Protected Geographic Indicators in Trade Agreements

Lorraine Mitchell

USDA-ERS

lmitchel@ers.usda.gov

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Introduction

The EU market for food products includes a well-established system for respecting Geographic Indicators (GIs), legal designations in EU law that require that goods labeled with certain terms designating geographic origin actually be produced in that geographic area. The EU wishes its trading partners to respect these terms of origin and prevent their domestic producers from labeling goods with terms like "parmesan cheese", which, in the EU, are reserved for products originating in that place. These terms have been a point of negotiation for the EU during their recent conclusions of trade agreements with Japan and with Canada. Some EU place names, however, have been used as common terms in the US and other countries for decades or even centuries, and have taken on the character of generic food terms. Some EU geographic place names have been trademarked in non-EU countries. Allowing EU firms exclusive access to these terms might result in a loss of brand identity for domestic producers, and would give the EU producers some added monopoly rights over certain types of foods in the domestic market. In addition, the enforcement of these geographic indicators may alter trade patterns in processed goods considerably, as firms outside the EU, or even within the EU, lose the ability to export their products that have been previously branded with the EU geographic term.

This research attempts to determine whether a negotiated EU trade agreement that contains protections for GIs will have a large impact on the partner country's domestic markets for goods that have been traditionally labeled with a protected GI.

Using the CETA agreement between the EU and Canada, with its 138 protected GIs and dozens of excepted terms, as a potential template, we address the question of how the enforcement of EU agreements on PGIs with countries such as Canada and Japan might affect current trading patterns.

Background

The EU currently offers producers of food products some legal protection of geographic terms describing their location, if they have established that their geographic location provides some unique characteristics to the food item produced there. These legal designations include Protected Geographic Indicators (PGIs), which guarantee that a good has been produced in a particular geographic area; Protected Designations of Origin (PDO), which are goods associated with both a geographic location and a production technique; and Traditional Specialty Guaranteed (TSG), which means that either the ingredients or the production processes are traditional. In this research, we will refer to all of these designations as geographic indicators (GIs). The EU database lists over 1300 registered protected terms (DOOR, 2016). These may include terms as broad as "Burgundy wine", which may be applied to wines produced in the entire French province of Burgundy, and which encompasses hundreds of producers, or as narrow as the name of a small village in Italy, with a few producers of olive oil.

What Economics Tells Us about the Beneficiaries of PGIs

Enforcement of protected GIs affects welfare of different groups in different ways. Producers with a protected GI designation benefit from more enforcement, giving them an incentive to undertake

collective marketing; even producers of "knockoffs" want some GI protection, as they only earn a price premium from making imitation products if the "true" product has a good reputation (Menapace and Moschini, 2012; Moschini, Menapace, and Pick, 2008). Small producers may not benefit as much as larger producers (Marette, 2009; Schussler, 2009). Consumers benefit from different schemes of GI protection, which give them access to products with characteristics they may value, based on their taste for a particular GI characteristic and their awareness of a good (Menapace and Moschini, 2012; Moschini , Menapace and Pick, 2008).

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Josling (2006) notes that many of the arguments for GIs may apply at the international level; if consumers value the characteristic of "terroir", the idea that the place in which a good Is produced is a valued characteristic of the good, and if producers cannot efficiently market those characteristics themselves, then the government's protection of the geographic terms may provide valuable information to the consumer that they couldn't otherwise get. However, he also cautions against the provision of monopoly rents to the producers entitled to use the protected GI. Additionally, he notes that the GI scheme and its rapid proliferation may be a way of using rents to compensate producers for the loss of EU export subsidies (Josling, 2006).

Trade agreements therefore increasingly include provisions that deal with GIs. GIs have been a point of contention in negotiations of the Trans-Pacific Partnership (TPP), the Trans-Atlantic Trade and Investment Partnership (TTIP), and the trade agreement that Japan and the EU are currently negotiating. The Comprehensive Economic and Trade Agreement (CETA) recently negotiated between the EU and Canada may be illustrative of the type of compromise that the EU is seeking. Very generic terms, like

parmesan cheese, will continue to be used in the Canadian market, some less generic terms may be used by current producers, and a list of over one hundred geographic terms will be restricted from use by Canadian producers.

GI designations may also affect third country trading partners, in addition to their impact on EU exporters and domestic producers and consumers. If, for example, Canada enforces the PGI use of the term “asiago”, not only are Canadian producers of asiago cheese affected, but so are US or South African producers of asiago cheese restricted from exporting cheese labeled with that term to the Canadian market.

Methodology

To look at the effect of various EU agreements on PGIs on current trading patterns, we use the current agreements, including the current language in CETA to identify likely 10 digit Harmonized System categories of trade that could be affected, both in future trade flows and future agreements.

To determine the significance of the goods whose terms have been restricted in the Canadian market, we use 1) Canadian online grocery retail sites to determine how important products with a protected designation of origin included in the treaty are within the Canadian market, 2) Euromonitor data to gauge the size of the Canadian domestic market for the categories for the protected items to determine the potential value of protected sales and protected imports, and then 3) the current 10 digit import and export data to gauge potential effects, not only on the EU and its treaty partner, but also on third countries who export to either party in the same category.

The Protected terms in the Canadian Agreement

The Canada-European Union Trade Agreement (CETA) includes a list of over 140 terms[1] that are now protected in both the EU and Canada (EU, 2014; 2016). Annex 20 A to Article 20 of the agreement has a list of protected terms. The terms are protected only when applied to the food product categories designated, so there is less concern about protecting GIs used as ingredients. Some provisions of the agreement incorporate features of the EU regulations on GIs. When a translation of a GI includes a common term in language of other party, the other party may use that common term. Producers may use names of plants or animal breeds freely. Importantly, GIs are protected even where true origin of product is indicated or the GI is used in translation or used with expressions like "kind" or "style". Countries may not add a term to Annex 20A if it has been trademarked in other party, if it is a name of a breed of animal in the other party, or if it is a term in common language of other party.

There are a number of exceptions to the enforcement of GIs for established producers of particular goods. Terms set apart by asterisks in the agreement text may be used by certain producers, but the extent of the grandfathering varies by term. Asiago, Muenster, Feta, Fontina and Gorgonzola, indicated by a single asterisk (or any asterisked products in Annex 20A), may be used if the term is followed by "kind", "style" ,"Type", or "imitation" plus a designation of geographic origin. Trademarks for these terms may be registered if application was before 10/18/2013. Any producer who used a single asterisked term before October 18, 2013 is grandfathered.

[1] A handful of these terms are duplicate descriptions for the same good involving translations or alternate spellings.

Producers of products with two asterisks in Annex IA (currently only Nurnburger Bratwurst) may be used by anyone who produced them for the fresh and frozen meats category for 5 years before 10/18/2003. Those who used the term for less time can use term for 5 years after entry into force of agreement.

Producers of products in Annex IA indicated by three asterisks (currently only Jambon de Bayonne , Beaufort cheese) in cheese or dry cured meats can use term as long as they used them for 10 years before 10/18/2013. Those who used them for less time can use the term for 5 years after entry into force of agreement.

The agreement also lists a number of other terms in Annex 20B[2] can be used freely, as long as there is no implication of geographic origin. Annex 20 B to the agreement also spells out some general exemptions. Producers may always use term "comte" for county and can use Beaufort for cheese from Beaufort range in BC.

Table 1. Incidence of GIs on selected Canadian online Grocery Retailers' Sites

Category	Number of Protected GIs	Number of terms and separate products- Walmart	Number of Terms - Amazon Canada
Beer	3	0	0
Cereals	1	0	0
Cheese	52	• Feta – (6)	• Feta – 15 (10) • Queso Manchego – 2 (1); • Roquefort (4) • Asiago – 13 (12) • Grana Padano – 3 (2) • Parmigiano reggiano –4(1) • Pecorino romano – 2 • Gouda – (3).

[2] These terms include Valencia Orange, Orange Valencia, Valencia, Black Forest Ham, Jambon Foret Noire, Tiroler Bacon, Bacon Tiroler, Parmesan, Bavarian Beer, Biere Bavaroise, Munich Beer, Biere Munich, St. George Cheese, and Fromage St George

Confection and Baked Products	9	0	• Aachener Printen -1 • Nurnberg lebkuchen -1 • Marzipan – 8 • Chios mastic -2 • Turron de Alicante -1
Dry Cured Meats	5	0	• Jambon de bayonne (1)
Essential Oils	1	0	
Fresh and Processed Fruit and Nuts	13	0	• Valencian citricos – (3) • Cappero di Pantelleria – (1) • Pruneaux d'agen - 1
Fresh and Processed Vegetables?	8	0	• Lentille de puy - 1
Fresh Frozen and Processed Fish	2	0	
Fresh Frozen and Processed Meats	32	• Black Forest Ham[3], in translation, – 7	• foie gras southwest – 16 • foie gras gascogne – 1 • foie gras perigord - 3
Hops	3	0	
Oils and Animal Fats	30	0	• Kalamata olive oil -3 • Kritia sithiou - 1 • Baena - 1 • Sierra de cadiz - 1
Oilseeds	1	0	• Pumpkinseed oil -2
Spices	3	0	• Azafran de la mancha -10 • Piment de epezet - 11(10)
Table and Processed Olives	2	0	• Kalamata - 40
Vinegar	2	Balsamic vinegar di Modena – 12(9)	• Balsamic vinegar di Modena – 110 (27)

Table 1 lists the number protected terms in the Canadian agreement, as classified in categories by the text of the agreement. As Table 1 indicates, the categories with the most terms are cheeses; oils and animal fats; fresh, frozen, and processed meats; and fresh and processed fruit and nuts.

[3] This translation appears on the list of terms that are exempt from protected status

We include the number of times a product labeled with the protected GI appears on the site of each online retailer, either as a stand-alone or in the ingredients, with the number of times it appears in only the ingredients in parentheses. The online grocery data, taken from 2014, come from two very different sources. One is Walmart Canada. While this is the largest retailer in Canada, it is also a retailer known for offering low prices for a more limited range of goods, often obtained in negotiated deals with producers. It may represent a market basket common to Canadian consumers, but these consumers may not be the ones who have a taste for goods from particular regions of Europe which may command a price premium, particularly as the goods represented in Walmart may also be limited in number.

The other source is Amazon Canada. This online delivery service is known for offering a wide variety of goods at low prices. Because the variety is greater, consumers may turn to this grocery service for specialty items. There may be other independent or local markets which charge a price premium for specialty goods imported from Europe, but these sources would not be as available online.

The online stores reveal a number of patterns within the group of protected GIs. Firstly, many of the protected terms do not appear commonly in the market basket of Canadians. At Walmart, only a few goods on the list, i.e. feta cheeses, black forest hams[4], and balsamic vinegars, appear to be sold.

As predicted, the Amazon product list is longer, with 25 of the GIs listed. This still represents only a fraction of the 138 goods on the list. Of the 52 cheeses listed, only 6 are available on Amazon as a primary good, while only 4 of the 30 protected types of olive oils are offered. Some of these products

[4] This term is exempted in English translation, but is protected in its German version.

are available in quite a number of individual products/SKUs. Balsamic vinegar di Modena has numerous versions available at Walmart and many versions available on Amazon. However, even the retailer-listed GIs often only had two or three products available. If products using the protected GI as ingredients were included, there would be more goods featuring each available GI.

This result is not surprising when we examine the list of protected GIs carefully. Some may not be well known to Canadian consumers. For example, the protected GI "Estepa" refers to a type of olive oil cultivated in a relatively small town in Spain. It may not be heavily marketed outside Italy or the EU.

In addition, we note that many of the products offered list the EU country claiming the GI as a place of origin. This suggests that the good is not being produced by a company in a non-EU country, but rather is an EU product, and may well be already marketed as a product of that country, even prior to the enactment of the agreement.

The sizes of the Canadian markets in each of the product categories are not inconsiderable. However, the sizes for the markets in each broad category include many goods besides those containing the protected GI. The segments of the markets for the protected GIs and their competitors are probably a small fraction of the domestic Canadian market, given the small number of items in each specific product category. It is difficult to discern what percentage of each broad product category would be affected by GIs.

Trade Patterns

Discerning the effects of GIs on trade can be quite complicated, as even 10 digit harmonized system codes are often broader than the protected categories. We therefore must consider the sum of the affected trade categories as an upper bound, as each HS code may encompass many products besides the GI. Nonetheless, the trade data gives us an idea of the size of the international market for both the protected GIs, and their near competitors and substitutes.

The CETA text assigns each protected GI to a broad category that corresponds to one or more 4 digit HS categories. As noted above, some categories only have one GI. The GIs are quite specific, and often data on the domestic market size within Canada is not available, nor is there an exact HS code corresponding to the GI in many cases. Domestic market data, taken from Euromonitor, may also not correspond exactly to the HS codes. We try to find the closest corresponding HS code(s) to the GIs, and these breakdowns are denoted as sub-categories and sub-sub-categories. For each category, we try to pull together data on the domestic market, import market, and major exporters to Canada, as well as information about the retail presence of each GI, to spot obvious cases in which the status of the GI may have an impact on trade flows, market share, or domestic producers. The effects may be easiest to see in the cheese categories, as these are more easily identified by HS Code in the trade data.

The total trade within each of the broad variety of HS codes affected by GIs would sum to a significant number. The US is a primary exporter to Canada, so it is not surprising that in many of these categories, it is the dominant exporter.

We first present the evidence for cheese, and then try to group the other broad product categories by patterns of import share in domestic market, prevalence of GIs in retail markets, and relative importance of claimants to protected status in total exports in the category.

Cheese	# GIs	# of GIs in domestic groceries	Canadian domestic market '000 US	Imports '000 $US	Top exporters to Canada	Total exports to Canada by third countries '000 $US
Overall (HS 0406)	55 (1 Germany, 1 Denmark, 2 Spain, 26 France, 11 Italy, Portugal, 2 Netherlands)	6	3038900	242842	US, Italy, France	
GI: Feta (HS Code 0406909810)	1 Greece	1	--	6528	Greece, Denmark, and Bulgaria	3830
GI: Munster (HS Code 0406909820)	1(France)	0	--	676	US	676
GI: Grana Padano, Parmigiano HS 0406909310	2(Italy)	2	--	25134	Italy, US, Lithuania	2673
GI: Romano HS 0406909510	1 (Italy)	1	--	3006	Italy, US, Spain	297
GI: Gouda Holland	1 (Netherlands)	0	--	14513	Netherlands, US, France	7630
GI: Edam Holland	1 (Netherlands)	0	--	1456	Netherlands, US, Israel	536

The cheese category is quite large. Only six of the protected GIs currently appear in the online grocery retailers (outside of the ingredients field). Due to substantial tariffs and tariff rate quotas, imported cheeses are not very important in the domestic market. Because most of these terms do not appear in the Canadian retailers, reserving most of these terms to EU producers may have little overall effect on the domestic market.

Trade patterns in certain cheeses may be altered, however. Cheese is one of the few categories for which we have trade data on a few GIs that are significant enough to have their own HS category. Feta appears frequently in domestic retailers, and the current major exporter to Canada is Greece. However, more than half of the feta, over $US 3 million worth of exports, currently comes from Denmark and Bulgaria, and Canadian importers and retailers would be prohibited from labeling those goods as feta cheeses, unless they were re-exports of cheeses produced in Greece. In the category of muenster, the US is the only exporter to Canada, and that term would be restricted to French sellers of muenster cheese in the future, with the $US 676 thousand in US trade unable to use the label. This category is quite small, and did not show up in our grocery retailer sample.

Several other HS 10 cheese categories may also be affected by the use of GIs. Italy is the largest exporter of the grana, parmigiano, and romano cheeses to Canada, so reserving these terms to Italian producers would not alter that trade. These cheese do show up on retailer websites as well. However, other countries do export to Canada in these categories, including the US and other EU countries. Additionally, the grana/parmigiano category may include cheeses labeled parmesan, a generic term that may be used freely. Gouda and Edam have their own HS categories. The Netherlands is currently the largest exporter of Gouda and Edam to Canada, but the $US 5.6 million in gouda exports from the US, the 1.9 million from France, the $US 269 thousand in edam exports from the US, and the $US 164 thousand in edam exports from Israel would have to be re- labeled. In these categories, however, the protected GIs are Gouda Holland and Edam Holland, so it is possible that country of origin labeling would suffice to distinguish these goods for non-Dutch exporters. If all of these terms are enforced, up to $15 million of non-EU trade may have to be relabeled

There are 49 other protected GI terms for cheeses from many EU countries that are not HS codes. The only terms appearing in grocery retailers that don't have their own HS categories are Queso Manchego and Asiago. Some terms refer to very small towns that may not be well known in Canada.

Beer	**# GIs**	**# of GIs in online domestic groceries**	**Canadian domestic market '000 US**	**Imports '000 $US**	**Top Exporters to Canada**
Overall (HS 2203)	3 (2 Germany, 1 Czech Rep)	0	13535600	560115	US, Netherlands, Mexico

There are only three varieties of beer that are protected indicators. Imports appear to be a small share of the Canadian beer market, so effects on the domestic market may be small. The GIs don't appear in domestic groceries, although this may be due to the fact that alcoholic beverages traditionally are sold elsewhere, so the impact on consumers is unclear. Germany and the Czech Republic will gain rights over these varieties, which may boost sales for the EU version of those varieties. Germany and the Czech Republic are currently among the top ten beer exporters to Canada, but not among the top five, so the trade impact is unclear.

Cereals	**# GIs**	**# of GIs in domestic groceries**	**Size of Canadian domestic market '000 US**	**Size of Imports '000 $US**	**Top exporters to Canada**
Overall	1(Italy)	0			
Sub-category: Rice (HS 100630)	1(Italy)		248200	336979	

Sub-Sub-Category: Short grain rice (HS 1006300093)	1 (Italy)			6613	US, China, Italy

Only one cereals variety, a short grain Arborio rice from Italy, has GI status. Rice imports are larger than the domestic market, suggesting that trade in this good is quite important to consumers. The short grain rice category is much smaller than the overall category, so the impact on the larger market may be small. The GI does not appear in groceries, its protected status may not affect the market very much. Italy is already a top three short grain rice exporter to Canada, so the trade impact may not alter that ranking.

Confectionery and Baked Goods	**# GIs**	**# of GIs in domestic groceries**	**Canadian domestic market '000 US**	**Canada's Imports '000 $US**	**Top exporters to Canada**
Overall	9 (4 Germany, 1 Italy, 2 Spain, 1 Cyprus, 1 Greece)				
Sub-category: Cookies and Sweet biscuits (HS Code 190520, 190531, 190532)			789800[5]	317186	
Sub-sub-category: Gingerbread (HS Code 190520)	2 Lebkuchen (Germany)	2	--	6686	Italy, Germany Brazil
Sub-sub-category: Other cookies (HS Code 190531,190532)	1 Macaron (Italy)		--	310694	

Sub-Category: Other Candy	3 (2 Spain, 1 Cyprus)		--	325652	US, China, Belgium
Sub-category: Almond Pastes (HS Code 1704909060)	1 (Germany)	1	--	793	US, UK, Denmark
Sub category: Mastic gum	1 (Greece)	1	--		
Sub category: Sweet bread	1 (Germany)		--		

This category represents a grouping of disparate goods encompassing three cookies, one sweet bread, four types of candy, and mastic gum, a processing ingredient. The German gingerbread GIs are available in retailers, but it is unclear whether they are already labeled with country of origin. Germany is already a major exporter of gingerbread to Canada, so the trade impact may not alter that ranking. Little information is available on the size of the trade and domestic markets for the other ingredients.

Dry Cured Meats	**# GIs**	**# of GIs in domestic groceries**	**Size of Canadian domestic market '000 US**	**Size of Imports '000 $US**	**Top exporters to Canada**
Overall	5 (4 Italy, 1 France)	0	--		
Sub-category: Meat of Swine, Salted, Dried or Smoked (HS Code 021019)	5 (4 Italy, 1 France)	0	--	40070	US, Italy, Spain

This category mostly contains several varieties of prosciutto, at least two of which were names trademarked by a Canadian company. This could in theory change the domestic market, but the goods do not appear to have been widely marketed in retail establishments in Canada. Italy is already a top

exporter in this category, as well, so trade patterns may not change, as the top exporter, the US would not have been using the trademarked names in Canada.

Fresh and Processed Fruits and Nuts	**# GIs**	**# of GIs in domestic groceries**	**Canadian[6] domestic market '000 US**	**Imports '000 $US**	**Top exporters to Canada**
Overall	12	1			
Sub category: Apples (HS Code 0808101099)	1 (Italy)	0	528041	43009	US, New Zealand, China,
Sub category:Oranges (HS Code 0805100013)	2(2 Spain, 1 Italy)	0	283404	172794	US, South Africa, Spain
Sub category:Prunes (HS code 081320)	4(2 France, 1 Romania, 1 Portugal)	1	--	18899	US, Chile, Argentina
Sub category:Capers 2001909010	1 (Italy)	0	--	819	China, India, US
Sub category:Kiwi (HS Code 081050)	1(Italy)	0	17066	37069	Italy, New Zealand, Chile
Sub category: Peaches and Nectarines (HS Codes, 809302920, 0809303000)	1(Italy)	0	144636[7]	78899	US, Chile, Australia
Sub category:Pears (HS Code 808309920)	1(Portugal)	0	72025	88803	US, China, Argentina
Sub category:Pineapple (HS Code 0804300012)	1(Portugal)	0	71429	96547	Costa Rica, US

[6] Euromonitor market sizes in tonnes, combined with Global Trade Atlas world prices

[7] Peaches only

Imported fruits other than apples are very important in the Canadian market. Each protected GI, however, represents one variety of many in the fruit markets, and most do not appear on the sites of online retailers, although fresh fruits and vegetables may be less likely to be sold via Amazon. Many apple varieties have their own HS code in Canada, but the Italian apple variety with protected GI status isn't one of them. Imports are also a much smaller share of the apple market. For kiwis, Italy has the only protected GI, but it is already the largest exporter of kiwi to Canada, so that will remain unchanged. In other fruit categories, the country with the protected GI is not a major exporter, and it is unclear whether the new protected GI status will alter that.

Fresh and Processed Vegetables	**# GIs**	**# of GIs in domestic groceries**	**Size of Canadian domestic market '000 US**	**Size of Imports '000 $US**	**Top exporters to Canada**
Overall	7	1	--		
Sub category: Lima and Madagascar beans 713391000	2 (Greece)	0	--	2463	US, Peru, Madagascar
Sub category: Lentils (HS Codes 0713400091, 0713400093, 0713400099, 0713400020)	2 (1 Italy, 1 France)	1	--	6895	US, Canada
Sub category: Radicchio (HS Code 0705290000)	1 (Italy)	0	--	6021	US, Belgium, Guatemala
Sub category: Tomatoes 070200	1 (italy)	0	--	312984	Mexico, US, New Zealand
Sub category: Horseradish 706909020	1 (Austria)	0	--	661	US, Japan, Austria

The vegetable category is difficult to assess. The protected GIs a la CETA are a few varieties of vegetables, most of which do not have large trade markets, except tomatoes. EU countries are generally not large exporters of these goods, but these goods are not heavily present in retail markets, suggesting that there aren't many domestic producers or even exporters laying claim to the terms.

Fresh, Frozen, and Processed Fish	**# GIs**	**# of GIs in domestic groceries**	**Canadian domestic market '000 US**	**Imports '000 $US**	**Top exporters to Canada**
	2 (1 Sweden, 1 France)	0	--		
Sub category: Livers and roes of fish, except herring, frozen (HS 0303900090)	1 (Sweden)	0	--	4063	Norway, Iceland, US
Sub category: Oysters in shell,fresh or chilled (HS Code 0307111000	1 (France)	0	--	3184	US, Chile, Ireland

This category contains a fish roe from Sweden and a type of oyster from France. These brands do not currently appear in retailers. Neither Sweden nor France is a major exporter in these categories currently, so while this GI designation could alter trade patterns, the GI does not currently have a large market, and the import markets are small in these categories.

Fresh, Frozen, or Processed Meats	**# GIs**	**# of GIs in domestic groceries**	**Canadian domestic market '000 US**	**Imports '000 $US**	**Top exporters to Canada**
Overall	31		3771000[8]		

[8] "Processed meat"

Sub category: Salami 1601009091	3 (1 Italy, 2 hungary)			0	
Sub-category: Pork Sausage	11 (2 Germany, 2 Spain, 2 Italy, 4 Portugal)			197570	US, Italy, Spain
Sub-category: Bacon 021012000	4 (3 Italy, 1 Austria)			37732	US, Spain, Austria
Sub-category: Ham	6 (1 Germany, 3 Spain, 1 Italy, 1 Portugal)			70679	US, Italy, france
Sub-category:Livers of any Animal, Foie Gras (1602201000, 1602209000)	6 (France)	3		2099	US, France, New Zealand
Sub-category: Pork Fat, not lard 150120	1 (Italy)			0	

Most of the protected meat GIs are for processed meats. The sum of imports of these goods in the various processed meat sub categories is much smaller than the size of the domestic market. The designations don't appear frequently in Canadian retail sites, with the exception of terms for foie gras. Domestic producers may not be claiming many of these terms and probably won't experience disruption. In trade, however, the claimant countries are often far behind the US in share of the Canadian import market, so trade markets may be affected by competition, if not by altering access to particular terms.

Hops	# GIs	# of GIs in domestic groceries	Size of Canadian domestic market '000 US	Size of Imports '000 $US	Top exporters to Canada
Overall	3 (2 Germany, 1 Czech Republic)	0		19826	US, Germany, UK

The imported hops are probably an industrial input for beer production, which would explain their absence in Canadian grocery stores. It is unclear whether imported goods have a large impact on the domestic market, or whether these varieties have brand recognition. Germany is already a top exporter of hops to Canada, so trade patterns may not change, but the lack of data on the domestic market makes the picture unclear in this category.

Oils and Animal Fats	# GIs	# of GIs in domestic groceries	Size of Canadian domestic market '000 US	Size of Imports '000 $US	Top exporters to Canada
Overall	27				
Subcategory: Olive Oil	27 (5 Greece, 12 Spain, 1 France, 3 Italy, 5 Portugal)	4	169500	163761	Italy, Tunisia, Greece

The 27 protected GIs in this category are all olive oils. Imported olive is most of the Canadian market, so trade impacts will be important for consumers, but there are few domestic producers, so there will be little effect there. Most of these varieties do not currently appear in groceries, although a few do, so few current users of the GI will be affected. Greece and Italy are already major olive oil exporters to Canada,

and Spain exports only slightly less than Greece. It is possible that some repositioning will take place, but not due to the current position of most of these goods on the Canadian market.

Oilseeds	**# GIs**	**# of GIs in domestic groceries**	**Canadian domestic market '000 US**	**Imports '000 $US**	**Top exporters to Canada**
Overall	1 (Austria)	1			
Sub category: Fixed vegetable fats and oils	1	1	--	38477	China, Italy, Mexico
GI: Styrian Pumpkinseed oil	1	1	--		

The only oilseed listed is actually an oil – Austrian pumpkinseed oil. It does not have an easily identifiable HS code, nor is there data on the size of the domestic Canadian market. The product is available at a Canadian retailer, and is labeled as coming from Styria in Austria. Although Austria is not a major exporter of miscellaneous vegetable oils, the fact that the protected GI status may not change current labeling suggest little change in this category due to the protected GI status.

Spices	**# GIs**	**# of GIs in domestic groceries**	**Canadian domestic market '000 US**	**Imports '000 $US**	**Top exporters to Canada**
Overall	3 (1 Spain, 1 Greece, 1 France)	2			
Sub Category: Saffron	2 (1 Spain, 1 Greece)	1 (Spain)		1419	Spain, Iran, Italy
Sub category: Fruit of genus capsicum/pimenta,	1 (France)	1		1276	China, US, India

crushed/ground nes					

The Spanish saffron appears in grocery stores, and Spain is the main exporter of saffron to Canada, so that will not change due to the protected GI status. The particular GI of saffron from Greece does not appear in retailers, although there is saffron form the country of Greece in Canadian retailers, so it isn't clear whether that will affect trade patterns. The French pepper does appear in one store, but it is not clear whether that will affect trade patterns, as the popularity of the particular variety isn't clear, and France is not a major exporter to Canadian pepper markets.

Table and Processed Olives	**# GIs**	**# of GIs in domestic groceries**	**Canadian domestic market '000 US**	**Imports '000 $US**	**Top exporters to Canada**
Overall	2 (Greece)	1	--	61313	Greece, Spain, US

Kalamata olives have a substantial presence in Canadian retailers. Although data is not available for the size of the domestic market, Canadian domestic producers probably do not produce a lot of olives due to climate. Greece is already the major exporter of olives to Canada, so while this ranking wouldn't change, it is possible that the exclusive use of the term "Kalamata" might have an effect on the share from other countries.

Vinegar	**# GIs**	**# of GIs in domestic groceries**	**Canadian domestic market '000 US**	**Imports '000 $US**	**Top exporters to Canada**
Overall	2 (Italy)	1[9]	--	38395	Italy, US, France

[9] The two GI terms, Aceto balsamico di Modena and Aceto balsamico tradizionale di Modena, are quite similar

Balsamic vinegar has a strong retail presence, with many examples of the good in both retailers. However, many of these goods were already labeled as being of Italian origin, and Italy is already the largest exporter of vinegar to Canada. The trade shares will probably not change appreciably.

Conclusions

The 130 plus protected Geographic indicators in the Canadian market covered by the CETA agreement between the EU and Canada will probably not have a large effect on the domestic market. Most of the terms are not widely represented in Canadian retail grocers, and many represent the products of small producing areas in the EU which do not yet command a premium in Canada.

However, in certain sub-sectors, we may expect to see a certain amount of change. In this work, we look at trade figures for goods and the importance of imports in the domestic market, as well as the relative importance of exporting countries. Cheese is the easiest to document. There is the potential for $US 15 million in cheese trade that may need to be relabeled due to the restriction on certain GI terms. This may lead to some repositioning in the trade market.

For other goods, the impact requires more qualitative evaluation. Some sectors may experience little impact. Oilseeds and vinegar, may not see much change because the protected GI is already labeled. Other categories, like olive, olive oil, and short grain rice, have few domestic producers to experience change. Trade is important in these sectors, and in some cases, there is a definite retail presence of the GI terms, but often the countries requesting GI protection already have a large share of the market.

Other goods may see little effect on domestic producers, but the trade impacts are unclear. Beer, processed meat, and fish GIs are not found in retailers, and imports are a very small share of the market.

Other categories, such as dry-cured ham and hops, may experience little change in trade markets, since the protected GI is not a common retail product, and the producers of the protected GI already have a large export market share. However, the ability of exporters of dry cured hams to use terms previously reserved to domestic producers may affect domestic producers. For gingerbread, there is a retail presence of protected terms, and the country using the protected GI is a major exporter of the good; however, if there are domestic producers, they are likely to be constrained from using the term.

In other markets, lack of information about the relative importance of the GI in the domestic and trade markets makes the picture unclear. For spices, there is a retail presence of the GI terms, and trade is relatively important in the domestic market for the good, although small in magnitude, but the presence of domestic producers is unclear. Imported fruits and vegetables are important in Canada, but it is not clear what share the protected GI varieties have of the many varieties of each fruit or vegetable, there is little retail presence, and the countries claiming the protected GIs have small shares of exports. For processed meats, the retail presence is scarce, so we might conclude that there is little effect. However, the import share is unclear, and the dominant exporter is the US, although the GI claimant countries have a significant share of exports to Canada.

Interestingly, there may be effects on EU countries as well. Food producers in EU countries are generally required to adhere to the EU's law governing GIs for goods marketed in the EU. Once outside the EU, however, these restrictions can be treated much more loosely. We do see in the data other EU countries exporting in cheese categories assigned to CETA-protected GIs. The popular press has noted the case of Bulgarian Sirene cheese, which is often sold in the US as Bulgarian feta, even though it could never be labeled that way in an EU country. If the US were to conclude a treaty with the EU protecting the term feta, that practice would have to end. It's not entirely clear whether importers label the cheese that way or whether the Bulgarian exporting firms do. One or the other would have to sacrifice those rents in the case of a restriction on the term feta. We also don't see whether the exported goods are re-exports from the GI-claiming country.

Further, there are regional effects. Before the treaty, any producer in Italy could send cheese to Canada labeled parmigiano reggiano. Italian producers may do this even if they do not manufacture their product in the Parma region of Italy. Once the agreement takes effect, that will no longer be possible. Only Italian producers with the PGI certification will be able to send cheese labeled parmigiano reggiano to Canada. This regional effect would not necessarily be predictable from the trade data, which lists exports and imports by country, not by region. Thus, estimates of the effect of the enforcement of PGI's on trade may be underestimated by this analysis, since this extra-regional trade component may be ignored.

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