



***SINER-GI project***  
***Budapest Regional meeting***  
***24 - 26 October 2007***

**Case Studies presentations**  
**Pico Duarte Coffee**  
**(Jarabacoa, Dominican Republic)**

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# 1. Coffee and GIs

**Coffee is almost always consumed as blend (without mention of the geographical origin)**

- ❑ **Know how of the roasters:** make blend, substitute origins in order to:
  - oReduce the cost
  - oMaintain the same quality
- ❑ **Emergence of a very narrow niche market for pure origin coffees**

**A traditional use of geographical names for green coffee marketing**

- ❑ **Estate coffees (XVIII – XIX):** quality assessment based on the reputation of the farms
- ❑ **Countries and regions (XIX):** quality assessment based on the country of origin (and the grade). Reputation of some regions of production. No protection (or trademarks). Recently, many initiative to develop GIs (Café de Colombia...).



# 2. DR Protection schemes

## A US-inspired legal framework...

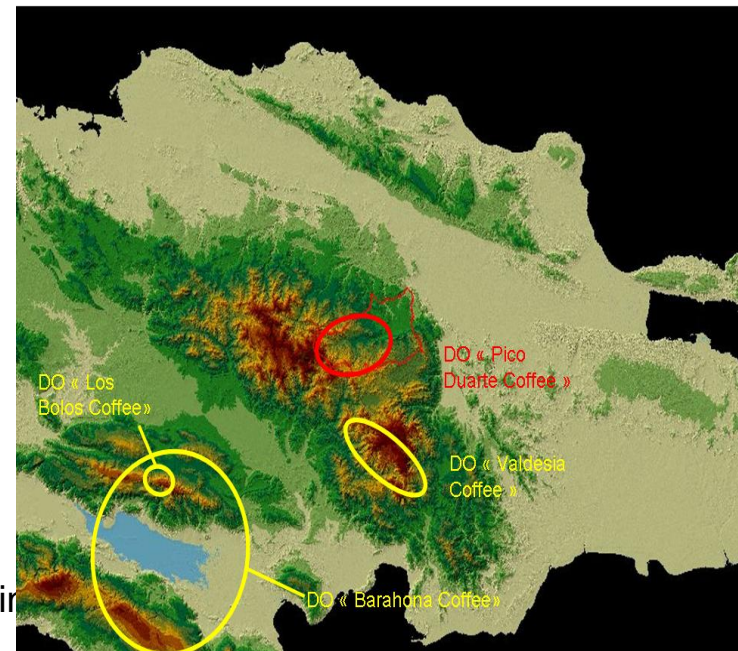
- ☐ Low protection by GIs: No product specifications are required, no mandatory control system, no established role of producers' associations.
- ☐ Low protection of GIs: Geographical names can be registered as private trademarks  
*[RD - CAFTA agreement with USA]*

## ... with some inflexions toward the EU position

- ☐ Improvement of the protection by GIs: ONAPI ask more than the requirements of the law *[UE –CARICOM trade negotiations: mutual recognition of GIs]*
- ☐ Improvement of the protection of GIs: List of geographical names for which coffee trademark registration is forbidden (ONAPI-Codocafé)

# 3. DO “Pico Duarte Coffee”

- **Name:** DO “Pico Duarte Coffee”
- **Leader:** Cluster Café de Jarabacoa (CCJ)
- **Registration:** To be presented
- **Localization:** Jarabacoa county, DR
- **Product:** Green coffee
- **Production level:** 1300 t. (800 t. exportable). [5% of national production and 10% of national exports]
- **Number of actors:**
  - Coffee growers: about 450
  - Coffee exporters: 2 firms
  - Coffee roasters: 1 firm
- **Markets:**
  - Internal (monopolistic): about 75%
  - External: 25%
- **Typic traditions and know how:** none [coffee is a recently introduced crop in the DO area: end of '70s]
- **Quality potential:** high (*fruity flavour*) but not specific to the DO area
- **Effective quality (adverse selection phenomenon):**
  - Internal market: low
  - External market: medium-high
- **Reputation:** none (mainly exported as Barahona type)
- **Environmental and social norms**



# 4. Specific features of the case

*This case is interesting for SINER-GI because it deals with...*

## ... Green coffee

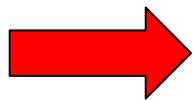
- a GI for a raw material consumed as blend? [the GI will not reach the final consumers]

## ... Dominican Republic

- a GI for a developing country [low capabilities of producers, strong role of external actors...]
- a GI for a country where the legal framework is weak

## ... DO “Pico Duarte Coffee”

- a GI for a product without reputation, without local traditions and know-how, without quality (until now)
- a GI with environmental and social norms [but generic]



**Exception or change of the concept?**

# 5. The stakeholders and their motivations

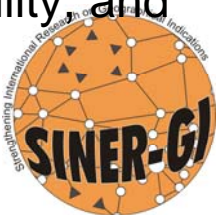
## The actors of the system

- ❑ **Concentration of the sorting and marketing activities** (duopsonistic market)
- ❑ **A dual production system:** 4% of the farms owned 52% of the coffee cultivated area and produced 67% of the coffee [above 1000 m]
- ❑ **Marginalisation of the producers below 700 m:** 20% of the producers but only 6% of the area and 3% of the production. Low connexion with the main producers associations and CCJ.
- ❑ **Coffee Cluster of Jarabacoa (CCJ)** funded by USAID and assisted by several public institutions and development project

## Motivations for the DO initiative

- ❑ **Get higher prices** (through quality and homogeneity improvement). PRODUCERS TRADERS
- ❑ **Diversify the marketing channels.** PRODUCERS
- ❑ **Maintain coffee production** (*environmental issues* as water, soil fertility, and biodiversity) PRODUCERS, INSTITUTIONS
- ❑ **Reduce poverty.** PRODUCERS, INSTITUTIONS

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# 6.1 The DO process

## The options

- ☐ **Horizontal dimension of the area:** include or not the neighbouring zones which have the same potential of quality (fruity)
- ☐ **Vertical dimension of the area:** include or not the area below 700 m
- ☐ **Level of restriction of the norms:** high or medium

## The decision-making process



- ☐ **The decisive role of the definition of the rules of the game:**
  - *Who participate?*
  - *What are the options?*
  - *What information is given about the advantages and drawbacks of the options?*
  - *How is organized the debate?*
  - *What is the decision rule?*
- ☐ **The game itself (in two rounds)**

# 6.2 The DO process

## The result

- ❑ **The most exclusive option was elected** (without neighbouring zones and area below 700 m ; very restrictive norms)

## The determinants of this choice

- ❑ **The assets of the Jarabacoa region:** typicity of the product (fruity) but no traditions (potential)  quality-oriented approach
- ❑ **The perception of the research team who feed the decision-making process with data:**  emphasis on quality; definition of the category “coffee producer”
- ❑ **The concentration of power in the hands of a big trader** (and the rule of decision “by consensus”)
- ❑ **The role of the name:** lack of identification of the producers of the neighbouring zones to the DO process.
- ❑ **The role of the timing.** The classification came after the decision of the delimited area what encouraged the exclusion of the low areas.

# 7. Trends and perspectives: “Pico Duarte Coffee” system

- ❑ **Registration by ONAPI and recognition by UE**
- ❑ **Exclusion** (→ *small quantities will be DO certified, mainly from big producers*)
  - o Delimited area
  - o Quality standards
- ❑ **Difficulties to build an identity and a reputation**
  - o High investments needed with regard to volumes
  - o Quality of (internal) control system
- ❑ **Difficulties in getting high premiums**
  - o National market (included the touristic one) is controlled by a big firm
  - o Downstream firms usually blend coffees with different origins: difficulty in preserving coffee territorial identity until the end market
- ❑ **Unfair distribution of the value created by the DO** (→ *few impact on poverty reduction*)
  - o Dependence of producers from buyers (via credit and input supply)
  - o Low access of producers to information
- ❑ **Low environmental impact**
  - o The area where the coffee is more threatened is excluded from the DO
  - o Environmental standards as defined in the Product Specification are not “strong”.

➔ **Extension to the neighbouring zones of Juncalito and Constanza?**

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