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PROTECTING GEOGRAPHICAL INDICATIONS FOR FOODS AND DRINKS: FEW TANGIBLE BENEFITS IN GEORGIA

Laura Gelhaus

SUMMARY

Having failed to establish strong sui-generis regulation for Geographical Indications (GIs) on the global level, the EU increasingly includes not only the protection of EU GIs from counterfeits, but also aims to expand its system itself in bilateral agreements. Importantly, one dominant narrative in this expansion is that GIs are not only intellectual property rights, but rural development instruments that benefit especially small farmers. Yet, this brief demonstrates that in Georgia, where the implementation of the system was state- rather than producer-driven, these effects do not materialize. Rather, there are few observable economic benefits for rural areas, and only larger players protect their products with GIs.



increasingly moved towards including protections in bilateral agreements.

Importantly, the EU views GIs not only as intellectual property rights but as instruments for rural development, especially for developing countries:

“Geographical indications are becoming a useful intellectual property right for developing countries because of their potential to add value and promote rural socio-economic development” (European Commission 2013)

INTRODUCTION

Geographical Indications is an umbrella term for foods and drinks that are protected from counterfeits according to a delimited geographical area (and sometimes production practices). Notable examples are for instance Champagne and Parma Ham. Within the EU, GIs are mainly divided into two categories: Protected Designation of Origin and Protected Geographical Indications¹. GIs were first introduced on the EU-level through Regulation 2081/92 and arguably evolved into the most institutionalized sui-generis regime for place-based foods’ protection in the world. Failing to further this sui generis GI protection on the global level, e.g. through the WTO, the EU has

Centrally, GIs are understood as benefitting especially small, artisanal producers. The associated price premiums, it is argued, shield farmers from cheaper competition of similar, but mass-produced products (cf. e.g. Bowen 2015; Raftery 2017; Gade 2004).

In Georgia, the 1999 Law on Appellations of Origin and Geographical Indications first established a GI system, modelled after that in the EU. Importantly, at that time, the Georgian market lacked organized farmers’ groups that, as was the case e.g. in France where GIs were first developed, could have lobbied the government for protection. Rather, it

was the government itself that adopted an entrepreneurial role and drove the establishment of GIs. This was predominantly to protect from counterfeits as well as to promote Georgian products on global markets. In 2012, the EU and Georgia concluded a bilateral GI-agreement, and the 2014 Association Agreement/DCFTA vowed to increase cooperation on these issues. Importantly, the EU commits significant resources to the development of the Georgian GI-system, e.g. through a recent TWINNING project or technical assistance to the national intellectual property centre Sakpatenti and other state agencies. As of September 2019, 48 Georgian products were protected as GIs, mostly wines (20) and cheeses (13).

KEY FINDINGS

Overall, Geographical Indications have not had the consequences on Georgian rural areas that were expected by EU and governmental sources.

Plot sizes continue to be predominantly under two hectares, with small farmers largely engaged in subsistence farming. Similarly, farming methods have not been altered. For instance, while ancient wine varieties have been increasingly planted in Georgia, this is largely independent from GI-protection. Moreover, GIs in Georgia have thus far not resulted in benefits such as price premiums, value chain efficiency, or market access (e.g. FAO 2017).

Thus far, GIs are not utilized as a marketing tool and they are not recognized as brands. In interviews, this was argued to be due to vague GI specifications, often only delineating the geographical area rather than production practices. Similarly, it was contended that the promotion of specific GIs, and thus Georgian regions, could only follow after the country itself was internationally recognized for its food quality.

Rather than leading to tangible benefits, there have been more subtle changes in the way rural areas are understood. Arguably, GIs have promoted a reconstruction of stereotypes attributed to rural areas, such as backwardness and isolation, by marketing local products as 'traditional' to an international audience. Often, GI regions are described in terms of their "ancient culture": Kakheti, the region where most wine GIs are registered, has been promoted as "the cradle of vine and wine".

Similarly, GIs in general are argued to convert negative connotations of isolated rural spaces into a positive, by shielding "symbols of locality" against what are understood to be standardizing forces of globalization (Woods 2007). However, in Georgia both processes are deeply intertwined. As argued, one main rationale to implement rules on GIs was to boost Georgian products on global markets. Today, GI products are promoted internationally e.g. through international exhibitions. Similarly, Georgian GIs, especially wine, are increasingly marketed to international tourists, for instance through the Wine Route of Georgia programme, maps that delineate GI areas, and foreign language training for tour guides. At the same time, internationalization is fostered on institutional levels, through government officials' participation in workshops, conferences, and study trips to the EU. Clearly then, GIs do not have the effect of shielding from globalization but promote it.

Considering expectations within the EU that GIs protect predominantly small farmers, interviews unanimously rejected this effect in Georgia. Rather, only a few, large companies protect their products through GIs and have the potential to benefit from price premiums. Small farmers have neither the capacity nor interest to be involved. Crucially, the lack of interest is not due to a lack of appreciation for the concept of terroir, as interviews frequently referred to internalized connections of foods and their quality to geographical locations in Georgia. Rather, regulatory pressures, controls, and an implied lack of freedom are part of the explanation for small farmers' resistance to GIs.

Additionally, Georgian small farmers lack the capacity to benefit from GIs. Most importantly, they encounter significant difficulties regarding compliance to EU food safety, veterinary as well as sanitary and phytosanitary standards. Another hurdle are GI regulations themselves, as small producers cannot guarantee consistent goods. For instance, there was a frequent mention of varying cow feeds that resulted in low milk yields as well as inconsistent products.

In turn, costs of complying with standards, considering also the low volumes produced, outweigh the possible benefits of export and connected GI protection for smaller producers.

To respond to these issues, international donors, including the EU, as well as the Georgian government have been

turning towards cooperatives as solutions. In recent years, there has indeed been a 'boom' of cooperative registration. Yet, interviews and documents highlight that few of these cooperatives are viable in the long-run (e.g. Channon et al.

2017). Rather, cooperatives continue to be associated with Soviet collective farms, or kolkhozes, and thus resisted.

POLICY RECOMMENDATIONS

- There should be a common understanding across actors (e.g. line DGs, EU Delegations, and Member State embassies) of what GIs are, how the EU-model should be externalized and what consequences can be expected.
- Geographical Indications should not be assumed to have a positive effect on small farmers or rural development in general and should not be promoted as such. A more limited understanding of GIs as strictly intellectual property rights rather than a rural development instrument may help temper expectations.
- Especially in post-Soviet countries, an implementation of GIs that mirrors that of Western European countries requires long-term strategies and engagement with rural areas and especially small-scale producers. This includes a long-term approach towards developing coordination among small-scale producers.

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Laura Gelhaus is completing her thesis within the framework of an MSCA-funded GEM-STONES European Joint Doctorate between the University of Warwick (UK) and the Université de Genève (CH).
laura.gelhaus@gem-stones.eu

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