

# Governance Systems of Geographical Indications

Restoring Trust in Trade – International Symposium  
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# Outline

- I. **Restoring trust in trade:** geographical indications (GIs)
- II. Addressing the **weaknesses** in the EU system of protecting GIs
  - a. Risk of Excluding Legitimate Producers
  - b. Transparent and Democratic Decision-Making Within Producer Groups
  - c. Origin of Raw Materials from Outside of the GI Area
  - d. Proper Oversight as to the Link between Product and Territory
- III. **Provisions in FTAs Enabling Stronger Governance Structures**

# Restoring Trust in Trade: Geographical Indications (GIs)

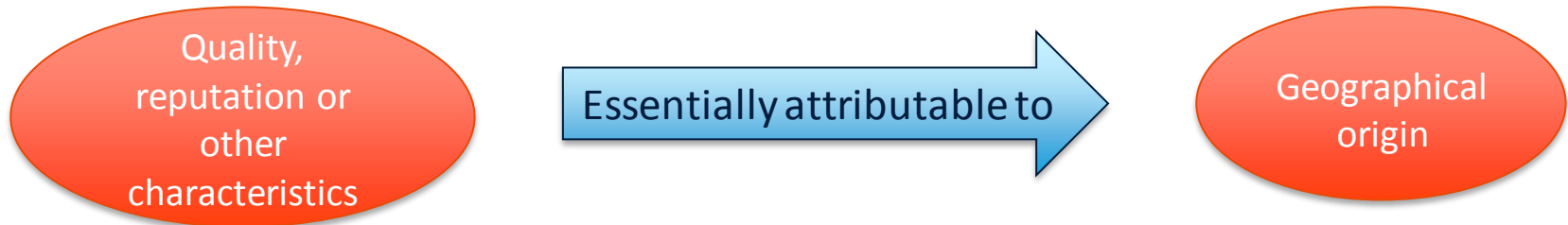


# Geographical indications



# Conditions to be granted protection

- Application by **producer group** contains **product specifications**
  - Name to be protected
  - Description of product (physical, chemical, microbiological or organoleptic characteristics)
  - Definition of **demarcated area**
  - Where **production steps** take place
  - Details establishing the **link** between



- [...]

# Concept of trust

## Interpersonal trust

*“the willingness of a party to be **vulnerable to the actions** of another party based on the **expectation** that the other will perform a particular action important to the trustor, **irrespective** of the ability to **monitor or control** that other party.”*

Mayer, Davis, Schoorman, An Integrative Model of Organizational Trust, 1995

## Trust in an institution

- Belief that **goodwill and competence** of an institution will achieve what is also in one's own best interest (Shapiro, The Social Control of Impersonal Trust, 1987)

 principal – agent relationship

# Trust in geographical indications networks

- Trust by **producers and consumers**
- In the EU **system** of protecting geographical indications
- To set up working **governance structures**
- By means of which the GI system can **perform the functions** it is meant to do
  - Reduce search costs for consumers
  - Reward communities that have built up and passed on knowledge for generations



# Addressing the weaknesses in the EU GI system





# 1. Risk of Excluding Legitimate Producers

## Weakness

- Heterogeneous, large-scale producer groups involving different sectors are **likely to disagree** on the exact production methods or boundaries of the geographical area



**Piadina Romagnola**



**Culatello di Zibello**

# 1. Risk of Excluding Legitimate Producers

## Governance structure

1. Applicant producer group should include producers from **all levels of the production chain** as well as producers from the **entire region**
  - [EU Regulation 1151/2012](#) does not require this, but does not restrict national authorities to require **affidavit or declaration** by the producer group
2. Charge **distinct entities** with 1) guidance and advice to applicants and 2) examination of application in order to **avoid biases** in examination
  - Support to applicants in eight Member States is high, in 17 moderate
3. **Objection procedure** and period should allow, hear and inform objecting parties in a way that reflects **inclusivity**
  - Objection periods differ greatly among MS; information for objectors very vague

## 2. Raw Material from Outside of the GI Area

### Weakness

- **Flexibility** regarding rules on provenance of raw material

- Art. 5 (3) Reg 1151/2012

3. [...] certain names shall be treated as designations of origin even though the **raw materials** (live animals, meat and milk) for the products concerned come **from a geographical area larger than, or different** from, the defined geographical area, provided that:

- (a) the **production area** of the raw materials is **defined**;
- (b) **special conditions** for their production exist; and
- (c) **control arrangements** ensure that special conditions are met

- **No limit** as to how much **percentage** of a raw material may come from outside of the GI area



# 2. Raw Material from Outside of the GI Area

## Propositions to avoid confusion by consumer

- Introduce **stricter origin requirements** for raw materials
  - E.g. a maximum of 15 – 20% of all raw materials used can come from outside of the GI area
- Introduce **labelling requirements** for the provenance of raw materials



# Provisions in FTAs Enabling Stronger Governance Structures



# EU free trade agreements: governance

1. Suggested improvements to **governance structures** in GI systems can be implemented by partner countries
  - **No specific requirements** regarding the application, examination or objection procedure
  - Requirement to maintain a system of registration and protection of GIs that
    - Verifies that definition of GI is fulfilled
    - Contains an objection procedure where legitimate interests of natural or legal persons are taken into account



Leaves ample room to incorporate **improved structures** that can **limit the risk of excluding legitimate producers**

# EU free trade agreements: raw materials

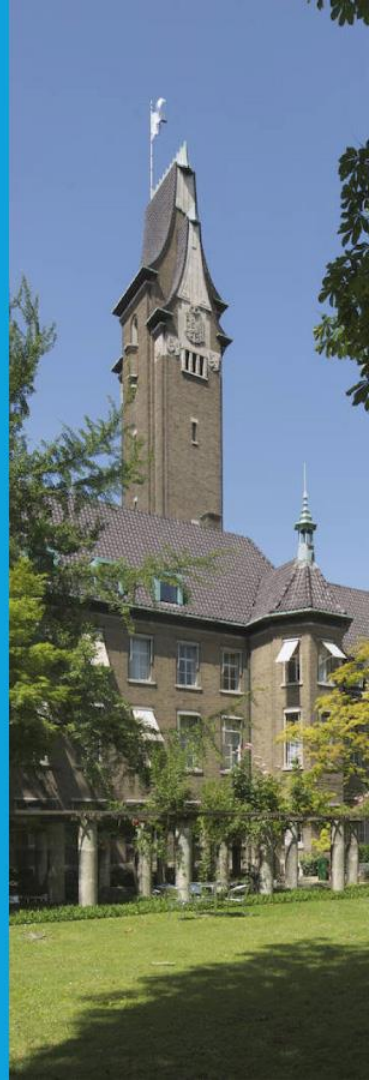
Suggestions regarding rules on **raw materials** can be implemented by partner countries

- No rule similar to [Article 5.3 EU Regulation 1151/2012](#)

 **No obligation** to adopt a similar system as EU regarding raw materials

 Option to **introduce maximum percentage** of raw materials

# Recommendations





# A stronger GI system that is trusted by producers

- **Trust** by producers and consumers in GI system is essential for producers **to cooperate** in networks
- Recommended **procedural** changes
  - Applicant group should testify that it represents the entire supply chain
  - Install separate bodies for 1) guiding applicants and 2) examining them
  - Time limits and guidance regarding objection procedures should have inclusivity in mind
- Recommended **substantive law** change
  - To avoid consumer confusion, there should be a maximum threshold for raw materials that come from outside the GI area

# Thank you for your attention!



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