



## Geographical indications, *terroir*, and socioeconomic and ecological sustainability: The case of tequila

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### A B S T R A C T

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In this paper, we use the case of tequila to examine the potential for geographical indications (GIs) to contribute to socioeconomic and environmental sustainability. GIs are place-based names (e.g., Champagne, Roquefort) that convey the geographical origin, as well as the cultural and historical identity, of agricultural products. The GI for tequila was established by the Mexican government in 1974, making it the oldest GI, and one of the best-recognized, outside of Europe. Here, we examine the social, economic, and ecological impacts that the agave–tequila industry has had on one community in tequila's region of origin, the town of Amatitán. We show that persistent cycles of surplus and shortage of agave and changing production relations in the agave–tequila industry have led to: (1) economic insecurity among farm households; (2) increased use of chemical inputs, at the expense of more labor-intensive cultivation practices; and (3) overall declines in fertilizer application, especially during periods in which there is a surplus of agave. We argue that the negative effects of the agave–tequila industry on the local economy and environment are due to the failure of the GI for tequila to value the ways in which the *terroir* of tequila's region of origin have contributed to its specific properties. We conclude by using this case to discuss more generally the relationship between the protection of place-based products (known collectively as geographical indications) and social and environmental sustainability.

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### 1. Introduction

Geographical indications (GIs) are place-based names (e.g., Champagne, Roquefort) that convey the geographical origin, as well as the cultural and historical identity, of agricultural products.<sup>1</sup> GIs are protected under a wide range of institutions and arrangements and are found throughout the world. Although the oldest and most well-developed systems of GI protection are found in Europe (France, Italy, Spain), in recent years, developing countries have increasingly begun focusing on GIs as a tool to foster rural development and protect local products and traditions. Mexico was the first non-European country to establish a system of GI protection, in 1974. More recently, Brazil and Peru passed legislation on geographical indications in 1996, followed by South Korea and India in 1999, Columbia in 2000, and Chile in 2005, to name just a few. In

2007, Colombian coffee (*Café de Colombia*) became the first non-European product to be granted GI status in the European Union.<sup>2</sup>

Because GIs root production in a particular place, they are framed as sources of resistance against the homogenizing effects of “placeless” food production systems. Recent studies have focused on the positive effects of GIs on farmer livelihoods, local communities, and the environment (van der Ploeg et al., 2000; Belletti and Marescotti, 2002; Albisu, 2002). Yet while the theoretical and/or macro-level benefits of GI protection have been thoroughly outlined, very few studies have investigated the effects of GI protection at a local level. In this paper, we use the case of tequila to explore the contradictory social relations and processes that are unfolding at the local level as a result of GI protection. More specifically, we examine the effects of GI protection on the local community and environment in tequila's region of origin, the Amatitán-Tequila valley.

Tequila is a particularly influential case; not only is it the oldest GI outside of Europe, it is also recognized as one of the most economically successful non-European GIs. The tequila case is viewed as a model by many Latin American countries that are trying to establish or have recently established GI protection

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<sup>1</sup> Place-based products are protected under different names according to the nature of protection and the place in which the protection is based. In Mexico, place-based products like tequila are actually protected as *denominaciones de origen*. However, in this paper, to avoid confusion, we will use the term “geographical indications,” that employed by the WTO, as an umbrella term encompassing the different forms of place-based protection for agricultural products.

<sup>2</sup> *Café de Colombia* is recognized as a “protected geographical indication” (PGI) by the European Union.

schemes. However, our research indicates that the GI for tequila has largely failed to benefit the local population or environment in tequila's region of origin. The GI for tequila has been largely appropriated by transnational liquor companies, and the agave farmers have been excluded from the supply chain altogether. As local actors have lost control of the tequila industry, this has led to increased environmental degradation, reductions in the quality of tequila, and a gradual elimination of traditional practices.

In this paper, we examine in detail the social, economic, and ecological impacts that the agave–tequila industry has had on one community in tequila's region of origin, the town of Amatitán. We show that persistent cycles of surplus and shortage of agave and changing production relations in the agave–tequila industry have led to: (1) economic insecurity among farm households; (2) increased use of chemical inputs, at the expense of more labor-intensive cultivation practices; and (3) overall declines in fertilizer application, especially during periods in which there was a surplus of agave. Moreover, we link these effects to the design and structure of the GI for tequila. We argue that the negative effects of the agave–tequila industry on the local economy and environment are due to the failure of the GI for tequila to protect or value the link between the *terroir* of tequila's region of origin and the quality of tequila. We conclude by using this case to discuss more generally the relationship between the protection of geographical indications, *terroir*, and social and environmental sustainability.

## 2. Literature review

In recent years, researchers and policymakers have increasingly focused on emerging “alternative,” “quality,” and/or “local” food networks as providing a “way out” of the industrial agricultural model, which is associated with food safety concerns, environmental degradation, and rural poverty (Murdoch et al., 2000; van der Ploeg et al., 2000; Renting et al., 2003; Parrott et al., 2002). Food safety pressures (e.g., “Mad Cow” disease, salmonella, and *Escherichia coli* outbreaks in fresh vegetables) and mistrust of the standardized foods produced by industrial agriculture have led to consumer reflexivity and given added salience to transparency and quality in agricultural production practices (Goodman, 2004). Moreover, quality has come to be seen as intrinsically linked to the “localness” of production (Murdoch et al., 2000). Drawing on Polanyi's (1957) concept of “embeddedness,” some scholars argue that the market, instead of being the dominant and encompassing element of the economy, is also embedded in systems of social norms and institutions that channel its effects (Barham, 2002). “Values-based labels” provide a challenge to the “abstract capitalist relations that fuel exploitation in the global agro-food system,” primarily by challenging market competitiveness based solely on price (Raynolds, 2000). The development of socially embedded or value-laden commodity chains offers the potential to better valorize local resources and internalize the social and environmental costs of production (van der Ploeg and Renting, 2004).

All values-based labels increase consumer access to information about the quality attributes and processing methods of food products (Marsden et al., 2000). Most of these labels, however, elaborate *how* the product was processed, but not necessarily *where*. GIs, on the other hand, are connected to a specific place. In this way, GIs “hold the potential of re-linking production to the social, cultural, and environmental aspects of particular places, further distinguishing them from anonymous mass-produced goods and opening the possibility of increased responsibility to place” (Barham, 2003). Social scientists have identified three primary benefits of GI protection schemes. First, economists note that GI products sell for higher prices than their industrially-produced counterparts, and so help farmers to remain competitive in the face of globalization (Babcock and Clemens, 2004). Second, because GIs are linked to

a particular territory, and because GI protection is collectively owned, GIs are credited with having feedback effects throughout rural economies (Belletti and Marescotti, 2002; Albisu, 2002). Finally, by “short-circuiting” industrial supply chains, GIs are said to better connect producers and consumers, providing information (about the place of production, the people involved in production, and the methods employed) that allow the true environmental and social costs of production to be accounted for (Marsden et al. 2000, Renting et al. 2003, Van der Ploeg and Renting, 2004).

In much of the literature on GIs, the theoretical associations between GI protection, local environmental resources, and rural livelihoods are mediated through the concept of *terroir*. The fundamental argument advanced by the notion of *terroir* is that “the special quality of an agricultural product is determined by the character of the place from which it comes” (Gade, 2004). To put it more simply, as Starbucks did in advertisements for their origin-labeled coffees, the idea of *terroir* asserts that “geography is a flavor” (Starbucks Coffee, 2008; Helm, 2007). *Terroir* is linked to the unique biophysical properties of particular places—for example, altitude, microclimate, native plant species, and soil type—and GI schemes that privilege *terroir* can be designed to protect these resources, which are seen as essential to the specificity of the product (Bérard and Marchenay, 2006; Bureau and Valceschini, 2003). *Terroir* is also associated, however, with the cultural practices that have maintained these biological resources over several generations (and in some cases, hundreds of years). Bérard et al., (2005) state that *terroir* is a spatial and ecological concept that “links the actors, their histories, their social organizations, their activities, and, most importantly, their agricultural practices. The traditional knowledge and the technical practices have an influence on the biological diversity that they sustain.” In other words, although the French word “*terroir*” is literally translated as “terrain, soil, land, ground, or earth,” the cultural concept of *terroir*, as it relates to food and wine, is understood as the product of *interacting* natural and human factors.<sup>3</sup> The deeply rooted traditions and cultural practices that have contributed to the development and evolution of particular foods and flavors are thus also viewed as central to *terroir* (Trubek, 2008).

While the theoretical associations between GIs, *terroir*, and local environmental and cultural resources have been explored by a number of scholars (Bérard et al., 2005; Bérard and Marchenay, 2006), very few empirical studies have closely examined the relationship between GI schemes and sustainability on the ground. In one of the first (and only) comprehensive studies of the environmental effects of GI protection, Riccheri et al. (2006) compared eight GI systems and found positive results in reference to biodiversity conservation and maintenance of cultural landscapes. However, at the same time, they also found that processes of intensification (e.g., farm specialization, mechanization, increased reliance on inputs)—with visible environmental impacts—are present and possible under GI protection. Many GI goods are no longer produced as artisanally as their images suggest (Barjolle and Sylvander, 2002). Because of the conflicting evidence on the environmental impact of GI labels, Riccheri et al. (2006) conclude that “despite *a priori* assumptions influenced by an idealized characterization of GIs, GIs ... show a relatively neutral effect on environmental quality.” The relationship between GI production and environmental sustainability thus warrants further exploration.

In an attempt to add greater theoretical and empirical substance to these issues, we use the case of tequila to examine the effects of

<sup>3</sup> For example, the 1958 Lisbon Agreement, the first major international agreement on GIs, defined “appellation of origin” as 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 to the geographical environment, including natural and human factors.”

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