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# GI economic impacts: what we do and don't know

Áron Török

21<sup>st</sup> June 2018, Understanding GIs Policy Forum

Co-funded by the  
Erasmus+ Programme  
of the European Union



# Outline of presentation

- Why is it important?
- How to measure?
- General overview of the papers
- Key issues
- Summary

# Why is it important?

- Regional prosperity is a high political priority
- Majority of European GI products located in regional and rural areas
- Successful GIs can be used to achieve:
  - higher income for producers
  - and local processors



# How to measure?

- For producer income effect:
  - data to calculate producer income net of costs
    - for GI vs non-GI producers
    - variation between products and regions?
  - Actors in the supply chain
    - Where does increased net income end up?
  - Do other factors affect using GI policy to increase net income?
    - Second-order implementation issues (design of production rules etc).

# How to measure?

- For regional development impacts:
  - No clear indicators – some mix of income, employment, social capital?
  - Any minimum number of GI producers / GI products?
  - Importance of traditional breeds, varieties?
  - Proportion of supply chain in the local area?
  - Local events related to the GI product?

# General overview of the papers

- Only a few studies with empirical approach
- Only case studies – no general conclusion could be made
- Negative impacts can also be identified

# Producer income effects

- Where in supply chain?
- If there is any premium
  - Do the farmers also benefit?
  - What is received by the processor?
  - What is about the retail sector?
  - Does it remain inside, or go outside of the region?

# Local employment

- GI production usually requires higher level of employment
  - high quality standards
  - often accompanied with extensive production (mountain area)
  - traditional and labor intensive production methods
- Indirect impact on regional prosperity



# Part of an extended strategy

- no single tool is adequate for sound regional development policy
- in the EU – other initiatives also used
- role of GIs is unclear, due to limited evidence-based studies. But single GI unlikely to have enough impact.
- “basket of goods” approach, connecting the GI producers with others
  - powerful food, wine, hospitality nexus
  - also handicrafts

# Pitfalls to avoid

- Including territories without any tradition
  - The link between place a product erodes
- Industrialization, concentration, standardization
  - Loosing traditional/artisanal producing methods
  - Good (export) market performance often results in poor effects on rural development
- Unequal distribution of the premiums
  - Local: only the local elite benefits
  - Extra-local: stronger player of the value chain (retail)

# The right Code of Practice

- Actors to be involved for setting up the CoP
  - Number of actors
  - Balance of forces
- Strong and close link to the territory
  - Territorial boundaries
  - Producing practices
  - Quality standard
- Vital connection

# Other indirect effects

- Cooperation during GI registration
- Encouraging social interaction
- Transparency
- Fairness
- Maintaining traditional production methods

# Summary

- Almost no hard data on GI and either net farmer income or regional prosperity
- Mainly indirect effects
- Some studies focus on a good Code of Practice as crucial
- Some conflict between regional prosperity and market performance outcomes for the GI



# Thank you for your kind attention!

**Comments and feedback to:**  
**[aron.torok@uni-corvinus.hu](mailto:aron.torok@uni-corvinus.hu)**

**or**

**[hazel.moir@anu.edu.au](mailto:hazel.moir@anu.edu.au)**