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## **Legal and economic aspects of *Protected Designations of Origin* and *Protected Geographical Indications***

Dr. Alexander Wirsig

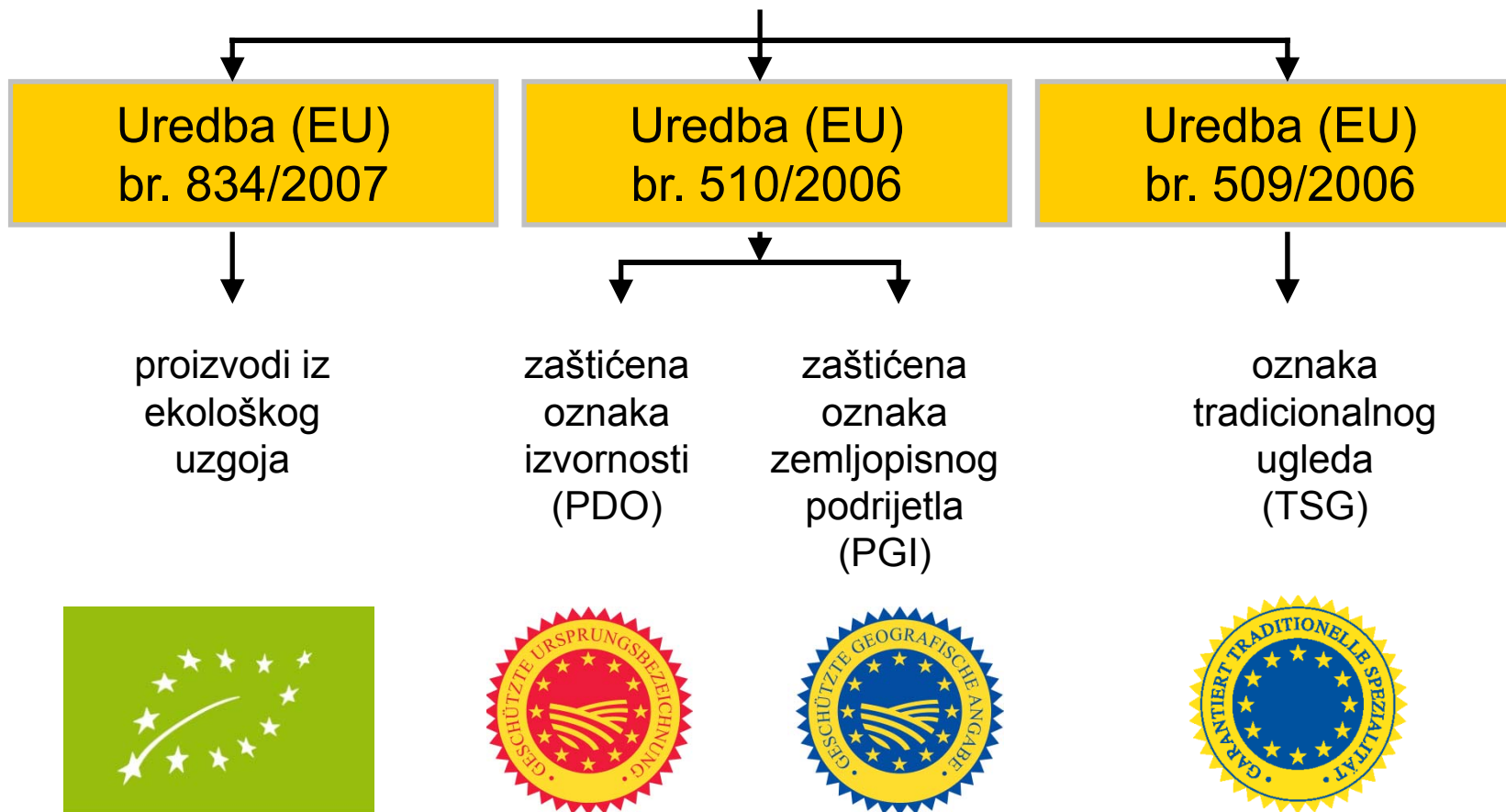
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# Table of Content

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1. Policy Framework
2. Legal Aspects
3. Economical Aspects
4. Conclusions

# The European Quality policy



# The European Quality policy

Promotion of regional and local identity, prevention of re-localisation



Source: ars vivendi Verlag Cadolzburg, 2004



Source: Leibniz-Institut für Länderkunde e. V. (IfL), Leipzig 2007.

# The European Quality policy

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## Aims:

- to encourage diverse agricultural production
- to improving the incomes of farmers and retaining the rural population in these areas
- to protect names from misuse and imitation
- to help consumers to understand the specific character of the products

# Table of Content

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2. Legal Aspects
3. Economical Aspects
4. Conclusions

# Legal Aspects

## The European Quality policy

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### Way of protection

- Temporally unlimited protection within the EU
- Product name cannot become generic
- protection against
  - imitation or evocation ('style', 'type', etc.)
  - misleading indication (origin, qualities, etc.)
  - illegal direct or indirect commercial use
- verification of misuse by competent authority

# Legal Aspects

## EU Court Cases (selection)

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Date	Case-law	Case
26/02/2008	C-132/05	Parmigiano Reggiano – Regulation (EEC) No 2081/92 - 'Parmigiano Reggiano' cheese - Use of the name 'Parmesan' - Obligation on a Member State to proceed on its own initiative against the abuse of a protected designation of origin.
20/10/2005	C-465/02 C-466/02	Feta - Geographical indications and designations of origin for agricultural products and foodstuffs - The name "feta" - Regulation (EC) N. 1829/2002 - Validity
20/05/2003	C-108/01	Prosciutto di Parma - Protected designations of origin - Regulation (EEC) N. 2081/92 - Requirement for ham to be sliced and packaged in the region of production

## Legal Aspects Court Cases (Parmesan)

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Judgement of the Court, 26th February 2008

*“By its application, the Commission requests the Court to declare that, by formally refusing to proceed against the use, on its territory, of the name ‘Parmesan’ on the labelling of products which do not comply with the requirements of the specification for the protected designation of origin (PDO) ‘Parmigiano Reggiano’, thereby favouring the appropriation of the reputation of the genuine, Community-wide protected product, the Federal Republic of Germany has failed to fulfil its obligations under Article 13(1)(b) of Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (OJ 1992 L 208, p. 1).”*

Source: Court of Justice of the European Union, 2011

## Legal Aspects Court Cases (Feta)

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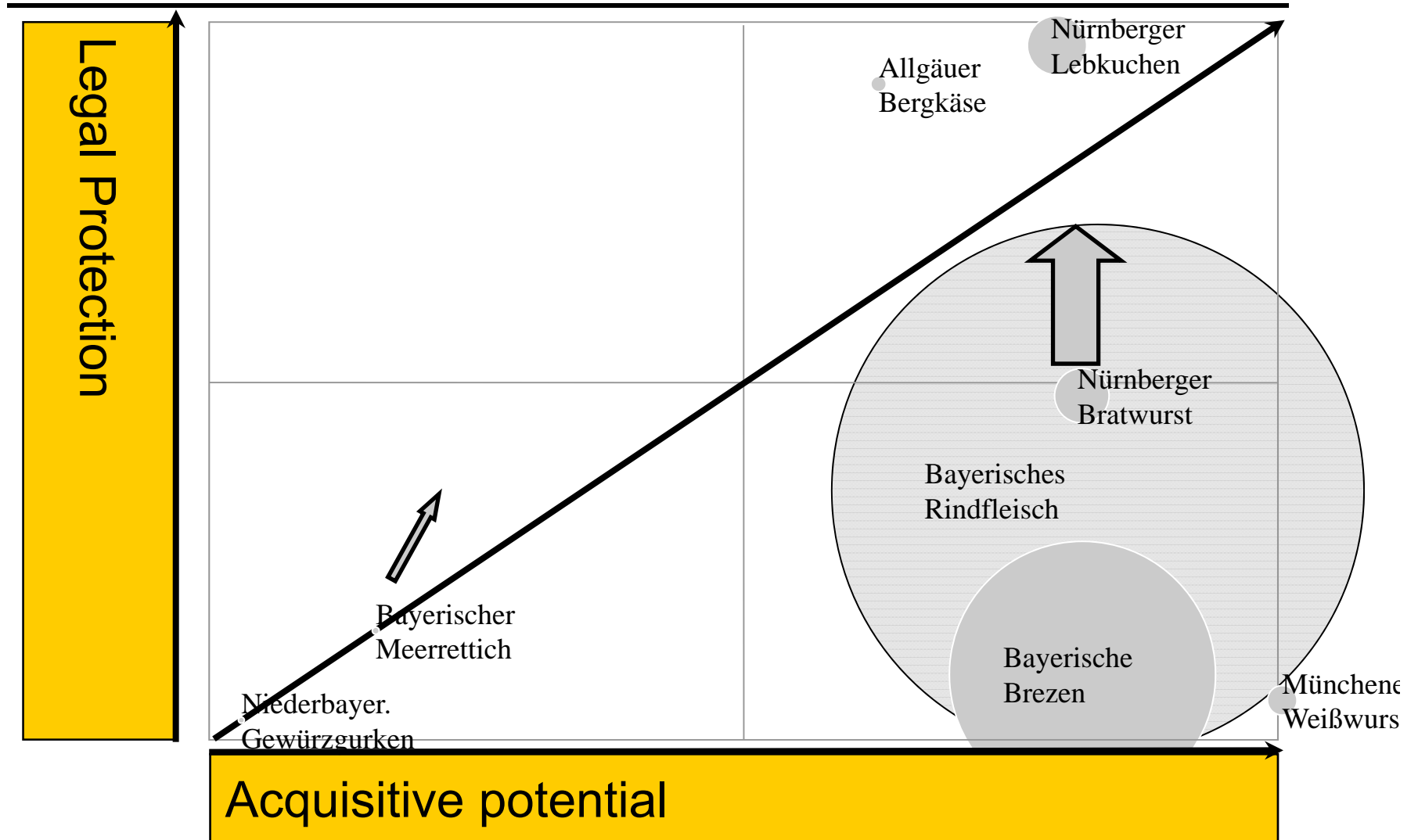
Judgement of the Court, 25th October 2005

*“The Federal Republic of Germany and the Kingdom of Denmark have applied for annulment of Commission Regulation (EC) No 1829/2002 of 14 October 2002 amending the Annex to Regulation (EC) No 1107/96 with regard to the name ‘Feta’ (OJ 2002 L 277, p. 10) (‘the contested regulation’) ... In the light of all of the foregoing considerations, the present action must be dismissed.”*

## Legal Aspects Framework Conditions

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- Acquisitive potential of a product  
*recognition + reputation > willingness to pay*
  - Market size  
*Size of the affected market segment*
  - Exploitation of reputation  
*Abuse by non-local imitators*  
*Loss of value to the companies of the region*
  - Number of competitors which offer the product  
*Current competitive situation in the segment*
  - Barriers to entry for new competitors  
*Increase in competitive pressure in case of successful positioning*

# Legal Aspects Link with Acquisitive potential



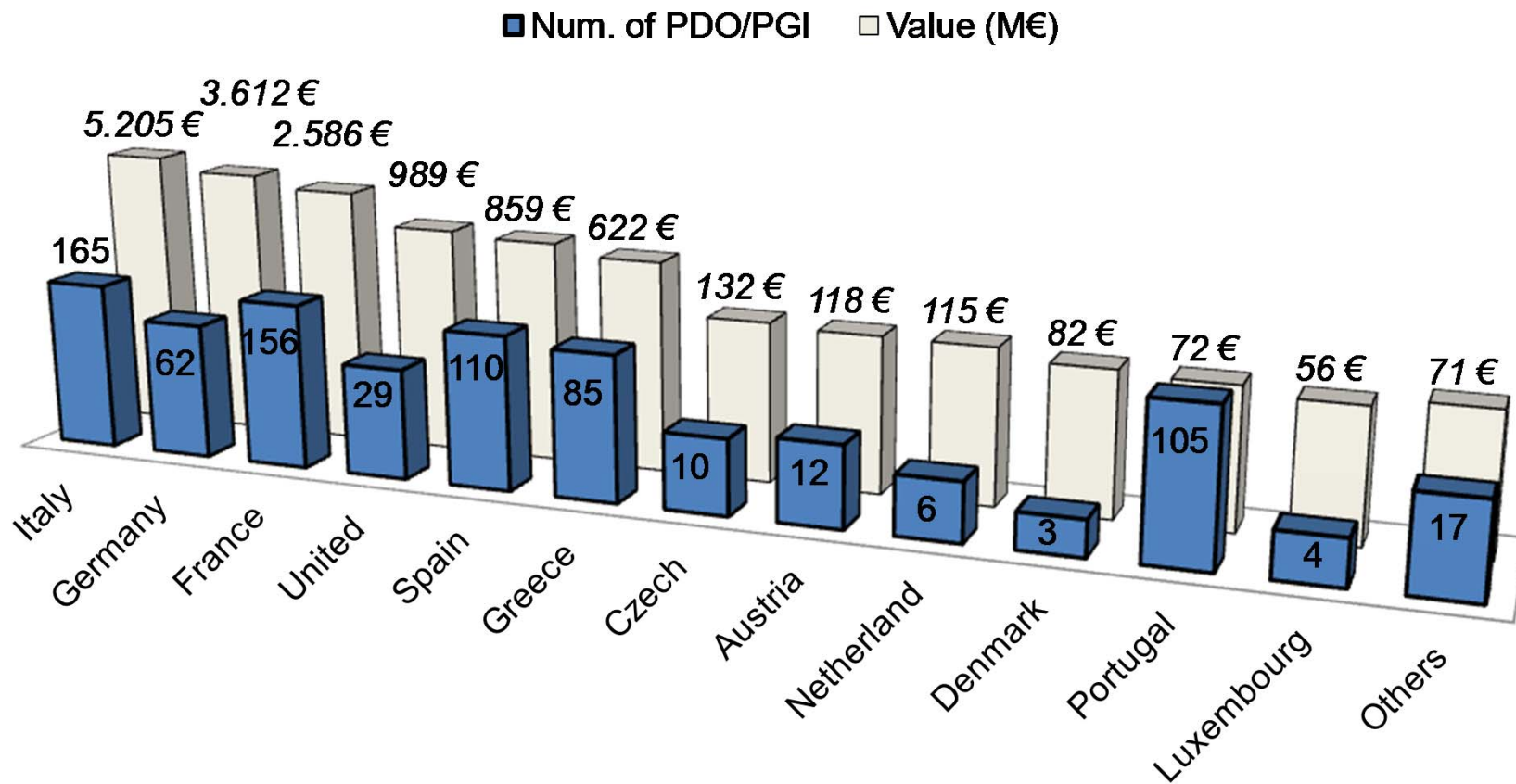
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1. Policy Framework
2. Legal Aspects
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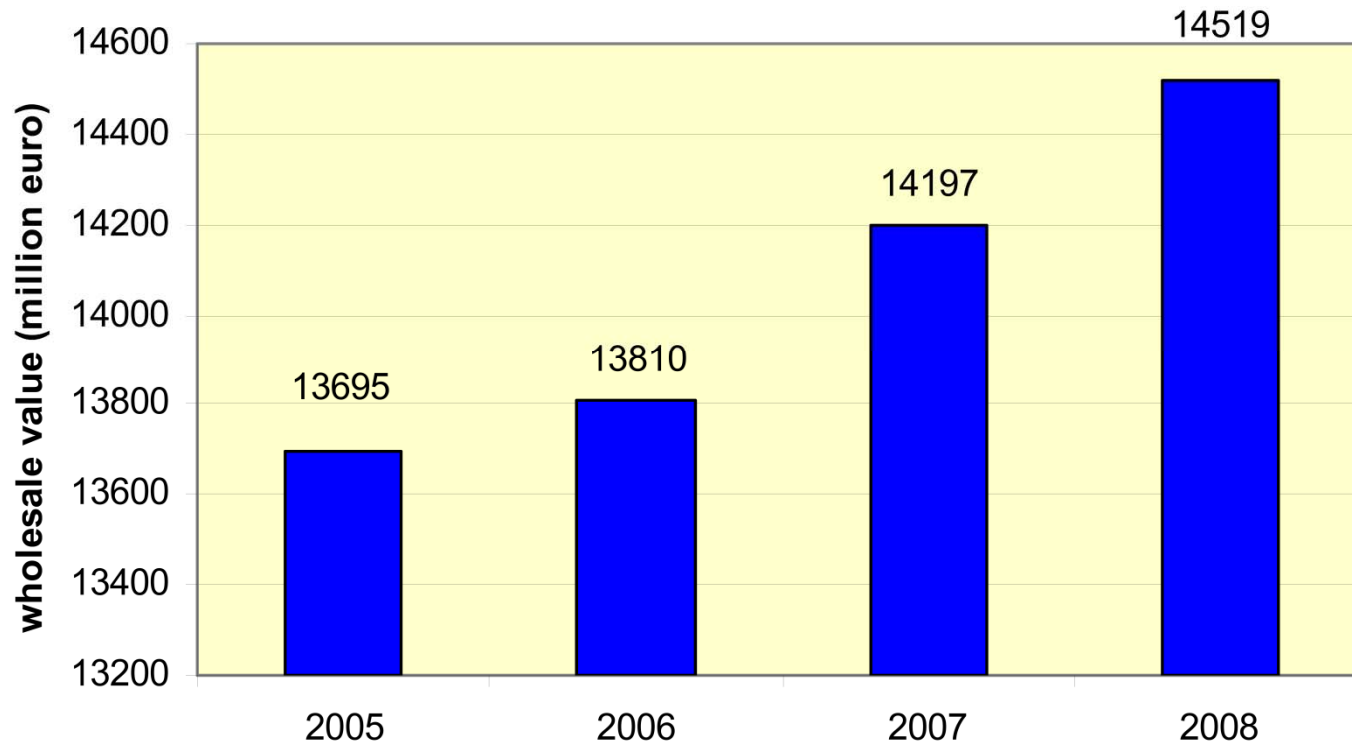
# Economic Significance of PDO/PGI products

turnover in 2008: 14.5 billion euro



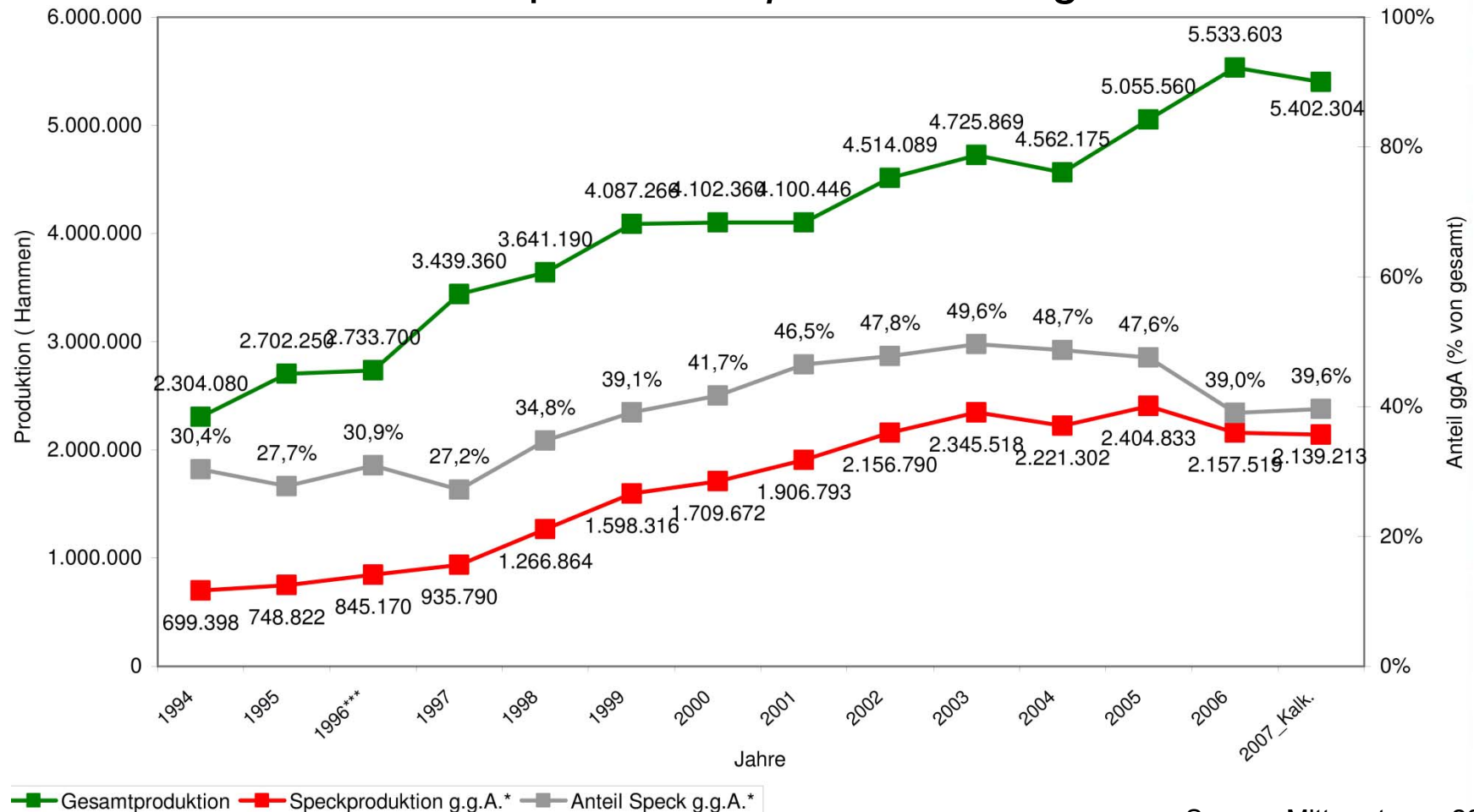
# Economic Significance of PDO/PGI products

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# Economic Significance of PDO/PGI products

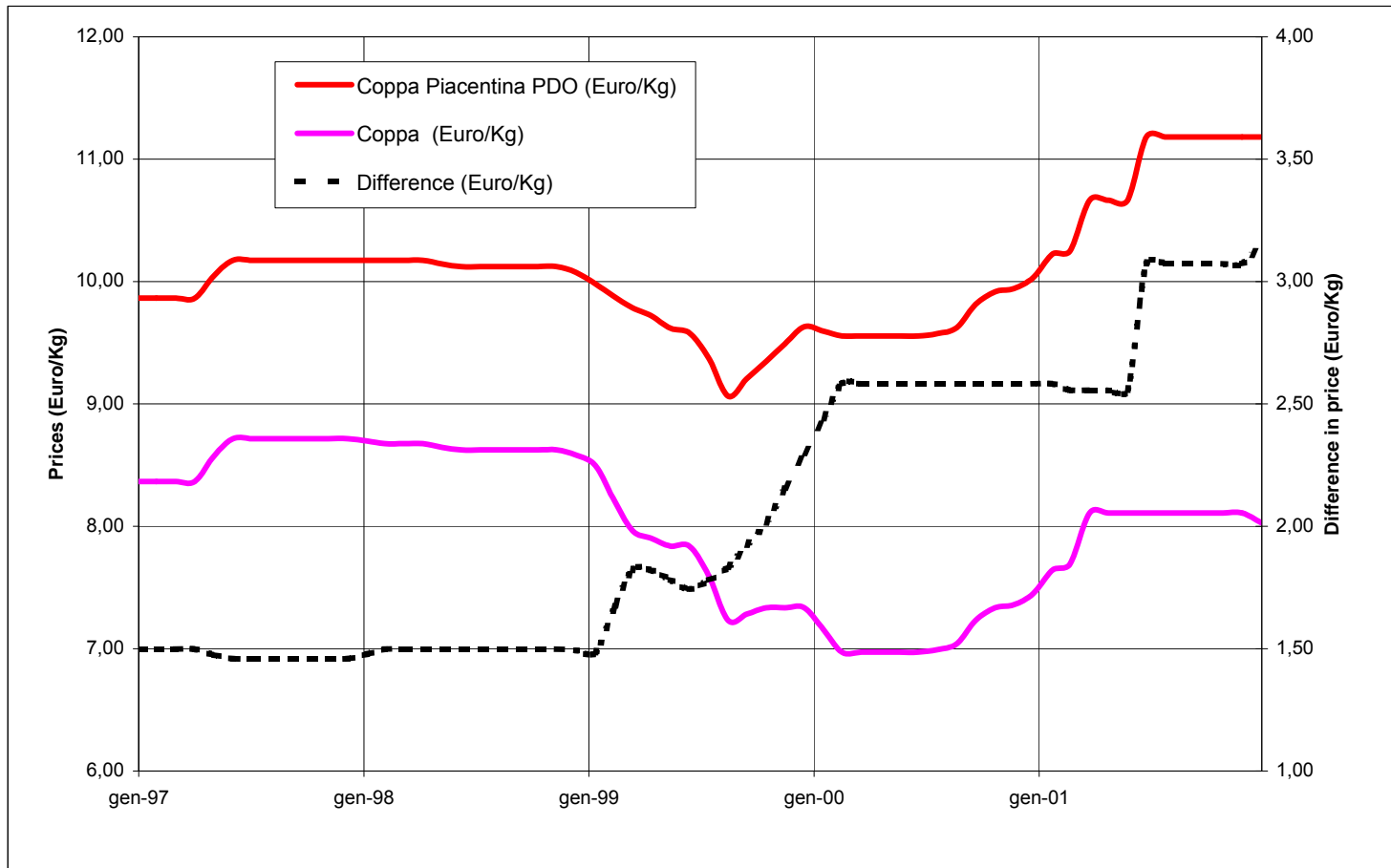
## Production development in *Speck Alto Adige* PGI: +162%



Source: Mitterutzner, 2007

# Economic Significance of PDO/PGI products

## Price development of Coppa Piacentina PDO: +3 €/kg



Source: European Commission, 2011

## Economic Significance of PDO/PGI products

### Prices and margins of Comté cheese (€/t): realisation of premium prices

	Comté PDO	Emmental	Additional revenue in %
Consumer price	9,580	6,800	41
Trading margin	3,995	2,205	81
Wholesale price	5,585	4,595	22
Processing margin	1,604	1,072	50
Milk costs	3,981	3,523	13

## Economic Significance of PDO/PGI products

### Prices and margins of Dehesa de Extremadura (€/kg): Low consumer perception

	Dehesa de Extremadura	Prosciutto without ham	Additional revenue in %
Consumer price	40.50	35.80	13
Trading margin	3.73	5.38	-31
Wholesale price	36.77	30.42	21
Ripening margin	2.75	2.51	10
Price prosciutto	34.02	27.91	22
Production margin	17.07	14.06	21
Pig costs	16.95	13.85	22

# Promotional Measures of European Union farm products

promotional campaigns e.g. ‚Südtirol/ Alto Adige‘



# Promotional Measures of European Union farm products

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What are these promotional campaigns about?

- The European Commission's Directorate-General for Agriculture and Rural Development offers one big boost in the form of €50 million annually in financial support for campaigns to promote farm products and inform consumers about how they were produced.
- The campaigns can run inside the EU, or beyond its borders with the objective of opening up new markets for EU farmers.
- Between 2000 and 2010, 458 promotional programmes received EU co-financing and all 27 Member States benefited from the measure

# Promotional Measures of European Union farm products

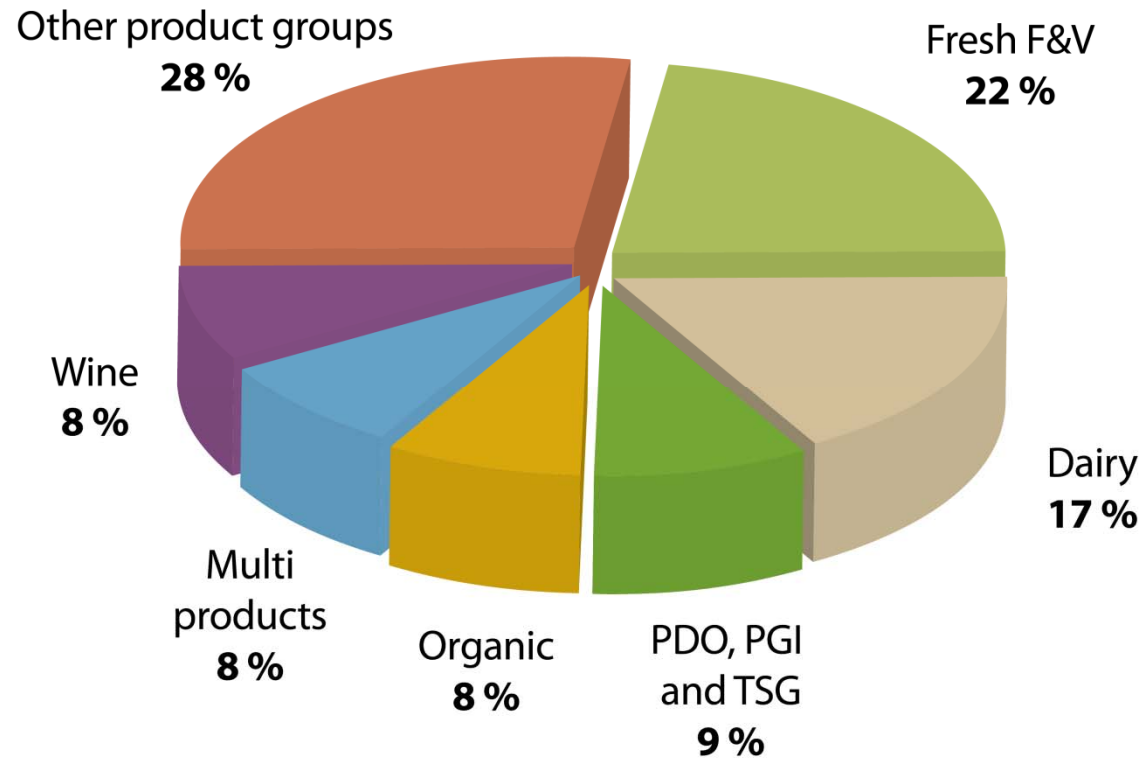
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How does the system work?

- Products cannot be promoted on the basis of their origin, given that they have been recognised through a scheme such as 'protected designation of origin' (PDO) or 'protected geographical indication' (PGI).
- Promotional activities can include advertising campaigns in the press, on television, on radio or on the Internet; point-of-sale promotions; public relations campaigns; participation in exhibitions and fairs, and a range of other activities.
- EU financing can cover half of the cost of a campaign. The professional organisation behind the campaign must contribute at least 20 percent of the cost. National authorities can provide the remainder of the funding.

# Promotional Measures of European Union farm products

Value of co-financing, 2000-2010: €50 million/a



Source: European Commission, 2011

# Promotional Measures on PDO/ PGI/ TSG

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**EU-weit geschützte Spezialitäten**  
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Bayerischer Meerrettich

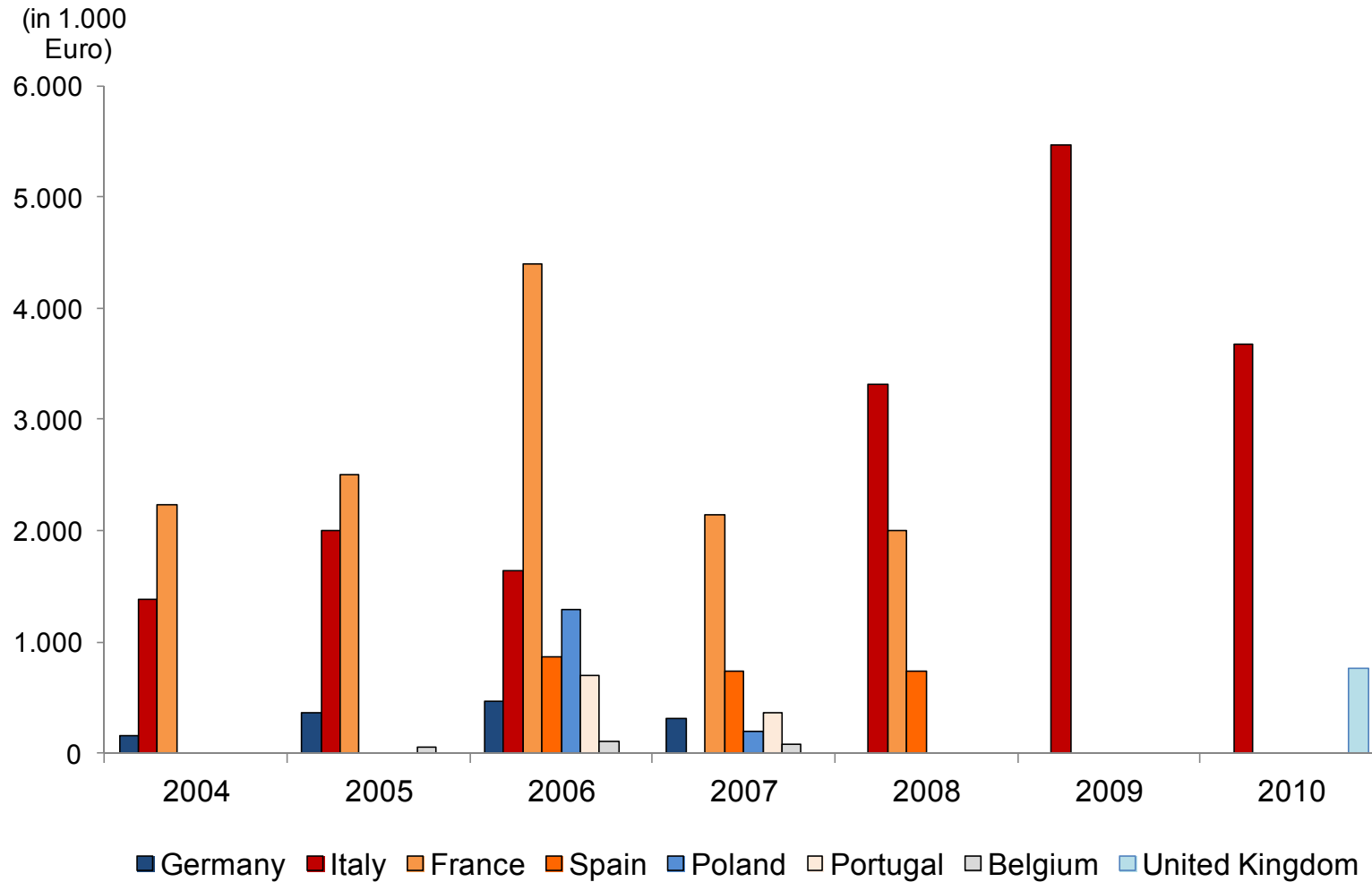
Finanziert mit Fördermitteln der Europäischen Union

Eine Initiative des Bayerischen Staatsministeriums für Ernährung, Landwirtschaft und Forsten und des Bayerischen Brauerbundes e.V., der Landesvereinigung der Bayerischen Milchwirtschaft e.V., des Schutzverbandes Nürnberger Rostbratwürste e.V. und der Schutzgemeinschaft Bayerischer Meerrettich.

EU-weit geschützte Spezialitäten  
[www.weltgenusserbe.de](http://www.weltgenusserbe.de)

Geschützte Geographische Angabe  
Geschützte Ursprungsbezeichnung

# Promotional Measures on PDO/ PGI/ TSG



Source: Wirsig 2010 based on European Commission, 2010 ([http://ec.europa.eu/agriculture/prom/index\\_de.htm](http://ec.europa.eu/agriculture/prom/index_de.htm))

## Conclusion

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- GIs are crucial for Europe, whose comparative advantage in agriculture lies in highquality regional produce
- They help producers to obtain a premium price for their products in exchange for guarantees offered to consumers on production methods and quality;
- GIs hereby may promote regional and local identity, prevent the re-localisation of production

## Information

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### **Komisija EU (Generalna direkcija za poljoprivredu)**

- Zahtjevi/ Već zaštićene oznake zemljopisnoga podrijetla i izvornosti  
[http://ec.europa.eu/agriculture/quality/database/index\\_en.htm](http://ec.europa.eu/agriculture/quality/database/index_en.htm)
- Obavijesti  
[http://www.ec.europa.eu/agriculture/quality/policy/communication\\_de.htm](http://www.ec.europa.eu/agriculture/quality/policy/communication_de.htm)
- Kvaliteta  
[http://www.ec.europa.eu/agriculture/quality/index\\_de.htm](http://www.ec.europa.eu/agriculture/quality/index_de.htm)

### **FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS**

- Program kvalitete koji se oslanja na zemljopisno podrijetlo: proizvodi, ljudi i lokacije  
<http://www.foodquality-origin.org>

### **Nacionalne informacijske stranice**

- Ministarstvo poljoprivrede, ribarstva i ruralnog razvoja:  
<http://www.mps.hr>

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