

# BATModel

better agri-food trade modelling for policy analysis

## Protection of Geographical Indications in Trade Agreements: Is it worth it?

Charlotte Emlinger & Karine Latouche, 2024, *Protection of Geographical Indications in Trade Agreements: Is it worth it?*, CEPII Working Paper, [http://www.cepii.fr/PDF\\_PUB/wp/2024/wp2024-05.pdf](http://www.cepii.fr/PDF_PUB/wp/2024/wp2024-05.pdf)

### HIGHLIGHTS

- The paper estimates the impact of the inclusion of **Geographical Indications in bilateral agreements on French exports** of foodstuffs.
- It relies on a **unique dataset of firms** and products concerned by Geographical Indications (GIs) in the French agri-food industry (excluding wine) for 2012-2019.

- The results show that the **protection of GIs in EU RTAs allows GI firms to sell at higher prices and access new markets.**
- The **legal protection** of GIs through trade agreements does not seem to have an impact on export volumes.
- The analysis highlights the **heterogeneity of the impact** of GI in trade agreements in terms of products, markets, and type of agreement.

The study argues for the **inclusion of GIs in European Union agreements**, as they have positive effects on trade by reducing competition in international markets for high value-added products generally produced in rural and peripheral areas.

However, the paper shows that the **effects of this protection vary** depending on the product and the type of GIs. To be truly effective, the recognition of GIs in trade agreements must be accompanied by monitoring and control by partner authorities in their markets.

**Consumers' tastes for quality** in partner countries must also be taken into account, as agreements only affect the trade of GI firms in markets with a high level of overall quality and differentiation.

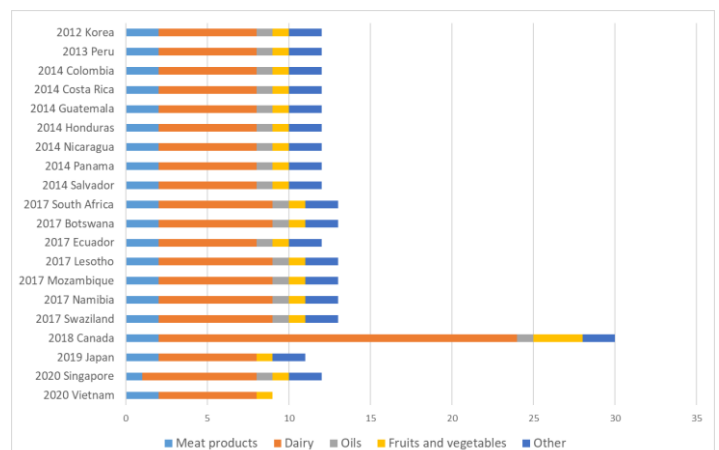
### INTRODUCTION

A **geographical indication (GI)** is a sign used to identify a product whose quality, reputation, or other characteristics are linked to its geographical origin.

The European Union is one of the most extensive users of this system, with over **3,500 products** protected by a GI.

The European Union promotes GIs in its bilateral negotiations since 2010, leading to the inclusion of lists of protected GIs in all **trade agreements** recently signed by the EU.

This paper aims to measure the trade impact of GI protection in European trade agreements on **French food exports**.



The agreements with Ukraine, Georgia, Moldavia, Armenia and Iceland include all 222 French geographical indications

Number of French GI included in EU RTA

## DATA AND METHODS



The study uses a **unique and exhaustive dataset of the exports** of French firms authorized to produce GIs, merged with French customs trade data. The dataset covers 2,313 agri-food exporting firms, of which 313 export GIs.

The empirical approach involves **estimating the impact of GIs on the extensive margin of trade** (probability of export), the **intensive margin of trade** (quantity of exports), and **export unit values**. The identification compares GI firms' exports to non-GI firms' exports, within a given product, destination, and year, controlling for firms' characteristics.

Effects of trade agreements and geographical indications on trade



The diamonds represent the value of the estimated coefficients; the vertical lines, the 95% confidence intervals. Where these lines do not intersect the x-axis at zero, the coefficient is statistically significant: the inclusion of GIs in the agreements enables GI firms to export at higher prices than other firms, and to have a greater probability of exporting.

## MAIN RESULTS

The results show that GI protection in EU RTAs allows **GI firms to sell at 25% higher prices** than other firms on these markets (product-destination pairs).

The legal protection of GIs through trade agreements does not seem to have an impact on export volumes (except for GI cheese when included in the agreements).

The study also highlights the **heterogeneity of the impact** of GI inclusion in trade agreements in terms of products, markets, and type of agreement. The positive effects of GI protection in EU RTAs are mainly driven by Ex Officio agreements, which include monitoring and enforcement obligations. The impact on trade of GIs recognition in EU trade agreements may vary depending on the product and the type of GIs.

## POLICY RECOMMENDATIONS

1. **Include GIs in European Union agreements**, as they have positive effects on trade by reducing competition in international markets for high value-added products generally produced in rural and peripheral areas.
2. Ensure that the recognition of GIs in trade agreements is accompanied by **monitoring and control by partner authorities** in their markets.
3. **Consider consumers' tastes for quality** in partner countries when negotiating the inclusion of lists of GIs to be protected in trade agreements, as agreements only affect the trade of GI firms in markets with a high level of overall quality and differentiation.