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## **Geographical Indications and Inclusive, Safe, and Sustainable Food Supply in the Greater Mekong Subregion**

The Discussion Paper Series of the Greater Mekong Subregion's (GMS) Core Agriculture Support Program Phase 2 (CASP2) is a platform for stakeholders of the GMS to examine the current and emerging development concerns affecting the subregion especially on but not limited to, food safety and quality assurance, environmental sustainability, and inclusive agro-based value chains. The papers are posted at the GMS Working Group of Agriculture's (GMS WGA) website ([www.gms-wga.org](http://www.gms-wga.org)).

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## Abbreviations

ASEAN	-	Association of Southeast Asian Nations
ASEAN+3	-	ASEAN plus the People’s Republic of China, Japan, and the Republic of Korea
CIRAD	-	Centre de coopération internationale en recherche agronomique pour le développement (French Agricultural Research Centre for International Development)
EU	-	European Union
GI	-	Geographic Indication
GMS	-	Greater Mekong Subregion
Lao PDR	-	Lao People’s Democratic Republic
PRC	-	People’s Republic of China
UNCTAD	-	United Nations Conference on Trade and Development
WGA	-	Working Group on Agriculture



# Geographical Indications and Inclusive, Safe, and Sustainable Food Supply in the Greater Mekong Subregion

## Executive Summary

The objective of this paper is to outline issues relating to geographical indications (GIs) in the Greater Mekong Subregion (GMS) and to make recommendations for establishing their presence in domestic and international markets. Although the use of GIs has a relatively short history in the GMS countries, strong interest in it has developed quickly among both public and private sector stakeholders. GI can protect local producers and facilitate movement from reliance on raw material markets to more value-added and/or distinguished end-use products while promoting biodiversity, food safety, and environmental sustainability. Greater coordination between the GMS countries on GIs can benefit each country and individual GIs by increasing market, generating scale, and building consumer recognition of GIs as a trusted sign of quality and value. Sharing experiences, lessons, and best practices between countries and joint planning and marketing initiatives (such as GMS sub-working-groups on GIs and GMS GI logo development) can establish more effective and efficient registration and enforcement systems that protect the reputation of GIs and bolster local and international demand for their use.

Five areas in which supporting policy and institutional capacity building can advance the development of GIs in the GMS have been identified:

- (1) embedding national GI legislative and regulatory systems, adopting multisectoral approaches, and progressing mutual recognition of GIs between GMS countries;
- (2) reducing the complexity in GI registration and minimizing the costs associated with the establishment and maintenance of GIs through improved internal control systems and wider recognition of certifying bodies;
- (3) within national GI legal frameworks and within individual GI specifications, embedding rules and regulations on gender empowerment; inclusiveness of smallholders, small- and medium-size enterprises, and poor and vulnerable groups; and environmental protection;
- (4) building and maintaining the reputation of GI products by ensuring product consistency, safety, and quality through more effective enforcement of GI requirements and social and market-led incentives; and
- (5) increasing market recognition in domestic and export markets and generating scale and price premiums through improved supply chain management and efficiency.

Furthermore, the continued development of GIs in the GMS can be catalyzed through public and private investment in agriculture and allied sectors. Investment needs include value chain infrastructure and services, trade facilitation infrastructure, risk management infrastructure, and investment in the requisite human and operational resources. In particular, further investment in transport and logistics infrastructure, food testing laboratory capacity, food traceability, and foodborne and nonfoodborne (other agricultural) hazard surveillance systems.

Four initiatives have been identified for immediate action in the period 2017–2018:

- (1) Showcase the GI products from around the subregion at the GMS Market Place at the Second GMS Agriculture Ministers Meeting.

- (2) Showcase a selection of GIs from the GMS countries at this year's GI event in the People's Republic of China. Support GMS GI participation in other ASEAN+3 GI events.
- (3) In coordination with the Food and Agriculture Organization (FAO), establish multisector national committees, or sub-working-groups, on GI under the leadership in the GMS Working Group on Agriculture.
- (4) In coordination with the FAO, and through the national sub-working-group on GIs, establish a GMS taskforce on GIs to develop a roadmap to the demonstration of equivalence of national GI legal frameworks and mutual recognition between the GMS countries.

## 1. Introduction

Geographical indications (GIs) for food products have proliferated outside Europe during the last 20 years. In the ASEAN,<sup>1</sup> hundreds of food products are produced under GI protection. Examples of some of the most successful and best recognized GIs in Asia include Darjeeling tea from India and Kobe beef from Japan.

The objective of this paper is to outline issues relating to GIs in the Greater Mekong Subregion (GMS) and to make recommendations for their sustainable and inclusive development. GMS GI products have the potential to join the likes of Kobe beef in terms of recognition and value attribution in domestic and international markets. However, policy adjustments and investments are needed. Building on a review of literature, this paper presents a synopsis of the key points and discussions from the GMS Public–Private Dialogue on GI hosted during the 15th GMS Working Group on Agriculture (WGA) Annual Meeting in Siem Reap, Cambodia. These events brought together diverse food and agriculture stakeholders from the private sector, public authorities, development partners, civil society, and research institutions from across the GMS. This paper outlines some of the priority issues in relation to GI in the subregion that can best be addressed collectively by the GMS countries. The paper then recommends an approach and proposes feasible and politically attractive initiatives to address key issues.

The paper has been developed within the

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<sup>1</sup> Association of Southeast Asian Nations.

scope of the Core Agriculture Support Program Phase 2. The Program's vision is that the GMS becomes a leading producer of safe and environment-friendly agriculture products. This document is closely aligned with, and strongly endorses, the GMS Strategy and Action Plan for Promoting Safe and Environment-friendly Agro-based Value Chains 2018–2022 developed by the GMS WGA for endorsement by the GMS ministers of agriculture.

## 2. State of Play

The concept and adoption of GIs have risen rapidly to global prominence as a tool to protect local traditions, maintain biodiversity, and promote rural development. Stefano Inama of the United Nations Conference on Trade and Development (UNCTAD) noted that “Consumers now are more sensitive to products carrying extraordinary and unusual tastes. Branding products through GI can help to generate capacity and reduce poverty” (UNCTAD 2014). By definition, agricultural GIs are place-based names, such as Champagne or Parmigiano Reggiano, that convey the geographical origin and the cultural and historical identity of products—a concept perhaps best encompassed by the French word *terroir* (Bowen and Zapata 2009). The World Trade Organization Agreement on Trade Related-Aspects of Intellectual Property Rights (best known as “TRIPS”) protects GI as an intellectual property right. As an intellectual property right, GI registration is typically managed by the country's ministry of commerce or national body responsible for intellectual property rights. However, in some countries the ministry of agriculture may lead GI, for example, in the People's Republic of China (PRC) and Japan. Unlike

other quality assurances, such as organic and fair trade, GI producers determine the relevant specifications for the specific GI. Therefore, GI registration is owned by a collective—a community, village, or cooperative—and is based on a local environment and indigenous knowledge.

Bramley, Biénabe, and Kirsten (2009) identify three fundamental objectives that are pursued through GI protection: consumer protection, producer protection, and rural development. A fundamental feature of GI protection is that it functions as a consumer protection measure by addressing information asymmetries and quality, and as a producer protection measure through its role in protecting product reputation as an asset (Lucatelli 2000). GI offers a means of differentiating products for buyers and consumers in domestic and international markets. Teuber (2010) demonstrates the value of single origin coffee shown through the modeling of internet auction data. In this way, GI can facilitate the move from reliance on raw material markets to value-added and/or distinguished end-use products that command premiums on the basis of recognized qualities. GI can provide a means of signaling product quality, increasing market access, and supporting rural development, and a potential means for suppliers to access new distribution channels and markets (Bramley 2011; Jena et al. 2015). A key advantage of GI over, say, trademarks, is the specific linking of a distinct, premium product to a delimited area and to the traditional producers of that product. With the requisite assurance of quality, GI also offers a potential means of capitalizing undercapitalized suppliers of traditional products with unique qualities. This can then be used to strengthen value chains and benefit local communities and areas both economically and socially. Beyond the potential economic advantages, the local specificity can also contribute to the quality of life and enhanced image and prestige among local communities (Blakeney 2012). GI presents a feasible alternative to the continued spread of larger-scale/monoculture agricultural production systems and can help to sustain activities and create jobs in less-favored areas. In this

way it can be legitimately argued that GI presents a means of supporting smallholders and local rural development in an increasingly globalized agriculture sector.

Although GI registration has a relatively short history in the GMS countries, strong interest has developed quickly among both public and private sector stakeholders, as demonstrated by the recent proliferation of GI products in the subregion. Thailand now has 89 registered GIs, and Viet Nam has 55. This is hardly surprising given the diversity and quality of local agricultural production in the subregion. Moreover, price premiums for GI products are emerging; an example is the 300% price premiums reportedly received by Kampot Pepper suppliers at the farmgate. Each GMS country has established the legal framework for GI registration, with the exception of Myanmar where the legislation is currently being drafted.

### 3. Issues

Five priority issues for GI in the GMS have been identified:

- (1) legislative systems, roles, and responsibilities and mutual recognition;
- (2) complexity and costs;
- (3) gender, inclusiveness, and environmental protection;
- (4) reputation—safety and quality assurances; and
- (5) supply chains and price premiums.

#### **Legislative systems, roles and responsibilities, and mutual recognition**

The legislative frameworks for GI have been established in five of the six GMS member countries; it is anticipated that Myanmar will establish the required legal framework in the very near future. However, among GMS countries a degree of variation between GI legislation exists and recognition of equivalence of the pertinent legal frameworks has not yet been achieved.

Given that a number of GMS GIs are now fully registered in third countries/regions, including the European Union (EU), mutual recognition would help to unlock markets in the subregion and further afield for other GMS GI products. Meanwhile, mutual recognition could generate scale that could be harnessed to address awareness raising and marketing campaigns that boost recognition of the principles, qualities, and value of GI products among consumers in the subregion and abroad.

Additionally, traditions and production methods often cross borders within the GMS, which may raise the possibility of and/or need for cross-border GIs. Establishing appropriate delimitation and ensuring appropriate protection of GI principles across borders would require mutual recognition of GI status. Moreover, mutual recognition of external certifying bodies across national borders would make this considerably more feasible.

The responsibility for policymaking and implementation in relation to GI registration is multisectoral and the lead agency varies between GMS member countries. Typically, it is the responsibility of the national body for intellectual property rights; however, in the PRC GI is led by the Ministry of Agriculture. GI is inherently multisectoral given the roles and interests of ministries of commerce, trade, science and technology; and customs, quarantine, and inspection agencies; among others. This complexity can complicate coordination and harmonization of policies and initiatives within and between jurisdictions.

### **Complexity and costs**

Hughes (2010) emphasized that GI laws alone do not lead to socioeconomic benefits (Bramley 2011; Hughes 2010). Key considerations include the strength of the GI collective; the definition of specifications; the effectiveness of internal control systems; the availability and feasibility of external validation; the establishment and management of consistent supply through efficient and well-controlled value chains; and the development of product and/or

brand recognition among target customers—be they domestic or in export markets. This complexity can make registration challenging without considerable support from public agencies.

GI protection must address whole value chains to develop the robust assurances of provenance and quality required to build and protect product and brand reputations. GI supplier specifications must typically address inputs, production, processing, packaging, and marketing of produce. This complexity requires establishing effective collective management and internal control systems, which can prove challenging for established GIs let alone suppliers seeking to establish GI status or newly minted GIs.

The costs associated with registering and maintaining GI protection are high, which constrains recruitment of producers and growth in supply from individual GIs, limiting scale and reach. This stems in part from the complexity of the registration process and the high costs typically associated with external validation. To be successful and sustainable it is essential that suppliers along the length of supply chains receive premiums that adequately reward them for additional costs associated with GI protection.

### **Gender, inclusiveness, and environmental protection**

Ensuring the participation of women, vulnerable groups, smallholders, and small- and medium-size enterprises is fundamental if GI is to be promoted as a development tool. The roles of all stakeholders must be enshrined in the requirements for establishing and maintaining GI protection. In addition to environmental protection being essential for sustainable agricultural supply, the association of GI products with their environment is explicit in the principles of GI and is typically an essential component of product marketing. Therefore, GI regulation and implementation must ensure the local environment is adequately protected.

Requirements in the subregion for postharvest handling of GMS GI products currently lack uniformity and clarity. GI

products are sometimes repackaged outside the geographic limits of the GI. This reduces control by GI members, assuming they are not engaged in this segment of the value chain, presenting additional risks in terms of food safety, quality, and the credibility of the GI brand. This may also draw labor away from the GI area. GIs in the GMS are frequently located in remote rural areas, which are often areas most correlated with poverty and vulnerability. Encouraging postharvest processing within GI areas can generate local employment opportunities and contribute to rural development.

### **Reputation—safety and quality assurance**

The reputation of a product, a brand, or a GI is developed over time through consistent delivery of safe, high quality products and consumers enjoying positive product experiences. Building a GI's reputation is essential to generate the income and return the premiums needed to encourage investment and wider adoption among producers. Effective internal control systems and external validation by accredited certification bodies are required to ensure product safety and quality. Internal control systems depend on the GI organization and their own specifications; however, international best practices and standards and lessons from countries with more established GI systems can improve the reliability and efficiency of systems in the GMS. More effective internal controls facilitate external validation, which typically reduces the time and cost of external certification. The variation between GI legal frameworks and systems within the GMS means that certifying bodies in one country may not be registered to certify GIs in neighboring countries, which limits size and reduces competition, thereby pushing up costs.

### **Supply chain management and price premiums**

Once safety and quality assurances are in place, developing successful GIs that reward stakeholders appropriately requires establishing efficient and well-managed

supply chains and distribution channels, scale, market access, and effective marketing initiatives. A variety of internal and external factors can determine the level of success achieved by a GI and the premiums received by suppliers. Some of the factors are highlighted here.

The willingness of consumers to pay price premiums for GI products has been demonstrated internationally and reported among GMS GI suppliers, such as the high markups received by Kampot Pepper suppliers (Teuber 2010). For a GI to flourish, premiums are required to offset the costs of GI registration and maintenance. Moreover, premiums encourage suppliers to adopt GI and thereby generate the advantages of scale that can reduce costs, increase market presence, and improve product consistency in terms of volumes and qualities.

Most GIs in the GMS are relatively small in terms of production volumes and revenues. To increase levels of production and supply, added value must be demonstrated to attract other producers in the GI location and thereby create the critical mass of the GI product needed to interest traders and to enable further improvements in supply chain efficiency and management. Effective supply chain management is necessary to ensure that product and brand reputations are protected and that customer requirements are met with minimal waste and losses. World-renowned GIs, such as Champagne, operate tightly controlled supply chains at scale thereby ensuring consistent quality and supply volumes that enable a considerable market presence and generate substantial premiums for suppliers. Identifying and addressing constraints and bottlenecks in GI value chains and establishing premiums that create the incentives needed to draw in producers and suppliers is a key challenge facing GMS GIs.

Although local specialties and traditions are often highly valued by GMS consumers, recognition of the principles of GI remains limited among the large majority of the subregion's consumers. At present, GMS GI products are largely marketed outside the GMS and/or to tourists within the subregion; however, there are opportunities to increase

the presence of local GIs in domestic markets. Increasing household incomes within the GMS and growing concern surrounding food provenance, safety, and quality present opportunities to establish GI as a trusted food certification among consumers in the subregion. The safety and quality of GI products must be appropriately protected to allow the differentiation of GI products and generate consumer willingness to pay for the qualities associated with products, collectively and for individual GIs. Barjolle and Sylvander (2000: 45) note that the main factor in the success of a GI supply chain is the ability of stakeholders to effectively coordinate on the “identification of joint objectives, definition and control of quality, variety management, image promotion, and research and development.” Market factors are typically of secondary importance, given that failure to effectively coordinate supply will tarnish reputations and ultimately limit the success of a GI.

The features of GI products are in essence fixed by product specifications. Therefore, attempts to add value by altering products must ensure the essential qualities of products remain tangible. However, beyond physical alterations to products, value can be added through, for example, improved messaging and packaging.

## 4. Recommendations

Medium - to long - term recommendations have been made on the basis of discussions during the public–private dialogue sessions held in July 2017 in Siem Reap, Cambodia, discussion with key informants, and literature review. Proposed policy and institutional initiatives are followed by a brief description of investment needs and initiatives proposed for immediate action during the period 2017–2018.

### Policy and institutional recommendations

Five policy and institutional recommendations are posited in response to the issues and gaps identified:

- (1) embedding legislative systems, employing multisectoral approaches, and establishing mutual recognition;
- (2) addressing the complexity of GI procedures and reducing the costs of designating a GI;
- (3) ensuring gender empowerment, inclusiveness, and environmental protection;
- (4) building and maintaining a reputation—ensuring consistent product safety and quality, with a focus on participatory guarantee systems; and
- (5) ensuring supply chain efficiency, increasing market recognition, and setting a platform for generating price premiums.

### Embedding legislative systems, employing multisectoral approaches, and establishing mutual recognition

**Support establishment of GI legal framework in Myanmar.** Myanmar is currently the only GMS jurisdiction yet to establish a legal framework for GI; however, the legislation is being developed and is expected to become law in the near future. Delegates from Myanmar expressed their interest in learning from successful experiences of the GMS countries with more advanced GI legislature in establishing a legal framework for GI and successfully implementing legislation once established.

### Increase cross-coordination among relevant GMS government bodies.

Coordination among and between ministries and agencies within GMS countries could be increased by establishing national multisector sub-working-groups on GI. There is a need to promote cross-sectoral coordination to achieve convergence on GI within and among GMS countries. Coordination among GMS ministries about how to harmonize existing GI systems in terms of legal obligations and roles and responsibilities can help to clarify and streamline GI registration. Communicating

the roles and types of services of different agencies to stakeholders within GMS countries will also facilitate mutual recognition of GIs within the subregion and in third countries outside the GMS.

**Increase coordination between GMS countries.** This could be achieved through a GMS sub-working-group and/or taskforce on GI under the leadership of the GMS WGA. The GI sub-working-group's primary task should be to coordinate the legal requirements for GI protection between GMS countries toward harmonization of standards and mutual recognition of equivalence. Increasing recognition of GIs across GMS markets and further afield requires greater harmonization of legislation. Furthermore, bilateral, multilateral, and regional agreements on recognition between neighboring countries should be pursued.

Due to the specific qualities of individual GIs they may not be direct competitors, which offers scope for joint initiatives among GIs within and between countries. Even among GIs with similar products, joint initiatives that increase exposure of GIs could benefit all parties. Joint initiatives both within and between GMS countries can address marketing and access to potential distribution channels and markets outside the subregion as well as form a platform for information sharing between GIs. Moreover, stronger GI systems within the GMS can help to build the reputation of GI as a sign of quality and value in GMS markets, which is in the collective interests of the GMS countries. Examples of potential cross-border GI initiatives in the GMS include jasmine rice from northeast Thailand and Savannakhet in the Lao People's Democratic Republic (Lao PDR) as well as Arabica coffee from the Bolovens Plateaux in southern Lao PDR and the Central Highlands of Viet Nam.

**Share experiences, lessons, and best practices between GMS countries for implementing and enforcing GI laws and principles.** For example, the PRC has registered over 100 GIs in the EU; the other GMS countries can learn much from these experiences. Equally, Kampot Pepper, one of the two registered GIs in Cambodia, has

been registered in multiple third countries and regions including with the EU. The Thai experiences in responding to World Trade Organization requirements and guarding against challenges of piracy are also of great value. Beyond the subregion, there are important lessons and cautionary tales of GI experiences in Europe and, perhaps more pertinently, from other tropical and subtropical regions. For example, the challenges faced by the Mexican GI for tequila production outlined in Bowen and Zapata (2009) provides a cautionary tale with lessons for ensuring that GI quality is maintained and supply is not coopted by interests that lessen contributions to rural development.

#### **Addressing complexity and reducing the costs associated with GI**

**Coordinate and, where possible, streamline the legal and regulatory requirements for establishing and maintaining GI protection.** Although the reputation of GI must be adequately protected through regulation, there may be opportunities to bundle requirements in a manner that reduces the burden of registration and continuing certification. However, this is a long-term objective given that GI legislation is in place in five of the six GMS countries. To advance the bundling of requirements, comparative studies of the legal framework of each GMS member are required to identify the changes needed to existing laws and regulations.

**Coordinate national systems within the GMS to develop and communicate pipelines for GI registration and maintenance.** The coordination can be led by national and regional sub-working-groups on GI. National GI registration processes in each GMS member country would need to be reviewed and compared to inform such sub-working-groups for establishing GI equivalence between countries. The terms and conditions for doing business that affect GI in each country may also require review and adjustment to improve efficiency by reducing unnecessary costs and regulations.

**Establish best practices for internal control systems.** Such best practices could be identified from the more successful GIs within the subregion and serve to reduce costs of external validation and certification. As the certification body, ECOCERT, has noted, effective internal control systems can reduce risk and better protect product reputation while reducing the time and costs of external validation and certification. Best practices in establishing and controlling GI supply chains have been developed internationally. Good examples of effective internal production and process controls within the GMS should be documented for use by relevant stakeholders and committees such as the national and GMS sub-working-groups on GI. The public and private sectors, civil society, and community-based organizations all have roles to play in demonstrating best practices to established and proposed GI initiatives. For example, although the IFOAM internal control systems and participatory guarantee systems were developed as means of establishing supply of organically produced agricultural products, they may offer useful insights and a model that could be adapted for GI safety and quality control.

**Establish mutual recognition of GI certifying bodies.** Recognition of certifying bodies in multiple jurisdictions can create economies of scale and greater competition between firms, thereby reducing the costs of external validation and certification for individual GIs. Furthermore, the lack of mutual recognition of certifying bodies between GMS countries, for GI among other third party certifications, is a major constraint to current market access, the harmonization of standards and measures for food safety, and the elimination of nontariff barriers to trade.

### **Ensuring gender empowerment, inclusiveness, and environmental protection**

**Explicitly address gender, inclusiveness, and environmental sustainability in GI laws and requirements and individual GI specifications.** As Bramley and Biénabe (2013) note, inclusiveness and environmental protection typically play a

considerable role in the development of successful GIs. The close ties between GI, culture, and *terroir* mean that consideration of gender, inclusiveness, and environment are essential components in the marketing of produce and must, therefore, remain protected within the GI if it is to flourish. Integrating the principles of participatory guarantee systems, for example, presents a potential means of ensuring gender empowerment, inclusiveness, and environmental protection while establishing cost-efficient internal control systems. The collective ownership of GIs lends itself to the development of social capital and greater organization of producers, with subsequent economic and social benefits to suppliers and their communities.

**Ensure rigorous assessment in the demarcation of GI areas.** Appropriate GI demarcation—in line with global GI rules, regulations, and norms—is needed to establish and maintain product specificity, or “uniqueness,” and quality. A fine balance is needed. If the area is too large, the consistency, message, and qualities of product may become lost, as Bowen and Zapata (2009) describe in the case of the tequila GI in Mexico. If the area is too small, the supply may never achieve the critical mass required by traders or to establish an adequate market presence, and could exclude producers of comparable products, which could cause animosity.

**Recognize that GI has limitations and is not universally applicable.** Not all products and locations are suitable for GI. Although GIs can be an effective rural development tool, the capacity of a product to be successful as a GI depends on a variety of factors. Establishing GI protection inappropriately can place unnecessary or counterproductive burdens on producers without delivering adequate rewards. Moreover, inappropriate GI protection may undermine the reputation of GIs generally, nationally, and subregionally if the GI fails to meet the standards and expectations of consumers. As Bramley and Biénabe (2013) remark, although institutional and legal protection is important for commercializing GI products it is not sufficient in and of itself. The product specificity, reputation, market attractiveness, awareness, and attributed

value, among both producers and consumers, should be considered. The appropriate coordinating institutions, such as a representative organization, must be in place. Moreover, insuring that GIs support rural development requires

- established dialogue between producers;
- specifications drafted by the collective that ensure that women, the poor, and the vulnerable are not excluded, and that local environmental implications are considered; and
- internal and external auditing systems (CIRAD 2013).

The industry profile and potential environmental impacts should be considered to ensure positive outcomes in terms of inclusiveness and sustainable rural development. The characteristics of the supply chain, in terms of governance, inclusiveness, environmental sustainability, and capacity to deliver consistent product to market, can also provide an indication of the likelihood of success. Guidelines for assessing the potential of products to become successful GIs in less developed countries have been developed by Bramley and Biénabe (2013) and warrant consideration.

### **Building and maintaining a reputation – ensuring consistent product safety and quality**

#### **Make food safety explicit in GI legislation.**

Assessment, management, and mitigation of food safety risk must be built into national GI legal frameworks, into accompanying regulatory systems, and in the specification of individual GI internal and external control mechanisms. Vigilance is essential as food safety failures can rapidly destroy the reputation of a product and risk tainting consumers' perceptions of GIs more generally, devaluing the concept.

#### **Establish standards for product specificity to ensure GI products are**

**differentiated from similar products produced under different conditions, with different inputs or using different methods.** The specifics of production, processing, and the associated qualities of the product must be enshrined in the GIs' specifications to ensure fair competition and promote the association of GI with uniqueness and quality. Equally, product consistency is essential to build trust and the reputation of GMS GI products and to establish value that is rewarded in price premiums. Consistency in quality and volume of supply is essential to build the scale and reputation of GI products necessary to develop current markets and access new markets. Ensuring product consistency and adequate production volumes must be core competencies of GI value chains, from production to end market, for the GI to be successful (Barjolle and Sylvander 2000). Massimo Vittori, Managing Director of oriGIn, noted “[GI] is a great instrument that can facilitate trade provided that you have quality” (UNCTAD 2014).

**The regulatory framework for GI should restrict GI postharvest processing, including packaging, to within the GI.** Collective GI laws and individual GI specifications must explicitly address post-harvest components of GI supply to establish rules that are adhered to throughout the GMS.

**Share approaches and methods.** As has been described previously, establishing and sharing the best approaches and methods for internal control systems between GMS countries and countries with more established GI systems can help to protect and strengthen the reputation of GMS GIs.

### **Supply chain efficiency, increasing market recognition and setting a platform for generating price premiums**

**Strengthen supply chains through improved governance and increased access to required services.** Efficient supply chain management is a core component of successful GIs. Improving supply chain efficiency requires investment from within GIs and good chain governance through transparent and fair internal GI

specifications and in the terms and conditions for doing business locally, nationally, and in the GMS context.

**Develop a unified plan for raising the profile of GI in GMS markets.** Build a unified GMS GI message that promotes the links between GI products and rural development, food safety and quality, and the environment. A successful shared experience in harmonization and win–win results among multicountry participants could culminate in a GMS GI logo and joint branding and marketing initiatives targeting consumers and potential buyers in the GMS, in the ASEAN+3,<sup>2</sup> and further afield. Many GMS urban consumers are willing to pay premiums for food with specific qualities; for example, local chicken varieties can sell for 3–4 times the price of commercially raised high-growth rate chickens in rural markets. This characteristic of GMS consumers can be harnessed by GIs in the subregion. GMS GI can become recognized as a trustworthy sign of quality in domestic and export markets. It is essential that other brand identities and public and private certifications, such as GI labeling, individual firm’s or retailer’s labels, and EU labeling, are consistent.

**There may be opportunities to promote GMS GIs to environmentally conscious domestic consumers.** Such opportunities may particularly interest urban middle-class consumers, who value food produced locally with short supply chains and lower “food miles,”<sup>3</sup> which has become increasingly popular in developed countries. The proliferation of organic products and farmers’ markets is testament to the traction this can have with wealthier consumers, in particular. While this market segment may be essentially urban and relatively small in the GMS countries at present, it is likely growing, and many consumers in the GMS already prefer local varieties and products on the basis of quality characteristics. Traceability systems can be readily integrated eventually,

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<sup>2</sup> ASEAN+3 comprises the ASEAN members plus the PRC, Japan, and the Republic of Korea.

<sup>3</sup> A “food mile” is a measure of the fuel needed to transport food, per mile, from producer to consumer ([www.foodmiles.com](http://www.foodmiles.com)).

with locally supplied “food with a story” initiatives by using barcode/quick response (QR)-based systems, improving food safety quality control while providing marketing advantages. Piloting these systems with select GIs should be considered.

**Exhibit GMS GI products at trade fairs and events within the subregion and internationally.** Such opportunities are numerous. For example, during the policy dialogue, the PRC delegates proposed that GI products from other GMS countries be included in their annual GI promotional events. Participation in other ASEAN+3 GI events should also be encouraged and may be supported through public–private arrangements involving cost coverage and/or in-kind support.

**Develop marketing and distribution strategies for specific domestic and export markets.** Evidence suggests that GI producers, and other suppliers of niche products, need to adopt different distribution strategies and channels in different countries and market segments (Rangnekar 2004). For example, selling through retailers and supermarkets in countries with highly concentrated supply chains, such as Malaysia and Singapore, and using local markets, direct selling, home delivery, and specialized outlets in places where niche products hold a greater influence in markets, such as Italy. In the GMS there are considerable differences (1) within countries, most notably between the urban and rural markets and centers of tourism; and (2) between countries, largely associated with level of economic development. There are strong indications that demand for safety- and quality-assured products is increasing across the GMS, albeit from a low base. The demand is rising with increasing household incomes and in response to frequent high-profile food scandals. Trends in consumer preferences and behavior are highly dynamic. GIs would benefit from monitoring these trends to better target product distribution and marketing—both the public and private sectors can contribute to this.

## **Investment needs**

**Continue to catalyze development of GIs in the GMS through more precise**

**investment in agriculture and allied sectors.** Further investment to remedy value chain infrastructure gaps and human resources deficits can support the continued development of GIs. Necessary investments include infrastructure and technical, operational, and management capacity related to quality assurance, such as traceability systems for input supply through to end-products; requisite processing and packaging facilities; and transport and logistics infrastructure, such as road and rail access, warehousing, cold chains, port facilities, and trade facilitation. To protect the quality of GI products, much of the required infrastructure needs to be developed within the confines of the GI location. Public–private partnerships offer opportunities to deliver investments effectively. The public sector has a role to play in working with producers to identify infrastructure gaps, prepare development plans, formulate and implement supportive fiscal policy measures, link GIs with potential investors, and ensure that terms meet the principles and standards required by GIs.

**Further investment in risk analysis infrastructure.** To facilitate the establishment of effective internal and external control systems, additional investment in food safety testing and risk analysis infrastructure is needed. Current laboratory capacity, such as availability and quality of food testing facilities, varies within the region, limiting access for some suppliers and driving up costs. The priority needs include human capacity and physical laboratory infrastructure and investment in operating costs, such as consumables. Additional investment in surveillance systems can also support GI development by reducing risks associated with production, foodborne, and trade-relevant hazards. There are opportunities to establish public–private partnerships to develop this capacity across the subregion and facilitate movement of samples and cost saving for submitters.

**Public and private roles.** Specific investments in individual GI or potential GI, such as postharvest handling and packaging facilities, cold chains, and the like, should be derived from the private sector to ensure

competitiveness, fairness, and sustainability. However, the public sector has an important role to play in attracting and directing investors such as agribusiness, venture capital, banks, social enterprises, and other novel and/or less conventional investors.

## 5. Short-Term Initiatives (2017–2018)

Four initiatives have been identified for immediate action during 2017–2018.

- (1) Showcase the GI products from around the subregion at the GMS Market Place at the Second GMS Agriculture Ministers Meeting.
- (2) Showcase a selection of GIs from the GMS countries at this year's GI event in the PRC. Support GMS GI participation in other ASEAN+3 GI events, which may be supported through public–private arrangements for cost coverage and/or in-kind support.
- (3) In coordination with the Food and Agriculture Organization, establish multisector national sub-working-groups on GI under the leadership in the GMS WGA. The groups should include representatives from the lead ministry from each country and appropriate representation of ministries of agriculture, commerce, trade, science and technology; and relevant customs, quarantine, and inspection agencies.
- (4) In coordination with the Food and Agriculture Organization and through the national sub-working-group on GI, establish a GMS taskforce on GI to develop a roadmap to demonstrate the equivalence of national GI legal frameworks and achieve mutual recognition between the GMS countries.

## 6. Conclusion

Considerable interest in GI exists among key actors within GMS countries, in both policymakers and the private sector. GI can protect local producers, their traditions, and their incomes, while promoting biodiversity, food safety, and environmental sustainability. Coordination of GI legal frameworks in the GMS countries and mutual recognition can benefit each country and individual GIs by

increasing access to wider markets, generating scale, and building consumer recognition of GI designation as a sign of quality and value. Sharing experiences, lessons, and best practices among GMS countries can help to establish more effective and efficient registration and enforcement systems that adequately protect the reputation of GI and establish GI products as among those that consumers in the GMS and further afield value most.

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### **About the Core Agriculture Support Program**

The Core Agriculture Support Program (CASP) supports the GMS in attaining its goal of being a leading producer of safe food using climate-friendly agriculture practices. Now on its second phase, since 2012, CASP2 is committed to increasing the subregion's agricultural competitiveness through enhanced regional and global market integration and subregional connectivity.

The agriculture ministries of the six GMS countries supervise the implementation of CASP2 through the GMS Working Group on Agriculture (GMS WGA). A technical assistance (TA 8163) with financing from the Asian Development Bank, the Government of Sweden, the Nordic Development Fund, and the Water Financing Partnership Facility supports the CASP2 implementation. The GMS WGA oversaw the development of the discussion papers.

### **About the Asian Development Bank**

ADB's vision is an Asian and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to a large share of the world's poor. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

## **Core Agriculture Support Program Phase II**

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