

# Geographical Indications: a local opportunity for the development of rural areas



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The Geographical Indication (GI) scheme of the European Union (EU) provides a specific acknowledgement to agri-food products having a strong linkage with their region of origin. This generates benefits for producers and sellers, but also for the overall local development of the region of origin. In this article, we show the effects produced by Geographical Indication wines in terms of the population

growth rate for rural municipalities in Italy. Additional evidence can be found in a recent Regional Studies article (Crescenzi et al., 2022) focusing on the causal impacts of GIs as a proxy for local informal institutions that are acknowledged and thereafter translated into a globally recognized formal regulation.

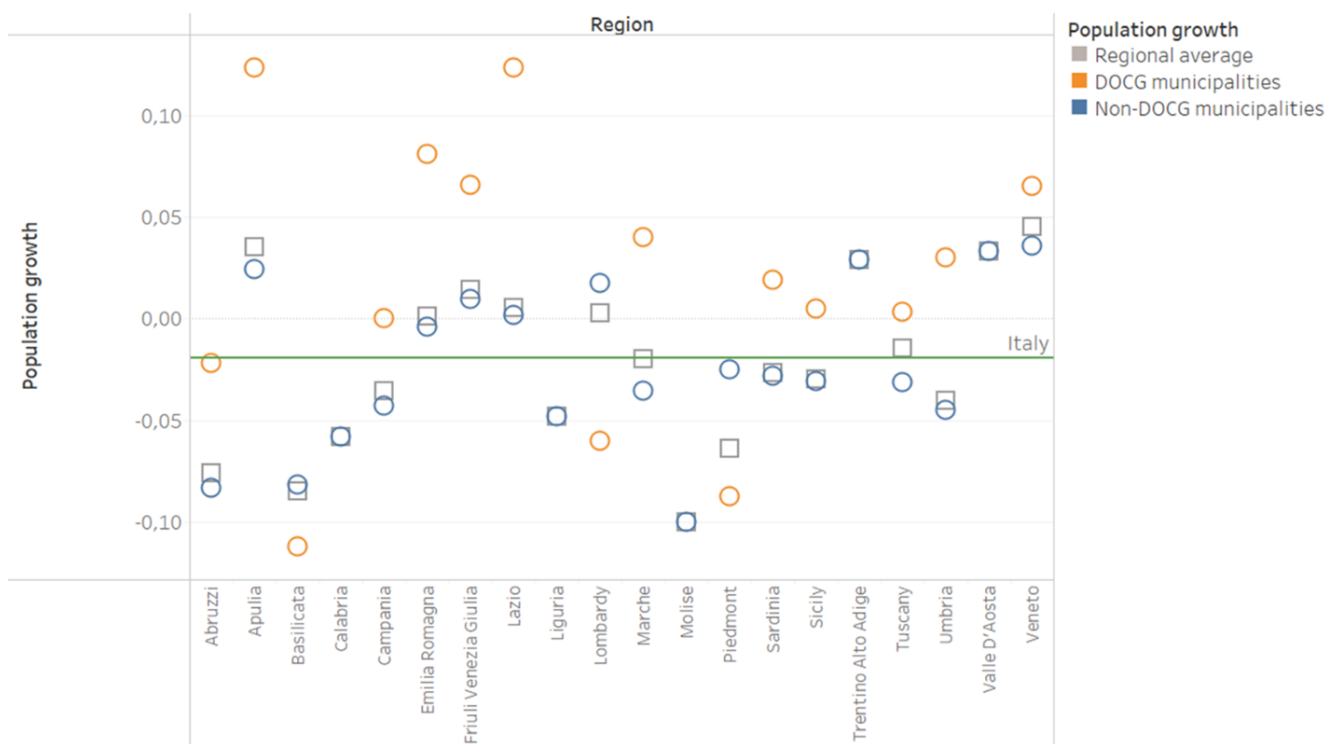
### **The Geographical Indications scheme of the EU**

The Geographical Indications (GIs) scheme of the EU allows agri-food products associated with a specific region of origin to obtain a specific label certifying the unique and strong linkage between the product and the local area of production. The GI label attributed to the product certifies that the latter reflects historical, human, and environmental factors of the local region of origin. Thanks to its strong linkage to the territory, the product becomes unique and distinct from most other agri-food goods that populate global markets and that are produced in a context of increasing standardization and homogeneity. This product specificity provides certain benefits for producers and sellers. More generally, positive impacts relate to the overall economic development of the region of origin (EEC, 1992; Torok et al., 2020). Having received the acknowledgement of the GIs status for one or more of their agri-food products, the regions of origin can experience more consistent socio-economic development vis-à-vis other rural areas with similar characteristics but without GIs (Crescenzi et al., 2022). The demographic trend is among the aspects that measure the local development of rural territories. Generational renewal is one of the main challenges that rural areas have been facing over the years, due to the lower attractiveness of rural areas as places to live and work (EC, 2021a). A constant reduction in population has characterized European rural areas in recent years (EC, 2021b).

Here we discuss the role of GIs in population trends of rural areas in the context of Italy, the country with the highest number of GI products worldwide. We focus on the wine sector, which plays the most important and long-lasting role for the Italian GIs. The *Denominazione di Origine Controllata e Garantita* (DOCG) is the GI label awarded to the top-level wines GI in Italy. In 2011, 12% of Italian municipalities were producing DOCG wines.

Figure 1 shows that rural municipalities with DOCG wines experience a higher rate of population growth in comparison with municipalities that are similar in terms of socio-economic, productive structure and geographical position, but which have not been awarded any DOCGs.

**Figure 1: Population growth rate after the DOCG acknowledgement by municipalities with and without DOCG wines**



**Notes:** Population growth rate is computed over the period after the acknowledgement of the DOCG by relying on census data available every 10 years. The period of reference is 1951-2011. The green line represents the national average population growth (-0.019). The sample includes municipalities that are rural (classification of the National Rural Network), not entirely devoted to tourism (according to the classification by the National Tourism Observatory), with a positive level of viticulture ( $< 0$  ha) and for which we can observe at least 10 years before and after the acknowledgement of the DOCG. Non-DOCG municipalities that are used for the comparison are selected according to a matching based on the nearest neighbour algorithm. Calabria, Liguria, Molise, Trentino Alto Adige, and Valle d'Aosta don't have DOCG wines. **Source:** Authors' elaboration on data collected from Geographical Indication (GI) codes of practice (eAmbrosia website, European Commission)

For almost all Italian regions, the average population growth rate of rural municipalities with DOCG is higher than the average population growth rate observed for the non-DOCG municipalities of the region, and it is also higher than both the regional and national average growth rate of population. This is true for regions that show both positive (Apulia, Emilia Romagna, Friuli Venezia Giulia,

Lazio, Tuscany, and Veneto) and negative demographic patterns (Abruzzi, Campania, Marche, Sardinia, Sicily, Umbria). Basilicata, Lombardy, and Piedmont are the only three regions where population growth rates are higher in non-DOCG than in DOCG municipalities. However, DOCG awarded in Basilicata are among the more recent ones, and therefore more time would be needed to produce a relevant effect in terms of population growth. The cases of Lombardy and Piedmont are peculiar since they traditionally host the core areas of industrial and manufacturing activities in Italy.

With limited budget resources, the EU GIs scheme offers its rural areas the opportunity to become part of and benefit from economic globalization precisely by being (and remaining) local. To accompany rural areas in the era of the green transition, investments in strengthening local institutions and localized systems of production will be increasingly needed. Building upon the experience of GIs, they can help rural areas to leverage their own endogenous assets to compete within global markets in a sustainable development path.

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## **Data**

Authors' elaboration on data collected from Geographical Indication Product Specification provided by eAmbrosia website, European Commission.

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