

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Italy

Post: Rome

EU GI Scheme Poorly Designed and Managed

Report Categories:

Agricultural Situation

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Report Highlights:

The European Court of Auditors (ECA) review of the EU's geographical indications (GI) scheme revealed numerous significant shortcomings. Observers express surprise at the degree to which the EU GI scheme is an issue in multilateral trade negotiations. Strong proponents of GI's, like Italy, base a great deal of their agricultural policy on GI's rather than to address basic systemic problems of decreasing competitiveness and the lack of innovation.

General Information:

The European Court of Auditors (ECA) review of the EU's geographical indications (GI) scheme revealed numerous significant shortcomings. The ECA's primary finding is that the Article 11 rules on 'checks' established under Regulation (EC) No 510/2006 (March 20, 2006) are either too general or not relevant to make the scheme effective.

The EU established its GI scheme in 1992 (Council Regulation (EEC) No 281/92 of July 14, 1992) to protect names that identify products whose quality, reputation, or other characteristic are essentially attributable to their geographical origin in order to benefit rural income. The ECA reports that about 969 products, with an estimated value of about €15 billion or about 2 percent of total EU production, have been registered.

Among the report's ("Do the Design and Management of the Geographical Indications Scheme allow it to be Effective?") conclusions and recommendations are:

1. The regulations do not establish minimum requirements for Member States' (MS) to check on products,
2. The regulations do not define MS' requirements to prevent and detect disallowed practices,
3. Most MS do not carry out regular checks to detect and suppress disallowed practices,
4. The Commission does not monitor or audit the implementation of the GI scheme in MSs,
5. Potential applicants are not aware of the scheme and are discouraged by the lengthy application process, and
6. Consumer recognition of the scheme is low.

Given these shortfalls, many observers express surprise at the degree to which the EU GI scheme is an issue in multilateral trade negotiations. Additionally, strong proponents of GI's, like Italy, base a great deal of their agricultural policy on GI's (which constitute less than 15 percent of production) rather than to address basic systemic problems of decreasing competitiveness and the lack of innovation.

The full report and the commission response may be found at:

<http://eca.europa.eu/portal/pls/portal/docs/1/9944808.PDF>