

# Protection of Geographical Indications in Trade Agreements: is it worth it?

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## European Geographical indications

- Two quality schemes : PDO, PGI



- Part of the European quality package (regulation 1151/2012)
- A European label certifying the characteristic of a product, that it was produced/processed/prepared in a specific region the use of a recognized know-how

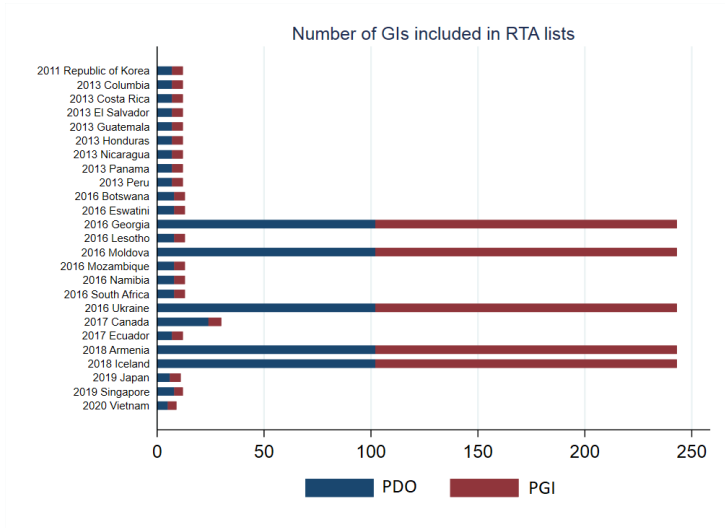
## GIs Objectives

- To provide information to **consumer** about product's attributes by preventing misuses and counterfeiting
  - To protect small **producers** from the entry of low quality competitors and the decline of reputation
  - To enhance **competitiveness** within agri-food chains
  - To preserve traditional **culture** and rural livelihood
- ⇒ **Legal protection** on the European market

## GIs in European trade agreements

- Since 2011 **external recognition of list of GIs** in EU trade agreements to avoid abuse of reputation
- Coexistence if pre-existing trademarks
- *Ex officio* protection in some agreements (*Engelhart 2015*)
- An offensive red line in the ratification of some agreements
- **Why** negotiating such clauses ?
  - Quality products as offensive interests
  - Concentration of GIs in Southern EU countries (*Huysmans and Swinnen 2019*)
  - Compensation for the liberalization of agricultural markets
  - "gastronationalism" (*Huysmans 2020*)

# European GIs in trade agreements



## This paper

- Uses an original and exhaustive dataset of French agri-food firms data concerned by geographical indications
- Investigates the impact of the **inclusion of lists of GIs in European RTA on trade patterns**
  - at the extensive margin (probability of export)
  - at the intensive margin (quantity)
  - on unit value (proxy for prices)

## Data sources

- **INAO** dataset : authorized plants for a given GI product 2012-2019
- **French customs dataset** : export in value and quality, by firm, destination and NC8 product
- **FARE Dataset** from INSEE : characteristics by firm and year (size, productivity)
- list of GIs products included in RTA

## Descriptive statistics

- 225 French **Geographical Indications** (99 AOP and 126 IGP)
- 313 **NC8 codes** (over a total of 2,313), mainly in the dairy and meat sectors
- 337 **authorized firms** (over 5,046)
- GIs exported to 160 **destinations** (over 226)
- 25 countries have RTAs with the EU which include **lists of GIs**



## Results

## GI impact

	Probability to export	Exported quantities	Unit values
Global	ns	ns	ns
EU markets	++	ns	+
<b>C. with agreement</b>	<b>+</b>	<b>ns</b>	<b>++</b>

- The impact of agreements varies due to :
  - The protection/monitoring of GIs in the destination market after the agreement
  - The knowledge/taste of consumers for GIs and quality in general

## Conclusion

- The recognition of GIs in trade agreements allows firms to reach **new markets** and to sell at **higher prices** on average
- This outcome is driven by **cheese** products (the **quantity** of which is also affected by agreements)
- **Heterogeneous** effects according to the agreements :
  - at the extensive margin only on markets with GI monitoring
  - only on markets with higher quality differentiation
  - higher effect on markets with high quality in average