



The effectiveness of marked-based instruments to foster the conservation of extensive land use: The case of Geographical Indications in the French Alps



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ABSTRACT

Consumers express a growing interest for local and quality foods certified by their origin and their environmental production standards. This has led to the emergence of certified products meeting sustainability criteria. Because consumers are willing to pay a price premium for sustainably produced commodities, these certifications act as market-based instruments to promote sustainable land use. Among Geographical Indications (GIs) labels, the two European Union GIs – called Protection of Designation of Origin (PDO) and Protection of Geographical Indication (PGI) – can be considered as agricultural product certification. These GIs identify a good as originating from a region where a given quality, reputation or other characteristic of the good is attributable to its geographical origin. Land use is potentially affected by GIs because product characteristics are associated with the biophysical attributes of the *terroir* and some product specifications relate to land management practices. Little empirical evidence substantiates the claim that GIs have an impact on land use. The objective of this study was to understand whether Geographical Indications are an effective market-based instrument to promote conservation of extensive land use practices in marginal mountain areas. We conducted farm surveys along a gradient of GI requirements for the following similar cheese products: *Tomme de Savoie* PGI, *Tomme de Savoie* EQC, and *Tome des Bauges* PDO. We tested the hypothesis that the more stringent PDO requirements were associated with more extensive agricultural practices and provided more benefits to farmers. Results showed that the strict standards of PGI and PDO are associated with greater benefits for farmers and more extensive agricultural practices. In comparison to PGI farmers, PDO farmers obtain higher price premiums and gain more knowledge. More extensive practices are observed on PDO farms but the differences between labels are minor. Our results also reveal a great variability in agricultural practices among farms of a same label. Farmers have various motivations for labelling their product.

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Introduction

Reconciling the sustainable management of natural ecosystems with agricultural production is a major concern for both science and policy. The global increase in food demand is often associated with commodities that contribute to the conversion of natural ecosystems (Turner, 2010). Land use decisions related to these commodities are largely driven by factors in distant markets. Consumers are progressively changing their attitude due to rising

concerns about the quality of food, its origin and production methods, and its environmental impacts. Recurrent food-related crises in the 1990s in Europe, such as the mad cow disease and the dioxin contamination of food, have contributed to this trend (Loureiro and Umberger, 2007). Consumers express a growing interest for goods whose supply chain has been certified as meeting sustainability criteria in terms of fair trade, environmental sustainability, and local sourcing (Aprile et al., 2012). Certification provides a guarantee to consumers that product quality and production processes meet minimum standards. Because consumers are willing to pay a price premium for sustainably produced commodities, product certification can be a demand-driven policy instrument with a potential to promote sustainable land use, alongside conventional command-and-control approaches to land use regulation (Lambin

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et al., 2014). Agricultural product certification systems such as fair trade, eco-labelling (e.g., Rainforest Alliance) and organic certifications inform consumers on *how* the good is produced; additionally, the much less studied Geographical Indications (e.g., Protected Designation of Origin) convey information on *where* it is produced by linking production to the socio-economic and environmental attributes of specific places (Barham, 2003). Historically, the emergence of Geographical Indications was driven by the need to protect intellectual property related to traditional cultures, geographical diversity and production methods, and thus to protect the product name from misuse.

Geographical Indications (GIs) identify a good as originating from a region where a given quality, reputation or other characteristic of the good is attributable to its geographical origin (TRIPS Agreement, Art. 22). More than 10,300 products benefit from GIs in the world (86% being in OECD countries), with more than 6000 in the European Union alone (Giovannucci et al., 2009). GIs are protected by intellectual property rights, but with different national and regional systems. While in the United States GIs are protected through the trademark system (i.e., certification and collective brands) (Babcock and Clemens, 2004), in Europe GIs are related to a certification scheme. The European GIs have a better fit with the definition of appellations of origin (1958 Lisbon Agreement), which are narrower than the TRIPS definition of GIs. In appellations of origin, both quality and reputation are due exclusively or essentially to the geographical environment, including natural and human factors (INTA, 2013). In the European Union labelling scheme (2081/92), a stand-alone system of legislation for GIs and a harmonized regulatory system to register names of agricultural products and foodstuffs were developed. European GI designations include two labels: Protection of Designation of Origin (PDO; more than 600 products registered including 5 outside Europe) and Protection of Geographical Indication (PGI; more than 600 products registered including 8 outside Europe). The difference between PDO and PGI relates mainly to the level of linkage with the territory. PDO covers agricultural products and foodstuffs that have an exclusive link between their features and their geographical origin. PDO have to be produced, processed and prepared in a given geographical area using recognized know-how (e.g., *Beaufort*, *Feta* cheese or *Prosciutto di Parma*). PGI covers agricultural products and foodstuffs closely linked to the geographical area by their reputation. PGI have at least one of the stages of production, processing or preparation taking place in the area (e.g., *Darjeeling* tea or *Gouda Holland* cheese). European GIs – especially PDO – have been designed following the French system of “Appellation d’origine contrôlée” (AOC), which is widely regarded as the most strict and comprehensive of its kind.

Each European GI must comply with product specifications that are determined collectively by operators and accepted by the European Commission. Generally, PDO products are regulated by more strict specifications than PGI products. These specifications include the name and description of the product, the definition of the geographical area, information justifying the link between the product and the geographical area, a description of the production method, any specific labelling rule for the product, and the name of authorities or bodies that verify compliance with the provisions contained in the product specification. Verification of compliance along the supply chain is third-party certified. The costs of such verification are borne by the operators subjected to those controls (Europa, 2006).

Close to 40% of European GIs refer to mountain products, including a large proportion of dairy products (Santini et al., 2013). In France, 18 of the 29 PDO and the 5 PGI cheese specialties are produced in mountain areas (Santini et al., 2013). Mountain regions include multiple *terroirs*, and strong identities and traditions related to agricultural production and food processing

(Santini et al., 2013). Adding-value by producing and labelling high quality products is one of the strategies adopted by farmers of less favoured areas to protect traditional practices from being standardized and to compensate for higher production costs to compete with non-differentiated markets (Marsden et al., 2000; Rangnekar, 2004; Renting et al., 2003; Tregear, 2003). Other strategies include the diversification of production or services (e.g., agro-tourism), and the intensification and specialization of production (Van der Ploeg and Roep, 2003). Agricultural intensification is a difficult option for farming systems in mountain environments due to stringent biophysical limitations for land use and high costs of farming due to altitude, low temperature, a short growing season, steep slopes restricting the use of machinery, and low accessibility (Parrott et al., 2002). This challenge of competitiveness with lowland intensive farms has resulted in a concentration of mountain farming in the most accessible and fertile lands, leaving marginal lands underutilized (MacDonald et al., 2000), which triggered landscape and biodiversity changes (Maurer et al., 2006). For centuries, agriculture in European mountainous areas has been an essential feature of grassland ecosystems (Gibon, 2005; Lemaire et al., 2005). Currently, the maintenance of these multifunctional landscapes relies mainly on Common Agricultural Policy subsidies. Given uncertainties on future policy support and economic conditions, consumers have the potential to play a significant role in promoting sustainable land use management through their purchasing decisions. Actually, paying a price premium for quality products whose origin is certified and whose processing follows specifications that benefit multifunctional landscapes has the potential to maintain marginal areas in production and preserve cultural landscapes in mountain areas.

Land use is potentially affected by PDO and PGI for the following reasons: (1) better environmental stewardship is required to preserve the biophysical attributes of the *terroir* associated with the unique characteristics of the product, (2) some requirements or specifications relate to land management practices (e.g., forage production through cattle feeding requirements) (Barham, 2003; Giovannucci et al., 2009). The need to maintain *terroir* attributes to qualify for GIs over the long term requires the adoption of sustainable land use practices. Currently, there is little empirical evidence to substantiate the claim that GIs have an impact on land use. The few existing scientific studies suggest that PDO and PGI could promote more sustainable land use practices (Giovannucci et al., 2009; Quetier et al., 2005; Riccheri et al., 2006), except when they are poorly managed and lose the link to their territory (Bowen and Zapata, 2009; Vakoufaris, 2010). A methodological difficulty lies in the fact that PDO and PGI aim at preserving traditional land use rather than promoting the adoption of new land use practices, which complicates the detection of a land use change signal attributable to the label.

The objective of this study was to understand whether Geographical Indications are an effective market-based instrument to promote the conservation of extensive land use practices in marginal mountain areas. The study takes the case of Alpine cheese products because they are the prime example of food products that have benefited from Geographical Indications.

Geographical Indications and the environment

Unlike eco-certification, GIs do not explicitly require a sustainable management of ecosystems and their services in the product specifications. In addition to the protection of the product name and the price premium, the main aims of PDO and PGI are to promote and differentiate the product, and provide information to consumers on quality and traceability. Indirectly, they also aim at retaining population in rural areas and preserving traditional

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