FAO Case studies:
Evidence on Economics Aspects
Outline

1. Price and access to markets
   - Leading motivations
   - Impacts

2. Differentiation and links to other quality aspects
   - Links to the “terroir”
   - Food safety and other quality issues

3. The chain aspects
   - Local organization
   - Challenges

4. Towards recommendations...
   - Key points
   - Draft recommendations
Price and markets
Economic objectives

• Main motivations to get better income:
  – To differentiate a "commodity" (or reinforce the origin reputation) on international markets (Coffee, cacao...)
  – To maintain a market: defense of the reputation, avoid usurpation for local products (Lemon, Cotija and Turrialba cheeses, Ch. Neuquen, safran...)
  – To access new markets (Balkans, Safran)

➤ part of a broader marketing strategy
➤ not always a problem to sell
➤ not only economic objectives...
Impacts

• Difficult to estimate the direct and precise impact on price (multiple and linked factors; progressive and long process)

• Markets:
  - increasing sells
  - exclusivity
  - development of new products
  - direct access to urban markets
  - “nostalgic” and tourism markets

• Prices: linked to better bargaining power, in some case, great increase (+50% Cotija with “nostalgic markets” and tourism), too recent to see the impact of protection (reducing fraud)

• Volume: to provide enough can be a problem (productivity, strictness of code of Practice and/or area delimitation) (Livno cheese, Uzice ham, Cotija, Limon...)

• Remark: no cost due to changes regarding the traditional practices (but yes registration and certification)

• the question is more how to retain added value at the local level? How does it benefit farmers and primary producers?
Differentiation and other quality aspects
Links to the “terroir” (1)

• Different degrees of differenciation and levels of justification:
  - Specificity: differences in the relative importance of natural resources (especially in marginalised/preserved areas, race/variety) and know how
  - Basis for legitimacy but variability in the type of specificity and their justifications

 ➔ relevance of differentiating AO and GI?

• How to reach a common definition of the product?
  - craft and industrial process
  - seasonnality and variations in the qualities and volume
  - the traditional product for local market is different from the one for export

 ➔ one seal for different products or minimum common standard?
Links to the “terroir” (2)

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

⇒ All is to reach a common and consensual definition for the product... and allow the evolution of the Code of practice (specifications) and area
Other food quality schemes...

• Specific quality as an incentive to meet food safety requirements and implement a quality/traceability system (GAP, HACCP)

• The code of practice (specifications) to adapt the food safety standards requirement for craft products if food safety is ensured? (Livno, Cotija)

• Quality linked to origin as a complementary/synergic scheme: Organic, fair trade (safran, cacao,

→ Upgrading a product between traditions and innovation
The chain aspects
Local organization

- **Two stages:**
  1. **upgrading and application for a seal:** interesting examples of collective construction of quality (organoleptic characterization, regular meetings between breeders and traders, drafting committee...)
  2. **managing the seal...:** proposals but few working regulatory bodies, recent developments and difficulties to define the roles and implement autocontrol...

- **Difficulties of organization:**
  - **horizontal links:** “big” (industrial) and “small” (craft) producers don’t always have the same interests (ex: Livno cheese)
  - **vertical links:** difficulties to involve all the stakeholders (traders)
  - **territorial links:** good start with the institutional and public support
  - **support:** essential but not too much (to allow appropriation) and not contradictory (Livno, Cotija)
  - Importance of leaders and nucleus to motivate the others
Challenges

• Initiative from outside or by non-producers...collective appropriation by producers?

• To develop direct marketing to take advantage over intermediaries is a common objective but lack of marketing and strategic skills

• Definition and implementation of a system to ensure conformity to the Code of Practice (specifications) (autocontrol, verification)

• Time consuming (demotivation when the institutional process delays) and distances between producers (Mountains)

• To foster bargaining power and income distribution through the Code of practice (specifications) but few examples of current vertical linkages and specifications to contribute to this (Neuquen, coffee, chuao...)

• No problems of exclusion (yet?) unlike some European cases, BUT risk of private monopoly?

⇒ importance of public actors assessment
Towards recommendations
Key points

• To meet consumers demands (market) with producers willingness to preserve the characteristics of their production

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

• Support to identify the potentials (reputation, specificities, market studies)

• Support to the elaboration of the code of practice (specifications)/delimitation of the area:
  – through a collective approach: a pluridisciplinary and coordinated approach, defining the roles of the chain value members and involving the territorial actors
  – with technical support: definition of specifications (studies, collective definition by taste characterization, exchanges of practices...)

⇒ further studies and capacity building
THANK YOU