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# EU-Mercosur agreement and GIs

*Brasilia, 10 March 2020*

*Francesco Meggiolaro  
European Commission*

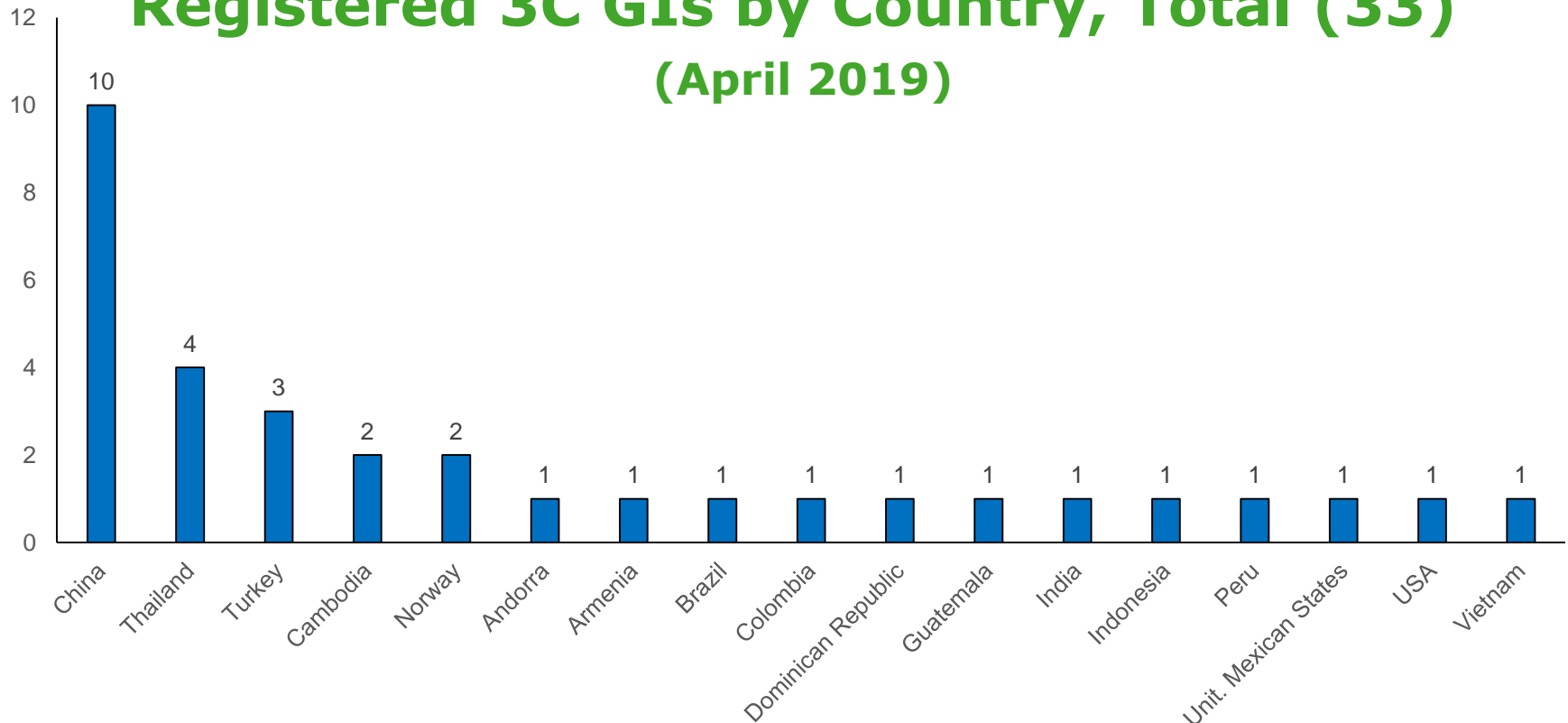


Agriculture  
and Rural  
Development

# Protection of Third Countries GIs

## Direct Protection

### Registered 3C GIs by Country, Total (33) (April 2019)



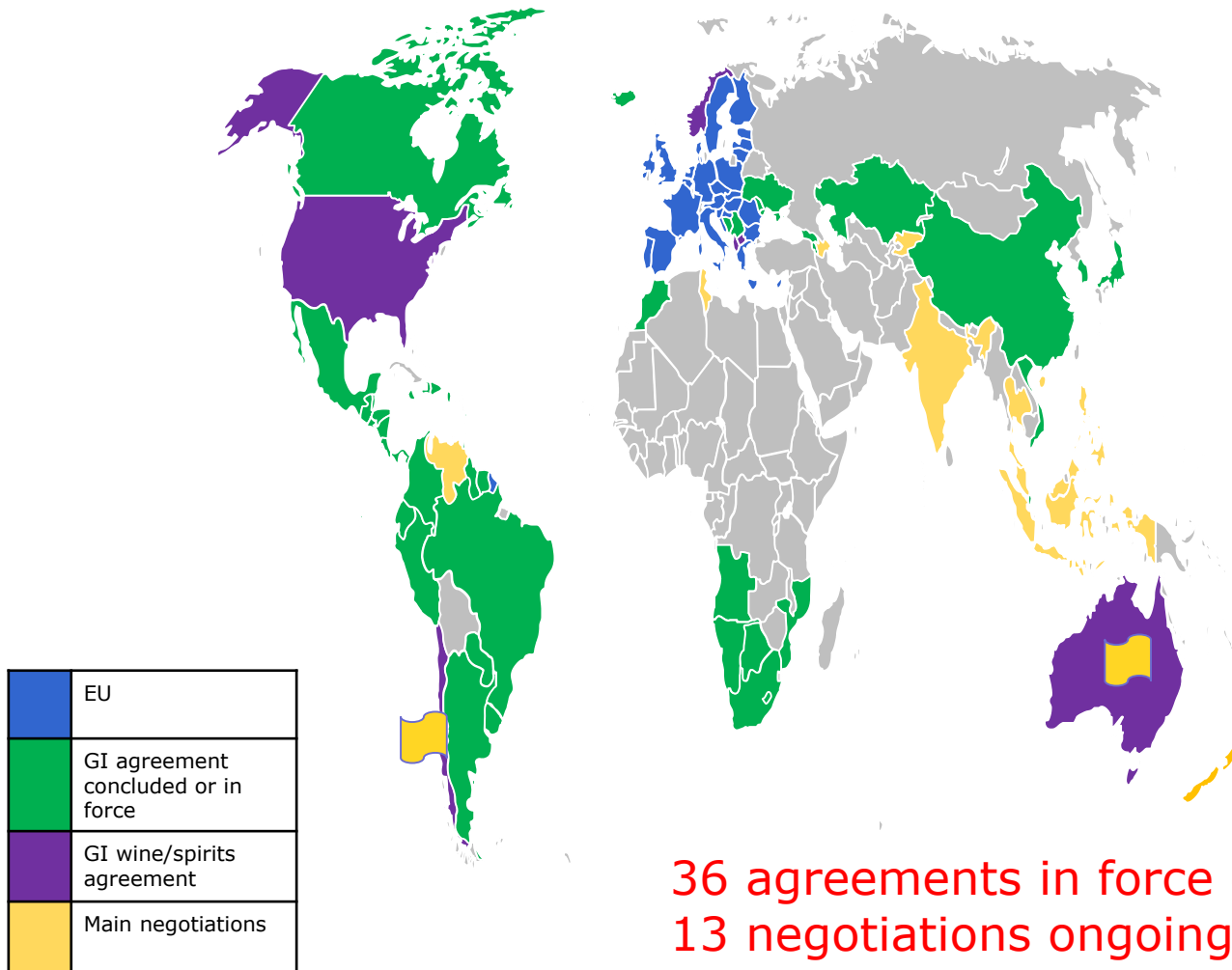


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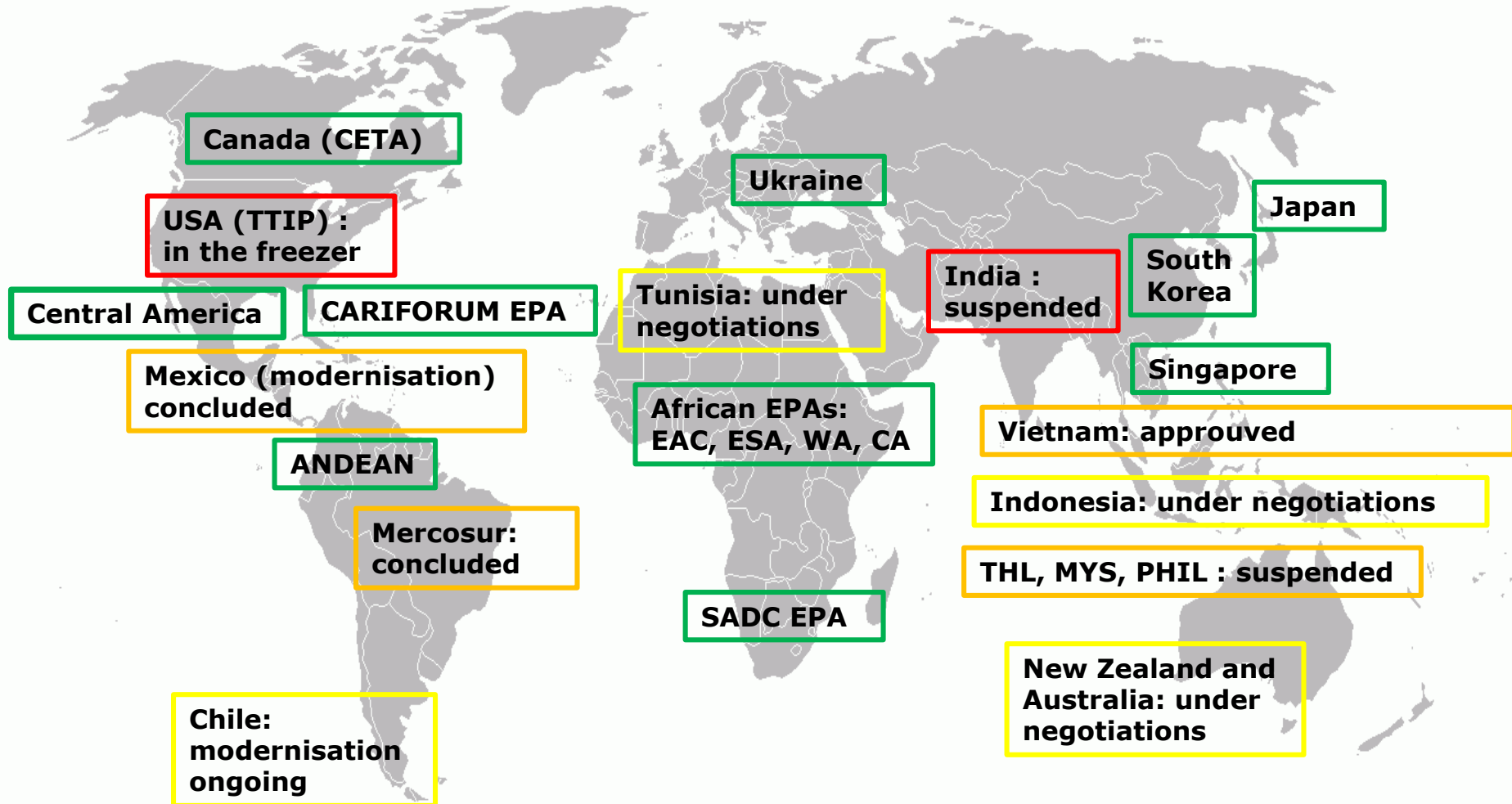
## Tequila! (March 2019)



Updated  
27/11/2019

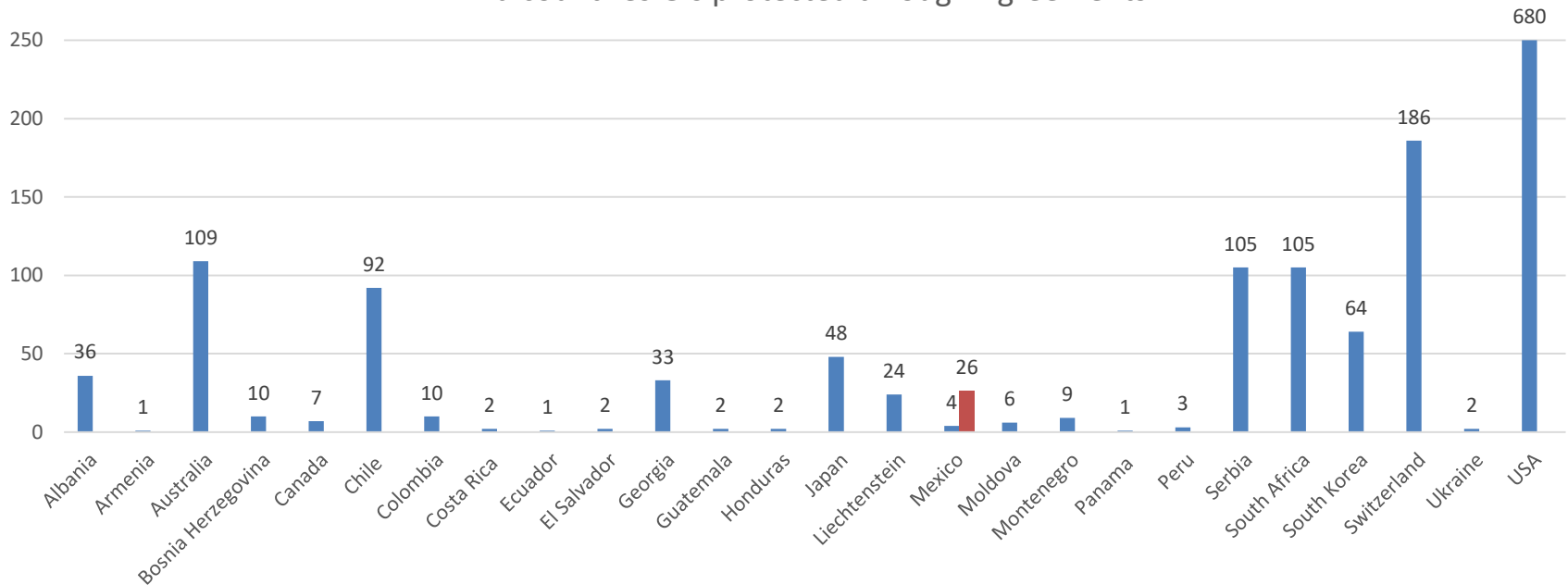


# Existing and future EU Free Trade Agreements



# Third Countries GIs protected through bilateral Agreements

Third countries GIs protected through Agreements



## Third Countries GIs protected through bilateral Agreements

3C GIs protected through Agreements per sector





# The benefits of GIs

## What happens with no protection

- **Producers not “legitimate” take advantage of the premium link to a GI without paying the additional costs of a GI stricter production rules**
- **Products circulating in the market do not comply with the characteristics of the product: Consumers do not enjoy the real product and do not recognise the GI product.**
- **Consumers finally lose confidence in the product and are not ready to pay premium anymore.**
- **The lack of premium on the product does not sustain the additional production costs and the GI finally loses its character.**

## EU GIs: what is in for producers

- **Name is reserved** to products respecting the specification
- **Production is kept** in the geographical area
- **Protect local value at global level.**
- Collective right, name is not reserved to one single producer, but can be used by **all producers respecting the specification**
- **Administrative protection** by Member State public authorities for EU wide protection
- Differentiation on the market allows often a **better price & a better division of Value Added**
- Group organisation with a great potential for **stronger position along the food chain**





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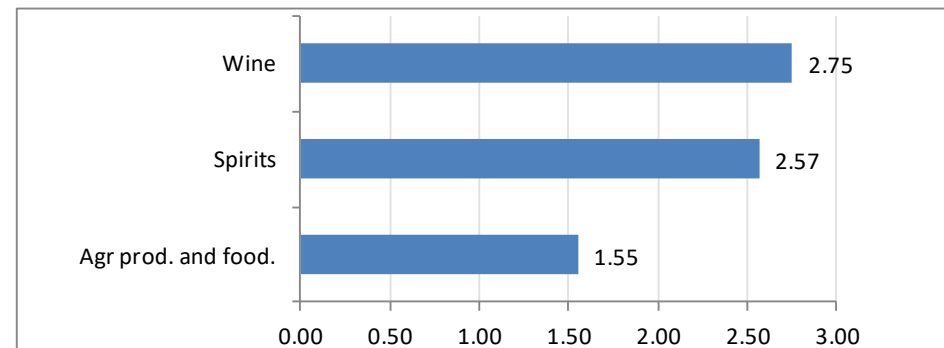


## Value premium

The premium a GI can expect from the market, compared to non-GI products

→ on average, the price of a GI product is **2.23** times the price of a comparable non-GI products

Value premium rate in the EU27 by scheme



/!\ **does not reflect value added and profitability** of the GI schemes as it does not take into account the additional cost of compliance with GI specifications



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## Value premium

*«This study confirms a significant positive effect of GIs on price, regardless of the type of product, the region of origin, and whether the GI is long-established or recently registered. ... In most cases, the premium is between 20 and 50 percent.»*



Strengthening sustainable food systems through geographical indications. An analysis of economic impacts – FAO / EBRD, 2018

## EU GIs: role of groups of producers

- **Application process**

(... may only be submitted by groups who work with the products – Art. 49 R. (EU) 1151/2012)

- **Product**

(... ensuring quality, reputation and authenticity, market monitoring - Art. 45 R. (EU) 1151/2012)

- **Legal protection**

(ensure adequate legal protection, intellectual property rights – Art. 45 R. (EU) 1151/2012)

- **Promotion**

(develop information and promotion activities, communicate value-adding attributes to consumers - Art. 45 R. (EU) 1151/2012)

- **Compliance**

(develop activities related to ensuring compliance of product with specifications (not in replacement of Official Controls) – Art. 45 R. (EU) 1151/2012)

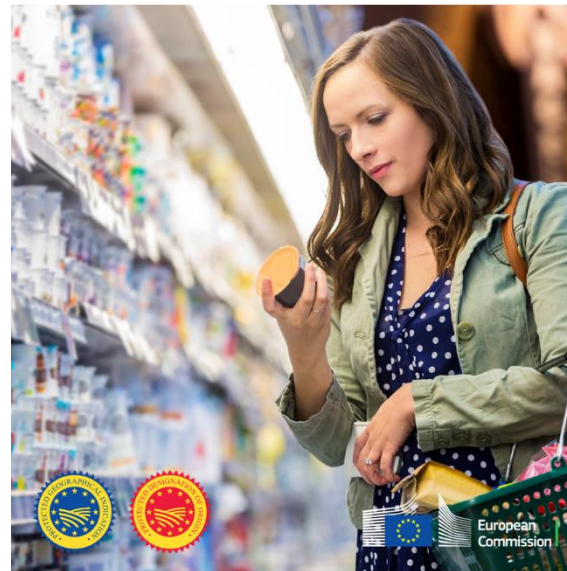
- **Development**

(improve performance of the scheme, economic expertise, advice to producers – Art. 45 R. (EU) 1151/2012)



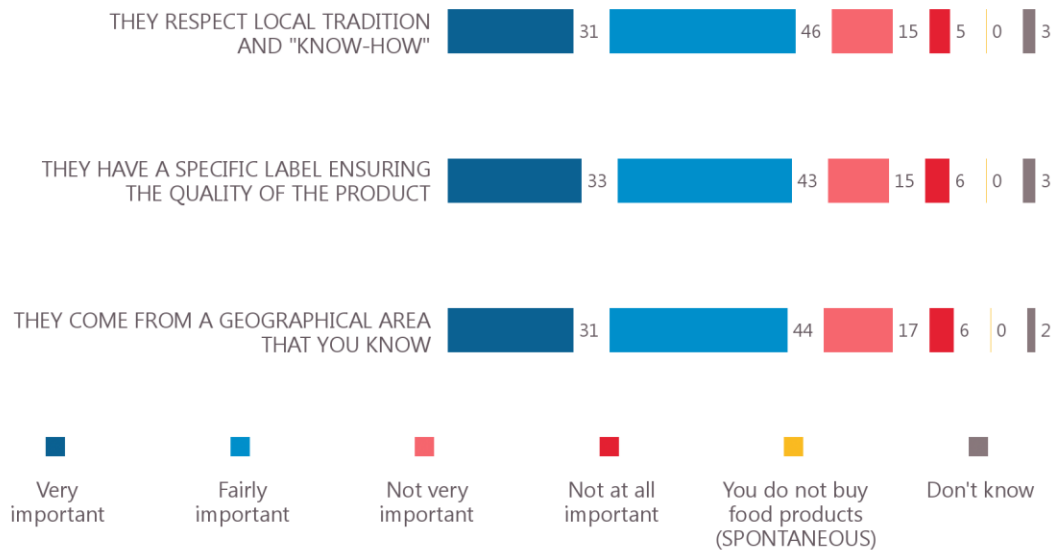
## EU GIs: what is in for consumers

- Guarantee on the:
  - Origin of the product
  - Quality of the product (specification)
  - Authenticity of the product (protects product names from imitation)
  - re-enforce consumer information on the unique character of these products.
  - preserve centuries of tradition, cultural heritage and Know-How.
  - Ensured **by additional controls than conventional foods subject to SPS controls on production site and on the market**
  - Quality designations **prevent the standardization** of products and offer a **wider choice to consumers**



# Factors influencing Europeans' food product purchases

QC13 How important or not are the following factors in your decision to buy food products?  
(% - EU)



Labels identified by consumers:

Fairtrade, organic, PDO, PGI, TSG



## EU GIs – Benefits Society

- Secures more of the added value processes in local areas:
  - Maintain jobs in (often) remote areas
  - Maintain economic activities in rural communities
  - Lead potentially to job creation



## EU GIs – Benefits Society

- GIs encourage the preservation of
  - Encourage diversification of agriculture products,
  - Biodiversity (local races, varieties)
  - Local savoir-faire and traditional methods
  - Landscapes → tourism



## **GIs as marketing tool and success stories**

## GIs

# Differentiation tools in marketing strategies: from mere source indicators to brands

- **Geographical indications are distinctive signs** used to differentiate competing goods. They function as product differentiators on the market
- **The role of labels and logos.** Brand recognition is an essential aspect of marketing.
- **Consumers are prepared to pay more for such products**  
Specific markets for products linked to their place of origin.

## Success stories

### Café de Colombia PGI (Colombia)

**2004** national DO

**2007** EU protection

**Strategy of differentiation by origin**

**Control over product presentation (100%)**

**Increase in production as of 2013**

**Increase in growers' income**

**Difference \$ 0.38 per pound with substitutes**



## Success stories

### Darjeeling PGI (India)

**2004** national DO

**2011** EU protection



**Protection for export markets**

**Control over product presentation (100%)**

**Significant increase of price after EU registration**

**Double price of substitutes**



## Success stories

### Kampot Pepper PGI (Cambodia)

In **2010** protected as a GI at national level

In **2016** protected in EU and Vietnam

In **2017** protected in Thailand



**Price boosted after EU registration**

**Operators/families/producers doubled in 4 years**

**Production doubled in 4 years (70% export)**

**Positive impact on image of the territory (tourism)**



## GI subsection of the EU-Mercosur FTA





## Protection



- **349 EU & 220 Mercosur (38 Brazil) GIs protected**
- **Highest possible level of protection**
- **Applies at entry into force**
- **Mercosur Non-food GIs list for recognition once EU system is extended**

## Protection against...

- **Use of GI name when does not originate or does not correspond to product specification**
- **Translation and when the GI is accompanied by expressions such as like, type, style...**
- **Use of symbols representing the origin of a GI**
  - **'the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner that misleads the public as to the geographical origin of the good'**
- **Unfair competition**
- **Genericity**

# Protection: exceptions

- **Plant variety – animal breed**
- **Customary term in a compound GI**
- **Customary term in the other Party when translated**
- **Prior TM: exceptions granted case by case**
- **Subsequent TM will not be allowed for same good category**

## Specific solutions

- **Phasing-out of use in Mercosur for 31 EU names (5, 7 or 10 years) which are currently used**
- **Grand-fathering (continuation) of use in Brazil for 7 EU names for the existing users under specific conditions (including no reference/symbols to genuine origin, smaller character than brand name)**
  - **Parmesao**
  - **Gruyère**
  - **Fontina**
  - **Gorgonzola**
  - **Grana**
  - **Steinhäger**
  - **Genebra**

## Controls and enforcement



# Enforcement

- **How?**
  - **Appropriate administrative and judicial procedures**
  - **At the request of an interested Party**
  - **Both**

## Enforcement: Official controls

- **Product compliance with the corresponding specification**  
Before placing the product on the market
- **Use of the name in the marketplace**  
Checks based on a *risk analysis*
- **Audits by Food and Veterinary Office (DG SANTE)**
- **Customs Controls**
- **Trade mark examinations**



# Frauds

- **Study carried out by EUIPO** (2015-2016) in 17 Member States, approximately 82% of the EU GI product market: **100,000 products** checked for GI compliance
- The value of GI infringing products in the EU was about **€ 4.3 billion** in 2014 (**9.0% of the EU GI market**).
- **Consumer loss: €2.3 billion** (4.8% of total GI purchases).
- In the future, it could be extended to **international aspect of EU GIs** infringements in third countries.



## Control channels – customs control

- **Application for Action - Customs control procedure** initiated by GI holders (customs are requested to look out for certain shipments or suspicious cargos containing goods suspected of infringing GI rules)
- **EU or MS specific control**
- **Main checking points:** port authorities (**Hamburg and Rotterdam**)



## Can we add new GIs?

- **YES**
- **How: Through a Decision of the Joint Committee**

***Thank you for your attention***

***Commission web page on Geographical Indications***

***[https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels\\_en](https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels_en)***

**European Commission  
DG Agriculture and Rural Development  
*francesco.meggiolaro@ec.europa.eu***