

Quality of Life and Management of Living Resources

Key Action n° 5

Sustainable agriculture, fisheries and forestry, and integrated development of rural areas including mountain areas

Concerted Action

DOLPHINS

(Development of Origin Labelled Products: Humanity, Innovation and Sustainability)

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Final Report

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B. Sylvander

(INRA-UREQUA, Le Mans, France)

with contributions from

L.M. Albisu	(SIA-DGA, Zaragossa, Spain)
G. Allaire	(INRA-ESR ETIC, Toulouse, France)
F. Arfini	(University of Parma, DSEQ, Italy)
D. Barjolle	(SRVA, Lausanne, Switzerland)
G. Belletti	(University of Florence, DSE, Italy)
F. Casabianca	(INRA-LRDE, Corte, France)
B. Lassaut	(INRA-UREQUA, Le Mans, France)
A. Marescotti	(University of Florence, DSE, Italy)
E. Thévenod-Mottet	(SRVA, Lausanne, Switzerland)
A. Tregear	(University of Newcastle, UK)

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Executive summary

1. The *Dolphins project* (Development of Origin Labelled Products: Humanity, Innovation and Sustainability) is a concerted European action involving 15 research teams from nine countries (Belgium, Finland, France, Germany, Italy, Portugal, Spain, Switzerland and the United Kingdom). Its objectives are: (i) to achieve a better understanding of the characteristics and development of OLPs within the agro-food system, (ii) to provide tools for evaluating public policies on OLPs, and (iii) to make recommendations to the European Community in the context of World Trade Organisation (WTO) negotiations. The project comprises seven stages: evaluation of technical and regulatory issues, supply chain economics, impact on rural development, relations with consumers and citizens, syntheses of OLP characteristics, evaluation of public policies, and a general summary and recommendations. The project is to be completed by the end of 2003.

2. OLPs are defined in the context of this project as "*local products based on a strong territorial identity and reputation, and/or typical products based on specific modes of production and whose quality, reputation or any other characteristics are attributable essentially to their geographical origin*". This definition is similar to that of Geographical Indications of the TRIPS Agreement and that of Protected Geographical Indications of EC Regulation 2081/92, but it is none the less distinct from the legal approach because the products concerned are not necessarily protected by regulatory provisions or by an agreement.¹

3. The development of OLPs naturally presupposes that several *conditions* are satisfied, including:

- A suitable political and legal framework allowing them to achieve legal recognition and/or to be developed in the short to medium term.
- Recognition by consumers, who are prepared to purchase them and possibly pay more for them than for substitute goods or standard products.
- Mobilisation and commitment from the main actors in their supply chains and the relevant institutions.
- General social utility in terms of multifunctionality, rural development, environmental protection and animal welfare (and even fair trade).
- A good level of synergy with the Common Agricultural Policy (CAP).

4. *EC Regulation 2081/92*, which was passed in 1992 and came into force in 1993 has led to the registration in Europe of 604 products (end 2002) including 378 PDOs and 230 PGIs mainly for cheese, fruit and vegetables, cereals and meat.² France has registered 130 denominations including 43 PDOs for dairy products, 22 PDOs for agro-food products and 65 PGIs. These measures cover 128,000 producers (+14% in 4 years). The Swiss federal Ordinance on PDOs and PGIs came into force in 1997, allowing the registration (end 2003) of 10 PDOs and 4 PGIs.

Evaluation of the PDO and PGI supply chains and of public policies relating to them raises the following points.

a. There has been sustained improvement in *application of the EC Regulation 2081/92* since 1992 (opening up to non-EU countries, possible objections from non-EU countries, exclusion of problematic products, etc.) and proposals for improvement.

Suggested improvements relate to the field of application, the procedure, transparency of information and procedures, harmonisation of levels of requirement, of procedures, of certification and inspections, tie-ins with registration of and protection of individual trademarks using geographical names, more coherent communication. Diversity in the ways the regulation is enforced leads to disparity among the products and supply chains protected in terms of their quality and to some extent in terms of their credibility in the eyes of consumers.

b. In terms of economic accompanying measures, there is scope for progress on the provision of information and assistance for applicant groups, on the terms of competition among countries, products and regions, and on communication to consumers.

¹ Terms used here are OLP to refer to these products generally, whether they are specifically protected or not, GI (Geographical Indications) in the context of international negotiations (WTO), and PDO and PGI in reference to EC Regulation 2081/92.

² It will be remembered that this regulation does not cover VQPRD wines.

c. In terms of competition policy, there is a contradiction between this policy in France and in Europe and the development of OLPs by interprofessional organisations, which is often criticised as a form of price-fixing agreement. Such criticism can be analysed dynamically so that OLP development is made compatible with competition policy, but policy certainly needs to be amended so as not to penalise OLPs, if OLPs give social legitimacy to this change (see below).

d. In terms of consumer communication, there is some discrepancy between the levels of quality and success of various PDOs and PGIs in Europe and the Commission's willingness to communicate on these products: as there are still mixed messages, this does not yet seem desirable. In addition, while for some products, regions, countries or markets a segment of connoisseur-consumers is appearing who appreciate OLPs for their typicity, the position is very variable from one product, region, country or market to another. Many consumers have still not clearly got the meaning of the OLP message and this may give rise to a credibility deficit.

5. The *international recognition* of PDOs-PGIs is problematic. In France it is based on public property with the state being the "remainderman" and the beneficiaries having a "life interest". Opponents of this position (including American legal scholar, J. Chen) see only private trademarks as legitimate protection and maintain that an AOC's status as public property is meaningless in countries like the US or the Cairns Group members. For them, such property cannot be publicly owned nor can that ownership be for an unlimited duration. Moreover, the European conception is condemned as being protectionism inasmuch as, for its opponents, a geographical designation does not correspond to any material quality (substantial equivalence) which is different from that of another product and which cannot technically be replicated anywhere in the world.³ This is why these opponents also see in GIs a danger of misleading consumers, who feel they are being promised some particular quality which allegedly they do not actually get. Conversely, when it comes to usurpation of reputation, which is widely practised in the countries opposing GIs, they claim that consumers are not misled because they do not know the products that are copied or their true origin (Americans do not know the true origin of Chablis, nor Australians the origin of Parmesan). This prompted L. Lorvellec's comment that this position is a "premium for the most dishonest producers selling to the most dim-witted consumers".

In Europe, most observers and politicians take the view that GIs are *public owned intellectual property rights*, recognised by the TRIPS Agreement as part of the 1994 Marrakech Agreement. That said, there are many problems in applying the TRIPS Agreement, particularly in squaring them with the many, more or less usurped, geographical trademarks which continue to spring up around the world (exceptions provided for in article 24 for long-standing registered trademarks that have not fallen into disuse). In addition, Europe is calling to extend to other products (including non-food products) the same protection as is afforded to wine and to create an international register of GIs (providing direct protection for GIs) which would have direct legal effects and would not be limited to wines and spirits. These calls are dismissed by the US and the Cairns Group countries on the grounds that these instruments would be too cumbersome and too costly. Europe argues that for those whose rights are infringed this would be less expensive than a lawsuit.

Given the doubts about the political success of these demands, some experts think GI producers should register their trademarks immediately with the WIPO. Others think that is only feasible for big consortiums (who can afford it) and that it is politically dangerous.

6. The main basic criticism of GIs relates to the *content and credibility of the specific promise they make to consumers and citizens*.⁴ On the question of "material" quality, there is wide diversity among OLPs depending on the type of products they are, the degree of processing, their region, their country (for what is known of these qualities) and there are differences in what is known of these products in terms of research (technical, marketing, sociological or economic). This inconsistency is not necessarily countered by the decentralised procedures specific to European regulations, as it has been seen.

The argument that a product's qualities cannot be reproduced because they are closely associated with a particular locality ties in with a controversy. If biotechnical research does succeed in identifying the factors that make a product

³ The argument of the US and the Cairns Group is contradicted by what happens in those same countries, which legally recognise organic farming (where material quality is just as much a problem as for GIs) and politically recognise kosher or halal meat, for which it is the way it is produced (in connection with a religious rite and beliefs) that makes it special rather than any material quality. Some of these countries also have sui generis systems of protection for geographical indications for wines and spirits.

⁴ This is consistent with L. Lorvellec's argument that AOCs are signs of quality rather than items of property.

typical, then that typicity becomes *ipso facto* reproducible (and imitation becomes legitimate)⁵. Conversely, if an indissoluble bond is found between technical conditions and human knowledge combined in the concept of "terroir", then there are indeed non transferable and non transportable factors, what is consistent with the concept of intellectual property.

The concept of *social construction of quality* supplements this reasoning, claiming that many actors cooperate with a complex system (economic agents, institutions, states, research groups) to reach an agreement on quality which defines the product socially. In this case, the issue of credibility comes down to judging whether it is possible to authenticate a quality which is sometimes perceived as a subjective matter. Moreover, following the TRIPS definition of a GI, reputation alone is enough as a criterion of link between a product and its geographical origin.

Studies show that in the face of the disparity of product specificity (because of inconsistent procedures), the certification system itself is inconsistent and is not based on European accreditation (except in Switzerland, where EN 45011 certification is a requirement for PDOs and PGIs), a situation which does not foster credibility.

7. Underlying the promise of product quality lies the issue of the *societal value* (or societal quality) of OLPs. One approach for Europe (and for developing countries) is to argue that OLPs have value in relation to the multifunctionality of the farming practices which produce them (regional development, environmental protection, biodiversity, etc.). As this argument is very poorly understood by opponent countries, there is a shift to separate specific arguments about environmental protection and rural development. In this respect research shows that these impacts are poorly understood, disparate and that there is a dramatic lack of tools (criteria and measurement methods), even if reference is more to an idea of endogenous development than to impact analyses. Of course anecdotal examples can be cited but there is no hard proof, what opponents of GIs would legitimately criticize.

Here again, the credibility gap between consumer-citizen demand and the real situation may prove very wide indeed.

8. The response to consumer-citizen expectations on the issue of *societal quality* and the response to other countries negotiating within the WTO framework involves studying the *linkage between OLPs and agricultural policies* in the countries in question. Until now OLPs, just as much as other specifications such as organic farming, have not been part of the European CAP as such. These supply chains arose, on the contrary, over time as forms of resistance or alternatives to all-out production and standardisation of production techniques and products. However, these procedures standardize often both production process and quality attributes of an OLP. In effect, many Product Specifications (Cahiers des charges) are driven by big industrial firms that try to adapt traditional techniques to modern one, simplifying the diversity of techniques and controlling quality standards.

The successive CAP arrangements have not specifically contributed to OLP's development. Price support did not entail special provisions and structural support (grass premium, suckler cow premium, ewe premium) did not relate to the quality of output or did not facilitate it. Sometimes, on the contrary, the CAP prevented the development of OLPs (milk quotas may restrict development of a prosperous cheese AOC). The new CAP (changes since 1992 and Agenda 2000) is indeed more progressively based on direct payments rather than prices, but farmers remain unrestricted with regard to their output and production practices. Only recently have the Mid Term Review and the decisions of 26 June 2003 cited *high quality production* as a potential criterion for entitlement to aid. Lastly, the green box (environmental constraints) is finding some legitimacy worldwide as a basis for agricultural policy. The European Community, in response to the demands of developing countries has progressively lowered its customs duties and export refunds.⁶

However, the second pillar of the CAP (rural development) remains capped at 10% of the total budget, which does not help the development of OLPs as factors in regional development. It is noteworthy, though, that worldwide, given the intransigence of rich countries in allowing market access to poor countries, the connection between OLPs and rural development is being strengthened and many countries are interested in the development of legislation to protect OLPs (China, India, etc.).

9. Research on very many of the points examined in this paper is beginning to be spread, analysed and discussed (1997 Parma Conference, April 1999 SFER Conference, October 1999 Le Mans Conference, etc.). However, the Dolphins project shows that this research is inconsistent and unequally developed (www.origin-food.org). Much effort is still required to make it more scientific and more readable, to reinforce the networks and to make the research available to interested countries, regions and industries.

⁵ Unless biotechnical research identifies factors which derives only from that specific place

⁶ Blue box payments have fallen from €36 to 9.5 billion in 10 years and export refunds from €10 to 4 billion between 1991 and 2002.

1. Introduction

Traditional and typical agri-food products are an important resource for agricultural and rural development in many areas of the European Union: these products have strong ties with their area of origin and their name very often coincides with that of a specific geographical area. Accordingly, these products are referred to here as *Origin Labelled Products* (OLPs) even when there is no specific legal instrument protecting their name.

OLPs activate a complex system of relationships, which interest and involve the local production systems where these products are made, their marketing and distribution systems, rural development dynamics, and consumers/citizens.

This system is affected and conditioned by many public policies, not only at EU and international level, but also at national and local level: agricultural policies, rural development policies, competition and health policies are among the most important of these.

Within food quality policy, the EU has recently strengthened its action to protect OLPs, in particular through EC Regulation 2081/92, by introducing PDOs and PGIs as two legal instruments for protection.

Traditional and typical agro-food products (OLPs) have been closely studied in recent years by many researchers in many EU members states and other European countries. Many different points of view have been reached on various issues, but many others have until now been overlooked or less developed. There is a need to find out, synthesise and discuss the main research results, both in order to re-direct research efforts and to concentrate on relevant issues for academics and policy-makers alike.

1.1. Objectives of the Dolphins project

The GENERAL AIM of the Concerted Action (CA) DOLPHINS is to facilitate and strengthen exchange of the scientific results of research conducted in European countries on OLP-related topics. This is to be achieved by:

1. setting-up of a network of scientists involved in research on OLPs;
2. activating dissemination instruments to meet the needs of citizens, policy-makers, researchers, firms and all other operators involved with OLPs.

The SCIENTIFIC OBJECTIVES for this concerted action are threefold:

1. to better understand the characteristics and the evolution of OLPs in the agro-food system, also by analysing the linkages and synergies between OLPs and local/global production and marketing systems, rural development with particular reference to employment in rural areas, and consumers/citizens;
2. to provide tools for evaluating public policies at various levels with regard to PDO-PGIs and other OLPs, and for evaluating the effects of legal protection, financial support and public promotional initiatives on production and marketing systems, competition policy, rural development, consumer/citizen concerns and expectations;
3. to provide relevant recommendations to the EU in order to better prepare and support the negotiation process in the framework of the WTO Round regarding the protection and promotion of OLPs.

1.2. WP7 objectives

This reports is considered as the final synthetic report, summarising the main findings of the project. The objectives of WP 7, which deal with **synthesis on OLPs and recommendations to EU**, are the following.

Objectives

WP7 aims at emphasising the key topics on OLP agri-food products and the implications for EC policy implementation, with special reference to WTO international trade negotiations.

In particular it aims to:

- *provide EC with a clear view of the role of OLPs in rural development, sustainability, and consumer/citizen welfare,*
- *provide EC with a clear view of the impact of policies implemented,*
- *provide relevant recommendations to EC in order to better prepare and support the negotiation process in the framework of WTO Round regarding the protection and promotion of OLPs,*
- *assess the legal protection of OLPs with regard to EU and WTO regulations and provide EU with diagnosis of the basis for negotiation,*
- *identify needs for further research,*
- *disseminate the final results of the Concerted Action by providing documents to WP8.*

Methodology

The Steering Committee will meet together with the Leaders of Task2 WPs (WP5 and WP6) and with the Leader (and assistant) of Task3 (WP7) in order to prepare Task3.

The Final International Seminar will consist of contributions by the participants on the basis of WP1 to WP6 and of invited lectures prepared in collaboration with known experts in the field, who will have to read the reports from the Work Packages and deliver their points of view.

Deliverables

Final document with recommendations: Key issues with OLPs and implications for EC policy implementation, with special reference to WTO international trade negotiations (month n.36). Deliverables

- *D7 - Meeting Proceedings*
- *D8 - Final recommendation: Key issues with OLPs and implications for EC policy implementation, with special reference to WTO international trade negotiations*

This report is D8. It recaps all the results of the Dolphins team, which comprised up to 80 research scientists from nine countries and 15 separate teams. The results have been published in the reports issued over the three years the project has run (Deliverables D1–D7). This report also sets out the original results of WorkPackage 7. To make for easier reading, cross-references are made to these Dolphins waystage reports, which readers may consult along with the web site www.origin-food.org which hosts the detailed, analytic inputs from the research scientists.

2. Context and methodology

2.1. OLP definition

This report relates to what are referred to in the context of this project as "Origin Labelled Products" (OLPs). These products are defined in broader terms than any statutory definitions. OLPs are:

"local products based on a strong territorial identity and reputation, and/or typical products based on specific modes of production and whose quality, reputation or any other characteristics are attributable essentially to their geographical origin".

This definition is similar to that of Geographical Indications of the TRIPS Agreement and that of Protected Geographical Indications of EC Regulation 2081/92, but it is none the less distinct from the legal approach because the products concerned are not necessarily protected by regulatory provisions or by an agreement.⁷

In the remainder of this report reference may be made to OLPs (in the context of this work), to PDO-PGIs (by reference to EC Regulation 2081/92) and to GIs in the general context of WTO negotiations and the TRIPS agreement (see table 13).

2.2. Issues

The issues related to OLPs are:

- OLPs show a strong territorial identity and reputation and they are linked to EU territories by many ways: characteristics of production systems, specific local resources, local cultures, and so on . OLPs are an very heterogeneous world, but generally speaking they can be an important resource for enhancing competitiveness of many supply chain and local agrofood production systems; at the same time, the ways by which OLPs can be marketed are very different, ranging from self-consumption and on-farm selling, to multiple-retailers and e-commerce;
- Consumers motivations in buying OLPs, their perceptions of OLPs quality attributes , the role of quality hallmarks and geographical indications in increasing the value of OLPs, are issues not enough analyzed in the literature;
- depending on the kind and strength of the links between OLP and its territory, OLP can be seen also as an important resource for the rural areas as a whole, and not only for their supply chain;
- Public policies can support the enhancement of OLPs in many ways, and they should accompany the whole process of valorisation of the OLPs. At the same time public institutions should hold in great esteem the characteristics of different OLPs and of their production systems;
- The effectiveness of Eu Reg.2081/92 in protecting and enhancing OLPs is still to be evaluated; there are many differences in the implementation of the Regulation in EU member states, deriving also from different dominant perceptions of the OLPs and from different administrative structures; very often small OLPs supply chains and small firms have many difficulties in applying for the PDO-PGI and in their use; there is a lack of comprehensive costs-benefits analysis of use of the PDO-PGI tool (also in comparison with other valorisation tools), both at firm, at supply chain and at a territorial level;
- International protection of GIs may be a way of preventing the usurpation of names as acts of unfair competition and so protecting thousands of producers worldwide, preventing their businesses from disappearing and even helping them to develop, given than many of them are small artisanal businesses or small industrial

⁷ Terms used here are OLP to refer to these products generally, wether they are specifically protected or not, GI (Geographical Indications) in the context of international negotiations (WTO), and PDO and PGI in reference to EC Regulation 2081/92.

firms which create jobs. This vitally important issue is closely bound up with WTO negotiations and will be covered in depth in the report, in line with the undertaking given;

- it may clarify the terms of competition by not leaving it for the market alone to regulate product definitions, labelling and trademarks; it may also fight trends of desertification and uneven development of less-favoured areas in Europe and in the world (mountains, areas remote from urban centres, etc.); it may also play a non negligible future role in European agricultural policy; it may be a response to the expectations of European consumers and citizens with regard to the diversification of quality, guarantees as to origin and to broader social values such as the environment, rural development, biodiversity and animal welfare.

2.3. Overall Context

2.3.1. Diagnosis 1:

WP 5 showed the great diversity of OLPs

WP5 provides technical, economic and managerial analyses of the opportunities and problems met by OLP supply chains and businesses. It emphasises the analyses on a sectoral approach of conditions for development of OLPs in the food sector as a whole???.

- OLPs differ (among other criteria) in terms of: Size (number of producers, production volumes, etc.)
- Type of product: product families, sectors, processed/unprocessed, etc.
- Specificity/typicity/typicality of products, their capacity to stand apart from substitute goods and standard products, their differentiation potential, etc.
- Type of market: local markets, national, export markets, short/long supply chains, supermarkets/specialised shops
- Type of consumers (connoisseurs, familiar, occasional, regular)
- Degree of market organisation
- Novelty, degree of establishment of the system
- Type of protection prioritised: individual trademark, collective trademark, European protection

In this framework, it will be recalled that the general objectives of the Dolphins project, listed above, implicitly assume that OLPs form a homogeneous universe. The general objectives of the Dolphins project did not assume a homogeneity of OLPs: the aim was to exchange results on OLPs (that's how we understood the diversity of OLPs) and to "better understand the characteristics and the evolution of OLPs". This assumption seems to be quite weak, as argued by earlier papers (Barjolle and Sylvander, 2000, Sylvander, Barjolle and Arfini, 2000).

In particular, as the project focuses primarily on public policy, the analysis of the future of OLPs in Europe is viewed here in the perspective of this diversity. When focusing attention on the possible effect any public policy may have on OLPs, a clear distinction must be made between different realms of OLP. Hence WP7 proposes a typology of OLPs which might provide a useful basis to improve public policies.

2.3.2. Diagnosis 2:

WP6 showed the necessity to broaden the approach of public policies on OLPs

WP6 deals with policy evaluation and very clearly shows the discrepancy between the technical mechanisms for protecting OLPs and the more general framework of existing regulations (protection of PDO-PGIs, trademarks, WTO negotiations, etc.) which actually impact on OLP economies.

Like the WP5 report, the WP6 report has to be considered in a broader perspective for a synthesis and useful recommendations to be derived.

Many people consider that *we don't have any development model for agriculture in Europe* right now, nor *any development policy* for such a model. The sustainable development model called for at the Göteborg meeting (COM/2001/0264) is under discussion, but there is as yet no consensus on it. Furthermore, the WP6 report shows the multiple problems of inconsistency between EC regulation 2081/92 and other policy tools.

Yes, there are "policies" (in terms of the Tinbergen principle of one objective – one means), but there is no policy in terms of any "coherent and global public policy" ("integrated public policy").

The current situation is the following :

- a CAP reformed in 1992, 2000 and June 2003, which contributed to deal with many problems that European agriculture faces and that are mentioned in the Mid Term Review, paving the way for an ambitious renewal of the CAP,
- a second pillar, whose objectives are currently not well defined and whose financial resources are very slight,
- national "development actions", supported both by the EU and partner countries, based on highly diverse regulations, objectives and institutional mechanisms (research, development, investment funding, etc.),
- multiple European and national regulations (on agriculture, labelling, trade, competition, regional development, food quality, typicity, organic farming, farm-house products, direct sales, etc.),
- very different institutions in charge of implementing those regulations,
- under the PDO/PGI regulation, several logos with no common marketing strategy.

The WP6 report highlights the different levels of problems that arise when analysing the regulations (relevance, coherence, effectiveness, efficiency, etc.), showing that we still lack any overall analysis of a *possible integrated public policy* based on sustainability, quality and origin, where OLPs could play a major role.

In the same way, the WP5 report deals with the conditions for success and failure of OLPs and their main threats and resources. However, the criteria for success are very much determined by the implicit agricultural model to be enhanced in the future, especially for what is termed here "social success". An external conception of what constitutes success is linked to the kind model referred to. Indeed, the question of the precise role of OLPs in a future CAP is still a difficult one, but needs to be addressed. A good way to cope with this issue is to adopt the scenario approach (see below).

An analysis of the relationships between the CAP and OLPs might cover the following questions:

1. Overall objectives

Which is the right agricultural model for Europe? Who will define it and where? Which decision-making processes and evaluation tools are required to define the relevant criteria, to evaluate compatibility between the possible modes of production (origin, typicity, organics, farmhouse sales, direct sales, etc.), to assess the impact on the environment and other society goals, to design and send the relevant signals to the market, to balance the value of the products between the market and society, etc.

2. Sub-policies

Direct payments (and modulations), quotas, prices, competition (and anti-trust) policy, development policy, consumer policy, research policy, etc

3. Tools and devices

Subsidiarity (at national and regional level), institutions in charge of requirements for quality and origin (procedures), competition authorities, extension and development tools and devices, legal status of rural firms, public evaluation of multifunctionality (including environmental goals, rural employment), regional policies, research, certification issues (accreditation, competition), etc

4. OLP protection and OLP development

WP7 assumes the objectives for OLP policy are focused on **OLP development** (in terms of turnover, market share, number of producers involved, "anchorage in the land", reputation, notoriety, etc.), where protection policy is crucial, but remains a sub-objective, together with other sub-objectives such as "development policy", "promotion policy", "quality and certification policy", etc.

Therefore, we intend to identify the *key dynamics of the OLP*, the *probable main changes in the sector*, the *obstacles and resources*, *threats and opportunities* and formulate recommendations for bringing about a favourable scenario. This task will be achieved on the basis of the findings WPs 1–6.

The aim of our work is to summarise our findings (the present situation of OLP policy and OLP sectors in the countries under study) in order to make a diagnosis of the external variables affecting the development of OLPs and the internal variables likely to influence how OLP sectors may evolve in the future.

2.4. Structure of the report and methodology

Thus, task 3 is divided into two steps:

- OLP main features and archetypes (paragraph 3 of this report)
- OLP and public policies (paragraph 4 of this report)

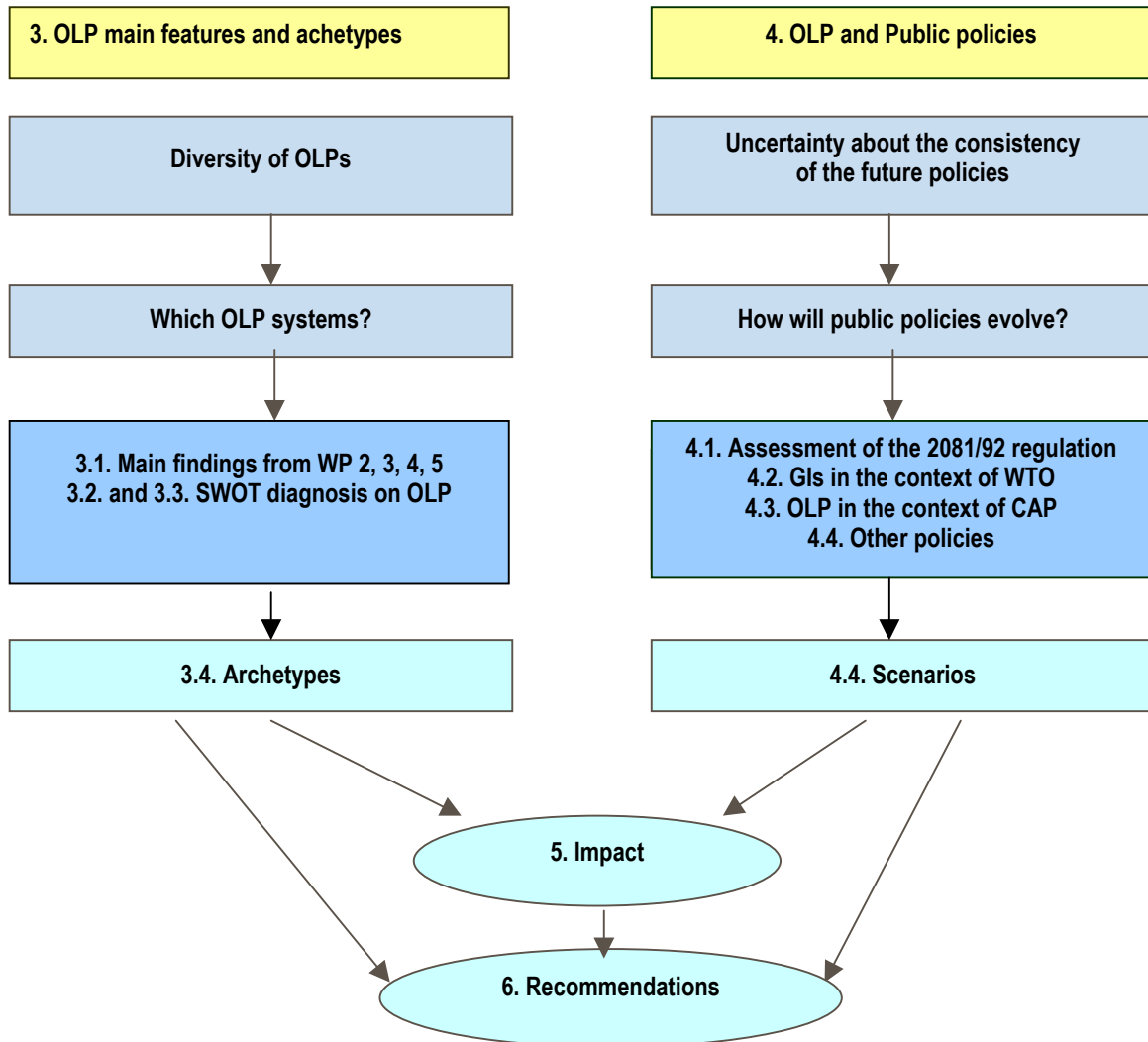


Diagram 1 : Structure of the report

The methodology is as below:

1. Elaboration of a typology of OLPs based on archetype and identification of the main variables.
2. SWOT diagnosis on the basis of the current situation of OLPs.

This will be based on the main findings of WPs 1–6 and especially WPs 5 and 6. The development conditions for each archetype will form the basis for recommendations to EU.

3. Development of four scenarios on the basis of those worked out by DATAR France in 1996.
4. Description of the impact of the different scenarios on the OLP archetypes.

What resources can be used for each? What obstacles have to be overcome and how? What pathways? Which key actors will play crucial roles in each scenario? (businesses, public bodies, professional bodies, etc.).

5. Recommendations to EU

- 5.1. General recommendations for enhancing the development of OLP sectors in each cluster of the public action.
- 5.2. Recommendations for new research fields and themes on OLPs.

To accomplish this task, a research group has been created, made up of the following members:

B. Sylvander (INRA-UREQUA, Le Mans, France, coordinator)

Assisted by:

L.M. Albisu (SIA-DGA, Zaragoza, Spain),
G. Allaire (INRA-ESR ETIC, Toulouse, France),
F. Arfini (University of Parma, DSEQ, Italy),
D. Barjolle (SRVA, Lausanne, Switzerland),
G. Belletti (University of Florence, DSE, Italy),
F. Casabianca (INRA-LRDE, Corte, France),
B. Lassaut (INRA-UREQUA, Le Mans, France),
A. Marescotti (University of Florence, DSE, Italy),
E. Thévenod-Mottet (SRVA, Lausanne, Switzerland),
A. Tregear (University of Newcastle, UK).

In the framework of the final task, two seminars were held:

Paris, 2-3 June 2003
Paris, 11-13 September 2003

These seminars aimed at preparing the working documents to be discussed by the complete Dolphins team at the final plenary conference held in Parma, 5 and 6 October 2003 (see D7).

3. OLP main features and archetypes

3.1. Main findings from WPs 2, 3, 4, 5⁸

3.1.1. Summary of WP2 findings (*Link between OLPs and production-marketing systems*)

a) Supply chain decisions

- **Distribution channels**

Distribution plays a crucial role and is the most dynamic level in the supply chain. OLPs experience difficulties in adapting to the new commercial environment and to modern distribution chains. Short channels of distribution prevail over other forms of sales outlets but this does not necessarily imply high added value. Some distribution brands are beginning to comply with OLP rules and have entered into competition with traditional products and brands. New distribution channels, such as e-commerce and catering services, offer new possibilities for expansion.

- **Processing stages**

This presents a great opportunity to send signals from distributors to raw material producers. Efficiency at this stage depends on vertical organisation and coordination schemes. Codes of practice and technological applications greatly influence product specifications. Small and medium businesses are the standard here and face difficulties in complying with mass marketing approaches.

- **Marketing challenges**

Special need to find niche markets and segments to which valuable differentiated products can be allocated. Creation of brands as a means to establish sound market implementation. Promotional activities for collective and individual brands as an extraordinary help on national and international markets. Collective marketing, which complies with individual needs, is an attractive approach. International markets should provide an significant outlet for many typical products.

b) Governance conditions

- **Management and social leadership**

Social management success depends on the ability to find leaders in businesses and the collective group. Collective actions are dependent on social leaders with entrepreneurial vision and a good understanding of social networks. Collective decisions are undertaken by consortiums or other forms of groups, such as cooperatives.

- **Cooperation and competition**

The right combination of these two factors is crucial for market success. Lack of cooperation is typical of new systems or countries without any grounding in OLPs. Competition depends on the industrial structure and the variety of products offered by the group of enterprises. Cooperation has to comply with market competition rules and to send signals for voluntary rather than compulsory action.

c) Other issues

Need for interdisciplinary work combining a variety of socio-economic approaches. Existence of different forms of OLP firms and business behaviour. Identification of relevant supply chain systems and subsystems. Interaction between anti-trust laws and OLP collective organisations.

⁸ As WP1 and WP6 deal with institutional, legal and policy aspects, they will not be reported in this section.

3.1.2. Summary of WP3 findings (Links between OLP and rural development)

a) State of the art

Although Council Regulation 2081/92 refers explicitly to the positive effects OLPs may have on rural development, very few scientific papers deal with the linkages between OLPs and rural development. Some "explicit" reference were found, especially in recent works, but with quite different approaches and contents. Besides, there is a problem of defining what a "rural" area is (non-urban areas, agriculture-dominated areas, low-density areas, marginal areas, underdeveloped areas, etc.).

b) The OLP virtuous circle and multifunctionality

Post-modernisation and the new rural development concept also promoted by the European Union seem to support OLPs, giving them new spaces and opportunities for further development. This statement comes from an ideal-typical representation of OLPs, which refers to a multifunctional OLP system and to the *virtuous circle* of OLPs. The ideal-typical OLP is one which has positive effects on economic (i.e. employment, added value, incomes), social (i.e. social cohesion and dynamics within rural communities), cultural (i.e. traditions, history) and environmental variables (i.e. landscape, pollution). WP3 reports that OLP systems generally do provide public goods in this way, but this is not a systematic characteristic. Provision of local environmental goods and amenities depends on several aspects of the economic organisation of production and marketing and on the importance of this activity in the local economy.

c) Actors' strategies

As OLPs are capable of generating positive external effects in rural areas, various actors' groups try to implement strategies to harness them. These actors may be highly diverse: they may be directly involved in production and distribution of the product (within the supply chain) or not, they may be individual or collective, and if they are collective they may be public administration institutions (local administrations) or intermediate institutions (firms, organisations, etc). In many cases they are external to the traditional area of production: for example the agents in the chain which are not local (such as processing and distribution firms), scientific institutions, public institutions, consumer associations. The diversity of actors leads to diversity in the objectives that are pursued locally through the valorisation of the product.

d) Evaluation

Evaluation of the impact of OLPs on rural development should be based on the multifunctional character of OLPs. The standard criteria (higher prices, increased sales, employment and incomes, etc.) are not the only way to assess this impact: the spread of these economic effects within the rural area, the level of participation of local actors, the sustainability and reproduction of the social system, and the environmental impact can also be important criteria.

e) PDO-PGIs and Rural Development

The use of a PDO or a PGI is often seen as a means to enhance rural development. Up to now there is no much evidence about any effects the institutionalisation process of OLPs may have on the rural economy and rural development. The general statement is that "small" OLPs (especially in marginal and disadvantaged areas) either do not need the PDO-PGIs, or face difficulties in achieving recognition and managing it (certification costs, exclusion effects). Generally speaking, it is not to the institutionalisation of the resource "origin" in itself to set the conditions of development, but it has to be analysed how this process is built and the effectiveness of the valorisation strategies built upon it. In this field there is a need for appropriate accompanying public policies, specific for each OLP situation, and hence designed at a local scale.

3.1.3. Summary of WP4 findings (Links between consumers and citizens)

Overall there is a lack of data about the size and shape of markets and demand for OLPs in Europe. However, there is evidence of considerable variation by product and by country. OLPs comprise a greater proportion of overall purchases

in categories such as wine and cheese, and a small proportion in categories such as fresh produce. Countries such as France and Italy have higher market shares for OLPs than, for example, Finland and the UK.

There is much evidence of consumer interest and appreciation of OLPs, with upward growth trends. However, there is much complexity and variation in the perceived benefits of OLPs, from product-specific or experience based benefits (enhanced taste, sensory quality) to intangible or credence based benefits (healthy, environmentally friendly, supporting local producers, supporting local culture). Perceived benefits vary according to factors such as product type, and by country.

Choice behaviour for OLPs is also complex and varied. Salient factors include consumers' own knowledge and background, motives for purchase, level of involvement, type of usage, and point of purchase information. In terms of the latter, consumers use various stimuli, such as retailers' recommendations, product packaging and labelling. Awareness of PDO/PGI labels is generally low (though higher in some countries, e.g. France), and actual understanding of the meaning of these labels is even lower. This suggests that consumers often use other means to make choices about OLPs.

Individuals' behaviour towards OLPs may be theorised via the concept of proximity. Highly proximate OLP consumers, it is proposed, have good knowledge and experience of the product, and share the territorial and cultural heritage of the producers. Low proximity consumers, by contrast, are those with little knowledge and direct experience of the product, and with weak ties with the territory and culture surrounding the OLP. The degree of consumer proximity influences important factors such as perceived benefits of the OLP, level of involvement, type of stimuli used to make choices, frequency of purchases, usage occasion, etc. Different marketing and communication strategies are implied by this concept.

3.1.4. Summary of WP5 findings

There is great variability in the typology of OLP products across EU. They differ in (i) their history, (ii) the objective to be achieved by PDO/PGI protection, (iii) the typology of actors characterising and affecting the governance of the chain, and (iv) the relationship with the retail system. In other words under the umbrella of PDO/PGIs there are many different interests and many different behaviours from the actors, with different strategies behind firms and products. Legal protection is the most important objective for only the more "famous" OLPs. For others, it is a chance to achieve better visibility on the market and avoid unfair competition from other producers.

Human factors and environmental condition play a very important role in many aspects of OLP life, such as defining technical conditions and organising the supply chain. Human factors (cultural background) also strongly affect the style of governance as regards (i) the definition of PDO quality characters, (ii) the relationship with other organisations in the supply chain (especially intermediate institutions) and (iii) the relationship with trade and marketing strategies. Often consortiums are merely structures used to obtain PDO/PGI protection but play a small role in the organisation of the supply chain and the market too. In other words consortiums with little capacity for co-ordinating the actors in the supply chain have high TNC and low market efficiency. In such instances, especially with SMEs, the economic potential of OLPs may be seriously compromised.

OLPs are distinctive products of specific regions with a strong cultural identity for consumers and producers too, but are only a "potential" tool for rural development which, if it is to be achieved, requires the co-operation of all the local stakeholders (private and public). Again OLPs can demonstrate their full potential and prove effective only if human conditions allow OLPs to fit into a wider strategy of development where different products, services and facilities are put into one basket for entrepreneurs or for consumers/citizens.

Quite clearly there are difficulties in adopting a marketing policy with regard to (i) use of brand names (private and collective), (ii) positioning of the product at retail level, and (iii) reaching consumers especially far from the production areas. Difficulties also lie in helping consumers to distinguish the qualitative aspect of OLPs and to distinguish OLPs from competing products. The biggest danger is that some actor in the chain may take great advantage of this situation. Modern distribution in particular can adopt marketing strategies when OLP producers are lacking and have as "positive externalities" the quality social construction of PDO/PGI product.

3.2. SWOT diagnosis of OLPs: opportunities and threats

Table 1. OLP environment

OLP environment		
	Opportunities	Threats Obstacles / impediments
Public action		
International framework WTO WIPO CODEX Etc.	TRIPS agreement may offer an international legal framework to protect OLPs worldwide Ever more developing countries support GIs protection EU explicitly supports PDO-PGIs in WTO negotiations in Cancun List of over 41 products to be protected	Usurpation/imitations: real threat for EU's exported OLPs TRIPS interpreted in a very limited way by Cairns Group Refusal to extend register to products other than wine Refusal to create an international register → Little chance to reach a multilateral agreement on the highest degree of protection for GIs in the coming years
CAP Pillar I Pillar II	Mid-term review might be positive for OLP principles and proposes support for certification initiatives and PDO-PGIs Agreement of 23 June 2003 on CAP is in favour of OLPs Reg.1782/2003 and subsequents support OLP development	CAP reform may have positive effects on OLPs. But : - Depends on WTO (trade barriers, quotas, subsidies, etc.) - Decoupled system may endanger some OLPs (olive oil) - Abolition of milk quotas could lower milk prices and threaten firms with high production costs - New resources not specifically ear-marked for OLPs (no specific tools for OLPs, which are competing with organics and other specific products) - What about non-recognised OLPs ? (less favoured) - What about very recent PGIs?
OLP Protection policy	Subsidiarity Concept of "origin" based on codes of practice gives substance to quality and typicity Multipurpose regulation (wide objectives) Good protection for established systems and "new chance" for novel systems Increasing resources available on quality, origin and environmentally friendly products	Legal status of OLPs is not yet clearly set out in the regulation Several weaknesses (in spite of recent change): - too narrow field of eligibility - shortcomings in harmonization of implementation procedures; roles of producer groups, expertise, transparency (public enquiries), opposition right, information to non-EU countries and all stakeholders - shortcomings in certification (i.e. accreditation of certification bodies, costs and competition features, checks, etc.) - geographical demarcation problems (on an administrative basis, or based on "terroir"?) - no definition of reputation and tradition - regulation too limited to legal provisions (not enough focus on market economics, development, research and teaching, monitoring, and promotion aspects) - is it good to promote a non-unified concept? (Barjolle and Sylvander, 2000) - unequal level of protection in case of usurpation (countries, products) - many link problems between regulation and trademarks (within EU and with WTO) see report 6 and D4B
Trademark regulation	Collective trademark is a real opportunity for SMEs based OLPs provided they are carefully regulated=OK	Links trademark/origin: different kinds of problems Is it legitimate for the regions to promote their collective marks? Protection through trademark or through GI? Difficult to implement marketing strategies based on collective trademark in supermarkets Trademarks with origin (without protection) compete with PDO-PGIs Trademark registration procedure to be improved No database for geographical names No certification for geographical trademarks (certification may be used but it is not compulsory, in Italy)
Promotion policy	Special regulation concerning promotion Financial resources for it	Policy or regulation? (see final report Barjolle and Sylvander) EU discrepancies weaken collective promotion
Rural development policy	Growing financial support for environmentally sensitive products, certified products, rural development (new agreement of 23/06/03, Reg. 1257/99, structural funds, Leader) Regionalisation in some countries may help supporting OLPs Real opportunity to increase ties between OLPs and local economy	Small OLPs in LFA are threatened Lack of explicit link between OLP policy and RD: goal definition, development tools and assessment tools Absence of links between RD at EU level and national level Lack of research (definitions, criteria, tools, etc.) Absence of consistent policy Weaknesses of pillar II: lack of financial resources, etc. In some countries: lack of regionalisation
Regional policies Local development tools	Regions and regional authorities increasingly concerned by OLPs Strong potential for interaction with local economy Regional policies supporting OLPs	Discrepancies due to subsidiarity

Environmental regulation	Opportunity for those who already comply with regulations	Few environmental aspects in the codes of practice
Competition policy Inter-professions	Opportunity for collective governance and efficiency (coordination) In France, interprofessional bodies recognised (1999 statute)	Over-orthodox competition policy Anti-trust laws limit interprofessions role and impact Differentiation on market is not backed by a real identification of the OLP's features by consumers (OLPs do not serve adequately as differentiation markers)
Consumer policy Information, protection, etc. Labelling regulation	Improved information on origin and traceability OLP can be part of a better diet in general "Origin" is demanded by consumers	Information not readily available on links between OLPs / terroir / production conditions / local economy or multifunctional aspects, lack of objectivity for quality as a social construct → Gap between the promises and the intrinsic value (OLPs do not guarantee RD as some consumers may make the link, perceptual gap between policy-makers wishing to support OLPs for RD reasons and the many consumers who do not make the connection) Label "Territory friendly OLP" or "Sustainable OLP" ? No scientific basis that OLPs are healthier or safer than non OLPs So: lack of legitimacy in the eyes of liberal economists: "false promises" to consumers !? Overall Labelling can be very complicated, which does not make consumer choice easy (too many heterogeneous requirements) Heterogeneity across OLPs undermines arguments that they offer consistent standards and level of veracity regarding origin/quality /typicity/RD Trouble complying with the labelling regulation for small systems: labelling and traceability are costly for SMEs OLPs not open enough to new social requirements (animal welfare, environment, fair trade, working conditions, etc.)
Sanitary Policy		Over-strict sanitary regulation threatens OLPs
EU enlargement	New markets? New supply for OLPs?	Discrepancies?
Social changes		
Overall consumer attitudes Food scares Urban behaviour Aging population Etc.	Food scares have influenced consumers towards products with a clear origin and better traceability Growing interest for environment Growing interest for agriculture and rural life (authenticity, roots, culture, better image, etc.), in post modern urban society, increased desire to return to roots via consumption choices Proximate consumers Distribution outlets may be sensitive to this point and react in such a way Have OLPs health attributes? Need to strengthen OLP safety	Parallel preferences for low prices, convenience and accessibility OLPs not always convenient OLPs unfamiliar especially to younger generations Discrepancy between attitudes and behaviour: positive interest but low level of purchases Purchases only in older classes and high incomes? Interest for "Myths of nature", "tradition", may make OLPs vulnerable Depopulation in rural areas threatens OLPs Are people really prepared to live in the countryside? OLP know-how in the hands of older people: potential for transmission?
Global economical trends		
Purchasing power Growth Etc.	Greater interest for food diversity Increased purchasing power benefits OLPs	Globalisation implies homogeneous products, standardisation, strong global brands, etc. Competition between old and young Europe on prices. Loss of market share for OLPs in Old Europe, not compensated by markets in new Europe
Agrofood business economics		
Generic markets	EU enlargement may provide new market opportunities Greater interest for food diversity (variations),	Massive trend for low prices, convenience and accessibility Products other than OLPs meet consumer demand for quality and safety, sometimes with more guarantees Products other than OLPs are typical and of specific quality Information and labelling problems with OLPs
Supermarkets policies	New distribution channels (catering, e-commerce, etc.) present new opportunities New niche markets New brands, promotion activities Small SC may create new markets and work out stronger relationships with consumers based on proximity, competence and learning	Distribution channels play a crucial role and have great market power Artisanal supply chains face difficulties in complying with mass marketing approaches Private label and trademarks in the supermarkets do not help OLPs (especially supermarket own brands) Collective marketing does not fit supermarkets policies

3.3. SWOT diagnosis of OLPs: strengths and weaknesses

WPs1-6 have demonstrated how heterogeneous OLPs in Europe actually are. Therefore, it may be assumed that they have different strengths and weaknesses according to type, and that the impact of different policy scenarios will also be very varied. However, we can identify the common features of OLP systems.

Table 2. Internal variables

Supply Chain in general (Main findings)	Great variability of OLP products across EU: history, objective to achieve through protection, product characteristics and mode of production, Volumes, types of actors with regards to governance, relations with retail system, relations with export, Human factors affect the definition of the OLP, the relationships with other bodies in the chain, relationship with trade and marketing strategies, Great diversity in organisation forms (structure, marketing governance, discipline)	
Markets and consumers (Main Findings)	Considerable variations by product and country Greater part in wines and cheeses France and Italy higher market shares Evidence of consumer interest and appreciation for OLPs Much complexity and variation in perceived benefits of OLP, from product specific or experience based to intangible credence based Choice behaviour is complex and varied: salient factors include consumer's own knowledge and background, reasons for purchase, level of involvement, type of usage, point of purchase information (various stimuli: retailer's recommendations, product packaging and labelling)	
	Strengths (resources)	Weaknesses (internal impediments)
Markets and consumers	Consumers/citizens feel close to OLPs in regional markets and traditional producer countries: strong cultural identity OLPs meet specific needs for tradition and belonging Direct sales and short channels without certification (non certified OLPs) may be enhanced by regions? Large markets within the producer regions Potential outside the region	Lack of data on size and shape of markets and demand for OLPs in EU Awareness low (except in France) Understanding of the label: low Consumers feel far away from distant markets or places in newcomer countries but problems surrounding authentication of these as they are social constructions Control system is not 100% secure and may disappoint consumers
Evolution of specific (OLP) markets	Great potential outside the region	OLPs do not adapt easily to modern market requirements Mature market in the region Difficult to communicate RD and other social aspects to consumers → learning needed
Market and competition features	Niche and small segments: better competition position	Lack of financial, human and logistic resources for achieving a good export position Supply volumes may be limited by stringent codes of practices and demarcations
Specific (OLP) retailers / channels	Big marketing challenge	Large supermarkets are powerful and not always positively oriented to OLPs (lack of sensitive approach for OLPs) Generic market: pressure on prices and standardisation
Structure of OLP supply chains Structure (large, medium-sized, small) Role of the positive oriented players	Diversity may sometimes be positive Greater producer awareness about modern economic requirements in SC Supply chains are increasingly integrated: is it good for OLPs Marketing and management skills are growing in OLPs	Diversity may sometimes be negative Difficulties for OLPs to comply with mass marketing Medium and small enterprises find it difficult to expand in global markets, export, promotion, brand, etc. Little economic power (market power of small SC) (According to archetypes)
Collective governance of SC Type Degree of integration Etc.	Some consortiums play a prominent economic role (coordination of SC) If the leader promotes the collective goals See the typology (Geneva meeting and WP6 report) Sometimes strong social networks Awareness of social issues (rural development) (According to archetypes)	Some consortiums play a minor economic role, which weakens the market power of SMEs based on OLPs Difficulties finding leaders Opportunism weakens collective action Education, management skills How to cope with strategic turning points? Lack of cooperation is typical for new systems (com-petition, one manager or channel captain) LMA Over-strict code of practice may hinder innovation and marketing differentiation within the system (leeway)
Links between territories and OLPs	Strong potential impact on rural development Potential virtuous circle Very strong factor of success. Research necessary to better link natural resources and productions modes	Not systematically the case No evidence for PDO-PGIs Lack of definitions and tools for assessing it Standard criteria are not the only way to assess impact Also: diffusion of effect, level of participation of local actors, sustainability and reproduction of system, environmental impact Small and large systems? Which is better? What provisions stated in the code of practice? (examples): archetypes Demarcation may be a limit for supply?

3.4. OLP Archetypes

3.4.1. Production of a typology for OLPs

a) Variables / factors under discussion:

On the basis of WP5, the following criteria for describing the variability of OLPs can be mentioned:

- New systems / mature systems, which is linked to freedom to innovate and historical pathways
- Market organisation: existence of regulation mechanisms (negotiation, procedures) for product quality, quantities, prices
- Structured systems / non-structured systems
- Market dimension: size, access to exports
- Product status (sector, processed / not processed, etc.)
- Concept of governance, which appears as an intermediate organisation model between the classical hierarchical model and the market.

The main idea is no more "who decides?" but "how are decisions taken?"

Cooperation between firms for making decisions on standards, market and product management, organisation

Basic variables for governance: norms, producer organisation, vertical links (Allaire, Sylvander, 1995), based on Quéré (1992)

Sectoral and territorial (Barjolle, Chappuis, Sylvander, 1998; Marty, Sylvander, 2000)

Sectoral governance: product category, market logic, market power, the aim of dominant actors, norms are consistent with remote markets, no organisation of producers

Territorial: integrated in the local economy, many cross-sectoral activities, social networks

- Generic market or local economy?
- Actors intentions and strategies
Real strategic choices observed in practice or intentions?

b) Discussion

Several basic variables must be combined in the key variables, so multifactoral reasoning is required.

1. Question about "individualistic governance", since the concept of governance refers to a network where none of the actors has the power to dominate. It would be better to speak of "governance" versus individual management (where a "channel captain" or a single enterprise has decision-making power) or better "corporate governance"?

2. We can then follow the gradation (Allaire and Sylvander, 1997):

- "**Territorial governance**", where decision-makers are supported by local institutions and share a common interest with local actors;
- "**Sectoral governance**", where an interprofessional body (or any kind of "filière coordination") holds power but where actors are driven by pure market logic, while coordinating with each other.
- "**Corporate governance**" (including enterprises which do not fundamentally adhere to OLP "ideology and culture")

3. The size of *markets* variable is not strong enough to distinguish the systems. According to "*market scale*": the real problem is not the *size*, but the kind of relation between the system and the global market (niche and local market or connection with the global market, no matter of size). The question for many decision-makers is : *how to face competition on the world level?* There are small systems able to export their products and big systems producing no value and having difficulties exporting.

4. *Novel status / versus established status* The main argument is linked to the stage of development (Barjolle and Thevenod-Mottet, 2002) where the growth resources are mentioned as a crucial issue for small systems, together with reputation and innovative freedom, which is supposed to be greater in novel systems. This argument is quite good, but not sufficient. Many systems are old but must be reconstructed, so the challenge is also in production methods, project, etc.

Novel status may be thought of as either relatively recently developed OLPs, and/or those pursued primarily by one key firm acting relatively individualistically. The main preoccupations of these OLPs are (i) negotiating agreements between individual producers to specify the 'typical' product, as this is unlikely to be already agreed (ii) gaining a foothold in the market, developing new supply chains and market opportunities (iii) developing effective management and decision-making structures (iv) gaining effective institutional support, both financial and administrative, to develop the initiative.

Established status may be thought of as well-established collective systems with conventions for a coordinated approach. The main preoccupations for such OLPs are things like (i) management and regulation of production volumes, (ii) management of hybrid systems of supply chain organisation, then dealing with antitrust issues, (iii) management of quality and branding and development of incentive and control mechanisms to prevent damage to the collective reputation, (iv) protection of reputation from other producers.

5. *Market performance* is a result and not an explicative variable.

6. Focus on the degree of organisation of the system: is the supply chain well structured? Do actors have the right skills? etc.

c) Conclusion

The archetype needs to be based on two simple variables that encapsulate 'extreme' or 'ideal' types of OLPs (not necessarily existing empirically), that allow for meaningful hypotheses to be developed about other characteristics these OLPs may have as well as hypotheses about the likely evolution of these OLPs in the face of certain policy and market adjustments. So what are the objectives of public policy?

In this view,

The first synthetic variable is linked to the **systems logic (governance)**, the second one is linked to the **systems dynamics**.

1. **The first axis (systems logic)** reflects the **polarity between territorial governance** (rural development, local economy, small communities, survival in the globalisation context) and **corporate governance**, referred to the pure market (individual decision-maker, market driven strategy, innovation freedom). In between we find **sectoral governance**. The *organisation issue* may be included in this variable, as *type of organisation* (strong territorial organisation and skills → strong sectoral organisation → weak organisation). Territorial OLPs have strong ties with local-regional institutions, have an interest in the local economy. Mixed governance OLPs may be rooted in the land by their codes of practice, but have necessarily no strong relationship with local institutions and concerns.

2. **The second axis (systems dynamics)** reflects the **development stage of the project** (initiative). Not only the age of the project, since many projects are constructed on old products that are renewed on the basis of a technological compromise between tradition and innovation. The issues are in the first case to create and develop and in the second case to manage the system, improve it and protect it from threats.

Table 3. Summary of the main variables used for the archetypes

Logic →	Territorial logic	Sectoral logic	Corporate logic
	Dynamics ↓	Several firms negotiating with each other mostly on a territorial basis in formal or informal contracts and institutions High degree of organisation at the spatial level: local institutions and close cross-sectoral relationships	Several firms in the same sector negotiating with each others in formal or informal contracts and institutions High degree of organisation in the supply chain Rooted in the land (by the code of practice), but weak links with local institutions and local economy
Production and sales management regulation?	Diversification, Cross sectoral Goods bundle (Mollard & Pecqueur, 2001)	Specialisation and product differentiation	Marketing management on substitutes? (PDO/Non PDO)
Organisation of actors	Local Cooperation – Coordination	Vertical cooperation – coordination	No coordination
Codes of practice (Technical production modes)	Focused on maintaining rural life and diversity	Focused on product specificity	Marketing characteristics
Patrimony	Territorial patrimony	Product patrimony	Portfolio, Trademark value
Specialisation on OLP?	No: OLP production and marketing is linked with other local activities (even non food)	Yes Most of the firms are specialised in OLPs	No specialisation PDO is a often a market opportunity
Anchorage degree	Firms cannot move away	Firms cannot leave the sector	Firms are flexible
Objectives, intentions of the systems	To develop the territory Maximize Added Value Survive	To develop the product and the value of the product	To develop the firm Maximize Profit Value of the firm
Intensity of production	In most cases, no	This may happen	This may happen

N.B.: These are archetypes: as pure systems none of them really exists. Real systems are combinations of all three types.

Here are some examples of systems quite similar to pure types:

Table 4. Final typology (some French and Italian examples)

Logic →	Territorial logic	Sectoral logic	Corporate logic
	Dynamics ↓	Several firms negotiating with each other mostly on a territorial basis in formal or informal contracts and institutions	Several firms in the same sector negotiating with each other in formal or informal contracts and institutions
Emergent Developing systems Challenge: to develop	I Piment d'espelette Beurre d'Echiré Ciliegia di Lari	III Pelardon	V UK examples NL: Campina Melkouni (Nord Hollandse Edammer)
Developed systems Challenge: to manage and defend	II Nyons (+++) Comté (+) L'Étivaz (++) Laguiole (++)	IV Parmigiano Roquefort Gruyère Parma Ham	VI Beurre Charente Poitou Peza Olive Oil

In WP5, the team was able to sort the different supply chains analysed into the proposed archetype categories (see table 5).

Table 5. Breakdown of WP5 case studies by archetypes (data collected in 2002)

	Product name	Product	Denomination	Production area	Level of development of system (novel / established)	Governance (Territorial / Sectoral / Individualism)	Arche-type system (1-6)
France	Taureau de Carmague	Beef meat	PDO	France region: Camargue	Developing	Territorial	I
Italy	Tuscany Olive Oil	Olive Oil	IGP	Region of Tuscany	Developing	Territorial	I
Italy	Ciliagia di Lari	Fruit	OLPs	Part of Pisa Province	Developing	Territorial	I
Spain	"C" de Calidad Alimentaria	27 food products	Collective brand	Region of Aragón	Developing	Territorial	I
Switzerland	L'Étivaz cheese	Cheese	PDO	Switzerland-Pays d'en Haut	Developed	Territorial	II
UK	Specially Selected Scotch Beef	Beef meat	PGI	Scotland	Developing	Sectoral	III
Germany	Schrobenhausener asparagus	Vegetables	Collective brand	Germany-Bavaria	Developing	Sectoral	III
Italy	Cured Pork Piacenza (Coppa, Salame e Pan-cetta Piacentina)	Pork meat	PDO	Province of Piacenza	Developing	Sectoral	III
Portugal	Terrincho cheese	Cheese	PDO	NE Portugal-Tras os Montes	Developing	Sectoral	III
Portugal	Azeite Trás-os-Montes olive oil	Olive oil	PDO	NE Portugal-Tras os Montes	Developing	Sectoral	III
Spain	Designation of Origin Cariñena	Wine	DO	Region of Aragón, Province Zaragoza	Developed	Sectoral	IV
France	Roquefort cheese	Cheese	PDO	France region: Midi Pyrenees	Developed	Sectoral	IV
Italy	Culatello di Zibello	Pork meat	PDO	Part of Parma Province	Developing	Corporate	V
UK	Beacon Fell-Lancashire cheese	Cheese	PDO	The Fylde area of Lancashire	Developed	Corporate	VI
Germany	Bavarian Beer	Beer	PGI	Germany-Bavaria	Developed	Corporate	VI

3.4.2. Strengths and weaknesses of OLP systems

The strengths and weaknesses analysis can now be conducted on the six archetypes produced:

Table 6. OLP systems

	Territorial governance		Sectoral governance		Pure sectoral and markets	
Developing systems	<i>Strengths</i> System I	<i>Weaknesses</i>	<i>Strengths</i> System III	<i>Weaknesses</i>	<i>Strengths</i> System V	<i>Weaknesses</i>
Developed systems	Strengths System II	<u>Weaknesses</u>	<i>Strengths</i> System IV	<i>Weaknesses</i>	<i>Strengths</i> System VI	<i>Weaknesses</i>

Table 7. Strengths and weaknesses of OLP archetypes

	Strengths	Weaknesses
OLP system I Developing / Territorial	Good image within region for connoisseurs Links with traditions, authenticity: High potential communication on the links with terroir / tradition Potential for support in local community	Difficult to cope with supermarkets Weak image outside the region Not much financial resources Lack of professional skills
OLP system II Developed / Territorial	Proximity with consumers Good relationships with local policy makers, financial supports, Synergetic relations with local economy: cost savings	Difficult to innovate
OLP system III Developing / Sectoral	Good image Well defined OLP, often sufficient volumes	Lack of solidarity with supermarket behaviour Limited volumes: difficult to export outside the region and the country Gap between image and reality
OLP system IV Developed / sectoral	Sometimes well renowned brand Accessibility to mass markets Collective discipline Financial resources (for research, promotion, etc.)	Difficult innovation policy Difficult product differentiation (lack of leeway in the system) Processors may have too much power upstream
OLP system V Developing / corporate	Good sense of innovation, management, flexibility	No social networks Weak commitment of producers Sometimes danger due to little legal recognition
OLP system VI Developed / Corporate	Accessibility to mass markets	Fierce competition

3.4.3. The needs of the OLP and OLP systems

This “needs approach” is used to assess whether any scenario is beneficial or not in the OLP system.

Table 8. OLP system needs

	Needs	Variable yes/no
OLP system I Developing / Territorial	Rural Development policy in a broad sense (measure 9) Leader initiatives to be developed Support local organisations Support to artisanal / handicraft activities Status of farmers as rural enterprises (fiscal treatment), Simplify access to complementary activities (pluriactivity) whether farmer or not Access to subsidies easier Develop local infrastructures Support promotion within region Control growth (with respect to production modes and market balance) <i>Difficult to cope with supermarkets</i> <i>Weak image outside region</i> <i>Limited financial resources</i> <i>Lack of professional skills</i>	
OLP system II Territorial / developed	Improving marketing skills Are supply shortages a problem? Risk of intensification with environmental externalities Risk for external investment: “Disneylandisation” of the countryside, increased property prices (land prices, house prices) Preserving the local identity Avoid internal imitations of non protected products Difficult to innovate	
OLP system III Developing / Sectoral	Support promotion outside region Develop strong quality assurance systems including supermarkets (EDI technology, etc.) Support project development consultancy for a recognition as Quality sign Develop good relationships in Supply Chains Support the elaboration of CoP Technical research for improvement of CoP Support structural investments (slaughtering) <i>Lack of solidarity towards supermarket behaviour</i> <i>Limited volumes: difficult to export outside region and country</i> <i>Gap between image and reality</i>	
OLP system IV Developed / sectoral	International protection of name Strengthen interprofessional governance on quality and quantity, Improve market power towards supermarkets Limit anti-trust actions Improve market orientation Risk of intensification with environmental externalities Difficult innovation policy Difficult product differentiation (lack of leeway in system) Processors may have too much power upstream	
OLP system V Developing / corporate	Develop product branding Support promotion outside region Develop strong quality assurance systems including supermarkets (EDI technology, etc.) Support project development consultancy for a recognition as Quality assurance and Quality signs Support elaboration of CoP Technical research for improvement of CoP Support structural investments (slaughtering) <i>No social networks</i> <i>Sometimes: limited commitment from producers</i> <i>Sometimes danger due to little legal recognition</i>	
OLP system VI Developed / Corporate	In general not PDO-PGI: Freedom to innovate and to imitate and manipulate identities Simplification of system Lighten CoP Easy access Risk of intensification with environmental externalities <i>Commitment of producers</i> <i>Fierce competition</i> <i>No collective discipline?</i>	

4. OLP and public policies

OLPs are addressed by at least **four** types of public policy. The first relates explicitly to OLPs through EC Regulation 2081/92. The second is the Common Agricultural Policy, whose mechanisms have direct effects on the economy of OLPs. The third is the set of mechanisms surrounding Geographical Indications, that is the Millennium Round TRIPS agreements. The fourth relates to the different policies existing at national, regional and local levels, more or less directly linked to OLPs.

All three of these public policy areas are covered inasmuch as they seem to be increasingly interconnected.

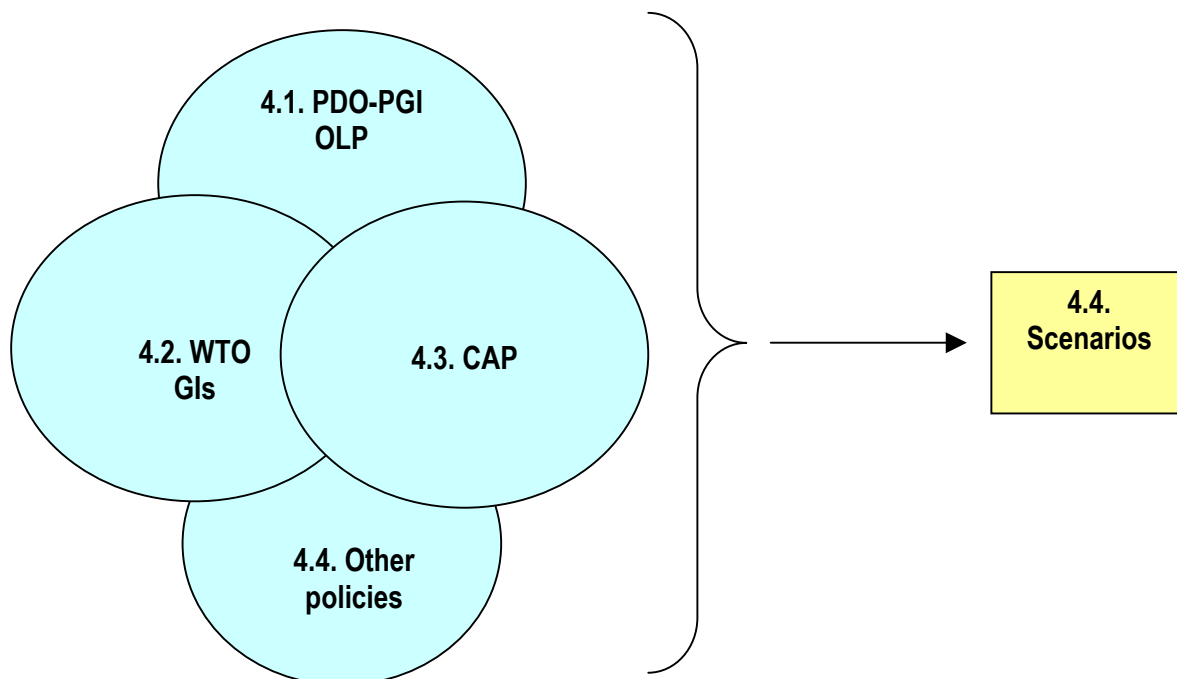


Diagram 2: Policies relating to OLPs

4.1. An assessment of Regulation 2081/92 on PDOs and PGIs⁹

Ten years after the Regulation came into force, the EU had registered 650 products. In August 2002, the EU had 597 PDO-PGIs some 80% of which were registered by the simplified procedure. France has the most PDO-PGIs (130), followed by Italy (118), Portugal (80), Greece (78), Spain (67) and Germany (65). These six member states account for 90% of the PDO-PGIs registered both for registrations as a whole and for the top six product categories (cheeses, fruits, vegetables and cereals, oils and fats, meat-based products, and natural mineral waters).

France has an average ranking among the six main member states with 89% of the denominations registered in the six leading categories: meat and poultry (45), cheeses (39), fruits, vegetables and cereals (11), oils and fats (5), meat-based products (1). Three out of four French denominations registered relate to meats, poultry and cheeses.

⁹ Here we talk about products protected by PDO-PGI registration and not about OLPs in general (which by definition may or may not be protected) Cf § 2.1.

Nearly two-thirds of the denominations registered are PDOs. These make up virtually all of the cheeses, oils and fats and table olives. PGIs relate more especially to meats and poultry, fruits, vegetables and cereals, breads, pastries and confectionery, and meat-based products. Six product families account for 87% of PDO-PGIs.

From March 2001 to December 2002, there was a rise from 552 to 608 PDO-PGIs and then from 608 to 650 by the end of 2003, while the distribution among product families and the respective proportions of each family remained unchanged, although growth in PGI registrations was slightly higher than for PDOs.

Table 9. PDO-PGI distribution for the top six product families (September 2002)

Registration category	PDO & PGI	PDO	PGI	% PDO
Cheeses	148	139	9	94
Fruits, vegetables, cereals	124	58	66	47
Meats and poultry	87	20	67	23
Oils and fats	76	62	14	82
Meat-based products	61	26	35	43
Natural mineral waters	31	31	0	100
Subtotal top six categories	527	336	191	64
All categories	608	378	230	62
% top six categories	87	89	83	

Source: B. Lassaut, INRA-UREQUA, from European Commission data

In evaluating the Regulation, we use the analysis chart set out in Dolphins Report no. 6 (Barjolle and Thévenod-Mottet, 2003), which breaks down the evaluation by the following criteria: impact, relevance, coherence, effectiveness, efficiency.

Table 10. Policy evaluation process

Relations between → Level ↓	Issues / Effects	Issues / Objectives	Objectives / Means	Means / Results	Objectives / Results	Objectives / Effects
Society	<i>Impacts (out of the objectives)</i>					
Public action		<i>Relevance</i>				<i>(expected) Impacts</i>
Evaluation of public action			<i>Coherence</i>	<i>Efficiency</i>	<i>Effectiveness</i>	

Table 11. Definitions

<i>Issues</i>	Real implications of the challenges a society faces
<i>Objectives</i>	Identified needs drawn from a particular reading of challenges and issues
<i>Means</i>	Plans, ways, methods, systems, capacity-buildings, tools, procedures which are settled in order to reach pre-defined aims
<i>Results</i>	Part of the pre-defined objectives which have been reached after the means have been used, even considering the means themselves
<i>Effects</i>	All the consequences, direct and indirect, influenced by the objectives and the means of public action, inside and outside the field
<i>Impacts</i>	Measurable effects and influences of public action, including expected and non expected ones
<i>Relevance</i>	Appropriateness between the issues and needs on the one hand, and the defined objectives on the other hand
<i>Coherence</i>	Internal coherence: degree of functional harmony between the different elements of a system and, in particular, between the objectives and the means employed to reach these objectives (that is to say, between the theoretical or political framework, and the practical implementation); harmony between the different objectives in a defined field External coherence: degree of functional harmony between policies related to one field (e.g. OLPs) and the other policies.
<i>Efficiency</i>	Degree of productivity of the resources employed in achieving results
<i>Effectiveness</i>	Degree of appropriateness between the objectives and the results achieved

Diagnostic features are reviewed against the expected effects of Regulation 2081/92, as set out in the recitals, as analysed in the final report of the FAIR project "PDO-PGI: markets, supply chains and institutions"¹⁰ (Barjolle and Sylvander, 2000). This table will serve as a basis for internal evaluation (Berriet-Sollicec et al., 2001) of the EC Regulation 2081/92.

The objectives of the EC Regulation 2081/92 can be classified in three categories:

- *A. An agricultural and rural policy objective, which can be broken down into three sub-objectives:*
 - A1. Encourage the diversification of agricultural production (agricultural policy)*
 - A2. Achieve a better balance between supply and demand (market policy)*
 - A3. Promote the value of products for the development of remote or less-favoured regions, with the secondary aim of stabilising populations and improving farm incomes (rural development policy)*
- *B. A competition policy objective:*
 - B1. Guarantee equal competition between the producers of products benefiting from these designations*
- *C. A consumer policy objective, with two sub-objectives:*
 - C1. Clarity (consumers must, in order to be able to make the best choice, be given clear and succinct information regarding the origin of the product¹⁰)*
 - C2. Credibility ("to enhance the credibility of these products in the eyes of the consumer")*

¹⁰ FAIR – CT - 306

4.1.1. With regard to objective A: Common Agricultural Policy

- A1. Encourage the diversification of agricultural production (agricultural policy)
- A2. Achieve a better balance between supply and demand (market policy)
- A3. Promote the value of products for the development of remote or less-favoured regions, with the secondary aim of stabilising populations and improving farm incomes (rural development policy)

a) Impact

Impact analysis is based on the relation between the **issues** at stake and the effects achieved, whether expected or otherwise. CAP reforms have aimed at *controlling levels of output* from European agriculture and integrating it *in the international sphere* by increasing its legitimacy and therefore reducing its export refunds and production subsidies. Alongside this, the high productivity gains engendered by the CAP in the 1960s and industrialisation in the agro-food industry had contributed to a degree of standardisation of production. In addition, OLP production is often located in less-favoured areas (areas remote from urban centres and mountain areas) and/or is often conducted by small and medium enterprises (Albisu, 2002; Arfini, 2003), which are vulnerable because of production costs and difficulties of access to markets.

In the face of these issues, the policy certainly originally made a positive impact on farming surpluses (because most specifications restrict productivity), a positive impact on diversification of production as against standardisation, but a more mitigated impact on rural development: the project highlights very different cases and shows the failings of the conceptual and methodological instruments employed.

b) Relevance

In terms of **relevance (issue/objective)**, the Regulation responds to these issues through three sub-objectives, whereby OLPs are to contribute to (i) food diversity, (ii) control of the balance between supply and demand, and (iii) the promotion of rural development. These objectives seem relevant as OLPs are often less productive in terms of yields (and so are likely to help balance the market), they are very varied (and so may encourage diversification). Lastly, it may be assumed that promoting and protecting them is likely to help rural development.

However, on this last objective, the Dolphins projects reports (Belletti and Marescotti, 2002) a *problem of legitimacy* in that no provisions set out what exactly is expected of OLPs in terms of rural development: what are the expected effects. What are the evaluation criteria? To this extent the relevance of the Regulation is incomplete.

c) Coherence

The **coherence** of the Regulation (**objectives/resources**) is mitigated inasmuch as the resources implemented are focused entirely on the terms on which certain geographical names may be reserved for PDO-PGIs. It is a Regulation for protecting Appellations of Origin and Geographical Indications. The provisions of the Regulation do indeed relate to the connection between quality, characteristics, reputation and regional origin, where there is strong coherence, but they are silent about the *resources required* for OLPs to meet objective A1 of diversification (the Commission receives applications without soliciting them), or about the market objective A2 (in volumes and variety,) or again about a connection with the resources implemented to promote rural development and/or vulnerable small and medium-sized businesses. The Dolphins project shows that the *criteria* and *tools* designed to measure the impact on rural development are *not defined* whether for themselves or in relation to the expected effects.

In addition, Regulation 2081/92 is not connected with the regulations on rural development policy (1257/99) or on regional development (1261/99). Application of these instruments is not coherent enough, in terms of objectives and resources, with the objectives and resources of Regulation 2081/92. The same remark holds for the Leader+ and Interreg III programmes (Barjolle and Thevenod-Mottet, 2003).

Finally the regulation is not connected closely enough with the CAP. For example, it would be useful for the milk quota policy to be regulated in terms of the real situations of supply and demand. Increased quotas for expanding dairy PDOs would draw – where possible – new producers to the PDO system, which would lower surpluses on standard products.

d) Effectiveness

In terms of **effectiveness (objectives/results)**, the Dolphins project reveals very different situations (Belletti and Marescotti, 2003). While it is effective as regards diversification and market equilibrium (A1 and A2),¹¹ the outcome is mixed for rural development. Some OLPs have a big impact on rural employment and the local economy (Comté in France, Parmigiano Reggiano in Italy), but they are involved above all in dense local networks that are effective in terms of endogenous development (Murdoch, 2000; Lowe, 2000). However, this is far from being the general case, because there are also OLPs which make only a slight impact on the local economy. In fact, the specifications themselves, as defined in the registration dossiers and implemented by the actors, do not of themselves guarantee, as said, a big impact on rural development.

e) Efficiency

In terms of **efficiency (resources/results)**, the Commission has set up a quality office to monitor applications, which makes for greater efficiency. None the less, for the other sub-objectives, there is no *accompagnement* for consortiums, which brings us back to the point about no account being taken of rural development, which is one of the objectives of the CAP. There is a connection, then, between this shortcoming and the lack of coherence identified above. Because few resources have been explicitly implemented (although it is not known how to measure them precisely) leads to a low cost but at the price of lower efficiency.

4.1.2. With regard to Objective B: competition policy

B1. Guarantee equal competition between the producers of products benefiting from these designations

a) Impact

Impact analysis is based on the relationship between the **issues** at stake and the effects achieved, whether expected or otherwise. The issues for Geographical Indications in the world arena are those of protecting these products against usurpation and imitation. Those which have earned a reputation may be imitated by firms looking to use their name while applying lower cost production methods, which may be seen as unfair competition. The rights of these threatened producers have been viewed since the TRIPS agreement as intellectual property rights rather than simple trademarks (Barjolle and Thevenod-Mottet, 2003, p. 9), based on production conditions related to natural and human factors generally involving collective management of a group of small businesses within a consortium. Opponents of this policy evoke the right of imitation (when emigrants take the culture related to the product with them) and infringement of competition by consortiums.

b) Relevance

As regards **relevance (issues/objectives)**, the Regulation responds to these issues by registration of the geographical name of a given product on the basis of specifications proving the quality, characteristics or reputation of the product and on the basis of the publication and objection procedure. From the point of view of competition, the challenge is well met within the European Community, by appropriately attacking "market failures" related to failings in communication on product quality and origin.¹² It is also well defined with regard to the WTO by ensuring a logical connection with international principles: reciprocity and transparency (see the reform laid down by the new Regulation 692/2003). Relevance is achieved therefore in terms of international legitimacy: GIs do not rely on protectionist principles, if the standard of quality is met and there is no credibility gap: this refers to the nature of GIs, their field of application and how they relate to private trademarks.¹³

In addition, the formation of consortiums (association of producers) does not restrict competition because anyone can join provided that entrants comply with the specifications for the protected product. Lastly, contrary to what its opponents claim, protection does not create undue economic surplus either in terms of income or in terms of market strength supposedly conferred on the beneficiaries.

¹¹ In terms of markets (volumes and diversification), the EC Regulation 2081/92 is thought to be effective but this is based more on reasoning than on thorough measurement as no research has been done into this specific issue.

¹² Chappuis J.M., in Barjolle and Thevenod-Mottet (dir) 2003, Policies evaluations, Dolphins WP6 report, June 2003

¹³ See D4B report: Barjolle, Casabianca, Lemeur Baudry and Thevenod-Mottet, 2002

However, it is worth remarking that the objective set is extremely limited relative to the issues (*B1. Guarantee equal competition between the producers of products benefiting from these designations*), because it concerns only competition among protected products. While the procedure may be seen as reinforcing this objective, it says nothing of the *relationship between these products and competing products*, which is where the main challenge lies.

c) Coherence

The Regulation is *limited* in terms of its **coherence (objectives/resources)**. Certainly, the regulation validates in certain cases the formation of consortiums by way of the applications accepted and so structures an area of competition while limiting price dumping practices, because of costs associated with production practices. But it provides no means of diagnosing the impact of these consortiums on competition, of correcting any market failures or of protecting them from indiscriminate application of the provisions of law and the European competition authorities (which can attack consortiums for limiting competition).¹⁴ This is an inconsistency which stems more from European policy in the broad sense than from Regulation 2081/92. It would require *high-level arbitration* especially with regard to products in competition with PDO-PGIs.

More specifically with respect to the effects of the application of the Regulation *on competition among protected products in Europe*, coherence is weak, as it is marked by the *strong subsidiarity* invoked by the member states, which is reflected by disparities in the way the regulation is applied (Barjolle and Sylvander, 2000).

Application review and approval

In terms of *admissibility and formulation of applications*, there are disparities by countries and products. There are no common rules for the type of groups and their level of representativity, which could distort competition and lead to unequal treatment of applications.

In terms of *expertise*, some points of registration applications are examined in some countries by competent experts capable of properly judging the geographical coherence of the production area, of justifying the criteria chosen in the specifications and appraising the connection with the natural and human "terroir". The capacity to make expert assessments is important for professionals concerned about equity in the processing of applications. In particular, the causal connection between natural, human or regional factors and quality is difficult to assess. The question of the relevance of PGI geographical zoning and the means of evaluation remains an open one.

In terms of *public inquiries*, a is systematically provided for in France and Italy in the case of PGIs, which is not the case elsewhere and may cause problems in the area of competition law.

In terms of *interpretation of the EC Regulation 2081/92*, there is wide disparity among countries.

- Some take the view that PGIs are very different from PDOs (supplies from within and outside the area, emphasis on reputation rather than characteristics).
- Others consider PGIs in a more restrictive way when it comes to characteristics related to the region and centring raw materials on the production area.

Supervision of PDO-PGI products: inspections and sanctions

Verification that the products *comply with their specifications, traceability checks* and in particular the monitoring of raw materials in the case of PDOs are important factors in the future commercial success of these products. Evaluation of the final quality of the product, in particular its appearance and its taste, is also one of the foundations of consumer trust.

Article 10 of Regulation 2081/92 provides for PDO and PGI inspections. It lays down that inspection structures be put in place by the member states, whether these structures be public services or private organisations. All must provide the same guarantees as to objectivity and impartiality with regard to any producer or processor they inspect and must have the experts and resources required to conduct the inspections. These criteria refer to the conditions laid down by standard EN 45011.

¹⁴ Example: Consortium du Cantal in 1991.

Several studies show that here again conditions vary from one country to another whatever the form of organisation (public or private) favoured by the member states. The rules on decentralisation in some states are reflected by proximity on the ground (and so great effectiveness) and sometimes less strict supervision of the relevant organisations or agencies.

The conditions for supervision of PDO-PGIs are not set out in detail in the community Regulation and so are disparate by country and product. The requirements are not equivalent:

- in terms of inspection of firms and processes, traceability checks and final evaluation of the product,
- in terms of inspection plans laid down by quality groups, with no common basis to do so,
- in terms of costs, which distort competition.

Mandatory accreditation, which is not yet provided for at community level, would be likely to harmonise inspection conditions across Europe.

Lastly, as the defence of protected denominations remains within the competence of national authorities, there is no common strategy capable of guaranteeing automatic protection throughout the community. In view of the current situation of international agreements governing the use of geographical names of agricultural products, active defence of protected denominations on the international stage is not yet operational.

d) Effectiveness

In terms of **effectiveness (objectives/results)**, the Dolphins project shows that protected products are very disparate, which is a risk for the effectiveness of the Regulation. Conversely, compared with non-protected products, European policy is quite effective. Real protection is afforded to registered products. However, the legitimacy of these products is still limited with regard to the CAP, as seen, and with regard to other industrial and competition policies, as just discussed. With regard to the global market, relations among private trademarks and protection is considered satisfactory by the project in terms of the European market, but not with regard to the world market, where there are numerous infringements (see § 4.2.4. and 4.2.5.).

e) Efficiency

In terms of **efficiency (resources/results)**, European policy scores well, in view of the lightweight character of the mechanism compared with its major outcome which is the protection of 650 PDO-PGIs. However, it is worth noting that increasing its effectiveness and coherence (see above) would involve considerably reinforcing the resources allocated in terms of the field of application, examination procedures and inspection procedures. Such increased resources would make it possible to achieve the objectives as to competition within and outside the PDO-PGI sector.

4.1.3. With regard to objective C: consumer policy

C1. Clarity ("consumers must, in order to be able to make the best choice, be given clear and succinct information regarding the origin of the product")

C2. Credibility ("to enhance the credibility of these products in the eyes of the consumer")

a) Impact

Impact analysis is based on the relationship between the **issues** at stake and the effects achieved, whether expected or otherwise. The Dolphins project identifies three levels at which consumers may not be properly informed about products. There may be:

- misrepresentation as to their true origin (e.g. if a "Parma" ham is produced and sold in Canada),
- misrepresentation as to the way they are produced (if "Modena" vinegar is made industrially with caramel added to cut costs),
- misrepresentation as to the specific quality of the product, if consumers are unable, from its denomination, to know its objective characteristics.

Now, studies identified by the Dolphins project (and those conducted by a number of its members)¹⁵ show that consumers take great interest in the true origin of products, their quality, tradition and small artisanal businesses, in commitment as civic-minded citizens, in health and the environment, which are all areas directly or indirectly related to the idea of OLPs. This interest is often reflected by their willingness to pay for these products. The question is whether or not the mechanism is consistent with this interest or not, which is still unanswered.

b) Relevance

In terms of **relevance (issues/objectives)**, the Regulation responds to these issues by a mechanism analysed in detail in the previous paragraph (some of the limits of which have been seen) and by a logo, which is explicitly direct at the *clarity objective* C2. Now, it may be thought that discussions on community policy on quality and origin, including their recent development, have not made it possible to choose between two strategic orientations:

- Either the principle of a community policy on quality and origin is adopted with a major effort in terms of convergence of principles, their interpretation and the mechanisms implemented through the European Union, then the message communicated to consumers will be based on the objective technical reality of the product and a convergent approach of the institutional mechanisms supposed to achieve it. In this case the use of community PDO-PGI logos may prove extremely effective and should be mandatory.
- Or it is decided to maintain strong subsidiarity, with each member state then retaining the competence to interpret the Regulation to some extent in accordance with its history and its own constraints.¹⁶ In this case, the guarantees provided by PDO-PGIs are not uniform, in particular in the real nature of the ties between product quality (or characteristics) and its origin. Under these circumstances, a single, general message about the product's attributes (whether its quality, its long-established character, or its traditional character) does not seem suitable. In this scenario, it would be legitimate to maintain strong communication on national signs. In this case, European coordination would be required (enforcement of the Regulation, collation of statistics, etc.) to maintain the overall coherence of the community protection mechanism.

Until this choice has been made, the message to consumers will necessarily be ambiguous. This is why the EC Regulation 2081/92 seems to have limited relevance.

c) Coherence

Coherence of the Regulation (**objectives/resources**) is again only moderate here. Inasmuch as *consumers have no way of checking individually the true origin or the specific qualities of the products they buy* some form of public protection is necessary and the Regulation provides this by reserving the product names.

However, this policy is not closely *connected enough* with the general provisions for consumer protection and information developed in Europe and in individual countries (ombudsman in Finland, *Service de la répression des fraudes* in France, and equivalents in Italy and Portugal, etc.), which do not operate in conjunction with the Commission (because of the principle of subsidiarity). This means that European policy does not contribute fully to the objective of clarity nor to that of credibility.

On this last point, the Dolphins project identifies what we term a "credibility gap", concerning not the origin but the specific quality (whose variable levels of requirements have been seen) and also the societal value (or civic value) of the products (Tregear, 2002). On this last point, while consumers support OLPs in terms of their impact on the environment, biodiversity and rural development, it must be recognised that the mechanism does not allow for them to be evaluated or registered on the basis of these objectives. A serious problem of credibility may therefore arise (see § 4.2.4.).

d) Effectiveness

In terms of **effectiveness (objectives/results)**, the Dolphins project shows that while true origin is well protected, which is an appreciable point, the *clarity objective* is only moderately achieved and the *credibility objective* is not sufficiently achieved. Effectiveness, then, is not of a high standard.

¹⁵ See DOLPHINS Report 6: Barjolle and Thévenod-Mottet, 2003, and DOLPHINS Report 4: Treager (2002).

¹⁶ This orientation is similar to the argument developed by Caroline Pottier (European Commission) and Christian Béchet (INAO), in Sylvander, Barjolle and Arfini (2000).

e) Efficiency

In terms of **efficiency (resources/results)**, it can be seen that the Commission does not itself ensure legal protection of the products (it is the member states that do so), and that the resources are not in place to achieve the consumer objectives. Efficiency, then, is of a low level.

Conclusion

In conclusion, the following assessment can be made for CAP, competition and consumer policies, as far as they concern OLP development. We deliberately don't sum up those assessments, as no weighting for the different criteria could easily be made. However, it is remarkable that consumer policy gets a quite low score on almost all criteria. In the same time, it appears that CAP and competition policies, which have a medium score certainly can be improved, especially according to their consistency with new goals set up for OLP development in the future, which seem to become more and more legitimate at the European level. Thus, we state that the credibility gap at the consumer's level about OLPs, can be mastered and reduced, if the OLP social benefits were better known and enhanced by an efficient development policy.

Table 12. Final assessment of the European agricultural, competition and consumer policies

	4.1.1. CAP	4.1.2. Competition	4.1.3. Consumer
Impact (issues) Expected and unexpected impacts	A1 : +++	B1 : ++	C1 : ++
	A2 : +++		C2 : +
	A3 : +		
Relevance (issues / objectives)	A1 : +++	B1 : +++	C1 : +
	A2 : +++		C2 : +
	A3 : +		
Coherence (objectives / resources)	A1 : +	B1 : +	C1 : +++
	A2 : +		C2 : +
	A3 : +		
Effectiveness (objectives / results)	A1 : +++	B1 : ++	C1 : ++
	A2 : +++		C2 : +
	A3 : +		
Efficiency (resources / results)	A1 : +	B1 : ++	C1 : +
	A2 : +		C2 : +
	A3 : +		

4.2. GIs within the context of WTO negotiations

This section examines the current state of discussions on GIs at international level based on issues published by the European Community and the WTO and on studies and research.¹⁷ To begin with are some basic points about GIs and the state of negotiations.

4.2.1. The nature of OLPs and GIs

The 1990s witnessed a controversy between Chen (1997, 2001) and Lorvellec (1997, 1999) over the nature of GIs which gave rise to the official European position on the nature of the intellectual property of GIs.

¹⁷ The term GI (Geographical Indication) is used here in the context of international negotiations, and the terms PDO-PGI in reference to Regulation 2081/92. The term OLP characterises the products that are identified by these designations, whether their designation is protected or not.

Lorvellec argued that GIs could not be property rights because the beneficiary was not identified and the property was not transferable as such, as it entailed conditions as to production practices. Lorvellec maintained, however, that GIs were Quality Signs. As that legal approach did not correspond to the international frame of negotiation, the negotiations went on in the field of intellectual property. But GIs had previously been recognised as intellectual property rights in some national legislations and in multilateral agreements (Paris, Madrid and Lisbonne).

In the context of Dolphins project meetings, institutions such as the Institut National des Appellations d'Origine (J. Fanet, Paris meeting, May 2002), the French Ministry of Agriculture (G. Legendre, Florence meeting, September 2001) and experts like S. Lucatelli (2001), E. Thevenod-Mottet (2001), and Addor and Grazioli (2002) have converged on this position.

Accordingly, our first report on WTO negotiations (D4B, submitted in 2002) started from this principle.¹⁸ The position, consisting in accepting the strategy of systematic trademark registration, is suitable only for large firms or associations of producers (as it is very expensive) and would have undermined the negotiations as it would have been an admission of weakness.

4.2.2. TRIPS definition of GIs

At the international level several Agreements are dealing with "indications of geographical origin" (indications of source, geographical indications and appellations of origin). In order to better understand how the TRIPS Agreement defines GIs, it is useful to see the definition of the other two concepts.

Table 13. Multilateral definitions of Indications of Geographical Origin

<p>The definition of Indication of Source given in the Paris Convention (1883) and the Madrid Agreement (1891) is the following: <i>"Indication referring to a country or to a place situated therein as being the country or place of origin of a product"</i></p> <p>The definition of Appellations of Origin given in the Paris Convention and the Lisbon Agreement (1958) is: <i>"The geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors"</i> (Lisbon)</p> <p>Finally, only the concept of Geographical Indications is defined in the TRIPS Agreement: (TRIPS Agreement, 1994): <i>"Indication which identifies a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin"</i> (TRIPS)</p> <div style="text-align: center;"> <pre> graph TD A[Indication of Geographical Origin] --> B[Indications of Source] A --> C[Geographical Indication TRIPS] A --> D[Appellation of Origin Lisbon] </pre> </div> <p><i>Protected Designation of Origin or Registered Appellation of Origin or Protected Geographical Indication are only defined at the European level and in some other countries (e.g. Switzerland) on a national law basis.</i></p> <p>Furthermore, several bilateral agreements recognise the protection of geographical names. These bilateral agreements are progressively losing their importance among EU Members but remain a useful tool with third countries, even though the EC Regulation 2081/92 and other multilateral provisions (such as the TRIPS Agreement's envisaged multilateral register for wines and spirits) provide a higher and more comprehensive protection.</p> <p style="text-align: right;">(D. Croze, WIPO, 2002, modified)</p>
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It appears clearly from these definitions that geographical indications and appellations of origin are not simply a reference to the provenance of the products they identify, as they entail requirements as to product quality, reputation and characteristics. In the European Regulation 2081/92, the Commission checks that applications do indeed include production conditions for the product which are supposed to determine the qualities, characteristics or reputation related to the origin (Casado-Salinas, 2003), even if this check is based on disparate instructions in the various member states (Barjolle and Sylvander, 2000).

¹⁸ Barjolle, Casabianca, Lemeur-Baudry and Thévenod-Mottet, 2002.

4.2.3. State of negotiations¹⁹

Current negotiations, at least multilateral ones, date back at least to 1975 when the WIPO proposed to revise the idea of a multilateral protection of GIs through a system of registration which would be more general than the register established by the Lisbon Agreement on Appellations of Origin (1958). It was a question of improving protection to prohibit the use of denominations, expressions or signs directly or indirectly containing false or misleading geographical indications and also of setting up an international system of registration (Croze, 2002). Talks were interrupted because the Paris Agreement was under revision at that time. However, the work done on the definition of GIs was used in the TRIPS Agreement discussions in the Uruguay Round. That is one origin of the definition mentioned above.

After the Marrakech Agreement (1994), which featured the TRIPS Agreement, the Doha Declaration of the WTO (WT/MIN(01)/DEC/W/1 14/11/01) led to the inclusion of two issues on geographical indications in the agenda of the Doha Round (the establishment of a multilateral register for wines and spirits and the extension of the protection of Article 23 TRIPS Agreement to all products (Addor and Grazioli, 2002, pp. 883-887).

In 2000, the WTO set up a survey (under Art. 24.2 TRIPS) to describe the state of legislation of the different WTO member states in respect of GIs. The report (IP/C/W/253/Rev.1 24/11/03) sets out this description, including all the criteria examined.

Since 1998, the EU officially submitted proposals to the TRIPS Council (IP/C/W/107 28/07/98, IP/C/W/107/Rev.1 22/06/00 and IP/C/W/259 31/05/01) *to establish a multilateral system of notification and registration of GIs* following the mandate given by the Article 23.4 TRIPS Agreement. The EU also officially joined, in 2001 (WTO Ministerial Conference in Doha), a proposal made by other WTO Members (Bulgaria, Cuba, India, Sri Lanka, Switzerland, Turkey, etc.) *to extend the protection provided by Article 23 TRIPS Agreement to products other than wines and spirits* – GIs of such products are currently protected by Article 22 TRIPS Agreement - (IP/C/W/353 24/06/02). In fact, the protection of GIs will be facilitated through the establishment of a multilateral register and the protection of Article 23 TRIPS Agreement is obtained without having to prove an act of unfair competition or that the public is misled. Article 22 TRIPS Agreement, which requires these proofs, shall be seen as weakening considerably the protection of GIs. Opposition to these proposals has come mainly from Argentina, Australia and the United States (register: IP/C/W/133/Rev.1 29/10/02, TN/IP/W/6 29/10/02; extension of Art. 23 TRIPS protection: IP/C/W/386 26/07/02).

The question of GIs was not discussed at the failed Cancun WTO Ministerial Conference (September 2003), but the EU reasserted its position on the register and extension and, as a separate cluster of issue to be negotiated in the Agriculture Committee, the EU provided a limited list of GIs that seeks to "claw-back" exclusive use of these GIs even if they are currently considered as "generics" or "trademarks" in other WTO Members.²⁰

At the same time, the countries opposing the EU proposals²¹ filed complaints with the WTO dispute settlement board: complaint from the US (WT/DS/174), complaint from Australia (WT/DS290). Some WTO member countries asked to participate in the panel because of their commercial interests.²² Likewise a number of direct talks were resumed on bilateral treaties concerning GIs.

¹⁹ References in brackets are to WTO official documents.

²⁰ **Wines:** France (Beaujolais, Bordeaux, Saint Emilion, Bourgogne, Chablis, Champagne, Gravec, Médoc, Sauternes), Germany (Liebfrauenmilch, Rhin et Moselle), (Italy) (Chianti, Marsala), Spain (Rioja, Malaga); **Spirits:** France (Cognac), Italy (Grappa (di Barolo, del Piemonte, di Lombardia, del Trentino, del Friuli, del Veneto, dell'Alto Adige), Greece (Ouzo), Portugal (Madeira, Porto), Spain (Xeres); **Cheeses:** France (Comté, Reblochon, Roquefort), Italy (Asiago, Gorgonzola, Grana Padano, Fontina, Mozzarella di Bufana Campana, Pecorino Romano, Parmigiano Reggiano), Greece (Feta), Portugal (Queijo Sao Jorge), Spain (Manchego); **Cold pork meats:** Italy (Prosciutto di Parma, Prosciutto di San Daniele, Prosciutto Toscano, Mortadella Bologna); **Confectionery and condiments:** Spain (Azafran de la Mancha, Jijona y Turron de Alicante).

²¹ In what follows we term *proponent countries* those which side with the EU proposals (multilateral register and extension of Article 23 TRIPS protection to all products) and *opponent countries* those which object to it.

²² Mexico, Argentina, Hungary, Colombia, Rumania, Slovakia, Chinese Taipei, Cyprus, Czech Republic, Malta, New Zealand, Turkey

4.2.4. Arguments in negotiation

The arguments presented in the various documents at the TRIPS Council are varied and do not fit in with a well-founded and coherent body of doctrine. However, they do give a very good illustration of the doctrines and the (subjective or objective) interests of the participants. Besides the basic documents (cited above), there are presentations of organisations (see Wasescha, 2002; Geuze, 2000), research reports (e.g. Lucatelli, 2001; Thévenod-Mottet, 2001; Addor and Grazioli, 2002; Rangnekar, 2003; Escudero, 2001), or political declarations (Lamy, 2003; Fischler, 2003; Spencer, 2003).

For example, Addor and Grazioli (2002, p. 888) identify the following topics: definition of GIs, impact of the territoriality principle, interaction between trademarks and GIs, application costs, homonymous denominations, exceptions to TRIPS protection for GIs (Article 24). This list is combined here with the points raised by H.E. Spencer, Australia's ambassador to the WTO (Spencer, 2003).

- a) Philosophy of protection and basic principles
- b) Relationship and respective advantages of trademarks and GIs
- c) Relevance and cost of a multilateral system of protection (register and/or extension)
- d) Consumer information
- e) Organisation of competition
- f) Social expectations

For each topic we set out the different positions and points of view of the Dolphins project.

a) Philosophy of protection and basic principles

1. In opponent countries, any firm may freely use a geographical name unless it is protected by an intellectual property right (GI or trademark) or the use constitutes an act of unfair competition or misleads the public. This derives from the "me too" marketing principle: *"I am allowed to imitate what you do and benefit from your product's reputation, to do better than you, at lower cost, if what you do is not protected by a trademark or a private, individual intellectual property right."*

This ideology and the differences with those found in European countries is analysed in Barham (2002 & 2003).

Table 14. A few examples of usurpations worldwide

True origin	Usurpation
Pruneaux d'Agen	Chilean?
Roquefort	New Zealand?
Reblochon	Argentine?
Lentilles du Puy	Australian?
Noix de Grenoble	Canadian?
Parmesan	American?
Jambon de Parme	Canadian?
Manchego	Mexican?
Champagne	Californian?
Cognac	Armenian?
Porto	South African?

For opponent countries, GIs are in the private domain. Trademarks are registered but there is no question of an oversight and enforcement of the standards established for the use of GI other than by lawsuit (see the position of Australia: IP/C/W/360 26/07/03, point 18). This is why EU opponents classify TRIPS as a private interest (see Spencer, 2003), as opposed to a public interest. But it is clear that GIs, as intellectual property rights, are by definition private rights, even if they are collectively used under the public authority.

2. Legislation should ensure *equal treatment* for all, whatever the country (rich or poor, with much or little interest in GIs) and whatever the product. As such, the EU demand²³ to afford all products the same standard of protection as for wines and spirits (Art. 23 TRIPS) is a demand for equity (Rangnekar, 2003, p. 4). A public authority facilitates review of the cases on the basis of simple and objective criteria (EC: IP/C/W/353).

3. Opponents retort that Article 22 TRIPS Agreement provides adequate protection against illegitimate use of GIs but it is not sufficiently used by WTO Members (IP/C/W/360, 26/07/03). This is true, but it should be remembered that the producers who feel they have suffered a prejudice have to prove that the illegitimate use of the GI misleads the public or constitutes an act of unfair competition! Now (for Addor and Grazioli, 2002, quoting a WIPO study), it is difficult to prove the loss incurred because interpretations vary with the courts of the various countries, depending on the period and the product. Here again, *equity dictates that a single body of doctrine should be established worldwide*. It can be added that under Article 22 TRIPS Agreement protection, the usurper may continue to use the geographical indication by adding the real origin of the product (for instance, "made in ..."). The danger with these uses is that the GI may progressively become generic. Currently, infringement is estimated at 6% of export turnover (Dupont, 2003).²⁴

4. Concerning usurpation, the opponents claim that GIs of the Old World are used by people who have emigrated to the New World and who have brought their production practices with them. In doing so, they acknowledge that this is a collective heritage, built up over the course of history and forming a cultural heritage, but that it can be used with the GI because the denomination is considered to be the common name of the product in those countries.

5. The opponents of the European proposal claim that *protection of GIs is unfavourable for developing countries* as it prevents names from becoming generic. They argue that this is a form of neo-colonialism.²⁵ In fact, the danger of the resources of these countries being plundered by agro-food groups is much more pressing and GIs are probably an intellectual property right which these countries can rely on without major investment, unlike patents, which require substantial investment in research and development.

The producers of these countries are aware of these stakes; this is why they have taken an active part in the creation of the association "Origin"²⁶ and try to defend GIs such as Basmati rice, Antigua coffee and Darjeeling tea against usurpation. An increasing number of developing countries are supporting the European proposals to extend the protection of Article 23 TRIPS Agreements to products other than wines and spirits and to establish a multilateral register.²⁷ Moreover, GIs are an opportunity for them to gain access to the market (which is one of the central demands) and to differentiate their supply on the generic commodities market which is subject to price fluctuations which are detrimental to them.

b) Relationships and respective advantages of trademarks and GIs

GIs and trademarks are two different intellectual property rights and belong to *two quite separate categories in law and economic management*. Both are intellectual property rights and private rights. The former are used collectively or individually (one single firm can use the PDO or PGI without getting any collective authorization, just respecting the Product specifications and letting the certification firm inspect and control the production process and product quality characteristics), with a public policy function (collective identity) while the latter rely on private interest, in support of a private strategy and are owned by individuals.²⁸

The opponent countries to the EU proposals claim that "GIs kill trademarks" and that their coexistence is prejudicial. Australia goes even further claiming that the EU abolished recognition of mineral waters in its reform of the Regulation 2081/92 because it would have weakened the *Evian trademark* (IP/C/W/360, 26/07/03, pt 22). In the same vein, some commentators compare trademarks and AOCs (in the case of French cheeses) and infer

²³ WTO documents: IP/C/W/259) and IP/C/W/353, point E, 30

²⁴ Cognac producers estimate their lost turnover in Asia at €100 million.

²⁵ It will be recalled that this position was initiated by the rich countries of the Cairns Group Cairns, which have not proved themselves the most ardent defenders of developing countries. Their goal is, with this argument, to form alliances with these countries.

²⁶ More than 100 producers associations from 25 countries (Africa, Asia, North and South America, Western and Eastern Europe).

²⁷ It was proposed, during discussions on revising the Paris Convention, to reserve some potential denominations for GIs from developing countries (Gueuze, 2000, p. 19), e.g. Tequila Mexico (Addor and Grazioli p. 875).

²⁸ See Addor et Grazioli (2002, p. 873) for a systematic comparison.

that AOCs are less effective at creating value than trademarks (Bonnet and Simioni, 2001; Hassan and Monier, 2002). Opponent countries draw the conclusion that it is better to use the trademark mechanism as many consortiums do (e.g. Parma ham or Roquefort cheese)²⁹, as the most effective mechanism, as case history shows: one trademark "*American Limoges*" having been refused in the US on the grounds it was misleading (IP/C/W/360, 26/07/02). Finally, they believe that the coexistence of trademarks and GIs may *add to consumer confusion*.

The Dolphins project reaches different conclusions:

- GIs and trademarks are not in competition but are complementary as they fulfil different sorts of functions. The former protect the geographical name borne by a product from a given region put on the market by a firm that meets the "quality-characteristic-reputation" requirements, leaving the field open for trademarks to support individual firm's strategies.
- Comparison of the respective valorisations is flawed methodologically as they are based on poor examples of GIs inherited from the past and which do not meet the criteria (case of some French AOC blue cheeses), whereas on the contrary the value of trademarks is based on imitating the GI concept, thereby exploiting an image that has been built up over time without having the constraints in terms of production conditions and costs (case of French blue cheese private trademarks).
- It may be in the strategic interest of some industrial firms to deliberately valorise GIs at the bottom of the range and trademarks at the top end of the range, which biases any comparison but illustrates their complementarity!
- GIs are one way for small producers and SMEs to gain access to an instrument of protection and promotion which would otherwise be inaccessible (see P. Lamy's speech when the "Origin" association was set up, 11/06/2003).
- Comparison on legal grounds highlights an injustice because trademarks are based on the principle that the promptest to act takes precedence in law, whereas GI registration relies on an assessment of their legitimacy and not simply on their "priority".
- The coexistence of "Official Quality Signs" and private trademarks works satisfactorily in Europe and tends to improve consumer information rather than the opposite. Although it is not easy to demonstrate....

For how trademarks and GIs mesh together, see the conclusions of Dolphins Report (D4B) below.

c) Relevance and cost of a multilateral system of protection (register and/or extension)

The arguments of opponent countries and the Dolphin project responses are set out below.

1. Article 24 of the TRIPS Agreement provides for so many exceptions that many registrations would be impossible.

The Dolphins project believes it that should not discourage countries with an interest in registration.

2. These exceptions apply on a per-Member basis. This means that the generic nature of a denomination will not be established at the international level, what may weaken the use of the exception outside the country where the exception applies (IP/C/W/360, 26/07/03).

This argument is admissible for the Dolphins project, but militates for an international register, which alone could remove this ambiguity.

3. European policy is not open to the interests of non-EU countries and is lacking in transparency.

The argument was admissible until 2003. Reform of Regulation 2081/92 (692/2003) has corrected this problem as it establishes reciprocity in procedures and protection between this regulation and international law. In addition, bilateral and multilateral agreements provide mutual protection: those countries wishing to benefit from them need only sign them (e.g. Madrid and Lisbon Agreements).

²⁹ But these consortiums have a trademark approach only in the countries where no other protection is available or efficient ; their general approach is in favour of a specific protection for GIs

4. Many opponent countries believe that the EU proposals (to set up an multilateral register and to extend protection provided by Article 23 TRIPS Agreement to all products) are imbalanced. Not all WTO member states are wine producers and consumers. Article 23, which was negotiated during the Uruguay Round, was in favour of wine producing countries. Now, all WTO member countries would be forced to take on additional obligations with no concession in exchange.

The Dolphins project can only observe that opponent countries will just have to ask for something in exchange.

5. The multilateral system of registration and the extension of Article 23 TRIPS protection to all products may well involve a lot of red tape and expense, for governments and producers alike (IP/C/W/360, 26/07/03, pt 19). Opponent countries claim that even the EU thinks its system is cumbersome (pt. 21). This system would also be costly for producers and manufacturers (need to search for prohibited names country by country and market by market, to alter labels, risk of loss of market share and confusion for consumers). This cost would be passed on to consumers in price rises (Australia IP/C/W/360, 26/07/02, pt 26).

- As regards governments, Europe's response is that it is not a matter of setting up a bureaucracy but a *legislative system* and that European policy consists in reviewing different systems and recognising equivalent ones (EC: IP/C/W/353 pt 4). The form protection, that it will take, is not determined in advance, as it is left to the appreciation of each member state (Art. 1.1 TRIPS Agreement) contrary to the complaint of the opponent countries, which suggests that the EU is seeking to export its system. The Dolphins project considers that the Lisbon Agreement register (20 signatories) is managed by the WIPO without excessive costs (766 AO). Lastly, given the value of the system for producers, it would be justified to finance the protection of the GIs through fees.
- As regards cost for producers and manufacturers, the Dolphins project remarks that the systematic comparative study of costs and benefits of the options available has not been done and would require study and research (certification costs, application costs, protection costs, lawsuit costs, cost of loss of market share through usurpation, loss of market share through protection, etc.).

Such a study would be difficult as it would mean reviewing many cases sequentially, as Escudero (2001, p. 41) points out.

- Does the country in question have products to protect?
- Are they protected? How?
- If not, is the product well known? (Risk of prejudice from imitation?)
- Do many products coexist in the same country?
- What is the value of these products?

For small producers and manufacturers, *a multilateral system of protection is of interest* because

- without it, they have to pay for trademark registration,
- without it, an heavy proof is on them, in case of usurpation, in the context of Article 22 TRIPS Agreement: instead of enjoying additional protection (Art. 23), they must prove, in the usurper's country, that the consumer has been misled, which is not easy, because the courts may take the view that the consumer has not been harmed, as being unaware of the existence of the product of origin, and as courts are not generally favourably inclined to plaintiffs. The cost of international protection against usurpation of GIs in France was €750,000 in 2002 and growing rapidly (17% per year 1998-2002). It comes out of central government's budget.
- any lawsuits, at their expense, are costly (and so impractical), which would be reflected by lost market share with no compensation.

If situations are compared for an European producer, the cost of protecting a product that has already been registered is zero, the cost of objecting to an imitation product seeking protection is €12–18,000 whereas the cost of legal proceedings against usurpation is €60–80,000 (Dupont, 2003).

Table 15. Items for a cost-benefit review of multilateral protection

Costs and benefits acquired or incurred by:	Public authorities	Protected manufacturer	Imitating manufacturer
Types of cost	<ul style="list-style-type: none"> • Management of a registration and protection system 	<ul style="list-style-type: none"> • Application cost • Certification cost • Cost of any objections 	<ul style="list-style-type: none"> • Loss of market share • Research on market situation
Types of benefit	<ul style="list-style-type: none"> • Single coherent system • Cost to be borne once only • Lower cost of disputes • Simplicity of Article 23: easy to prove case • Large economies of scale 	<ul style="list-style-type: none"> • Not paying for trademark registration • Not paying for periodic renewal of trademark • Not incurring the cost of lawsuits • Not losing market share 	<ul style="list-style-type: none"> • Fewer litigation costs • Single system legally simpler

Ultimately, once the comparison has been made, which should be to the advantage of a multilateral system, a different question will be raised: that of financing the system. This may come either from states' general budgets, or from taxes on the protected productions. Assuming the cost is lower, producers will be better off if it is financed from taxation than from individual financing.

d) Consumer information

Two secondary issues can be identified here: information about the *true origin* of the product and information about *quality related to that origin*.

1. The first issue is crucial, as Article 22.3 TRIPS Agreement stipulates:

*"A Member shall... refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated **if** use of the indication... is of such a nature as to mislead the public as to the true place of origin."*

Chen (2001) argues that if consumers do not know the usual origin of a product, they are not misled. So by the free-market interpretation, consumers are misled if "*Champagne from Chile*" is put on the market (Art. 23) but it may be thought they are not misled by "*Roquefort from Norway*" (Art. 22), depending on what the Norwegian courts might decide (as a hypothesis). Indeed, on this hypothesis, if the average Norwegian consumer³⁰ did not know that Roquefort was created and produced in a limited area of SW France, he or she has not been misled. This article is the thin end of the wedge when it comes to "going soft" on origins. For Lorvellec (1997) in answer to Chen, it is a premium for the most dishonest producers and the most dim-witted consumers.

The Dolphins project shows that European consumers are keen to have full and honest information about the true origins of products and are willing to pay for such clarity. In a globalised economy, they cannot be asked to know everything about the origin of all the world's products, without it being marked on the label.³¹ Quite logically, only the public authorities can correct this asymmetric information. The Madrid Agreement condemns and sanctions false or misleading indications of origin. In addition, it is difficult to argue that consumer information is improved by providing two different cases: one for wine and one for other products. Where would be the logic in such a confusing policy?

2. On the second point, one might wonder whether when consumers buy products of origin they really do get *a product whose quality is different from that of a substitutable standard product*. A distinction must be made here between a product's intrinsic quality and its social or societal quality (Sylvander, 2002).

- On the question of the product's intrinsic – or material – quality, it has been seen (see § 4.1.3.) that the Dolphins project, like Barjolle and Sylvander (2000) in an earlier project, concludes that qualities are still very disparate and the requirements of European Regulation 2081/92 are not yet harmonised. Under these

³⁰ The scientific basis on which the courts might determine who is an "average consumer" and what objective and stringent means are employed to analyse consumer attitudes are never specified.

³¹ Most economists agree that "market failures" can only be offset by organised mechanisms for providing information. See Dolphins Report no. 6, Barjolle and Thevenod, 2003, p. 13 and p. 16

circumstances, it is still difficult to say that consumers obtain clear information about the quality of OLPs they purchase. Even if there are a great many OLPs whose quality is proved to be due to their origin, the objective of clarity of information has not been achieved (Treager, 2003), leaving OLPs with a "credibility gap". Certainly, technological research shows that it is possible to establish a connection between "terroir", technology and final quality of a product.³² But what holds for research protocols is not necessarily representative of all situations. Progress is to be expected in this respect in the application of Regulation 2081/92 (see § 4.1.3. et 6).

- However, the quality of a product – whether intrinsic or perceived by consumers – is not limited to its final measurable characteristics (whether nutritional, health or sensorial quality). It has long been established that the determinants of consumption are not limited to the final tangible qualities of the product but also relate to its production conditions, which to be objectively defined, are also evaluated by sociological determinants. That is true of considerations such as organic farming, animal welfare, the use or not of animal meal in animal foodstuffs, silage, etc. And yet, these conditions are not necessarily reflected by an intrinsic difference in the products themselves. The opponent countries' claim is therefore inconsistent. They all allow a regulatory definition of organically farmed product and animal welfare products, whereas they are materially close to standard products and yet contest origin labelled products on the grounds that their final quality may be misleading. Similarly, kosher and halal animal products, prepared in accordance with Jewish or Muslim rituals, are not materially equivalent and are not objected to by the Cairns Group countries (see Thompson, 2000).

In the case of OLPs, it is therefore possible to argue on the basis of their social value (or societal quality). In the case in point, it may be about the impact of these products on aspects such as the environment, animal welfare and above all **rural development** (see § 411).

In another connection, GIs are criticised as being more expensive than standard products because they command a rent, at the expense of consumers who pay a surcharge (Escudero, 2001). This argument is examined in the next paragraph.

e) Organisation of competition

In this field, there are three types of argument against GIs: protectionism, the type and extent of competition and the type and level of public aid.

1. The protectionist argument

This argument is raised to claim that GIs are *obstacles to trade*, as they reserve a name to products from a given region (Spencer, 2003, IP/C/W/360 26/07/03).

Here the opposing countries conflate *origin* and *provenance*, the latter simply defining the product and marking it by reference to the region where it was obtained, with no connection required between quality, characteristic or reputation.

This conflation is potentially extremely dangerous because the simple idea of provenance is very extensive and considerably weakens the European position, which is founded on origin (that is, the connection between region and quality, characteristic or reputation). *Accrediting the claim that origin and provenance are similar would be to assent to free-market arguments*. That is the mistake in the argument of Peri and Gaeta (2000), the ambiguity in Addor and Grazioli (2002, p. 873), or in the impressive list of products potentially with GIs (Audier, 2002). This ambiguity is also found in Richard (2003), who waivers for justifiable tactical reasons between a definition similar to that of AOs, one close to GIs, and a broader definition³³. But even without giving consideration to the difference between origin and provenance, the protection of GIs as intellectual property rights does not prevent producers and retailers to market their products under other names than the protected GIs (provided that there is no other risk of confusion with respect to form, packaging or indirect indications of geographical origin).

It is vital, in the context of international negotiations on the future of TRIPS not to cast confusion on the definition of GIs, which weakens the position of the proponent countries.

³² See Dolphins Report no. 1 (Casabianca, 2001), and Béranger, 20**, Coulon and Grappin, 20**, Martin, 2001, Barjolle and Thevenod-Mottet, 2003, p. 15.

³³ "Products identified as originating from a determined territory exhibiting specific qualities due to their geographical origin".

2. The argument about the type and extent of competition among producers

GI products are suspected by opponent countries of restricting competition. This can be examined from various standpoints.

- a. Suspicion may relate to the rent which these products are supposed to command. If the value of the product were due only to its location, this argument would be admissible, because no particular investment would justify it (idea of "specific assets"). Report no. 6, on the basis of work by Chappuis as part of the Dolphins project, shows that is not the case and that GIs have a higher value (Dupont, 2003) because of higher costs.
- b. The second point relates to the restriction of the range of products. The Dolphins project reports on the contrary that the variety of OLPs is related to the intensity of competition. As industrial economics has amply shown, it is to combat the levelling down of prices that differentiation of products and increased quality arose as a "monopolistic" competition strategy (Chamberlain, 1921). GIs are a way for developing countries to counter, by means of differentiation, the collapse of world prices, as the example of coffee shows.
- c. The third point concerns the limitation of competition by delimitation and the creation of consortiums. The hypothesis here is that the consortiums are some sort of club that limits supply on a limited relevant market. Chappuis (2001) shows, on the contrary, that the relevant GI market is much broader and more competitive than that of the product itself (e.g. the relevant market for Roquefort is that of all blue cheeses or even all cheeses) and that the consortiums are open, by law, to any new operators in the defined region who accepts to apply the production conditions. Freedom of competition is therefore safeguarded, as P. Lamy confirmed in his speech at the inauguration of the "Origin" association (11/06/2003).

3. The argument about the type and level of public aid

The Doha Ministerial Conference (WTO) defined which aid could act as obstacles to trade, which is not the case of any public aid. In this respect, price support measures, export refunds or customs barriers are viewed as obstacles to trade and belong in the red and orange boxes.

GIs can be placed in the category of what the EU terms the blue box, that is, aid related to production conditions (direct aid, aid to organic farming, aid to animal welfare, aid to GIs under the Luxembourg Agreement (26/06/2003), which officialises the idea of specific aid to products as part of specific quality approaches).³⁴

f) The scope of societal expectations

It was seen above that consumers do not determine their act of purchasing in terms of the final intrinsic quality of a product, or even solely of individual symbolic values, but also by the relation with production conditions, which themselves are related to societal expectations of citizens: for many consumers, agriculture should *conserve the environment and biodiversity, maintain animal welfare, ensure rural development and balanced occupation of the territory*. To achieve this, producers must be decently remunerated, especially when they face difficult geographical conditions (less-favoured areas).

- In terms of remuneration and distribution of value, P. Lamy (11/06/2003) indicates that GIs effectively multiply well-being and allow a fairer distribution of added value in supply chains. While there are many examples to support this, the Dolphins project shows that the objectives are poorly defined and the tools to measure them are crude (Dolphins Report no. 3, Belletti and Marescotti, 2002). Albisu (Dolphins Report no. 2, 2002) shows that the conditions for distribution of added value are sometimes fulfilled in the case of GIs, but not always.
- Conversely, when the question is asked in terms of endogenous development and formation of networks, as in Murdoch (2000) or Lowe (2000) (also cited by Lamy), it appears that GIs are often network heads capable of having an important structuring effect on rural development: this is what Belletti and Marescotti term "the virtuous circle". Here the collective legal status of GIs works not only to protect networks of small producers but also as a point of anchorage in the locality, which is not the case of trademarks which by their very nature can be relocated

³⁴ European Community proposal, WTO Committee on Agriculture, Special session 28 June 2000: The blue box and other support measures to agriculture.

(Addor and Grazioli, p. 873). Unfortunately, the connection between this effect of GIs and consumer expectations is not generally made in the information given to consumers and the credibility gap, identified by Treager, is currently unresolved.

4.2.5. Regulation 2081/92 in the context of TRIPS (D4B)

Four questions arise in respect of the relations between Regulation 2081/92 and the TRIPS Agreement:³⁵ the nature of GIs, the fields of application of the Regulation, the opening of the Regulation to non-EU countries, and the interconnection between the Regulation, GIs and private trademarks.

a. GIs as intellectual property rights

All WTO members now agree, under the TRIPS Agreement, on the intellectual property nature of GIs. Even for members where that definition was not previously so clear, e.g. in France with the “rural” approach, the intellectual property nature of GIs nonetheless appeared in the case law concerning conflicts about the use of a GIs; moreover, such recognition by the courts historically constitutes the initial approach to protection for a GI (e.g. Roquefort, Reblochon de Savoie, etc.). Even if the text of the EC Regulation 2081/92 does not specifically mention this matter, it is clear that PDO-PGIs are to be considered as intellectual property rights, pursuant to the Part II, Section 3, of the TRIPS Agreement concerning the geographical indications which is entitled: “Standards Concerning the Availability, Scope and Use of Intellectual Property Rights”.

b. The fields of application of TRIPS and Regulation 2081/92

The TRIPS Agreement deals with all products, whereas EU Regulation 2081/92 only covers some defined categories of agri-foods products.³⁶ In order to consolidate the EU position relating to GIs, the EU Commission may wish to pursue further regulations for agri-food products not covered by Regulation 2081/92, products other than agri-food products, and, eventually, services, using the same concepts as in Regulation 2081/92. Such legal tools would be very useful for creating a community of interest with those WTO Members who have already mentioned in the TRIPS Council sessions their interest in better protection for GIs in the non-food area (e.g., handicrafts). Thus, EC Regulation 2081/92 could also integrate products other than agri-food ones which do not currently enjoy such protection.

c. Compliance of Regulation 2081/92 with international law

Regulation 2081/92 came in for criticism due to its lack of compliance with international provisions. Regulation 692/2003 overcame those failings. The following points have been resolved (Casado-Salinas, 2003):

- The right of opposition has been included for third parties, provided that their registration and protection systems gives evidence of reciprocity and equivalence to the EU system.
- The EU system is open to third parties, seeking to be protected in the same way as European registered products.

d. Ties between GIs, Regulation 2081/92 and trademarks

In the current state of the provisions applicable to the international and European protection of geographical indications (international conventions, TRIPS Agreement, Community law, national systems), four different legal situations can be identified:

- The first one corresponds to protection granted in connection with the Community provisions (Regulation n°2081/92, Regulation n°1493/99, Regulation n°1576/89) that may be applied in the territory of the other WTO members since none of the exceptions provided for in article 24 of the TRIPS Agreement can be opposed to it.

³⁵ This section is taken from Dolphins Report no.4 D4B, Barjolle, Casabianca, Lemeur-Baudry and Thevenod-Mottet, 2002.

³⁶ EC Regulation 1493/99 covers GIs for wines, EC Regulation 1576/89 covers GIs for spirits.

Among the examples of Geographical Indications mentioned by the European Union in the framework of the list of questions asked by the TRIPS Council on the basis of article 24.2, we think that the designation "Coquille Saint Jacques des Côtes d'Armor" is a good illustration of this situation.

- The second one corresponds to protection granted in connection with the Community provisions mentioned above but to which one of the exceptions of article 24 of the TRIPS Agreement provided for in paragraphs 4 to 9 (inclusive), can be opposed:

- either due to the continued use, in the territory of a member, of a geographical indication identifying wines or spirits, with regard to identical or related goods or services for at least 10 years before April 15, 1994, or in good faith before such date. We think that the example of the French registered designation of origin "*Champagne*" is a good illustration of this situation. This exception certainly embodies both the fact that such indications are victims of their own success as well as the absence of concern of European exporters for international protection of such indications several years ago.

- or due to the application or registration of a trademark made in good faith prior to protection in the country of origin or to the application of the provisions of the Agreement by the country of import. This exception is not irrelevant to Community law. In fact, Regulation n°2081/92 includes a similar provision in its article 14. It organises the conditions of coexistence between instruments of protection of origin and trademarks. The American trademark "*Chablis with a twist*", where there are two French registered designations of origin "Chablis (premier cru)" and "Chablis Grand Cru" can illustrate this situation. This trademark has moreover been the subject of decisions by the federal courts in the USA which have validated it. A similar exception is provided for the case where the acquisition of rights to a trademark is established by its use prior to the protection in the country of origin or to the application of the Agreement's provisions by the country of import.

- or because the geographical indication has become generic to designate the product concerned in the country of import, including the products of the vine if the geographical indication is identical to the customary name of a grape variety existing in that country.

- or due to the use by any person of that person's name or of the name of that person's predecessor in business, in the course of trade, such name corresponding to a geographical indication protected in the country of origin.

- or because particular geographical indications are no longer protected or have fallen into disuse in the country of origin.

- The third one corresponds to a protection not granted by the Community provisions mentioned in point A but granted by other instruments such as national general or special provisions recognising, for example, indications of origin, national and/or Community trademarks including a geographical indication. An example would be both French and Community trademarks: "*Galettes de Pont-Aven*", "*Galettes de Pleyben*" that are not registered as PGIs in connection with Regulation n°2081/92.

Exceptions of Article 24 described in point **B** could also oppose this type of protection.

- Lastly, another legal situation worth studying, relates to the absence of any protection at the Community level of a geographical indication protected in the country of origin to which the situations described in article 24 could be opposed. Thus a wine bearing the indication of origin "American" could clash with a trademark "American" legally applied in an EU member state of the Union for other types of products.

To sum up, it appears that the TRIPS Agreement could be a rather efficient instrument for protecting products already benefiting from Community protection and which have not been subject to significant exports towards countries such as the United States, Canada and Japan. There will be little chance that the corresponding designations will have already been locally used to designate identical or different products or that they will have been locally registered as trademarks. This should make recourse by these countries to Art. 24 of the TRIPS Agreement more difficult.

For the other products, until an expansion of the contents of Section 3 of Part II of the TRIPS Agreement is accomplished, it is still possible to look for other means of protection at the international level.

For these products, such research is mandatory. For the other ones, it still may be worth doing this research since we do not know yet how and when the protection will materialise: register with the WIPO, with or without any prior examination of the compatibility with the definition of Article 22? Notification by the WTO members of their national lists of protected geographical indications? To the Council for TRIPS? Will the procedure be the same for all products? With what kind of enforcement and legal effects?

4.3. OLPs in the context of the CAP

4.3.1. Changes in the CAP and the connection with OLPs

a) Until the Luxembourg Agreement (26/06/2003), there was no connection between the CAP and the policy for OLPs enhancement and for PDO-PGI protection.

The price support policy has gradually been replaced by a policy of partially direct aid (still partially coupled) combined, in the dairy sector for instance, with production quotas. This first pillar represents some 90% of the CAP financial package (approximately €40 billion).

The second pillar, where finances are geared to rural development, on the basis of regulations such as the Leader programmes or rural development projects (1257/99), represent about 10% of the total budget.

In all of this, Regulation 2081/92, for all it is an essential factor in safeguarding PDOs, is only a *marginal instrument in the overall policy*.

b) Two factors have accelerated change in recent years.

- Agenda 2000 provided for a Mid-Term Review, which was published in 2002 (COM(2002) 394). This MTR reports on the progress achieved towards a CAP that is better directed at market needs. In part 2.6, it recommends new accompanying measures for food safety and quality. A new chapter could be added in the regulations on rural development to induce producers to participate in quality assurance and certification programmes recognised by an EU member state, including *Geographical Indications and Organic Farming*. Secondly, the same proposal is made for promotional activities. Lastly, the Commission proposes introducing a chapter to help producers meet European health requirements. Finally, as a third proposal, the Commission proposes to include in the agro-environmental chapter, the possibility of offering payments for efforts that go beyond regulatory benchmarks in terms of animal welfare³⁷.

- The international negotiations at Seattle (2001) and Doha (2002) WTO Ministerial Conferences place *ever greater requirements on member states to remove obstacles to the free movement of goods and to competition*. The red and orange boxes, where the most discriminatory measures are kept, must be removed (direct export aid, price support, customs duties). Only the green box, which is designed to promote environmental protection, is allowed. The EU proposed that the blue box be defined (direct payment on condition that changes are made in specified production practices).

OLPs, whose international legitimacy is based on intellectual property (according to the proponent countries, including the EU) must also *construct their legitimacy relative to these environmental criteria* and in terms of production practices that can meet societal requirements (animal welfare, but also rural development and biodiversity, for instance).

c) The Luxembourg Agreement

The Luxembourg agreement without being as precise as the MTR is a *move in the proposed direction* and may be viewed as the beginnings, however discreet, of an agricultural policy focused on rural developed (including OLPs).

³⁷ *Reg. EC 1782/03 and sq*

4.3.2. Potential effects on OLPs

a) Potential positive effects on OLP may be:

- European agriculture will be more and more market led than before. If consumers want OLPs, the market is able to provide them.
- The Mid Term Review (MTR) mentions quality promotion as a main goal of the CAP ("a key aspect of the new direction of agriculture"). Although the concept of quality is still not defined (sanitary level?, nutritional level? or social construction of quality?), the same paragraph (p. 6) states that "*consumers increasingly associate quality with factors not inherent in the product, including in particular the conditions under which it has been produced. "A shift to higher quality production also offers benefits to farmers in terms of income and work quality".*
- Decentralisation of the implementation of CAP is recommended in the MTR. This could enhance OLPs in certain regions where intensive production has not gone too far.
- Dynamic modulation is advantageous for small farms and increases by 3% a year the budget for pillar II (€500 million in 2005?). This will be managed by member states, to finance new measures or finance additional beneficiaries under existing measures.
- The MTR states that a better balance between pillar I and pillar II must be found. If the link between OLPs and rural development is deepened and if measurement tools are worked out, this could be advantageous for OLPs. The measure concerning the LFAs may be reinforced.

Furthermore, a new food quality chapter would be added for farmers "*participating in quality insurance and certification schemes recognised by the member states or the EU including the PDOs, PGI and Organic Farming*" and would also include support for promotion. Second, the Commission proposes a new chapter "meeting standards" to help farmers to comply with standards affecting environment, food safety, animal welfare, and occupational safety standards and to support farm audits. Third, the Commission proposes to introduce into the agri-environmental chapter the possibility of offering animal welfare payments. In the MTR, animal welfare is often considered as a main objective. If OLPs comply with this requirement better than non OLPs, it could be advantageous for OLPs.

- With regard to an improvement of the Rural Development regulation, the Commission proposes that the scope of the marketing activities under article 33 will be clarified to include a specific reference to the eligibility of the cost of setting up quality assurance and certification schemes.

b) Potential negative effects of OLPs may be:

- The Luxembourg agreement does not explicitly mention OLPs nor specific quality, but an overall aim about quality.
- Removal of quotas could be very dangerous for "high cost-low price OLPs" (mountain regions?, system V).
- Decoupling may lead to a disconnection between market and agriculture? Bad for OLPs?
- If OLP fail to make efforts on environmentally friendly practices, the future auditing system will not offer any advantages to them.
- One may ask if long term set-aside is good for OLP production and in which sector.
- Decoupling "*creates pressure towards abandonment in some marginal areas*". Therefore, the second pillar needs to be increased. The question of monitoring those measures in the future is raised.

4.4. National and sub-national policies for the enhancement of OLPs

Reg. 2081/92 is the reference text for the protection of Geographical indications in the EU. But the enhancement of OLPs is not only a matter of protection of their “commercial geographical name”, but it is also and primarily a matter of supporting the general process which starts with the “rediscovering” of the OLP by the local actors (firms, and local people in general), encompasses the support for human skills and production structures, includes the choice between different valorisation strategies (GI is one of these, and not exhaustive, and arrives at the marketing of the product. Many of these activities have an immaterial nature.

National, regional and local public authorities can support in different ways this process of valorisation of the product, and very often local authorities perceive the OLP as a resource for the general development of the rural area.

Lets mention the examples support to research and dissemination, promotion, technical assistance, professional training, cultural events, at different levels of public policy. In Italy : State, Region, Province, Municipality, Mountain Community. Regions hold (almost) all the competencies for agricultural and rural development policy (implementation of CAP, promotion, technical assistance, etc.). See WP6 reports

4.5. Scenarios for the coming changes in public policies

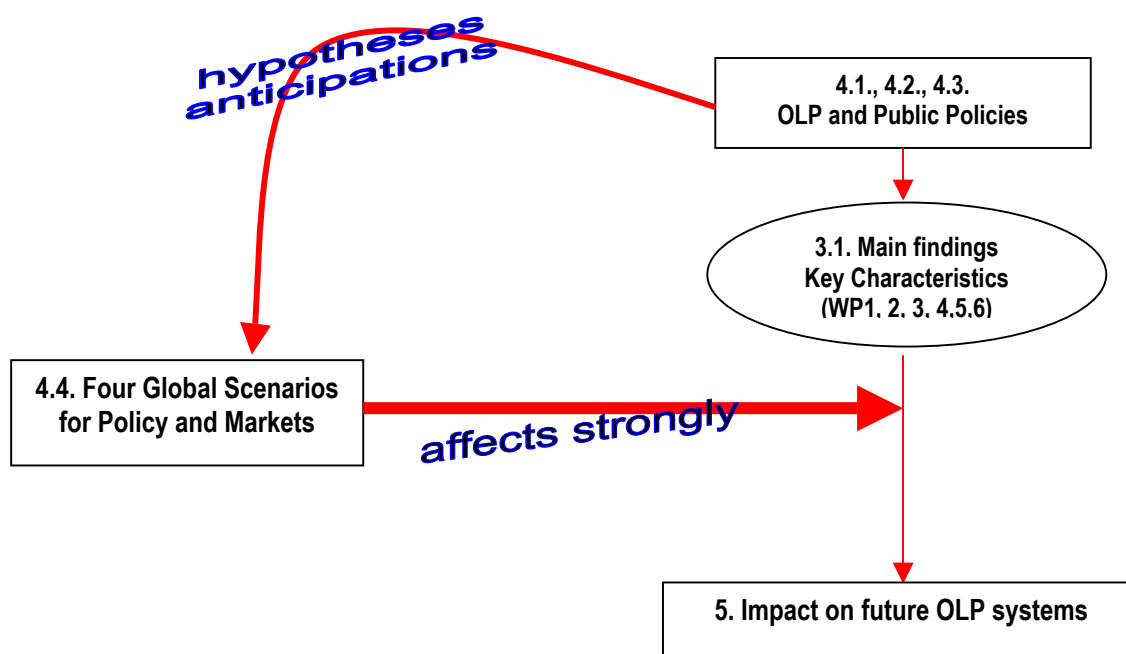


Diagram 3 : The structure of reasoning on the scenarios and OLP systems

The diagnosis set out at the start of this report (§ 2.3) showed that the diversity of OLP systems and the problems of consistency and uncertainty about public policies led to the adoption of differentiated forms of reasoning and the inclusion of recommendations in an analysis of the possible futures for public policies in Europe and the world.

After setting out the archetypes of OLPs in Europe and evaluating public policies at European and world level, we now propose four scenarios for European public policies on agriculture and the agro-food industry.

The scenario method is increasingly used by researchers and consultants with a view to long-term planning and strategic analysis. It is not a question of foreseeing the future but of constructing a tool for a finer understanding of the dynamics of changes underway. In this sense, the scenario method becomes a tool for analysis and a teaching instrument directed at making recommendations for decision-makers (Bunn and Salo, 1993, Schnaars, 1987). For Kahn and Wiener (1968), a scenario is a "hypothetical sequence of events constructed to focus atten-

tion on the causal processes and decision-making points" (quoted by Zanoli, Gambelli and Vairo, 2000). It should be emphasised that the probability of a scenario occurring is less important than the consistency of its factors.

In the context of the Dolphins project, our analyses of European agricultural policy, European policy on OLP protection and on policy and negotiations within the WTO are the basis for constructing four scenarios and for predicting their impact on the future of OLPs. These scenarios were composed during the final six months of the Dolphins project, in particular in the working group seminars (see §2.4) and were discussed at the international seminar in Parma on 6-7 October 2003 (see D7 seminar proceedings).

For the framework scenarios, we begin from the findings of European project OMIARD (2003) and of DATAR (2001). Combining these reveals similarities and differences. Accordingly, not all the possible options have been selected.

The period selected for study is 2004-2015.

Table 16. Main variables influencing scenario construction

Main variables	Scenario 1 "CAP reform won"	Scenario 2 "Liberalism without rules won"	Scenario 3 "Cork conference won"	Scenario 4 "Regionalism won"
Does CAP still exist	Yes	No	Yes	Yes
Level where policy decisions are taken	EU	None	EU Leader policy	European rules but implementation decided at regional level
International rules on competition and OLP protection	OLP protected as today	Cairns group wins: weak protection	OLP fully protected	OLP protected as today
2 nd pillar and green box	From 10% to maximum 15 %	None	30%	100 %
Direct payments	Yes, partially linked to quality and environment	No	Yes, fully linked to quality and environment	Yes, with decentralized decisions
Coupled or decoupled subsidies	Partly coupled	-	Decoupled	Decoupled
Cross compliance	Yes	-	Yes, strongly	Yes
Supply quotas	Two-thirds mixed	No	Two-thirds mixed	No
Key elements and remarks	Current Trends for CAP Midway between scenarios 2 and 3 Progressive market liberalisation	No protection Liberalisation No financial support	Market regulated Support for rural development Regions able to adapt rules	Weak EU framework Freedom for the regions to develop OLP policy Market liberalisation

We begin by describing the scenarios (§ 4.4.1. - 4.4.4.) and then examine their impact on the OLP systems identified in the report (§ 5.).

4.4.1. Scenario 1: CAP reform won

a) The political and economic context for OLPs

1. General Objectives of MTR CAP Reform

The initial documents relating to the Mid Term Review of the CAP, created in summer 2003, were followed up and implemented. The general objective of the MTR was to provide a clear planning framework to European farmers for their business decisions, enhancing their entrepreneurial function to produce what the consumers and the market wanted, and optimising costs. Farmers were to gain reward for the service they provided to society instead of depending on public handouts. Thereby, the reform sought to substantially stabilise farmers' incomes and open at the same time new paths to diversification, including a stronger development of non-food agricultural production such as renewable energy resources.

2. Agricultural Production

The impact of de-coupled payments on agricultural production was to reduce the total number of farm businesses in the relevant sectors (arable crops, beef and veal, milk and dairy, sheep and goats, starch potatoes, grain legumes, rice, seeds, dried fodder and later, olive oil). The businesses that remained were more efficient and market-oriented, and they tended to become larger as a result of the re-structuring. They were encouraged, to a modest extent, towards sustainable land management practices via single direct payments linked to environmental benefits. Land abandonment occurred in peripheral and less favoured areas, where farm businesses tended to be small and less efficient. However, abandonment rates were moderated to some extent by special direct payments to farmers in less favoured areas.

3. Supply Chains

MTR reforms impacted on the structure of upstream agricultural supply chains. Concentration took place in sectors affected by de-coupled payments, with smaller numbers of larger producers gaining power in the supply chain. In downstream supply chains and food distribution, impacts of the MTR were less visible. Instead, the main market shares and structures of food distributors witnessed in the early 2000s (supermarkets taking largest share in most countries, accompanied by smaller shares of many short and direct marketing channels) continued in the following years.

4. Competition and Trade

In general, the EU position adhered to the Marrakech and Doha agreements, maintaining, in agriculture, only the aids permitted by the green box. This position became stronger thanks to the MTR agreement, allowing a gradual market balance, reducing step by step distortions due to a policy based on coupled subsidies. Reductions took place in intervention prices and export subsidies for specific commodities as a result of the MTR. For example, in the dairy sector, with asymmetric intervention price cuts for butter (-35%) and skimmed milk powder (-15%). As a result, market price differentials between EU and non-EU commodities were narrowed. Increased availability was seen of competitively priced imported agricultural products in the EU. Furthermore, the more market-oriented profile of the agricultural sector, as a result of re-structuring, led to increases in further processing and value-adding activity. This resulted in greater competition for producers pursuing specialised or differentiated niche markets.

5. Rural Development

Via modulation and cross-compliance measures, some modest funding was made available to agricultural producers to engage in rural development activities. Temporary support was granted for compliance with new statutory standards in the fields of the environment, public, animal and plant health, animal welfare and occupational safety. Support was also granted for the participation in food quality schemes as well as the voluntary farm advisory system. A new animal welfare measure was also applied with a logic similar to that of the lines of agri-environment measures. Payments were granted to cover income forgone and costs incurred as result of signing up to voluntary animal welfare commitments. However, overall impacts in terms of rural development are significantly lower than under Scenario 3, due to the modest sums involved and the fact that the measures were applied in different ways and to different extents by national and regional governments across the EU.

6. TRIPS and GIs

As a result of the CAP reforms, the EU was able to present a stronger position at the table in Cancun on a range of issues: GMO products, GMO labelling systems, beef with hormones, multifunctional agriculture, reduction of protection and access to the market. In terms of the TRIPS agreement, the EU was able to take a strong position for protection of geographical indication, obtaining international extension of Regulation 2081/92 as fixed in Article 12. Thus strong legal protection for GIs at international level was obtained.

b) Impact on OLPs in General

The impact of Scenario 1 on OLPs in general was dependent upon the sector in which the OLPs operated, the degree to which OLP supply chains were established, and the extent to which OLPs were reliant upon the raw materials of producers strongly affected by the new subsidy arrangements.

For example, in the dairy and red meat sectors, some OLPs were threatened by concentration in the upstream supply chain as the farmer profile moved towards larger, more efficient businesses. This disrupted the equilibrium of some established OLP supply chains, as power relationships developed between large raw material producers and small-scale, disaggregated processors or finishers. Larger, more efficient farmers were also often less able to supply the specific quality and character of raw materials needed to create authentic OLPs. In such systems, the governance capacity of the consortium or association, in overseeing the mechanics of the supply chain, became crucial.

However, in newly developing OLPs in these sectors, the fact that Scenario 1 encouraged more market-oriented farmers was beneficial in some cases, creating opportunities for new supply chain relationships to be built between farmers and processors on the basis of origin quality (as well as other types of quality), whereas before, these kinds of entrepreneurial and cooperative spirits were repressed by the subsidy regimes.

In other sectors such as fruit and vegetables, pork, poultry etc., the impact of CAP reform was less directly visible, as the change in payments regime does not imply restructuring of the production base.

Thus, under Scenario 1 it is assumed that the greatest impacts on OLPs come as a result of subsidy payment revisions, rather than modulation or cross-compliance, as the resources for these is very modest. (Thus some positive effects may be assumed for particular OLPs in certain regions where the local authorities decide to channel Pillar 2 funds towards regional products, etc., but no significant EU-wide impacts). Factors such as structure of food distribution channels and willingness of consumers to differentiate and pay a premium for OLPs are also assumed to impact on OLPs, and under Scenario 1, these factors have the same impact in 2015 as they do in early 2000s (CAP reforms did not change their characteristics). International competition in the agri-food industry is also assumed to impact on OLPs. Although under Scenario 1 it is assumed that the EU was successful in its negotiations in the TRIPs agreement, and thus good international protection for GIs benefits established OLPs operating in global markets, the overall increase in availability of quality, specialist products in EU markets creates a threat for OLPs, particularly those that are developing or newly established. Under Scenario 1, OLPs will have to enhance their marketing strategies as well as maintain their quality assurance procedures in order to compete in this more varied and fragmented marketplace. Not least because increased standards in quality, welfare, etc. imposed upon the agri-food industry as a whole reduces the level of differentiation between special quality products like OLPs and 'commodity' products.

4.4.2. Scenario 2 : "Liberalism without rules won"

a) The political and economic context for OLPs

The WTO negotiations (Millennium round) led to a weaker political position of the European Union. The Indications of Origin, protected in principle in the framework of the TRIPS agreement, are not well protected, due to the many exceptions and the strength of the private trademarks. No international register was established and no extension to all food products could be achieved. The interested countries in the third world tried to push their GIs, but on the basis of a simple indication of source, which was not sufficient to make the demand legitimate. The green box became a global rule.

The anti-trust policy concerned concentration of big firms and prohibited interprofessional bodies.

The sanitary standards were generalised and the local and regional rules, favouring farmhouse production, raw milk, local slaughter, etc., were abolished, in order for the food to comply with the global regulations. All

innovations increasing productivity are accepted provided that there is no evidence they affect the human health. European political weakness led to the disappearance of the CAP and a tremendous cut in the community budget for agriculture, which is devoted to environmental measures only, in line with the WTO green box. The quotas were completely removed in 2008, as well as all other "rights to produce". The number of farms decreased rapidly and technical and economical concentration could lead to level out the production standards with the export countries, with very low production costs.

The agribusiness sector is able to buy its raw material (produced in EU and imported) at a very low price, making them competitive on export markets. Differentiation is based on technological innovation and market segmentation through trademarks, which often are regional and imitate the OLPs. Organic products, which are recognised at the world level, are a living niche on the market. Most of the food offer is based on IPM agriculture, which is defined and controlled by private bodies, accredited by the State.

Farmers, who were able to survive and make the required adaptations, are most often subcontractors of very large enterprises (cooperatives or private) and created internal "trade unions" to defend their interests.

An large proportion part of food is sold today in supermarkets, which offer a very wide range of products from the whole planet, with very efficient and varied information systems, based on internet facilities. E-commerce and other innovations developed rapidly, increasing competition between firms and forcing prices down.

This liberal food policy led to delocalisation of activities. The most productive regions are favoured and the LFA have still some support left at a low level, to avoid desertification, but those measures were not sufficient to promote the marginal agricultural productions. Those measures are financed partly by the regions themselves and partly by a reduced EU budget, so that pillar II remains the only one, compared with 2003. Population lives in urban areas or close to the large cities (rurbanisation).

- Although the cost of the environmental programme, the household's food budget kept decreasing, which enhanced economic growth and welfare. Health protection was sufficient to prevent other scares. Cheap import from developing countries and from new EU countries, which produce less contaminated and less polluted raw materials, contribute to the lower prices and the high innovation rate compensates the rising costs for environmentally friendly production and animal welfare (*NB this is a virtuous circle and therefore a controversial issue !*)

Or :

- The liberalisation of trade increased the risk for food scandals and kept alive food scares, so that consumers were more and more prepared to pay more for a high level of sanitary standards and traceability, promoted by private trademarks. The concern for animal welfare is generalized in the developed countries. Those factors, combined with the high cost for transportation (oil prices), for environmental protection and rehabilitation accelerated the price rise and stopped the decline of the food budget, which slowed down general growth.

b) Impact on OLPs in general

In general, OLPs were not favoured in this scenario. Only the largest supply chains duly established and protected by the registration of their trademarks could survive. The wine sector is in a more favourable situation (international register), but has to compete with imported "technological wines".

Smaller OLPs which had a good recognition from consumers had their trademarks registered and could survive at the country level. Those who were able to exploit the internet opportunities and other commercial innovations could also keep their position on the market. The industrial OLPs made a lot of technical and commercial innovations, but competition is hard with simple regional brands, which are allowed.

Nevertheless, all OLP farmers and firms were compelled to devote important investments on environmental issues and animal welfare, so that financial means for other technical or commercial investments are limited.

4.4.3. Scenario 3: Cork Conference won

a) The political and economical context for OLPs

CAP policy takes into account the multifunctionality of agriculture, by supporting the diverse roles the agriculture plays in the different EU rural areas. The “European agricultural model” become not only a tactical choice (defence of *status quo*) but a strategic one (transformation of ways of making agriculture and food).

The reform of EU agricultural policy includes well-targeted policy measures, which will enable the agricultural sector to contribute to the viability of rural areas, and address environmental issues, while enhancing efficient and sustainable resources use in agriculture and keeping biodiversity.

All this means that EU policies will be well targeted at rural diversity, and not tuned to the interests of global forces and multinational firms. This implies let EU consumers agree with the European model, and ask for quality and typical products, while imposing firms and national authorities to strictly control minimum quality standards, together with the impact production processes have on environment (natural and human).

In the **CMOs** (Common market organisations) decoupling is the basic principle for market interventions, with the expected effect of orienting firms to market signals in deciding what to produce. It is not clear what exactly the effects on firms’ decisions will be, especially if the support is fully decoupled: some of the firms, in particular in disadvantaged areas, may decide not to go on with agricultural activity, thus menacing social and economic life in rural areas. Other firms may gain competitiveness having less links to respect for capturing the aids.

In the CMOs cross compliance is strictly, and financial resources are modulated for giving incentives to improving quality of the products and in general to meet consumers needs. Cross-compliance should help firms to respect environment impact and keep a minimum level of activity in rural areas. National and regional authorities can modulate the level of aids on the basis of different parameters (i.e. the specific ecological role of that production) according to the local production specificity and on local demand from consumers and citizens.

Rural development policy became a fundamental element of the CAP: 30% and more of the resources are devoted to the 2nd pillar, and in this framework measures aimed at supporting non agricultural activities, diversification, marketing etc. are supported.

A strong integration between agricultural policy and regional and cohesion policies is joined. Agricultural activities and on and off-farm diversification are stimulated to contribute to a balanced territorial development by maintaining the viability of rural areas.

In this way farmers are supported by rural EU policy to producing a whole range of goods in addition to basic agricultural commodities (e.g. the production and marketing of high quality products based on consumer demand, as biological and typical products) and provide services such as the upkeep of the environment, of the architectural and cultural heritage.

Rural policy has a strong degree of regionalisation: national and regional authorities can adapt the rural policy tools to their specificities and they can coordinate locally different tools and different measures.

But also endogenous initiatives and local actors participation became the fundamental principle in the application of rural policies. The LEADER approach is assumed as a model for many EU, national and local policies.

Considering the CAP Reform, one obstacle is given by the fact that the 2nd pillar provides only 50% of the financial resources, while the first pillar gives 100%. So the development of the second pillar may be seen as a re-nationalisation of the CAP and rural development policies will depend on the different States programmes.

The re-nationalisation of the CAP may affect also the agro-environmental issues. Cross compliance with a sufficient level of environmental involvement and re-orientation of the first pillar to satisfy large part of the environmental expenses is needed. This re-orientation could be favourable to some OLP (milk and meat, olive oil, etc.).

Regional policies aiming at supporting local collective initiatives are very important: they are aimed at animation of rural communities, education, entrepreneurial training, etc.

Consumers increase their willingness to pay not only for food safety but also for other immaterial dimensions of the quality. Supermarket chains are the main food marketing channel, but direct selling and specialty chains are important; also in supermarket channels, the big retailers develop competition based not only on price but also on the differentiation on safety/origin/quality characteristics.

The “rural world” became very attractive for many citizens, rural tourism developed, and generally speaking there is a re-discovering of “rural roots” on a new basis. This gives farms interesting opportunities for developing territorially-integrated valorisation strategies and other local economic activities.

WTO negotiations acknowledge the role of indications of origin as collective trademarks and with the same rights as private trademarks. An international register is established. Mutual recognition of GIs between EU and non-EU countries has been achieved.

Anti-trust policy: inter-professional agreements are permitted if the OLP product with GIs owns a small quota on its reference market.

Sanitary standards: regional rules specific for OLP products are permitted, but on the basis of specific EU guidelines and within a severe authorization procedure.

b) Impact on OLPs in General

In this scenario the role of OLPs is very important.

OLPs are recognized as a fundamental link between specific local resources and markets, and hence OLPs selling, geographical indications, direct marketing initiatives etc. are seen as a way for promoting traditional local farming and processing systems, and solving the market failure in remunerating positive externalities linked to the OLPs systems.

Besides, OLPs appear as fundamental elements in many (local-conceived) territorial development strategies based on a strong integration between agriculture, food and non-food artisanal activities, tourism and services (integrated rural development).

The results of WTO negotiations are very important. In fact one important issue for new PDOs or for new types of market development is the strength of quality reputation and corresponding institutions enable to organize large and distant markets (importance of the TRIPS agreement). Thus this scenario supposes the existence of (collective) actors, not only at the regional level but also at the European and international level supporting those institutions and quality reputation. Both firms and civil actors are needed in this role.

4.4.4. Scenario 4: Regionalism won

a) The political and economical context for OLPs

WTO negotiations succeed in an acceleration of trade liberalisation: the market support through the Common Market Organisations have to disappear. Direct market support is no longer allowed.

The European enlargement process posed the CAP and regional policy financial questions. Furthermore, the diversity of the problems to solve and political acceptance pleaded for granting preference to regional/national solutions.

The **financial readjustment** between the rich and poor regions becomes the mainstay of the cohesion policy. The principle of the financial readjustment is that every region contributes to the European cohesion budget according to economic development criteria. This fund is redistributed by different criteria and general principles but the different measures are decided at regional levels. Common definitions on regional competencies are necessary.

The **Indications of Origin**, protected in principle in the framework of the TRIPS agreement, are well protected. The international register was established and extended to all food products. It has been possible thanks to the interest of developing countries.

CAP + 2nd Pillar: The green box becomes a general rule. It allows regional/national specific supports to farmers according to common principle but giving no min. or max. amount per farmer.

General principles are the following: Direct payments must be specific to special services, including ecological or animal welfare benefit. They can be directed to encouragement to rural areas activities especially for the conservation of biodiversity, artisan making, traditions, patrimonial resources. Direct payments are devoted to a set of defined measures only, in line with the WTO green box.

The financial support for agriculture is only redistributed according regional decisions, depending on political willingness to help at these two levels.

Supply quota: The quotas have been completely removed in 2008, as well as all other "rights to produce". The number of farms decrease depend on the competitive advantages at regional level, including the political support at these two levels.

The **European anti-trust** policy concerns concentration of big firms. Interprofessional bodies agreement regarding food supply chain governance are allowed in order to preserve local traditions and activities and traditional food products.

Food standards: The local and regional rules, favouring farmhouse production, raw milk, local slaughter, etc., are established and allow this kind of production to survive, although it has to respect minimum strict control standards (Quality insurance, HACCP).

The innovations increasing productivity are not accepted at regional level before a large consensus between civil society and firms about ethical concerns. The right for people to refuse certain technologies at regional level is preserved.

Agri-Food Market: The agribusiness sector is able to buy its raw material (produced in EU and imported) at a very low price, which allow them to be competitive on export markets. The differentiation is based on geographical origin with regional political support for every kind of marketing based on regional identity. Market segmentation goes in two complementary directions: trademarks and regional OLPs or GIs. Organic products, which are recognised at the world level, are a living niche on the market. Most of the food offer is based on IPM agriculture, which is defined and controlled by private bodies, accredited by the state. Both organic and IPM are also subject to geographical differentiation.

Farmers are either subcontractors of very large enterprises (cooperatives or private) and then created internal "trade unions" to defend their interests or members of a regional interprofessional body, which can be very strong, depending of the regional/national regulation regarding it.

An large proportion of food is sold today in supermarkets, which offer a very wide range of products from the whole planet, with very efficient and varied information systems, based on internet facilities. E-commerce and other innovations developed rapidly. Competition between firms is fierce but mainly at regional/national level. In effect, the prices of transporting goods are charged with very high taxes at world level, in order to keep a sustainable atmosphere.

Thank to cohesion policy, the LFAs are developing strategies focused on the most important issues at their level.

b) Impact on OLPs in general

To summarise in a dynamic perspective, the regional competencies are a good way to encourage sectoral or corporate initiatives to evolve in a more territorial logic. But the risks are high:

- when too many regions are not giving sufficient financial support and political impulse, the territorial developing or developed initiatives can be forced to evolve to sectoral (and after severe restructuration of the industry sometimes even corporate) logic. The territorial dimension can be totally loose (less attention to the local activities and no more connection to other activities in a rural development perspective).
- the opportunism prevalent in the corporate / sectoral logics will be prejudicial for product quality. The signification of the PDO-PGI scheme will decline, as well as for the territorial PDO-PGI supply chains.

To avoid this evolution, strong European institutions are necessary. Their role is to be the guarantor of the seriousness of the territorial dimension and the high quality of the product.

5. Impact of the scenarios on the different OLP systems

This analysis confirms the extreme importance of differentiated reasoning for the different systems. Depending on the objectives that public action in Europe sets itself and the resources implemented (see our evaluation in § 4.1., 4.2. et 4.3.), different future evolutions can be expected (detailed in the table below):

- **Developing territorial systems**, which are fragile by nature, will only be able to develop under Scenario 3 ("Cork Conference approach won"), which is favourable to them because it is focused explicitly on targeted support. Under Scenario 4 ("Regionalism won"), their development will be largely dependent on the policies applied in the regions. It is to be expected that the poor regions of Europe will have little in the way of resources to help them.
- **Developed territorial systems** are in the same situation as above albeit with some prospects under Scenario 1 ("CAP reform won") if they can manage to mobilise (limited) aid provided by the CAP.
- **Developing sectoral systems** also fare better under Scenarios 3 ("Cork Conference approach won") and 1 ("CAP reform won"), inasmuch as in the latter case the CAP will continue to operate with a sectoral logic and its aid may be useful on this product basis. As sectoral logic is stronger than territorial logic, the globalisation of economies (which remains the background to everything) means that these systems may derive some advantages under Scenarios 2 ("Liberalisation without rules won") and 4 ("Regionalism won").
- This is even more true for **developed sectoral systems**, which would do well, because of the power they have already acquired, under Scenarios 2 ("Liberalisation without rules won") and 3 ("Cork Conference approach won"). Under Scenario 2, they can withstand reduced protection and financial support because of the positions they have achieved. However, under Scenario 4 ("Regionalism won"), their logic does not lend itself to regional strategies.
- **Developing corporate systems** come out well under Scenario 1 ("CAP reform won"), where the free-market logic remains strong and sectoral tools full of potential, and better still under Scenario 2, which is highly compatible with firms' individual strategies. The impact of Scenario 4 ("Regionalism won") varies with the region.
- **Developed corporate systems** fare well, of course, under the free-market Scenario 2 ("Liberalisation without rules won").

Table 17. Impact of the scenarios on OLP systems

	<i><u>Scenario 1</u></i> <i>CAP reform won</i>	<i><u>Scenario 2</u></i> <i>Liberalisation without rules won</i>	<i><u>Scenario 3</u></i> <i>Cork conference approach won</i>	<i><u>Scenario 4</u></i> <i>Regionalism won</i>
OLP system I Developing / Territorial	<p>Not favourable because of low means in the growth phase</p> <p>Increases slightly under pillar II, where governments prioritise them</p> <p>Status not changed</p> <p>Some diversification not significant</p> <p>No specific measures for infrastructure</p> <p>Must be competitive / innovative, strong players in the markets</p>	<p>OLPs may find it difficult to develop cross-sectoral coordination, which is necessary to build the strong marketing identities needed, without support.</p> <p>Success will depend on charismatic individuals who have civic interests and values</p> <p>Possible only in regions already provided with strengths and right culture.</p>	<p>OLPs benefit from Leader programme which supports local projects by technical assistance, aiming at promoting OLPs.</p> <p>Leader support also non professional and non agriculture firms, and helps local communities to promote local resources and skills by fostering the involvement of many different rural actors;</p> <p>Rural development policy supports environmental schemes, biodiversity, initiatives aiming at increasing the value of rural resources, which may benefit OLPs.</p> <p>Regional Administrations usually pay attention to local collective initiatives and OLPs within Rural Development Plans and promotional activities even at single firm level.</p> <p>These OLPs have opportunities to develop and grow, especially where they can show genuine cross-sectoral activity and generation of wide socio-economic benefits. But in the effort to promote OLPs, firms may be too much "pushed" towards the production of OLPs without having the necessary production and marketing competences. A great effort in monitoring these activities and producing support services should be made. Also risk of many territories following very similar strategies to gain access to funds, leading to saturation of markets.</p>	<p>The richest regions win</p> <p>The risk is for other regions to abandon support. Political change in the region leads to decrease</p> <p>→ Uncertainty, no continuity of the regional commitment</p>
OLP system II Developed / Territorial	<p>Some pillar II funds available for training, but not very significant</p> <p>Selling the rights could have bad consequences on territorial organisation.</p> <p>Incentive for OLP producers? Slight growth because constraints are strong (because the mass products are no longer attractive)</p> <p>Large players may buy quotas from some areas and move it to other areas</p> <p>If falling prices lead to increased supply, there is a need for consortia to impose new rules to keep the equilibrium</p>	<p>Less incentive for cross-sectoral partners to work together.</p> <p>Depends on the richness of the region on the basis of the regional market.</p> <p>Civic interest of the entrepreneurs (not sustainable)</p> <p>OLPs with existing strong reputations may be able to survive, but need more resources to be devoted to marketing, and brand enhancement and fighting usurpations.</p>	<p>As OLP system I, with less opportunities from Leader initiative, but more opportunities from rural development plans, with special reference to structural investments (equipment, processing machinery, etc.);</p> <p>Risk that as these OLPs tend to exist in areas with higher prosperity, and with socio-cultural heritages leaning towards cooperation, there will be problems in transferring the model to other types of territory;</p> <p>Risk also of market saturation, and lack of market orientation/innovation. Spatial variations in prosperity between rich and poor regions may still remain</p>	<p>The risk is for other regions to abandon support. Political change in the region leads to decrease</p> <p>→ Uncertainty, no continuity of the regional commitment</p> <p>The strongest (not many) may survive</p> <p>Not threatened, not encouraged</p>

<p>OLP system III Developing / Sectoral</p>	<p>Decoupling encourages new SC structure, this might lead to better organisation of the SC, but the producers do all the work, depends on the actors Opportunities in red meat and dairy, where CAP causes restructuring of standard upstream supply chain. Others unaffected. Some funds under pillar II, not much international protection not relevant Good training is requested, as quality is becoming a crucial issue.</p>	<p>Coordination may be less problematic as in systems I and II. But marketing skills may be difficult to develop which have been traditionally production oriented? Quality assurance systems are helpful Developing strong relationships within the SC: subcontracting / integration Key individuals</p>	<p>These OLPs may benefit where they can also show strong natural and cultural links to territory, giving products special character; Rural development shift may lead these OLPs to pay more care to territorial externalities in order to benefit from the support of Regional administration and rural development funds; Leader initiative benefits developing systems (see OLP I); Rural development plan may help firms to update their structures and production process; Types of supply chain relationship which emphasise partnership working between SMEs are also likely to be favoured; Risk of marketing skills and activities not being developed or prioritised highly enough; OLPs which show no links to other sectors will not be favoured.</p>	<p>Support is not given: negotiated with the initiator, region can impose conditions Not supported by the regions, which try to pull it to territorial logic Agreements are difficult to conclude and take time: the negotiations between sectoral and pure market interests of the supply chain and territorial / rural development interests of the regional authorities will be hard. Long term tendency for the supply chain to focus strategy more on territorial issues when the regional authorities succeed in giving the right inputs and supports.</p>
<p>OLP system IV Developed / Sectoral</p>	<p>Helped by strong international protection, but decoupling threatens this it create a disequilibrium in the SC (producers /processors) Concentration of producers in more efficient area, threatens relationships in SC Bad for the environment More sectoral The role of consortiums becomes critical</p>	<p>These OLPs are threatened by the anti-trust aspects of this scenario as well as usurpation of reputation. The largest OLP may have the resources to fight. Integration in the SC and possible loss of co-operative culture.</p>	<p>Shift of attention towards territorial logic in order to capture benefits and regional attention. This may lead to some tensions within structured supply chains, and the result may vary according to the structure and the strategic behaviours of different firms, on the link the product may have with the local system, etc. These OLPs are threatened by policies that emphasise territorial development over sectoral development. They will have to find ways to integrate cross-sectorally in their regions in order to qualify for support or development funds. Production efficiencies and abilities to compete internationally may be compromised. These OLPs may have to choose between two very different development pathways – local integration or sectoral competitiveness.</p>	<p>Idem: Agreements are difficult to conclude and take time: the negotiations between sectoral and pure merchant interests of the supply chain and territorial / rural development interests of the regional authorities will be hard. Long term tendency for the supply chain to focus strategy more on territorial issues when the regional authorities succeed in giving the right inputs and supports.</p>

Table 18. Summary of scenario impacts

	Scenario 1 <i>CAP reform won</i>	Scenario 2 <i>Liberalisation without rules won</i>	Scenario 3 <i>Cork conference approach won</i>	Scenario 4 <i>Regionalism won</i>
OLP system I Developing / Territorial	*	*	*****	* or *****
OLP system II Developed / Territorial	**	*	****	* or ***
OLP system III Developing / Sectoral	***	**	***	**
OLP system IV Developed / Sectoral	**	***	***	*
OLP system V Developing / Corporate	***	****	**	* or *****
OLP System VI Developed / Corporate	**	*****	*	* or ***

6. Recommendations for public policies

The recommendations produced here have been gathered, compiled and synthesised from the WP reports (1 to 6), from the minutes of the steering committees and from the Dolphins final seminar held in Parma on 6-7 October 2003.

The general structure starts from the improvement of Regulation 2081/92 and is enlarged to deal at the end with the necessity of an integrated policy in order to meet the coming WTO rounds.

6.1. Continued improvement of Regulation 2081/92

This regulation, which has been improved several times in ten years (692/2003, 8 April 2003), showed its relevance for protecting and enhancing the existence and value of Origin Labelled Products.

6.1.1. The field of implementation has been lately refined

However, in order to strengthen the EU's negotiating position, it would be important to enlarge this field.

- Set up a new regulation, similar to Regulation 2081/92, on non agro-food handicraft products.
- Extend the field of application of Regulation 2081/92 to all food products (i.e. processed, convenience food, catering, etc.).

6.1.2. Implementation procedures for GI registration

- The team in charge of registration and monitoring of PDO-PGI at the Commission, should include socio-economists and more lawyers and not only scientific specialists such as agronomists and veterinarians.
- Information concerning public enquiries in PDO-PGI registration procedures has to be improved for better circulation. The whole specification file should be published by the European Commission – and not only limited to the applicant groups and the control bodies.
- National opposition procedures could be open to any European opponents having any legal interest also based upon national law for the countries where it is not yet the case.
- The opposition procedure at the European level could be open to any party (except the parties belonging to the nation that has transmitted the request) having an interest in the registration of a PDO-PGI (until now, only the member states can object).
- Harmonisation for the certification of PDO-PGI is necessary at the European level, setting the minimum level of requirements for the controls (frequency, percentage production to be controlled, control points at the different stages of the supply chain, including retail distribution), and providing a general framework of penalties and corrective actions in order to ensure compliance with the code of practice.
- Official accreditation of certification bodies should become mandatory at European level.
- The competencies of public / private control bodies have to be clarified (public obligations and private voluntary directives). Furthermore, responsibility and enforcement procedures have to be clearly defined between public and private penalties.
- Information programs and workshops about protection for geographical indications should be provided to national and regional administrations, to people involved in advising producers and to representatives of producers (branch organisations, trade unions, etc.).
- Information programs and workshops about protection for geographical indications should be provided to producers and administrations from developing countries, and also from opponent countries. In those programs, a regional approach should be settled, with direct involvement of producers and their representatives.

- Education programs on PDO-PGIs should be organised at the European level for people involved in monitoring PDOs and PGIs.
- Specific education programs should be developed to help the new members states to implement European rules for PDOs and PGIs.

6.1.3. Accompanying policy: towards a first enlargement of the current policy

The effective use of Regulation 2081/92 is not only a matter of registration and protection, but also of the process aiming at obtaining the PDO/PGI and of the follow up of the actors group involved in the collective initiatives. In this area, we have seen the diversity in forms of governance, associating firms, productive systems and political institutions. This collective dynamic often appears more important and necessary than legal protection, which is after all merely a framework for action. It is important in this respect to account for the forms of learning about global accompaniment of local initiatives as the situations are highly diverse by sector and by country. In some cases, accompaniment takes the form of an elaborate and effective mechanism while in others (English-speaking countries and Northern Europe), there is no collective culture capable of instigating and helping to develop sustainable OLP supply chains. These learning processes are very vast as they largely exceed the functions of management assistance and even include the development of knowledge and technical innovations compatible with OLP rules and regulations, or even sensorial analysis. They relate to the specific nature of OLP control systems, which should be defined and organised so as to give OLP sectors even more credibility. Thus, the identification of the critical success/failure factors of PDO/PGIs is important for the policy maker to better understand the critical elements in the initiatives to be supported.

- Reinforce the information sources about OLPs, especially the Dolphins databases on research, institutions and projects and more generally the Dolphins web site.
- Set up an economic database for most of the OLP supply chains and include it in the Dolphins database.
- Gather information and analyses from the OLP databases in order to identify what is the best level of competition in an OLP supply chain and the mechanisms that allow this level of competition.
- Set up support policy to encourage the development of the OLP supply chains throughout Europe.
- Give room for a degree of subsidiarity in the implementation of this support, in order to be better adapted to the local and regional situations
- Consider a more flexible support approach to take into account the various needs of the supply chains at various stages of their development (research, teaching, investment, writing of the code of practice, etc.)
- Provide subsidies to reach a specific objective (take off), with well defined deadlines, rather than just support supply chains that have structural weaknesses and problems on a regular basis.
- Inform all the operators about the strategic meaning of their choices, i.e. the consequences of choosing among the protection systems (consequences on the supply chain as a system and on the enterprises).

6.1.4. Provide more precise goals and means so that small enterprises of the agribusiness, handicraft activities and other alternative products can be specifically supported

Some studies show that the “formal logics” brought on by PDO-PGI certification often “select” firms, and may exclude small-artisanal firms, non professional firms and more marginal areas from benefiting of PDO-PGIs. Other studies show that the more developed the production area is from an economic and social point of view, the higher is the presence of PDO-PGIs, and the higher is the utilisation ratio of the denomination.

- Make less stringent the European requirements for small business products (esp. 2081-92 and health regulations) in order to prevent a risk of exclusion of “legitimate” producers due to high certification costs, sanitary levels, etc.
- Broaden the application of the forthcoming “European measures in favour of food quality” (new CAP) to “non-PDO/PGI” OLPs.

- Let handicraft products enter Regulation 2081/92 (and not limit it to agricultural products and foodstuffs)
Several studies show that the access to certification is quite unequal throughout EU and that this service might be very costly for many small supply chains and enterprises. Those conditions are close to a distortion of competition which deters their economic situation.
- The financial question of certification for small producers should be taken into account, in order not to limit the benefit of PDO-PGIs to large supply chains and firms. Some slackening of requirements and financial support might be necessary.

6.1.5. Promotion of OLPs and consumer information.

This is a key issue, since a protection policy alone would not be able to achieve economic objectives if consumers are not involved. We shall deal with several items: the product awareness, the value of the OLP products, the diversity of consumers' demand and market segments, the credibility of OLP products, the objectivation of quality, communication on OLPs.

Awareness

Many studies revealing increasing consumer interest and attention to matters of origin in their choice of food. However, evidence reveals that consumer awareness of PDO/PGI designations is very low, and thus the designations are not being used to differentiate between products.

- One policy action could be therefore to increase awareness of the designations, through promotion campaigns.

The value of OLP products

The informative contents of the sign. Quality policies concern the ability of quality signs to transfer the various attributes of origin and to support several types of market strategies without blurring the significance of these attributes.

However, policy makers face problems. One of these relates to the great diversity of consumers expectations about OLP products' intrinsic attributes (quality, typicity, convenience, etc.), which are more or less linked with social expectations, in terms of original landscapes, tradition, animal welfare, environmental value, rural development (wealth, employment, skills and other benefits to marginal areas). The second relates to the results that show consumers use multiple signals or attributes to obtain origin or typicity (e.g. packaging, symbols, retailers' recommendations). If many European consumers do make choices in this way, this suggests that they are unlikely to purchase designated products, if other signals do not concur with their perceptions and expectations.

- Public actions should develop a whole marketing mix perspective towards OLPs, recognising that consumer food choice is made on the basis of various determining factors (either related to the product's intrinsic value or related to the social values).

However, many consumers do not necessarily link OLPs to these aspects, so there is a conceptual 'gap' between designators and users, no matter which attributes and expectations we consider.

Diversity of the consumers' demand and market segments

The research findings suggest that there are at least two kinds of OLP consumers. Some of them are occasionally customers, whose product knowledge and awareness is quite low and who assess the products on the basis of their intrinsic attributes; some consumers have a cultural familiarity with the products, which is part of a common "good of civilisation", known, recognised, shared and appreciated by a nucleus and network of consumer's / producers experts (connoisseurs). As regards these sociocultural aspects, consumers representations are rich and complex and their wishes often go to the preservation of products diversity and protection of a part of a cultural heritage. For those consumers, any use of PDO or PGI signs is not always useful, and their willingness to pay may be very diverse: high for urban, high-income customers and low for rural familiar and proximity customers.

- Any information / promotion action has to take this diversity of situations into account.

Credibility of OLP products

There is a potential credibility problem in the PDO/PGI designations, as they do not actually provide consumers with any explicit guarantees about any of these aspects, only that the product originates from a defined area and is produced in a specified way.

- Public actions should take better account of the plural nature of the perceived benefits of OLPs for consumers, and develop policies which are built more solidly on these needs and preferences, to overcome the possibility of the credibility gap.
- Either policy-makers must incorporate these aspects into future designations (which would imply the need for a much stricter and more detailed set of criteria for awards to producers) or else find alternative arguments for the protection of OLPs which overcomes the 'conceptual gap' and 'credibility' problems.

Objectivation of quality

From a consumer perspective, PDO/PGI designations are intended as guarantees of product authenticity. However, as the above paragraph indicates, there is a lack of clarity regarding exactly what is being authenticated. The designations do not offer explicit guarantees to consumers regarding rural development, environmental protection, health, safety or quality, even though these may be present, to some extent, in many designated OLPs. Perhaps the most explicit guarantee relates to the aspects of tradition and heritage in OLPs, yet even this is problematic in the light of sociological theories that tradition is a socially constructed phenomenon.

Either the representations are basically subjective, and in that case the authenticity appears quite uneasy to establish (all consumers the result of representations from different protagonists, not an objective, unshakable truth the content inside parenthesis is not clear). In this context where 'origin', 'typicity' or 'tradition' are flexible concepts exchanged between different actors (e.g. producers and consumers), each interpret their meanings according to their own purposes, the question is raised of what role a guarantee of authenticity has at all.

Or the social construction is validated by a social convention where a certain number of producers and consumers agree on and where the codes of practice, the labelling rules and the designation of origin are the concrete evidence of this agreement. In this second case, the social construct is close to an objective basis and gives rise to authenticity and guarantee.

- The public action must rely on the cases where the establishment of a quality convention seems solid enough.

Communication on OLPs

In terms of recommendations for the communication of the PDO/PGI designations, although the effectiveness of the 1995 promotional campaigns have not been evaluated, the low consumer awareness of the designations recorded in many subsequent studies suggests that the campaigns were not very successful. The EU faces two main problems: first, the lack of consumer confidence and trust in the EU as a message source, and second, the problems of generic campaigns lacking specificity and meaning.

It was noted that communication campaigns are most effective when set in context, therefore linking PDO/PGI promotion campaigns to local or regional events, festivals, etc., would be a good idea. This has implications for the kind of communications and promotions that can be effective. The role of retailers in communication and promotion can be very significant, so campaigns should also target them.

- A 'multi-layered approach' is necessary for campaigns to raise consumer awareness of PDO/PGI designations, from macro policy level to local level.
- The role of actors such as retailers should be recognised in 'gate-keeping' consumer knowledge and understanding.
- It seems necessary to link future campaigns to on-going national or regional events (e.g., exhibitions, markets, shows), and to use specific products in communications literature to illustrate and exemplify what the designations mean and how they are beneficial.
- In doing this, better relationships and coordination should be developed with the national and regional agencies responsible for supporting and certifying OLPs, so that different assurance schemes can work in harmony rather than competition.

Greater account should be taken of the acceptance and relevance of the designations to EU consumers, as to date, the designations have been producer-driven. It would be beneficial for communications to be tailored to specific consumer segments, rather than 'all consumers'. Where possible, the independence and rigour of the certification system should be emphasised. Legislators should also consider adapting the designation logos so that the PDOs and PGIs are more distinguishable from one another and from other logos (TSG, Organic Foods).

- Policy protection of OLPs would be improved by giving marketing support to producers (so that they can send the best signals about their products).

6.1.6. Conclusion: make a choice between a regulation based on subsidiarity and an OLP development policy

The European Commission has not decided between a legal protection of geographical names and a development policy for Origin Labelled Products.

On reading the preamble to Regulation 2081/92, it appears that justification of the regulation is based on general outcomes that relate to various policies: agricultural and rural policy, competition policy and consumer policy. The regulation is justified by a unified vision that seeks to reconcile these different policies.

However, research shows that a quality policy must coherently bring together several highly inter-related factors such as technical definition of production methods, the specificity (or typicity) of a product compared to potential substitutes, and consumer understanding of these factors. In contrast, the protection of geographical names requires the establishment of institutional mechanisms ensuring effective legal protection and does not need a broad consensus on policy.

The terms of future debate concerning European PDO and PGI policy will be based on:

- Maintaining a broad quality policy with a major effort to agree on its principles, interpretation and implementation throughout the European community. Once quality is a technical and objective reality of products and there are similar institutional mechanisms for achieving it, such a policy will improve the credibility of information given to consumer.
- Restricting policy to legal protection for geographical names. The subsidiarity principle will continue to ensure that each member state maintains a certain freedom of interpretation of the regulation according to national history and context.³⁸ In this case the official "PDO" and "PGI" labels have a much more limited signification. In so far as there is no harmonised implementation of the regulation these labels cannot act as an indication to consumers that the quality of the product is related to its origin. In such conditions, the provisions provided by article having been implemented in different ways and a single, general message on product characteristics (whether this concerns the quality, age or traditional nature of the product) will tend to mislead consumers.

These alternatives are clearly not compatible with one another. Diverse approaches had been adopted according to the country and product even while the Commission was financing a major communication programme aimed at promoting the idea of a unique concept among consumers.

- State clearly if the EU intends to implement an OLP development quality policy (with a common communication referring to a high quality content) or to a single regulation (based on subsidiarity and national promotion campaigns and logos).
- In any case, a meeting of all the authorities in charge of registration procedure under Regulation 2081/92 in all members states should be necessary, in order to share the experiences (in particular, in administrative support, guidelines for registration procedure, etc.), confront the procedures in practice and improve European culture in that field.

³⁸ This approach is similar to that developed by C. Béchet, in Sylvander, Barjolle & Arfini (2000)

6.2. Towards a more integrated policy

6.2.1. Integrate OLP policy with CAP and rural development

Contradictions and conflicts arise over the different policies on agriculture and the agro-food sector in Europe. Those contradictions are determined by the numerous layers of regulations, which have hardly the same purpose and are defended by different lobbies. An analysis of those regulations referred to OLP development opportunities and constraints is useful. In the context of a dramatic evolution of the Common Agricultural Policy, which aims to develop product quality, rural development, sustainability and the protection of the environment, there is currently an opportunity to reach a better consistency between those policies.

We address here the question of the inclusion of national and European policies for protection and/or development of OLPs within the context of global policies. This is necessary in a dynamic system where powerful states (particularly in the WTO context) exploit the inconsistencies between competition policies, agricultural and rural policy, and consumption policy.

This relates, for example, to increasing awareness of multipurposeness (multifunctionality) in Europe (environmental aspects, rural development, regional and landscape development related to the image of products and producers, biodiversity, local areas and society as a whole). Moreover, the qualification of some products relies essentially on their environment-friendly mode of production and/or animal welfare. It is essential to include these aspects. These steps are an important factor in the spatial distribution of farming, local development in many regions and therefore affect the type of agricultural development. This is all the more important because OLP-related activities are conducted in fragile areas where specialisation and the lack of alternatives make initiatives very vulnerable.

Concerning competition policy, the most crucial issue is currently the *anti-trust rules*. The PDO supply chain sometimes manages collective vertical and horizontal agreements regarding intermediary prices and quantities, in order to engage a common marketing strategy on the consumer market. These alternative organisational models may provide benefits for the consumer and reinforce competition, as they maintain artisanal small-size producers and processors which are producing quality products. If these enterprises are collectively not allowed to make any strategic decisions as a vertically integrated firm, they will not be able to compete on the consumer market. However, limits have to be specified to a tolerant approach, to avoid distortions and opportunism.

Concerning the CAP, as it is known, Agenda 2000 supposes for the Union a further developing of the approach started by the 1992 CAP reform (to decrease public stocks, develop market balances, solver commitments that the EU has made under Uruguay Round agreement in GATT, etc.). This also supposes a more integrated Common Agricultural and Rural Policy for Europe (CARPE). For the period 2000-2006 this CARPE requires four elements: I. Market Stabilisation; II. Environmental and Cultural Management and Payments; III. Rural Development incentives; and IV. Transitional adjustment assistance.

Then, for the period 2000 to 2006 the CARPE will have to implement and complete its infrastructures to build a better future, on the basis of: (i) agricultural development; (ii) reconstruction and development of rural areas; (iii) improvement of the competitiveness of the European and agro-food sectors on internal and world markets; (iv) management of natural resources and landscape conservation, and production of high-quality traditional and biological food products.

Finally, the main issue for Europe may be the definition of a new model of agriculture and a new European quality concept. Its importance is especially growing in relation to WTO negotiations, in which the EU wants to emphasise quality and safety of food and agricultural commodities and its specific agricultural model, based on sustainability. In terms of policy, we are not only depending on agricultural, food and consumer policies, but we have to pay growing attention to international trade policy and trade liberalisation also with respect to OLPs, their true contents and future position and role in the European food, agricultural and rural economies.

- Make a clear link between the decoupled subsidies and the PDO-PGI-schemes in order to avoid the distortion of competition on the market (e.g. rare breeds for beef production, required for PDO-PGI productions in meat products, are facing unfair competition from the intensive breeds which benefit from undifferentiated direct payments, and also work also against biodiversity).

- Have a more integrated policy at the European level; linking OLP with RD and environment systems, with regard to WTO negotiations in order to defend a clear line defined from a better co-ordination between the member states and the Commission.
- In order to achieve this, we have to consider the existing (or at least potential) conflicts between the co-ordination of OLP supply chains and several EU and national policies.
- Set priorities and better co-ordinate these various policies in order to be more effective on one of the main objectives.
- Link much better Reg. 2081/92 with the Food Safety Policy, which is currently top priority at the European level (before quality issues). Food safety is to be respected for all OLP's as a minimal standard.
- Apply a less orthodox competition policy and take into account the latest developments of economic theory, in particular new-institutional economics: better take into account the market power dimension within the agri-food supply chain in the forthcoming redefinition of this policy, include a definition of "public goods" in competition law, define a status for the OLP's inter-professional body and their competencies regarding price-fixing and production volume regulation, consider the international market as the reference market.
- Adopt a specific regulation if arbitration between OLP management (marketing-mix) and anti-trust laws is not possible.
- Improve the codes of practice in order to meet social expectations (environmental concerns + animal welfare + employment conditions of workers, etc.). aren't we asking too much to PDO-PGI tool?
- Award of official designations should be 'decoupled' from certain subsidies for marketing support, as this influences the objectives of applicant groups. For example, some groups apply for official status primarily as a means to access public funds for marketing support, which otherwise would not be available to them, rather than to valorise the product, make the link to local development, etc.

6.2.2. Strengthen the links between OLP development policy / rural development policy and environmental policy

PDO-PGIs are usually considered to have positive effects on rural development, but there is not much evidence at present. Lack of evidence on the effects of PDO-PGIs on rural economy and development should lead us to be careful in supporting applications for PDO-PGIs in every case. PDO-PGIs are not necessarily the right tool to foster rural development. The few studies available point out that the role of PDO-PGIs in supporting OLP-based rural development strategies shows opportunities but also limits.

Owing to the diversity of OLPs, it is also important to emphasise that the impact OLPs may have on rural development greatly changes from one situation to another. As a consequence, supporting OLP valorisation strategies may not always be the best solution to activate positive rural development dynamics.

OLPs sometimes represent an identity element and an aggregating factor of the local community around a development project. The role of the policy maker within these aggregating processes in making the diversified interests of the actors converge on a single project is to be examined in more depth.

The effects of liberalisation of trade on OLPs must be further investigated as the adverse effects of liberalisation may be not only on the products *per se* but on the whole production system and rural development of certain areas, whose economic relaunch opportunities may sometimes be based only on their typical agro-food products. We suggest the following measures in order to foster the efficiency of supports to OLPs from a rural development point of view, in the line of :

- The statements made in the recommendations concerning the conceptual gap between consumer expectations and product attributes, the communication issues and the need for credibility for OLPs
- The foreseeable major role of rural development in the future CAP
- The EU's negotiation position in the WTO round

- Develop tools to better evaluate the contribution of OLPs to rural development: identify the conditions for the effectiveness of OLPs as a tool of rural development, including qualitative aspects, in order to know which mechanisms should be especially fostered.
- Make rural development issues explicit in the requirements for OLPs, whether they are supported by financial aid or protected by legal devices. Incentives should be combined with a use of conditionality. A general framework of normative requirements may be defined at the EU level, with national adaptation, for the registration of PDO-PGIs as well as the granting of financial aid for all OLPs. This framework should be part of (sub-)national Rural Development Programs.
- Greater involvement of producer groups and supply chains in the discussion and implementation of rural development plans at a local / regional level should be favoured; it could be a prerequisite for aid.
- An incentive label "territory-friendly OLP" or a "sustainable OLP" label could be established but this can have many limits, in particular it should be verified if the proliferation of quality signs can engender confusion in the consumer
- Encourage PDO codes of practice to respond to environmental concerns to promote greater acceptance of these products by consumers, policy makers and the public.

Furthermore, rural development policies can contribute to multifunctionality in promoting the OLP system (in the general sense of promoting territorial goods) by backing individual conversion and collective organization in its critical phases. The Italian agricultural law (2001) which defines new policy tools at local level (the agro-food district and the rural district) or the French agricultural law (1999) which makes it possible for farmers to engage in "territorial contracts" for which they are rewarded are examples of legal frameworks permitting such local programs.

- Develop more flexible and accessible tools, especially for marginal and disadvantaged rural areas and small and artisanal firms.
- Develop a simplified version of EEC Regulation 2081/92 to be taken into consideration for allowing a higher diffusion of PDO-PGIs between firms.
- In order to better support rural development processes, Designations of Origin and Geographical Indications have to be integrated with other local valorisation initiatives and other public interventions: structural problems (at agricultural, processing and distribution level), co-ordination problems, lack of research and training activities, may prevent PDO-PGIs from being entirely successful.

6.3. WTO negotiations

6.3.1. WTO, OLP and Regulation 2081/92

According to the TRIPS agreement; Geographical Indications (GIs) are part of intellectual property rights. The inclusion of Regulation 2081/92 in agricultural policy still does not make this clear.

- Expressly state in the Regulation the intellectual property nature of GIs in Reg. 2081/92.
- Reg. 2081/92 may need to be amended in order to extend its scope to products beyond the agri-food field, should WTO negotiations on extension succeed (demand driven by Switzerland, certain east Europe and developing countries).
- Let handicraft products be included in Regulation 2081/92 (and not limit it to agricultural products and foodstuffs)

6.3.2. WTO, OLP and Rural Development

Considering the WTO negotiations, the reference to multifunctionality is not the basis for OLP recognition. The protection of OLP names in globalised markets is an issue of international intellectual property rights protection. But if multifunctionality is considered to be associated with sustainable development, then the development of OLP systems can be considered a valid objective of rural development policies.

- Make a strong link in the regulation between OLP and rural development policy (provided the recommendations about rural development and consumer information are implemented)
In relation with WTO affairs and negotiations, food safety, food quality, agriculture and food industry friendly with environment, quality of environment, environmental awareness, quality of life and public health, and social cohesion in rural communities, will be the key words of better progress in future.
- Adopt specific measures and control their implementation by the EU member states, concerning the development of information and education-training of farmers, and agricultural and rural communities. Also promoting quality products in all senses.

6.3.3. WTO, OLPs and trademarks

- The procedures for registration of trademarks should be improved to prevent registrations which have or would have to be cancelled if a conflict arises.
- The idea of making a global database of all geographical names would certainly be useful for the trademark institutes worldwide, but might not be realistic considering the costs and technical difficulties involved (names in translation, etc.)
- Certification under the norm EN 45011 should be required for all collective trademarks that include a geographical indication.
- Open Question: what is the competence of the EC-Committee for PDO-PGIs regarding co-existence between PDO and prior registered or used trademarks?
- Abolish the 'first in time, first in right' principle. That is, to abolish the system whereby producers using a trademark in one country can prevent a GI producer group marketing its products in that country, on the basis that the names are the same, because the trademark was awarded before the GI.

6.3.4. WTO, OLPs and consumer information

In WTO negotiations, the EU takes the position of justifying the protection of OLP names, at least in part, on the basis of food origins being important to European consumers. Evidence from this WP lends weight to this position, with many studies revealing increasing consumer interest and attention to matters of origin in their choice of food. However, evidence reveals that the mechanism by which the EU seeks to protect OLPs is not working currently, because consumer awareness of the PDO/PGI designations is very low, and thus the designations are not being used to differentiate between products.

- Improve the promotion campaigns to increase awareness of the OLP (see suggestions above).

The finding that consumers have varying interpretations of origin in foods gives rise to a second problem for the EU position in WTO negotiations. The EU seeks to protect OLPs on the basis of rural development arguments, that is, protected OLPs are those which give wealth, employment, skills and other socio-economic benefits to marginal areas. However, many consumers do not necessarily link OLPs to these aspects, so there is a conceptual 'gap' between designators and users. Furthermore, even for those consumers who do make the link between OLPs and wider socio-economic benefits, there is a potential credibility problem in the PDO/PGI designations, as they do not actually provide consumers with any explicit guarantees about any of these aspects, only that the product originates from a defined area and is produced in a specified way.

- Either policy-makers incorporate these aspects into future designations (which would imply the need for a much stricter and more detailed set of criteria for awards to producers) or else find alternative arguments for the protection of OLPs which overcomes the 'conceptual gap' and 'credibility' problems.

7. Recommendations for new research areas

7.1. WP1 - OLP products: definition, characteristics, legal protection

7.1.1. *Interdisciplinary research*

For many OLP products interdisciplinary research can contribute to an improvement in the definition of quality. Still a large knowledge gap exists on the link between the natural characteristics of the production area and the technical and intrinsic quality of the product. Such research is important to collect arguments in defence of the specific quality of OLP's with respect to generic standard food products, arguments which are of particular importance in the WTO negotiations. If technological research may monitor the quality variability and analyse the factors which have the major impact on quality variability, market research may analyse the perception of consumers of the quality variability. This type of interdisciplinary research is highly relevant and useful for the debate among actors on the product specification of the OLP. The research may take the form of *social action research* as this research methodology is particularly adapted to assist economic agents in their struggle to define a product specification based on their different production techniques, which are often the result of centuries old traditions.

7.1.2. *OLPs / traditional products / farmhouse products / organic products*

Comparisons should be undertaken in order to understand better the historical background of various productions models, assess them and analyse under which conditions they could convergence in the future.

7.1.3. *Competence /know-how*

There is a lack of research on traditional rural/local knowledge and know-how. For example, how were (and are) the product characteristics arrived at (negotiated) by those most actively involved in their manufacture and commercialisation? To what extent do Specification Books reflect this knowledge and know-how? What are the key differences between the official specifications and the production practices of OLPs? Are the manufacturing units that are currently licensed to produce OLPs (e.g. cheese, sausages) able to produce such local items to the standards implicit in local knowledge and know-how? What influence do consumer tastes and preferences have over the definition of the product characteristics?

Further work must be done on knowledge, its protection, its handing down (over time), its transfer (in space), and its adaptation / capacity for appropriation by productive structures. Knowledge of producers and processors, but also of consumers (knowing how to appreciate and differentiate). In this respect, innovation often entails finding, formalising and enhancing this knowledge and associating with it innovative techniques derived from modern development that are compatible with the typical nature of the product.

Under which conditions are OLP reproducible. Is this constraint related to technology or to any ability to transmit or to learn technical features and/or know-how from one to another social group / region / country?

7.1.4. *Legal devices*

Is there a need of new institutional support to make traditional products as a tool for the development of rural areas (including a comparison with "produits fermiers").

How to assess the intellectual property rights in the world? There is a need for intensive research on the protected / non protected products / modes of production / image / trademarks around the world. The cultural issue appears to be quite important as even in the "new world" *food culture* might be subject to protection.

An assessment of the costs and advantages of public/private tools of protection, including trademark registration procedures, certification and inspection, costs for the opposition procedures, costs for legal actions, cost for loss of market shares and image degradation, etc.

An in-depth description and assessment of the different laws and institutional devices affecting public and private protection is necessary

An extensive analysis of the types of conflicts between private trademarks, certification trademarks and public protection would also be useful.

7. 2. WP2 – Link between OLPs and production-marketing systems

7.2.1. Marketing of OLPs

As often marketing is one of the weakest links in OLP supply chains, more research is needed on the relationship between distribution channels and OLP producers. Contract conditions imposed by multiple retailers need to be investigated more thoroughly. Competition among multiples *retailers* to differentiate their supply through the launching of private labels covering OLPs should receive more attention in future research programs. The question to be tackled is to what extent production and processing criteria of the multiples interfere with the code of practice of OLPs. The role of specialised gastronomy retailers in marketing OLPs needs to be analysed in order to estimate their potential market share in the next decades.

The use of short channels for typical products is widely suggested by literature because they provide better information for consumers and increase the added value for the producer within the value chain. A new issue is represented by e-commerce, but very little has been done to explore the potentials and limits of this sale method. In general, further research is needed on the adaptation required in the organisation of the firm by this kind of channel (visit of the farm, packaging, direct information on production methods);

Consumers and consequently modern distribution chains are showing a growing interest in typical products. Nevertheless, there are no theoretical or empirical studies into the problems that producers are facing in the relationship with these firms, the effects on the characteristics of the products deriving from the requests of the distribution chains, an assessment of the effects at organisational and economic level for the firms.

7.2.2. Co-operation / competition and supply chain coordination

Co-operatives are deeply involved in the production, processing and marketing of typical products. There are no specific studies on the analysis of the reasons for this diffusion, in particular it is necessary to find out if they represent a better organisational model to preserve typicity, to preserve the peculiar organisation of firms within typical products systems, to ease the introduction of these products within modern distribution chains, to facilitate their protection through Designations of Origin.

The collective nature of OLP chains leads to a special balance between cooperation and competition. This issue needs to be explored more deeply using the latest outcomes of game theory. More empirical evidence of the prisoner's dilemma needs to be collected. The question is to what extent the positive externalities generated within the economic districts through cooperation can be internalised in the individual firm balance. Case studies of different typologies of OLPs have to be carried out in order to define the individual leeway of actors. A special problem is the analysis of cases where firms are processing and/or selling both OLPs and non-OLPs, and also of cases where firms are processing and/or selling both OLP with PDO/PGI and the same OLP without PDO/PGI. Is specialisation in OLPs necessary anyhow or does diversification reinforce collective strength under certain conditions? Is PDO a necessary condition to adding value to the OLP?

There is a need to compare methods for analysing PDO food chains. We need to share theoretical references and supply chain representation tools. We have to avoid descriptions that would not be comparable and could not lead to common recommendations to operators and policy makers.

We feel that we should use both economic theory results (presented in the review report), sociology results and marketing knowledge and know-how. This multidisciplinary approach is profitable from a methodological point of view and prompts us to keep taking into account the firms' commercial concerns.

A common template is needed in order to characterise the case studies. It would be necessary to represent on a map these boundaries and the systems that they delimit. We could then have a look at "horizontal" systems and "vertical" ones, that are intersecting at each level of the PDO supply chain. Second, we could try to analyse the link between collective organisation choices and PDO supply chain efficiency.

a) Bilateral contractual arrangements

It is quite easy to identify on a given market transaction costs that may be ex ante (before or during the trade negotiation) or ex post (after the trade negotiation). We have observed that buyers and sellers, even if they are not aware of it and are looking for other aims, choose the bilateral structure of governance which minimises these transaction costs, because it is the most stable arrangement in the long run.

We share Williamson's approach but feel that it needs to be completed by a more detailed classification of the hybrid forms (whose diversity is obvious on actual markets). It is necessary too to better take into account the meso-economic market organisation, that is thoroughly linked to the bilateral organisation.

b) "Horizontal" meso-economic arrangements; the tasks of market institutions

Tools have to be build up, for representing and understanding the "market system" that organises, at a meso-economic level, the trade negotiation between a buyer and a seller for a given product. We have shown that a market system is often driven jointly by many bilateral primary negotiation tables and one multilateral negotiation table (whose negotiation modes are thoroughly different).

c) "Vertical" meso-economic arrangements

The competition between traditional horizontal contractual arrangements and the PDO vertical arrangements raises many issues: effects of the PDO product specification on contracts; organisation of the co-operation, co-ordination, negotiations and conflict resolution by a multiprofessional entity; efficiency as compared to other competing chains on the relevant consumer market; effects of the institutional environment and regulation on the chain organisation; effects of public support.

The governance structures of the transactions (transaction cost economics) has been studied. The selected governance structures do not depend only on the classical determinants of the transactions (asset specificity, frequency, uncertainty) but also on the collective agreements that are negotiated at the meso-economic level and on the bargaining power of the enterprises. Sociology results related to collective decision-making may be very interesting for understanding the specificity of OLP organisational design. Experimental economics may help us to better understand how competition and collaboration interact. It can provide valuable information on the design of efficient collective structures. Marketing and strategy tools should be mobilised to assess PDO supply chain commercial efficiency.

d) Management organisational models

The specific role of co-operatives in OLP supply chains needs to be studied further. In many successful OLP supply chains co-operatives play a crucial role in processing and in marketing the product. The small scale of co-operatives seems to be highly relevant in explaining their success in OLP chains, as they channel the collective behaviour of local producers groups towards loyalty to the production techniques and mutual trust among the members.

Issues such as the extent that management could negotiate effectively with retailers (especially the multiples) who can try to influence PDO product specifications and impose sales and production conditions on OLP producers, how management could improve the strategic position of OLP business through negotiation of cooperation between the collective OLP group and public institutions or how management issues differ for industrial and artisanal OLP products are worth mentioning.

7.2.3. Learning process

Increasing emphasis in research has to be put on the issue of the generation of collective skills through the learning process. The changes in the distribution of knowledge among the actors of the supply chain are important as these may weaken or strengthen the chain. It is important in this respect to account for differences between Southern and Northern European countries, as in the latter countries there often is no collective culture capable of sustaining local initiatives. As in these parts of Europe often OLP initiatives have to be built up from scratch, studies are necessary to analyse how local actors are able to construct social networks in their attempt to valorise local resources.

The themes of coordination and learning process (individual and collective skills) must be developed in future: coordination to engender trust, contracts, operation or emergence of conventions as a framework for actions. These different themes must be given increased consideration in dynamic terms:

- innovation in putting products on the market locally and globally,
- collective learning process, changes in the distribution of knowledge in operator systems,
- precise definition and emergence of effective and equitable partnership arrangements, working of informal contracts, emergence of conventions,
- changing relationships between consumers and producers,
- role of operator ability, which should be better known: motivations, cohesion around objectives, achievement of common management functions (quality management, investment in market, standards, etc.).

7.2.4. Research on market regulation

Research of food markets along neoclassical lines shows that the liberalisation of trade may have under certain circumstances adverse effects for the quality of products and that the harm be greater than the drawbacks in terms of general welfare related to protectionism. There is need to investigate more closely these theoretical issues in order to fuel the international debate with scientific arguments for the protection of PDO and PGI denominations. Neo-institutional economic theories do have more explaining power than mere neo-classical analyses, but their hypotheses have to be tested through more empirical evidence. In this way a sound conceptual framework can be constructed through which SWOT analyses of OLP supply chains are more easy to carry out.

7.2.5. Research on efficiency

Often the objectives of the actors in OLP supply chains go beyond the goal of firm profit maximisation. SMEs involved in OLP chains do have a longer term perspective incorporating socio-cultural objectives in their strategy. An analysis of the socio-economic efficiency of the OLP supply chains in its widest sense has to be conducted, incorporating the effects on employment and environment in the production area.

7.3. WP 3 – Links between OLP and rural development

7.3.1. Evaluation of effects of typical products on rural development

At present there are few studies which attempt to quantify and to compare the effects of typical production at different territorial levels (Region, State, EU), but already nowadays the competition between quality products in the EU takes place between local production systems (agri-food systems, rural tourism systems etc), each of them connected in a network, in an implicit or explicit way.

Can be interesting to define the theoretical tools (indicators, methodology) for assessing the scenario of the potential resources (quality products, traditional products) existing in the different territories and in the different countries at different territorial levels?

Can be interesting the definition of a general framework of the role of typical products, valid in the different systems of rural development, able to give indications to policy decision makers at different levels, in relation to WTO regulations and to the enlargement to CEEC and to southern countries?

Can be interesting to investigate and to compare, through an analytical scheme, valid at different levels, the opportunities and the limits existing for the OLP's in the different systems, in relation to socio-economic disparities of the context and the different patterns of governance, understood as the effective capacity of regional institutions to orient the use of regional resources?

As known at territorial level as regards agricultural policies we can find three levels of governance (Sotte, 2000): (a) implicit governance, which includes the CAP and in which there is a limited intermediation of regional and national institutions, although this policy, which has absorbed and which continues to absorb a large part of the resources foreseen by the EC budget, has significant influence on regional development; (b) multi-level governance, which includes measures directed towards rural development in the true sense of the term, both in the form of traditional accompanying measures directly aimed at farmers, and in measures of a structural nature (modernisation, diversification etc.) The impact of this governance will be more relevant in the 2000 reform with the implementation of policies which directly involve different regional levels; the evaluation will thus be relevant for understanding how the processes will evolve; (c) agency governance, in which numerous local initiatives are included, linked to European Community or national measures. This concerns LEADERS+, although not agencies in the stricter sense, but also experience of territorial pacts (Italy). The nature of this level of governance may come into conflict with the previous ones; this conflict is often resolved by absorbing this level of governance within the context of prevailing and pre-existing political and institutional levels.

7.3.2. Specific topics

RD Reports show, more or less explicitly, a certain agreement on the dimensions above mentioned, but at the same time underline various open questions and need for further research. Actually there is no systematic and comparative analysis at European scale aimed at analysing and evaluating the role of OLPs for rural development. An in-depth analysis of different kinds of OLPs is needed to better understand:

- the different actors categories involved in OLPs protection and valorisation processes, their objectives and roles;
- the typology of strategies and tools actors use on a practical field: which kind of initiatives are taken for supporting the link between OLPs and rural development (wine routes, collective marks, e-commerce, advertising, modern distribution channels, rural tourism, etc.)?
- the different functions that OLPs may have in fulfilling local and global needs, according to the concept of multifunctionality: environment, landscape, culture, health, employment in disadvantaged areas, etc.
- the effects OLPs have on rural development, and vice-versa: which are the most appropriate methodologies, criteria and parameters to use when evaluating the economic, social, cultural, environmental impact of OLPs on rural economy and development?
- the role of PDO-PGIs in fostering rural development: who are the actors who take part in the activation of the application for a PDO-PGI? Are PDO-PGI products located in marginal areas? What kind of firm uses PDO-PGI denominations? Does the way the code of practice is written affect the production of (local-global) externalities? Who derives benefits from the initiative? Are they the local actors?
- which are the public policies, with particular reference to the Common Agricultural and Rural Policies, that mainly affect the link between OLPs and rural development? Is there a "governance" problem to solve in order to make these tools have positive effects on rural development by means of OLPs support?
- we made the choice to approach development like an actors organisation process of a regional agrarian system. Can quality become a motor for the producers organisation? It must make it possible to develop the products by solidarising these actors. The construction of an official sign of quality aims at connecting the defence of the products and the consolidation of the farming activities through the origin of the raw materials and the valorisation of the regional technical culture.

- which can be the obstacles with the *construction* of official signs of quality in the areas with heavy constraints, low level of productivity and strong cultural identity? Which are positionings of the actors compared to the existing lawful regulations and to the devices of qualification? A significant work seems here to realize to explain certain behaviours.
- Which can be the role of the researcher in the accompanying of the social demand for the installation of such devices? The interactions with the actors or partners of the regional agrarian system are numerous. How to manage them? Owing to action-research, aid to action, aid to decision making and aid to negotiation, must allow at the same time the production of knowledge and this setting in dynamics of the regional agrarian systems.

7.4. WP 4 – Links between consumers and citizens

First, in terms of key areas for future research, the following are identified:

- Estimates of sizes and profiles of markets for different OLPs
- Understanding/insight into OLP usage in the context of wider (food) habits
- Understanding of OLP usage as embedded within socio-cultural context
- Understanding what consumers perceive as an OLP
- Understanding of how different OLPs are perceived and valued by consumers
- Estimates of willingness to pay for different OLPs
- Analysis of the role of official marks and designations (e.g. PDOs/PGIs) in consumer perceptions of OLPs
- Investigation of future evolution/usage of OLPs

To address these areas, a variety of methods and analytical techniques are required. The following table sets out some of the possibilities:

Table 19. Research area on OLP consumption

Research Area	Possible Research Methods	Analytical Techniques
1. OLP market size and profile estimates	Scanner panel data, sales data, survey research	Econometric analysis, time series analysis
2. OLP usage in context of (food) habits	(Participant) observation, food diaries, case studies, focus groups, in-depth interviews, survey research	Combination of qualitative and quantitative
3. OLP usage as embedded within socio-cultural context	(Participant) observation, case studies, focus groups, in-depth interviews, historical data	Semiotic analysis, synchronic, diachronic approaches, ethnography, analysis of food trajectories and networks
4. Consumer perceptions of what an OLP is, valuing of different OLPs	Focus groups, in-depth interviews, survey research	Combination of qualitative (e.g. discourse analysis, grounded theory) and quantitative (means end chain analysis, multivariate analysis, structural equation modelling, repertory grid technique)
5. Willingness to pay for OLPs	Survey research	Contingent valuation, conjoint analysis, hedonic pricing, logit modelling
6. Role of official designations in consumer perceptions of OLPs	Survey research	Multivariate analysis, factor analysis, cluster analysis, conjoint analysis
7. Future evolution/usage of OLPs	Expert panels, jury panels, Delphi method, focus groups, case studies	Scenario analysis, discourse analysis

To address the issue of the need to link different approaches and methods together, and to combine advantageously the reported, observed and actual data, the following framework is proposed:

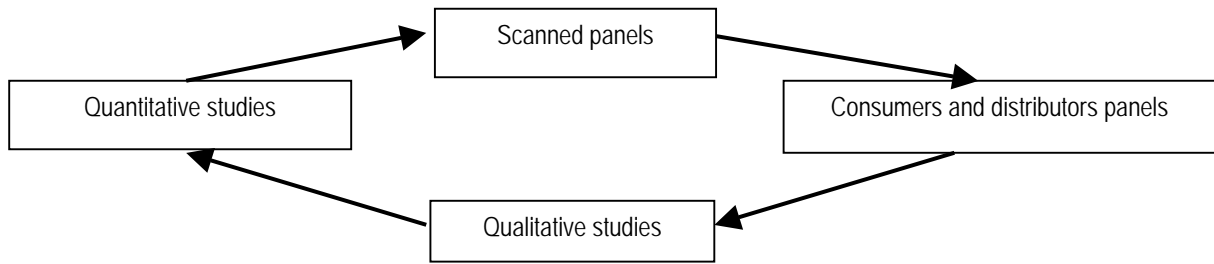


Diagram 4 : Methodologies of consumption research

Thus, it is proposed that OLP user research begins with scanned panel data, to gain actual market knowledge. Then, sector specific information is gathered from consumer/distributor panels to understand the circumstances and trends of usage in relation to particular products. Then qualitative studies are undertaken to reveal insights into behaviour, motivation, values, imagination, culture, etc. Then quantitative studies are executed to verify these insights across a wider population and/or obtain estimates of values of OLP attributes. Practitioner actions undertaken in light of this new information will impact on OLP usage, which in turn can be measured using scanned panels.

7.4.1. Development of a Conceptual Framework

To address the WP4 finding that a gap exists between purely conceptual and purely applied studies of OLP usage, and that the overall picture is very fragmented, a conceptual framework has been developed. The framework draws from knowledge and evidence supplied by the WP4 participants in relation to a number of issues such as type of OLP product, type of OLP user, influence of culture/history, type of user behaviour. It proposes that user behaviour is stimulated by a range of factors such as level of complexity of the product, circumstances of usage and perceived benefits derived from usage, which in turn are influenced by the profile of the user and the profile of the region from which the OLP comes.

The application of the framework may be illustrated by two examples of the usage of Parmigiano-Reggiano. P-R is a very typical product, with wide renown, in a category (cheese) which is quite complex in production (therefore open to lots of variation) and which contains proliferation of types and brands. Cheese is also complex in that it can be used in a functional sense, but is also subject to 'gourmandising' (like wine).

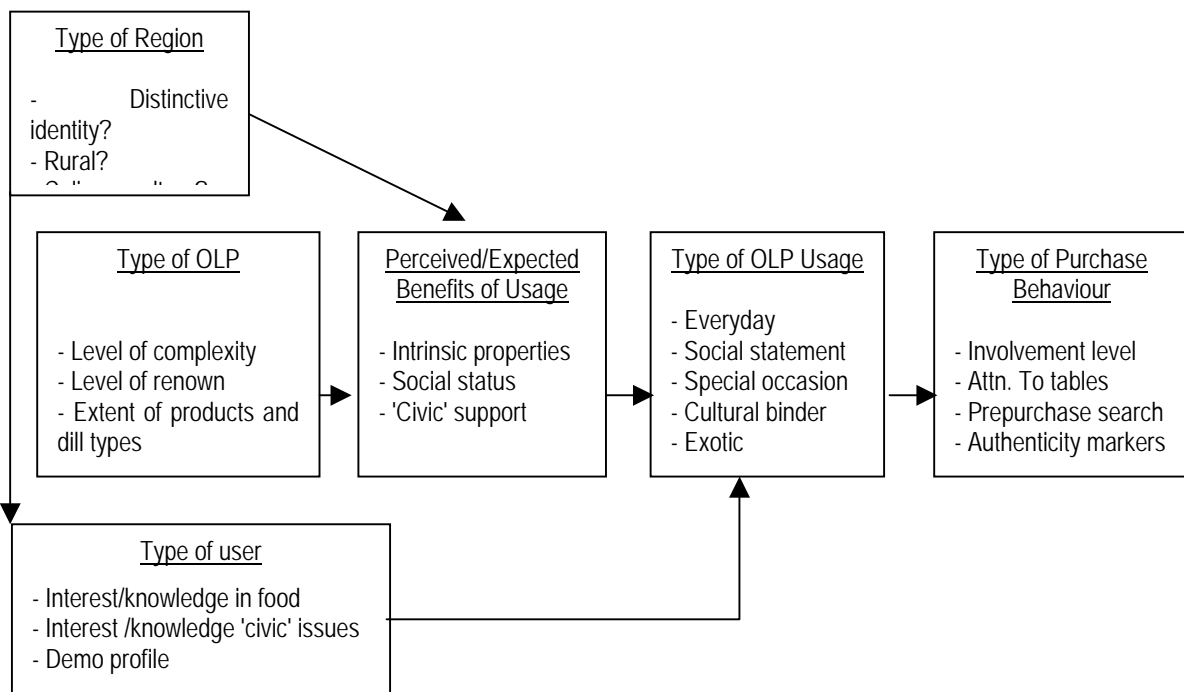


Diagram 5 : Conceptual framework

7.4.2. Consumers / citizens and competence

OLP system disparity and differences observed between the image perceived and consumer behaviour ask the question of QOS' real performance as brander of origin and durability of consumers abilities as regards origin products. We have to notice on the one hand the deterioration in traditional competence passed on from generation to generation in relation with distance between spheres of production and spheres of consumption: ground experience will let picture have its place through backward-looking and nostalgic of OLP. On the other hand, new forms of knowledge and practice stand out, they have been gained by active consumers-citizens in their research of experience shared with the sphere of production (sampling, sites visits, etc.). Otherwise, limit of classical tools and available materials which shows activities of use around origin product has been also underlined.

It seems to be necessary to define and apply new tools of investigation to on the one hand, understand in a better way nature of links existing between consumers-citizens and origin product as a local common good, and on the other hand to determine evolutive capacities of OLP in terms of territorial (synergy with the others local products) and environmental effects integration. For that, two sorts of research can be undertaken:

- analysis of the importance which food consumers attach to functional and hedonic values, social and emotional values respectively, epistemic values of regional product
- analysis of the consumer as a user of regional products. In order to stimulate the demand for regional products, it is important to improve the way consumers prepare and consume such products, e.g. by extension, education and providing recipes. Therefore it is useful to analyse the consumer not only as a buyer but also as a user of regional products

These sorts of investigation require disciplinary widening to human sciences (linguist and semiologist, historian, teaching specialist) in a perspective of a systemic approach of complexity.

On that bases, it will be possible to build a consistent and lasting link between user, products and absorbing parts of origin system: implementation of meeting places, share places and know-how acquiring places, imposition of communication, take into account environmental values and controlled evolution of areas: landscape and environmental contribution of origin product, contribution for economic dynamism and social cohesion of the area.

7.4.3. Consumer information

From the bibliography analysed, serious problems of confusion and disinformation emerge concerning both the denomination of origin marks and the concept of the typical product. The interpretations of the meaning attributed to typicality are very diverse, and some industrial products are also brought into the area of typical products.

Which factors characterise the origin mark? Is it taste, natural or traditional methods, production techniques, area of origin, history? There is a great deal of confusion regarding this concept.

In many cases it is not known which phases of production and processing take place or have to take place for an OLP: farming, processing, ageing or curing, and so on.

For cheese, for example, when consumers think of its provenance from a certain area, they primarily make reference to the processing phase (45% of cases), and in second place to the phase of milk production on the farm (25% of cases). These responses, however, are only intuitive and not informed.

7.4.4. Penetration of marks

The DOC mark shows to be quite well-known in Italy (even though this knowledge is often approximate), and is attributed primarily to the wine sector. In fact, the denomination of origin mark has always been evident on wine bottles, written out completely on the label.

The same is not true for other products, and this situation gives rise to many doubts on the part of Italian consumers: for example, the DOC mark has never been read on cheeses and hams.

The PDO mark is decidedly less well-known than the DOC in Italy. For some consumers it seems to be an imitation. The PGI mark is completely unknown to almost all consumers.

From this, one could draw an initial conclusion: as a criterion of choice, the PDO mark has little importance, not due to a limited importance attributed to origin but to a lack of familiarity with the PDO mark itself.

From the consumer's point of view, the product origin has a blend of an element of reassurance (both affective and rational) and an element of culture/tradition/nature.

Nonetheless, although the PDO/PGI protection labels add value to the regional product, this lack of awareness and understanding hinders their performance significantly.

7.4.5. Need for information strategies

It therefore seems necessary to promote greater information to consumers on the nature, function, and role of the origin marks, also due to the fact that the processes of urbanisation and globalisation have distanced many consumers from the traditional products.

Correct information must also be aimed at reducing the risks of consumer misinformation, as consumers frequently interpret certain industrial products as typical or having origin marks, while in fact only the marketing policy and the contents of advertising campaigns are oriented in this direction.

Given the asymmetry of information deriving from industrialisation, the denomination of origin represents a factor of informational re-equilibrium and reduces the costs that the consumer would have to sustain in order to identify a product correctly.

A strategy to undertake is that of assuring consumers regarding the product with a denomination of origin without, however, expecting them to become experts on the technical aspects.

Surely, improving consumer awareness of the PDO/PGI regulations may well influence the performance of protected regional products.

Therefore, it is necessary to re-establish cultural premises and knowledge, as the typical products require consumers who are more aware and better informed.

The good potentials for acceptance of the products with denomination of origin can become concrete if it becomes possible to allocate resources for communicating to the final consumer the elements that characterise the single products (provenance, technology, history, the culture of the product, the organoleptic characteristics, and so on) with sufficient intensity.

In parallel, it is important to adopt clear policies regarding the marks (only certain characteristics should be associated with a mark) and ensure a certain level of uniformity among the products.

The quality variability of the product is taken for granted, appreciated and considered inherent to the production characteristics, but only within certain limits; if this variability is too marked, it is perceived negatively, as one can never be sure of the product one buys.

In conclusion, an attentive policy of label management and control should be studied in detail, clearly defining the values expressed by the label, the quality standards, and the production specifications.

7.4.6. Consortium marks

All activity regarding the denomination of origin marks, however, should be studied with great attention, as it should be considered that many typical products have become famous thanks to the activity of promotion and protection carried out by the respective Consortium, and that many consumers see the mark of these organisations as synonymous with quality and therefore look for it at the moment of purchasing.

The mark of the consortium, then, often supersedes the PDO mark as a guarantee of quality, and the consortium mark is the main criterion of choice, independently of whether or not the product is PDO.

A particularly great risk of the policy that may be implemented by the EU to protect the quality of typical products is that of diminishing the role and importance of the consortiums and consequently distancing a part of the consumers from typical products, thus weakening the fabric of small and medium-sized businesses on which the production of PDO products is based.

In other words, many of the products in question are perceived as natural, genuine, healthy, and traditional, and thus the presence of the PDO mark could be almost superfluous, in comparison to the power of consortium marks. All these matters need to be carefully investigated.

The point of departure should not be the demonisation of consortium marks but, rather, the affirmation of the positive aspect of another mark in addition to the PDO that could add further value to products that are already situated in an area characterised by naturalness, healthfulness, and so on.

7.4.7. Willingness to pay

On the basis of the results of many studies, people are generally willing to pay a higher price in order to have greater guarantees and for protected regional products. However, since it has been shown that consumers tend to exaggerate in their responses to direct questions, some caution with these conclusions should be taken. It is simply a statement of willingness to spend.

Both consortium marks and the PDO labels add a significant amount of value to a product. But the first is higher than the second. Indeed, how can a consumer be willing to pay a premium price for the strengthening of quality control if he is not familiar with, or only superficially familiar with, the mark that guarantees such improvement?

Finally, the price issue is thus not as secondary as it might appear, and it requires in the future a more in-depth stage of research. In fact, the price factor emerged frequently in response to indirect questions based on projection.

7.4.8. Other items

How does regional origin interfere with other cues (production method, quality labels, brands)?

To what extent does the importance of regional origin depend on the category of product (fresh / transformed)?

Are there food outlets where the origin is less / more important or where it is perceived otherwise?

How is "regional origin" perceived in comparison to "regional typicality" "regional speciality" and "traditional speciality"?

8. Conclusion

In the framework of the Dolphins project, we dealt with kinds of product that we named OLPs for "Origin Labelled Products". By OLPs we mean : "Local products based on strong territorial identity / reputation and/or typical local products, based on specific modes of production and whose quality, characteristics or reputation is essentially attributable to their geographical origin". This definition is close to that of Geographical Indications, as stated in the TRIPS Agreement and of the Protected Geographical Indications as stated the in Regulation 2081/92. However, we do not mean by OLP only protected designations, as we intended to include in the project all researches on products and supply chains which have the characteristics to obtain the PDO-PGI (often located in the northern part of Europe), so that our thinking and conclusions have more general features and scope.

During the course of the project, we analysed all the available literature in diverse scientific fields, concerning the legal and political questions (WP1), industrial economics, management, marketing, sociology and geography applied to OLP supply chains and markets (WP2), the same scientific disciplines applied to rural and regional development (WP3) the same scientific disciplines applied to consumer research and markets (WP4). Additionally, fifteen Supply Chains were analysed across Europe, showing their diversity and assessing their factors of success (WP5) and public policies affecting OLPs have been assessed (WP6). During the projects, many specialised seminars were organised, allowing 80 researchers of all partners to work together and to build an efficient and durable network. Four plenary meeting were held, where results were presented, discussed and reviewed by 28 external experts from all kinds of institutions and disciplines in Europe and outside Europe. Scientific references, results, reports, meeting programmes and minutes have been currently put on the website (www.origin-food.org), which worked as an efficient coordination and promotion tool for the project.

The main findings can be summarized in this way.

A central aspect in order to achieve Gis objectives is the renegotiation of the TRIPS agreement (with includes the international register and extension of art. 23 protection to all products), provided that legal problems underlying the articulation between trademarks and GIs, and that the links between quality, reputation and origin include the ability of those products to meet the consumers/citizens requirements on their social impact, such as rural development, biodiversity, environmental protection, animal welfare, etc. The legitimacy of the OLP's contribution to social goals has to be based on strong evidence (which requires further research inputs on by the Dolphins project well identified areas) and systematically promoted in the framework of international negotiations.

To achieve this objective, those social objectives have to be much more carefully defined by the politicians than today and workable assessment tools have to be developed, on the basis of endogenous development principles. Consumer attitudes and behaviour have to be analysed much more intensively than today, so that specific marketing means for OLPs (product attributes, promotion, brands, distribution channels), can be developed. The concepts of proximity, competence and learning (as a basis for such marketing means) must be developed and inspire new research pathways.

Strong OLP supply chains must be able to market efficiently specific products on local markets as well as on remote markets. This means that modern management methods must be implemented on both an individual and a collective basis, and coordination and cooperation will be strongly encouraged in the framework of consortiums whose legitimacy must be reaffirmed. Weak OLP supply chains should be supported by a set of differentiated policy tools capable to enhance actors' co-operation and raise know-how and competencies on production techniques, quality management, marketing, promotion.

Finally, public policies must be clearly oriented towards OLP development (and not only protection). This means firstly that the great diversity of OLP supply chains must be taken into account (with regard to their different needs tied to their main governance type and developing stages) and secondly that competition, consumer, rural development and agricultural policies have to work coherently in that direction in all EU countries. To achieve that, all potential and actual incoherence between policies have to be analysed and solved in an harmonised way across Europe, avoiding distortions of competition and reinforcing / promoting a European agricultural model clearly based on quality and origin.

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Annexes

Annex 1a



Research scientists and partners institutions of Dolphins Project

PARTNERS			MEMBERS				TASK											
Country	N°	Team	Name	Surname	SR	SC	LG											
								0	1			2		3				
								WP 0	WP 1	WP 2	WP 3	WP 4	WP 5	WP 6	WP 7	WP 8		
France	1	INRA UREQUA	01	SYLVANDER	Bertil	X	X		Res	X	X	X	X	X	X	Res	Res	
			02	LASSAUT	Bernard						X				X	X		
			03	LEUSIE	Marc						X							
			04	PERSILLET	Vanessa								X	X				
			05	ALESSANDRIN	Agnès							X	X					
			06	CHAMPENOIS (1)	Armelle			X										
			07	SANTORO (2)	Geneviève			X										
			08	TAROT (3)	Claire			X										X
	10	INRA ESR-ETIC	09	ALLAIRE	Gilles	X					X			X	X			
			10	COUZINET	Laëtitia						X		X					
			11	FRAYSSIGNES	Julien						X		X					
			12	OLIVIER	Valérie						X			X				
	10	INRA LRDE	13	CASABIANCA	François	X	X		X	Res				X	X			
			15	PROST	Jean-Antoine						X		X					
			14	TRIFT	Nicolas						X		X					
	10	CMC	16	LE MEUR-BAUDRY	Véronique	X				Ass					X	X		
			17	PETRAUD	Jean-Marie									X	X			
			18	BRIEC-LE GOAS	Florence									X				
			19	GROUAS	Sabine									X				
Italy	2	UNIV PARMA	20	GIACOMINI	Corrado		X		Ass	X				X	Ass	Ass		
			21	ARFINI	Filippo	X	X		Ass		X		Res		Ass	Ass		
			22	BERTOLI	Elisa								X					
			23	DONATI	Michele													
			24	MORA	Cristina							X	X					
			25	MANCINI	Cecilia					X				X				
	11	CRPA	27	DE ROEST	Kees	X					Ass		X		X			
			28	MONTANARI	Claudio								X					
			29	TORELLI	Franco							X		X				
	11	UNIV FLO-RENCE	30	PACCIANI	Alessandro	X						X		X	X			
			31	BELLETTI	Giovanni		X					Res		X	Ass	Ass		
			32	BURGASSI	Tunia										X			
			33	MARESCOTTI	Andrea		X					Res		X	Ass	Ass		
			34	MILANI	Francesco					X			X					
			35	SCARAMUZZI	Silvia						X		X	X				
Switzerland	3	SRVA	36	BARJOLLE	Dominique	X	X		Ass	Ass				Res	Ass	Ass		
			37	STUCKI	Erwin W.						Ass		X					
			38	CHAPPUIS	Jean-Marc						X		X					
			39	REVIRO	Sophie						X		X					
			40	COUILLEROT	Corinne							X		X				
			41	BOISSEAUX	Stéphane						X		X					
			42	THEVENOT-MOTTET	Erik		X			Ass				Ass	Ass			
			43	JAQUES-DUFOUR	Martine								X	X				

PARTNERS			MEMBERS			SR	SC	LG	TASK									
Country	Nb	Team	Name	Surname	0				1		2		3					
					WP 0				WP 1	WP 2	WP 3	WP 4	WP 5	WP 6	WP 7	WP 8		
Germany	4	TUM-PFM	44	BESCH	Michael	X					X		X		X			
			45	PROFETA	Adriano					X			X					
			46	THIEDIG	Frank					X				X	X			
			47	SCHAER	Burkhard							X	X					
Spain	5	SIA - DGA	48	ALBISU	Luis Miguel	X	X		X		Res		X		X			
			49	GRACIA	Azucena					X			X					
			50	MAMAQUI	Xhevrie						X			X				
			51	SANJUAN	Ana Isabel							X	X					
			52	COLOM-GORGUES	Antonio							X			X			
UK	6	UNIV NEW-CASTLE	53	NESS	Mitchell							X	X		X			
			54	TREGEAR	Angela	X	X					Res	Ass		X			
	12	UNIV EDIN-BURHG	55	WILSON	Ron	X					X		X					
56			CORCORAN	Kate							Ass		X		X			
Belgium	7	FUL	57	MORMONT	Marc	X						X		X		X		
			58	STASSART	Pierre					X					X			
			59	COLLET	Eric							X	X					
Finland	8	UNIV HELSINKI	60	KOLA	Jukka	X						X		Ass	X			
			61	LATVALA	Terhi								X			X		
Portugal	9	INIAP	62	FRAGATA	Antonio	X				X		Ass			X	X		
			63	LARCHER GRAÇA	Laura						X	Ass			X			
			64	SEITA COELHO	Inocência					X					X	X		
			65	CRISTOVAO	Artur						X			X				
				TEIXEIRA	Mario Sérgio								X	X			X	
				TIBERIO	Manuel Luis							X		X				
				CÔRTE REAL SANTOS	Jeronimo								X			X		

SR : Scientific Responsible
 SC : Steering Committee
 LG : Logistic
 WP : Worck Package
 Res : Responsible
 Ass : Assistant

(1) Librarian
 (2) Secretary
 (3) Webmaster

Annex 1b

Work Package leaders and Steering Committee members

Pays	Partner n° + Team	Name	Surname	SC	WP 0	WP 1	WP 2	WP 3	WP 4	WP 5	WP 6	WP 7	WP 8	
France	1	INRA UREQUA, Le Mans	SYLVANDER	Bertil	X	Res						Res	Res	
	10	INRA ESR-ETIC, Toulouse	ALLAIRE	Gilles										
	10	INRA LRDE, Corte	CASABIANCA	François	X		Res							
	10	CMC, Le Mans	LE MEUR-BAUDRY	Véronique			Ass							
Italy	2	Università di Parma	GIACOMINI	Corrado	X	Ass						Ass		
			ARFINI	Filippo	X	Ass				Res		Ass	Ass	
	11	CRPA, Reggio Emilia	DE ROEST	Kees				Ass						
	11	Università di Firenze	PACCIANI	Alessandro										
			BELLETTI	Giovanni	X				Res				Ass	X
			MARESCOTTI	Andrea	X				Res				Ass	X
Switzerland	3	SRVA, Lausanne	BARJOLLE	Dominique	X	Ass	Ass				Res	Ass	X	
			ETHZ, Lausanne	STUCKI	Erwin W.				Ass					
			SRVA, Lausanne	THEVENOT-MOTTET	Erik	X		Ass				Ass	Ass	
Spain	5	SIA – DGA, Zaragoza	ALBISU	Luis Miguel	X			Res						
UK	6	University of Newcastle	TREGGAR	Angela	X				Res	Ass				
	12	University of Edinburgh	CORCORAN	Kate			Ass							
Finland	8	University of Helsinki	KOLA	Jukka							Ass			
Portugal	9	INIAP-DEEESA, Oeiras	FRAGATA	Antonio				Ass						
			LARCHER GRAÇA	Laura				Ass						

Annex 2

Conference speakers and experts

Conference speakers and experts		1st DOLPHINS Meeting	2nd DOLPHINS Meeting	3th DOLPHINS Meeting	Final DOLPHINS Seminar	WP 6 Meeting
Name	Organisation	Florence (Italy) 10 th – 12 th September 2001	Paris (France) 6 th – 7 th May 2002	Toulouse (France) 10 th – 11 th February 2003	Parma (Italy) 6 th – 7 th October 2003	Geneva (Switzerland) 16 th – 17 th September 2002
ANANIA Giovanni	University of Calabria – Department of Economics and Statistic, Arcavacata di Rende, Italy		X			
BARHAM Elisabeth	University of Missouri – Department of Rural Sociology, Columbia, USA	X	X			
BERENGUER Antonio	EU - DG Trade / DG Market, Brussels, Belgium		X			
BOURGEOIS Lucien	APCA, Paris, France			X		
BRAND Frédéric	Swiss Federal Office of Agriculture, Geneva, Switzerland		X			
CASADO-SALINAS Carmen	EU - DGA, Bruxelles, Belgique			X		
CECCHI Claudio	University "La Sapienza", Roma, Italy	X				
CHEN Jim	University of Minnesota - Law School, Minneapolis, USA	X				
CROZE Denis	WIPO - International Law Development Section, Geneva, Switzerland					X
FABBRI Luca	Slow Food Toscana, Italy	X				
FANET Jacques	INAO, Paris, France	X				
GIRAUD Georges	ENITA, Clermont Ferrand, France					
GEUZE Matthijs	WIPO, Geneva, Switzerland				X	
GRAVIER Florence	INAO, Paris, France				X	
GRAZIOLI Alexandra	Swiss Federal Institute of Intellectual Property - International Trade Relations, Geneva, Switzerland					X
HAUSSMAN Carlo	COGEA, Italy	X				
HEATH Christopher	Max-Planck Institute, Munich, Germany					X
KENNEDY Matthew	WTO, Geneva, Switzerland					X
LEGENDRE Ghislaine	Ministère de l'Agriculture - DPEI, Paris, France	X	X			
LOWE Philippe	Centre for Rural Economy, Newcastle, UK				X	
LUCATELLI Sabrina	OECD, Paris, France	X				
O'REILLY Seamus	University College - Department of Food Business & Development, Cork, Ireland			X		
PALOMBA Paolo	CONAD, Italy				X	
PESCE Alessandra	INEA, Roma, Italy	X				
POTTIER Caroline	EU DGA Quality policy unit, Brussels, Belgium				X	
RANGNEKAR DWIJEN	Warwick University - Centre for the Study of Globalisation and Regionalisation, Coventry, UK			X		
SARACENO Elena	UE Commission, Brussels, Belgium				X	
SIMON Jürg	Interprofessional organisation Emmentaler Switzerland					X
SOTTE Franco	University of Ancona - Fac of Economics, Italy				X	
THVENOD-MOTTET Erik	University of Geneva, Switzerland	X				
TRIANI Giorgo	Professor at University of Verona, Italy				X	
VALCESCHINI Edgizio	INRA-SADAPT, Paris, France			X		
WASESCHA Thu Lang	WTO Secretariat of the Special Session of the TRIPS Council - Intellectual Property Division, Geneva, Switzerland		X			