



# CORVINUS

UNIVERSITY of  
BUDAPEST

CORVINUS

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# **GI Policy in Europe and in the New Member States**

Barna Kovács PhD  
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# Content of the Lecture

The History of Protection of GI

The Definition of GI

The EU oriented CEE

Final Remarks

# **Geographical Indications in International Law**

- 1. The Paris Convention for the Protection of Industrial Property (1883)**
- 2. The Madrid Agreement on Indications of Source (1891)**
- 3. The Stresa Convention (1951)**
- 4. The Lisbon Agreement on Appellations of Origin (1958)**
- 5. The Olive Oil Agreement (1963)**
- 6. The EU – Australia Wine Agreement (1994)**
- 7. Switzerland-EU, South Africa - EU agreements**
- 8. The TRIPS Agreement (1994)**

# **Protection of Geographical Indications in EC Regulations**

- 1. Spirits: No. 1576/1989**
- 2. Agro-food products: No. 2081/1992**
- 3. Wines: No. 1493/1999**
- 4. Agro-food products: No. 1898/2006**

# **Regulation 2081/92 and 910/06 does not apply to:**

- Spirit drinks and wine-sector products, except wine vinegars.
- Mineral waters included in the register till 31 December 2013.
- Industrial products.

# Recognized GI Products in the EU

The Council Regulation covers 2 approaches:

## 1. Protected Designations of Origin (PDO):

- originate in the geographical area,
- a specific quality essentially or exclusively due to a particular geographical environment,
- production, processing and preparation in the defined geographical area.

## 2. Protected Geographical Indications (PGI):

- originate in that geographical area,
- a specific quality, reputation or other characteristic must be attributable to that geographical environment,
- production and/or processing and/or preparation in the defined geographical area.



# The scope of protection in EU

1. To stop the direct and indirect general commercial use of the geographical name.
2. To stop any misuse, imitation or evocation, even if the true origin of the product is indicated; or if the protected name is translated or accompanied by an expression such as “style”, “type”, “method”, “as produced in”, “imitation” or similar;
3. To stop other false or misleading indication as to the origin, nature or essential qualities of the product (on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin);
4. To stop any other practice liable to misleading the consumer as to the true origin of the product

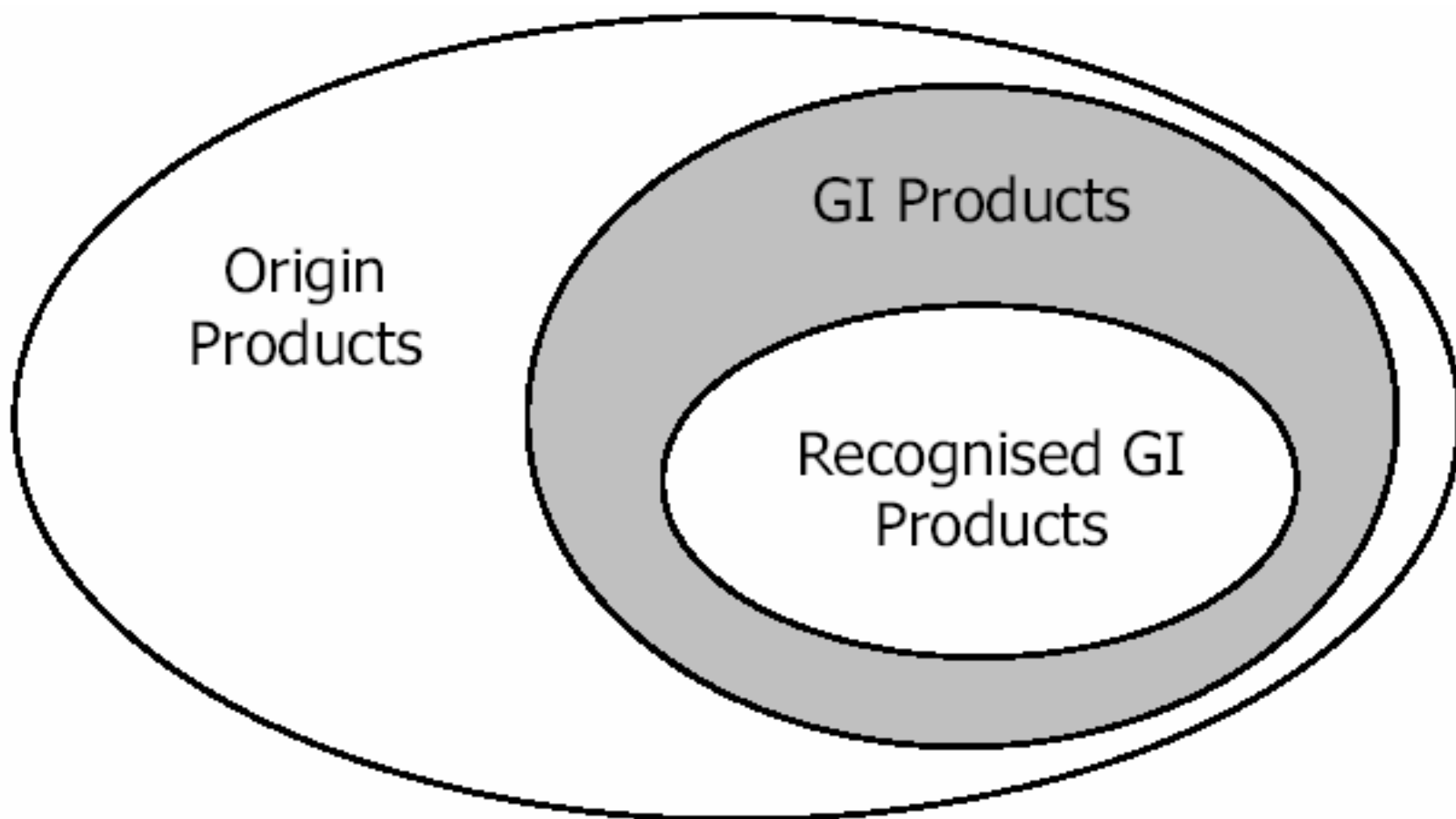


# The GI in TRIPS agreement

The concept of **Geographical Indication** defined in the TRIPS Agreement (Art. 22.1) are not necessarily:

- geographical names
- protected by any special mean of legal protection (that means legal provisions out of the usual laws on business practices, trademarks, protection against misleading, unfair competition, or even legal provisions implementing the minimum requirements of the section on GIs of the TRIPS Agreement)
- recognized by any special institutional frame.

# SINER-GI TAXONOMY OF DIFFERENT TYPES OF PRODUCTS LINKED TO THE TERRITORY



# The EU oriented CEE countries

10+2 new member states in the moment of accession:

- „Harmonized” EU legislation
- „Controversial” national legislation
- „International protection”



# Areas of Interest

General level in the context of:

- Quality, policies, agro-food markets, trends, sectors.
- Theoretical approaches: supply chain, rural development, environment, consumers/citizens

Specific level in the context of:

- Collective action and actors
- Theoretical approaches: impact of GIs special protection schemes

# Collective action in CEE?



# The market economy oriented CEE countries

1. What was expected?
2. What was achieved, possible failures?
3. How are the new EU member states today?



# The road to and from „Universal Convergence”

1. Fiscal discipline
2. A redirection of public expenditure priorities towards fields offering both high economic returns and the potential to improve income distribution, such as primary health care, primary education, and infrastructure
3. Tax reform (to lower marginal rates and broaden the tax base)
4. Interest rate liberalization
5. A competitive exchange rate
6. Trade liberalization
7. Liberalization of inflows of foreign direct investment
8. Privatization
9. Deregulation (to abolish barriers to entry and exit)
10. Secure property rights.

# Disagreement on consensus

- How to measure performance?
- Is there a strong relationship between land reform and agricultural performance?
- Are there economies of scale in agriculture that put family farms at a disadvantage compared to larger private farms? Are economies of scale really the main determinant of farm size?
- Do family farms perform better than corporate farms?
- How important are the institutions?

# The new member states and the accession

## Expectations:

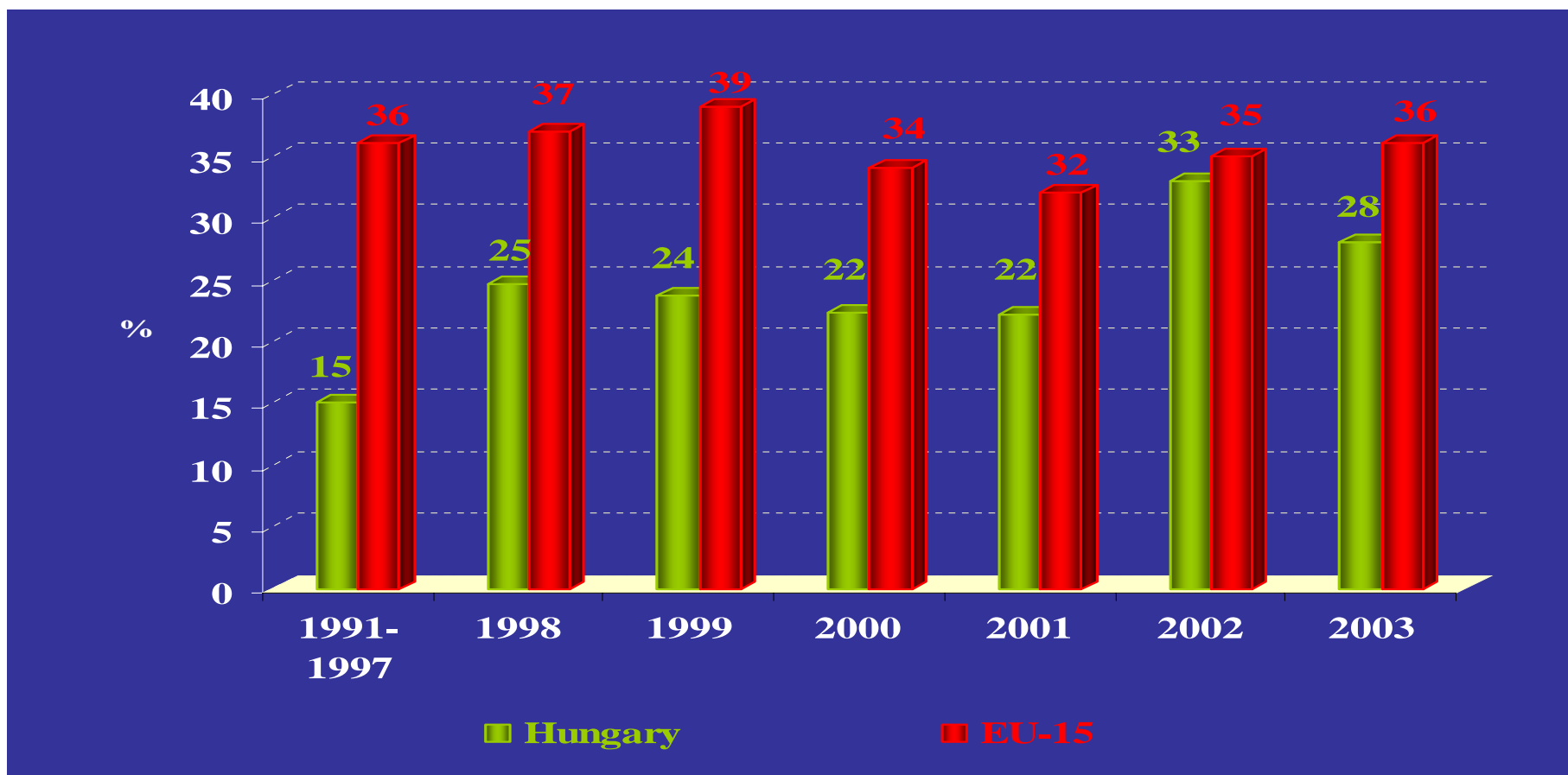
- Stability of agricultural policies
- Stability of markets
- Stability of incomes

## The reality

- 2003 CAP reform / Single Payment Scheme
- Liquidity problems
- Serious marketing difficulties
- Continuous review of the CMOs ('silent reforms')
  - Sugar
  - Wines
  - Fruits and vegetables
  - Cereals intervention
- Partial or full decoupling of top-ups in 2007
- Health Check & budgetary review



# %PSE of Hungary and the EU-15 (1991-2003)



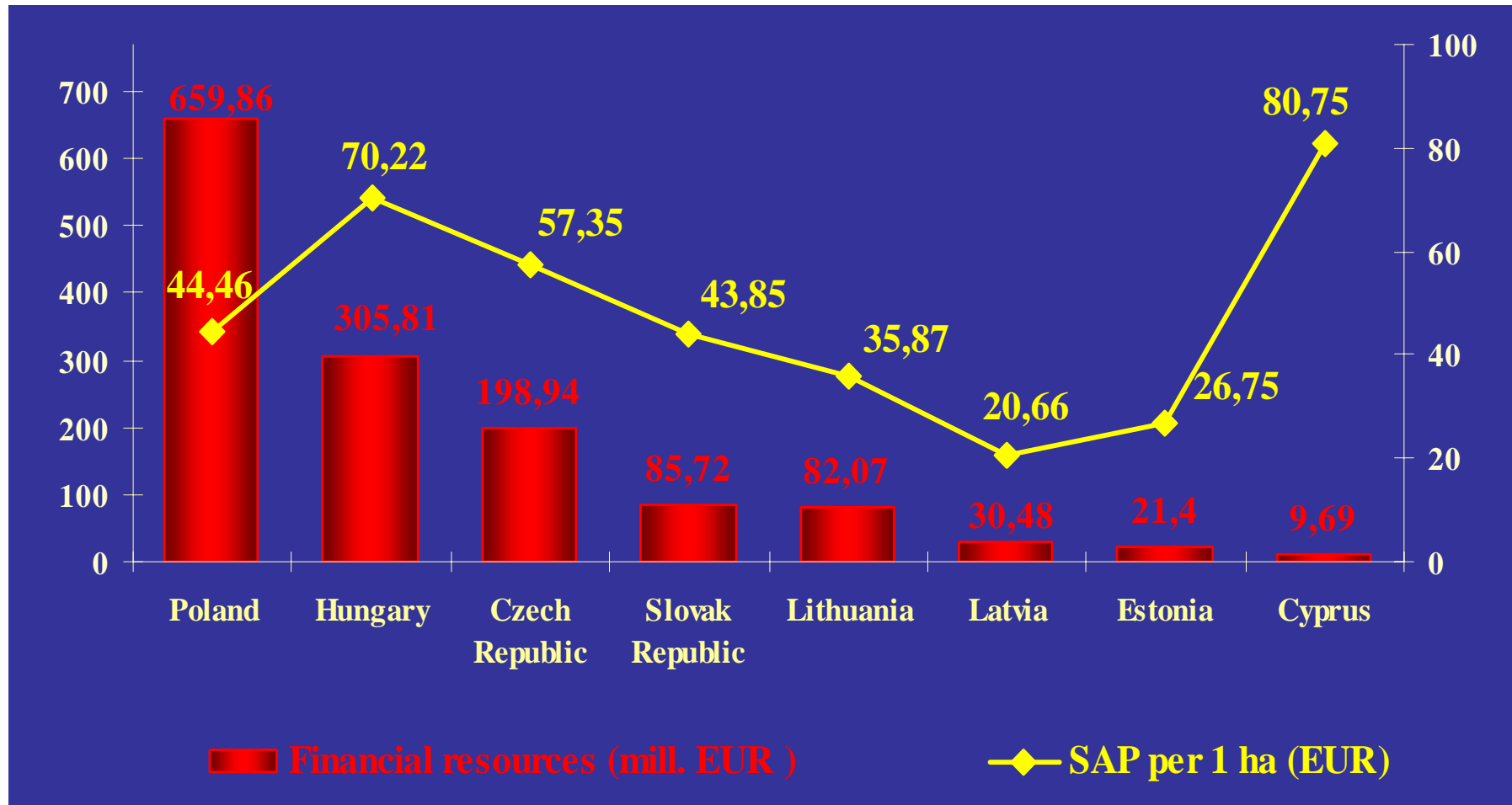
Source: Research Institute for Agricultural Economics and OECD

# Area payments granted for the 10 new member states

[SAPS + CNDP\*]/ha (in EUR/ha)

Country	Reference yield t/ha	2004	2005	2006	2007	2008	2009	2010	2011-2013
Czech Republic	4,20	145,7	159,0	172,2	185,5	212,0	238,5	265	265
Hungary	4,73	149,5	161,0	174,3	208,6	238,4	268,2	298	298
Poland	3,00	104,0	113,4	122,9	132,3	151,2	170,1	189	189
Slovakia	4,06	140,8	153,6	166,4	179,2	204,8	230,4	256	256
NMS	4,00**	138,6	151,2	163,8	176,4	201,6	226,8	252	252
EU-15	4,77	300,5	300,5	300,5	300,5	300,5	300,5	300,5	300,5
NMS/ EU-15,%	83,8	46,1	50,3	54,5	58,7	67,1	75,5	83,8	83,8

# Financial resources for SAP in the NMS



# Final remarks

- During the transition period for the market economy the NMS were not able to „rediscover the possibilities” given by GI product supply chains.
- The impact of enlargement on certain markets has not been unambiguously positive.
- There are a few hundred thousands farmers in the new member states living in a GI area without market access.
- There is a need for a longer term policy outlook in the EU to give (less-favoured) farmers the certainty they need to run their „businesses” competitively.
- There is a need for new institutions.
- Rural development must be involved in the establishment of new institutions (rules-policies) on the market of GI products.
- „Health-check” of the CAP must provide an opportunity for agricultural, rural development, market and consumer policy harmonization regarding the recognized GIs.