

FAO Case studies: Evidence on Economics Aspects



Emilie Vandecandelaere
"qualité spécifique liée à l'origine"
AGNS



Outline



1. Price and access to markets

- Leading motivations
- Impacts

2. Differentiation and links to other quality aspects

- Links to the “terroir”
- Food safety and other quality issues

3. The chain aspects

- Local organization
- Challenges

4. Towards recommendations...

- Key points
- Draft recommendations



Price and markets



Economic objectives



- Main motivations to get better income :
 - To differentiate a "commodity" (or reinforce the origin reputation) on international markets (Coffee, cacao...)
 - To maintain a market: defense of the reputation, avoid usurpation for local products (Lemon, Cotija and Turrialba cheeses, Ch. Neuquen, safran...)
 - To access new markets (Balkans, Safran)
- ➔ part of a broader marketing strategy
- ➔ not always a problem to sell
- ➔ not only economic objectives...

Impacts



- Difficult to estimate the direct and precise impact on price (multiple and linked factors; progressive and long process)
- Markets:
 - increasing sells
 - exclusivity
 - development of new products
 - direct access to urban markets
 - “nostalgic” and tourism markets
- Prices: linked to better bargaining power, in some case, great increase (+50% Cotija with “nostalgic markets” and tourism), too recent to see the impact of protection (reducing fraud)
- Volume: to provide enough can be a problem (productivity, strictness of code of Practice and/or area delimitation) (Livno cheese, Uzice ham, Cotija, Limon...)
- Remark: no cost due to changes regarding the traditional practices (but yes registration and certification)
- → the question is more **how to retain added value at the local level?**
How does it benefit farmers and primary producers?



Differentiation and other quality aspects



Links to the “terroir” (1)



- **Different degrees of differentiation and levels of justification:**
 - Specificity: differences in the relative importance of natural resources (especially in marginalised/preserved areas, race/variety) and know how
 - Basis for legitimacy but variability in the type of specificity and their justifications
 - ➔ relevance of differentiating AO and GI?
- **How to reach a common definition of the product?**
 - craft and industrial process
 - seasonality and variations in the qualities and volume
 - the traditional product for local market is different from the one for export
 - ➔ one seal for different products or minimum common standard?

Links to the “terroir” (2)



- **The area and the reputed name:**

- production and/or process (import from outside- Turrialba, Uzice; nopr processed)
- different sizes not always continuum: globally include all producers
- “choice” of the name ...(safran Taliouine-Siroua, ham of Uzice-Zlatibor, Arriba...)
- the names that became generic
- cross-country

→ All is to reach a common and consensual definition for the product... and allow the evolution of the Code of practice (specifications) and area

Other food quality schemes...



- Specific quality as an incentive to meet food safety requirements and implement a quality/traceability system (GAP, HACCP)
 - The code of practice (specifications) to adapt the food safety standards requirement for craft products if food safety is ensured? (Livno, Cotija)
 - Quality linked to origin as a complementary/synergic scheme: Organic, fair trade (safran, cacao,
- ➔ Upgrading a product between traditions and innovation



The chain aspects



Local organization



- **Two stages:**
 1. **upgrading and application for a seal:** interesting examples of collective construction of quality (organoleptic characterization, regular meetings between breeders and traders, drafting committee...)
 2. **managing the seal...:** proposals but few working regulatory bodies, recent developments and difficulties to define the roles and implement autocontrol...
- **Difficulties of organization:**
 - **horizontal links:** “big” (industrial) and “small” (craft) producers don’t always have the same interests (ex: Livno cheese)
 - **vertical links:** difficulties to involve all the stakeholders (traders)
 - **territorial links :** good start with the institutional and public support
 - **support:** essential but not too much (to allow appropriation) and not contradictory (Livno, Cotija)
 - Importance of **leaders** and nucleus to motivate the others

Challenges



- Initiative from outside or by non-producers...collective appropriation by producers?
 - To develop direct marketing to take advantage over intermediaries is a common objective but **lack of marketing and strategic skills**
 - Definition and implementation of a system to **ensure conformity to the Code of Practice (specifications)** (autocontrol, verification)
 - **Time consuming** (demotivation when the institutional process delays) and **distances** between producers (Mountains)
 - To foster **bargaining power** and **income distribution** through the Code of practice (specifications) but few examples of current vertical linkages and specifications to contribute to this (Neuquen, coffee, chuo...)
 - No problems of **exclusion** (yet?) unlike some European cases, BUT risk of **private monopoly?**
- ➔ importance of public actors assessment



Towards recommendations



Key points



- To meet consumers demands (market) with producers willingness to preserve the characteristics of their production
- Success factors:
 - existing reputation, specificity linked to the territory
 - local dynamics (existing collective actions even in other fields help),
 - horizontal/vertical/territorial linkages (representation of territorial and chain value stakeholders)
 - alliance of national/local institutions, research-development and cooperation, technical and financial support
 - mix traditions and innovation to meet the current needs and demands
 - links to tourism markets, “nostalgic” markets
 - cooperation between regions, exchanges of experiences and knowledge

Draft recommendations



- Support to **identify the potentials** (reputation, specificities, market studies)
 - Support to the elaboration of the **code of practice (specifications)/delimitation of the area** :
 - **through a collective approach** : a pluridisciplinary and coordinated approach, defining the **roles of the chain value members** and involving **the territorial actors**
 - **with technical support**: definition of specifications (studies, collective definition by taste characterization, exchanges of practices...)
- ➔ **further studies and capacity building**



THANK YOU