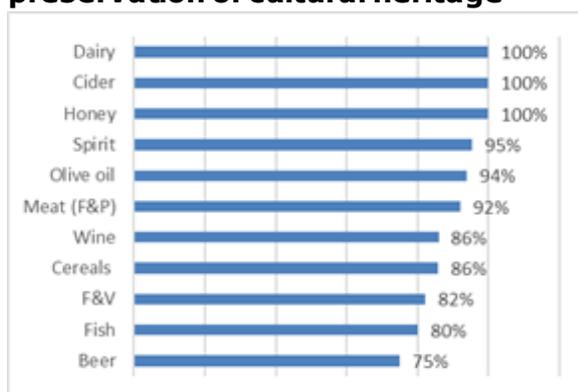
<sup>219</sup> Gugerell K, Uchiyama Y, Penker M, Do historical production practices and culinary heritages really matter? 2017

<sup>220</sup> Barletta M., Sardo P. – EU designations between identity values and market. Slow Food, 2019

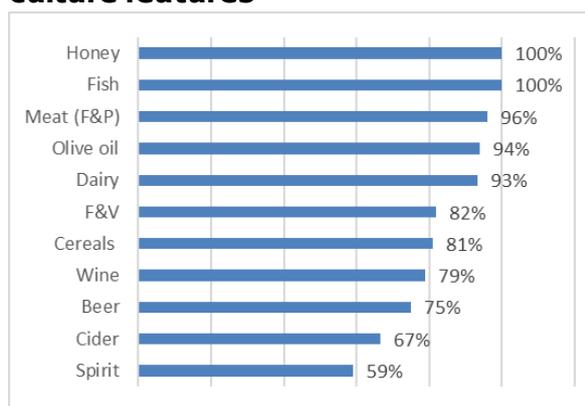
and points out an “*unexpected difference*” in the sets of specifications: “*some consist of two meagre pages, others present a very detailed story of the product, and skate over animal farming methods, ....., others drastically simplify manufacture techniques .....*”.

On the topic of food culture, during the survey to PGs, operators were asked whether their GIs/TSGs labelled products met some features of the new food culture, such as well-being, quality of food and life (**indicator 9.7**). This was based on the consideration that the new food culture could be a vehicle for strengthening local products, thus their contribution in shaping and protecting the cultural identity of territories. Indeed, the abovementioned Strenght2Food study demonstrates that food culture has a positive effect on the number of PDOs/PGIs within a region.

**Figure 28: Respondents considering that their scheme plays a role on the preservation of cultural heritage**



**Figure 29: Respondents considering that their scheme meets the new food culture features**



Source: evaluation team, based on PGs survey

GIs in the fish sector seem to respond better to this second cultural dimension, more linked to the concept of wellbeing than to historicity, while alcoholic beverages seems penalised in the perception of the link with “new food culture” (lower scores for wine, beer, cider and spirit drinks).

### 7.3.3 ESQ 10 – Challenges of environmental sustainability and animal welfare

**ESQ 10 - To what extent have GIs and TSGs responded to the challenges of environmental sustainability (such as protection of natural resources and landscape; biodiversity; climate change), as well as to animal welfare?**

#### **Conclusion of the ESQ**

- Over the last years, the GIs and TSGs have started responding to the challenges of environmental sustainability and animal welfare. Some GI/TSGs have already incorporated additional specifications linked to these themes, going beyond the provisions of the EU regulations, while for some others it is still in progress. The incorporation of such consideration into GIs/TSGs is however a slow process, with different level of commitment depending on public and private initiatives (source: desk research, CS).
- At present, few MS declared that there are public initiatives encouraging GIs/TSGs PGs to adopt voluntary rules of production related to the topics analysed (source: NA surveys).
- Most of the PGs surveyed declare that their PS take into consideration environmental or animal welfare issues (64% and 61% respectively). 60% of those who declared that their PS consider prescription on environmental issues, have part of their production made in accordance with the rules for organic. These products signal a positive link between organic and GI schemes and they could be studied more in detail to understand whether and how there are possibilities of eventually combining the two schemes (source: PGs survey, CS)
- CS analysis reveal the inclusion of more stringent environmental protection rules in 41% of the sample and the inclusion of more stringent animal welfare rules in 67% of the CS involved in animal production. Almost half of the CS sample has reported ongoing initiatives related to environmental rules and no one related to animal welfare rules (source: desk research, CS).

#### **7.3.3.1 Background and methodological approach**

- **Interpretation and comprehension of the key terms**
- **Challenges of environmental sustainability**: This is a very relevant concern in EU which has the highest environmental standards in the world and where, in the last 30 years, the subsequent CAP reforms have increasingly directed the support towards more environmentally sustainable agricultural activities. This commitment has been reinforced with the launch in December 2019 of the European Green Deal and in May 2020 of the Farm to Fork strategy which focuses on addressing the challenges of sustainable food systems. Although environmental protection is not the main objective for the GIs/TSGs productions, the evaluation assesses whether product's specifications (PS) contain or not concerns about the protection of the environment and of natural resources; if these considerations go beyond the law's

prescriptions and whether some initiatives are implemented to put forward a potentially higher environmental care commitment.

- **Animal welfare:** This is a priority for the EU. Over the last 40 years, EU has worked to gradually improve the lives of animals kept for farming purposes, in accordance with citizens' expectations and market demands, using an evidence-based approach. The Council Directive 98/58/EC lays down the minimum standards for the protection of all farmed animals and specific directives address the protection of individual animals (e.g. Dir.2007/43/EC for chickens; 1999/74/EC for laying hens; 2008/120/EC for pigs). EU legislation also sets welfare standards for animal transport (Reg.(EC) N.1/2005) and conditions at the time of stunning and slaughter (Reg.(EC) N.1099/2009). These rules provide fine definition of animal welfare, for each kind of animal kept for farming purposes. The issue here is to consider the relevance of animal welfare in GIs/TSGs specifications and in ongoing initiatives promoted by public or private authorities involved.
- **Sub-questions, judgement criteria, indicators and sources**

The sub-questions, judgement criteria and indicators are detailed in the following table.

**Table 56: Evaluation matrix for ESQ 10**

Sub questions	Judgement criteria (JC)	Indicators (I)
Sub-question 1: Do the GIs/TSGs specifications consider environmental or animal welfare concerns?	<ul style="list-style-type: none"> <li>• JC 10.1: Specifications consider environmental concerns for different domains (soils, water, air, landscape, biodiversity and GHG emissions)</li> <li>• JC 10.2: Specifications consider animal welfare concerns</li> </ul>	<ul style="list-style-type: none"> <li>• I 10.1: Share of specifications that consider environment rules</li> <li>• I 10.2: Share of specifications that consider animal welfare rules</li> </ul>
Sub-question 2: To what extent are the GI/TSG specifications more stringent than the general laws?	<ul style="list-style-type: none"> <li>• JC 10.3: Specifications contain more stringent rules</li> </ul>	<ul style="list-style-type: none"> <li>• I 10.3: Share of specifications more stringent on environment rules</li> <li>• I 10.4: Share of specifications more stringent on animal welfare rules</li> </ul>
Sub-question 3: Are there any public or private initiatives in place to change the PDO/PGI specifications in order to include (more) environmental protection rules and/or (more) animal protection rules?	<ul style="list-style-type: none"> <li>• JC 10.4: In some MS, national/regional authorities or professional association implement actions aiming at reinforcing GIs/TSGs specifications on environment and/or animal welfare</li> <li>• JC 10.5: Many/few PGs have included/reinforced, or engaged collective reflections to include/reinforce environment and/or animal welfare rules in the PDO/PGI specifications.</li> </ul>	<ul style="list-style-type: none"> <li>• I 10.5: Number and importance of public actions and initiatives</li> <li>• I 10.6: Number and nature of PG actions and initiatives</li> </ul>

The sources are PGs survey, NA surveys, country analysis, CS and desk research.

- **Methodological approach and limits**

All farmers, whether receiving CAP support or not, must respect statutory management requirements (SMR) which include EU rules on public, animal and plant health, animal welfare and the environment. EU legislation on GIs/TSGs does not mention environment protection or animal welfare among its specific objectives, apart from the obvious reference to the compliance of products with feed and food law, animal health and animal welfare rules. Only the recitals from Reg. (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, indicate that products “*bearing such a geographical description should meet certain conditions set out in a specification, such as specific requirements aimed at protecting the natural resources or landscape of the production area or improving the welfare of farm animals*”. As this is not a prescription it is not compulsory to indicate them, but the producers may go beyond this to implement stricter rules on a voluntary basis.

Even if environmental protection or animal welfare are not the main objectives of GIs/TSGs, these kind of products can have a direct or indirect impact on both domains because they are strongly associated with specific territories and local resources (especially for GIs) and because PS often contain rules about traditional production practices linked to their geographical origin as well as traditional know-how, or the choice of specific varieties, that might have an impact on the environment and animal welfare even indirectly.

Studies have shown the positive impact of some farming practices prescribed by GIs/ TSGs’ PS on environment and animal welfare. For example, Arfini and Bellassen (<sup>221</sup>) evaluate the sustainability of 27 food quality schemes in EU and reveal that food quality schemes show lower GHG emissions per hectare and distance travelled by products, and that their water footprint is similar to non-GI equivalent product. The study by Belletti *et al.* (<sup>222</sup>) analyses the PS of 107 olive oil GIs registered in the EU. Results indicate that environmental concerns are not considered to a great extent in the PS and they are triggered by the need to attain specific product qualities (e.g. use of specific rare varieties or maximum production limits). According to Larson (<sup>223</sup>) GIs may promote biodiversity conservation directly, using a specific genetic resource, or indirectly, through management practices that affect the ecosystem.

On the other hand, however, some GI/TSGs have been heavily criticized because their production has been linked to, for example, significant use of chemical inputs in some vineyards or erosion of soil due to wine production under PDO. (<sup>224</sup>)

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<sup>221</sup> Arfini and Bellassen (2019), *Sustainability of European Food Quality Schemes. Multi-Performance, Structure, and Governance of PDO, PGI, and Organic Agri-Food Systems*, Springer, ISBN 978-3-030-27507-5.

<sup>222</sup> Belletti et al. (2015), *Linking protection of geographical indications to the environment: Evidence from the European Union olive-oil sector*. Land Use Policy, Volume 48, <https://doi.org/10.1016/j.landusepol.2015.05.003>

<sup>223</sup> Larson (2007), *Relevance of geographical indications and designations of origin for the sustainable use of genetic resources*, Global Facilitation Unit for Underutilized Species, Rome.

<sup>224</sup> E.g. Bordeaux: <http://www.terredevins.com/actualites/pesticides-cash-impact-elise-lucet-remettent-couvert-civb-reagit/>; E.g. Prosecco: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6493712/>. In some extreme cases, also violation of animal welfare conditions have been found: e.g. Ducks force-feeding:

The impact of GIs/TSGs on environment and animal welfare relate to decisions at different levels: from EU level (through the legal framework), to other public institutions and professional organisations (implementing specifications or fostering some sustainable practices) to end up to the farmers (which make individual choices). Of course, considering all these levels affecting the outcome of the impact on environment and animal welfare of GIs/TSGs is a very complex issue that goes beyond the scope of this question. The question in fact aims at analysing the possibly positive commitment of GIs/TSGs on the protection of environment and animal welfare and not whether and how some agricultural practices prescribed in the PS might have a negative impact on the domain analysed.

With regards to the method used for the analysis, a general premise must be established. At European level there are no official statistics dealing with the issues analysed here, thus data on PGs or NA behaviors, must be collected for this purpose or derived from the PS.

Indicators are thus built from the following different sources:

**Sub-question 1:** surveys with PGs provide responses on whether these issues are included in the PS in the 7 MS covered by the CS, giving quantitative information. Then the interviews with NAs (Country Analysis) provide responses on whether environmental and animal welfare issues are considered in the PS in the 7 MS covered by the CS, giving qualitative information. CSs are eventually used to cross-check information regarding national initiatives or specific PS analysed.

**Sub-question 2:** analyses of the GI/TSG PS in the context of CSs. The desk research analysis of the PS allows going more into detail and highlighting the potentially more stringent environmental and animal welfare rules. In addition, qualitative inputs from CS interviews provided further information not explicitly derivable from PS.

**Sub-question 3-**The “number and importance of public and/or professional actions and initiatives” derives from the electronic surveys to NAs in the 28 MS that provide a general overview of possible legislative actions taken with respect to the domain analysed and indicate specific cases at national levels that deserve particular attention. Country analysis and CS complement this information with more in-depth analysis, when relevant.

**Sub-question 3-**The “number and nature of PG actions and initiatives” are analysed using CS interviews as they allow going more into details regarding producers’ constraints and motivations and possible actions undertaken to reinforce the PS requirements. Country analysis are used to complement this information.

The main limitations of the methodology adopted relate to the representativeness of the samples. <sup>(225)</sup> In fact, if we exclude the NA surveys, for which all MS have been queried, both the PGs surveys and the CS do not represent the total population of interest. For CS, the choice of in-depth semi-structured interviews did not allow covering a higher number

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<https://www.l214.com/fichiers/docs-foie-gras/2012-plainte.pdf>; or lamb slaughtering:  
<https://www.franceinter.fr/aqneaux-parques-tues-sans-etourdissement-l214-denonce-la-face-cachee-du-roquefort>

<sup>225</sup> It could be also argued that part of the analysis relies on statements made by the PGs and NAs and thus the main limitation is that it cannot capture potential fraud or law infringement that can occur like those reported in the previous footnote. However, these cases of violation of the law are not the objective of the present evaluation. Besides, they can be captured only by an infield investigation, that goes beyond the present level of analysis.

of CS; however, they were chosen to represent a certain level of heterogeneity among products included. With regards to the representativeness of the PGs, two weaknesses of the methodology can arise, and they are here discussed together with the approach chosen to mitigate them. First, using electronic surveys allowed reaching a high number of PGs in 7 MS (485), that otherwise would have been much more costly and difficult to contact. However, gathering information using voluntary online surveys has two drawbacks that could potentially affect the results: the “self-selection bias” and the “social desirability bias”. The “self-selection bias” arises in any situation in which individuals select themselves into a group, causing a biased sample (e.g. it is more likely that only people that have more environmentally friendly behaviours do participate on a survey on sustainable consumption and this can affect the results). In the present case, this bias is attenuated because the environmental queries represent just a section of the survey not its sole objective. The “social desirability bias”, instead, is a common problem of questionnaires with self-reported metrics and can result in giving responses that are more positive than the reality, believing that this is a socially desirable behaviour (i.e. a respondent says that he/she cares about the environment, even if he/she does not, because it is more socially desirable). In this study this problem has been partially overcome by making explicit reference, in the questions to PGs and NAs, to an objective element (i.e. the presence of environmental/animal welfare issues in the PS) that could potentially be cross-checked.

### 7.3.3.2 Analysis

**Sub-question 1: Do the GIs/TSGs specifications consider environmental or animal welfare concerns?**

- ***Judgement criteria 10.1: Specifications that consider environmental concerns related to different domains (soils, water, air, landscape biodiversity and GHG emissions)***

#### **Conclusion of the judgement criteria**

Among the 485 PGs surveyed, 64% declared that their PS consider some prescription on environmental issues. 193 of these PS relate to agricultural products and foodstuffs (62%); 101 to wines (33%); 14 to spirit drinks (5%) and 1 is an aromatised wine product.

The majority of the products, that consider some prescription on environmental issues, have part of the production made in accordance with the rules for organic (60%). Also, 21% of them has more than 50% of the area facing natural constraints. These traits could partially explain the high share of PS with some level of consideration for environmental issues and could also represent interesting starting points to analyse the possibility to eventually combine different schemes (e.g. organic and GIs).

As emerged from the NA and the CS interviews, the producers consider that PS maintain traditional landscapes (e.g. with pasture), foster biodiversity using old varieties and favour more extensive methods (imposing maximum yields).

### I 10.1: Share of specifications that consider environment rules

PGs have been directly asked (electronically) regarding the environmental issues considered in their GIs/TSGs PS, among shortlisted domains.<sup>226</sup> Overall, 316 of respondents have replied to the question on environmental and animal welfare issues, however, only 311 have given a positive reply (64% response rate), while 5 (under the category “other”) have provided information about ongoing initiatives (not yet translated into PS changes) or have indicated negative replies. Thus, the analysis for indicators I 10.1 and 10.2 focuses on the 311 positive responses. The table below shows the results of the surveys to PGs about PS considering environmental issues. 64% of the respondents (309 out of 485) declared that their PS consider some prescription on environmental issues (while 2 have declared to consider only animal welfare issues). 193 of them are agricultural product and foodstuff (62%); 101 are wines (33%); 14 spirit drinks (5%) and 1 is an aromatised wine product. Of these, the vast majority are PDOs (61%), 34% are PGIs and 5% GI; only 1 (0.3%) is a TSG.

**Table 57: Number and shares of PS with considerations on environment**

	Number of specifications	SHARE (%)
CONSIDER ENVIRONMENTAL ISSUES	309	64
<i>OF WHICH:</i>		
AGRICULTURAL PR. AND FOODSTUFF	193	62
WINE	101	33
SPIRIT DRINKS	14	5
AROMATISED WINE PRODUCTS	1	0.3
PART IS ORGANIC PRODUCTION	186	60
> 50% AREA NATURAL CONSTRAINTS	64	21

Source: PGs surveys

Interestingly, most of the respondents (60%) that reported the consideration of environmental issues in their PS, have part of the production made in accordance with the rules for organic and 21% has more than 50% of the area facing natural constraints. Among those who have a share of their production made in accordance with organic rules, for 47% of the sample this share is up to 25%, for 8% is between 25% and 50% and only for 5% is higher than 50%. These shares are quite low also because, as emerged from CS interviews, it is difficult to adopt the same production techniques in very different agronomic and social conditions (e.g. entrepreneurial skills). However, the presence of products that respect both organic and GI production rules, signal that it is somehow possible to produce in accordance with both schemes’ regulations and thus it could be interesting to analyse these examples to provide insights on the possibility to have the double labelling of products.

The respondents could indicate the different environmental domains covered. Figure 30 details the type of domains indicated by each MS. Overall, the most relevant environment related measures that the PGs declare to be present in the PS are: the mitigation of the impacts on landscape (46% of respondents), fostering the use of old breeds or plant varieties (36%), mitigating of the impact on water quality (33%) and limiting the use of

<sup>226</sup> For the complete list of the domains indicated in the question, please refer to figure 27.

water (30%), fostering extensive production practices (28%), mitigating of the impact on biodiversity and fostering organic production (24%). The least cited relates to the limitation of the GHG emission and impact on air quality and of the use of energy.

Looking at MS, the highest share of positive replies belongs to Spain (84%, 74 out of 88), France (67%, 126 out of 187) and Hungary (70%, 7 out of 10) followed by Germany (56%, 19 out of 34), Italy (54%, 75 out of 139), Czech Republic (31%, 4 out of 13) and the Netherlands (29%, 4 out of 14). These replies are coherent with the replies of the NA interviews, which have reported no particular attention for environmental concerns in the PS in the Netherlands and in Czech Republic.

For Spain the most quoted measures are fostering the use of old breeds or plant varieties, mitigation of the impact on landscape, fostering extensive and organic production practices. These measures have been reported also in the NA interviews, together with the mitigation of the impact on soil quality, especially for wines, to better adapt and differentiate wine production in function of soils.

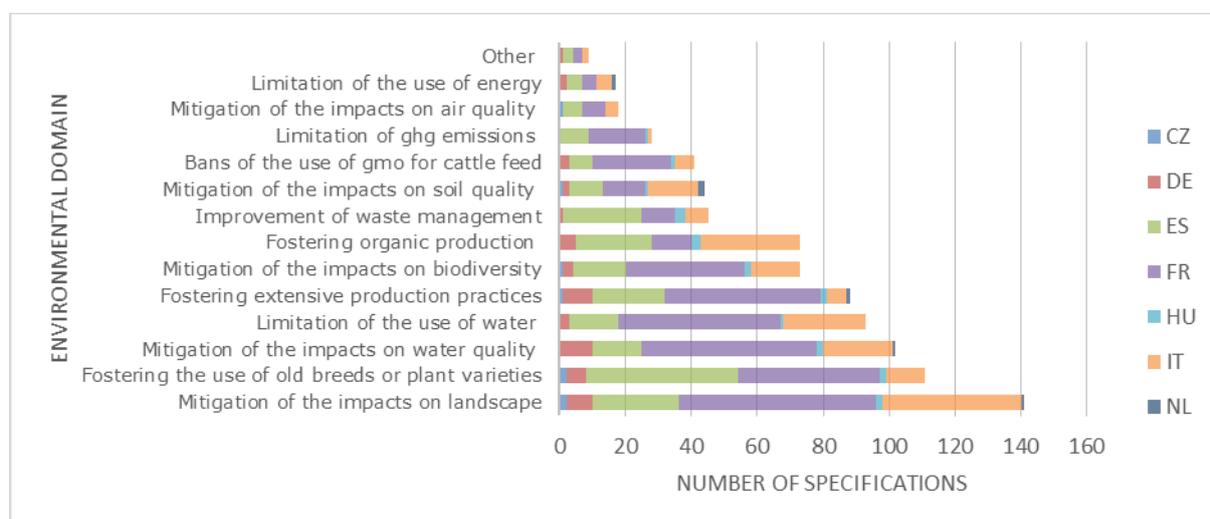
For France the most cited measures are the mitigation of the impact on landscape, fostering the use of old breeds or plant varieties and limitation of the use of water. The interview with the NA has highlighted the situation of wines under PDO registration for which the limitation of both the use of water and yields, the agri-environmental measures and the facilitation of the integration of more resistant new grape varieties is important.

For Italy the most cited are the mitigation of the impact on landscape and fostering organic production.

For Germany, Hungary, Czech Republic and the Netherlands the number of replies is of course much lower than for the above-mentioned MS and often a clear ranking of measures does not emerge.

In general, interviews with NAs and CSs have highlighted that producers consider PS having a positive impact on the landscape thanks to traditional agricultural techniques (e.g. grazing) and they also favour more extensive methods of production by imposing maximum yields. Also, prescribing a particular genetic resource as raw material is considered as promoting the biodiversity.

**Figure 30: Domain of environmental consideration by MS**



Source: PGs surveys

- **Judgement criteria 10.2: Specifications that consider EU animal welfare rules**

### Conclusion of the judgement criteria

24% of the interviewed PGs sample produce animal-based products. Among them 61% of the PGs revealed that their PS report some consideration on animal welfare rules. This is consistent with the NA interviews in which some MS declared higher animal welfare conditions linked to traditional breeding and feeding practices that result into higher freedom from hunger, from discomfort and freedom to express animals' normal behaviour.

### I 10.2: Share of specifications that consider animal welfare rules

With regards to animal welfare, the assessment has been done selecting only PS of animal base products including also fish (as the Council Directive 98/58/EC lays down minimum standards for the protection of animals bred or kept for farming purposes, including fish) and biscuits or cakes (when using animal based ingredients). These "pertinent" PS represent 24% of the total respondents (114 out of 485). The following table shows the results of the number of PS that present some level of consideration of animal welfare which represent the 61% of the total sample eligible (69 out of 114). Of these, 54% are PGIs and 46% are PDOs. 41% produce a certain percentage of organic products and 33% have more than 50% of the area facing natural constraints.

**Table 58: Number and shares of PS with considerations on animal welfare**

	Number of specifications	SHARE (%)
IMPROVEMENT ANIMAL WELFARE	69	61
<i>OF WHICH:</i>		
PDO	32	46
PGI	37	54
PART IS ORGANIC PRODUCTION	28	41
> 50% AREA FACING NATURAL CONSTRAINTS	23	33

Source: PGs surveys

At MS level, all the Spanish PS of pertinent products consider animal welfare. This figure is 65% for France, 60% for Italy, 50% for Hungary and 25% for Germany. The interviews with the NA have confirmed this improvement of animal welfare in Spain thanks to less intensive traditional breeding practices. For France an attention to animal welfare is emerging in the dairy sector with the integration of specific measures in the PS.

**Sub-question 2: To what extent are the GI/TSG specifications more stringent than the general laws?**

- ***Judgement criteria 10.3: Specifications contain more stringent rules***

**Conclusion of the judgement criteria**

The voluntary inclusion of more stringent environmental protection rules, that go beyond EU regulations, is found in 7 out of 17 of the CS analysed, which represent 41% of the sample. In particular, the use of 100% specific autochthons genetic resources is fostered in 3 CS. Other 7 out of 17 CS prescribe to use local varieties, but they indicate that the share of local varieties on the total raw materials should be only of 70/80%. Other prescriptions refer to soil management, reduction of chemical use and the ban to use chemical fertilizers or genetically modified organism (GMOs).

The voluntary inclusion of more stringent animal welfare rules, that go beyond EU regulations, is found in most of the CSs analysed (67%: 4 out of 6). The main objective of these practices is to obtain the desired quality of the product, but the rules have a clear impact on animal welfare. The prescriptions cover mostly animal feeding practices and grazing possibilities that result into higher freedom from hunger, from discomfort and freedom to express animals' normal behavior.

**I 10.3: Share of specifications more stringent on environment rules**

The SMR are the baseline for assessing the eventual more stringent rules in the PS. In addition, also the relevant EU legislation in the fields of air emissions, climate and biodiversity, have been considered, even though they do not always have a direct impact on farmers decision or do not prescribe behaviour directly applicable at the farm level. A special reference is to be made to GMOs. The GMOs issue remains beset by scientific uncertainty and political controversy for its environmental and health impacts. The EU's policy on GM crops is based on a procedure of pre-release authorization (<sup>227</sup>). A GMO can be authorised either for cultivation on EU territory, or for use in food and feed that is sold on the European market. At EU level, several MS implemented some restrictions on GMO cultivation, namely Austria, Wallonia (Belgium), Bulgaria, Croatia, Cyprus, Denmark, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Slovenia Northern Ireland, Wales and Scotland (<sup>228</sup>). PS that prohibit the use of GMOs for cultivation are here mentioned as going beyond EU law, even if this may be in line with national restrictions. However, regarding GMO for animal feed, there is no possible restriction at national level for the use of GMOs which benefits of an EU authorisation.

To assess whether PS contain rules that go beyond the legislation, each CS specification has been analysed and confronted with the above-mentioned pertinent EU law. Interviews conducted in CS have been used to eventually elaborate on, or cross-check, the results of

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<sup>227</sup> Christiansen A.T. Andersen M.M., Kappel K. (2019) Are current EU policies on GMOs justified? Transgenic Res, [https://doi.org/10.1007/s11248-019-00120-x\(0123456789](https://doi.org/10.1007/s11248-019-00120-x(0123456789).

<sup>228</sup> [https://ec.europa.eu/food/plant/gmo/authorisation/cultivation\\_en](https://ec.europa.eu/food/plant/gmo/authorisation/cultivation_en)

the desk analysis. The approach used has adopted a strict definition of “going beyond regulation”. For instance, it has been considered that a specification promotes biodiversity conservation if it prescribes the use of 100% of a specific autochthonous genetic resource. On the contrary, prescriptions that express a “softer” or “likely” link with the environment, have been disregarded in this analysis, when it was not possible to directly link them to a clear environmental impact. For example, some PS prescribe the maximum yield per hectare (e.g. for wine PDOs) that might have an impact on the production intensity, for instance in the use of chemicals. However, it is not possible to conclude whether the maximum production per hectare could reflect in some environmental impacts with an analysis that focus only on PS requirements. For such an assessment, in fact, specific data and local characteristics should be analysed, and this goes beyond the scope of the present assessment. GIs and TSGs have a peculiar relationship with landscape (as emerged also from judgement criteria 1 analysis), as prescribing traditional practices like pastures or planting arrangement, contributes to define well-known and recognizable agricultural landscapes. However, it is difficult to derive the outcome on landscapes’ conservation from the PS only. <sup>(229)</sup>

The following table summarises the main results of the analysis, by indicating, for each CS considered, its sector, sub-sector, the kind of scheme and the possible presence of prescriptions that go beyond the legislation. 7 out of 17 <sup>(230)</sup> CSs analysed present more stringent rules than EU regulation, which represent 41% of the CSs; 5 are related to food products and 2 are wine, 4 are PGIs and 3 are PDOs. This share is not so low if we consider that the introduction of environmental prescriptions is not an objective of PS rules and it is very difficult to formulate general norms that can be applicable by all the targeted producers. In fact, as pointed by Italian CS interviews, major challenges derive from the adoption of more sustainable techniques because these depend on the type of product, the entrepreneurial skills and suitable (agronomic) context conditions.

3 CSs (Basilico Genovese PDO, Cordero Manchego PGI and Beaufort PDO), 18% of the sample, report the specific obligation that 100% of the raw material used come from a specific autochthonous genetic resource. This biodiversity aspect linked to the use of local genetic resources, deserves attention also in many other CSs analysed, as it emerged also from the PGs surveys’ results. In fact, it expresses the importance of the link with the geographical environment of the GIs that reflects in the use of varieties that are characteristic of a natural environment. 7 other PS refer to the use of autochthonous genetic resources (e.g. Dauno PDO; Langhe PDOs; Tokaj/Tokaji PDO; Pays D’Oc and other local PGIs; Côtes Du Rhône PDO; Jabugo PDO <sup>(231)</sup>); while the Bayerisches Bier specification prescribes that raw material should be of local origin). However, the obligations of these 10 CS refer to the share of raw material to be used that is less than 100% (usually 70 or 80%), thus they have not been included in the table. If we exclude this commitment for biodiversity conservation, very few other rules can be found that can have a clear link with

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<sup>229</sup> Similar considerations apply to plant density rules.

<sup>230</sup> Vegetables from Reichenau Island, although refer to four different products and specifications, have been considered as one CS because all made reference to the same production rules.

<sup>231</sup> For Jabugo, interviews have pointed that some varieties of the Iberian pig are in danger of extinction.

environmental protection. <sup>(232)</sup> The most interesting example are the cases of the vegetables from Reichenau Island PGI which refer to stringent rules in accordance with the "Guidelines on integrated and controlled cultivation for the purposes of using the Baden-Württemberg origin and quality label". According to these rules, the use of fertilisers and plant protection products is kept to a minimum; the soil is carefully cultivated, kept healthy and analysed each year to optimise fertiliser use; weeds are mechanically controlled, and beneficial insects are used to combat pests.

In the Beaufort PDO cheese production, the prescriptions include: the prohibition to apply sewage slurry to soils; the fertilization of meadows and pastures mainly done through the spreading of animal manure; the prohibition of silage and the obligation to provide a feed based on fodder, that implies restricted use of chemicals.

The Basilico Genovese PDO PS prohibit the use of methyl bromide. <sup>(233)</sup>

One interesting case is the Pays D'Oc and other local PGIs for which, in 2019, the modification of the PS has allowed the use of five resistant grape varieties that allow producers to use less pesticides and thus limit the environmental impact of production.

3 out of 17 CS PS ban the use of GMO, whether for cattle feed (Beaufort PDO), for lactic-acid-forming and aroma-forming microorganisms (Gouda Holland PGI) or for crops varieties (vegetables from Reichenau Island PGI).

The Côtes du Rhône PODs PS do not contain specific requirements, however, for PDOs wine in France, national laws forbid irrigation (possible with derogation, but this does not occur often). Thus, Côtes du Rhône PDOs complies with national rules that go further than EU ones.

Regarding PDO Tokaj/Tokaji, a specific consideration applies. The Tokaj wine region is part of the Natura 2000 network. However, even if respecting Natura 2000 legislation indicates a major environment commitment as compared to non-Natura 2000 farming (as nature protection is more strictly regulated), respected requirements do not go beyond EU law for these areas.

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<sup>232</sup> Some CSs also reported measures that can result into energy savings (E.g. Gouda Holland and Jabugo); it is however difficult here to attribute them a clear environmental impact.

<sup>233</sup> A fumigant, used to control arthropods, nematodes, pathogens and weed seeds in soil in several crops, that depletes the ozone layer. This has been considered as going beyond the law because, although in Europe this fumigant has been banned since 2010, the Commission could authorize its use during emergency quarantines, but the fact that it is explicitly banned in the PS, won't allow its use even in emergency cases.

**Table 59: Presence of prescriptions beyond the legislation in CS**

N	SECTOR	SUB-SECTOR	SCHEME	CS	ENVIRONMENT	ANIMAL WELFARE
1	AGRI	MEAT PR.	TSG	SPIŠSKÉ PÁRKY	-	-
2	AGRI	F&V	PGI	VEGETABLES FROM REICHENAU ISLAND	X	N.A.
3	AGRI	BEER	PGI	BAYERISCHES BIER	-	N.A.
4	SPIRIT	/	GI	GENIÈVRE	-	N.A.
5	WINE	/	PDO	RIBERA DEL DUERO	-	N.A.
6	AGRI	FRESH MEAT	PGI	CORDERO MANCHEGO	X	X
7	AGRI	MEAT PR.	PDO	JABUGO	-	X
8	WINE	/	PDO	CÔTES DU RHÔNE PDO	X	N.A.
9	WINE	/	PGI	PAYS D'OC	X	N.A.
10	AGRI	CHEESE	PDO	BEAUFORT	X	X
11	WINE	/	PDO	TOKAJ / TOKAJI	-	N.A.
12	SPIRIT	/	GI	PÁLINKA	-	N.A.
13	WINE	/	PDO	LANGHE PDOs	-	N.A.
14	AGRI	MEAT PR.	PGI	SPECK ALTO ADIGE	-	-
15	AGRI	F&V	PDO	BASILICO GENOVESE	X	N.A.
16	AGRI	OLIVE OIL	PDO	DAUNO	-	N.A.
17	AGRI	CHEESE	PGI	GOUDA HOLLAND	X	X

-: missing; N.A.: not applicable

Source: desk research and CS

#### **I 10.4: Share of specifications more stringent on animal welfare rules**

For animal welfare, 6 out of 17 CS could potentially include animal welfare issues, as they refer to meat product (3 cases); fresh meat (1) or cheese (2). 4 out of 6 contain more stringent rules (67% of the CS). 2 of them are related to PGIs (Cordero Manchego PGI and Gouda Holland PGI) and 2 are PDOs (Jabugo PDO and Beaufort PDOs).

The rules that go beyond EU regulation <sup>(234)</sup> are mainly linked to the animal feeding that can in turn link to grazing practices. The primary objective of these rules is to ensure the product's quality, but this generates animal welfare improvements. For example, for Jabugo PDO, pigs are managed in an extensive farming system with a stocking density of maximum 15 pigs per ha. The pigs' diet is described in detail for each of the three different classes of product (i.e. Summum; Excellens, Selección). Ranging freely the pigs can feed themselves with all the resources of the pasture. This guarantees also the physical exercise that reflects in the quality of the meat. With regards to the cheese, Beaufort PDO's PS prescribe that the basic diet consists of grazed grass, 75% of fodder is produced in the area, prohibiting silage products, other foods and fermented sugar beet pulp. Gouda Holland explicitly refers to the prevalence of grazing on meadows for feed.

Scarce or no reference is given to the slaughtering phase. The Cordero Manchego PS had a specific rule on the minimum resting time prior to slaughter which has been removed with an amendment of the specification, since the introduction of the Council Regulation (EC) No 1099/2009 on the protection of animals at the time of killing. Transport recommendations are never mentioned neither because often, to strengthen the link with the geographical environment, the slaughterhouses and cutting plants must be located within the production area to get the designation of origin.

<sup>234</sup> See section "Interpretation and comprehension of the key terms".

**Sub-question 3: Are there any public or private initiatives in place to change the PDO/PGI specifications in order to include (more) environmental protection rules and/or (more) animal protection rules?**

- ***Judgement criteria 10.4: In some MS, national/regional authorities or professional association implement actions aiming at reinforcing GIs/TSGs specifications on environment and/or animal welfare***

**Conclusion of the judgement criteria**

Few MS (6 out of 28) declare that there are public initiatives encouraging GIs/TSGs PGs to adopt rules of production related to environment and only 3 on animal welfare. When analysing these initiatives more in detail, few cases emerge as relevant nation-wide examples of concrete commitment to encourage PGs to adopt more environmentally sustainable or animal welfare rules. France has already realized interesting initiatives for wine under PDO (e.g. forbidden irrigation and the definition of agri-environmental measures that could be voluntary integrated in the PS) and is working on defining an environmental certification scheme for farms participating in PDO, PGI and TSG schemes. Italy and Spain signal ongoing initiatives still not in place; the former on wine PDOs and PGIs (to promote national quality systems for integrated production and certification), the latter to encourage PS rules to reduce packaging and waste.

**I 10.5: Number and importance of public actions and initiatives**

NAs surveys have asked MS whether there are specific public initiatives encouraging GIs/TSGs PGs to adopt rules of production related to environment and animal welfare. 6 out of 28 MS declared that there were specific initiatives for environment and 3 for animal welfare. 2 do not know (Germany and Slovakia) and 19 declared that there are no public initiatives in place. <sup>(235)</sup> The following figure shows the measures implemented by each MS that reported some initiatives. The most cited fields of action are the mitigation of the impacts on biodiversity on landscape and on soil quality, the limitation of the use of water and the fostering of organic production.

The France NA interviews detail the initiatives. Irrigation is forbidden for production of wine under PDO and since 2015 the Ministry of agriculture established a specific commission within the public organisation in charge of quality schemes (INAO) to improve environmental performance for quality schemes including PDO, PGI and TSG. For the wine sector, this commission has defined in 2017 8 agri-environmental measures that could be integrated in the PS. In addition, to decrease the use of pest products and help adapting to climate change, the testing of new varieties is encouraged. In the dairy sector, working groups are trying to integrate in the PS measures on environment and animal welfare. Finally, in 2018, the «EGalim» Law for healthy, sustainable and accessible food for all, indicated that farms participating in PDO, PGI and TSG schemes should be involved in an environmental certification developed by the Ministry of Agriculture by 2030. By the end

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<sup>235</sup> Among these Poland highlighted initiatives that are going to be developed in the new CAP Strategic Plan for 2021-2027 and will refer to not only to GIs/TSGs producers, but to all farmers receiving CAP support.

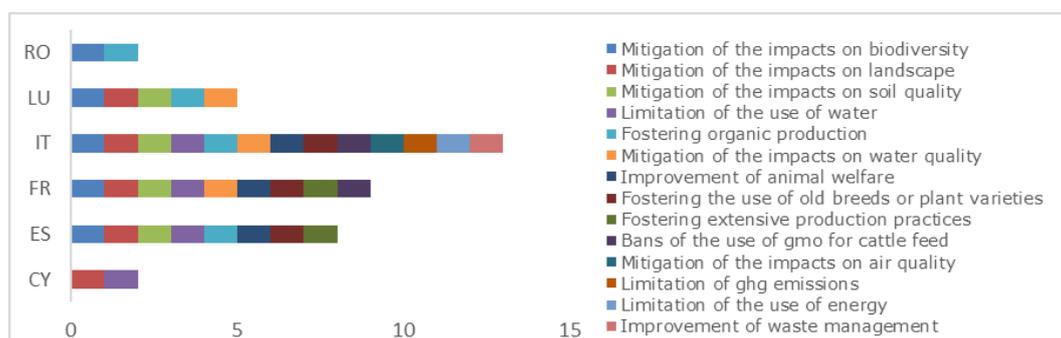
of 2020 a decree should define if they should be involved in 2<sup>nd</sup> or 3<sup>rd</sup> certification level like the HVE. <sup>(236)</sup>

Italy, within the wine sector PDOs and PGIs, is promoting national quality systems for integrated production and certification for environmental sustainability and animal welfare. Luxembourg has cited general laws dealing also with the wine sector, the Grand-ducal reg. of 24/08/2016 instituting a bonus for the maintenance of the landscape and the natural space and the Grand-Ducal reg. of 24705/ 2017 for subsidies for environmentally friendly agricultural production methods.

In Spain, the Cordero Manchego CS has pointed out that the public authority is working on a legislative initiative to encourage the inclusion of PS rules to reduce packaging and waste.

In Romania, the "Development of Geographical Indications in Romania In Sustainable rural development" project developed in cooperation with Switzerland, is aimed at promoting the GI protection system in order to allow small and medium scale farming systems to become or remain economically, socially and environmentally viable.

**Figure 31: MS ongoing initiatives for environment and animal welfare**



Source: NAs surveys

<sup>236</sup> The HVE (High Environmental Value) is a scheme implemented by the Ministry of Agriculture aimed at protecting biodiversity, limiting the use of chemicals, improving the management of fertilization and protecting water.

- **Judgement criteria 10.5: Many/few PGs have included/reinforced or engaged collective reflections to include/reinforce environment and/or animal welfare rules in the PDO/PGI specifications.**

#### **Conclusion of the judgement criteria**

8 out of 17 CS reported ongoing initiatives related to environment and no one related to animal welfare. Looking at the relative importance of these initiatives, 5 CS (Côtes Du Rhône PDOs, Pays d’Oc and other local PGIs, Beaufort PDO, Langhe PDO and Ribera del Duero PDO) are implementing the most concrete actions, supporting the labelling and certification of products, providing funds and training activities to the farmers. As emerged from the CS analysed, the process of progressive inclusion of rules on environment are varied and range from updating PS to include new requirements, to the environmental certification of the final products. An interesting link seem to emerge between organic and GI schemes, as some CS report a rapid growth of the production of organic products (e.g. Pays d’Oc and other local PGIs, Côtes du Rhône PDO, Dauno PDO, etc.). However, as highlighted in some interviews, another extreme option is not taking into consideration these issues which are not explicitly included in the objectives of the GIs/TSGs and are difficult to translate in general norms applicable by all farmers.

#### **I 10.6: Number and nature of PG actions and initiatives**

CS interviews has offered interesting insights on ongoing “bottom-up” initiatives that PG are carrying out to include or reinforce environment or animal welfare rules in the PS.

Overall, 8 out of 17 CS reported ongoing initiatives related to environmental rules (Ribera Del Duero PDO, Côtes Du Rhône PDO, Pays d’Oc and other local PGIs, Beaufort PDO, Langhe PDOs, Speck Alto Adige/Südtiroler Markenspeck/Südtiroler Speck PGI , Basilico Genovese PDO and Dauno PDO). No CS reported initiatives related to animal welfare rules. <sup>(237)</sup> However Gouda Holland CS pointed out that stakeholders are urging to take animal welfare into consideration. A successful example is the Beter Leven Keurmerk in the Netherlands, a three-staged label, indicated by stars on the packaging, where each additional star raises the bar in terms of animal friendly food farming systems.

With regards to initiatives for environment protection, the Côtes du Rhône PDOs PG pointed that an important improvement has been realized in the last 2 years with the involvement in the scheme HVE. The objective of the PG is to have 100% production involved in the scheme within 4-5 years. Besides, two agri-environmental measures defined by INAO are planned to be integrated in the PS in 2020. Finally, actions implemented on a voluntary basis are also in place that refer to the limitation of chemical input and soil erosion, installation of boxes for bat and of hives for bees, and good practice for integration in the landscape.

The Pays d’Oc and other local PGIs PG’s actions aim at integrating resistant grape varieties as main varieties in a near future to use less pesticides, thus limiting the impact on the environment. Also labelling is very relevant: one example is the national HVE certification

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<sup>237</sup> Two interesting experiences are worth noticing. The first comes from the PGs surveys were, the Association Foie Gras Sud-Ouest has pointed, since 2019, that the PGI has launched a work program to establish a CSR policy, which could lead to modify PS. The second from German NA interviews that signaled the programme of the Schwäbisch Hall Agricultural Producers' Association that gives high importance to animal welfare standards.

that is increasingly being more implemented; the other is the Terra Vitis certification, a private label of wine farms recognized by the French Ministry of Agriculture, that focuses on limiting phytosanitary products, limiting fertilization and implementing agroecological practices. Both Pays d'Oc and other local PGIs and Côtes du Rhône PDOs PGs' signal a rapid growth of the production of organic wine.

Beaufort PDO CS is evidence of both local PG initiatives and national ones. In the Beaufort supply chain level, farmers are encouraged to get involved into a voluntary dedicated quality certification scheme ("*Démarche Progrès Lait de Savoie*") set up through the association for traditional cheeses from Savoy Alps in 2008 and implemented in the 8 PDO/PGI cheese schemes. At national level, discussions are carried out with other PDO/PGI milk product PGs, to highlight practices which could benefit the environment (e.g. permanent pastures, preservation of local breeds, preservation of landscapes, etc.).

In IT, interviews pointed out that the attention of operators for environmental issues is very high and, thanks also to the RDPs funds, sustainability has increased as a result of different drivers: the link with the territory and its stakeholders (first of all, citizens); the reduction of production costs and the growing consumers' demand for sustainable products. The Speck Alto Adige/Südtiroler Markenspeck/Südtiroler Speck PGI CS has pointed out the increase in the use of energy from renewable sources and the reduction of wastes. In the Langhe PDOs, the producers interviewed adopt conservative agriculture techniques (e.g. no-tillage). Many of them receive funds from agri-environmental payments (Measure 10 of the RDP). The social cooperative supports wine growers with economic incentives (funded from own resources) and with a technical assistance (3 agronomists and a pedologist) to introduce conservative agriculture technique. A major environmental sensibility has emerged among producers in the Langhe of Barolo as investments in the winery are all aimed at energy and water efficiency also mitigating landscape impacts. The Basilico Genovese PDO CS has pointed out the use of drip irrigation to reduce use of water. Also, the new systems for traceability and use of electronic labels is thought to act as a stimulus for the wider adoption of environment saving technologies. For the Dauno PDO CS, respondents agreed that the most important objective is to foster organic production as the two schemes are mutually reinforcing, giving higher value added to products. Less than 25% of the production is already organic.

In ES, the Ribera del Duero PDO CS pointed out that PGs collaborate both in training farmers and in conducting studies on environmental issues. For instance, a study with the University of León aimed at improving acidity in order to face climate change. Also, some wineries are labelled as "Wineries for Climate Protection", which certifies that they comply with reduction of GHG emissions and energy, water management, waste reduction and renewable energy.

## **7.4 Theme D – Coherence**

### **7.4.1 ESQ 11 – Coherence between GIs and TSGs**

**ESQ 11 - To what extent have GIs (PDOs and PGIs) been coherent with TSGs?**

- **Sub-question 1: Is the intervention logic for GIs aligned with that of TSGs?**
- **Sub-question 2: Is the product coverage of the two designations coherent?**
- **Sub-question 3: What are the differences in the administrative procedures for registering the two respective designations?**

**Limitation of the scope of the ESQ:** The scope of the analysis of the ESQ is limited to PDO/PGI and TSG of agricultural products and foodstuffs, under Regulation (EU) No 1151/2012 as TSGs only cover this type of products and are not designed for other sectors.

### **Conclusion of the ESQ**

**PDO/PGIs and TSGs have similar intervention logics and pursue many common objectives.** However, PDOs and PGIs identify the name of a product whose quality or reputation is linked to its geographical origin, whereas TSG names registered safeguard the traditional aspects of products and recipes and have no link to a specific geographical area.

The theoretical differences between PDO/PGI schemes and TSGs, as identified in the legislation, are less clear-cut in practice, as products with traditional production methods and recipes are often linked to a specific geographical territory. Thus, the functions of the two schemes overlap to some extent.

**PDO/PGIs enjoy a higher level of protection than TSGs due to the fact that they are recognised as Intellectual Property Rights (IPRs), while TSGs are not.** This gives PDO/PGI producers access to the enforcement tools accessible to all IPRs placed on the internal market, which is not the case for TSGs. In addition, PDO/PGIs' names enjoy a broader protection as they are protected against comparable products' names, which is not the case for TSGs.

**The product scope of the two schemes is largely overlapping, although PDO/PGIs present a wider product scope for agricultural products.** 14 product categories are specific for PDO/PGIs, while there is only one product category which is specific for TSGs only, i.e. prepared meals. The fact that the number of names registered for these product categories is limited, and, in addition, that almost all TSGs registered for the categories where the product scope is overlapping, suggests that the product scope is not a determining factor for producers when deciding which scheme to register for.

**Only 62 TSGs are registered, compared to 1 377 PDO/PGIs. The added value for producers in registering a product as a TSG is low.** The analysis suggests that this is due to a combination of factors: (a) the consumer awareness of TSG products is low; (b) the system is considered complex by stakeholders interested in registering a product; (c) the protection obtained is not an IPR; (d) the protection does not prevent producers from other geographical regions from using the term (as long as they respect the product specification). All in all, protecting a name without linking it to a geographical territory seems to offer limited added value to producers, if not, the number of names protected as TSGs would be expected to be higher.

**The administrative procedures for registering PDO/PGIs compared to TSGs are almost identical,** hence this also does not represent a determining factor for producers when registering a product.

Ultimately, the control rules are identical for the two schemes. However, the absence of a link to the territory for TSGs, and the related fact that the products can be produced in several MS, may create difficulties for national control bodies in carrying out controls for TSGs as confusion may arise on which is the competent authority responsible for carrying out the control.

### 7.4.1.1 Background and methodological approach

- **Interpretation and comprehension of the key terms**

Definitions and general concepts, as well as the regulatory framework are developed in the descriptive chapter.

- **Sub-questions, judgement criteria, indicators and sources**

The coherence between GIs (PDOs/PGIs) and TSGs has been evaluated around four main aspects, translated into four judgement criteria.

The sub-questions, judgement criteria and indicators are detailed in the following table.

**Table 60: Evaluation matrix for ESQ 11**

Sub-questions	Judgement criteria (JC)	Indicators (I)
Sub-question 11.1: Is the intervention logic for GIs aligned with that of TSGs?	<ul style="list-style-type: none"> <li>• JC 11.1: The different objectives of GIs and TSGs are justified by different intervention logics</li> <li>• JC 11.2: The level of protection granted for PDO/PGIs is coherently aligned with that of TSGs</li> </ul>	<ul style="list-style-type: none"> <li>• I 11.1: Comparison of the intervention logic and the objectives of the two schemes, as well as of the different needs and drivers behind them.</li> <li>• I 11.2: Comparison between the level of protection of the two schemes with reference to their intervention logic.</li> </ul>
Sub-question 11.2: Is the product coverage of the two designations coherent?	<ul style="list-style-type: none"> <li>• JC 11.3: GIs and TSGs have a clearly defined scope in terms of products covered</li> </ul>	<ul style="list-style-type: none"> <li>• I 11.3: Comparison of product scope of the two schemes regarding agricultural products and foodstuffs</li> </ul>
Sub-question 11.3: What are the differences in the administrative procedures for registering the two respective designations?	<ul style="list-style-type: none"> <li>• JC 11.4: Existence of differences in administrative procedures</li> </ul>	<ul style="list-style-type: none"> <li>• I 11.4: Analysis of the relevant articles of Regulation 1151/2012 related to the administrative procedures</li> </ul>

In addressing this question, the following tools have been used: Desk-based research making use of the relevant pieces of legislation; academic papers; official reports and studies; country studies; surveys of National Competent Authorities; several interviews (<sup>238</sup>) carried out with EC officials (DG GROW, DG AGRI) and Intellectual Property lawyers.

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<sup>238</sup> The differences between GIs and TSG has been discussed during several other ESQs, whereby other interviews also provided input for this ESQ (e.g. with DG TRADE and SANTE).

- **Methodological approach and limits**

The coherence between GIs (PDOs/PGIs) and TSGs has been evaluated around four main aspects, translated into four judgement criteria.

**Sub-question 11.1: Is the intervention logic for GIs aligned with that of TSGs?**

The intervention logic and the objectives of the two schemes were analysed and compared, as well as the different needs and drivers behind them. The intervention logic developed in the descriptive chapter served as a basis for the analysis.

The coherence related to the different levels of protection granted by the two types of designations were compared, reflecting on the fact that TSGs are not IPRs.

**Sub-question 11.2: Is the product coverage of the two designations coherent?**

The scope of products of the two schemes were compared in order to assess potential complementarity and overlaps.

**Sub-question 11.3: What are the differences in the administrative procedures for registering the two respective designations?**

The administrative procedures for the two schemes were compared, both at the level of national administration as well as from the perspective of PGs, with the view to identifying potential incoherencies.

#### **7.4.1.2 Analysis**

**Sub-question 11.1: Is the intervention logic for GIs aligned with that of TSGs?**

- **Judgement criteria 11.1: The different objectives of GIs and TSGs are justified by different intervention logics**

**Conclusion of the judgement criterion**

Both PDO/PGIs and TSGs aim to provide producers with a tool to effectively communicate the quality and the value-adding characteristics of their products, and at increasing consumer protection and awareness of the nature and the characteristics of the products purchased.

PDOs and PGIs identify the name of a product whose quality or reputation is linked to its geographical origin, whereas TSGs names registered safeguard the traditional aspects of products/recipes regardless of the link to a specific geographical area.

The theoretical differences between PDO/PGI schemes and TSGs, as identified in the legislation, are less clear-cut in practice, as often products with traditional production methods are linked to a specific geographical territory. The number of names registered for the respective schemes suggest that producers prefer to register for the PGI protection rather than the TSG protection, when possible.

**I 11.1: Comparison of the intervention logic and the objectives of the two schemes, as well as of the different needs and drivers behind them.**

**TSGs and PDOs/PGIs differ with regard to the link to a geographical territory, but they share some basic, common objectives.** PGIs identify the name of a product whose quality, reputation or other characteristics are essentially attributable to its geographical origin. PDOs certify a stronger link with the site of production as they identify the name of a product whose qualities are “essentially or exclusively” attributable to its geographical environment <sup>(239)</sup>. On the other hand, TSGs protect the names with traditional aspects of products and recipes (e.g. methods and composition), regardless of the link to a specific geographical area.

The basis for the establishment of PDOs/PGIs were set in 1951 by the International Convention on the use of Appellations of Origin and Denominations of Cheeses (Stresa Convention, entered into force in 1953), whose aim was to develop standards related to the labelling of cheese products, in particular with regard to the name and the place of origin in order to prevent deceptive practices in the sectors. In the EU, when drafting Regulation (EEC) No 2082/1992, Annex B of the Stresa Convention was a source of inspiration (see Chapter 6.1 for more details). The protection of TSG names was included in the same regulation <sup>(240)</sup> but does not have any precedent in international agreements. The intention behind the establishment of the TSG scheme <sup>(241)</sup> was to enable the protection of traditional production methods and recipes, even when not linked to a specific geographical territory.

Even though the schemes protect different aspects of the production, they share several basic objectives <sup>(242)</sup>, e.g. contributing to the diversification of agricultural production in the EU, ensuring a fair reward to producers, and supporting rural economy <sup>(243)</sup>. Both PDO/PGIs and TSGs aim at providing producers with a scheme (to which they can apply on a voluntary basis) allowing them to effectively communicate the quality and the special characteristics associated with the products offered. As such, they help producers earn an economic recognition (in terms of higher price premium) for their products, and at the same time protect consumers by providing guarantees on both methods of production and quality of the goods offered <sup>(244)</sup> <sup>(245)</sup>.

**Since many traditional production methods in practice are linked to specific geographical territories, products qualifying as TSGs often also qualify as PGIs.** The traditional production methods protected through the TSG scheme are typically linked

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<sup>239</sup> Article 5 of Regulation (EC) No 1151/2012.

<sup>240</sup> Regulation (EEC) No 2082/1992 on certificates of specific character for agricultural products and foodstuffs defined the *certificates of specific character*, and the term ‘traditional speciality guaranteed’ was introduced by Regulation (EEC) No 1848/93 (3), which laid down the detailed rules for applying Regulation (EEC) No 2082/92.

<sup>241</sup> According to interview with EC officials

<sup>242</sup> Whereas (10) of Regulation (EU) No 1151/2012.

<sup>243</sup> Whereas 2-4 of Regulation (EU) No 1151/2012

<sup>244</sup> Whereas (1)-(6) of Regulation (EU) 1151/2012.

<sup>245</sup> Whereas (34) and Article 17 of Regulation (EU) No 1151/2012.

to particular geographical regions. As such, many names that qualify as TSGs can also qualify as PGIs. When this is the case, the low number of registrations for TSGs, compared to the number of registered PGIs (see analysis for JC 3), seems to suggest that producers prefer to apply for the latter (see analysis for JC 2 and 3). The implications of these overlaps in the functions pursued by the two schemes is analysed in more detail in the following sections.

- ***Judgement criteria 11.2: The level of protection granted for PDO/PGIs is coherently aligned with that of TSGs***

#### **Conclusion of the judgement criterion**

The level of protection offered to PDO/PGIs and TSGs are not coherent. PDO/PGIs enjoy a higher level of protection than TSGs due to the fact that they are recognised as IPRs, while TSGs are not. This gives PDO/PGI producers access to the enforcement tools accessible to all IPRs placed on the internal market.

PDO/PGIs enjoy a broader protection as they are protected against comparable products, while TSGs are not.

Legislative changes regarding the protection were introduced for the TSG scheme in 2012, but this did not increase the popularity of the scheme. The added value for producers in registering a product as a TSG seems to be lacking as consumers' awareness is low, the system is considered complex and the level of protection obtained is not an IPR.

#### **I 11.2: Comparison between the level of protection of the two schemes with reference to their intervention logic.**

**The level of protection granted to PDO/PGIs and TSGs is aligned to the specific objectives of the two schemes.** PDO/PGIs and TSGs enjoy different levels of protection. The difference stems from the fact that PDO/PGIs are recognized as IPRs, while TSGs are not. Therefore, PDO/PGIs can rely on the enforcement tools granted by the EU legal framework to all IPRs <sup>(246)</sup>, in addition to the protection enforced through Regulation (EU) No 1151/2012 <sup>(247)</sup>. TSGs on the other hand can only rely on the protection offered through Regulation (EU) No 1151/2012 and Regulation (EU) No 2017/625.

PDO/PGIs enjoy a broader level of protection than TSGs. The two types of schemes are both protected against any misuse, imitation, evocation and any other practice liable to deceive consumers <sup>(248)</sup>. However, the protection granted to PDO/PGIs also covers comparable products and "any other false or misleading indication as to the provenance,

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<sup>246</sup> Directive 2004/48/EC and Directive 2000/31/EC. For more details, please refer to ESQ 15.

<sup>247</sup> For more information on the enforcement of EU quality schemes, please refer to ESQ 15.

<sup>248</sup> Article 13 and 24 of Regulation (EU) No 1151/2012.

*origin, nature or essential qualities of the product*"<sup>(249)</sup>. This latter aspect is missing in the provisions related to TSGs, as they do not certify any link between a given product and the territory of origin<sup>(250)</sup>.

**TSGs have been subject to legislative modifications.** With Regulation (EU) No 1151/2012 several modifications were introduced compared to Regulation (EU) No 509/2006, such as the simplification and the shortening of the administrative procedures<sup>(251)</sup>. An important legislative change concerned the granting of the exclusive right to use a TSG name only upon registration "with reservation of name". In the past, there were two ways of registering TSGs – with or without reservation of a name. A registered name *with reservation* could only be used with reference to a product produced according to the specification provided. On the contrary, the legislation allowed the name registered *without reservation* to be used in association with products not compliant with the PS, but then they were not allowed to present any symbol or abbreviations referring to the Community TSG scheme. The names registered without reservation of the name could be used by any producer, although they were subject to general legal rules, such as the need to safeguard consumers against being misled. As such, TSGs without reservation of a name constituted a major source of incoherence within the EU legislation on quality schemes. However, Regulation (EU) No 1151/2012 removed this source of inconsistency by eliminating the possibility of having TSG names registered without reservation<sup>(252)</sup>.

**The changes did not increase the attractiveness of the TSG scheme, which overall have only 62 names registered<sup>(253)</sup>.** Before 2012, only 37 TSGs were registered<sup>(254)</sup>, and the number did not increase significantly after the amendments introduced by Regulation (EU) No 1151/2012. Since 2012, 25 additional names have been registered.

Out of the 37 names registered before 2012, 26 were registrations without the reservation of name<sup>(255)</sup>. A study by Bonadonna A *et. al.* reports that, during the period 2014-2016, about 20 applications were resubmitted to amend the original registration, in order to include the reservation of the name<sup>(256)</sup>. This increase in the requests of amendments

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<sup>249</sup> Article 13 of Regulation (EU) No 1151/2012

<sup>250</sup> Article 13 of Regulation (EU) No 1151/2012

<sup>251</sup> E.g. the time envisaged for the examination of a dossier was reduced from twelve to six months; the window foreseen to fill in an opposition request was lowered from six to three months.

<sup>252</sup> Interview with DG AGRI, and whereas (35), (38), (42) of Regulation (EU) No 1151/2012.

<sup>253</sup> eAmbrosia Database, data available up to 20 October 2020.

<sup>254</sup> eAmbrosia Database, data available up to 20 October 2020.

<sup>255</sup> eAmbrosia Database and [https://ec.europa.eu/smart-regulation/impact/ia\\_carried\\_out/docs/ia\\_2010/sec\\_2010\\_1525\\_1\\_en.pdf](https://ec.europa.eu/smart-regulation/impact/ia_carried_out/docs/ia_2010/sec_2010_1525_1_en.pdf)

<sup>256</sup> Bonadonna A. *et. al.*, *The Dark Side of the European Quality Schemes: The Ambiguous Life of the Traditional Specialties Guaranteed*, 2017.

<https://www.researchgate.net/publication/313108859> The Dark Side of the European Quality Schemes The Ambiguous Life of the Traditional Specialties Guaranteed

signals the desire to maintain the already registered TSGs. However, at the same time, the low number of new registered TSGs points to scarce interest in the scheme overall.

**A lack of consumer awareness of the scheme and the scheme's complexity are the main reasons for the low interest in registering TSG products.** The low interest in the scheme was already pointed out by the Impact Assessment carried out in 2010 (<sup>257</sup>), according to which the low number of registrations for the scheme was mainly caused by stakeholders considering the relevant legal framework too complex and difficult to implement (<sup>258</sup>). The academic literature on this issue also provides other insights on the reasons that could explain the limited success of the TSG scheme. In this regard, the evidence suggests that consumers experience difficulties in distinguishing the characteristics between TSG products and other products with similar characteristics. This may be mainly due to the absence of a strong link with a specific geographical territory, as well as by the limited understanding of the term "traditional" (<sup>259</sup>). These conclusions are supported by the analysis carried out for JC 1. As described in the previous section, although the legislation offers different types of protection, depending on the strength of the link between a product and a specific geographical territory, in practice few products which fulfill the traditional production requirements for TSGs (<sup>260</sup>) seem to lack links to a specific geographical territory. Or at least, when there is no specific geographical link, the producers seem to lack incentives to register the products under the TSG scheme (see JC3 for further analysis). Thus, the slight overlap in functions between PGIs and TSGs lead TSGs to have less attractiveness. Additionally, the analysis suggests that, in combination with the abovementioned factors, the scarce interest of producers in registering TSGs is also likely to be due to the lack of IPR protection for TSGs.

In brief, producers' preferences seem to be more oriented towards the PDO/PGIs schemes rather than TSGs. The added value for producers in registering a product as a TSG seems to be lacking as consumers' awareness is low, the system is considered complex and the protection obtained is not an IPR. In addition, as discussed for JC 1, many names that qualify as TSGs also qualify as PGIs, as in practice traditional foods and recipes are often linked to a geographical area, resulting in a low number of registration of PGIs.

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<sup>257</sup> [https://ec.europa.eu/smart-regulation/impact/ia\\_carried\\_out/docs/ia\\_2010/sec\\_2010\\_1525\\_1\\_en.pdf](https://ec.europa.eu/smart-regulation/impact/ia_carried_out/docs/ia_2010/sec_2010_1525_1_en.pdf)

<sup>258</sup> [https://ec.europa.eu/smart-regulation/impact/ia\\_carried\\_out/docs/ia\\_2010/sec\\_2010\\_1525\\_1\\_en.pdf](https://ec.europa.eu/smart-regulation/impact/ia_carried_out/docs/ia_2010/sec_2010_1525_1_en.pdf)

<sup>259</sup> As noted by Trichopolou et al. (2006), Schamel (2007), Tosato (2013) and Bonadonna et al. (2017).

<sup>260</sup> As provisioned by Article 3 (3) of Regulation (EU) No 1151/2012, the term "traditional" can be used only upon having proved the usage on the domestic market for a period of at least 30 years.

**Sub-question 11.2: Is the product coverage of the two designations coherent?**

- **Judgement criteria 11.3: GIs and TSGs have a clearly defined scope in terms of products covered**

**Conclusion of the judgement criterion**

Only 62 TSGs are registered, compared to 1 377 PDO/PGIs in the agriculture and food sector.

The product scope of the two schemes is largely overlapping, although PDOs/PGIs present a wider product scope for agricultural products. 14 product categories that are specific for PDO/PGIs exist, while there is only one product category which is specific for TSGs, i.e. prepared meals. The fact that the number of names registered for these product categories is limited, together with the fact that most TSGs are registered for product categories where there is an overlap of scope between PDO/PGI and TSGs, shows that the product scope is not a determining factor for producers when deciding which scheme to register for.

The few TSG registrations also show that there is limited interest in registering TSGs, and that the possibility of linking the protection to a geographical territory seems to be of greater value than the mere protection of traditional methods and recipes.

Building on from the conclusions for JC 1 and 2, this suggests that the link to a geographical territory adds value for producers as it: (1) increases the consumer awareness of the product; and (2) prevents producers from other geographical locations to use the term. As such, protections with a link to a geographical territory are of greater interest to producers.

**I 11.3: Comparison of product scope of the two schemes**

**The regulated product scope of PDO/PGIs and TSGs is largely overlapping, although PDOs/PGIs present a wider scope for agricultural products.** PDO/PGIs and TSGs protected under Regulation (EU) No 1151/2012 have a very similar scope in terms of products covered <sup>(261)</sup>. The product categories for which the highest number of registrations has been reported are common to the two schemes. There is only one food category for which only the TSG scheme is applicable: prepared meals <sup>(262)</sup>. PDOs and PGIs do not cover this type of product <sup>(263)</sup>. As regards agricultural products, there exist 14 product categories that are PDOs/PGIs specific and are not foreseen for the TSG scheme, although the number of registered names under them is limited.

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<sup>261</sup> Annex I of Regulation (EC) No 1151/2012.

<sup>262</sup> The French meal "Berthoud".

<sup>263</sup> Annex I of Regulation (EC) No 1151/2012.

**Product category is not the determining factor for whether to register a product as a TSG or a PDO/PGI. The possibility of linking the protection to a geographical territory seems to be of greater importance.** According to the eAmbrosia public module, 1 439 names have been registered under the two relevant schemes since 1996 (1 377 PDOs/PGIs and 62 TSGs) <sup>(264)</sup>. As regards the number of registration under the product categories shared by the two schemes, PDOs/PGIs reported a larger number of registrations than TSGs in all the common product categories, while the product category that is specific for TSGs, prepared meals, only contains 1 product <sup>(265)</sup>. This evidence supports the conclusions outlined for JC1 and 2, i.e. that producers' interest in registering TSGs is limited. When a producer has the option of registering a PGI instead of a TSG, the producer will likely aim for this option. Furthermore, when the PGI registration is not possible, the producer may refrain from protecting the name altogether, as suggested by the fact that only one prepared meal has been registered.

**Sub-question 11.3: What are the differences in the administrative procedures for registering the two respective designations?**

- **Judgement criteria 11.4: Existence of differences in administrative procedures**

**Conclusion of the judgement criteria**

The administrative procedures envisaged for PDO/PGIs through the regulatory framework are coherent with those for TSGs. No substantial differences have been detected within MS with regard to the procedures applied for PDO/PGI registration. TSGs are potentially more difficult to control due to the absence of link to territory and the related fact that the products can be produced in several MS, whereby it creates confusion around which control body is responsible.

**I 11.4: Analysis of the relevant articles of Regulation (EU) No 1151/2012 related to the administrative procedures**

**The administrative procedures envisaged for PDO/PGIs are coherent with those for TSGs** <sup>(266)</sup>. The EU legal framework defines very similar administrative procedures for the two schemes. The relevant regulation assigns to MS the responsibility of assessing each application and notifying it to the EC, as well as of monitoring and ensuring the correct enforcement of the right. According to the survey conducted across NAs, there are no substantial discrepancies in the administrative procedures put in place within the Union territory. Only six out of 27 respondents identify differences in the registration procedure

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<sup>264</sup> eAmbrosia database, until January 2020.

<sup>265</sup> eAmbrosia database, until January 2020.

<sup>266</sup> Article (48)-(54) of Regulation (EU) No 1151/2012.

for the two schemes (<sup>267</sup>). These differences are mainly related to the NAs to be addressed in each MS: according to three respondents (AT, CZ, SK), the authority in charge of dealing with the different applications differ depending on the scheme. Additional minor differences concern the type of documents the prospective applicants are required to submit in order to register for the two schemes. However, such minor differences do not represent a determining factor for preferring registering a PDO/PGI over a TSG, or vice versa.

**The control system put in place for PDO/PGIs and TSGs are governed by the same rules, under Regulation (EU) 1151/2012.** The relevant EU legal framework mandates that the control system for both schemes is implemented and designed at Member State level, with reference to the Official Control Regulation (<sup>268</sup>). In this respect, the only differences identified pertain to what NA is in charge of performing the relevant controls. However, the fact that TSGs certify recipes and production methods that are not linked to the geographical origin of the product and, therefore, can be produced in any Member State, poses the problem of what Member State is in charge of ensuring the correct enforcement of the right, and of guaranteeing a high level of communication and collaboration among different NA. Based on interviews with French authorities, this situation occurred in France with stakeholders willing to produce according to the TSG “Hay milk” production requirements. The protection of this TSG was initiated by Austria, and there was no procedure defined for this TSG in France (no PG or control plan). It is acknowledged that TSGs are likely to suffer from a lower level of control due to the lack of knowledge on the control of that given TSG by the authorities of Member States other than the one initiating the application for registration (<sup>269</sup>).

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<sup>267</sup> Out of these six, two declared that the application for PDOs/PGIs is more time consuming.

<sup>268</sup> Regulation (EU) 2017/625.

<sup>269</sup> Interviews with DG AGRI.

#### 7.4.2 ESQ 12 – Coherence between GIs and EU trade marks (EUTMs)

**ESQ 12 - To what extent are GIs coherent with EU trade marks (EUTMs)? In answering this question, the following aspects should be analysed:**

- **the level of protection granted by GIs and EUTMs,**
- **the use of PDO/PGI and EUTMs in the sale name of final products that contain, among their ingredients, a product whose name is protected as a PDO/PGI or as a EUTM.**

#### **Conclusion of ESQ**

Both GIs and EUTMs are registered IPRs intended to regulate the correct use of names and signs and granting protection and specific rights. However, the two IPRs have different functions.

- GIs are intended to protect a public interest. They identify a product and indicate its territorial origin based on which the right is granted, justified on 1) the distinctive qualities or 2) the reputation of the product bearing the GI, both linked to the said territory.
- EU individual and collective marks protect a private interest and indicate the commercial origin of the goods and/or services for which the mark is granted (different from a geographical origin).
- EU certification marks, similarly to GIs, do not identify the commercial origin of a good and/or service, but are a guarantee of certain characteristics of a product. However, EU certification marks cannot certify geographical origin of goods and services.

As such, 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.

Trade marks and GIs offer complementary protection to producers, who may seek parallel protection from the two schemes as trade marks and GIs may co-exist.

The level of protection offered by the EU legislation on GIs is assessed to be comparable to the one offered by the EU legislation on trade marks, as 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.

In addition, the level of protection offered by the EU legislation on GIs is assessed to be, overall, compatible with the EU legislation on trade marks, as the two schemes mostly co-exist in parallel without unclarities between the schemes.

The only contradiction is represented by EU collective marks, where similar characteristics to the GI protection can in some cases cause a potential overlap between the two protections and therefore blur the differences between the two. These similarities consist for example in that collective marks may be registered by several producers being members of the same association and may contain a geographical reference. A

court case is currently pending before the Court of Justice of the European Union (CJEU), CJ C-766/18 P BBQLOUMI / HALLOUMI, which might shed some further light on this issue.

At the same time, the analysis shows that there is a difference of treatment between PDO/PGIs and EUTMs used in final products' sales names, which is due to that trade marks confer exclusive, private rights to its holder(s); whereas PDO/PGIs confer collective rights available to all producers abiding by the production rules and pertaining to the designated geographical area.

Trade mark owners have a prerogative to prevent others from using the mark where the use could be considered to lead to a likelihood of confusion due to the identity or similarity of the signs and identity or similarity of the goods or services, or, for reputed marks, where it could lead to the final product taking unfair advantage of or cause detriment to the repute of the EUTM (both for similar and dissimilar goods). Thus, the producer of a final product wishing to use the name of an EUTM in the final sales name usually resolve this through private contracts.

PDO/PGI producers have more difficulties in preventing others from the use of a PDO/PGI name. The use of private contracts is more complex when there is no exclusive intellectual property right. According to a CJEU ruling<sup>(270)</sup>, the use of a PDO/PGI name in the sales name of a final product is lawful, even without the consent of the PDO/PGI producer, if the final product has, as one of its characteristics, a taste attributable primarily to the presence of that PDO/PGI ingredient. This seems to confirm the public character of the GI IPR, which is not exclusively in the power of the users/owners.

One MS, Italy, has developed national rules providing a different solution to the issue. Although the rules may not be fully in line with the ruling of the CJEU, the existence of the rules do point to the need for harmonized rules at EU level regarding the use of PDO/PGI in final products' sales name, when a PDO/PGI is used as an ingredient, in order to avoid confusion for economic operators on the marketplace. Furthermore, the Italian solution seems to put PDO/PGI holders on more equal footing with trade mark holders by facilitating for them to enter into legal agreements with industry representatives. Therefore it is recommended to study the Italian example in further detail, in order to consider whether an evolvement of EU legislation would be motivated.

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<sup>270</sup> CJ C-393/16 Champagner Sorbet

#### 5.4.1.1 Background and methodological approach

- **Interpretation and comprehension of the key terms**

- **IPR:** Intellectual property includes all exclusive rights to intellectual creations. It encompasses different types of rights: (1) industrial property, which includes inventions (patents), trade marks, industrial designs and models; (2) designations of origin; (3) copyright, including artistic and literary property.

**EU Trade mark (EUTM)** <sup>(271)</sup>: Trade marks are signs used in trade to identify products. An EUTM can consist of any signs, in particular words (including personal names), or designs, letters, numerals, colours, the shape of goods, or of the packaging of goods or sounds. The signs that make up a trade mark must be capable of distinguishing the goods and services of one undertaking from those of another undertaking. An EUTM gives its owner an exclusive right in all current and future EU MS. Three types of EU trade marks exist: individual marks; EU collective marks; EU certification marks.

- Individual marks distinguish the goods and services of one particular company from those of another.
  - EU Collective marks distinguish the goods and services of a group of companies or members of an association from those of competitors. Collective marks can be used to build consumer confidence in the products or services offered under the collective mark. Very often they are used to identify products which share a certain characteristic.
  - EU Certification marks are used to indicate that goods or services comply with the certification requirements of a certifying institution or organisation; they are a sign of supervised quality. Different from the two aforementioned marks, certification marks do not indicate a commercial origin.
- **GIs:** Geographical Indications (also including PDOs/PGIs) are “*signs used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin*” (WIPO).
  - Relevant legal framework on EUTMs: Regulation (EC) No 2017/1001 on the European Union trade mark.

- **Sub-questions, judgement criteria, indicators and sources**

The question investigates the coherence between the regulatory framework designed for GIs (i.e. PDOs and PGIs in the agricultural and foodstuff and wine sectors, as well as GIs in the spirit drinks and aromatised wine products sectors) and that regulating EUTMs in the EU.

Both GIs and EUTMs represent intellectual property tools providing protection to producers and consumers against third-parties’ abuses. As such, they are both intended to regulate the use of names and signs in the marketplace. The question aims at identifying both synergies and points of inconsistency between the two schemes. Coherence for this ESQ should be understood as the extent to which the rules on protection of GIs are coherent

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<sup>271</sup> All information on EUTMs stems from EUIPO: [euipo.europa.eu](http://euipo.europa.eu)

with the rules on protection of EUTMs, taking into account the different objectives and natures of these two IPR systems.

In exploring the relationship between GI products and EUTMs, specific attention is devoted to the comparison between GIs and collective trade marks.

The sub-questions, judgement criteria and indicators are detailed in the following table.

**Table 61: Evaluation matrix for ESQ 12**

Sub-question	Judgement criteria (JC)	Indicators (I)
Sub-question 1: Is the level of protection offered by the EU legislation on GI compatible and comparable to the one offered by the EU legislation on TM?	JC12.1: The level of protection granted by PDO/PGIs and EUTM is consistent with the nature of their systems, aligned with the respective objectives and does not show any contradiction	I 12.1: Comparison of the protection offered through EU legislation for GIs and EUTMs
Sub-question 2: Do the rules on use of PDO/PGIs or EUTMs in the sale name of a final product that contains among its ingredients a product whose sale name is protected as a PDO/PGI or an EUTM create disproportionate protection between PDO/PGI users and EUTM holders*?	JC12.2: Rules on use of PDO/PGI or EUTM in final products sales name, when the final product contains, among its ingredients, a product whose sale name is protected as a PDO/PGI or an EUTM, do not create any difference of treatment between the PDO/PGIs and EUTMs that may be considered as discriminatory, disproportionate or unfair.	I 12.2: Comparison of use of PDO/PGI and EUTM in names of final products. Qualitative examples of ambiguities and inconsistencies in use of products containing PDO/PGIs and/or EUTMs among their ingredients are explored.

\*holders in the sense that GI holders' rights would be protected less effectively than EUTM holders' rights

In addressing this question, the following tools have been used: desk-based research including case-law analysis, European IP Helpdesk and EUIPO webinars on IPRs<sup>(272)</sup>; interviews with relevant stakeholders, including lawyers specialised in Intellectual Property<sup>(273)</sup> and with EC officials; and, to a limited extent, also country reports and CS.

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<sup>272</sup> European IP help desk webinar "Introduction to Intellectual Property and Intellectual Property Rights", January 2020; "Geographical Indications", February 2020.

<sup>273</sup> Including two interviews with EUIPO, one with a private practitioner.

- **Methodological approach and limits**

**Sub-question 1: Is the level of protection offered by the EU legislation on GI compatible and comparable to the one offered by the EU legislation on TM?**

The comparison considers the two systems in relation to their respective objectives and nature. The aim is to detect if there are rules disproportionately penalizing the interests of GI holders if compared with the corresponding rules applied to EUTM holders.

**Sub-question 2: Do the rules on use of GIs or EUTMs in the sale name of a final product that contains among its ingredients a product whose sale name is protected as a GI or an EUTM create disproportionate protection between GI users and EUTM holders?**

In this sub-question, "holders" is used in the sense that GI holders rights would be protected less effectively than EUTM holders rights

The assessment considers the two systems in relation to their respective objectives and nature. The focus of the assessment is on the potential differences between the two designations with respect to the right to grant or not the use of a PDO/PGI or EUTM within the sale name of a final product for the two respective systems. The analysis explores differences with regard to the agricultural and foodstuff and wine sectors only.

**Limitation to the scope of the ESQ:** Traditional Specialities Guaranteed (TSGs) are not included in the scope of this evaluation question as they are not an IPR.

#### **5.4.1.2 Analysis**

**Sub-question 1: Is the level of protection offered by the EU legislation on GI compatible and comparable to the one offered by the EU legislation on TM?**

- **Judgement criteria 12.1: The level of protection granted by GIs and EUTM is consistent with the nature of their systems, aligned with the respective objectives, and does not show any contradiction**

#### **Conclusion of the judgement criteria**

Both GIs and EUTMs are registered IPRs intended to regulate the correct use of names and signs and granting protection and specific rights. However, the two IPRs have different functions.

- GIs are intended to protect a public interest. They identify a product and indicate its territorial origin based on which the right is granted, justified on 1) the distinctive qualities or 2) the reputation of the product bearing the GI, both linked to the said territory.
- EU individual and collective marks protect a private interest and indicate the commercial origin of the goods and/or services for which the mark is granted (different from a geographical origin).
- EU certification marks, similarly to GIs, do not identify the commercial origin of a good and/or service, but are a guarantee of certain

characteristics of a product. However, EU certification marks cannot certify the geographical origin of goods and services<sup>(274)</sup>.

As such, 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.

Trade marks and GIs offer complementary protection to producers, who may seek parallel protection from the two schemes as trade marks and GIs may co-exist. A GI protects the interest of all the producers of the registered name of a product against unfair competition from products produced without complying with the product specification, in particular by producers outside the designated geographical territory. An individual trade mark, on the other hand, allows an individual producer to distinguish its product in the marketplace from other products of the same GI.

Organisations that represent producers from a GI protected geographical territory have also been able to apply for a collective mark. Although the two IPRs have different essential functions, where GIs identify a product with a territorial origin, whereas collective marks identify a commercial origin, EU collective marks with a geographical reference still present similar features to PDO/PGIs. These similarities consist for example in that collective marks may be registered by several producers being members of the same association and may contain a geographical reference. However, the proof of the link to the geographical territory referred to in the collective mark is not regulated.

The level of protection offered by the EU legislation on GIs is assessed to be comparable to the one offered by the EU legislation on trade marks, as 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.

In addition, the level of protection offered by the EU legislation on GIs is assessed to be, overall, compatible with the EU legislation on trade marks, as the two schemes mostly co-exist in parallel without unclarity between the schemes.

The only contradiction is represented by EU collective marks, as the similar characteristics to the GI protection (as outlined above) can in some cases cause a potential overlap between the two protections and therefore blur the differences between the two. A court case is currently pending before the CJEU, CJ C-766/18 P BBQLOUMI / HALLOUMI, which might shed some further light on this issue and potentially put an end to the contradictions in the level of protection between the two IPRs.

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<sup>274</sup> Different approach might be taken by MS, who may decide to allow certification of geographical origin of goods and services through national certification marks. DIRECTIVE (EU) 2015/2436 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 December 2015 to approximate the laws of the Member States relating to trademarks.

### **I 12.1: Comparison of the protection offered through EU legislation for GIs and EUTMs**

**GIs and EUTMs are both registrable IPRs, but GIs protect a public interest and indicate the link between a product bearing a given name and its territorial origin, whereas EU individual and collective marks protect a private interest and indicate the commercial origin of a good and/or service.** Both GIs and EUTMs represent intellectual property tools providing protection to producers and consumers against third-parties' abuses. As such, they are both intended to regulate the use of names and signs in the marketplace.

However, there are important differences concerning their functions. While GIs identify a product by its qualities due to the geographical origin, the main objectives of EUTMs (individual and collective marks) are to enable consumers to identify goods and/or services as originating from a commercial origin; and to allow companies to differentiate their products from those of their competitors in the market <sup>(275)</sup>.

**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.** Trade marks are private titles owned by a (natural or legal) person pursuing private interests that "*shall confer on the proprietor exclusive rights*" <sup>(276)</sup>. GIs, on the other hand, do not confer individual rights, but rather "collective rights" focused on protecting a public interest. <sup>(277)</sup> Indeed, once protected, the exclusive right to use the geographical indication belongs to all producers in a given geographical area, who comply with the specific conditions of production for the product.

**Differences related to procedures for registering and protecting the two IPRs are reflections of the understanding that EUTMs protect foremost private interests, whereas GIs protect foremost a public interest.** Trade mark registration is typically less burdensome than GI registration, as no control of the product characteristics and/or production process is formally envisaged by public authorities, nor is it regulated in the legislation. On the other hand, when applying for a GI, a thorough assessment is conducted by the MS to ensure the compliance with the PS of the name to protect.

Furthermore, because GIs' public interest component is predominant, there is an obligation for MS to protect this public interest. MS competent authorities, in line with the official controls regulation <sup>(278)</sup>, are in charge of taking the necessary measures to protect the registered names within their territory, and to prevent and stop the unlawful production or marketing of products using such a name <sup>(279)</sup>. For trade marks, in order to enforce the protection,

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<sup>275</sup> Regulation (EU) 2017/1001.

<sup>276</sup> Article 9 of Regulation (EU) 2017/1001.

<sup>277</sup> European IPR Helpdesk, Bulletin No 22, July – September 2016.

<sup>278</sup> Regulation (EU) 2017/625 on official controls on the food supply chain.

<sup>279</sup> Note that the official controls regulation, Regulation (EU) 2017/625, gives a wide scope of action for MS, notably on basis of risk based controls. According to EC officials, in practice a lot of GI controls rely on action initiated by GI holders.

usually the action of the trade mark holder is required. There are however examples of TMs being enforced by authorities (e.g. customs, even if this also requires some degree of action from the TM holder) and examples of GI enforcement requiring private action <sup>(280)</sup>.

All EUTM applications are submitted against the payment of a fee. For GIs, MS may charge a fee to cover the costs of managing the quality scheme <sup>(281)</sup>. According to the survey to NAs, eight MS have introduced fees (See ESQ 7, sub-question 3, JC 7.4). However, for GIs, fees are applied on the production and are not attached to the registration itself, which is free.

Trade marks are registered for a limited amount of time (ten years), although an unlimited number of renewals (each renewal of ten years) of the protection is allowed against the payment of a fee. GIs, on the other hand, enjoy unlimited protection over time and do not need to be renewed. Both types of denominations can be cancelled from the corresponding official register, trade marks can also be cancelled by a national court within a counterclaim in an infringement proceeding.

**The definitions related to what the two IPRs are protected against are formulated differently for the two IPRs.** However, in practice, their interpretation shows a high degree of similarity. <sup>(282)</sup> The formulation for the GI protection details that the products registered are protected against (i) use for identical and comparable products, (ii) use for non-comparable products which exploits the reputation of the GI, (iii) evocation, misuse and imitation on products or services and (iv) any other misleading indications and misleading practices <sup>(283)</sup>. EUTMs are protected against similar traits, including: (i) identical signs used for identical goods and/or services; (ii) likelihood of confusion due to the identical or similarity of the signs and identical or similarity of the goods and or services; and (iii) taking unfair advantage of or being detrimental to the trade mark's repute, both in the case of similar and dissimilar goods or services <sup>(284)</sup>.

**Producers seek protection through both IPR schemes in parallel, to benefit from synergies between the schemes.** Even if GIs and trade marks offer similar protection in that they are both IPRs that offer protection to producers and consumers against third-parties' abuses by regulating the use of names and signs in the marketplace, their differences with regard to functions, as described above, lead some producers to seek parallel protection from the two schemes. The essential function of a GI, which identifies a product by its qualities due to the geographical origin, means that a GI protects the interest of all the producers of the registered product against the use of the name of any product that is produced without complying with the product specification, including against products produced outside the designated geographical territory. An individual trade mark,

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<sup>280</sup> According to EC officials.

<sup>281</sup> Article 47 of Regulation (EU) No 1151/2012

<sup>282</sup> According to EUIPO and EC officials

<sup>283</sup> Article 13 (1) of Regulation (EU) No 1151/2012; article 103 (2) of Regulation (EU) No 1308/2013; Article 21 of Regulation 2019/787; Article 20 (2) of Regulation No 231/2014.

<sup>284</sup> Article 9 (2) of Regulation (EU) 2017/1001

whose essential function is to identify a commercial origin, allows instead for an individual producer to distinguish its product in the marketplace from other products of the same GI.

To illustrate this, consider the example of “Moët et Chandon Champagne”. This producer has two instruments which can be used to protect the name of the product – “Moët et Chandon Champagne” the trade mark, and “Champagne” the GI. Champagne is a GI, and the trade mark label incorporates the GI.

Note that the existence of a registered GI constitutes a specific absolute ground for the refusal of an EUTM application (<sup>285</sup>). However, restricting the relevant goods (to comply with the specifications of the GI) is usually a means of waiving the objection when the mark does not solely consist of the GI name, but the GI is comprised within the mark (<sup>286</sup>), thereby allowing for the registration of a GI name as part of a trade mark.

In addition, organisations/consortia that represent producers from a GI protected geographical territory are also able to apply for a collective mark. When an organisation applies for the protection of a GI as a collective mark this organisation must be composed of members from the region indicated by the GI (<sup>287</sup>).

**EU collective marks with a geographical reference present similar features to GIs. However, the proof of the link to the geographical territory referred to in the collective mark is not regulated horizontally through EU legislation as is the case for GIs.** EU collective marks are applied for by an association seeking to be the proprietor of the mark to be registered, and the mark indicates that the goods/services come from an undertaking that is a member of the association (<sup>288</sup>). Similarly, GI producers often belong to organisations representing the interests of the GI producers, and it is often the organization which is undertaking the registration of the GI. However, collective marks is not the ownership of several persons (co-applicants/co-owners), as is the case for GIs, it is the ownership of the association.

Collective marks may contain a geographical reference, which is a derogation provided for collective marks compared to other types of EUTMs, and which cause a blur between the schemes of protection for GIs and collective marks. Although also individual marks can contain a geographical reference, the specificity of EU collective marks lies in the fact that

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<sup>285</sup> Article 7 (1)(j) of Regulation (EU) 2017/1001, contains the rules on absolute grounds for refusal of a trade mark registration, and stipulates that trade marks cannot be registered in the following situations:

1. the CTM consists solely of a whole PDO/PGI ('direct use'); 2. the CTM contains a whole PDO/PGI in addition to other word or figurative elements ('direct or indirect use'); 3. the CTM contains or consists of an imitation or evocation of a PDO/PGI; 4. other misleading indications and practices; 5. the reputation of PDOs/PGIs.

<sup>286</sup> under Article 7(1)(j) of Regulation (EU) 2017/1001, allowing for the registration of a GI name as part of a trade mark. Chapter 2.9.2.2 EUIPO Guidelines: [https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/contentPdfs/law\\_and\\_practice/trade\\_marks\\_practice\\_manual/wp\\_2\\_2014/10\\_part\\_b\\_examination\\_section\\_4\\_absolute\\_grounds\\_for\\_refusal\\_\\_complete\\_de.pdf](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/trade_marks_practice_manual/wp_2_2014/10_part_b_examination_section_4_absolute_grounds_for_refusal__complete_de.pdf)

<sup>287</sup> European IPR Helpdesk, Bulletin No 22, July – September 2016.

<sup>288</sup> Article 74 of Regulation (EU) 2017/1001.

they can designate the geographical origin of the goods/services<sup>(289)</sup>. When a collective mark describes the geographical territory of the goods and services it covers, the regulations governing use<sup>(290)</sup>, as designed by the association that is the proprietor of the mark, must contain the specific authorisation for anyone whose goods and services originate in the geographical area in question to become a member of the association that owns the mark<sup>(291)</sup>.

Nevertheless, the essential function of collective marks is still to indicate the commercial origin of the product. Collective trade marks designate the source of products or services not in geographical terms, but in relation to an association of producers and its members. The specific link to the geographical territory indicated on the mark is regulated and controlled by the owner association itself, and not through horizontal rules in the legislation as is the case of GIs. In the case of collective marks, the legislation foresees for example that the regulations governing use (as submitted by the applicant association) shall specify the persons authorized to use the mark (which must be members of the association), the conditions of membership of the association, and the conditions of use of the mark<sup>(292)</sup>. Any additional elements going beyond that are detailed by the association itself. Thus, the owners of the collective marks have a large degree of influence on the extent to which there is a link between the good/service protected and the geographical area referred to in the mark. However, with this said, it is the responsibility of the TM owner that the mark is used in a non-misleading manner. Otherwise, the mark may be cancelled upon a third-party action.

In the case of PDO/PGIs, the legislation instead establishes the production rules applicable for protecting the name of a product, and require that the PS, when seeking to register a PDO/PGI, contain several details establishing the link between the product for which protection is sought (its qualities and characteristics) and the geographical territory to which the name is associated. It must also contain evidence that the product originates in the defined geographical area<sup>(293)</sup>. Furthermore, in the case of PDO/PGIs, it is the MS that shall ensure that any operator complying with the rules of a quality scheme is entitled to be covered by it, not the association owning the mark<sup>(294)</sup>. Hence, horizontal rules relating

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<sup>289</sup> Article 74 (2) of Regulation (EU) 2017/1001.

<sup>290</sup> "The regulation governing use" is the description of the trade mark applied for by the association seeking protection. 'An applicant for an EU collective mark shall submit regulations governing use within two months of the date of filing' and these regulations governing use of the mark 'shall specify the persons authorised to use the mark, the conditions of membership of the association and, where they exist, the conditions of use of the mark, including sanctions.' Article 75(1) and (2) of EUTM Regulation.

<sup>291</sup> Article 75 (2) of Regulation (EU) 2017/1001

<sup>292</sup> Article 75 (2) of Regulation (EU) 2017/1001 and Article 16 of Commission Implementing Regulation (EU) 2018/626

<sup>293</sup> Article 5 and 7 of Regulation (EU) No 1151/2012, and COMMISSION IMPLEMENTING REGULATION (EU) No 668/2014

<sup>294</sup> Article 46 (1) of Regulation (EU) No 1151/2012

to establishing the geographical link are established and equally applied for all applicants of a PDO/PGI.

**EU certification marks** possess features that closely match those attributable to GIs.

An EU certification mark is capable of distinguishing goods or services which are certified by the proprietor of the mark in respect of material, mode of manufacture of goods or performance of services, quality, accuracy or other characteristics, with the exception of geographical origin, from goods and services which are not so certified. However, an important distinction from GIs is that EU certification marks cannot certify the geographical origin of goods or services<sup>(295)</sup>. Therefore, the delimitation between EU certification marks and GIs is clear.

**In the case of a conflict between trade marks and GIs, an earlier trade mark can only rarely prevent a registration of a GI, whereas an earlier registered GI prevails over a later trade mark if the later mark is in conflict with the GI.** Due to their similar, but still distinctive, functions, conflicts between trade marks and GIs sometimes arise. Conflicts are resolved according to the following principles.

In the case of a prior registered GI, and if that GI is in conflict with a later mark or sign, then the registration or use of that later mark or sign will be denied.<sup>(296)</sup> Thus, according to the trade mark legislation, if a trade mark applicant attempts to register such a name as a trade mark or as a part of a trade mark, the application would be rejected (bearing in mind the exemptions as outlined above related to synergies between the two IPRs, and further discussed below)<sup>(297)</sup>. Hence, the goods and/or services for which the trade mark is intended might need to adjust in order to be registerable.

In the case of a prior registered trade mark, a trade mark will, according to the PDO/PGI legislation, prevail if, given the trade mark's reputation among the public and the length of time for which it has been used, registration of the name proposed as PDO or PGI would be liable to mislead the consumer as to the true identity of the product<sup>(298)</sup>.

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<sup>295</sup> Article 83 of Regulation (EU) 2017/1001.

<sup>296</sup> The conflict of a TM with a previous GI is defined differently for the three sectors. In the case of agriculture and food products, Article 14(1) of Regulation (EU) No 1151/2012 defines that: A TM is not registered if it contravenes Article 13 (protection) and it relates to a product of the same type. In the case of spirit drinks, according to Article 36(1) of Regulation (EU) 2019/787: A TM is not registered if the use of it corresponds to the situation covered by Article 21(2) (protection). In the case of wines, according to Article 102(1) of Regulation (EU) No 1308/2013, a TM is not registered if it contains or consists of a PDO/PGI or whose use corresponds to one of the situations covered by Article 103(2) (protection).

<sup>297</sup> Article 7(1)(j) of Regulation (EU) 2017/1001 states that: are not to be registered trade marks "which are excluded from registration, pursuant to Union legislation or national law or to international agreements to which the Union or the Member State concerned is party, providing for protection of designations of origin and geographical indications"

<sup>298</sup> Article 6 (4) of Regulation (EU) No 1151/2012 states that: A name proposed for registration as a designation of origin or geographical indication shall not be registered where, in the light of a trade mark's reputation and renown and the length of time it has been used, registration of the name proposed as the designation of origin or geographical indication would be liable to mislead the consumer as to the true identity of the product.

The difference between the two scenarios lies in that the earlier GIs which can prevail on later EUTMs is defined broadly by the law, while for EUTMs the law sets limiting conditions which are not necessarily required in conflicts between two trade marks. These limiting conditions relate to that a trade mark owner has to prove the reputation of its EUTM in order to maintain sole rights on the geographical name, whereas the reputation of a GI is assumed as an intrinsic part of the protection gained through the registration, as proving its reputation forms part of the registration process. <sup>(299)</sup>

**Trade marks and GIs may co-exist.** As a solution to conflicts between GIs and EUTMs, EU legislation foresees the co-existence between a trade mark and a GI <sup>(300)</sup> <sup>(301)</sup>. Once a GI is registered, the senior trade mark has to co-exist with it, unless it is proved that it has been registered in bad faith. Hence, the regime applicable to trade marks is twofold: a prior trade mark may alternatively lead to the refusal of the application of a GI (if the trade mark has a well-established reputation and the registration of the name proposed as PDO or PGI would be liable to mislead the consumer as to the true identity of the product), or to the toleration of a coexistence with the latter (when it cannot be established that the trade mark has a well-established reputation or that the registration of the name proposed as PDO or PGI would be liable to mislead the consumer as to the true identity of the product). Thus, what scenario applies depend on the degree of the requirements met by the trade mark at issue and, of course on the judges' interpretation <sup>(302)</sup>.

The Court of Justice of the European Union (CJEU) expressed itself on the matter in the 2009 case of *Bavaria NV and Bavaria Italia S.r.l v Bayerischer Brauerbund*, holding that prior registered trade marks may coexist with the subsequently registered GI <sup>(303)</sup>. In this

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<sup>299</sup> European IPR Helpdesk, Bulletin No 22, July – September 2016. However, the relevant case-law has not clarified yet whether the high recognition typically given to particular GI is a determining factor in the assessment of potential cases of “exploitation of reputation”. Specifically, the jurisprudence does not clarify whether a higher recognition by consumers make cases of evocation or exploitation of reputation more likely to occur.

<sup>300</sup> Article 14 (2) of Regulation (EU) No 1151/2012 provides that a prior trade mark may coexist with a later geographical indication if two conditions are met: (a) the mark must be registered and used in good faith, and (b) the mark should not be subject to declaration of invalidity pursuant to the EU legislation on trade marks.

<sup>301</sup> This provision goes also under the name ‘Lex Torres’ as it was introduced to solve the conflict concerning the ‘Torres’ trade mark: a Spanish undertaking, Miguel Torres SA was the proprietor of TORRES in Portugal since 1962. Subsequently, in the 1990s the Portuguese government registered ‘Torres’ and ‘Torres Vedra’ as GIs, pursuant to Regulation (EEC) No 2392/89 on wine labelling, for a valley north of Lisbon which the government claimed was a traditional wine growing region. The consequence of this would have been the cancellation of the trade mark. The EC amended the Regulation so that the trade marks were allowed to coexist with wine from the Torres Vedras region. ; A.G. Skol, Geographical Indications and International Trade, WIPO Doc. WIPO/GEO/SFO/03/15;

<sup>302</sup> (2018), Cavalieri, Alessandra, The conflict between Geographical Indications and EU Trade marks in the light of the recent developments in Community Law and jurisprudence: a GIs’ overprotection?

<sup>303</sup> Case C-343/07 *Bavaria NV, Bavaria Italia Srl v Bayerischer Brauerbund eV*, [2009] E.C.R. I-5491. The case involved the Dutch company Brauerei Bavaria NV, one of the biggest producers of beer, that used the designation ‘Bavaria’ since 1925, and became the proprietor and the user of many international trade marks, which contained, together with other expressions or figurative elements, the name ‘Bavaria’. In 2001, Bayerischer Brauerbund, a long standing association of Bavarian brewers registered the GI ‘Bayerisches Bier’ to the Bayerische Brauerbund eV (the Bavarian Brewers Association). After the registration the Bavarian Brewers’ Association proceeded against Bavaria NV in Italy, seeking to prevent the Dutch company from using the designation ‘Bavaria’ in that country.

case, the CJEU affirmed the possibility of coexistence between GIs and trade marks, establishing that the mere existence of marks in the market which incorporates the geographical name is not an indicator that the name is unregistrable as GI.

**Co-existence between GIs and collective marks.** As described above, collective marks are used to indicate that a good/service comes from an undertaking that is a member of the owner association, and collective marks may designate the geographical origin of the product<sup>(304)</sup>. This sometimes creates difficulties in dealing with the co-existence between GIs and collective marks<sup>(305)</sup>.

A court case is currently pending before the CJEU<sup>(306)</sup> which might shed some further light on this issue, as one of the aspects assessed is the provision relating to geographical references of collective marks and the extent to which collective marks need to be distinctive (Article 74(2) from Regulation (EU) 2017/1001). In other words, whether the collective mark sought to be registered need to allow for the distinction between members of the association which is the proprietor of the mark from those of other undertakings.

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The Turin Court of Appeal, referred to the ECJ the question as to whether the fact that the GI had been granted protection after the registration of the trade mark meant that the Dutch company might nevertheless continue using the marks. In July 2009, the ECJ affirmed the principle of coexistence, holding that trade marks of third parties in which appears the word 'Bavaria', that would have been registered prior to the date on which the application for registration of the GI 'Bayerischer Bier' was filed, could continue to exist: 'As the registration of the GI was interpreted as having no adverse impact upon the validity of the 'Bavaria' trade marks, coexistence as provided for in Article 14(2) of former Regulation (EEC) No.2081/92 of 14 July 1992, could continue'. Tiberti, Elena, *Rivista di diritto alimentare*, Anno VII, numero 3, Luglio-Settembre 2013 <http://docenti.unimc.it/annalilaria.trape/teaching/2019/20395/files/didactic-materials/GI%20and%20Trademarks.pdf>

<sup>304</sup> Article 74 (2) of Regulation (EU) 2017/1001.

<sup>305</sup> Interview with EUIPO

<sup>306</sup> CJ C-766/18 P BBQLOUMI / HALLOUMI, March 5, 2020. Sets aside the judgment of the General Court of the European Union of 25 September 2018, *Foundation for the Protection of the Traditional Cheese of Cyprus named Halloumi v EUIPO — M. J. Dairies (BBQLOUMI) (T-328/17)* and refers the case back to the General Court of the European Union.

The ruling on September 25, 2018, included the following elements: The court ruled that the collective mark HALLOUMI, reserved for Cypriot cheesemakers, does not preclude the sign 'BBQLOUMI' from being registered as a European Union trade mark for cheese of a Bulgarian producer. Relying on that collective mark, its proprietor brought opposition proceedings against the registration as an EU trade mark of the figurative sign comprising the word element 'BBQLOUMI', which a Bulgarian company had applied for in relation to, inter alia, cheese. The Court of Justice, hearing an appeal against the judgment of the General Court, ruled that, "where the earlier mark is a collective mark, ..., the likelihood of confusion must be understood as being the risk that the public might believe that the goods or services covered by the earlier trade mark and those covered by the trade mark applied for all originate from members of the association which is the proprietor of that mark,...". Next, the proprietor of the collective mark at issue claimed that the distinctiveness of the earlier mark should be assessed differently where that mark is an EU collective mark. The Court rejected that argument noting that the requirement of distinctiveness applies to EU collective marks also. In principle, the Court stated that Article 74(2) of Regulation (EU) 2017/1001, which allow for EU collective marks to designate the geographical origin of the goods or services by allowing for a derogation from Article 7(1)(c) of that same regulation, does not mean that a collective mark can be non-distinctive.

**Sub-question 2: Do the rules on use of PDO/PGIs or EUTMs in the sale name of a final product, that contains among its ingredients a product whose sale name is protected as a PDO/PGI or an EUTM, create disproportionate protection between PDO/PGI users and EUTM holders?**

- **Judgement criteria 12.2: Rules on use of PDO/PGI or EUTM in final products sales name, when the final product contains, among its ingredients, a product whose sale name is protected as a PDO/PGI or an EUTM, do not create any difference of treatment between the PDO/PGIs and EUTMs that may be considered as discriminatory, disproportionate or unfair.**

### **Conclusion of the judgement criteria**

The analysis shows that there is a difference of treatment between PDO/PGIs and EUTMs used in final products' sales name, of which they are ingredients, which is due to that trade marks confer exclusive, private rights to its holder(s), whereas PDO/PGIs confer collective rights available to all producers abiding by the production rules and pertaining to the designated geographical area.

Trade mark owners have a prerogative to prevent others from using its mark where that product can be considered to lead to (i) a likelihood of confusion due to the identity or similarity of the signs and identity or similarity of the goods and services, or (ii) unfair advantage or detriment to the repute of the EUTM (both for similar and dissimilar goods). Thus, the producer of a final product wishing to use the name of an EUTM in the final sales name usually resolve this through private contracts.

PDO/PGI producers have more difficulties in preventing others from the use of a PDO/PGI name. The use of private contracts is more complex when there is no exclusive intellectual property right. According to a CJEU ruling (<sup>307</sup>), the use of a PDO/PGI name in the sales name of a final product is lawful, even without the consent of the PDO/PGI producer, if the final product has, as one of its characteristics, a taste attributable primarily to the presence of that PDO/PGI ingredient. This seems to confirm the public character of the GI IPR, which is not exclusively in the power of the users/owners.

One MS, Italy, has developed national rules to resolve the issue. Although the rules may not be fully in compliance with the ruling of the CJEU, the existence of the rules do point to the need for harmonized rules at EU level regarding the use of PDO/PGI in final products' sales name, when a PDO/PGI is used as an ingredient, in order to avoid confusion for economic operators on the marketplace. Furthermore, the Italian solution seems to put PDO/PGI holders on more equal footing with trade mark holders by facilitating for them to enter into legal agreements with industry representatives. Therefore it is recommended to study the Italian example in further detail, in order to consider whether an evolvement of EU legislation would be motivated.

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<sup>307</sup> CJ C-393/16 Champagner Sorbet

## **I 12.2: Comparison of the use of PDO/PGIs and EUTMs in names of final products.**

**EUTM law on the use of EUTMs as ingredients in final products sales name, when the final product contains, among its ingredients, a product whose sale name is protected as an EUTM.** The EUTM legislation does not contain rules dealing specifically with the use of an EUTM in the sales name of a final product. However, as provisioned by Article 9 of Regulation (EU) 2017/1001, the trade mark holder holds an exclusive right to the trade mark. Thus, the proprietor of an EUTM is entitled to prevent all third parties not having his consent from using any sign where the sign is either:

(a) identical with or similar to the EUTM, and where the goods and services are identical with or similar to those for which the EUTM is registered, if there exists a likelihood of confusion on the part of the public, or

(b) identical with or similar to the EUTM, irrespective of whether it is used for goods and services which are identical with, similar to, or not similar to those for the EUTM that is registered, where the latter has a well-established reputation in the EU whereby the use of that sign takes unfair advantage of, or is detrimental to, the repute of the EUTM (<sup>308</sup>).

In the case of an EUTM it is important to note that it does not matter whether the EUTM product is used as an ingredient or not. The EUTM owner is protected against likelihood of confusion and unfair advantage or detriment to repute, regardless of whether the final product contains the EUTM product as ingredient or not. When the final product is not considered similar to the ingredient, an EUTM holder cannot prevent the use due to the likelihood of confusion. (<sup>309</sup>)

**Rules on use of PDO/PGIs as ingredients in final products sales name, when the final product contains, among its ingredients, a product whose sale name is protected as a PDO/PGI.** Like EUTMs, also PDO/PGIs are protected against numerable threats such as (a) exploitation of reputation, (b) any misuse, imitation or evocation, (c) any other false or misleading indication, and (d) any other practice liable to mislead the consumer as to the true origin of the product (<sup>310</sup>). Different from the EUTM legislation, the PDO/PGI legislation specifically points out, for the first two cases, that this protection includes the cases when a PDO/PGI - is used as ingredient.

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<sup>308</sup> Article 9 (2) of Regulation (EU) 2017/1001. Note that an EUTM proprietor is also protected against the use of the sign where the sign is identical with the EUTM, and where the goods and services are identical with those for which the EUTM is registered, however, in the case of the use of an ingredient this scenario is not relevant.

<sup>309</sup> According to trade mark law, ingredients are not always similar to final goods. Thus, the final product may be dissimilar to the ingredient. Ingredients used for the preparation of foodstuffs are a subcategory of raw materials and treated in the same way as raw material in general. Consequently, the mere fact that one ingredient is needed for the preparation of a foodstuff will generally not be sufficient in itself to show that the goods are similar, even though they all fall under the general category of foodstuffs. EUIPO Guidelines, Annex II, chapter 5.1, and based on the judgement of 26/10/2011, T-72/10, Naty's, EU:T:2011:635, § 35-36. The case concerned waffles, and concluded that "the mere fact that a basic ingredient is used in the manufacture of another product is generally not sufficient in itself to demonstrate that the products are similar, especially when, as in the present case, this use is optional and not essential".

<sup>310</sup> Article 13 (1) of Regulation (EU) No 1151/2012

In addition, PDO/PGIs are also protected through the FIC regulation (<sup>311</sup>), which sets out the general criteria of commercial practices for food products and which prohibits the practice of misleading consumers with regard to the recognition of the characteristics of the food product.

**PDO/PGIs confer collective rights for all producers abiding by the production rules and pertaining to the designated geographical area. As such, authorizing the use of the name associated with the PDO/PGI through a private contract, as can be done for EUTMs, is more difficult.** The difference between the two IPRs in practice relates to the fact that EUTMs confer exclusive rights to its owners, whereas PDO/PGI protection does not confer exclusive rights to producers but rather “collective rights” for all producers abiding by the production rules and pertaining to the designated geographical area, as described for JC1. Thus, given the private nature of the rights granted by EUTMs, authorising the use of the sign of a protected trade mark is the prerogative of the owner of the mark (bearing in mind the conditions outlined above). The owner can therefore, through a private contract, allow the use of the sign, usually against the payment of a license/fee.

The collective protection that PDO/PGIs entail imply that it is more difficult for PDO/PGI producers to profit from the use of the PDO/PGI in the sales name of final products, compared to trade marks, as the licensing/fee approach is more difficult to implement when there is no exclusive right (<sup>312</sup>).

In order to help economic operators to protect the names of their PDO/PGI products also when used as ingredients, the EC developed official guidelines for the use of agriculture and foodstuff PDO/PGIs as ingredients (<sup>313</sup>), illustrating the recommendations applicable in the areas of labelling and advertising of processed products using PDO/PGIs as ingredients. This aimed at ensuring that any reference to a product with a PDO/PGI in a foodstuff is made in good faith and does not mislead consumers. The uptake of the guidelines is voluntary and does not constitute a legally binding interpretation of the EU legislation. The guidelines contain recommendations on the use of registered PDO/PGI names, according to which the Commission considers that a name registered as a PDO/PGI may (a) legitimately be included in the list of ingredients of a foodstuff, and (b) be mentioned in or close to the trade name of a foodstuff incorporating products benefiting from a registered name, as well as in the labelling, presentation and advertising relating

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<sup>311</sup> The general framework for the provision of food information to consumers is set by Regulation (EU) No 1169/2011 (FIC Regulation), which established the general principles, requirements, and responsibilities governing food information, and in particular food labelling. The FIC Regulation applies to food business operators at all stages of the food chain and applies to all foods intended for the final consumer. Notably, as stated in Art 1.4, it applies without prejudice to labelling requirements provided for in specific Union provisions applicable to particular foods, among which GI and TSG products.

<sup>312</sup> According to EC officials

<sup>313</sup> See guidelines for the use of PDO and PGI as ingredients Commission Communication 2010/C 341/03 — Guidelines on the labelling of foodstuffs using protected designations of origin (PDOs) or protected geographical indications (PGIs) as ingredients. [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52010XC1216\(01\)&from=HR](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52010XC1216(01)&from=HR)

to that foodstuff, provided that certain conditions are met. These conditions relate for example to that the foodstuff in question should not contain any other 'comparable ingredient', and the ingredient should be used in sufficient quantities to confer an essential characteristic on the foodstuff concerned <sup>(314)</sup>.

The guidelines point out that the issue of whether a specific product's labelling could mislead purchasers or consumers, or any decision regarding the potentially misleading nature of a trade name, is the responsibility of domestic courts.

**According to a CJEU ruling, the protection conferred by a PDO/PGI covers the case in which a PDO/PGI is used as part of the name of a foodstuff. The CJEU considers that the use of a name is lawful, even without the consent of the PDO/PGI producer, if the final product has, as one of its characteristics, a taste attributable primarily to the presence of that PDO/PGI ingredient.** The scope of protection conferred by a PDO was tested in the court case CJ C-393/16 Champagner Sorbet <sup>(315)</sup> <sup>(316)</sup> <sup>(317)</sup>. A German food discounter sold a frozen product manufactured by a Belgian company, marketed under the name 'Champagner Sorbet'. The product contained, among other ingredients, 12% champagne. The French Comité Interprofessionnel du vin de Champagne (CIVC), an association of champagne producers, brought an action for infringement of the PDO 'Champagne' before the Munich District Court, which found in favour of CIVC <sup>(318)</sup>. The defendants appealed before the Munich Court of Appeal, which dismissed the decision of the Munich District Court.

CIVC appealed before the German Federal Supreme court, which asked the CJEU to clarify whether the protection conferred by a PDO covers a case in which a PDO is used as part of the name of a foodstuff. In a preliminary ruling on 20 December 2017, the CJEU established principles for the use of a PDO as part of the name of a foodstuff containing an ingredient for which a designation of origin is protected. The Court considered that the use of 'Champagner Sorbet' is lawful if the sorbet has, as one of its characteristics, a taste attributable primarily to the presence of that ingredient in the sorbet. The CJEU found it necessary to examine whether the use of 'Champagner Sorbet' amounts to taking unfair

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<sup>314</sup> Guidelines on the labelling of foodstuffs using protected designations of origin (PDOs) or protected geographical indications (PGIs) as ingredients, 2.1 (2)

<sup>315</sup> Article 103(2)(a)(ii), (b) and (c) Regulation (EU) No 1308/2013 protect wine PDOs against, inter alia, any direct or indirect commercial use that exploits the reputation of a PDO, any misuse, imitation or evocation, or any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product.

<sup>316</sup> The scope of protection for a GI was also tested in 2011, although not directly linked to the use of a GI as ingredient. The CJEU held, in its judgment of 14 July 2011, Bureau national interprofessionnel du Cognac (C 4/10 and C 27/10, EU:C:2011:484, paragraph 55), that the use of a mark containing a geographical indication, or a term corresponding to that indication and its translation, with respect to spirit drinks which do not meet the relevant specifications, constitutes, in principle, for the purposes of Article 16(a) of Regulation (EC) No 110/2008, a direct commercial use of that geographical indication.

<sup>317</sup> Bundesgerichtshof (German Federal Supreme Court), No I ZR 268/14 'Champagner Sorbet II' (19 July 2018) <http://juris.bundesgerichtshof.de/cgi-bin/rechtsprechung/document.py?Gericht=bgh&Art=en&az=I%20ZR%20268/14&nr=90278>

<sup>318</sup> 18 March 2014

advantage of the reputation enjoyed by a PDO. It is for the national court to decide whether this is the case or not (<sup>319</sup>). On 19 July 2018, the German Federal Supreme Court followed the judgement of the CJEU, and ruled that the claimant had to prove that the champagne ingredient does not determine the taste of 'Champagner Sorbet'. This reasoning was published on 17 December 2018. (<sup>320</sup>)

According to the judgement, there is thus a risk of "exploitation of reputation" when the final product contains a PDO/PGI product as an ingredient, and the PDO/PGI of the product is used in the marketing of the final product, but the taste of the final product is not primarily attributable to the presence of that ingredient.

The ruling also implicitly suggests that if the taste of a final product is primarily attributable to a PDO/PGI ingredient, something which may have to be established by a court, then the producer of the final product is allowed to use the name of the PDO/PGI in the sales name of the final product even without the consent of the PDO/PGI producer. Thus, this case seems to confirm the public character of the GI IPR, which is not exclusively in the power of the users/owners. It further shows the difficulties that PDO/PGI producers experience with regard to making profit from their products being used in the sales name of final products, compared to trade mark holders. The lack of rules applying to industry willing to use PDO/PGIs at European level means that the possibilities for economic operators are still diffuse, despite the existence of guidelines.

**One MS, Italy, has developed national rules regarding the use of PDO/PGIs as ingredients in final products sales name, when the final product contains, among its ingredients, a product whose sale name is protected as a PDO/PGI.** The Italian government has, as the only EU MS (<sup>321</sup>), implemented European legislation through national and specific rules detailing the establishment of specific criteria for the use of the reference to a GI in the labelling, presentation or advertising of a food product (<sup>322</sup>). This applies both to the agriculture, foodstuffs and wine sectors. Also, in France there are examples of partnerships between PDO/PGI producers, but no national legislation is in place to guide these agreements (<sup>323</sup>).

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<sup>319</sup> C-393/16, EU:C:2017:991

<sup>320</sup> <https://www.irishtimes.com/business/agribusiness-and-food/eci-rules-in-favour-of-aldi-in-champagne-sorbet-case-1.3333533#:~:text=The%20European%20Court%20of%20Justice,Champagne%20sorbet%E2%80%9D%20in%20its%20supermarkets>

<sup>321</sup> 2019 report Ismea-Qualivita

<https://wetheitalians.com/default/italian-good-news-2019-report-ismea-qualivita>

<sup>322</sup> See the webpage of the Italian Ministry of Agriculture and Food, where specific criteria for referring to GIs in final products are developed

<https://www.politicheagricole.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/9795>

<sup>323</sup> See the example of McDonald's use of the cheese Camembert:

The rules developed in Italy give another response, compared to that provided by the Court in the *Champagner Sorbet* case, to the problem of how and whether to regulate (or not) the use of PDO/PGI in the sales name of final products when the PDO/PGI is used as an ingredient. The Italian partnerships are based on contracts where the PDO/PGI consortia enters into an agreement with the industry concerned on behalf of all the PDO/PGI producers it represents. The contracts signed between consortia and industry are based on the prototype developed by the Ministry of Agriculture (<sup>324</sup>). When a PDO/PGI producer is not represented by a consortium, then the NA can enter into partnership with the industry on behalf of the individual producers. In fact, in Italy, when a PDO/PGI product is not represented by a consortium, then the industry wishing to use the product as ingredient and refer to it in its final sales name will have to request such use to the Ministry of Agriculture (<sup>325</sup>).

The consortium is recognized by the NA, and as such has the legal power to enter into agreements with companies on behalf of all the PGI producers it represents. The consortium is represented through a Board and a President, which have been elected by a majority of the producers for the PDO/PGI. The producers confer to the Board and the President the responsibilities to, among other things, enter into legally binding agreements with third parties on their behalf (<sup>326</sup>).

When the consortium enters into an agreement with an industry, it carries out checks and controls, at least once a year, to monitor the implementation of the agreement. The agreements contain for example the requirement that the actual PDO/PGI is used and is not replaced by another product, as well as the extent to which it is used (quantity in %). It also contains information on for example the labelling, the design of advertisement campaigns and on the design of menus, for industries where this is relevant. The packaging and the advertisement materials have to be approved by the consortium before used.

The industry is, according to the contract, requested to pay for the implementation of these controls, and the documentation related to the controls is submitted to the Italian Ministry of Agriculture. As such, the NA does not only control which PDO/PGI products have entered

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[https://m.mcdonalds.fr/documents/10192/53413/cp\\_grandes\\_envies\\_de\\_fromages\\_-\\_mcdonalds\\_2013\\_.pdf/bfe70a73-5c2f-4fb4-a5df-f2ee12063472](https://m.mcdonalds.fr/documents/10192/53413/cp_grandes_envies_de_fromages_-_mcdonalds_2013_.pdf/bfe70a73-5c2f-4fb4-a5df-f2ee12063472)

Also, guidelines applying to French operators were developed in 2017 between INAO (the umbrella organisation representing PDO/PGI holders in France) and the French directorate general for competition (DGCCRF), recalling the guidelines presented by the EC. However, there is no procedure in place in France relating to the authorization of use in labelling, presentation or advertising of GI products used in final products sales name, as is the case for Italy. According to interview with INAO.

<sup>324</sup> According to interview with consortia for Speck Alto Adige. When this is done, then the "Modulo di richiesta di utilizzo" is used: <https://www.politicheagricole.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/9795>

<sup>325</sup> According to interview with consortia for Speck Alto Adige. When this is done, then the "Modulo di richiesta di utilizzo" is used: <https://www.politicheagricole.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/9795>

<sup>326</sup> In order to enter into an agreement with industry, the consortia also needs to have the agreement from the region of Bolzano. This is because the sign used by Speck Alto Adige, relating to Südtirol, is a mark registered by the region of Bolzano.

into agreements with industry relating to the use of ingredients, but also which industries have been controlled and the results of these controls (<sup>327</sup>).

The PDO/PGI consortium is only allowed to charge the industry for the incurred control costs. Thus, they may not charge the industry for potential price premiums that the industry can charge on their final product due to the use of the PDO/PGI product as ingredient. However, the benefits for the PDO/PGI producers from these partnerships are still manifold, and relate for example to increased visibility of the product in question, and, of course, increased sales (<sup>328</sup>).

According to the Italian organisation Qualivita, representing the interests of PDO and PGI consortia, the increasing use of PDO and PGI as ingredients in the preparation of processed or transformed products by the food industry is what has triggered the action taken by the NA. According to the Ismea-Qualivita 2019 Report, more than 35 of the top 50 Italian PDO and PGIs, in terms of turnover, have partnerships with the processing industry, with a share of production destined for this purpose of over 10% for one fourth of the PDO/PGIs. Thus, the PDO/PGI sector in Italy considers the protection of PDO/PGI producers rights when their products are used as ingredients as a strategic interest, as the correct use increases the offer and visibility of PDO/PGI products, opens new commercial outlets, and may help in overcoming the limitations of seasonality of some products (<sup>329</sup>).

The Italian PDO/PGIs have entered into partnership with both local, small agri-food producers and multinational companies such as Findus, Ferrero, Coca Cola, and McDonald's. In the case of McDonald's Italia, partnerships have existed for over ten years, where the multinational has been offering PDO/PGI Italian products on its menus and through this promoting their distinctive features with communication activities (<sup>330</sup>).

The example of Speck Alto Adige/Südtiroler Markenspeck/Südtiroler Speck PGI (<sup>331</sup>) provides further insights as to the legal practicalities of these partnerships (<sup>332</sup>). Over the last years, PGI Speck Alto Adige/Südtiroler Markenspeck/Südtiroler Speck has been increasingly demanded as an ingredient for products made by companies such as McDonalds, Barilla or Autogrill. At the time of writing, the consortium Speck Alto Adige has 30 contracts with European companies. The type of foodstuffs for which there are agreements include pizza, tortellini, and pasta, among other products. The partners range from international multinationals to local SMEs. Approximately 95% of the agreements pertain to products sold on the Italian market. However, the agreements also cover

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<sup>327</sup> The information is based on an interview with a representative of the consortia of Speck Alto Adige PGI.

<sup>328</sup> The information is based on an interview with a representative of the consortia of Speck Alto Adige PGI.

<sup>329</sup> 2019 report Ismea-qualivita, <https://wetheitalians.com/default/italian-good-news-2019-report-ismea-qualivita>

<sup>330</sup> 2019 report Ismea-qualivita, <https://wetheitalians.com/default/italian-good-news-2019-report-ismea-qualivita>

<sup>331</sup> Hereafter referred to as Speck Alto Adige

<sup>332</sup> The following information is based on an interview with a representative of the consortia of Speck Alto Adige PGI.

products sold outside Italy (foremost ragu-producers in Germany and frozen pizza producers with market shares on the Scandinavian markets).

**The Italian rules provide a different solution to the issue of using PDO/PGIs in final products' sales names, when the PDO/PGI is used as an ingredient.** Whether or not the rules are aligned with the judgement of the Court in the Champagner Sorbet case may be put into question. For example, it seems as if the obligation for an industry to enter into an agreement with the PDO/PGI consorzia (or the Ministry) in order to use the PDO/PGI name may not be in line with the ruling of the Court, that the use of the name is free as long as the final products' taste is primarily attributable to the PDO/PGI of which name it makes use.

However, the fact that one of the MS with the major production of GIs (in terms of turnover value) has seen the need to develop national rules testifies to the fact that there is a legal void to be filled at EU level, in order to clarify for the economic operators when the use of a PDO/PGI name is lawful, rather than resolving the issue in court. In addition, the Italian example seems to contribute to strengthening the role of producer groups and to facilitating the economic recognition of the extra effort involved in producing GI products compared to conventional food products, which is in line with the objectives of the quality schemes. In addition, the solution developed by the Italian government seems to put PDO/PGI holders on more equal footing with trade mark holders by facilitating for them to enter into legal agreements with industry representatives with regard to the use of their names in the sales name of final products. Therefore it is recommended to study the Italian experience in further detail, in order to consider whether an evolvement of EU legislation would be motivated to incorporate the possibility to resolve the issue of the use of PDO/PGIs in final products' sales name, when the PDO/PGI has been used as an ingredient, through the use of contracts between the involved economic operators.

### 7.4.3 ESQ 13 – Coherence between GIs/TSGs and national and regional schemes

#### **ESQ 13 – To what extent are the EU Member States national and regional quality schemes coherent with GIs and TSGs?**

- **Sub-question 1: Are the objectives of the selected national and regional initiative coherent with those of the EU quality policies?**
- **Sub-question 2: Are the rules of the national/regional schemes aligned with those of the EU quality schemes?**
- **Sub-question 3: Is the level of protection granted by national and regional schemes coherent with that offered by the EU schemes?**
- **Sub-question 4: Are national/regional schemes coherent with the EU schemes with regards to the type of products covered?**
- **Sub-question 5: To what extent can GIs/TSGs be used in complementarity with national/regional schemes?**

#### **Conclusion of the ESQ**

- Multiple national and regional quality schemes exist in MS, with a myriad of different features and requirements. Some of these schemes, considered to be of particular interest, have been analysed in detail for this study.
- The national/regional schemes analysed share some common objectives with EU GIs/TSGs. When pursuing objectives related to environment and animal welfare, national/regional schemes are complementary to the EU quality schemes.
- The requirements and criteria of national/regional schemes are often more general as compared with GIs and TSGs, as they often aim to characterise the whole basket of products covered by the scheme, rather than the specifics of individual products. National/regional schemes often focus on a specific area in terms of requirements, whilst GI schemes present a combination of stringent quality and origin requirements.
- National/regional schemes typically do not offer IPR protection to the names, as it is the case for the GI scheme. The advantage offered by national/regional schemes is linked to allowing consumers to distinguish between products that are participating and those that are not.
- Overall, the product scope of the national/regional schemes analysed overlaps with that of GIs and TSGs; some of the national/regional schemes present a narrower sectoral coverage.
- The abundance of quality labels on the market may generate confusion among consumers; however, consumers show in most cases higher awareness of national/regional schemes, as compared to GIs and TSGs based on the consumers survey and on interviews conducted with national consumer associations.
- When private national/regional schemes represent a first step in entering EU quality schemes, which is the case for some schemes analysed, there is a synergy between the two types of schemes.

### 7.4.3.1 Background and methodological approach

- **Interpretation and comprehension of the key terms**
- **National/regional schemes:** MS and regions have numerous quality schemes in place, in addition to the GI/TSG schemes. Notably, such national/regional schemes may present similarities with GI/TSG schemes, e.g. with regard to objectives and sectoral coverage, as well as some divergences. Based on the NA survey, 35 national or regional schemes have been identified in EU-27.
  - **Sub-questions, judgement criteria, indicators and sources**

The coherence between GIs and TSGs and national/regional schemes within the EU has been assessed focusing on five main aspects, translated into five judgement criteria. The evaluation matrix is developed in the table below.

**Table 62: Evaluation matrix for ESQ 10**

Sub-questions	Judgement criteria (JC)	Indicators (I)
Sub-question 13.1: Are the objectives of the selected national and regional initiative coherent with those of the EU quality policies?	<ul style="list-style-type: none"> <li>• JC 13.1: The objectives of the EU quality policies are coherent with those of the selected national and regional initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• I 13.1: Comparison of the objectives of the selected national/regional schemes and GIs and TSGs.</li> </ul>
Sub-question 13.2: Are the rules and criteria of the national/regional schemes aligned with those of the EU quality schemes?	<ul style="list-style-type: none"> <li>• JC 13.2: The rules and criteria of the selected national and regional schemes are aligned with those of the EU quality schemes</li> </ul>	<ul style="list-style-type: none"> <li>• I 13.2: Comparison of the rules of national/regional schemes and GIs and TSGs.</li> </ul>
Sub-question 13.3: Is the level of protection granted by national and regional schemes coherent with that offered by the EU schemes?	<ul style="list-style-type: none"> <li>• JC 13.3: The level of protection offered by EU quality schemes is higher compared to that of national/regional schemes</li> </ul>	<ul style="list-style-type: none"> <li>• I 13.3: Comparison of the level of protection for GIs and national/regional schemes</li> </ul>
Sub-question 13.4: Are national/regional schemes coherent with EU schemes with regards to the type of products covered?	<ul style="list-style-type: none"> <li>• JC 13.4: There are no inconsistencies or unnecessary overlaps with regards to the scope of products covered by the two types of schemes</li> </ul>	<ul style="list-style-type: none"> <li>• I 13.4: Comparison of the sectoral coverage of the different schemes</li> </ul>
Sub-question 13.5: To what extent GIs/TSGs schemes may be used in complementarity of national/regional schemes	<ul style="list-style-type: none"> <li>• JC 13.5: EU quality schemes and national/regional schemes may be used at the same time and may be complementary</li> </ul>	<ul style="list-style-type: none"> <li>• I 13.5: Identification of cases of interaction between the two types of quality schemes</li> </ul>

- **Methodological approach and limits**

18 schemes within the seven country studies have been selected and analysed to answer this evaluation question, listed in the table below.

**Table 63: List of selected national/regional schemes**

MS	List of schemes
CZ	Klasa Regional Food Product
DE	Regionalfenster (Regional Window) Qualität aus deutschen Landen QS
ES	Tierra de Sabor Alimentos del paraiso natural Campo y Alma
FR	Label Rouge Certification conformité produit Produits agricoles de France Haute Valeur Environnementale
IT	Prodotti di Qualità Puglia Qualità Alto Adige / quality Südtirol 5Erre
HU	Quality Food from Hungary (QFH) / Kiváló Magyar Élelmiszer Hagyományok-Ízek-Régiók (HÍR) / Traditions-Tastes-Regions (TFR)
NL	Beter Leven Keurmerk (Better Life label)

In selecting the schemes, the following criteria have been considered:

- Schemes effectively used on the market (i.e. avoiding recently launched schemes with few users as well as well as old scheme which are no longer used);
- Schemes covering agricultural, food products or drinks (although not necessarily all products, for instance, it may be limited to a single subsector, such as, for example, fruit and vegetables);
- Schemes whose information is displayed to consumers through logos, name of the scheme etc.

Moreover, the selection has been done in a way to ensure a balanced representation <sup>(333)</sup> between:

- National/regional schemes;
- Objectives pursued by the schemes, for example:
  - National/regional origin of products and/or traditional products,
  - Higher quality,
  - Environmental issues,
  - Other objectives,
- Nature of the schemes (public/private);
- Link with GIs/TSGs.

To address this question, the country studies represented the main source of information. In particular, various consultation tools envisaged in the seven country studies (interviews

<sup>333</sup> "Balanced" is intended as representative of the different typologies of schemes occurring in the EU. Since a comprehensive mapping of all the schemes, and an assessment of their characteristics (with the relative shares), was not part of the study, the selection is not meant to be proportionally representatives of the overall situation in the EU, but rather to give an overview of the different typologies of quality schemes present in the EU.

with managers of such schemes as well as with NAs, surveys with NAs, producer organisations and consumer associations) provided a comprehensive tool to explore the schemes.

#### **Limitations:**

This study does not include and does not take any position on the compatibility of the presented schemes with EU law, in particular regarding the exclusive character of Regulation (EU) N° 1151/2012 (which provides for a uniform and exhaustive system of protection for GI that fall within its scope (see case C-478/07) or regarding the prohibition of restrictions to the free movement of goods (Article 34 TFUE, cases C-13/78 or C-325/00) or regarding the requirements of Article 16 of Council Regulation (EC) No 1305/2013. A public scheme can guarantee a specific quality of a product but it should in principle be open to products from other Member States which comply with the quality requirements. If a public scheme mentions the origin of the product, this origin should be interchangeable so that the scheme is accessible to producers from other Member States

The analysis and the results presented are based only on the selected schemes. Although the selection has been made according to objective criteria to ensure representativeness, it does not necessarily take into account the characteristics and features of other national/regional schemes outside the scope of the selection.

#### **7.4.3.2 Analysis**

**Sub-question 13.1: Are the objectives of the selected national and regional initiative coherent with those of the EU quality policies?**

- ***Judgement criteria 13.1: The objectives of the EU quality policy are coherent with those of the selected national and regional schemes***

#### **Conclusions of the judgement criteria**

- The analysed national/regional schemes share some common objectives with EU GIs/TSGs such as providing clear information to consumers.
- National/regional schemes are complementary to the EU quality schemes when pursuing objectives related to environment and animal welfare, which are not listed among the specific objectives of the EU quality schemes.

**Indicator 13.1: Comparison of the objectives of the selected national/regional schemes and GIs and TSGs.**

**The selected national/regional schemes share some common objectives with EU GIs/TSGs.** However, in comparing the objectives of national and regional schemes with those foreseen by the relevant EU legislations, the focus is often different. While the GI/TSG legislation offers protection to registered names the national/regional schemes typically aim at promoting national/regional products. In fact, the largest share of the schemes analysed aim to promote the products participating in the schemes, by increasing consumers' awareness of the quality of the products. This is coherent with the EU quality schemes' objectives of providing clear information to consumers. As a result, there is an indirect link with the objective of ensuring a fair competition for farmers and producers operating in the marketplace.

**National/regional schemes within the Union are complementary to the EU quality schemes when pursuing objectives related to environment and animal protection.**

As already mentioned, national/regional quality schemes often focus on the promotion of related products. However, they may also pursue specific objectives that go beyond those embedded in the GIs/TSGs legislations, such as support to SMEs <sup>(334)</sup> as well as environmental protection. For instance, the French scheme *Haute Valeur Environnementale* (high environmental value) certifies the use of agricultural practices which favour the preservation of the environment, ensuring compliance with several environmental indicators. Another specific objective that is less explicit in the EU quality schemes legislation is that pursued by the Dutch scheme *Beter Leven* (Better Life). The latter specifically aims at promoting animal welfare along the food value chain. These additional objectives appear to be particularly relevant in the light of the Green Deal and Farm to Fork strategy, both encouraging more sustainable food production. That said, the articulation of such schemes with the EU quality schemes could be complementary towards the overarching quality of EU agri-food products, in that it can tackle other aspects of quality which are not necessarily encompassed in the EU quality schemes, such as environmental and animal welfare.

**Sub-question 13.2: Are the rules of the national/regional schemes (access to the schemes, requirements, controls, procedures, labelling, logos, etc.) aligned with those of the EU quality schemes?**

- **Judgement criteria 13.2: The rules of the EU quality policy are aligned with those of the selected national and regional schemes**

**Conclusions of the judgement criteria:**

- The requirements and criteria of national/regional schemes are often more general when compared with GIs and TSGs, as they often aim at characterising the whole basket of products covered by the scheme, rather than the specifics of individual products.
- National and regional schemes often focus on a specific area in terms of focus, whilst GI schemes present a combination of stringent quality and origin requirements.

**Indicator 13.2: Comparison of the rules of national/regional schemes and GIs and TSGs.**

**The requirements and criteria of national/regional schemes are often more general compared to those of GIs and TSGs, which are detailed in each PS.** The EU quality policy establishes the framework and criteria for products to qualify as GI/TSG. For GIs, these criteria are linked to the quality features and characteristics of the products which shall be intrinsically linked with the geographical area of origin of the latter. Beyond the general framework set in the EU quality legislation, the specific requirements are further spelled out in the individual PS, to underline the specificity of every single product.

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<sup>334</sup> For example in the case of the KLASA regional scheme, from Czech Republic.

Within the PS, stringent requirements related to the geographical area, as well as specific production rules and quality features requested, are elaborated. Similarly, products need to meet certain criteria and requirements to access national and regional schemes. However, these criteria are more horizontal, and often aim at characterizing the whole basket of products covered by the scheme, finding commonalities (e.g. the regional origin) rather than highlighting the individuality of the single products. However, there are schemes that resemble the system of PS used in GIs and TSGs, e.g. the case of *Prodotti di Qualità Puglia* and *Qualità Alto Adige*, both being Italian regional schemes where the specific requirements of the products are defined in the Technical Data Sheets, which are comparable to the PS of GIs.

**National and regional schemes often have a specific focus, whilst GI schemes<sup>(335)</sup> present a combination of both strict quality and origin stringent requirements.**

According to the analysis performed, the selected schemes can be grouped into the following categories in accordance to their predominant focus:

- **Quality/production requirements** (e.g. *Label Rouge* – FR, *Klasa* – CZ, *QS Qualität und Sicherheit GmbH* – DE)
- **Geographical origin**<sup>(336)</sup> of the product or of a relevant percentage of its ingredient (mainly referred to as regional schemes, e.g. *Qualità Alto Adige* - IT, *Campo y alma* – ES<sup>(337)</sup>)
- **Environmental and animal welfare** (e.g. *Beter Leven* – NL, *Haute Valeur Environnementale* - FR)
- **Other**, such as the traditional aspects (e.g. *Hagyományok Ízek Régiók (HÍR)/ Traditions Flavours Regions (TFR)*.)

Overall, the analysis shows that schemes with a geographical focus (with products or main ingredients coming from a specific area) and schemes with specific quality requirements are equally represented among the selected schemes. Moreover, there are examples of schemes where the two dimensions are equally represented, as in the case of *Prodotti Qualità Puglia*. When the origin and quality dimensions are both present, the requirements of the schemes are aligned with those of GIs. However, especially in the case of schemes which focus mainly on the origin of the products (e.g. regional schemes), the schemes may

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<sup>335</sup> As highlighted in ESQ 11, TSG are not linked to a specific territory, but rather to the traditional know-how linked to the products. For the sake of this judgment criteria, national and regional schemes are compared to GIs only.

<sup>336</sup> Given the fact that all the selected schemes have national or regional focus, the category “Geographical scope” does not include schemes which are valid on the entire national territory, but it refers to schemes which cover specific regions or well defined areas, and for which the geographical area is the main distinctive factor.

<sup>337</sup> The three Spanish scheme selected (*Campo y Alma* (Castilla la Mancha), *Tierra de Sabor* (Autonomous community of Castilla y Leon) and *Alimentos del paraíso natural* (Autonomous community of Asturias)) include GIs and TSGs products, hence the quality requirements are indirectly covered by adhering to the EU quality schemes as well.

present requirements which appear to be less comprehensive, as compared to GIs and TSGs, in that their objectives are rather linked to the promotion of the territory, rather than the specificities of its products.

However, it is to be noted that the concept of “focus” used for the purpose of this analysis may not *necessarily* correspond to that of access requirements. As a matter of fact, national or regional schemes considered as public <sup>(338)</sup> need to comply with specific limitations in terms of access requirements. Notably, a public scheme which aims at guaranteeing a specific quality of a product, should be open to products from other MS which comply with those quality requirements <sup>(339)</sup>. Public schemes cannot present origin requirements which are limited to a specific area <sup>(340)</sup>, even when the scheme makes reference to it <sup>(341)</sup>. Should public schemes promote a specific origin, there is a risk of incompatibility with Article 34 TFUE (see Commission c/ Deutschland C-325/00). As a consequence, if a public scheme mentions the origin or the product, this origin should be interchangeable so that the scheme is accessible to producers from other Member States.

**Sub-question 13.3: Is the level of protection granted by national and regional schemes coherent with that offered by the EU schemes?**

- **Judgement criteria 13.3: The level of protection offered by the EU quality schemes is higher compared to those of the selected national and regional schemes**

**Conclusions of the judgement criteria**

National/regional schemes typically do not offer IPR protection, which is the case for the EU quality schemes. The advantage offered by national/regional schemes is linked to allowing consumers to distinguish products that are participating from those that are not.

**Indicator 13.3: Comparison of the level of protection for GIs and national/regional schemes**

**National/regional schemes typically do not offer IPRs protecting the names, which is the case for the quality schemes.** The GI legislation offers IPR protection for each individual name registered, and the TSG legislation offers individualised protection even if not recognised as an IPR. National/regional schemes’ main value is that they offer

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<sup>338</sup> Which are organised or officially recognised by public authorities

<sup>339</sup> As highlighted in the Judgment of the Court of 12 October 1978, [Eggers C-13/78](#)

<sup>340</sup> Due to the risk of incompatibility with Article 34 TFUE. As an illustration, [see Judgment of the Court of 5 November 2002, C-325/00](#) on the quality label 'Markenqualität aus deutschen Landen', which was open to finished products of a specific quality produced in Germany.

<sup>341</sup> This is the case, for example, for the scheme “Prodotti di Qualità Puglia”; despite the explicit reference in its name to the region of Puglia (IT), the scheme is in principle open to products from other Member States as well. *This scheme actually provides that the region guarantees the quality of the product but the scheme is in principle open to products from other Member States*

a possibility to distinguish the products included in the scheme on the market from products not included, by allowing consumers to distinguish between products produced with different production methods (as in the case of *Label Rouge*, *Klasa*, *Beter Leven* and *Haute Valeur Environnementale* for example) or in a specific region/country. National/regional schemes typically pursue a promotion purpose, aiming at increasing consumers' awareness. As such, they do not entail a protection system at national/regional level comparable with that of GIs. Notably, IPR type of protection of the names of products is not mentioned among the objectives of the selected schemes (see Judgement criteria 13.1).

**Some national/regional schemes operate within the scope of the European trade mark legislation.** As already mentioned, GIs are recognised as IPRs<sup>(342)</sup>. National/regional quality schemes typically do not share the same status. However, as revealed by the CS, some national/regional schemes have links with trade marks, especially with regards to the logo and identity of the scheme itself. For instance, the logo of the "KLASA" scheme from Czechia is registered in the trade mark register kept by the Industrial Property Office in Prague, and numerous other schemes, such as the Hungarian schemes analysed, are registered as trade marks. Nonetheless, in this case, the protection is granted to the *logo*, rather than to the products themselves. Other examples stem from the Spanish CS, which reveal that regional quality schemes in Spain are generally registered by the EUIPO or by the Spanish Patent and Trade mark Office (OEPM). This is the case for the three regional schemes analysed, which are listed as certification marks<sup>(343)</sup> among the national trade marks effective in Spain i.e. *Alimentos Del Paraiso Natural*<sup>(344)</sup> and *Campo y alma*<sup>(345)</sup>. However, even in these cases, the protection granted does not cover the names of the individual products and is therefore not comparable with that enjoyed by GIs<sup>(346)</sup>. Notably, as also highlighted during an interview with the Spanish Ministry of Agriculture, Fisheries and Food, some of the regional schemes in Spain are registered according to the Nice classification<sup>(347)</sup> as class 35<sup>(348)</sup>, which refers to advertising services, rather than goods, for which the mark is intended to be used. This also highlights that the type of protection (if any) offered by the interested schemes does not focus on the products per se, but rather on the services and promotion provided.

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<sup>342</sup> Please refer to ESQ 11 and 12 for more details.

<sup>343</sup> For more details on certification trade marks, and their similarities with GI, please refer to ESQ 12.

<sup>344</sup> [https://www.oepm.es/en/signos\\_distintivos/detalle.html?mod=M&exp=3677686&bis=](https://www.oepm.es/en/signos_distintivos/detalle.html?mod=M&exp=3677686&bis=)

<sup>345</sup> <https://consultas2.oepm.es/ceo/jsp/busqueda/consultaExterna.xhtml?numExp=M3690146>

<sup>346</sup> For a deeper discussion on the relationship between GIs and EUTMs, please refer to ESQ 12.

<sup>347</sup> For the purpose of the registration of marks, goods and services must be classified in accordance with an internationally agreed classification system used by more than 150 countries, known as the International Classification of Goods and Services (ICGS) or the Nice Classification. More info at: <https://www.wipo.int/treaties/en/classification/nice/>

<sup>348</sup> [https://www.wipo.int/classifications/nice/nclpub/en/fr/?basic\\_numbers=show&class\\_number=35&explanatory\\_notes=show&lang=en&menulang=en&mode=flat&notion=&pagination=no&version=20200101](https://www.wipo.int/classifications/nice/nclpub/en/fr/?basic_numbers=show&class_number=35&explanatory_notes=show&lang=en&menulang=en&mode=flat&notion=&pagination=no&version=20200101)

**Sub-question 13.4: Are national/regional schemes coherent with EU schemes with regards to the type of products covered?**

- ***Judgement criteria 13.4: There are no inconsistencies or unnecessary overlaps with regards to the scope of products covered by the two types of schemes***

**Conclusions of the judgement criteria**

- Overall, the product scope of the national/regional schemes analysed overlaps with that of GIs and TSGs, meaning that the product scope is not a determining factor between EU and national and regional schemes.
- Based on their specific objectives, some of the national/regional schemes present a narrower sectorial coverage, e.g. animal origin products.

**Indicator 13.4: Comparison of the sectorial coverage of the different schemes**

**Overall, the product scope of the national/regional schemes analysed overlaps with that of GIs.** The national/regional schemes analysed present the same product coverage as GIs and TSGs. Most of the schemes considered cover food and agricultural products.

**Some of the national/regional schemes present a narrower sectorial coverage.** Compared to GI/TSG schemes, national and regional schemes may have a more sectorial focus. For instance, the French *Viande bovine Française* <sup>(349)</sup> (*French beef meat*) and the Dutch scheme *Beter Leven Keurmerk* (*Better Life label*) specifically cover only meat products <sup>(350)</sup>. The narrower product coverage is in line with the more specific objectives pursued by the two schemes, e.g. to promote animal welfare in the case of the latter, and as a guarantee of origin linked to traceability in the former (see Judgement Criteria 1) and the selection of a more narrow product scope is therefore complementary to the general product scope covered by EU GIs/TSGs.

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<sup>349</sup> Other meat sector are covered by comparable schemes in France - <https://agriculture.gouv.fr/viandes-et-oeufs-de-france-la-garantie-des-professionnels-de-lorigine-et-de-la-tracabilite>

<sup>350</sup> In the case of the French scheme *Viande bovine Française*, the scope is even narrower as it focuses only on beef.

**Sub-question 13.5: To what extent GIs/TSGs schemes may be used in complementarity of national/regional schemes**

- **Judgement criteria 13.5: The extent to which the EU quality schemes and national/regional schemes may be used in parallel, and may be complementary**

**Conclusions of the judgement criteria**

- The abundance of quality labels on the market generates confusion among consumers. Consumers generally show higher awareness of national/regional schemes, as compared to GIs and TSGs.
- When private national/regional schemes represent a first step to entering EU quality schemes, there is a synergy between the two types of schemes.

**13.5: Identification of cases of interaction between the two types of quality schemes**

**The abundance of quality labels on the market generates confusion among consumers.** Interviews carried out in the context of the seven country studies with consumer associations and competent authorities reveal that, very often, the abundance of quality schemes on the market generates confusion among consumers, which do not always have all the information to assess the content, distinctiveness and importance of the different schemes. This could eventually lead to a dilution of the message conveyed by the EU quality schemes.

**Consumers generally show higher awareness of national/regional schemes, as compared to GIs and TSGs.** The consumer survey reveals that, in all the seven MS covered by the analysis, consumers show higher awareness of the national and regional schemes from their country, as compared to the EU Quality schemes. For instance, the KLASA logo from the Czech Republic appears to be recognized by 95% of the participants, as opposed to nearly 25% for PGI and PDOs. The logo of the French scheme Label Rouge is known by 89% of respondents, against around 40% for PDO/PGIs. Among the seven country studies, Italian consumers appear to be the only exception, where the EU schemes PDO and PGI show a higher or comparable rate of consumers recognition as compared to the regional schemes proposed.

As already reflected in judgement criteria 13.2, some national or regional schemes may have requirements which are mainly focused on the geographical production area, i.e. promotion of the goods produced in a certain region. In this case, the high rate of consumer awareness, compared to the EU quality scheme, could result in a negative competition against the latter, and could lead to the concept of quality conveyed by GIs to be somehow diluted. On the other hand, in the case of schemes which entail high quality requirements, which are comparable to those of the EU quality schemes, a rather *positive* competition may arise, where a higher quality standard is the common denominator.

**When private national/regional schemes represent a first step to enter EU quality schemes, there is a synergy between the two types of schemes.** An example of positive articulation between EU quality schemes and national/regional schemes is the case where such schemes represent a first step toward the registration at EU level. This is the case, for instance, for the Hungarian scheme *Hagyományok-ÍzekRégiók (HÍR) / Traditions-Flavours-Regions* (TFR).

However, this shall not be interpreted as an official step <sup>(351)</sup> in the registration for EU schemes, but rather as an “informal” (and optional) first step which fosters the establishment of a PG, enabling members to start working in a collective way, and the setup of protocols and procedures prior to the application for registration of a new product at EU level. According to a FAO report <sup>(352)</sup>, producers participating in national quality schemes often decide to register their products as PDOs, PGIs or TSGs since, thanks to the experiences gained in national quality schemes, they are able to increase the scale of their production, cooperate with other producers, agree on common methods of production and prepare common applications for GI registration. In the same report, the HIR programme is referred to – both by authorities and by producers – as the “*doorstep to the EU register.*”

#### **7.4.4 ESQ 14 – Coherence between GIs/TSGs and other instruments and measures of the CAP**

**ESQ 14 - To what extent have GIs and TSGs been able to contribute to and complement other instruments and measures of the Common Agricultural Policy (CAP)?**

- **Sub-question 14.1: Do GIs and TSGs contribute to providing farmers with higher income, thereby contributing to and complementing the direct payments?**
- **Sub-question 14.2: Do GIs and TSGs contribute to strengthening the role of primary producers in the food value chain, thereby contributing to and complementing the common market organisation?**
- **Sub-question 14.3: Do GIs and TSGs contribute to vibrant rural areas, thereby contributing to and complementing the rural development policy?**
- **Sub-question 14.4: To what extent do the quality policy and the promotion policy complement and contribute to one another?**
- **Sub-question 14.5: To what extent do the quality policy and the organic policy complement and contribute to one another?**

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<sup>351</sup> National or regional public schemes cannot compete with Regulation (EU) No 1151/2012 (as interpreted by the Court of Justice in case C-478/07) which provides for a uniform and exhaustive system of protection for GI that fall within its scope

<sup>352</sup> FAO (2018), Geographical indication schemes in Croatia, Hungary and Poland – Synthesis report. Available at URL: <http://www.fao.org/3/CA0938EN/ca0938en.pdf>

### **Conclusion of the ESQ**

- **Direct Payments:** the two policy areas are coherent as they are aiming for similar objectives. Through its objectives (as detailed in the legislation), and through the actual effects of the policy (as assessed for ESQs 2 and 4), GIs and TSGs contribute to and complement direct payments in ensuring a fair income for agricultural primary producers. The effectiveness of the quality policy in obtaining the objective is further analysed for ESQs 2 and 4.
- **The Common Market Organisation:** the two policy areas are coherent as they are aiming for similar objectives. Through its objectives (as detailed in the legislation), and through the actual effects (as assessed for ESQ 2 and through results from the NA survey), GIs and TSGs contribute to and complement the CMO in strengthening the agricultural primary producers' bargaining power in the value chain and in increasing their returns from the market. The effectiveness of the quality policy in obtaining these objectives is further analysed for ESQ 2.
- **The Rural Development policy:** the two policies are coherent as they are aiming for similar objectives. Through its objectives (as detailed in the legislation), and through the actual effects (as assessed for ESQ 4, 9 and 10, and through results from the NAs and PGs surveys), GIs and TSGs contribute to and complement the RDP in stimulating vibrant rural areas in the EU by contributing to viable farms, generation of employment, diversification of income streams, and the development of areas with natural constraints.

However, additional synergies between the RDP and the quality schemes could be achieved with a more targeted complementarity of measure 3.1 of the RDP, which supports the entry into quality schemes, addressing the issue that the majority of the beneficiaries from measure 3.1 belong to national/regional schemes, or to organic schemes, and not to the GI/TSG schemes. Furthermore, in the future, attention should be paid to the risk of supporting, from the RDP, national/regional schemes where the products that form part of the scheme have limited distinction from products that are not part of the scheme, as this may risk watering down the value associated with the GI and TSG schemes.

- **Promotion policy:** the two policies are overall coherent, and important synergies between the two policy areas have been identified. In the light of further enhancing these synergies, the link with origin could be strengthened in promotion campaigns targeting GIs. However, the legal basis of the EU promotion policy, which is not origin-oriented, shall be carefully kept into consideration.
- **Organic policy:** the two policies are overall coherent. Additional synergies could be sought in the future by strengthening the link between GIs and environmental protection.

#### **7.4.4.1 Background and methodological approach**

- **Interpretation and comprehension of the key terms**

The analysis covers the contribution and complementarity of the GIs and TSGs with the following CAP regulations:

- **Direct Payments**: Regulation (EU) No 1307/2013 establishing rules for direct payments to farmers.
- **Common Market Organisation**: Regulation (EU) No 1308/2013 establishing a common organisation of the markets for agricultural products.
- **Rural Development Measures**: Regulation (EU) No 1305/2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

Furthermore, the analysis covers two additional EU policies relevant for the agriculture sector:

- **Promotion Policy**: Regulation (EU) No 1144/2014 on information provision and promotion measures concerning agricultural products implemented on the internal market and in third countries.
- **Organic Farming**: Council Regulation (EC) No 834/2007 on organic production and labelling of organic products.

• **Sub-questions, judgement criteria, indicators and sources**

To answer this question, the objectives and effects of the EU quality schemes have been compared to the main objectives of the aforementioned CAP policies, promotion policy and organic policy. The sub-questions, judgement criteria and indicators are detailed in the following table.

**Table 64: Evaluation matrix for ESQ 14**

Sub-questions	Judgement criteria (JC)	Indicators (I)
Sub-question 1: Do GIs and TSGs contribute to providing farmers with higher income, thereby contributing to and complementing the direct payments?	<ul style="list-style-type: none"> <li>JC 14.1: GIs and TSGs contribute to providing farmers with income, aside of CAP direct payments.</li> </ul>	<ul style="list-style-type: none"> <li>I 14.1 to: GIs and TSGs positively contribute to and complement the objectives pursued by the direct payments, in particular with regard to ensuring a fair income for agricultural primary producers.</li> </ul>
Sub-question 14.2: Do GIs and TSGs contribute to strengthening the role of primary producers in the food value chain, thereby contributing to and complementing the common market organisation?	<ul style="list-style-type: none"> <li>JC 14.2: GIs and TSGs have been able to contribute to and complement the CMO regulation in meeting its objectives.</li> </ul>	<ul style="list-style-type: none"> <li>I 13.2: GIs and TSGs positively contribute to and complement the objectives pursued by the CMO, in particular with regard to strengthening the role of primary producers in the food value chain.</li> </ul>
Sub-question 14.3: Do GIs and TSGs contribute to vibrant rural areas, thereby contributing to and complementing the rural development policy?	<ul style="list-style-type: none"> <li>JC 14.3: GIs and TSGs contribute to the objectives pursued by the RDPs</li> </ul>	<ul style="list-style-type: none"> <li>I 13.3: GIs and TSGs positively contribute to and complement the objectives pursued by the RDP, in particular with regard to the development of rural economies.</li> </ul>
Sub-question 14.4: To what extent do the quality policy and the promotion policy complement and contribute to one another?	<ul style="list-style-type: none"> <li>JC 14.4: GIs and TSGs contribute to pursuing the objectives of the EU promotion policy</li> </ul>	<ul style="list-style-type: none"> <li>I 13.4: Contribution and complementarity of GIs/TSGs to the enhancement of the competitiveness of the EU agricultural sector</li> </ul>
Sub-question 14.5: To what extent do the quality policy and the organic policy complement and contribute to one another?	<ul style="list-style-type: none"> <li>JC 14.5: EU quality policy and organic policy complement each other in ensuring the quality of EU food products</li> </ul>	<ul style="list-style-type: none"> <li>I 13.5: Contribution of GIs/TSGs to the objective of the EU organic policy of adding value to agricultural products</li> </ul>

- **Methodological approach and limits**
- Sub-question 14.1: Do GIs and TSGs contribute to providing farmers with higher income, thereby contributing to and complementing the **direct payments**?
  - The objectives of the two policies are compared, and the effects of the quality policy (with regard to the profitability of farm holdings involved in GI/TSG production compared to that of farm holdings not involved in quality production) assessed in order to answer the sub-question.
- Sub-question 14.2: Do GIs and TSGs contribute to strengthening the role of primary producers in the food value chain, thereby contributing to and complementing the **common market organisation**?
  - The objectives of the two policies are compared, the specific actions where there may be overlaps or synergies are analysed, and the effects of the quality policy (the contribution of GI/TSG protection in improving the negotiating power of the primary producers in the value chain) are assessed in order to answer the sub-question.
- Sub-question 14.3: Do GIs and TSGs contribute to vibrant rural areas, thereby contributing to and complementing the **rural development policy**?
  - The objectives of the two policies are compared, the specific actions where there may be overlap or synergies are analysed, and the effects of the quality policy (the contribution of GI/TSG protection towards increasing farmers income, generating employment, and generating diversified income streams for farmers, thereby contributing to rural development) is assessed in order to answer the sub-question.
- Sub-question 14.4: To what extent do the quality policy and the **promotion policy** complement and contribute to one another?
  - The objectives and actions of the promotion policy have been evaluated in order to assess the complementarity between the two policies.
- Sub-question 14.5: To what extent do the quality policy and the **organic policy** complement and contribute to one another?
  - The potential overlap in scope, consistencies between production rules, as well as consistencies relating to rules on the use as ingredients and labelling rules have been analysed in order to establish synergies, or potential lack of synergies, between the two policies.

In addressing this question, the following tools have been used:

- Desk-based research making use of the relevant pieces of legislation, academic papers, and official reports and studies,
- Indicators relating to other ESQs (ESQs 2, 4, 9),
- Several interviews carried out with EC officials in charge of the different policy areas (DG AGRI: market unit, rural development unit, organic unit),
- NA survey and PGs survey,
- Country reports.

#### 7.4.4.2 Analysis

**Sub-question 14.1: Do GIs and TSGs contribute to providing farmers with higher income, thereby contributing to and complementing the direct payments?**

- ***Judgement criteria 14.1: GIs and TSGs contribute to providing farmers with higher income, thereby contributing to and complementing the direct payments***

**Conclusion of the judgement criteria**

- The direct payments and the quality policy are coherent as they are aiming for similar objectives. Through its objectives (as detailed in the legislation), and through the actual effects of the policy (as assessed for ESQs 2 and 4), GIs and TSGs contribute to and complement direct payments in ensuring a fair income for agricultural primary producers. The effectiveness of the quality policy in obtaining the objective was further analysed for ESQs 2 and 4.

**Indicator 14.1: GIs and TSGs positively contribute to and complement the objectives pursued by the direct payments, in particular with regard to ensuring a fair income for agricultural primary producers.**

The main objective of EU direct payments is to contribute to the income of farmers, thereby ensuring a fair standard of living for the agricultural community, as set out in Article 39 of the TFEU. Furthermore, by supporting farmers' income, they also contribute to ensuring the agricultural activity in all parts of the Union <sup>(353)</sup>.

One of the objectives pursued by EU quality schemes is to allow producers to be fairly rewarded for their effort, which can benefit rural economies, in particular in less favoured areas, in mountain areas and in remote regions <sup>(354)</sup>. As such, the protection of GIs and TSGs contributes to improving farmers' possibilities of being paid a fair income, and to ensuring the maintenance of agricultural activity throughout Europe. Therefore, the objectives of the quality schemes are fully aligned with the objectives of the direct payments. The tools offered for protecting GI/TSGs and for distinguishing them on the market are, in this regard, complementary to the benefits offered by direct payments.

ESQs 2 and 4 analyse the extent to which stakeholders involved in GI/TSGs value chains enjoy higher income compared to producers involved in comparable value chains (without GI/TSG). Overall, the results obtained from these evaluation questions show that GI/TSG producers may enjoy, to some extent, a higher income compared to non-GI/TSG producers <sup>(355)</sup>. Therefore, the effects of the protection offered through the quality schemes show full synergies with the objectives of the direct payment scheme.

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<sup>353</sup> European Commission. COM(2017) 713 final. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: The future of Food and Farming.

<sup>354</sup> 3rd and 4<sup>th</sup> Recitals of Regulation (EC) No 1151/2012

<sup>355</sup> For further details on the analysis related to effectiveness of the quality policy, see ESQs 2 and 4.

**Sub-question 14.2: Do GIs and TSGs contribute to strengthening the role of primary producers in the food value chain, thereby contributing to and complementing the common market organisation?**

- **Judgement criteria 14.2: GIs and TSGs contribute to strengthening the role of primary producers in the food value chain, thereby contributing to and complementing the common market organisation**

**Conclusion of the judgement criteria**

- The CMO and the quality policy are coherent as they are aiming for similar objectives. Through its objectives (as detailed in the legislation), and through the actual effects (as assessed for ESQ 2 and through the results from the NA survey), GIs and TSGs contribute to and complement the CMO in strengthening the agricultural primary producers' bargaining power in the value chain and in increasing their returns from the market. The effectiveness of the quality policy in obtaining these objectives was further analysed for ESQ 2. In addition, none of the specific measures implemented through the CMO were found to be incoherent with the quality policy.

**Indicator 14.2: GIs and TSGs positively contribute to and complement the objectives pursued by the CMO, in particular with regard to strengthening the role of primary producers in the food value chain.**

**The CMO and quality policy aim at obtaining similar objectives.** The CAP aims at helping farmers make more money from the market and at improving farmers' position in the food value chain <sup>(356)</sup>. These objectives are foremost facilitated through the CMO. The CMO contains rules related to the recognition and support of producer organisations <sup>(357)</sup>, their associations, and interbranch organisations, as well as rules on optional reserved terms and on marketing standards. The CMO also contains specific provisions allowing for supply management by PDO/PGI producers of cheese and ham <sup>(358)</sup>. By facilitating the recognition of the quality of products (through marketing standards and optional quality terms) on the market as well as by allowing for a certain degree of concentration of supply, farmers bargaining power vis-à-vis processors is strengthened <sup>(359)</sup>.

The protection of GIs and TSGs provides primary agricultural producers with a tool which allow them to communicate the added-value of their products to the consumers, and therefore the possibility to distinguish their product on the market place, which in turn

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<sup>356</sup> European Commission. COM(2017) 713 final. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: The future of Food and Farming.

<sup>357</sup> For the fruit and vegetable and wine sectors

<sup>358</sup> Art. 150 and 172, Regulation (EU) No 1308/2013

<sup>359</sup> 128<sup>th</sup> Recital of Regulation (EU) No 1308/2013

increases the possibility for them to enjoy a higher degree of recognition for the effort made. As such, one of the objectives of the quality schemes is to improve the market return for agricultural producers. Furthermore, the recognition on the market of agricultural products or foodstuffs with specific, high-quality characteristics is likely to enable primary producers to improve their negotiating power in the value chain. As a result, another objective of granting protection to GIs and TSGs is to contribute to improving farmers' position in the value chain. Overall, the quality schemes' objectives are, thus, fully aligned with the objectives of the CMO. Additionally, the tools offered for protecting GI/TSGs and for distinguishing them on the market are, in this regard, complementary to the benefits offered by the CMO.

**The effects from the quality policy are aligned with the objectives of the CMO.**

These conclusions are also confirmed by the results from the survey with NAs: 22 out of 27 respondents consider GI/TSG schemes coherent with the CAP objective of increasing the power of agricultural producers along the food value chain. ESQ 2 analyses the distribution of the benefits in GI/TSG value chains compared to the distribution of the benefits in value chains without GI/TSGs, i.e. it analyses the negotiating power enjoyed by GI/TSG producers compared to producers of products not enjoying any specific name protection. Overall, the results obtained for this evaluation study (<sup>360</sup>) suggest that GI/TSG producers have the possibility to enjoy a greater share of the benefits in the value chain compared to non-GI/TSG producers, even if this finding cannot be established with full certainty<sup>361</sup>.

Abiding by **marketing standards** is obligatory for producers from numerous sectors (<sup>362</sup>) who wish to market their products in the Union. Marketing standards provide technical requirements for products' attributes (such as length, shape etc), and represent the minimum baseline for many agricultural products placed on the EU internal market. One objective of marketing standards, according to the legislation, is to contribute to improving the economic conditions for agricultural products' production and marketing, as well as their quality (<sup>363</sup>). On the other hand, GIs/TSGs provide producers with the option of adding quality elements and of linking their products to a geographical origin, which allow for additional distinction on the marketplace by protecting the names of their product through an IPR (PDO/PGIs). Marketing standards never contain geographical references. The same is true for the oenological practices for the wine sector. The CMO allows for 17 categories of wine products which establish the minimum requirements that have to be respected in order to market a wine on the EU market. A wine producer who wishes to go beyond these minimum requirements has the option to do so through GI protection (<sup>364</sup>). Hence, marketing standards and oenological practices regulated through the CMO are aligned with

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<sup>360</sup> See ESQ 2

<sup>361</sup> For further details on the effectiveness of the quality schemes in obtaining these objectives, see analysis for ESQ 2

<sup>362</sup> See Art. 75, Regulation (EU) No 1308/2013

<sup>363</sup> 65<sup>th</sup> Recital, Art 73-78, Regulation (EU) No 1308/2013

<sup>364</sup> See the descriptive chapter for more details on the PDO/PGI protection related to wines

the quality schemes<sup>365</sup>, and there is no overlap in scope. Thus, the possible synergies are fully explored to improve agricultural producers' return from the market, and strengthen their position along the food value chain.

Protecting **optional reserved terms** is a possibility provided for producers of agricultural products that have value-adding characteristics or attributes to complement the marketing standards. The protection is meant to ensure that terms describing specific product characteristics, or farming or processing attributes are not misused in the marketplace and are reliable to consumers (<sup>366</sup>). The optional reserved terms protected include for example: (i) free range (poultry meat), (ii) fresh (eggs), and (iii) first cold pressing (olive oil). (<sup>367</sup>) The use of optional reserved terms is available to PDO/PGI/TSG producers to the same extent as to those not enjoying a protection from a quality scheme. Optional reserved terms do not refer to geographical origin but to technical requirements. A producer has the option of using both marketing instruments, or none, and there is no limitation or requirements with regard to how producers may use an optional reserved term when they have a PDO/PGI/TSG protection. Therefore, the protection of optional reserved terms is aligned with the protection of GIs and TSGs, and there is no overlap in scope. As such, possible synergies between the two schemes are fully explored, both contributing to increasing the return from the market for the agriculture producer and improving the bargaining power of producers vis-à-vis processors.

**Recognition and support (<sup>368</sup>) of producer organisations, their associations, and interbranch organisations** are at the core of the CMO legislation as these organisations are considered important actors to improve primary producers' position in the value chain.

Different forms of cooperation can help producers benefit from the quality policy (<sup>369</sup>), as the registration of a PDO/PGI/TSG is done by groups of producers. (<sup>370</sup>) According to the survey conducted for this study with producer organisations, 23 percent of the respondents declared to have members who benefited from the support provided under the CMO. Results from the NA survey reveal that more than half of the interviewed representatives of MS (14 out of 27) consider that providing support to producer organisations in order to stimulate the production of quality products is a priority. (<sup>371</sup>)

For the fruit and vegetable and wine sector, financial support for recognised producer organisations is paid through operational programmes under the CMO. These programmes may support quality actions undertaken by these producer organisations. These actions

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<sup>365</sup> In fact, Geographical Indications for the wine sector is one chapter of the CMO regulation

<sup>366</sup> 85<sup>th</sup> Recital, Art 84-88, Regulation (EU) No 1308/2013

<sup>367</sup> See Annex IX, Regulation (EU) No 1308/2013 for a comprehensive list of protected terms

<sup>368</sup> For the fruit and vegetable and wine sectors

<sup>369</sup> Only exceptional cases exist where individual producers benefit solely from a GI/TSG protection

<sup>370</sup> This group may not necessarily be recognised as a producer organisation, but could be other affiliations of producers, or a part of a producer organisation.

<sup>371</sup> Potentially referring both to support available from the CMO and the RDP

may for example refer to investments in innovation or restructuring of vineyards, and replantation of new varieties or seeds, to mention a few examples. Thus, the support provided aims at improving product quality and strengthening producers' role along the value chain thereby increasing their return from the market. As such, the objectives of the CMO fully coincides with the objectives of the quality schemes and the policies are synergetic with one another. At the same time, there is no overlap in the types of actions supported, and there is a clear demarcation to the quality support provided from the Rural Development Programme.

Articles 150 and 172 of the CMO mandate specific derogations from the competition rules for PDOs and PGIs in the cheese and ham sectors, allowing them to adapt their supply to market demand in order to ensure high quality and value added of the PDO/PGIs sold on the marketplace <sup>(372)</sup>. The overall objectives of these derogations are to support primary producers in strengthening their position in the supply chain, and to encourage cooperation among producers within the agriculture sector. Thus, this is a good example of the synergies that exist between the CMO and the quality policy.<sup>(373)</sup>

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<sup>372</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018SC0450&from=HU>

<sup>373</sup> See ESQ 15 for more details related to this topic.

**Sub-question 14.3: Do GIs and TSGs contribute to vibrant rural areas, thereby contributing to and complementing the rural development policy?**

- ***Judgement criteria 14.3: GIs and TSGs contribute to vibrant rural areas, thereby contributing to and complementing the rural development policy***

**Conclusion of the judgement criteria**

The Rural Development policy and the quality policy are coherent as they are aiming for similar objectives. Through its objectives (as detailed in the legislation), and through the actual effects (as assessed for ESQ 4, 9 and 10, and through results from the NAs and PGs surveys), GIs and TSGs contribute to and complement the RDP in stimulating vibrant rural areas in the EU by contributing to viable farms, generation of employment and diversification of income streams.

However, additional synergies between the RDP and the quality schemes could be achieved with a more targeted complementarity of measure 3.1 of the RDP, which supports the entry into quality schemes, addressing the issue that the majority of the beneficiaries from measure 3.1 belong to national/regional schemes, and not to the GI/TSG schemes.

In the future, attention should be paid to the risk of supporting, from the RDP, national/regional schemes where the products that form part of the scheme have limited distinction from products that are not part of the scheme, as this may risk watering down the value associated with the GI and TSG schemes.

**Indicator 14.3: GIs and TSGs positively contribute to and complement the objectives pursued by the RDP, in particular with regards to the development of rural economies.**

**The RDP and quality policy aim at obtaining similar objectives.** The main objective of EU rural development policy is to contribute to vibrant rural areas, through the contribution to, among other things, farm viability, the competitiveness of all types of agriculture in all regions, and the organisation of the food chain. Rural areas account for half of Europe and around 20% of the population (<sup>374</sup>).

One of the identified benefits of the quality schemes is that they provide the possibility for producers to be rewarded according to their efforts, which can benefit rural economies, in particular in less favoured areas, in mountain areas and in remote regions (<sup>375</sup>). As the protection of GIs is intrinsically linked to a specific geographical territory, oftentimes a rural territory, this ensures that the benefits of the protection are maintained in a specific area, and that the production cannot be relocated. As such, the benefits from the protection are to a large extent channelled to rural areas, therefore contributing to the objective of

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<sup>374</sup> Source: [https://ec.europa.eu/regional\\_policy/en/policy/themes/rural-development/](https://ec.europa.eu/regional_policy/en/policy/themes/rural-development/)

<sup>375</sup> 4<sup>th</sup> Recital of Regulation (EC) No 1151/2012

benefiting rural development. This last trend is illustrated by the registration of many small denominations (mainly in the agricultural and food product sector) since the 1990s.

Results from the NA survey confirm this finding, as more than half of the MS interviewed deem that the existence of quality schemes has contributed to vibrant rural areas. According to the PGs survey, around 53% of the respondents have members who benefited from RDP support for quality schemes in the 2014-2020 programming period. ESQ 4 analyses the contribution of GI/TSG protection towards increasing farmers income, generating employment and diversified income streams for farmers (through on-farm processing, direct sales or agri-tourism for example). As such, it provides an analysis of the contribution of GI/TSG protection towards rural development. Overall, the results obtained for this evaluation <sup>(376)</sup> show that GI/TSG protection has the possibility to contribute to higher incomes for producers, to generate employment as well as diversified income streams. ESQ9 elaborates on the relevance of the quality schemes for rural areas, concluding that GIs is a strong asset of rural territories. ESQ10 examines the extent to which GIs and TSGs respond to the challenges of environmental sustainability, concluding that 21% of the products that consider some prescription on environmental issues have more than 50% of the area facing natural constraints. Thus, the results from various sections of this evaluation study confirm that there is a high degree of coherence between the aims of the quality schemes and the aims of the rural development policy.

In addition, consumers increasingly demand quality as well as traditional products <sup>(377)</sup>. Therefore, the tools provided to ensure the efficient communication of GI/TSGs' attributes to consumers contribute to the economic development of rural areas where the production takes place <sup>(378)</sup>. As such, the protection of GIs and TSGs contributes to and complements the rural development policy in obtaining its objectives <sup>(379)</sup>.

**The RDP measure aimed at supporting quality schemes is aligned with the objectives of the GI/TSG schemes.** The RDP contains one measure specifically designed to support quality schemes, measure 3 <sup>(380)</sup>. This measure is not limited to GI/TSG producers, but is also available to support producers participating in an organic certified scheme, and in a national/regional quality scheme. The aim of measure 3 is to contribute to job creation and higher income for farmers, thereby contributing to vibrant rural areas.

For sub-measure 3.1, farmers and groups of farmers are supported for the new participation in a quality scheme <sup>(381)</sup>. All products that are recognised as part of quality schemes, at national/regional or EU level, are eligible for support. However, NAs have the

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<sup>376</sup> See ESQ 4

<sup>377</sup> 2<sup>nd</sup> Recital of Regulation (EC) No 1151/2012

<sup>378</sup> 2<sup>nd</sup> Recital of Regulation (EC) No 1151/2012

<sup>379</sup> This conclusion is also confirmed by the results obtained from the NA survey: 19 out of 27 respondents agree that PDO/PGIs and TSGs schemes complement and contribute to the RDP policy.

<sup>380</sup> For more details, see Art 16 of Regulation (EC) No 1305/2013

<sup>381</sup> For more details, see Art 16 of Regulation (EC) No 1305/2013

prerogative to choose which quality schemes and which products under each scheme are supported. The RDP then has to be approved by the EC. When supporting GI/TSG producers, MS often choose to channel the support to the producers participating in the recently protected GIs/TSGs, and not to those participating in already well-established and well-known GIs/TSGs (<sup>382</sup>).

Producers can obtain support for the first 5 years of participation. The purpose is to support producers in the start-up phase of the protection. After this initial period the product is assumed to have obtained sufficient recognition on the market to be able to provide producers with an added-value, whereby no additional support is motivated. The expenses that are eligible for support include fixed costs (<sup>383</sup>). Different fixed costs are established for different sub-sectors, reflecting the type of additional costs associated with the participation in a quality scheme. For example, non-processed products often require straight-forward audits involving lower costs, whereas the controls of processed products may be significantly more complex, therefore justifying a higher support (<sup>384</sup>).

Sub-measure 3.2 supports information and promotion activities of farmers or groups of farmers participating in quality schemes within the EU (<sup>385</sup>). The aim is to raise awareness among consumers on the protected names.

Thus, the tools provided through the RDPs in support of quality schemes fully coincide with the objectives of the latter, and the policies are synergetic with one another (<sup>386</sup>). This conclusion is supported also by the evidence gathered from the country studies carried out for this evaluation analysis. Overall, the investigation performed in the 7 selected countries points out that RDP measures represent a significant tool to support operators involved in quality schemes. In Spain, for instance, supporting quality schemes through RDP measures is considered one of the most appropriate ways to increase the added value of the products. In France, the RDP is considered to represent a highly important tool to support the development of quality schemes (<sup>387</sup>). In Hungary, support to PDO/PGIs and TSGs is provided in order to deepen integration into the food chains, to increase consumers' awareness, to produce higher value added and quality products, and also to promote and increase participation to the different quality schemes.

As reported for ESQ9, at EU level, the analysis shows that 56 RDPs out of 118 implement measure 3, thus expressing a territorial need to be responded to with quality schemes.

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<sup>382</sup> According to interview with the EC

<sup>383</sup> See Annex II, Regulation (EC) No 1305/2013

<sup>384</sup> Interview with the EC

<sup>385</sup> For more details, see Art 16 of Regulation (EC) No 1305/2013

<sup>386</sup> Additionally, results from this evaluation study also reveal that EU quality schemes represent a relevant tool to strengthen food supply chain. For more information on the quality schemes' relevance as regards the needs of rural areas, please refer to ESQ 9.

<sup>387</sup> Most French RDPs have introduced sub-measures 3.1, 3.2, 4.1, 5.1.

These 56 RDPs belong to 17 MS: AT, CY, EE, FR, EL, ES, HR, HU, IT, LT, MT, NL <sup>(388)</sup>, PL, PT, RO, SI and UK. Almost all Italian (with the exception of Bolzano) and Spanish rural areas (with the exception of Asturias, Cantabria, La Rioja, Madrid and Murcia) and 17 out of 27 French regions use this measure addressing quality schemes.

**However, the uptake of the two different RDP measures vary significantly for GI/TSG producers, and additional synergies between the RDP and the quality schemes could be achieved with a more targeted complementarity of measure 3.1.** At the end of 2018 (last available implementation data <sup>(389)</sup>) 52% of the total expenditure for measure 3 were for promotion and information actions and 48% for new participation in the quality schemes, including the participation for both national/regional schemes, organic schemes, and GI/TSG schemes.

As described for ESQ9, the number of holdings that had obtained support, through measure 3.1, for a new entrance to a scheme was 104 292, of which around 33% was for new participation in EU quality schemes (both GIs/TSGs and organic food schemes), and 67% for new participation in national quality schemes.

As further reported for ESQ9, among the 33% obtaining support for joining a quality scheme belonging to either a GI/TSG scheme or an organic scheme, the measure seems to mostly have attracted agriculture holdings participating in organic schemes. This result is due to both political choices (criteria of selection), but is also a consequence of the limited amount of support paid out, together with the requirement to submit an annual demand for support, which seems to limit participation from (potential) GI producers to a greater extent than for (potential) organic producers. Thus, the current design of the measure does not seem to encourage farmers to enter into GI/TSG value chains to any greater extent (See ESQ9 for further details).

At the same time, the support for information campaigns, measure 3.2, is almost entirely absorbed by GIs/TSGs value chains, which seems to be a result of the political choice, as the analysis for ESQ9 shows that priority is given to GI products in the framework of the selection of projects or when budgeting the resources.

Hence, additional synergies between the RDP and the quality schemes could be achieved with a more targeted complementarity of measure 3.1 of the RDP, which supports the entry into quality schemes, addressing the issue that the majority of the beneficiaries from measure 3.1 belong to national/regional schemes, and not to the GI/TSG schemes.

In addition, a potential risk for future incoherencies exists with regards to consumers' perception of GIs/TSGs. The GI/TSG protection is granted upon the fulfilment of specific production requirements. This creates a clear distinction between products/names that are protected by the EU quality schemes and products/names that are not. However, the delimitations and differentiations between EU Quality schemes and national/regional

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<sup>388</sup> The Dutch RDP activates measure 3 but only within the Article 16(1)(c) of Regulation (EU) No 1305/2013: voluntary agricultural product certification schemes (rosé veal recognized by the Netherlands). GIs/TSGs are not included and therefore this RDP is not included in the analysis of the importance of RD intervention on GIs/TSGs.

<sup>389</sup> Annual Implementation Reports submitted in June 2019

schemes may not be obvious to consumers. At the same time, in some cases, the distinction between the products that participate in a national/regional scheme and those that are not part of these schemes may be limited (see ESQ 13), which may potentially add to consumers confusion. On some instances, the fact that national/regional schemes may enjoy RDP support may even serve as a motivation to national/regional administrations for creating these schemes<sup>390</sup> and for these schemes to have a wide scope so that as many producers as possible qualify for participating, thereby making these producers eligible for support.

As any product registered under a quality scheme is eligible for RDP support, regardless of its level of distinctiveness from products which are not part of quality schemes, this may risk watering down the value offered by the GI/TSG protection, if consumers do not distinguish between names protected through GI/TSG schemes and products pertaining to national/regional schemes. In the long run, this may even have counterintuitive effects for the possibility of contributing to rural development, if it undermines consumers' willingness to pay a price premium for products associated with GI/TSG schemes.

**Sub-question 14.4: To what extent do the quality policy and the promotion policy complement and contribute to one another?**

- ***Judgement criteria 14.4: EU quality policy and promotion policy are synergic with one another***

**Conclusion of the judgement criteria**

The promotion policy and quality policy are overall coherent, and important synergies between the two policy areas have been identified. Further consideration should be given to how synergies could be further enhanced by strengthening the link with origin in promotion campaigns targeting GIs, whilst maintaining consistency with the legal basis of EU promotion policy.

**Indicator 14.4: Contribution and complementarity of GIs/TSGs and promotion policy to the enhancement of the competitiveness of the EU agricultural sector**

The objective of EU's promotion policy for agricultural and food product is, as set out in Regulation (EU) No 1144/2014 (<sup>391</sup>), to boost competitiveness and consumption of EU products in and outside the EU, as well as contributing to raising consumer awareness of the merits of EU's agricultural products and production methods, and raising awareness and recognition of EU quality and organic farming schemes.

Recital 4 of Regulation (EU) No 1144/2014 already shows a first link between the two policy areas, stating that the measures taken under the promotion policy should aim at communicating the authenticity and genuineness of Union products, thus contributing significantly to raising awareness, both in the Union and in third countries, of the EU quality

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<sup>390</sup> According to interviews with EC officials

<sup>391</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R1144&from=en>

schemes. The recent Evaluation support study of the EU agriculture promotion policy <sup>(392)</sup> reveals that, overall, Promotion Policy is effective in achieving the objective of influencing the awareness and recognition of Union quality schemes, increasing the coherence between the two policy areas.

Moreover, both general and specific objectives <sup>(393)</sup> of the promotion policy are overall aligned with those of the EU quality schemes, especially with regards to the competitiveness of the Union agricultural sectors and the increase in consumers' awareness of the quality of EU agri-food products. Notably, increasing the awareness and recognition of Union quality schemes appears as a dedicated specific objective <sup>(394)</sup> of Regulation (EU) No 1144/2014.

However, whilst the EU quality schemes mainly aim at *informing* by means of the logo and information on the label, the promotion policy brings this objective forward, with the additional aim of *promoting* and *stimulating* the consumption of EU agri-food products in and outside the EU *via* dedicated activities. This difference is also highlighted by the fact that, contrary to the EU quality policy, promotion policy has a certain budget allocated to carry out the envisaged promotion activities.

The objectives of the promotion policy are pursued through activities such as participation in trade fairs in and outside the EU, high-level missions with participation of EU producers, and communication campaigns. These activities are articulated within two types of programme, namely single and multi-programmes. A simple programme is a promotion programme submitted by one or more proposing organisations from the same Member State. A multi-programme is a programme submitted by at least two proposing organisations from at least two MS or one or more EU level organisations. For 2020, the overall budget allocated to this policy area was of EUR 200.9 million <sup>(395)</sup>.

In the framework of promotion activities, several actions see GI and TSG products as a target. Notably, information to consumers related to the EU quality schemes are the main focus of activities carried out on the internal market. As stated in the Work Programme for 2020 <sup>(396)</sup>, quality schemes can be targeted by actions within:

- Thematic priority 1- Simple programmes <sup>(397)</sup> in the Internal market (Topic 1, total amount foreseen EUR 12 million. 60% of the total budget foreseen);

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<sup>392</sup> Available at URL: <https://op.europa.eu/en/publication-detail/-/publication/61b15a1d-09dc-11eb-bc07-01aa75ed71a1/language-en>

<sup>393</sup> As stated in Art 2(1) and Art 2(2) of Regulation (EU) No 1144/2014

<sup>394</sup> Art 2(2), point c

<sup>395</sup> Working Programme for 2020, available at URL: [https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key\\_policies/documents/annex-commission-decision-c2019-8095\\_en.pdf](https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/annex-commission-decision-c2019-8095_en.pdf)

<sup>396</sup> [https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key\\_policies/documents/annex-commission-decision-c2019-8095\\_en.pdf](https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/annex-commission-decision-c2019-8095_en.pdf)

<sup>397</sup> There are two types of promotion programmes. A simple programme is a promotion programme submitted by one or more proposing organisations from the same Member State. A multi programme is a programme submitted by at least two proposing organisations from at least two Member States or one or more EU level organisations.

- Thematic priority 3 - Multi programmes in the internal market (Topic A, total amount foreseen EUR 35 million, 80% of the total budget foreseen);
- Thematic priority 2 - Simple programmes in third countries;
- Thematic priority 4 - Multi programmes in third countries (<sup>398</sup>).

Promotion policy is not origin-oriented (<sup>399</sup>), and the promotion measures should not aim at encouraging the consumption of a product on the sole ground of its origin. Nevertheless, in the case of products covered by quality schemes it is possible to show the origin of products on information and promotional material.

In fact, even when promotion campaigns target GI products, the focus remains on the whole EU agri-food sector. As an example, in the context of a specific campaign targeting some GI meat products, it is highlighted that the promotion of specific products shall not focus on promoting the country of origin, but instead it shall emphasise the production of GIs as a sector (<sup>400</sup>). As a matter of fact, GIs are mainly used as flagship products to promote EU agri-food products as a whole (<sup>401</sup>).

Moreover, whereas EU quality schemes link the concept of quality with the geographical origin and the specific know-how linked to the product, promotion policy aims at promoting the quality of *all* EU agri-food products which is linked to the horizontal requirements and high standards applicable to the production methods in the Union, e.g. in terms of food safety, animal welfare etc.

Despite these differences, promoting GI products through promotion campaigns and activities creates synergies for both policy areas:

- For EU Quality policy: promotion programmes increase the visibility of such products in new markets, contributing to lay the groundwork for potential exports to third country markets already in advance of conclusion or entry into force of an Free Trade Agreement (<sup>402</sup>).
- For Promotion policy: GIs act as powerful ambassadors for the quality of EU agri-food products, contributing to the achievement of the objective to enhance the competitiveness of the Union agricultural sector.

Further consideration should be given to how synergies could be further enhanced by strengthening the link with origin in promotion campaigns targeting GIs whilst maintaining consistency with the legal basis of EU promotion policy and avoiding overlap with the scope of promotion campaigns funded at national and regional level by MS agencies.

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<sup>398</sup> No specific budget allocated to activities targeting Quality Schemes in third countries was presented in the working programme

<sup>399</sup> Art 4(2) of Regulation (EU) No 1144/2014

<sup>400</sup> "Enjoy the authentic joy", <https://ec.europa.eu/chafea/agri/en/campaigns/eajhk>

<sup>401</sup> From an interview with the EC

<sup>402</sup> Interim Implementation assessment of Regulation (EU) No 1144/2014, available at URL: <https://op.europa.eu/en/publication-detail/-/publication/e9e739da-f87f-11e8-9982-01aa75ed71a1>

**Sub-question 14.5: To what extent do the quality policy and the organic policy complement and contribute to one another?**

- ***Judgement criteria 14.5: EU quality policy and organic policy complement each other in ensuring the quality of EU food products***

**Conclusion of the judgement criteria**

The organic policy and quality policy are coherent. Additional synergies could be sought in the future by strengthening the link between GIs and environmental protection.

Organic production (<sup>403</sup>) plays a dual societal role, responding, on the one hand, to a specific consumer demand for organic products, and, on the other hand, delivering publicly available goods that contribute to the protection of the environment and animal welfare, as well as to rural development (<sup>404</sup>). From a legal point of view, organic production is regulated at EU level by Regulation (EC) 834/2007 (<sup>405</sup>) and Commission Regulation (EC) No 889/2008 laying down detailed rules for the implementation of regulation 834/2007. As highlighted in a Communication from the EC on agricultural products quality (<sup>406</sup>), organic production forms part of the Union's agricultural product quality schemes, together with GIs and TSGs as well as products of the outermost regions of the Union (<sup>407</sup>). In this sense, as mentioned in Whereas 2 and 3 of Regulation (EU) 2018/848, organic production pursues the same objectives within the common agricultural policy (CAP), which are inherent to *all* the agricultural product quality schemes of the Union, e.g. ensuring the effective functioning of the internal market, guaranteeing fair competition, ensuring consumer confidence, and protecting consumer interests and ensuring that farmers receive a fair return for complying with the production rules (<sup>408</sup>).

However, whilst the organic policy establishes a link between the quality of the products and horizontal criteria such as the high standards for health, environment and animal welfare ensured by the strict production rules, GIs and TSGs link the quality to unique

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<sup>403</sup> Organic farming aims to produce food using natural substances and processes, therefore limiting its environmental impacts and encouraging high standards of animal welfare.

<sup>404</sup>

[https://www.europarl.europa.eu/RegData/docs\\_autres\\_institutions/commission\\_europeenne/com/2020/0483/COM\\_COM\(2020\)0483\\_EN.pdf](https://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/com/2020/0483/COM_COM(2020)0483_EN.pdf)

<sup>405</sup> Council Regulation (EC) No 834/2007 will be repealed on 1 January 2021 by Regulation (EU) 2018/848. However, there has been a recent proposal by the Commission to postpone of 1 year the entry in force of the latter. Proposal for amendment available at URL: [https://www.europarl.europa.eu/RegData/docs\\_autres\\_institutions/commission\\_europeenne/com/2020/0483/COM\\_COM\(2020\)0483\\_EN.pdf](https://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/com/2020/0483/COM_COM(2020)0483_EN.pdf)

<sup>406</sup> [https://www.europarl.europa.eu/sides/getDoc.do?reference=A7-2010-0029&type=REPORT&language=EN&re\\_direct](https://www.europarl.europa.eu/sides/getDoc.do?reference=A7-2010-0029&type=REPORT&language=EN&re_direct)

<sup>407</sup> In accordance with Regulation (EU) No 228/2013 of the European Parliament and of the Council

<sup>408</sup> Objectives of the organic policy can be found in Article 1 and 3 of Regulation (EU) 2018/848

geographical origin and know-how associated with each product. That being so, the two schemes are complementary and do not create contradictions nor inconsistencies in terms of objectives. In fact, by tackling quality from different angles, they contribute to pursue common objectives related to the quality of EU food products. Furthermore, as discussed in ESQ 10, although aspects related to the protection of the environment and animal welfare are not explicitly listed among the objectives of the GIs and TSGs, they can occur in the PS of certain products. As such, the two schemes may reinforce one another. One example of a GI product where requirements for organic production are explicitly embedded in the PS (i.e. the compulsory use of organic feed), is the PGI carp "*Oberlausitzer Biokarpfen*"<sup>(409)</sup> from Germany. However, it is to be noted that, even in such cases, the sole compliance with one or more requirements of the organic legislation does not automatically make the product eligible for organic scheme, as the whole set of rules needs to be met<sup>(410)</sup>.

In terms of implementation, both policies have a regulatory framework at EU level, a logo, a similar scope in terms of products covered<sup>(411)</sup> and comparable control systems in place, based on national control bodies and an audits system organised at EU level by DG SANTE.

With regards to production rules, the main difference between the two schemes lies in the fact that organic production and control rules are horizontally set in Regulation (EU) No 834/2007 the related piece of legislation, whereas for GI products the production rules are set *ad-hoc* in each single PS<sup>(412)</sup>, on the basis of which control bodies carry out enforcement activities. That being so, a comprehensive analysis of the production rules of GIs and TSGs, to find inconsistencies or synergies with organic policy is not feasible.

Given the similarities mentioned above (in terms of scope, controls etc), the fact that both schemes provide the possibility for obtaining a price premium for primary producers through the communication allowed through a logo, and given the strict rules that may be present in the specifications of some GIs, it is possible that producers engaged in GI production may also opt for joining the organic scheme. However, assessing the share of GI production which also participates in the organic schemes appears challenging, given the unique nature of each GI and the choices of each individual producer. Moreover, it is challenging to keep track of the share of GI/TSG production produced in accordance to one of several rules compatible with the organic scheme.

Results from the producers' survey revealed that more than half (61%) of GIs/TSGs are produced to some extent in accordance with the rules for organic production and for 23% of these GIs/TSGs; the organic production was even higher than 25% of the GI/TSG

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<sup>409</sup> PS available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R2061&from=EN>

<sup>410</sup> Taking into account the example of the *Oberlausitzer Biokarpfen*, in order to obtain the organic logo, the whole set of rules for organic production in aquaculture detailed in [Commission Regulation \(EC\) No 710/2009](#)

<sup>411</sup> Organic production also covers feed, alike GIs and TSGs

<sup>412</sup> An administrative procedure led by the producer group of the GI, MS competent authority and the EC ensures that production rules contained in PS are aligned with the content of the GI legal framework.

production. However, we observe large differences in the level of organic production in each GI/TSG. Based on CS, the share of certified organic production is negligible for Pálinka and Jabugo but reached 10% of the production in Côtes du Rhône (strong increase since 2008). The organic scheme met a large growth over the last decade in the French wine sector which is almost exclusively under GI, the share of organic reached 15% of surface in 2019 (9% certified under organic scheme and 6% in the conversion phase which lasts 3 years) <sup>(413)</sup>.

Regarding the possible competition between the two schemes, results from the survey conducted among NAs suggested that there is no competition between the two policy schemes, with the vast majority (20 out of 27) of respondents not believing that agricultural producers are discouraged from producing organically due to the success of the GI and TSG schemes.

Synergies between the two policy areas could be sought to a greater extent in the future, in the light of the Farm to Fork Strategy and the Green Deal, both pushing towards a more sustainable agriculture and food system. As a matter of fact, an articulation of the two policy areas could strengthen the efforts towards a food system which combines high quality with environmental sustainability. A possible strategy could involve the integration of an adequate selection of the horizontal requirements of the organic policy in the quality policy, thus including environmental considerations into the latter.

This integration would represent a first step in giving the opportunity for GI producers to either convert their production to organic, or to implement some of the organic practices within their production protocols.

The Farm to Fork Strategy also sets up the ambition to reach 25% of agricultural land in the EU as organic by 2030 in EU, as opposed to the current figure of 8%. A comprehensive regulatory framework, which builds on the articulation of the GI and organic schemes, could play a central role in reaching this target. As a first step, a requirement for MS to monitor the share of GI production which also participates in the organic schemes, or is at least engaged in organic practices, is fundamental to monitor the effort towards this direction.

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<sup>413</sup> Based on data from Agence Bio and Direction générale des douanes et droits indirects

#### 7.4.5 ESQ 15 – Coherence with wider EU policies

**ESQ 15 –To what extent is EU quality policy for GIs and for TSGs coherent with other EU policies? The following policies should at least be taken into account: food safety, health, internal market, trade, information to consumers.**

- **Sub-question 1: Are the general and specific objectives of the EU quality policy coherent and aligned with those of EU policy on food safety?**
- **Sub-question 2: Are the general and specific objectives of the EU quality policy coherent and aligned with those of EU health policy?**
- **Sub-question 3: Are the general and specific objectives of the EU quality policy coherent and aligned with those of the EU policy on information to consumers?**
- **Sub-question 4: Are the general and specific objectives of the EU quality policy coherent and aligned with those of EU trade policy?**
- **Sub-question 5: Are the general and specific objectives of the EU quality policy coherent and aligned with those of EU internal market policy?**

#### Conclusion of the ESQ

- **Food Safety**
  - Overall, there is coherence between EU quality policy and food safety policy, as all food products (including GIs and TSGs) have to comply with the EU legislation on food safety.
  - Some traditional products, among which PDOs, PGIs and TSGs, can be granted specific derogations from hygiene requirements in order to allow their continued use; these derogations do not put at risk the safety of the food, as they need to be applied with due regard to health and food safety objectives.
  - The definition of “traditional” differ across different pieces of legislation. A harmonisation of this definition in the various pieces of legislation would enhance consistency and clarify the scope of application of specific derogations for traditional methods/products across MS.
- **Health**
  - The concept of quality conveyed by EU quality schemes is linked to origin, specificities of the product and know-how, and not with the nutritional properties and profiles of the concerned products.
  - In principle, no inconsistencies were found between the EU quality and health policy, as the two policies pursue theoretically different objectives.
- **Information to consumers**
  - The quality schemes are to a certain degree coherent with the policy on information to consumers. The food information to consumers regulation (FIC) applies without prejudice to GI and TSG products.
  - There are various legal frameworks that refer to products’ origin, at different regulatory levels and pursuing specific objectives, which could cause confusion among consumers.

- A future extension of the application of the requirements of origin labelling of the primary ingredient to GIs requires an assessment of its impact.
- **Trade**
  - The EU quality policy is aligned with the trade policy. GI protection provides opportunities for growth and jobs, thus contributing to trade policy objectives. Therefore, the two policy areas present synergies with regards to objectives and effects achieved.
  - By increasing access to more markets and providing protection against misuses in third countries, the inclusion of GIs in trade policy instruments (namely trade agreements, IP dialogues, technical cooperation and IP enforcement strategy in third countries) can amplify the positive effects that the GI system can have for producers on the internal market.
  - By enhancing GI systems in counterpart countries, trade and investment opportunities are supported. As regards developing countries, the articulation of the GI system within trade policy positively contributes to their economic growth, in terms of rural development and better functioning of agri-food value chains. This is mainly due to the territorial link of GIs, where the benefits remain tied to the territory where the product is produced.
- **Internal Market**
  - The EU quality policy objectives are coherent with those envisaged by the EU internal market policy.
  - The derogations provided for PDO/PGIS from the competition policy do not undermine the functioning of the internal market. The tools available for the enforcement of EU quality policy are overall coherent with those available for other IPRs, although the protection of domain names including GI names still remains to be solved.

#### **7.4.5.1 Background and methodological approach**

- **Interpretation and comprehension of the key terms**
- **EU policy on food safety**, providing common standards and harmonised controls to enforce them, covering the entire food production and processing chain within the EU. Relevant regulatory background: Regulation (EC) No 852/2004 on the hygiene of foodstuffs and Regulation (EC) No 2074/2005 lays down derogation for audits for traditional products
- **EU health policy**, complementing and supporting national policies in protecting and ensuring high-quality and effective health systems to EU citizens. Relevant regulatory background: Regulation (EC) No 1924/2006 on nutrition and health claims made on foods; Directive 2002/46/EC on the approximation of the laws of the MS relating to food supplements; “Strategy on nutrition, overweight and obesity-related health issues” and the “EU Alcohol strategy”.
- **EU policies on information to consumers**, contributing to protecting consumers’ interests by promoting their right to information. Relevant regulatory background: Regulation (EU) No 1169/2011 on the provision of food information to consumers.
- **EU trade policy** covers EU trade relations with non-EU countries through multilateral/plurilateral and bilateral agreements. As relevant regulatory framework, for the purpose of this evaluation, are the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS); the World Intellectual Property Organization’s Lisbon Agreement for the Protection of Appellations of Origin and their International Registration as revised by the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications, adopted in May 2015; and EU bilateral/regional trade agreements (including Free Trade Agreements, Economic Partnership Agreements, Partnership and Cooperation Agreements).
- **Internal market policies**, aiming at guaranteeing the free movement of goods, capital, services, and labour within the European Union. Relevant regulatory background: single Market Act I and II, EC communications pertaining to the free movement of goods, the guarantee of fair competition and the protection of consumers and producers. This also covers the TFEU, Article 118, on the internal market policy on intellectual property rights throughout the Union.

• **Sub-questions, judgement criteria, indicators and sources**

To answer this question, the general and specific objectives of the EU quality schemes were compared with those of the aforementioned EU policies. In addition to a comparison of objectives, the coherence of the expected impacts and effects of the various policies has been taken into account, e.g. highlighting synergies. The Evaluation Matrix is presented below.

**Table 65: Evaluation matrix for ESQ 15**

Sub-questions	Judgement criteria (JC)	Indicators (I)
Sub-question 15.1: Are the general and specific objectives of the EU quality policy coherent and aligned with those of EU policy on food safety?	<ul style="list-style-type: none"> <li>JC 15.1: General and specific objectives of the EU quality policy are aligned with those of the EU policy on food safety</li> </ul>	<ul style="list-style-type: none"> <li>I 15.1: Comparison of the general objectives, and comparison of the specific objectives related to consumer protection, food safety and hygiene requirements</li> </ul>
Sub-question 15.2: Are the general and specific objectives of the EU quality policy coherent and aligned with those of EU health policy?	<ul style="list-style-type: none"> <li>JC 15.2: General and specific objectives of the EU quality policy are aligned with those of the EU health policy</li> </ul>	<ul style="list-style-type: none"> <li>I 15.2: Comparison of the general objectives, and comparison of the specific objectives related to the consumption of alcoholic beverages as well as fatty/salted/sugary food</li> </ul>
Sub-question 15.3: Are the general and specific objectives of the EU quality policy coherent and aligned with those of the EU policy on information to consumers?	<ul style="list-style-type: none"> <li>JC 15.3: General and specific objectives of the EU quality policy are aligned with those of the EU policy on information to consumers</li> </ul>	<ul style="list-style-type: none"> <li>I 15.3: Comparison of the general objectives, and comparison of the specific objectives related to the type and amount of information conveyed to consumers</li> </ul>
Sub-question 15.4: Are the general and specific objectives of the EU quality policy coherent and aligned with those of EU trade policy?	<ul style="list-style-type: none"> <li>JC 15.4: General and specific objectives of the EU quality policy are aligned with those of the EU trade policy</li> </ul>	<ul style="list-style-type: none"> <li>I 15.4: Comparison of the general objectives, and comparison of the specific objectives related to GIs being the main agricultural offensive interest in trade negotiations with third countries</li> </ul>
Sub-question 15.5: Are the general and specific objectives of the EU quality policy coherent and aligned with those of EU internal market policy?	<ul style="list-style-type: none"> <li>JC 15.5: General and specific objectives of the EU quality policy are aligned with those of the EU internal market policy</li> </ul>	<ul style="list-style-type: none"> <li>I 15.5: Comparison of the general objectives, and comparison of the coherence related to Art 118 of the TFEU on IPRs</li> </ul>

- **Methodological approach and limits**

- With reference to coherence with the EU policy on **food safety (indicator 15.1)**, alongside with a comparison of the general and specific objectives of both policy areas, the issue of derogations granted to traditional products has been analyzed, taking into account the application/applicability of the latter to GIs and TSGs and the different definitions of “traditional” in different legislations.
- With reference to coherence with the EU **health policy (indicator 15.2)**, the general and specific objectives of the two policy areas have been analyzed, taking also into account the different notions and interpretation of the concept of “food quality” in the two policy areas.
- With reference to coherence with the EU policy on **information to consumers (indicator 15.3)**, the objectives set for the EU quality policy have been compared with those provisioned by the relevant EU legislation on food labelling. Moreover, the coherence with the provisions on the origin of food products and primary ingredients have been explored.
- With reference to coherence with the EU **trade policy (indicator 15.4)**, we reflected on the synergies between the policy areas, in terms of objectives and benefits achieved, both on the internal market and in third countries, including developing countries.
- With reference to coherence with the EU **internal market policy (indicator 15.5)**, the general objectives have been compared to the general objectives of the quality policy. Specifically, the effects on the internal market, competition and aspects related to enforcement has been analysed.

In addressing this question, the following tools have been used:

- Desk-based research making use of the relevant pieces of legislation in the EU regulatory framework, academic papers, and official reports and studies,
- Country studies (for indicator 15.1),
- Survey with National Competent Authorities (for indicator 15.1),
- Several interviews carried out with EC officials in charge of the different policy areas (DG GROW, DG TRADE, DG SANTE).

### 7.4.5.2 Analysis

#### **Sub-question 15.1: Are the general and specific objectives of the EU quality policy coherent and aligned with those of EU policy on food safety?**

- ***Judgement criteria 15.1: General and specific objectives of the EU quality policy are aligned with those of the EU food safety policy***

#### **Conclusion of the judgement criteria**

- Overall, there is coherence between the two policy areas, as all food products (including GIs and TSGs) have to comply with the EU legislation on food safety.
- Some traditional products, among which PDO, PGI and TSG can be granted specific derogations to hygiene requirements in order to allow the continuation of the production method; these derogations do not lower the safety standard.
- The definition of “traditional” differs across different pieces of legislation. A harmonisation of this definition in the various pieces of legislation would enhance consistency and clarify the scope of application of specific derogations for traditional methods/products across MS.

#### **I 15.1: Comparison of the general objectives, and comparison of the specific objectives related to consumer protection, food safety and hygiene requirements**

**Overall, the EU quality policy is coherent with EU policy related to food safety, which applies to all food <sup>(414)</sup> products, including GIs and TSGs.** Food safety is an area of major interest for EU policy, as also highlighted in the recently published Farm to Fork Strategy <sup>(415)</sup>. A broad legislative framework covering both primary production of agricultural products and industrial production of processed food aims at guaranteeing food safety in the EU, and ultimately to ensure a high level of human health and consumer protection <sup>(416)</sup>.

Within this legislative framework, first and foremost, the General Food Law <sup>(417)</sup> establishes the general principles for food safety at all stages of production and distribution. This piece of legislation is complemented by other provisions, which further spell out safety

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<sup>414</sup> According to Art 2 of Regulation (EC) No 178/2002 (General Food Law), the definition of “food” or “foodstuff” covers any substance or product, whether processed, partially processed or unprocessed, intended to be, or reasonably expected to be ingested by humans, including beverages. For the purpose of this ESQ, 15 we apply the wording “food” as described in such definition, i.e. also including beverages, if not specified.

<sup>415</sup> Available at URL: [https://eur-lex.europa.eu/resource.html?uri=cellar:ea0f9f73-9ab2-11ea-9d2d-01aa75ed71a1.0001.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:ea0f9f73-9ab2-11ea-9d2d-01aa75ed71a1.0001.02/DOC_1&format=PDF)

<sup>416</sup> EC, White Paper on Food Safety. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:51999DC0719&from=EN>

<sup>417</sup> Regulation (EC) No 178/2002 of the European Parliament and of the Council. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32002R0178&from=EN>

requirements at multiple level, e.g. from a microbiological<sup>(418)</sup> and chemical<sup>(419)</sup> point of view, as well as provisions on animal and plant health. Moreover, a comprehensive control system, which ensures compliance with EU standards complements the EU integrated Food Safety policy<sup>(420)</sup>. Regulation (EU) No 625/2017<sup>(421)</sup> sets out a harmonised framework for the organisation of official controls at EU level, with MS being responsible for the enforcement of the applicable EU law throughout the food and feed chain and the EC auditing the control systems put in place by MS.

This comprehensive framework for food safety applies without prejudice to all food products produced in the EU and/or placed on the EU market<sup>422</sup>, including those enjoying the GI and TSG status. That being said, the aspect of food safety is already by definition embedded in the EU Quality policy, thus ensuring coherence between the two policy areas. Notably, the aspect of food safety is indirectly referred to in Regulation (EU) No 251/2014 on aromatised wine products and Regulation (EC) No 110/2008 on spirit drinks by using the concept of *consumer protection*.

**Food with traditional characteristics, among which PDO/PGI and TSG, may be granted specific derogations from the hygiene requirements set out in Regulation (EC) No 852/2004. As part of the EU food safety policy, the rules regarding Food Hygiene<sup>(423)</sup> cover all stages of the production, processing, distribution and placing on the market of food intended for human consumption.** The key principle of these rules is that everyone working in the food business must ensure hygienic practices at every stage of the production process. The Hygiene package includes:

- Regulation (EC) No 852/2004 on the hygiene of foodstuffs,
- Regulation (EC) No 853/2004 laying down specific hygiene rules for food of animal origin,
- Specific rules for the organisation of official controls on products of animal origin intended for human consumption<sup>(424)</sup>.

Among the implementing and delegated acts of the hygiene package, Regulation (EC) No 2074/2005<sup>(425)</sup> is of particular importance amidst the EU Quality

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<sup>418</sup> [Regulation \(EC\) No 2073/2005 on microbiological criteria for foodstuffs](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=legissum:4385114); <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=legissum:4385114>

<sup>419</sup> For more information see <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=legissum:l21113>; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02005R0396-20160513>

<sup>420</sup> [https://europa.eu/european-union/topics/food-safety\\_en](https://europa.eu/european-union/topics/food-safety_en)

<sup>421</sup> amending Regulation (EC) No 882/2004

<sup>422</sup> Including foodstuff produced in the EU and exported outside the EU territory

<sup>423</sup> [https://ec.europa.eu/food/safety/biosafety/food\\_hygiene/legislation\\_en](https://ec.europa.eu/food/safety/biosafety/food_hygiene/legislation_en)

<sup>424</sup> More info at <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2019:131:FULL>

<sup>425</sup> Commission Regulation (EC) No 2074/2005 of 5 December 2005 laying down implementing measures for certain products under Regulation (EC) No 853/2004 of the European Parliament and of the Council and for the organisation of official controls under Regulation (EC) No 854/2004 of the European Parliament and of the Council

policy. According to Article 7 of that Regulation, MS may grant establishments manufacturing foods with traditional characteristics derogations from the requirements set out in Regulation (EC) No 852/2004 concerning premises, instruments and equipment (<sup>426</sup>). In other words, MS may authorise food business operators not to apply specified requirements of the Hygiene Package in specified circumstances, to enable the continued use of traditional methods of production. Notably, such derogations do not lower the safety standards set out in the framework described earlier, and, as outlined in Recital 18 of Regulation (EC) No 2074/2005, they need to be applied with due regard to health and food safety objectives.

Results from the survey among NAs (<sup>427</sup>) reveal that 13 MS (<sup>428</sup>) reported using the derogations, mainly for products of animal origin (e.g. meat and cheese products), both in the production and processing phase. Examples of national measures applied by MS in order to enable the continued use of traditional methods of production cover (<sup>429</sup>): traditional dried reindeer meat (FI), raw-dried meat products from minced and non-minced meat (BG), immediate evisceration of poultry (FR).

According to Art 7.1 of Regulation (EC) No 2074/2005, the definition of “foods with traditional characteristics” covers products that, in the Member State in which they are traditionally manufactured, are:

- a. recognised historically as traditional products, or
- b. manufactured according to codified or registered technical references to the traditional process, or according to traditional production methods, or
- c. protected as traditional food products by a Community, national, regional or local law.

Although in Article 7(1) of Regulation (EC) No 2074/2005 there is a reference to products protected by “Community law” (<sup>430</sup>), which suggests that GIs and TSGs are eligible for the application of such measures, the latter are not explicitly mentioned in the legal text. Moreover, according to Art 7(1), the traditional character of a food product is intimately linked with the MS where it is traditionally manufactured. Whilst this link is well established with PDO/PGI products, it is less strong in the definition of TSGs, which are not linked to a

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and Regulation (EC) No 882/2004 of the European Parliament and of the Council, derogating from Regulation (EC) No 852/2004 of the European Parliament and of the Council and amending Regulations (EC) No 853/2004 and (EC) No 854/2004 (OJ L 338, 22.12.2005, p. 27)

<sup>426</sup> Regulation (EC) No 2074/2005 provides for derogations solely from the requirements set out in Chapter II(1) of Annex II to Regulation (EC) No 852/2004 as regards the premises and in Chapter II(1)(f) and Chapter V(1) of Annex II to Regulation (EC) No 852/2004 as regards instruments and equipment.

<sup>427</sup> More info in methodology in section 2

<sup>428</sup> Out of 27.

<sup>429</sup> [https://www.fsai.ie/uploadedFiles/EU\\_Guidance\\_flexibility.CA.pdf](https://www.fsai.ie/uploadedFiles/EU_Guidance_flexibility.CA.pdf)

<sup>430</sup> From Article 7(1) of [Regulation \(EC\) No 2074/2005](#): *For the purposes of this Regulation, ‘foods with traditional characteristics’ means foods that, in the Member State in which they are traditionally manufactured, are: (c) protected as traditional food products by a Community, national, regional or local law.*

geographical area but rather to a traditional manufacturing method. For instance, according to Article 3 of Regulation (EU) No 1151/2012, the term 'traditional' refers to proven usage on the domestic market for a period of at least 30 years that allows transmission between generations. As a result, the extent to which TSGs comply with the definition of "traditional" stated in Regulation (EC) No 2074/2005 could be clarified.

Notably, the definition of *what* qualifies as a traditional product within the scope of these derogations is further spelled out by MS in their national legislation and can differ among MS, influencing the extent to which these derogations are actually applied to GIs and TSGs across MS. Results of the survey and CS, triangulated with screening of the national legislation, reveal some differences across MS, including the way GIs are considered for this purpose.

In the case of Bulgaria, for example, derogation concerning the production of raw-dried meat products are granted to selected TSG products (<sup>431</sup>). In the case of Portugal, as explicitly mentioned in the national legislation (<sup>432</sup>), PDO/PGI and TSG fall under the category of "*foods with traditional characteristics*" or "*traditional production method*" and, hence, qualify for the derogation. With regards to Italy, the relevant legal text (<sup>433</sup>) states that the derogations are applicable to the so-called PAT products (*Prodotti Agricoli Tradizionali*), where the tradition also has a time dimension (process being followed for at least 25 years). However, interviews with the competent authorities and the survey revealed that such derogations apply to PDO/PGI and TSG, alongside this specific product category. In the case of Greece, interestingly, the concept of traditional is also linked to the economic size of production and possible geographical constraints of the production area; in fact, according to the relevant national legislation (<sup>434</sup>), the derogations may be granted to traditional dairy products where produced by small holdings and/or in areas subject to geographical constraints.

Given the wide scope of the definition of "traditional products" and the different interpretations to this concept, a clarification of the definition of "traditional" across different EU legislations would enhance the consistency of derogations applied across MS. Even so, the food safety as such is not put at risk through the different applications exercised in MS.

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431 From the eAmbrosia database, 5 TSG form the category Class 1.2. Meat products (cooked, salted, smoked, etc.): Пастърма говежда / Pastarma Govezhda; Кайсерован врат Тракия / Kayserovan vrat Trakiya; Роле Трапезица / Role Trapezitsa; Филе Елена / File Elena; ЛуканкаПанагюрска / Lukanka Panagyurska

432 "Despacho normativo n.º 9/2015", published in Diário da República, 2.ª série — N.º 112 — 11 de junho de 2015; Available at: <https://dre.pt/home/-/dre/67458359/details/maximized>

433 [https://www.gazzettaufficiale.it/atto/serie\\_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=1999-10-12&atto.codiceRedazionale=099G0423&elenco30giorni=false](https://www.gazzettaufficiale.it/atto/serie_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=1999-10-12&atto.codiceRedazionale=099G0423&elenco30giorni=false)

434 <https://www.e-nomothesia.gr/kat-agrotike-anaptukse/ktenotrophia/koine-upourgike-apophase-3724-162303-2014.html>

**Sub-question 15.2: Are the general and specific objectives of the EU quality policy coherent and aligned with those of EU health policy?**

- ***Judgement criteria 15.2: General and specific objectives of the EU quality policy are aligned with those of the EU health policy***

**Conclusion of the judgement criteria**

- The concept of quality conveyed by EU quality schemes is linked to origin and know-how, and not directly with the nutritional properties and profiles of the concerned products.
- In principle, no inconsistencies were found between the EU quality and health policy, as the two policies pursue theoretically different objectives.

**I 15.2: Comparison of the general and specific objectives**

**There are no direct inconsistencies between the EU quality and health policies, as the two policies pursue theoretically different objectives.** The legal basis for the EU's health policy is Art 168 of the Treaty on the Functioning of the European Union (<sup>435</sup>), which states that "*a high level of human health protection shall be ensured in all Union policies and activities*". In this context, the EU Health Programme 2014-2020 (<sup>436</sup>), provides an overarching strategic framework addressing core issues in health, with the objectives of fostering good health, providing protection from health threats and harmonising strategies between MS (<sup>437</sup>).

In order to reach EU health goals, food and nutrition play a fundamental role, and the link between food and health is well established and recognized. Areas which are very concerning from a health point of view and linked with nutrition are:

- Obesity (<sup>438</sup>), as highlighted in the EC White Paper on A Strategy for Europe on Nutrition, Overweight and Obesity related health issues (<sup>439</sup>);
- Harmful alcohol consumption (<sup>440</sup>), as highlighted in the EU Alcohol Strategy (<sup>441</sup>).

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<sup>435</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A12008E168>

<sup>436</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0282&from=EN>

<sup>437</sup> <https://www.europarl.europa.eu/news/en/headlines/priorities/eu-health-policy>

<sup>438</sup> [https://ec.europa.eu/health/nutrition\\_physical\\_activity/policy/strategy\\_en](https://ec.europa.eu/health/nutrition_physical_activity/policy/strategy_en)

<sup>439</sup> [https://ec.europa.eu/health/archive/ph\\_determinants/life\\_style/nutrition/documents/nutrition\\_wp\\_en.pdf](https://ec.europa.eu/health/archive/ph_determinants/life_style/nutrition/documents/nutrition_wp_en.pdf)

<sup>440</sup> [https://ec.europa.eu/health/alcohol/overview\\_en](https://ec.europa.eu/health/alcohol/overview_en)

<sup>441</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52006DC0625>

The urge for a shift to healthy, sustainable diet is also stressed, alongside with the above mentioned<sup>442</sup> aspect of food safety, in the EU Farm to Fork strategy (<sup>443</sup>). As a matter of fact, numerous research show that current food consumption patterns are unsustainable from a health point of view (<sup>444</sup>) (<sup>445</sup>) and a transition towards a more plant-based diet with less red and processed meat and with more fruits and vegetables would be desired (<sup>446</sup>).

The EU quality schemes cover a wide range of products, e.g. oil, fruit and vegetables, seafood, meat (including processed meat) and cheese, with the predominant share of products being alcoholic beverages.

Health and nutrition aspects are not listed among the objectives of the GI legislation and there are no direct inconsistencies between the EU quality and health policies, as the two policies pursue theoretically different objectives. Efforts in research and innovation to improve the nutritional profiles of GI products could be encouraged (<sup>447</sup>).

**The concept of food quality is complex and multifaceted.** The notion of food quality is a complex and multi-dimensional concept which is influenced by a wide range of situational and contextual factors (<sup>448</sup>). The quality message conveyed by the GI/TSG schemes mainly addresses two of these dimensions, i.e. origin and authenticity. Whereas aspects related to food safety are *de officio* covered by GI products (see judgement criteria 15.1), the notion of nutrition (e.g. nutritional profiles) is not covered by the latter. Although the PS of GI/TSG products often imply a rigorous selection of raw material and other stringent requirements, this is not *necessarily* reflected in better health properties of such products, as compared to other products of the same category without GI/TSG.

**Provided that it is clear to consumers which angle of “quality” the EU quality schemes tackle, there is no contradiction between the two policy areas.** Results from the consumers survey conducted in 7 MS suggest that, overall, consumers do not perceive the products belonging to quality schemes as “healthier”. However, consumers could still associate the “quality” message of GI products to “healthy” properties, potentially influencing their preference for these products. Given the broad scope of the

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<sup>442</sup> Reference to Judgment Criteria 15.1

<sup>443</sup> [https://ec.europa.eu/food/sites/food/files/safety/docs/f2f\\_action-plan\\_2020\\_strategy-info\\_en.pdf](https://ec.europa.eu/food/sites/food/files/safety/docs/f2f_action-plan_2020_strategy-info_en.pdf)

<sup>444</sup> <https://ec.europa.eu/jrc/en/health-knowledge-gateway/societal-impacts/burden>

<sup>445</sup> F. Branca, A. Lartey, S. Oenema, V. Aguayo, G.A. Stordalen, R. Richardson, M. Arvelo, A. Afshin (2019), *Transforming the food system to fight non-communicable diseases*, BMJ, 364, p. l296, Available at URL: <https://www.sochob.cl/web1/wp-content/uploads/2019/12/Transforming-the-food-system-to-fight-non-communicable-diseases.pdf>

<sup>446</sup> Lonnie et Johnstone (2020), *The public health rationale for promoting plant protein as an important part of a sustainable and healthy diet*, Nutrition Bulletin, Volume 45, Issue 3; Available at URL: <https://onlinelibrary.wiley.com/doi/full/10.1111/nbu.12453>

<sup>447</sup> As an example, the FP7 project TRAF00N tackles innovation in traditional food system (<https://cordis.europa.eu/project/id/613912/reporting>)

<sup>448</sup> [https://ec.europa.eu/knowledge4policy/food-fraud-quality/topic/food-quality\\_en](https://ec.europa.eu/knowledge4policy/food-fraud-quality/topic/food-quality_en)

term “quality”, clarifying the message that the quality schemes convey could be beneficial, and would align with the objective of providing reliable information to consumers.

**When the PS contain indications towards the use of antibiotics, GIs can represent a tool to support the fight against antimicrobial resistance (AMR)** <sup>(449)</sup>. A number of specifications of GIs of animal origin have specific provisions as regard the use of antibiotics for livestock. Alongside other measures, this contributes to the AMR strategy of the EU and there is alignment with the “one health” <sup>(450)</sup> approach. Examples of GI PS where the use of antibiotics is not permitted include:

- Queso de la Serena (PDO), Queso Majorero (PDO) and Queso Zamorano (PDO) from Spain <sup>(451)</sup>;
- Fontina (PDO) <sup>(452)</sup>, Provolone del Monaco <sup>(453)</sup> (PDO), Italy; Roquefort <sup>(454)</sup> (PDO) from France.

**Sub-question 15.3: Are the general and specific objectives of the EU quality policy coherent and aligned with those of the EU policy on information to consumers?**

- ***Judgement criteria 15.3: General and specific objectives of the EU quality policy are aligned with those of the EU policy on information to consumers***

**Conclusions of the judgement criteria**

- The quality schemes are coherent with the policy on information to consumers. The food information to consumers regulation (FIC) applies without prejudice to GI and TSG products.
- There are various legal frameworks that refer to products’ origin, at different regulatory levels and pursuing specific objectives, which could cause confusion among consumers.
- The future extension of the application of the requirements of origin labelling of the primary ingredient to GIs would require a careful assessment of the potential inconsistencies with the GI policy.

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<sup>449</sup> [https://ec.europa.eu/health/amr/action\\_eu\\_en](https://ec.europa.eu/health/amr/action_eu_en)

<sup>450</sup> [https://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/lisa/131126.pdf](https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lisa/131126.pdf)

<sup>451</sup> <https://cheese.slowfood.it/wp-content/uploads/2019/09/Le-denominazioni-europee-tra-valori-identitari-e-mercato.pdf>

<sup>452</sup> <http://www.ruminantia.it/wp-content/uploads/2018/05/Fontina.pdf>

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[https://www.gazzettaufficiale.it/do/atto/serie\\_generale/caricaPdf?cdimg=10A0277000100010110012&dgu=2010-03-09&art.dataPubblicazioneGazzetta=2010-03-09&art.codiceRedazionale=10A02770&art.num=1&art.tiposerie=SG](https://www.gazzettaufficiale.it/do/atto/serie_generale/caricaPdf?cdimg=10A0277000100010110012&dgu=2010-03-09&art.dataPubblicazioneGazzetta=2010-03-09&art.codiceRedazionale=10A02770&art.num=1&art.tiposerie=SG)

<sup>454</sup> [https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=OJ:JOC\\_2019\\_133\\_R\\_0002&from=EN](https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=OJ:JOC_2019_133_R_0002&from=EN)

### **I 15.3: Comparison of the general objectives, and comparison of the specific objectives related to the type and amount of information conveyed to consumers**

**Overall, the EU quality policy is coherent with the EU policy related to information to consumers, which applies without prejudice to all food products, including GIs and TSGs.** Information to consumers is a fundamental aspect in all EU policies related to food. In fact, as highlighted in the Farm to Fork strategy, clear information will allow consumers to make more informed, healthy and sustainable food choices.

The general framework for the provision of food information to consumers is set by Regulation (EU) No 1169/2011<sup>(455)</sup> (FIC Regulation), which establishes the general principles, requirements, and responsibilities governing food information, and in particular food labelling. The FIC Regulation applies to food business operators at all stages of the food chain and applies to all foods intended for the final consumer<sup>(456)</sup>. Notably, as stated in Art 1.4, it applies without prejudice to labelling requirements provided for in specific Union provisions applicable to particular foods, among which GI and TSG products. The inclusion of quality products in the scope of the FIC Regulation ensures coherence between the two policy areas.

Moreover, the two policy areas are also coherent in terms of objectives. Both pieces of legislation aim at providing, by means of labelling rules, reliable information for consumers, who can make informed choices and are not misled<sup>(457)</sup>.

That being said, the two policies tackle information to consumer from two slightly different angles: while the FIC Regulation provides a first layer of basic mandatory rules applicable to all food products, the GI policy concerns the value-adding attributes of GI products linked to their origin and traditional aspects of their production. Moreover, differently from the Quality policy, FIC draws a link between the information provided and the protection of consumers health, thus covering nutrition aspects as well. As already mentioned in judgement criteria 15.1 and 15.2, health and food safety issues are not explicitly listed among the objectives of the EU quality policy, hence are not included in the labelling requirements for GI products.

**There are various legal frameworks that refer to products' origin, at various regulatory levels and pursuing specific objectives.** Although the EU quality policy relating to GIs is not *per se* an origin labelling regulation, it links food and beverages to a specific geographical area, to which the name of the product makes reference. Thus, as such, the link with territory and the indication of the origin represents the intrinsic feature of the quality schemes.

However, various other legal frameworks refer to the indication of the origin of food products. The FIC Regulation establishes in Art 26 general requirements with regard to the indication of country of origin or place of provenance of food products. According to this,

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<sup>455</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011R1169&from=EN>

<sup>456</sup> including foods delivered by mass caterers, and foods intended for supply to mass caterers (Article 1, par. 3)

<sup>457</sup> Art 3 of FIC: The provision of food information shall pursue a high level of protection of consumers' health and interests by providing a basis for final consumers to make informed choices and to make safe use of food

the indication of the country of origin or place of provenance shall be mandatory where failure to indicate this might mislead the consumer, or in the case of unprocessed meat of swine, sheep, goat and poultry (<sup>458</sup>). Beyond these general requirements, different pieces of legislation, referred to as “*country-of-origin-labelling*” (COOL) legislation (<sup>459</sup>) have been developed for specific products (<sup>460</sup>), for which the indication of the country of origin is required. Indicating the country of origin is currently obligatory for certain specific foodstuffs, such as fresh fruit and vegetables, fishery products, honey, olive oil, wine and eggs (<sup>461</sup>) as well as for beef and beef products.

Moreover, the FIC Regulation allows MS to adopt additional national measures concerning the mandatory labelling of foodstuffs. According to a briefing from the EU Parliament from 2018 (<sup>462</sup>), eight MS made use of this possibility and have launched, or are about to launch, national mandatory labelling schemes for certain food products, mainly for milk and milk used in dairy products, but also meat used in processed foods.

It is important to note that these pieces of legislation pursue different objectives and define the concept of origin according to different finalities. Whilst the EU Quality policy considers origin as a value-adding attribute for the quality of the product, the legislation on origin of other products, such as dairy and meat products, rather pursues the objective to enable consumers to make informed choices.

That being said, although the objectives pursued and the scope of application may differ, the extensive framework regulating the indication of country of origin of food, including the GI schemes, may lead, as highlighted in a sectorial publication (<sup>463</sup>), to a confusion and insecurity for consumers, for whom it may not be clear which attributes and aspects of products’ marketability are targeted through the different origin labels.

Moreover, there could be inconsistencies with regard to the definition used across different pieces of COOL legislation. One example is the use of the term “*veau*” (veal in English) in the French “*veau d’Aveyron*”. Whilst the latter is made from animals slaughtered above eight months of age, the term “*veau*” can only be used for animals aged eight months or less according to Regulation on veal and young cattle meat marketing standards (<sup>464</sup>).

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<sup>458</sup> Further spelled out in Commission Implementing Regulation (EU) No 1337/2013

<sup>459</sup> [https://www.europarl.europa.eu/ReqData/etudes/BRIE/2018/625182/EPRS\\_BRI\(2018\)625182\\_EN.pdf](https://www.europarl.europa.eu/ReqData/etudes/BRIE/2018/625182/EPRS_BRI(2018)625182_EN.pdf)

<sup>460</sup> Notably, in the Farm to Fork strategy it is stated that the Commission will consider the extension of mandatory origin or provenance indications to certain products.

<sup>461</sup> More information available at: [https://ec.europa.eu/food/safety/labelling\\_nutrition/labelling\\_legislation/origin-labelling\\_en](https://ec.europa.eu/food/safety/labelling_nutrition/labelling_legislation/origin-labelling_en)

<sup>462</sup> [https://www.europarl.europa.eu/ReqData/etudes/BRIE/2018/625182/EPRS\\_BRI\(2018\)625182\\_EN.pdf](https://www.europarl.europa.eu/ReqData/etudes/BRIE/2018/625182/EPRS_BRI(2018)625182_EN.pdf)

<sup>463</sup> <http://www.fratinivergano.eu/en/issue-number-4-26th-february-2016/>

<sup>464</sup> <https://op.europa.eu/en/publication-detail/-/publication/dccbc9ae-2e6e-4b5b-a5d5-0aa2873a937c>

“Evaluation of the market implications of veal and young cattle meat marketing standards”

**The possible extension of the scope of the requirements for origin labelling of the primary ingredient of a food to GI products could result in possible inconsistencies with the quality policy.** Article 26(3) of the FIC Regulation requires that where the origin of a food is given, and it is different from the one of its primary ingredients, the origin of the primary ingredient shall be given or at least indicated as being different to the origin of the food. The requirements of Art 26(3) are further spelled out in the recent Commission Implementing Regulation (EU) 2018/775 <sup>(465)</sup>, which clarifies how the information on the origin of the primary ingredient should be displayed on labels.

Notably, Article 1(2) of this Implementing Regulation specifies that GI products do not fall under the scope of this Implementing Regulation. Recital 6 clarifies that, while the general requirements of Article 26(3) of the FIC Regulation apply to all food products, the relevant implementing rules, related to the primary ingredient, require further examination and will be adopted at a later stage <sup>(466)</sup>.

To date, as the rules foreseen by Commission Implementing Regulation (EU) 2018/775 do not apply to GI products, there are no inconsistencies between these two pieces of legislation. Should the scope be extended to GIs, an accurate assessment of the consequences for consumers should be performed, in order to avoid inconsistencies and confusion among consumers. Notably, this issue is of particular relevance for PGI products (as compared to PDO), where part of the production/processing process could take place out of the defined geographical area (for food and food products in particular).

**Sub-question 15.4: Are the general and specific objectives of the EU quality policy coherent and aligned with those of EU trade policy?**

- ***Judgement criteria 15.4: General and specific objectives of the EU quality policy are aligned with those of the EU trade policy***

**Conclusions of the judgement criteria**

- The EU quality policy is aligned with the trade policy. GIs protection provide opportunities for growth and jobs, therefore contributing to trade policy objectives. Therefore, the two policy areas present synergies with regard to objectives and effects achieved.
- Trade policy can amplify the positive effects that the GI policy can bring on producers on the internal market as well as in developing countries.

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<sup>439</sup> Commission Implementing Regulation (EU) 2018/775 of 28 May 2018 laying down rules for the application of Article 26(3) of Regulation (EU) No 1169/2011 of the European Parliament and of the Council on the provision of food information to consumers, as regards the rules for indicating the country of origin or place of provenance of the primary ingredient of a food (Text with EEA relevance. (OJ L 131, 29.5.2018, p. 8)

<sup>466</sup> As mentioned in [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020XC0131\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020XC0131(01))

**Limitation to the scope of the ESQ:** Traditional Specialities Guaranteed (TSGs) are not included in the scope of this judgement criteria, as they are not an IPR and, hence, not treated in the context of trade policy.

#### **I 15.4: Comparison of the general objectives, and comparison of the specific objectives related to GIs being the main agricultural offensive interest in trade negotiations with third countries**

**The objectives<sup>(467)</sup> of EU quality policy are well aligned with those of the trade policy.** As stated in the Treaty of the Functioning of the EU<sup>(468)</sup>, the EU trade policy shall contribute to the establishment of a level playing field for traders across the world, contributing to the economic growth (e.g. increased exports, more jobs) on the EU internal market as well as to the growth and development of developing countries<sup>(469)</sup>. By doing so, trade policy should benefit enterprises of all sizes and contribute to sustainable development<sup>(470)</sup>. Beyond its role in facilitating trade in goods and services as well as investment, trade policy, as regards the protection and enforcement of intellectual property rights, also contributes to enhance the protection of EU names of GI products against unfair practices on third country markets<sup>(471)</sup>.

These objectives are well aligned with the benefits that the GI system can bring when articulated with Trade Policy. GI policy contributes to sustainable development and jobs. Trade policy amplifies the effects of GI policy, notably by enhancing IPR frameworks for protection of GIs in third markets.

EU trade policy recognizes the importance of appropriate IPR protection and enforcement as a valuable tool to stimulate innovation and to compete in the global economy<sup>(472)</sup><sup>(473)</sup>. The EU quality policy lists among its key objectives the uniform protection of the names as an IPR, namely GIs, in the territory of the Union<sup>(474)</sup>. This objective is amplified at a global level by trade policy, which promotes the protection and enforcement of IPRs, including GIs, in third countries, by including them in multilateral and bilateral trade agreements.

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<sup>467</sup> Disclaimer: as there is no unique EU Trade piece of legislation, the objectives of the EU Trade Policy have been retrieved from the Treaty of the Functioning of the EU and from several EC publications.

<sup>468</sup> TITLE II COMMON COMMERCIAL POLICY, Article 206 (ex Article 131 TEC): *By establishing a customs union in accordance with Articles 28 to 32, the Union shall contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international trade and on foreign direct investment, and the lowering of customs and other barriers.*

<sup>469</sup> Treaty on the European Union, Title V, Chapter 1: Art 21.2: *(d) foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty;*

<sup>470</sup> DG TRADE, EU Trade Policy at work. URL: [https://trade.ec.europa.eu/doclib/docs/2019/october/tradoc\\_158400.pdf](https://trade.ec.europa.eu/doclib/docs/2019/october/tradoc_158400.pdf)

<sup>471</sup> Mission letter to Commissioner P. Hogan. URL: [https://ec.europa.eu/commission/commissioners/sites/comm-cwt2019/files/commissioner\\_mission\\_letters/mission-letter-phil-hogan-2019\\_en.pdf](https://ec.europa.eu/commission/commissioners/sites/comm-cwt2019/files/commissioner_mission_letters/mission-letter-phil-hogan-2019_en.pdf)

<sup>472</sup> [http://trade.ec.europa.eu/doclib/docs/2019/may/tradoc\\_157903.pdf](http://trade.ec.europa.eu/doclib/docs/2019/may/tradoc_157903.pdf)

<sup>473</sup> Notably, IPR Intensive Industry, including GI intensive ones, are very important in the EU, and generated altogether almost 45% of total economic activity (GDP) in the EU, worth €6.6 trillion. They also accounted for most of the EU's trade with the rest of the world. Source: [https://euipo.europa.eu/ohportal/en/web/observatory/ip-contribution#ip-contribution\\_1](https://euipo.europa.eu/ohportal/en/web/observatory/ip-contribution#ip-contribution_1)

<sup>474</sup> According to Regulation (EU) No 1151/2012

The tools used for this purpose include:

- Multilateral agreements: the EU is a key supporter of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) within the WTO. At multilateral level, the EU has been the main advocate of negotiations on geographical indications in the WTO's Doha Development Agenda <sup>(475)</sup>, which covers the establishment of an international register for geographical indications and the extension of the protection currently granted to wines and spirit GIs to all GI products.
- Bilateral trade agreements: the EU negotiates and has already concluded a series of bilateral trade agreements <sup>(476)</sup>, all of which include comprehensive IPR chapters. GIs are always part of the IPR chapter of the FTAs. GI protection has been amongst the main agricultural offensive interests of the EU in trade negotiations, including with Mercosur, Mexico, Japan or Indonesia, <sup>(477)</sup>.
- An effective enforcement regime: the EU has adopted a revised Strategy for the Enforcement of Intellectual Property Rights in Third Countries <sup>(478)</sup> which includes specific actions to address IPR protection and enforcement problems affecting European businesses trading abroad. Enforcing these rights within the EU and abroad contributes to economic growth and job creation, while safeguarding consumer safety and health, which could be put at risk by counterfeit products <sup>(479)</sup>.
- Other tools to promote the protection and enforcement of GIs (and, more broadly, of IPRs) in third countries, include EU-funded technical cooperation programmes to support the set-up of, and improve the functioning of, third countries IP systems, as well as IP dialogues and IP Working Groups <sup>(480)</sup>. These tools have the twofold objective of helping third countries improve their IPR frameworks as well as supporting EU right-holders doing business in or with certain third countries. The IP technical cooperation programmes (so-called IP Keys, in China, Latin America and South-East Asia) create relevant synergies abroad with another EU-funded instrument in support of SMEs, the so-called IP SME Helpdesks. <sup>(481)</sup>.

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<sup>475</sup> <https://ec.europa.eu/trade/policy/eu-and-wto/doha-development-agenda/>

<sup>476</sup> <https://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>

<sup>477</sup> GI Protection was among the main offensive interests in the negotiations with Mercosur, Mexico, Indonesia, and Japan. Source: Council of the European <http://data.consilium.europa.eu/doc/document/ST-5344-2018-INIT/en/pdf>

<sup>478</sup> <https://ec.europa.eu/transparency/regdoc/rep/1/2014/EN/1-2014-389-EN-F1-1.Pdf>

<sup>479</sup> <https://ec.europa.eu/trade/policy/accessing-markets/intellectual-property/>

<sup>480</sup> More info available at URL: <https://ec.europa.eu/trade/policy/accessing-markets/intellectual-property/>

<sup>481</sup> [http://trade.ec.europa.eu/doclib/docs/2019/may/tradoc\\_157903.pdf](http://trade.ec.europa.eu/doclib/docs/2019/may/tradoc_157903.pdf)

**Trade policy can amplify the positive effects that the GI protection can bring for producers on the internal market.** The contribution to economic growth on the internal market is a fundamental objective of both EU trade and quality policies<sup>482</sup>. Through the inclusion of GIs in trade policy instruments (e.g. multilateral and bilateral agreements and other tools) the positive effects that GI policy brings are amplified, i.e. in terms of creation of jobs and economic growth in the EU. This is achieved by the increased access to more markets, providing at the same time protection against misuses in third countries. Moreover, given the territorial link of GIs, these benefits remain tied to the territory where the product has been produced, as opposed to other IPRs (e.g. trade marks) where this link with origin and territory is missing whereby the production can be delocalised.

GIs are an EU-wide interest and there is a positive contribution to economic growth and jobs in the EU stemming from an enhanced protection and enforcement of EU GIs in third markets via trade agreements.

Regarding the EU GI lists in FTAs, there appears to be a reflection of the GI history and export tradition of several EU Member States, in terms of the number of names from individual countries. It is worth noting that EU GIs lists are established, in close coordination with EU Member States, on the basis of objective criteria inter alia the commercial significance and export potential of certain GI products, but also the particular situation on the third country market as regards important EU names that have been exposed to abuse and imitation in the third country and therefore the need to tackle these usurpations through the FTA.

That being so, while GIs are an EU-wide interest, the positive contribution to economic growth may not be equally spread among MS. In fact, the main exporters of EU GIs are France and Italy, responsible respectively for 44% and 20% of exports to non-EU countries of GI products<sup>(483)</sup>. Interestingly, 18 out of the 22 agricultural and food products<sup>(484)</sup> that can be systematically found across the 11 trade agreements<sup>(485)</sup> that the EU finalized following the one with South Korea, are from Italy and France, in agreement with the export shares mentioned above, and further underlining the link between export potential of certain GI products and their inclusion in trade agreements.

As mentioned above, however, the export potential is not the only factor considered when defining the lists of products to be included in FTAs. In fact, including GIs that have been exposed to abuse and imitation in the third country is beneficial in tackling these usurpations.

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<sup>482</sup> Ensuring the integrity of the internal market/market transparency; Ensuring fair competition for farmers and producers (add source of the Regulation)

<sup>483</sup> Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialities guaranteed (TSGs), available at URL: <https://op.europa.eu/en/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1/language-en/format-PDF/source-125033244>

<sup>484</sup> Not taking into account, thus, wine and spirit drinks.

<sup>485</sup> South Korea FTA, Andean FTA, Central America AA, Ukraine DCFTA, Georgia DCFTA, Moldova DCFT, South Africa EPA, Canada CETA, Singapore FTA, Vietnam FTA, Japan EPA

The number of MS whose GIs are protected in bilateral/regional agreements with third countries is growing, as GIs gain importance across the Union. Benefits from GI protection are for the entire Union, GIs being an integral part of comprehensive IPR chapters in FTAs.

**The articulation of the GI system within trade policy positively contributes to the economic growth of developing countries.** As stated in Art 208 of TFEU <sup>(486)</sup>, all EU policies shall aim at reducing poverty in developing countries. In this context, the GI policy in articulation with Trade policy can contribute to rural development and better functioning agri-food value-chains of developing countries, as also analysed in ESQ 5. As GIs are tied to territory, the benefits stemming from this system would stay in the country concerned, thus benefitting local producers from the geographical area at stake.

This can be achieved by:

- Concluding bilateral free trade agreements, e.g. with Mexico, or Colombia/Peru/Ecuador. Emblematic examples of third country GIs are Tequila from Mexico and Café de Colombia, where their GI systems have shown a positive impact on the local economy.
- Including GI sections in some Economic Partnership Agreements (EPAs) between the EU and African, Caribbean and Pacific (ACP) countries. Similarly to free trade agreements, EPAs represent a valuable tool to fully open up access to the EU market, while allowing ACP countries long transition periods to open up partially to EU imports while providing protection for sensitive sectors.
- Third countries have also the possibility to directly register their GI terms in the EU register pursuant to Recital 52 of Regulation (EU) No 1151/2012. To date, 32 products have been registered in the EU register by third countries. Given the fact that these two alternative avenues to obtain GI protection in the EU (which do not exclude each other), either via international agreements or through the EU domestic system are fully equivalent, the respect of the MFN principle is ensured <sup>(487)</sup>.
- Carrying out other activities, which will promote the EU GI system and support developing countries in developing their own.
  - The EU offers a number of support actions such as technical assistance focusing on IPR or including an IPR component, intended to help third countries improve their IPR system, as well as support services targeting EU right-holders doing business in or with certain third countries <sup>(488)</sup>.

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<sup>486</sup> Article 208 of TFEU: *Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty. The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries.*

<sup>487</sup> “Most-Favoured-Nation” (“MFN”) is a founding principle of the WTO. It requires WTO Members to accord the most favourable tariff and regulatory treatment given to the product of any one Member at the time of import or export of “like products” to all other Members. From a legal perspective, MFN treatment is provided for in GATT Articles I, III: 7, V, and XVII.

<sup>488</sup> [http://trade.ec.europa.eu/doclib/docs/2019/may/tradoc\\_157903.pdf](http://trade.ec.europa.eu/doclib/docs/2019/may/tradoc_157903.pdf)

- As a specific example, the EU is supporting the development of an African Union initiative, by setting up an Africa-EU Partnership<sup>(489)</sup>. In this context, the EU is supporting with technical assistance the African Union's "Continental strategy for GIs in Africa"<sup>(490)</sup>, which aims at the creation of a GI system for the African countries. The EU actively supports this initiative with numerous actions, , including specific training, the establishment of an African GI website/register, or the identification of a number of GI pilot products to be developed in different African countries<sup>(491)</sup>.

Notably, establishing the GI system in Africa is expected to bring numerous beneficial effects to the agriculture value chain as a whole<sup>492</sup>. In addition, by triggering the establishment of a GI enforcement system, this could inspire and provide experience for the development of other schemes and certifications as well as overall IPR enforcement. The IP Strategy in Africa has a major focus on enforcement and this includes the enforcement of GI rights.

As a long-term goal, contributing and supporting the set-up of a continental agreement is expected to enhance the level of integration between African countries, and pave the road for a future free trade area between the EU and Africa.

**Sub-question 15.5: Are the general and specific objectives of the EU quality policy coherent and aligned with those of EU internal market policy?**

- ***Judgement criteria 15.5: General and specific objectives of the EU quality policy are aligned with those of the EU policy on internal market***

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<sup>489</sup> <https://africa-eu-partnership.org/en>

<sup>490</sup> <https://au.int/en/documents/20190214/continental-strategy-geographical-indications-africa-2018-2023>

<sup>491</sup> [https://ec.europa.eu/info/news/step-closer-establishment-african-geographical-indications-2019-apr-03\\_en](https://ec.europa.eu/info/news/step-closer-establishment-african-geographical-indications-2019-apr-03_en)

<sup>492</sup> From interviews with EC officials.

### **Conclusions of the judgement criteria**

- The EU quality policy objectives are coherent with those envisaged by the EU internal market policy.
- The derogations provided for PDO/PGIs from the competition policy do not undermine the functioning of the internal market.
- The tools available for the enforcement of EU quality policy are overall coherent with those available for other IPRs, with the exception of the protection of domain names registration. Indeed, the current framework does not include an explicit protection for GIs, but is limited to trade marks. This limitation creates several difficulties for GI holders that demand protection under the Uniform Domain Name Dispute Resolution Policy (UDRP). Although some steps have been taken to extend internet domain protection to GIs, further actions are still needed to put GI holders on equal footing with trade mark holders.

### **I 15.5: Comparison of the general objectives, and comparison of the coherence related to Art 118 of the TFEU on IPRs**

**The quality policy objectives are coherent with those envisaged by the EU internal market policy.** Overall, the European internal market policy aims at guaranteeing the free movement of goods, capital, services, and labour within the European Union, ensuring fair competition within actors on the market, stimulating growth within the Union territory and safeguarding consumers against counterfeiting and abusing behaviours. EU quality schemes aim at guaranteeing fair competition <sup>(493)</sup> for farmers and producers of agricultural products, spirit drinks, wines and aromatised wine products throughout the Union (see discussion below). PDOs/PGIS as well as TSGs also aim at promoting the economic development of the rural areas in which they are produced <sup>(494)</sup> by providing producers with a fair return for the qualities and characteristics of their product, which are linked to the territory and the production process implemented <sup>(495)</sup>. Additionally, they contribute to increasing the availability of safe and high-quality products, safeguarding consumers from counterfeiting and deceiving practices <sup>(496)</sup><sup>(497)</sup>. The relevant regulations of PDOs/PGIS and TSGs also envisage the implementation of control systems aiming at guaranteeing the correct enforcement of the rights granted by the EU quality schemes (for more details see the discussion below).

**The derogations provided for PDO/PGIS from the competition policy do not undermine the functioning of the internal market.** The TFEU confers a special status to the agriculture sector, provisioning certain exemptions and derogations from EU competition policy <sup>(498)</sup> <sup>(499)</sup> <sup>(500)</sup>. As confirmed by several CJEU judgement, agricultural objectives take precedence over competition law objectives <sup>(501)</sup>. Overall, the derogations provided by the Treaty pertain to all agreements, decisions and practices necessary to achieve the objectives of the CAP. The common rules on competition are defined in Article 101 of the TFEU, which also establishes the cases for which derogations to competition

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<sup>493</sup> 18<sup>th</sup> Recital, Articles 1 and 17 of Regulation (EU) No 1151/2012; 2<sup>nd</sup> Recital of Regulation 110/2008; 2<sup>nd</sup> Recital of Regulation (EU) No 251/2014; and 97<sup>th</sup> Recital of Regulation (EU) No 1308/2013.

<sup>494</sup> For more details please refer to ESQ 4

<sup>495</sup> 18<sup>th</sup> Recital of Regulation (EU) No 1151/2012.

<sup>496</sup> 5<sup>th</sup> Recital of Regulation (EU) No 1151/2012; 2<sup>nd</sup> Recital of Regulation 110/2008; 9<sup>th</sup> Recital of Regulation (EU) No 251/2014; article 92 (2) of Regulation (EU) No 1308/2013.

<sup>497</sup> For additional information on the coherence with information to consumers' and food safety please refer to ESQ 15.1 and 15.3

<sup>498</sup> Articles 101 and 106 of TFEU.

<sup>499</sup> Article 42 of the TFEU states that EU competition rules apply to the production of and trade in agricultural products only to the extent determined by EU regulations adopted under the CAP.

<sup>500</sup> <http://capreform.eu/competition-issues-in-the-single-cmo-regulation/>

<sup>501</sup> Judgments of 5 October 1994, Germany v Council, C-280/93, EU:C:1994:367, paragraph 61; Judgement of 12 December 2002, France v Commission, C-456/00, EU:C:2002:753, paragraph 33; Judgement of 14 November 2017, APVE a.o. ('Endives'), ECLI:EU:C:2017:860, paragraph 37.

rules are allowed. The regulation on the common market organisation for the agriculture sector, Regulation (EU) No. 1308/2013 (CMO regulation), provisions several cases in which general derogations from Article 101 of the TFEU apply. These are provided for farmers and their associations through Articles 209, and for interbranch organisations in Article 210. Another indirect derogation is provided by Article 152, which allows for the establishment of recognised producer organisation pursuing several objectives, e.g. concentration of supply and joint production planning. The derogations are designed in order to strengthen cooperation amongst agricultural producers.

With regards to the EU quality schemes, Articles 150 and 172 of the CMO specifically mandate derogations for PDOs and PGIs in the cheese and ham sectors. As outlined in Article 150, producers' and farmers' organisations are allowed, under certain conditions and for a limited period of time, to lay down agreements to regulate the supply of PDO/PGI cheeses. The aim of such derogations is to allow producers to adapt their supply to market demand in order to ensure high quality and value added of the PDO/PGIs sold on the marketplace, which is of particular importance for vulnerable rural regions (<sup>502</sup>). In line with what is provisioned by the TFEU, these measures are envisaged to facilitate the fulfilment of the objectives of the CAP, and are not in contrast with other provisions for agricultural products other than PDOs/PGIs (<sup>503</sup>). The overall objectives of these derogations are to support primary producers in strengthening their position and promote sustainability along the supply chain, and to encourage cooperation among producers within the agriculture sector. Two MS have, until the time of writing, adopted rules on the supply management for PDO/PGI cheeses, namely France and Italy (<sup>504</sup>). An example is given with the French cheese Beaufort. As investigated in the corresponding CS, measures on supply management for the Beaufort cheese have been implemented in France via the application of Article 150 of the CMO, with the objective of promoting a stronger engagement of farmers and producers, and increasing the quality standards and the value added in the cheese production sector. Regulation (EU) No 1308/2013 also provides similar derogations to the supply of ham benefiting from a PDO/PGI, under Article 172 of the CMO (<sup>505</sup>). The two MS assess positively the effectiveness of this instrument with regards to the proper adjustment of supply to demand, income stabilisation for producers and market

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<sup>502</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018SC0450&from=HU>

<sup>503</sup> The rules Member States are allowed to adopt for supply management shall not allow for price fixing; not make unavailable an excessive proportion of the product concerned that would otherwise be available; not create discrimination, constitute a barrier for new entrants in the market, or lead to small producers being adversely affected; and contribute to maintaining the quality and/or the development of the product concerned, <http://www.rederural.gov.pt/centro-de-recursos/send/14-organizacao-producao/773-the-contribution-of-producer-organisations-to-an-efficient-agrifood-supply-chain>

<sup>504</sup> France and Italy adopted measures on supply management for eight and four cheeses, respectively. [http://agricultura.gencat.cat/web/.content/de\\_departament/de02\\_estadistiques\\_observatoris/27\\_butlletins/02\\_butlletins\\_nd/documents\\_nd/fitxers\\_estatics\\_nd/2018/0217\\_2018\\_PoliticaAgraria\\_Preus-grans-superficies-cadena-alimentaria-UE-competencia-2018-CE.pdf](http://agricultura.gencat.cat/web/.content/de_departament/de02_estadistiques_observatoris/27_butlletins/02_butlletins_nd/documents_nd/fitxers_estatics_nd/2018/0217_2018_PoliticaAgraria_Preus-grans-superficies-cadena-alimentaria-UE-competencia-2018-CE.pdf)

<sup>505</sup> Only Italy has so far adopted rules on the regulation of ham supply, [http://agricultura.gencat.cat/web/.content/de\\_departament/de02\\_estadistiques\\_observatoris/27\\_butlletins/02\\_butlletins\\_nd/documents\\_nd/fitxers\\_estatics\\_nd/2018/0217\\_2018\\_PoliticaAgraria\\_Preus-grans-superficies-cadena-alimentaria-UE-competencia-2018-CE.pdf](http://agricultura.gencat.cat/web/.content/de_departament/de02_estadistiques_observatoris/27_butlletins/02_butlletins_nd/documents_nd/fitxers_estatics_nd/2018/0217_2018_PoliticaAgraria_Preus-grans-superficies-cadena-alimentaria-UE-competencia-2018-CE.pdf)

stabilisation, as well as to protection of production in disadvantaged areas (<sup>506</sup>). Hence, the derogations from the competition policy are justified based on the achievement of CAP objectives.

**The tools available for the enforcement of EU quality policy are coherent with those available for other IPRs, although the protection of domain names containing GI names still remains to be solved.** Ensuring the correct enforcement of IPRs within the union is of pivotal importance for the functioning of the internal market (<sup>507</sup>). The EU legal framework offers a broad range of instruments and directives aiming at ensuring the correct use of IPRs within the internal market (<sup>508</sup>). GIs, being intellectual property rights, are covered by the same general legal framework on IPR enforcement as other IPRs. As such, GI holders can rely on the same set of tools available to other IPR owners to enforce their rights. However, TSGs are not recognised as IPRs and, consequently, are not covered by the scope of the abovementioned directives (<sup>509</sup>).

Both GIs and TSGs are subject to the control system provisioned by the EU quality schemes regulations<sup>510</sup>, which covers both the production phase and the surveillance of the use of the protected name, once the product has been placed on the market. These control mechanisms fall within the responsibility of the MS.

As GIs and TSGs fulfil a public function and do not represent private rights as other IPRs (e.g. trade marks), differences exist regarding the type of enforcement foreseen (<sup>511</sup>). While the EU regulations envisage a system of public enforcement for GIs and TSGs, trade marks rely on a private enforcement system. As such, it is mostly the responsibility of trade mark holders to take action in order to ensure the enforcement of his/her right, whereas for GI and TSG holders there is a public obligation to control the production as well as the use of the name (although, there exist some exceptions) (<sup>512</sup>). A further source of difference stems from the fact that GIs and TSGs also fall under the umbrella of the EU food law. Consequently, as other food products, they are also subject to the control system put in place by MS to ensure consumers' safety, as ruled by Regulation (EC) No 882/2004, repealed by Regulation (EU) 2017/625 on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products.

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<sup>506</sup> According to written correspondence with EC, DG Agriculture and Rural Development, June 18th, 2020

<sup>507</sup> Article 118 of the TFEU; 1st and 8<sup>th</sup> Recitals of Directive 2004/48/EC.

<sup>508</sup> Directive 2004/48/EC and Directive 2000/31/EC.

<sup>509</sup> Please refer to ESQ 11 for further details on the level of protection across different EU quality schemes.

<sup>510</sup> Title V, Chapter One of Regulation (EU) No 1151/2012; Regulation (EU) No 1308/2013; Regulation (EC) No 110/2008; Regulation (EU) No 251/2014.

<sup>511</sup> For more details on the coherence between GIs and EUTMs, please refer to the analysis provided in the ESQ 12.

<sup>512</sup> For more details on the relationship between GIs and EUTMs, please refer to ESQ 12.

Overall, no source of conflicts between private and public enforcement has been identified. The differences between the two enforcement systems result from the different nature of the interests intended to protect (see the analysis for ESQ 12).

Furthermore, despite the differences between private and public enforcement, GIs can take advantage of all tools provided by the internal market policy for the enforcement of IPRs to the same extent as other IPRs. However, until today, GI and EUTM holders make different use of the tools provided by the relevant legal framework, where GI holders seem to make less use of the instruments available to protect IPRs from misuse<sup>(513)</sup> <sup>(514)</sup>. In fact, based on interviews, when GI holders who also hold a trade mark make use of enforcement tools protecting them from misuse, they often do so through their TM protection, and not through the GI protection. According to the interviews carried out, the cause of this difference is likely to be due to a low level of awareness among GI holders on the entire set of enforcement tools available to GI holders, so they rather choose to act as TM holders, of which rights they seem to be better informed<sup>(515)</sup>.

A point of incoherence between the protection of GIs and other IPRs concerns the registration of the domain name on the internet<sup>(516)</sup>. Even though both GIs and trade marks are recognised as IPRs, so far the Internet Corporation for Assigned Names and Numbers (ICANN)<sup>(517)</sup> does not recognise the same level of protection under its Uniform Domain Name Dispute Resolution Policy (UDRP)<sup>(518)</sup>. Typically, the process put in place by the ICANN is based on a "first come first served" approach to designation of domain names. With regard to GIs, the acknowledged risk is that sites which bear the name of well-established GIs, but which do not have any legitimate relationship with that GI, could mislead consumers. Although the topic is on the EU policy agenda, the current mechanism of domain names protection does not cover GI holders. As such, GI holders experience several difficulties in achieving protection under the UDRP. An illustrative case is the dispute *Comité Interprofessionnel du vin de Champagne (CIVC) v Steven Vickers*<sup>(519)</sup>, where the complaint of the GI association (CIVC) against the registration of the internet domain *champagne.co*, was denied due to the fact that CIVC could not claim any trade mark right<sup>(520)</sup>. In fact, the protection of GI schemes against improper domain name

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<sup>513</sup> Instruments and tools provided under the relevant EU legal framework, as of Directive 2004/48/EC and Directive 2000/31/EC.

<sup>514</sup> Interviews with DG GROW and DG AGRI

<sup>515</sup> Interviews with DG GROW and DG AGRI.

<sup>516</sup> [https://ec.europa.eu/commission/presscorner/detail/fr/STATEMENT\\_14\\_108](https://ec.europa.eu/commission/presscorner/detail/fr/STATEMENT_14_108)

<sup>517</sup> <https://www.icann.org/>

<sup>518</sup> The UDRP is a dispute resolution service regulating the disputes arising in generic Top-Level Domain (gTLDs) when a second level registration conflicts with an intellectual property right. [https://www.origin-gi.com/images/stories/PDFs/English/oriGIIn\\_Publications\\_2010/GI\\_gTLDs\\_JAN2016\\_WEB\\_VERSION.pdf](https://www.origin-gi.com/images/stories/PDFs/English/oriGIIn_Publications_2010/GI_gTLDs_JAN2016_WEB_VERSION.pdf)

<sup>519</sup> WIPO Case No. DCO2011-0026.

<sup>520</sup> [https://www.origin-gi.com/images/stories/PDFs/English/oriGIIn\\_Publications\\_2010/GI\\_gTLDs\\_JAN2016\\_WEB\\_VERSION.pdf](https://www.origin-gi.com/images/stories/PDFs/English/oriGIIn_Publications_2010/GI_gTLDs_JAN2016_WEB_VERSION.pdf)

claims currently foresees only situations where the GI name is also recognised as a trade mark <sup>(521)</sup>. It is worth mentioning that several steps in addressing this issue have been taken. Several Dispute Resolution Procedures (DRPs), representing a modified version of the UDRP, also include GIs in the scope of their action. For instance, the euADR extend the domain protection to areas other than trade marks, e.g. GIs, and unregistered trade marks, trade names, business identifiers, company names, surnames, and distinctive titles of protected literary and artistic works when they are protected under the national law of the competent MS <sup>(522)</sup> <sup>(523)</sup>.

However, the evidence collected suggests that further developments on the matter are needed. Indeed, the presence of several DRPs also creates divergencies in the procedures that must be followed when a complaint is presented, which could potentially result in different and not homogeneous disputes' outcomes <sup>(524)</sup>.

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<sup>521</sup> [https://www.wipo.int/edocs/mdocs/sct/en/sct\\_39/sct\\_39\\_7.pdf](https://www.wipo.int/edocs/mdocs/sct/en/sct_39/sct_39_7.pdf).

<https://www.origin-gi.com/content-page/item/14699-18-04-2019-there-are-not-legal-barriers-to-extend-the-udrp-to-gis-for-disputes-concerning-second-level-domains-registrations.html>.

<https://www.origin-gi.com/activities/policy-and-advocacy/item/5479-gis-in-the-gtlds.html>.

<sup>522</sup> EUIPO (2019), "Comparative case study on alternative resolution systems for domain name disputes".

<https://op.europa.eu/en/publication-detail/-/publication/246c97e0-300f-11e9-8d04-01aa75ed71a1>.

<sup>523</sup> Other examples of DRPs are: .nl and .es. EUIPO (2019), "Comparative case study on alternative resolution systems for domain name disputes"; <https://op.europa.eu/en/publication-detail/-/publication/246c97e0-300f-11e9-8d04-01aa75ed71a1>. Reglamento del procedimiento de resolución extrajudicial de conflictos para nombres de dominio bajo el código de país correspondiente a España (".ES"), a variation of UDRP ; <https://www.dominios.es/dominios/sites/dominios/files/1197031617037.pdf>

<sup>524</sup> EUIPO (2019), "Comparative case study on alternative resolution systems for domain name disputes".

<https://op.europa.eu/en/publication-detail/-/publication/246c97e0-300f-11e9-8d04-01aa75ed71a1>.

## 7.5 Theme E – EU added value

### 7.5.1 ESQ 16 – EU added value regarding GIs and TSGs

**ESQ 16 - What is the added value of GIs and of TSGs compared to what could have been achieved at Member States' level? In answering the question, in particular the following aspects should be considered:**

- **what is the added value of the scrutiny of applications for GIs and for TSGs by the European Commission as opposed to at EU Member States' level?**
- **what is the added value of GIs and TSGs granted for products with a small production value and/or having a limited marketing area at EU level, as opposed to protection that could be granted by EU Member States at national and regional level?**

#### **Conclusion of the ESQ**

- There is a clear EU added value regarding GIs/TSGs. Without 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 involvement of the EU in GIs is a driver at the international level: the EU signatory of the Geneva Act allowed its entry in force in February 2020 (5 eligible parties had to be involved and the EU was the 5th).
- The scrutiny at EU level allows the homogeneity of the procedures while we observe large differences for national scrutiny procedures among MS.
- The registration of small-scale GIs/TSGs at national level only would allow a strong decrease of the number of GIs/TSGs which account for a limited economic value. However, this would lead to several difficulties: absence of comparable schemes in some MS which could cover such small-scale GIs/TSGs, difficulty to assess the sales value at the registration stage, impact on stakeholders' strategy (some small-scale GIs/TSGs may be relevant for stakeholder strategies) and reluctance from stakeholders.

### 7.5.1.1 Background and methodological approach

- **Interpretation and comprehension of the key terms**

- Scrutiny of applications for GIs and for TSGs: this covers the registration/amendment procedures at national and EU level regarding the registration/ amendment of GIs and TSGs.
- Small production value and/or having a limited marketing area at EU level: we observe a wide range of economic sizes among the different GIs/TSGs, from a few million euro sales to several billion euro for a single product. A large number of GIs have small production value and limited marketing area, based on the study on the value of products under GI/TSG (DG AGRI, 2019), the sales value of half of the GIs was under EUR 1 million in 2017 and 7% of GIs were even not used on the market.

- **Sub-questions, judgement criteria, indicators and sources**

The sub-questions and judgement criteria for this ESQ are detailed in the following table.

**Table 66: Evaluation matrix for ESQ 16**

Sub-questions	Judgement criteria (JC)	Indicators (I)
Sub question 1: What would have been achieved without EU schemes?	<ul style="list-style-type: none"> <li>• JC 16.1: Schemes developed at national and international levels provide a sufficient frame for GIs and other schemes are comparable to TSGs</li> </ul>	<ul style="list-style-type: none"> <li>• I 16.1: Schemes have been developed at national level prior to the EU schemes, they cover GIs or are comparable to TSGs</li> <li>• I 16.2: Comparison of protection provided by International protection agreements (WIPO) compared to protection provided by EU schemes</li> </ul>
Sub question 2: What is the added value of the scrutiny of applications for GIs and for TSGs by the EC as opposed to at MS level?	<ul style="list-style-type: none"> <li>• JC 16.2: Judgement criteria: The benefits for scrutiny at EU level overpass the disadvantages</li> </ul>	<ul style="list-style-type: none"> <li>• I 16.3: The scrutiny at EU level is effective and efficient</li> </ul>
Sub question 3: What is the added value of the scrutiny of applications for GIs and for TSGs by the EC as opposed to at MS level?	<ul style="list-style-type: none"> <li>• JC 16.3: The benefits of the EU level scrutiny overpass the disadvantages</li> </ul>	<ul style="list-style-type: none"> <li>• I 16.4: What are the costs related to the scrutiny and registration of products at EU level?</li> <li>• I 16.5: What are the benefits of the implementation of EU level for "small GIs/TSGs"</li> <li>• I 16.6: Are there other national / regional schemes in each area, to which producers could apply if the supply chain has limited economic scale?</li> <li>• I 16.7: What would be the feasibility to define a threshold of sales value under which value chain may not apply at EU level?</li> </ul>

The answer to this ESQ is based on:

- desk research on international, EU and national frameworks on GIs/TSGs,
- economic analysis of the GIs/TSGs,
- CS and country reports.

- **Methodological approach and limits**

The method for this ESQ is to analyse at EU 28 level the impact of the EU framework as it is now: coverage of all food and drink sectors, registration of all GIs/TSGs whatever their size and scrutiny at EU level.

The limitations of these answers are related to assumptions regarding some aspects which are difficult to anticipate: homogeneity of MS scrutiny or the non-registration of small-scale GIs/TSGs at EU level due to the large diversity of situation.

### **7.5.1.2 Analysis**

#### **Sub-question 1: What would have been achieved without EU schemes?**

- **Judgement criteria 16.1: Schemes developed at national and international levels provide a sufficient frame for GIs and other schemes are comparable to TSGs**

##### **Conclusion of the judgement criteria**

Several MS developed a scheme for GI protection prior to the development of the EU framework, only 8 MS had no schemes prior to EU schemes on GIs/TSGs. However, the scope of these national schemes was far from being homogeneous in terms of sectoral scope (wine, agri-food, spirit drinks) and type of protection (appellations of origin (AO) with a strong link to the geographical area or GIs).

If MS had to rely on international agreements for the protection of GIs on the intra-EU market, this would have been based on:

- TRIPS agreement with a high level of protection for wines and spirit drinks but lower level of protection for agri-food products;
- Lisbon Agreement, which covers only AOs and for which only 7 MS are members,
- Geneva Act of the Lisbon Agreement, this covers AOs and GIs, the EU is member which allows the Act to enter in force. However, the involvement of the EU (and thus the entry in force of the Geneva Act) could have been different if the EU framework had not been in place.

Regarding TSGs, few MS implemented comparable schemes.

Thus, the EU has a clear added value for the implementation of a common framework regarding GIs and TSGs in the food and drink sector (homogeneous in terms of sectoral scope and type of protection).

This question aims at analysing what would have been achieved without the EU framework for GIs/TSGs, based on national initiatives or international agreements.

#### **Indicator 16.1: Schemes have been developed at national level prior to the EU schemes, they cover GIs or are comparable to TSGs**

The GI/TSG schemes have been progressively implemented at EU level since 1970 and it gradually covered all food and drink sectors (see presentation of the regulatory framework in the descriptive chapter).

In a general perspective, a few MS had implemented a GI scheme prior to 1970: Portugal (wine, 18<sup>th</sup> century for Porto, 1908 for Douro) Germany (wine, 1909), France (1919 on wine), Luxembourg (agri-food products, 1932), Italy (1954 on cheese), Bulgaria (1967, all sectors), Spain (wine, 1932). And, based on desk research, only a few MS (9 MS) had no scheme regarding GIs when EU regulation on GIs/TSGs in the agri-food sector was implemented, namely Austria, Denmark, Finland, Greece, Ireland, Latvia, Malta, the Netherlands and Sweden.

However, these national schemes may not have a comparable scope of the EU ones, for instance:

- the Italian Law on GIs in the agri-food sector (1954) only covered cheese;
- in the UK and Germany (for agri-food products), the frameworks were related to trade marks and the use of specific names, these are not fully comparable to GIs;
- the national schemes covered "appellation of origin" or GIs but this was not homogeneous.

These national schemes on GIs have been replaced by EU schemes when they were set. Indeed, national or regional public schemes cannot compete with EU Regulation on GIs.

Some MS implemented other schemes which could be, to some extent, comparable to TSGs. Comparable meaning: specific quality products without definition of a protected area. Such schemes are for instance "*Label Rouge*" (1960) and "*Certification Conformité Produit*" (1990) in France or "KLASA" (2003) in Czechia (see descriptive chapter and ESQ 13 for more details on these schemes).

**Table 67: Historical background for GI schemes in EU MS.**

Historical background	
AT	No national framework regarding GIs prior to the EU framework
BE	Rules prohibiting acts of unfair competition and misleading advertising GIs covered: "indications of provenance" and "appellations of origin"
BG	Law on appellation of Origin in 1967, amended in 1999 with a law on Marks and GIs. This covers all sectors.
CY	Law on Appellation of Origin and GIs for Agricultural Products and Foodstuffs of 2002, which is very similar to the Council Regulation (EEC) No 2081/92
CZ	National system for agricultural and non-agricultural GI from 1973- Act No 159/1973 Coll. on the protection of appellations of origin. Act no. 452/2001 On Protection of Designation of Origin (PDO) and Geographical Indication (GI)
DK	No national framework regarding GIs prior to the EU framework
EE	Geographical Indication Protection Act of 1999, single regime of protection for all products with an extended protection for alcoholic beverages.
FI	No national framework regarding GIs prior to the EU framework
DE	Based on EUIPO, no scheme were in place prior to EU schemes. However, Lars Petzold <sup>(525)</sup> mentions: 1) Agri-food products: Law related to intellectual property (1894) and Law against Unfair Competition (1896); 2) Wine: Wine laws in 1909 and 3) Spirit drinks and aromatised wine products: 1998.
EL	No national framework regarding GIs prior to the EU framework
ES	Wine under PDO since 1932 with the "Wine Statute" Spirit drinks and other alcohol: since 1970 (« Ley 25/1970, de 2 de diciembre, de Estatuto de la Viña, del Vino y de los Alcoholes ») Agricultural products and foodstuffs: gradual implementation in the different sectors between 1970 and 1985 (Royal Decree 1573/1985)
FR	Wine: 1919 (« Loi du 6 mai 1919 relative à la protection des appellations d'origine ») Spirit drinks and agri-food products: progressively since 1935 with the establishment of the « Comité national des Appellations d'Origine pour les vins et eaux-de-vie » which became later INAO
IT	Cheese: since 1954 (Law No 125 of 10 April 1954) Wine: 1963 (Law No 930 of 12 July 1963)
IE	No national framework regarding GIs prior to the EU framework
HU	Since 1997 with Act No. XI. (1997) on trade marks and geographical indications regulated all the GI related issues on national level
LV	Since 2004 with Cabinet Regulation No. 437 of April 27, 2004; just prior to EU accession.
LT	No national framework regarding GIs prior to the EU framework
LU	"National marks" ("Marques Nationales") scheme implemented since 1932 for agricultural and horticultural products. This scheme is comparable to GIs.
MT	No national framework regarding GIs prior to the EU framework
NL	No national framework regarding GIs prior to the EU framework
PL	The GI scheme has been set in 2000 with the Industrial Property Law of 30 June 2000
PT	Gradual implementation of GIs. We can mention the delimitation for Porto wine in 1756 for Porto and Douro wine area in 1908.
PL	The protection of GIs was established in 1998 by Law N° 84/1998 on Trade marks and Geographical Indications and Government Decree N° 833/1998 approving the Regulations governing the application of Law N° 84/1998
SK	In the former Czechoslovakia the use of appellations of origin has been set in 1973 by the special Act 159/1973 on the Protection of Appellations of Origin of Products
SI	GI scheme was introduced by the Industrial Property Law of 20 March 1992
SE	No national framework regarding GIs prior to the EU framework
UK	No national framework regarding GIs prior to the EU framework, but some protected names benefited from legal protection misuse of specific names under the Trade Descriptions Act 1968 and the Trade marks Act 1994

Source: own elaboration based on CS and EUIPO publication: EUIPO, *European legislation on protection of Geographical Indications - Overview of the EU Member States' Legal Framework for Protection of Geographical Indications*, 2011 - <https://ipkey.eu/sites/default/files/legacy-ipkey-docs/european-legislation-on-protection-of-gis-en.pdf>

<sup>525</sup> Lars Petzold, "Markenschutz geographischer Herkunftsbezeichnungen neuere Tendenzen in der Rechtsprechung", 2001 - <https://www.grin.com/document/103244>

### **Indicator 16.2: Comparison of protection provided by International protection agreements compared to protection provided by EU schemes**

The two main agreements in place at international levels are:

- TRIPS Agreement (1994) in the context of WTO which gives wines and spirit drinks a high level of protection and a standard level of protection for agri-food products. The EU is member of WTO and each MS is also a member of the WTO.
- Lisbon Agreement of 1958 in the context of WIPO which gives GIs a high level of protection for “Appellations of origin” and involves 30 parties, including 7 MS (Bulgaria, Czechia, France, Hungary, Italy, Portugal, Slovakia) (<sup>526</sup>). In the framework of the Lisbon Agreement, the Geneva Act (2015) expands the scope of the Agreement (which only covered “appellation of origin”) to geographical indications. In addition, the Geneva Act allows the accession to the Lisbon Agreement by intergovernmental organisations. In this context, the EU is member of the Geneva Act since 2019, this Act entered in force in February 2020. Main Markets for EU GIs are not signatory of the Geneva Act, such as the United States, China and Canada.

Thus, the protection of GIs in the food and drinks sector is progressively improving at international level. However, the scope of international agreements was lower than the EU framework until the entry in force of the Geneva Act: 1) in terms of products covered (for the TRIPS agreement with lower level of protection for agri-food products in TRIPS agreement) 2) in terms of type of protection (“appellation of origin” only covered by Lisbon Agreement) 3) in terms of geographical scope (Lisbon Agreement only covers 7 MS).

The situation evolved recently (February 2020) with the membership of the EU which allowed the entry in force of the Geneva Act (entry in force of the act was related to the application of 5 eligible parties (<sup>527</sup>)) which covers both AOs and GIs. Based on Article 9 of the Geneva Act, *“each Contracting Party shall protect registered appellations of origin and geographical indications on its territory, within its own legal system and practice”*. This protection is in place with the EU framework for GIs; thus, this EU framework was a prerequisite for the EU to be involved in the Act.

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<sup>526</sup>Contracting parties of the Lisbon Agreement:

[https://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty\\_id=10](https://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=10)

<sup>527</sup> The EU was the 5<sup>th</sup> eligible party after the Kingdom of Cambodia, the Republic of Albania, the Independent State of Samoa and the Democratic People’s Republic of Korea - [https://www.wipo.int/treaties/en/notifications/lisbon/treaty\\_lisbon\\_43.html](https://www.wipo.int/treaties/en/notifications/lisbon/treaty_lisbon_43.html)

**Sub-question 2: What is the added value of the scrutiny of applications for GIs and for TSGs by the EC as opposed to at MS level?**

- ***Judgement criteria 16.2: The benefits for scrutiny at EU level overpass the disadvantages***

**Conclusion of the sub-question**

The procedures at national level are heterogeneous, from highly structured procedures with a dedicated organisation in France, to regional assessment in Italy and Spain and the absence of framework in the Netherlands.

EU scrutiny allows to provide some homogeneity of the scrutiny and is a guarantee both for the internal market (20% of the sales value is on intra-EU-trade) and for common standards regarding partners in third countries (22% of sales on extra-EU trade).

The costs of this EU level scrutiny is estimated at EUR 33 500 for each application (see ESQ 6). This accounts for 0.3% to 0.01% of 10 years of sales value of GI/TSG (respectively for small-scale or larger-scale GI/TSG)

**Indicator 16.3: The scrutiny at EU level is effective and efficient**

The implementation of the GI/TSG scheme is highly variable among MS, depending on pre-existing rules and on the objectives pursued with GIs/TSGs. For instance, GIs are a key priority in French policy and a specific public institute (INAO) manages GIs, TSGs and other quality schemes. Specific rules have been defined for the application (such as an economic analysis of the value chain) and the application is examined by a specific Commission. In Italy and Spain, the application is first examined by the competent region. Then, the Ministry proceeds with the assessment of the application request. In the Netherlands, there are no guidelines in place to assess the GI applications through a uniform method. Thus, there is clear heterogeneity in the national procedures which may lead to diverse levels of quality of the applications at EU level.

The EU procedure is the same for the scrutiny of the applications from each MS. This allows a homogeneity of the procedures and increases the homogeneity of the guarantees provided by GIs and TSGs at EU level.

Based on qualitative feedbacks from interviews, some complaints have been formulated on the heaviness and length of procedures, sometimes on the meticulous questions asked during scrutiny at EU level. However, no issues have been raised from MS on the heterogeneity of procedures among the applications from the different MS.

Homogeneity of procedures between MS as regards sales out of domestic market are important: 20% of sales value for GI/TSG were on Intra-EU market in 2017 (EUR 15 billion) and 22% on third country market (EUR 17 billion) (<sup>528</sup>). This EU procedure appears to be

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<sup>528</sup> 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/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

relevant in terms of integrity of the internal market (common standards for goods circulating on the intra-EU market) and regarding the homogeneity of standards for products exported on third country. However, it is not possible to assess to what extent the homogeneity would decrease in case of MS scrutiny only with stricter guidelines from EC.

Although the registration as a GI/TSG at EU level as well as subsequent modifications are free of charge for the producers, the EU level scrutiny cost is estimated at EUR 33 500 for each application (see details in ESQ 6):

- If we consider a small-scale GIs/TSGs with EUR 1 million sales value / year (this is the median economic size of EU GIs/TSGs (<sup>529</sup>)), the EU scrutiny accounts for 0.3% of 10 years of sales value of this GI/TSG.
- If we consider a larger scale GIs/TSGs with EUR 24 million sales value / year (this is the average economic size of EU GIs/TSGs), the EU scrutiny accounts for 0.01% of 10 years of sales value of this GI/TSG.

**Sub-question3: What is the added value of the scrutiny of applications for GIs and for TSGs by the EC as opposed to at MS level?**

- **Judgement criteria 16.3: The benefits of the EU level scrutiny exceeds the disadvantages**

**Conclusion of the sub-question**

Small-scale GIs/TSGs account for a large share of the GIs/TSGs but their economic weight is limited: GIs under EUR 1 million sales account for 48% of the number of GIs for 0.5% of the total sales value.

However, the targeting of GI/TSG policy on larger GIs/TSGs may give rise to several problems:

- the sales value of the GI/TSG may be difficult to assess at the registration stage;
- some "small-scale" GIs/TSGs may be relevant for stakeholders, some of them are in synergy with larger scale GIs/TSGs;
- comparable schemes do not exist in all MS if EU registration is not possible;
- the economic aspects are not covered by national procedures (in most cases) and EU procedures;
- such proposal may raise opposition from stakeholders, due to the exclusion of many value chains from the EU schemes.

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<sup>529</sup> Based on database from *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/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

**Indicator 16.4: What are the costs related to the scrutiny and registration of products at EU level?**

The financial cost of the EU level scrutiny is estimated at EUR 33 500 for each application (see details in ESQ 6). This accounts for 0.3% of 10 years of sales value of a small-scale GI/TSG (EUR 1 million sales value / year).

**Indicator 16.5: What are the benefits of the implementation of EU level for "small GIs/TSGs"**

The term "small-scale GI/TSG" refers to both economic size and market area. If we consider that small scale GIs/TSGs cover the value chains with less than EUR 1 million sales value, in 2017 they accounted for (<sup>530</sup>):

- 48% of the total number of GIs (about 1 600),
- only 0.5% of total sales value under GI (EUR 418 million),
- only 0.3% of export on intra-EU market under GI (EUR 52 million),
- only 0.2% of export on extra-EU market under GI (EUR 40 million).

The export orientation is comparable for GIs under EUR 1 M€ and GIs between EUR 1 million and EUR 10 million sales value: 79% sales on the domestic and 21% on other markets. The share of sales out of domestic market increases for GIs over EUR 10 million (31% of sales out of domestic market for GIs between EUR 10 million and EUR 20 million sales, 44% for GIs over EUR 20 million sales value).

Thus, small-scale GIs/TSGs account for a very large share of the number of protected names for a limited economic impact. The orientation toward export markets is comparable to larger GIs/TSGs but the total sales is limited (less than EUR 100 million exported on intra-EU and extra-EU market for the 1 600 smallest GIs).

However, based on qualitative information from CS and other literature (for instance study on the quality schemes in the fruit and vegetable sector in France (<sup>531</sup>)), small-sale GIs may be related to:

- Strategies for niche markets with low volume and high prices (for instance Cordero Manchego in Spain),
- Failure in the GI/TSG strategy (for instance Dauno olive oil in Italy),
- Strategy of some supply chains to register a set of GIs, some small-scale and some with larger scale, for instance in the wine sector.

Thus, the identification of these small-scale GIs is far from being obvious at the stage of the application.

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<sup>530</sup> Based on database elaborated in the context of "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/fr/publication-detail/-/publication/a7281794-7ebe-11ea-aea8-01aa75ed71a1>

<sup>531</sup> AND International, *Etude transversale sur les Signes d'Identification de la Qualité et de l'Origine (SIQO) dans la filière fruits et légumes*, INTERFEL / FranceAgriMer, 2017

**Indicator 16.6: Are there other national / regional schemes in each area, to which producers could apply if the supply chain has limited economic scale?**

As previously defined, many MS already developed some GI framework prior to the EU framework. However, these national frameworks did not have the same scope (in terms of sectors and type of production). At present, these schemes tend to be aligned with the EU framework. In some MS, only the EU schemes apply. Thus, all MS may not propose alternatives to EU schemes to stakeholders.

**Indicator 16.7: What would be the feasibility to define a threshold of sales value under which value chain may not apply at EU level?**

The economic analysis is not part of the scrutiny in most MS (only exception being France and Italy) and this is not part of EU procedures. There is a detailed economic knowledge on GIs/TSGs in some sectors, mainly in Italy, France, Spain and Portugal. These data cover volume and/or value. In other MS, the economic knowledge on GI/TSG sector is very scarce from NA or national professional bodies.

Based on the above-mentioned data and data collected and estimated in the context of the Study on economic value of EU quality schemes, geographical indications (GIs) and traditional specialities guaranteed (TSGs) for DG AGRI (2019), we assessed that a threshold of sales value at EUR 1 million covers a large number of GIs/TSGs which account for a limited share of sales value. However, as mentioned before, this arbitrary threshold covers different situations (niche market, failure, group of GIs) and the economic situation of a GI is difficult to plan at the registration stage and may evolve. Indeed, based on the PGs survey, for 37% of the GIs/TSGs, the volume marketed under GI/TSG is lower than 75% of the production complying with the GI/TSG specifications.

Thus the definition of such threshold would face several technical issues in many MS when the economic monitoring of the sector is low. In addition, the definition of a threshold may raise some oppositions from stakeholders because of the exclusion of many stakeholders from the scheme.

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