

## **Position paper on the future of geographical indications**

The European chapter of OriGIn, the International network of geographical indications producers, brings together members of this organization who are coming from the European Union. In accordance with OriGIn's objectives, these European producers of geographical indications are calling for a better promotion and protection of GI both inside and outside the EU. This position paper reflects the view of European members of OriGIn on the future of GIs.

### **1. Geographical indications' positive contribution to the Lisbon Agenda and the sustainable development**

The European Union has set itself ambitious goals through the Lisbon Agenda and its strategy on sustainable development. If the EU is to succeed, the agricultural sector, one of the key pillars of the EU economy, must take an active part in reaching for these goals.

Today, nearly 700 geographical indications (besides wines and spirits) have been registered in the European Community. These quality products are linked to specific territories across the EU and are often produced in disadvantaged area. They are the result of the hard work and commitments of several generations of producers who have been able to build up a unique reputation and image for their products.

In some member states GI products represent a major economic weight: non wines and spirits GI products have an economic value of 3,150 billions in France and 7,773 billions € in Italy<sup>1</sup>. In France, 10% of the farms are involved in the production of non wines and spirits GIs<sup>2</sup>. In Italy, the whole pigmeat sector relies heavily on two leading GI hams: Prosciutto di Parma and San Daniele.

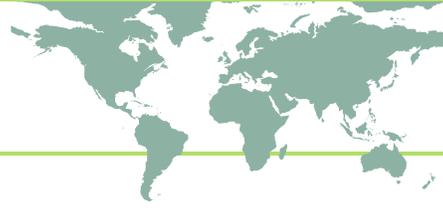
Thanks to the protection granted by EC Regulation 2081/92, GI products bring significant benefits to producers, consumers, the local economy and the environment.

(1) GIs generate incomes for farmers in return for a genuine effort to improve quality. A study has shown that in seven countries (Ireland, UK, Netherlands, Germany, France, Spain and Italy) GI products create an added value of 5, 2 billions € a year, that is equivalent to

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<sup>1</sup> - Source INAO (F) and Qualivita study (IT)

<sup>2</sup> - Source INAO (F)



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10% of the CAP budget<sup>3</sup>! Interestingly, the added value is better distributed along the production chain. As an example, in 2002, the average price for a litre of milk in France was 0.30 € while the milk supplied to French Beaufort GI cheese producers was 0.57 € per litre (+90%).

(2) GI production contributes to the creation of jobs and wealth in rural areas. Consumers' raising demand for quality food with a specific origin has prompted an increase in GI production and sales in the past years. The GI production system - based on SMEs - creates more jobs than other industrial production processes. A comparison between two milk producing regions - Friesland in the Netherlands and Emilia-Romagna in Italy - has shown that for the same quantity of milk produced, the Parmigiano-Regiano GI model employs 21,000 people while the Friesland "bulk" model only employs 8,500 people<sup>4</sup>.

(3) GIs benefit EU citizens. Geographical indications are excellent marketing tools, which allow consumers to make the best choice thanks to a user-friendly labelling. Surveys show that consumers are ready to pay a premium price in return for guarantees on the origin of the product and its natural and artisanal production methods. In addition, GIs play a very positive role towards the protection of the environment and the biodiversity. They encourage diversification in production, thus preserving the biodiversity, local savoir-faire and natural resources. This ensures that European consumers can enjoy diversity in their food regimes.

(4) Geographical indications could be an important market access tool for European producers, especially in third countries where the EC cannot compete on commodities but only on quality and added-value products.

(5) Geographical indications contribute to the spatial planning in the European Union, as GI production is often located in disadvantaged areas of the EU. They also have a positive impact on the development of other activities at local level, such as local handicraft industry and tourism.

(6) Geographical indications are industrial property rights, which provide for an efficient legal protection in case of unfair use in trade. They play an important role in the functioning of the internal market and in promoting competitiveness for European industry.

In conclusion, GI products contribute to the promotion of a qualitative, competitive and sustainable European agricultural policy. Taking into account the EC's objectives in the context of the Lisbon Agenda and its strategy on sustainable development, European members of OriGIn call on the European Commission to improve the protection of GIs both inside and outside the EU.

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<sup>3</sup> - Study conducted by the Wageningen University, The Netherlands

<sup>4</sup> - Study conducted by Prof. Jan Douwe van der Ploeg - Wageningen Agricultural University in the Netherlands



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### 2. The need for a more open, transparent and efficient European GI system

The current EC geographical indications' system is a success from the European producers' point of view. It offers a solid legal protection and allows producers to invest in the production of typical and quality products that are appreciated by consumers. However, the growing interest for GIs in the EU and the recent conclusions of the WTO panel on EC Regulation 2081/92 demonstrate the need for a reform of the current system.

➤ **A system victim of its success**

The services of the DG Agriculture in charge of the GIs do not have sufficient resources to deal with the growing number of requests/oppositions/publications of GI products. The enlargement of the EU to 10 new countries in May 2004 has aggravated the situation with additional constraints such as the translation of documents in 20 languages. As a result, there is a very important backlog in the treatment of requests that is not without consequences for GI producers.

This situation will certainly worsen with the opening of the EC GI system to third countries that has been confirmed by the WTO panel report.

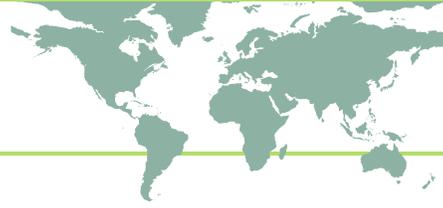
➤ **A system to be fully opened to third countries**

Further to the conclusions of the WTO panel on EC Regulation 2081/92, the EC has to clarify certain aspects of its legislation to ensure that its system is fully open to third countries producers. OriGIn Members support a rapid modification of Regulation 2081/92 that would take away criticisms expressed by third countries and help promoting the GI concept towards producers outside the EU.

European members of OriGIn also welcome other conclusions of the WTO panel, in particular the fact that the panel recognized both the validity of the EC GI system and the coexistence principle between GIs and prior trademarks.

➤ **The way forward: the establishment of a GI Agency**

Considering the strain imposed on the GI system today, European members of OriGIn call on the European Commission to propose an ambitious and immediate modification of the functioning of the GI system. The EC needs to establish an open, transparent and efficient GI system.



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More specifically, European members of OriGIn call on the transfer of the GI register to an agency that would manage registration requests, oppositions and publications. Such register should be open to all GI products (food and non-food) coming from the EU and third countries. This would allow the Commission services to focus their attention on the policy side of the geographical indications' system.

In our view, such a modification would ease the criticism of third countries on the EU GI system, something that is crucial to secure a better protection of European GIs at the international level.

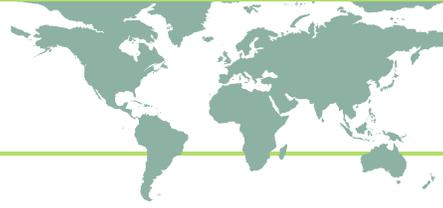
### **3. The need for better protection of GIs at the international level**

European members of OriGIn are currently working with producers all around the world, especially in developing countries, to promote a better protection of GIs. These efforts aim at enlarging the GI family with a view to educate people on the benefits of GIs and, eventually, to secure better protection for all GI products. Faced with an increased number of abuses of their GI names around the world, European members of OriGIn consider that it is urgent to obtain concrete results on the enhancement of GI protection in the context of the Doha Round.

Today, there is an imbalance in the TRIPs Agreement on GIs, as it does not provide for the same protection of all geographical indications. While producers of GIs in the wine and spirits sectors benefit from the additional protection of Article 23 TRIPS, other European producers are left with a minimal protection that, in practice, does not allow them to protect their name outside of the EC. Moreover, the European Community has, so far, negotiated better protection only for GI wines and spirits in bilateral agreements. Considering the important role played by other GI products, it is urgent to secure their better protection at the international level.

#### **➤ The extension must be the priority of the EC in the Doha Round**

The extension of Article 23 to all products should be THE priority of the European Community in the negotiations on GIs in the Doha Round. This would open the way for better market access for all European GI products in third countries, many of which have strong export potential. More importantly, the extension is of interest to many WTO Members that do not produce wines or spirits, in particular developing countries. A decision from the EC to make the extension its priority in the GI negotiations would signal its willingness to promote concretely a Development Agenda in this round.



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➤ **A multilateral register should be open to all GI products**

European members of OriGIn support the establishment of a legally-binding multilateral register. However, it calls on the Commission to ensure that such register will be open to all GI products. Such an approach would be supported by a larger number of WTO Members, in particular developing countries that do not produce wines and spirits and therefore cannot agree to a discriminatory approach on GIs.

➤ **Progress in the agricultural negotiations should be linked to progress on GIs**

European members of OriGIn welcome the proposal made recently by Switzerland that links progress on agriculture to the enhancement of the protection granted to GIs. We consider that the European Commission should use discussions on market access in the agriculture negotiations as a leverage to secure the extension and the establishment of a legally binding multilateral register open to all products. This is fundamental for European producers of geographical indications who will not be able access third countries' markets without GI protection.

➤ **A modification of the TRIPs Agreement to negotiate bilateral agreements is required**

European members of OriGIn invite the Commission to explore ways to secure a modification of the TRIPs agreement to obtain an exception to the Most Favoured Nation treatment. Without such a modification, the ability for the EC to negotiate ambitious bilateral agreements on GIs will be seriously limited.

➤ **Bilateral negotiations: an important tool to enhance GI protection**

European members of OriGIn encourage the Commission to seek better protection of all GI products in a systematic way in all future bilateral agreements. Specifically, European members of OriGIn consider that the Commission should include provisions relating to reciprocity, equivalence and the coexistence between GIs and trademarks in all its future bilateral agreements.

European members of OriGIn would welcome the launch of negotiations relating to bilateral agreement on GIs with key countries interested in GI protection, such as China and India, as well as with important countries from the market access point of view. We propose to work with the European Commission to get the support of all OriGIn members to promote such agreements.



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### 4. The need for a more offensive EC approach on GIs in the WTO

In the past years, the European Community has been very much on the defensive in the WTO negotiations due to attacks launched by the anti-GI camp. The initiatives taken by these countries have contributed to undermining the credibility of the EC GI system as well as the EC request for better GI protection in the Doha round.

Considering the Panel ruling on Regulation 2081/92, it is now important for the EC to look at the future positively. The WTO has recognized the validity of the European GI protection system and established some clear principles. The EC should therefore be proud of its GI system, as it will benefit producers from WTO Members, in particular from developing countries. This will help the EC defending the enhancement of GI protection at the international level.

In this new context, European members of OriGIn consider that it is urgent for the EC to adopt a more offensive approach in the WTO.

In particular, we call on the European Commission to explore ways to underline that some WTO Members do not provide for the protection of geographical indications, as requested by the TRIPs Agreement. More specifically, OriGIn members invite the Commission to challenge the USA, Australia and their allies on these grounds. We would be happy to provide the Commission services with examples that show that these countries do not provide for an effective protection of GIs.

### Conclusion

Taking into account the economic weight of the European GI sector (besides wines and spirits), its contribution to the Lisbon agenda and to the sustainable development of the EU, European members of OriGIn call on the Commission to:

- Modify rapidly EC Regulation 2081/92 in order to comply with the WTO panel ruling
- Set up a GI agency to provide for an open, transparent and efficient European GI system
- Defend actively and as a priority the extension of the protection of Article 23 TRIPs to all GI products
- Take a more offensive and positive approach in the WTO in the coming months
- Negotiate ambitious bilateral agreements with key countries to enhance GI protection.